



AUTHORITY

The Committee is authorised by the Board to investigate any activities within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

FUNCTIONS

The functions of the Committee shall be:-

- (a) To review
 - (i) with the external auditors, the audit plan;
 - (ii) with the external auditors, his evaluation of the system of internal accounting controls;
 - (iii) with the external auditors, his audit report;
 - (iv) the assistance given by the Company's officers to the auditors;
 - (v) the scope and results of the internal audit procedures;
 - (vi) the balance sheet and profit and loss account of the Company and, the consolidated balance sheet and profit and loss account, submitted to it by the Company, and thereafter to submit them to the Directors of the Company; and
 - (vii) any related party transactions that may arise within the Company or Group.
- (b) To consider the nomination of a person or persons as auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

MEETINGS

A representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors without executive Board members present.

Meetings shall be held no fewer than 2 times a year and the external auditors may request a meeting if they consider that one is necessary.

A quorum shall consist of a majority of committee members.

The Company Secretary shall be the Secretary of the Committee and shall circulate the minutes of the meetings of the Committee to all members of the Board.



DIRECTORS' REPORT

The Directors present their report together with the audited accounts of the Group and of the Company for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The Company is a property and investment holding company.

The principal activities of its subsidiaries consist of:-

- (i) property and investment holding;
- (ii) property development;
- (iii) trading and manufacturing;
- (iv) travel and tours ; and
- (v) building and civil works.

There have been no significant changes in the nature of these activities during the year.

ACCOUNTS

	GROUP RM'000	COMPANY RM'000
Operating loss	(19,967)	(3,215)
Exceptional items	7,937	(984)
Loss before taxation	(12,030)	(4,199)
Taxation	212	(966)
Loss after taxation	(11,818)	(5,165)
Minority interest	68	-
Loss for the year	(11,750)	(5,165)

There were no material transfers to or from reserves or provisions during the year, except as disclosed in Note 20 to the accounts.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 24 to the accounts.

6% REDEEMABLE SECURED LOAN STOCK

On 18 August 1993, the Company issued RM85,742,921 nominal amount of 6% Redeemable Secured Loan Stock 1993/1998. The Loan Stock constituted by a Trust Deed dated 19 June 1993 and amended by the Amendment Trust Deed dated 14 June 1997 and the Supplemental Trust Deed dated 29 October 1998 is redeemable in cash at nominal value upon maturity on 17 August 2000 at an interest rate of 15%.

The balance of the Loan Stock after partial redemptions in 1998 and 1999 was RM43,817,826 at 31 December 1999.



ISSUE OF SHARES

The Company's Employees' Share Options Scheme ("ESOS") was approved by the shareholders at an Extraordinary General Meeting held on 29 July 1993. Pursuant to the scheme which became effective on 6 August 1993, options to subscribe for ordinary shares of RM1 each are granted to eligible employees of the Group including Executive Directors of the Company. The main features of the Scheme are:-

- (i) Eligible employees are employees of the Group (including Executive Directors) who have been confirmed in the employment of the Group for at least twelve months before the offer date;
- (ii) The total number of shares to be offered under the Scheme shall not exceed ten (10) percent of the issued share capital of the Company at any point in time during the existence of the Scheme;
- (iii) No option shall be granted for less than 1,000 shares nor more than 500,000 shares to any selected employee;
- (iv) The option price for each RM1 share shall be the average of the mean market quotation of the shares as shown in the daily official list issued by The Kuala Lumpur Stock Exchange for the five trading days preceding the respective dates of offer of the Options, or at the par value of the ordinary shares of the Company, whichever is the higher; and
- (v) The Scheme shall continue to be in force for a period of five (5) years commencing from 6 August 1993.

At an Extraordinary General Meeting held on 12 November 1998 extension of the option period of the ESOS to 5 August 2003 was approved.

The movements in the options to take up unissued new ordinary shares of RM1 each and the option prices are as follows:-

	OPTION PRICE	SHARE OPTIONS	
	RM	GRANTED	EXERCISED
First option - August 1993	1.61	8,343,000	7,560,000
Second option - December 1993	4.94	584,000	170,000
Third option - April 1994	4.14	466,000	-
Fourth option - September 1994	4.20	1,314,000	-
Fifth option - July 1995	2.82	1,198,000	375,000
Sixth option - December 1995	2.51	888,000	127,000
Seventh option - February 1998	1.06	5,325,000	7,000
As at 31 December 1999		18,118,000	8,239,000



SIGNIFICANT EVENTS DURING THE YEAR

(a) Proposed Acquisitions

The Group and the Company entered into the following which are pending completion as at balance sheet date:-

- (i) A Supplemental Agreement to acquire 100% equity interest in Billiontex Industries Sdn. Bhd. for a revised purchase consideration of RM72,760,000 to be satisfied by cash of RM15,500,000 and the issuance of RM57,260,000 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at 100% of its nominal value.
- (ii) A Supplemental Agreement to acquire 100% equity interest in Rusella Teguh Sdn. Bhd. for a revised purchase consideration of RM73,470,000 to be satisfied by cash of RM15,500,000 and the issuance of RM57,970,000 5-year 2% ICULS at 100% of its nominal value.
- (iii) A Conditional Sale and Purchase Agreement to acquire the entire issued and paid-up capital of Atria Properties Sdn. Bhd. comprising 63,872,727 fully paid-up ordinary shares of RM1 each and 26,800,000 partly paid up ordinary shares of which RM268,000 have been paid-up, for a revised purchase consideration RM51,640,000 to be satisfied by the issuance of 51,640,000 new ordinary shares of RM1 each in Lien Hoe Corporation Berhad at par.

(b) Proposed Restricted Offer For Sale ("ROS")

- (i) The vendors of Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd. will undertake a ROS by way of rights to allotment of approximately RM67,579,000 5-year 2% ICULS to the shareholders of the Company, except Beta Holdings Sdn. Bhd. and Mr Chan Wah Long on the basis of RM2 nominal value of ICULS at 100% of its nominal value for every five (5) existing Lien Hoe shares held after the Proposed Capital Reduction and Share Consolidation at an entitlement date to be determined later.
- (ii) The vendors of Atria Properties Sdn. Bhd. will undertake a ROS by way of rights to allotment of up to 33,789,623 new Lien Hoe shares to the shareholders of the Company, except Beta Holdings Sdn. Bhd. and Mr Chan Wah Long at an offer price of RM1 per share on the basis of one (1) new Lien Hoe share for every five (5) existing Lien Hoe shares held after the Proposed Capital Reduction and Share Consolidation at an entitlement date to be determined later.

(c) Proposed Restructuring Scheme

During the year, the Company announced a proposed restructuring scheme for capital reduction, share consolidation, restricted issue of shares, debt restructuring and proposed rights issue of warrants as follows:-

- (i) The Directors proposed that the Company's existing issued and paid-up share capital of RM270,149,543 comprising 270,149,543 ordinary shares of RM1 each be reduced to RM202,612,157 comprising 270,149,543 ordinary shares of 75 sen each to be effected by the cancellation of 25 sen from every RM1 ordinary share.
- (ii) Upon completion of the said cancellation, the resultant 270,149,543 ordinary shares of 75 sen each shall then be consolidated into 202,612,157 ordinary shares of RM1 each in the proportion of 4 ordinary shares of 75 sen each into 3 ordinary shares of RM1 each. The credit arising from the capital reduction would then be applied to reduce the accumulated losses of the Company.
- (iii) Upon completion of the proposed capital reduction and share consolidation, the Directors proposed to issue 20,000,000 new ordinary shares of RM1 each at an issue price to be determined, to Beta Holdings Sdn. Bhd., a substantial shareholders of the Company, to raise funds to repay part of the Group's borrowings. This proposed issue of shares has since been aborted.



- (iv) Restructuring the debts owed by the Company and its subsidiary company, Lien Hoe Resorts Sdn. Bhd. amounting to approximately RM212,062,000, involving the extension of the tenure of existing facilities to a 7-year period for 60% or RM127,237,000 of the debts. The balance of 40% or RM84,825,000 is proposed to be exchanged for 5-year 5% redeemable secured bonds at face value of RM84,825,000 and cash payments of RM16,375,000 for a yield to maturity of 10%.
 - (v) Proposed rights issue of up to 254,252,157 equity warrants at 23 sen each to the shareholders of the Company on the basis of one warrant for every existing share held after the Proposed Capital Reduction and Share Consolidation, Proposed Acquisition and Proposed Restricted Offer For Sale.
- (d) Disposal of Properties
- (i) LH Properties (Aust.) Pty. Limited, a subsidiary company disposed freehold land and building for a net cash consideration of AUD\$29,000,000.
 - (ii) Holiday Plaza Sdn. Bhd. a subsidiary company disposed various retail lots in Holiday Plaza for a total cash consideration of RM13,089,000.
- (e) Disposal of Subsidiaries
- (i) The Company disposed its 97% equity interest in Lien Hoe Construction Sdn. Bhd. for a total cash consideration of RM4,140,000.
 - (ii) The Company disposed its 51% equity interest in Riverbank Suites Development Sdn. Bhd. for a total cash consideration of RM2,500,000.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 28 January 2000, the Company announced the following revisions to its proposed acquisitions and proposed restructuring scheme :-

- (a) The purchase consideration for the proposed acquisition of Billiontex Industries Sdn. Bhd. of RM72,760,000 will now be satisfied entirely by the issuance of RM72,760,000 5-year 2% ICULS at 100% of its nominal value.
- (b) The purchase consideration for the proposed acquisition of Rusella Teguh Sdn. Bhd. of RM73,470,000 will now be satisfied entirely by the issuance of RM73,470,000 5-year 2% ICULS at 100% of its nominal value.
- (c) The proposed rights issue of warrants under the proposed restructuring scheme has been revised to 127,126,079 warrants at 23 sen each to be issued to the shareholders of the Company on the basis of one (1) warrant for every two (2) existing shares held after the Proposed Capital Reduction and Share Consolidation, Proposed Acquisitions and Proposed Restricted Offer For Sale.
- (d) The vendors of Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd. will now undertake a proposed restricted offer for sale by way of rights to allotment of approximately RM101,369,000 5-year 2% ICULS on the basis of RM3 nominal value of ICULS at 100% of its nominal value for every five (5) existing Lien Hoe shares held after the Proposed Capital Reduction and Share Consolidation.



DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:-

Tun Dato' Seri Abdul Hamid Omar
Dato' Wong Gek Meng
Chan Wah Long
Kek Kok Swee
Noor Asiah Bte Mahmood

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in shares of the Company and related corporations, as stated below:-

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AS AT 1.1.99	BOUGHT	SOLD	AS AT 31.12.99
Share capital of the Company				
Shareholdings registered in the name of the Directors:-				
Tun Dato' Seri Abdul Hamid Omar	200,000	-	-	200,000
Chan Wah Long	500,000	-	-	500,000
Dato' Wong Gek Meng	-	500,000	-	500,000
Shareholdings in which the Director is deemed to have an interest:-				
Chan Wah Long	48,646,839	-	4,261,000	44,385,839

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in Note 23 to the accounts or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act, 1965.



OTHER STATUTORY INFORMATION

- (a) Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:-
- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:-
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the accounts of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or accounts of the Group and of the Company which would render any amount stated in the accounts and consolidated accounts misleading.
- (e) As at the date of this report there does not exist:-
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:-
- (i) no contingent liabilities or other liabilities have become enforceable or are likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - (ii) no items, transactions or events of a material and unusual nature have arisen in the interval between the end of the financial year and the date of this report which are likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.



AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

On behalf of the Board,

CHAN WAH LONG

)
)
)
)
)
)
)

DIRECTORS

KEK KOK SWEE

Kuala Lumpur, Malaysia
18 April 2000



BALANCE SHEETS AS AT 31 DECEMBER 1999

	NOTE	GROUP		COMPANY	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
FIXED ASSETS	3	376,458	473,449	80,182	81,051
SUBSIDIARY COMPANIES	4	-	-	285,718	309,906
INVESTMENTS	5	-	-	-	-
DEFERRED EXPENDITURE	6	120	154	-	-
DEVELOPMENT PROPERTIES	7	33,817	32,548	-	-
CURRENT ASSETS					
Property development- in-progress	8	-	14,770	-	-
Contract work-in-progress	9	1,651	17,603	-	-
Stocks	10	41,647	41,262	-	-
Debtors	11	133,750	132,638	93,917	83,304
Fixed deposits with licensed banks	12	65	2,097	-	-
Cash and bank balances	13	4,952	4,482	2,258	3,112
		182,065	212,852	96,175	86,416
CURRENT LIABILITIES					
Creditors	14	77,831	135,094	16,923	25,995
Bank borrowings	15	174,630	91,296	126,440	38,449
Term loans	16	32,735	80,220	27,625	27,125
Loan stock	17	43,818	-	43,818	-
Taxation		1,529	3,101	966	-
		330,543	309,711	215,772	91,569
NET CURRENT LIABILITIES		(148,478)	(96,859)	(119,597)	(5,153)
GOODWILL ON CONSOLIDATION					
	18	13,054	14,552	-	-
		274,971	423,844	246,303	385,804

The annexed notes form an integral part of these accounts.



	NOTE	GROUP		COMPANY	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
SHARE CAPITAL	19	270,149	270,149	270,149	270,149
RESERVES	20	80,454	81,198	70,393	70,393
ACCUMULATED LOSSES		(132,970)	(121,220)	(148,345)	(143,180)
		<u>217,633</u>	<u>230,127</u>	<u>192,197</u>	<u>197,362</u>
MINORITY INTEREST		-	1,193	-	-
DEFERRED LIABILITIES	21	57,338	138,706	54,106	134,624
LOAN STOCK	17	-	53,818	-	53,818
		<u>274,971</u>	<u>423,844</u>	<u>246,303</u>	<u>385,804</u>

The annexed notes form an integral part of these accounts.



PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1999

	NOTE	GROUP		COMPANY	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Turnover	22	175,868	236,931	21,860	23,798
(Loss)/profit before exceptional items	23	(19,967)	(17,722)	(3,215)	3,046
Exceptional items	24	7,937	(106,033)	(984)	(139,348)
Loss before taxation		(12,030)	(123,755)	(4,199)	(136,302)
Taxation	25	212	215	(966)	(1,200)
Loss after taxation		(11,818)	(123,540)	(5,165)	(137,502)
Minority interest		68	3,508	-	-
Accumulated losses for the year		(11,750)	(120,032)	(5,165)	(137,502)
Accumulated losses brought forward		(121,220)	(1,188)	(143,180)	(5,678)
Accumulated losses carried forward		(132,970)	(121,220)	(148,345)	(143,180)
Loss per ordinary share of RM1 each	26	(4.35) sen	(44.43) sen		

The annexed notes form an integral part of these accounts.



STATEMENT OF CASH FLOWS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 RM'000	1998 RM'000
Cash Flows From Operating Activities		
Loss Before Taxation	(12,030)	(123,755)
Adjustments:-		
Amortisation of deferred expenditure	192	661
Depreciation	6,490	10,052
Exchange adjustments	(1,422)	3,107
Fixed assets written off	2,834	-
Goodwill written off	-	19,758
Interest expense	30,970	35,900
Interest income	(138)	(5,792)
Gain on disposal of subsidiary companies	(1,552)	-
(Gain)/loss on disposal of fixed assets	(6,769)	20
Loss on disposal of quoted investments	-	2,797
Provision for diminution in value of investment	-	1,727
Provision for diminution in value of investment in a subsidiary company	-	250
Provision for doubtful amount due from a subsidiary company	540	33,756
Write down of development properties	-	12,019
	31,145	114,255
Profit/(Loss) Before Working Capital Changes	19,115	(9,500)
Working Capital Changes:-		
Property development-in-progress	14,770	3,737
Contract work-in-progress	6,627	5,229
Stocks	(2,684)	3,504
Debtors	(27,526)	42,194
Creditors	(33,938)	(1,298)
	(23,636)	43,866
Taxation paid	(1,060)	(2,823)
Deferred expenditure paid	(158)	(485)
Interest paid	(30,970)	(35,900)
Net Cash (Used In)/From Operating Activities	(55,824)	4,658



	1999 RM'000	1998 RM'000
Cash Flows From Investing Activities		
Purchase of development properties	(1,269)	(2,250)
Purchase of fixed assets	(18,419)	(52,744)
Purchase of shares from minority shareholder	-	(200)
Advances to subsidiary company not consolidated	(540)	(1,850)
Proceeds from disposal of fixed assets	109,395	2,586
Proceeds from disposal of investments	-	1,948
Cash flow on disposal of subsidiary companies	20,278	-
Interest received	138	5,792
Net Cash From/(Used In) Investing Activities	109,583	(46,718)
Cash Flows From Financing Activities		
Proceeds from issue of shares	-	7
Drawdown of revolving credits	2,488	-
Repayment of hire purchase and lease creditors (Repayment)/Drawdown of term loans	(1,855)	(6,073)
Repayment of loan stock	(10,000)	(28,979)
Dividend paid - minority interest in subsidiary companies	(4)	(12)
Net Cash (Used In)/From Financing Activities	(56,167)	24,262
Net Decrease In Cash And Cash Equivalents	(2,408)	(17,798)
Cash And Cash Equivalents At Beginning Of Year	(41,367)	(23,569)
Cash And Cash Equivalents At End Of Year	(43,775)	(41,367)
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	65	2,097
Cash and bank balances	4,952	4,482
Bank overdrafts	(38,311)	(36,823)
Bankers' acceptances	(10,481)	(11,123)
	(43,775)	(41,367)



	Note	1999 RM'000	1998 RM'000
Analysis of subsidiary companies disposed :-			
Net assets disposed:			
Fixed assets		4,138	-
Working capital		(181)	-
Term loan		(317)	-
Taxation		(345)	-
Goodwill on consolidation		1,498	-
Minority interest		(1,121)	-
		<hr/>	
		3,672	-
Gain on disposal		1,552	-
		<hr/>	
Total proceeds from disposal	(a)	5,224	-
Cash and cash equivalents of subsidiaries disposed		15,054	-
		<hr/>	
Cash flow on disposal of subsidiary companies		20,278	-
		<hr/>	

Note (a)

Gross proceeds from disposal	6,640
Net liabilities assumed by the Company	(1,416)
	<hr/>
	5,224
	<hr/>

The annexed notes form an integral part of these accounts.



NOTES TO THE ACCOUNTS - 31 DECEMBER 1999

1. FUNDAMENTAL ACCOUNTING CONCEPT

The Directors are of the opinion that cash generated from the operations of the Group and the Company alone may not be sufficient to meet the short term liabilities of the Group and the Company as and when they fall due without the sale of assets, refinancing of or obtaining additional banking facilities or further capital being raised from the proposed restructuring scheme referred to in Note 30(c) to the accounts.

The accounts of the Group and the Company have been prepared on the going concern basis. The validity of this assumption depends on the successful implementation of the Company's strategic alternatives referred to in the preceding paragraph. The accounts do not include any adjustments that would result if such strategic alternatives are not concluded successfully within the anticipated time frame.

The Directors are of the opinion that the Group and the Company will be able to conclude such alternatives successfully, and accordingly it is appropriate for the accounts to be prepared on the going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention

The accounts of the Group and of the Company are prepared under the historical cost convention and comply with approved accounting standards issued by the Malaysian Accounting Standards Board. In the current financial year, the Company and the Group applied certain transitional provisions in International Accounting Standard No.16 (Revised), Property, Plant and Equipment, by virtue of which a reporting enterprise which does not adopt a policy of revaluation is allowed to retain revalued amounts on the basis of their previous revaluations, subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount.

(b) Basis of Consolidation

The consolidated accounts include the audited accounts of the Company and all its subsidiary companies made up to 31 December 1999 except for Carlton Resources Inc., the accounts of which have not been consolidated for the reasons noted in Note 4 to the accounts.

The difference between the purchase consideration on the acquisition of subsidiary companies and the fair value of net assets acquired is reflected in the accounts as goodwill arising on consolidation or reserve on consolidation.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of their disposal.

Goodwill arising on consolidation is not amortised unless in the opinion of the Directors there is no continuing value, in which case the goodwill is written off to the consolidated profit and loss account to the extent of the diminished value.

(c) Subsidiary Companies

Investment in subsidiary companies is stated at cost and provision is made for any diminution in value of investment which is considered to be permanent.

(d) Investments

Investments are stated at cost unless in the opinion of the Directors there has been a permanent diminution in value, in which case provision is made for the diminution in value.



(e) Fixed Assets

Fixed assets are stated at cost or valuation less accumulated depreciation.

Freehold land is not amortised. Leasehold land is amortised evenly over the period of the respective leases which ranges from 23 to 93 years.

Depreciation on other fixed assets is calculated to write off the cost over the estimated economic lives on the straight line method.

The principal annual rates used are as follows:-

Buildings	1% to 5%
Plant and machinery	10%
Furniture, fittings and equipment	10%
Motor vehicles	20%

No depreciation is provided for linen, crockery, cutlery and utensils. The cost of replacing these assets is charged against revenue as and when incurred.

Assets under finance leases that give rights approximating to ownership are capitalised in the accounts and the corresponding obligation treated as liability. The assets so capitalised are depreciated in accordance with the above basis. The total interest, being the difference between the total instalments payable and the capitalised amount is charged to the profit and loss account over the lease in proportion to the balance of capital repayments outstanding.

Where assets are stated at revalued amounts, revaluation will be carried out on a regular basis by professional valuers.

(f) Deferred Expenditure

Deferred expenditure consists mainly of preliminary and pre-operating expenses which will be amortised on a straight line basis over a period of 5 years when the subsidiary companies concerned commence business operations.

(g) Development Properties

Development properties comprise land banks which are in the process of being prepared for development but not expected to be developed for sale within the next twelve months. The properties are stated at cost unless in the opinion of the Directors there has been a permanent diminution in value, in which case the cost will be written down for the diminution in value.

(h) Property Development-in-Progress

These are stated at cost, and where appropriate, include attributable profit less progress payments received and receivable. Cost includes the cost of land and development expenditure, including borrowing cost relating to the financing of development and an allocation of direct overhead expenses. Attributable profit on incomplete development projects is recognised on the percentage of completion method. Provision is made for all anticipated losses on property development-in-progress.

(i) Contract Work-in-Progress

Contract work-in-progress is stated at the lower of cost and net realisable value, and where appropriate, includes attributable profit less progress payments received and receivable. Cost includes materials, direct labour and a proportion of overhead expenses. Attributable profit on contract work-in-progress is recognised on the percentage of completion method where the outcome of the contract can be reliably estimated. Provision is made for all anticipated losses on contract work-in-progress.



(j) Stocks

Stocks are stated at the lower of cost and net realisable value after adequate provision has been made for damaged, obsolete and slow moving items. Cost is determined on the weighted average basis.

Cost includes the actual cost of purchase and incidentals in bringing the stocks to their present condition and location.

(k) Deferred Taxation

Deferred taxation is provided for on timing differences using the liability method except where it can be demonstrated with reasonable probability that the tax deferrals will continue in the foreseeable future. Where such timing differences give rise to net deferred tax benefits, these benefits are not recognised.

(l) Foreign Currencies

Foreign currency assets and liabilities are reported in Ringgit Malaysia at rates of exchange which approximate those ruling at balance sheet date and transactions during the year are recorded in Ringgit Malaysia at rates ruling at the date of the transactions. Exchange differences are dealt with in the profit and loss account.

Assets and liabilities and trading results of foreign subsidiary companies are translated into Ringgit Malaysia at rates of exchange ruling at balance sheet date. Exchange differences arising from the restatement at year end rates of the opening net investment are dealt with through reserves.

(m) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents include deposits with licensed financial institutions, cash and bank balances, bankers' acceptances and overdrafts.

3. FIXED ASSETS

GROUP Cost or Valuation	FREEHOLD LAND AND BUILDINGS RM'000	LONG LEASEHOLD LAND AND BUILDINGS RM'000	SHORT LEASEHOLD LAND AND BUILDINGS RM'000	PLANT AND MACHINERY AND MOTOR VEHICLES RM'000	FURNITURE, FITTINGS AND EQUIPMENT RM'000	TOTAL RM'000
	As at 1.1.99	257,815	196,276	13,597	19,474	23,264
Additions	12,718	3,818	288	668	927	18,419
Disposals/write-offs	(99,625)	(1,625)	(2,644)	(10,425)	(2,026)	(116,345)
Exchange differences	514	-	-	222	-	736
As at 31.12.99	171,422	198,469	11,241	9,939	22,165	413,236
Accumulated Depreciation						
As at 1.1.99	16,981	4,507	2,221	8,835	4,433	36,977
Charge for the year	749	2,589	459	1,516	1,177	6,490
Disposals/write-offs	(136)	-	(339)	(5,132)	(1,140)	(6,747)
Exchange differences	-	-	-	58	-	58
As at 31.12.99	17,594	7,096	2,341	5,277	4,470	36,778
Net Book Value						
As at 31.12.99	153,828	191,373	8,900	4,662	17,695	376,458
As at 31.12.98	240,834	191,769	11,376	10,639	18,831	473,449
Depreciation for year ended 31.12.98	2,954	2,516	550	2,668	1,364	10,052



COMPANY	FREEHOLD LAND AND BUILDING RM'000	SHORT LEASEHOLD LAND AND BUILDINGS RM'000	PLANT AND MACHINERY AND MOTOR VEHICLES RM'000	FURNITURE, FITTINGS AND EQUIPMENT RM'000	TOTAL RM'000
Cost or Valuation					
As at 1.1.99	70,168	2,240	2,524	14,942	89,874
Additions	–	288	13	162	463
Disposal	–	–	(7)	–	(7)
As at 31.12.99	70,168	2,528	2,530	15,104	90,330
Accumulated Depreciation					
As at 1.1.99	4,720	911	2,011	1,181	8,823
Charge for the year	555	97	251	429	1,332
Disposal	–	–	(7)	–	(7)
As at 31.12.99	5,275	1,008	2,255	1,610	10,148
Net Book Value					
As at 31.12.99	64,893	1,520	275	13,494	80,182
As at 31.12.98	65,448	1,329	513	13,761	81,051
Depreciation for year ended 31.12.98	556	83	432	422	1,493

Borrowing cost capitalised during the year under land and buildings of the Group amounted to RM Nil (1998: RM1,288,000).

The fixed assets of the Group and of the Company are stated at cost except for certain short leasehold land and buildings which were revalued in 1988 by the Directors based on valuations carried out by independent valuers on an open market basis of RM3,230,000 and RM2,240,000 respectively. As allowed by the transitional provisions of International Accounting Standard No.16 (Revised), Property, Plant and Equipment, these assets have continued to be stated on the basis of their 1988 valuations.

Included in plant and machinery and motor vehicles of the Group are fixed assets under finance leases with a total net book value of RM2,972,000 (1998: RM6,044,000).

Land and buildings of the Company and its subsidiary companies are charged to financial institutions for facilities granted to the Company and its subsidiary companies and as collateral to secure the payment of the principal and interest on the Company's 15% Redeemable Secured Loan Stock.



4. SUBSIDIARY COMPANIES

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Unquoted shares				
- at cost	250	250	104,366	109,191
- at valuation	-	-	870	870
	250	250	105,236	110,061
Less: Provision for diminution in value	(250)	(250)	(24,067)	(24,067)
	-	-	81,169	85,994
Amount owing by subsidiary companies	34,296	33,756	321,513	328,518
Amount owing to subsidiary companies	-	-	(17,586)	(5,228)
	34,296	33,756	385,096	409,284
Less: Provision for doubtful debt	(34,296)	(33,756)	(99,378)	(99,378)
	-	-	285,718	309,906

The amounts owing by subsidiary companies in respect of the Company relates to advances to and payments made on behalf of the subsidiary companies.

The amount owing by subsidiary company as stated in the accounts of the Group relates to Carlton Resources Inc. (Carlton), the accounts of which have not been included in the consolidated accounts. This amount, which has been fully provided for, is in respect of advances to the subsidiary company for amounts incurred for the acquisition of a timber concession, machinery and for working capital for logging operations of Carlton in Liberia.

No accounts have been prepared for Carlton since the accounting records were destroyed during the civil unrest in Liberia in 1996. The Directors are of the opinion that non-consolidation of Carlton does not have any significant impact on the accounts of the Group for the year ended 31 December 1999.

Details of the subsidiary companies of Lien Hoe Corporation Berhad are:-

NAME OF COMPANY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE INTEREST	
			1999 %	1998 %
Advantage Equity Sdn. Bhd.	Malaysia	Management of building and apartments	100	100
Beta Management Services Sdn. Bhd.	Malaysia	Property investment	100	100
Bondmark Construction Services Sdn. Bhd.	Malaysia	Inactive	100	100
Broadland Food Industries Sdn. Bhd. *	Malaysia	Management of food court	100	100
Carlton Resources Inc.*	Liberia	Timber logging	51	51

LIEN HOE ANNUAL REPORT



NAME OF COMPANY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE INTEREST	
			1999 %	1998 %
Chase Equities (Malaysia) Sdn. Bhd.	Malaysia	Property investment	–	27
Dominion Bay Sdn. Bhd.	Malaysia	Property investment	100	100
Falcon Travel and Tours Sdn. Bhd.	Malaysia	Travel and tours	75	75
Hasil Andalas Sdn. Bhd.	Malaysia	Inactive	100	100
Holiday Bowl Sdn. Bhd.*	Malaysia	Property investment	100	100
Holiday Plaza Complex Management Sdn. Bhd.	Malaysia	Inactive	100	100
Holiday Plaza Sdn. Bhd.*	Malaysia	Property investment	100	100
Hotel Armada (PJ) Sdn. Bhd.	Malaysia	Property investment	100	100
Hotel Armada Group Sdn. Bhd.	Malaysia	Investment holding	100	100
Irama Serangkai Sdn. Bhd.	Malaysia	Property investment	100	100
Leboh Ampang Plaza Sdn. Bhd.	Malaysia	Property investment	100	100
LH Bintang Development Sdn. Bhd.	Malaysia	Land and housing development	100	100
LH Indah Apartments Sdn. Bhd.	Malaysia	Property investment	100	100
LH Indah Apartments (First) Sdn. Bhd. (Formerly known as Koleksi Cengkerang Sdn. Bhd.)	Malaysia	Property investment	100	100
LH Indah Apartments (Second) Sdn. Bhd. (Formerly known as Gold Flakes Sdn. Bhd.)	Malaysia	Property investment	100	100
LH Properties (Aust.) Pty Limited.*	Australia	Property investment	100	100
Lien Hoe (Africa) Sdn. Bhd	Malaysia	Investment holding	100	100
Lien Hoe Construction Sdn. Bhd.	Malaysia	Civil and construction	–	97
Lien Hoe Property Management Sdn. Bhd.	Malaysia	Inactive	100	100
Lien Hoe Resorts Sdn. Bhd	Malaysia	Property investment	100	100



NAME OF COMPANY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE INTEREST	
			1999 %	1998 %
Lien Hoe Square Sdn. Bhd.	Malaysia	Property investment	100	100
Lien Hoe Tower Sdn. Bhd.	Malaysia	Property investment	100	100
Macro Innovation Sdn. Bhd	Malaysia	Building and civil works	75	75
Macro Resources Sdn. Bhd.	Malaysia	Building and civil works	75	75
Menara Lien Hoe Sdn. Bhd.*	Malaysia	Inactive	100	100
North Sumatera Timber Sdn. Bhd.	Malaysia	Trading in timber mouldings	100	100
Pembinaan Macro Resources Sdn. Bhd.	Malaysia	Inactive	75	75
PT Budi Tri Sakti*	Indonesia	Manufacturing of timber mouldings	70	70
Riverbank Suites Development Sdn. Bhd.	Malaysia	Property development	-	51
Roset (M) Sdn. Bhd.	Malaysia	Inactive	94	94
Roset Manufacturing Sdn. Bhd.	Malaysia	Inactive	94	94
Taman Templer Sdn. Bhd.	Malaysia	Inactive	100	100
Voltraint 858 Pty. Ltd.*	Australia	Inactive	100	100

* Not audited by Ernst & Young

5. INVESTMENTS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Cost				
Unquoted shares in Malaysia	1,727	1,727	100	100
Provision for diminution in value	(1,727)	(1,727)	(100)	(100)
	-	-	-	-

6. DEFERRED EXPENDITURE

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Cost	336	1,483	-	-
Accumulated amortisation	(216)	(1,329)	-	-
	120	154	-	-



7. DEVELOPMENT PROPERTIES

	GROUP	
	1999 RM'000	1998 RM'000
Freehold land, at cost	33,817	32,548

Development properties comprise land banks which are in the process of being prepared for development but not expected to be developed for sale within the next twelve months.

The development properties are stated net of write down amounting to RM12,019,000.

8. PROPERTY DEVELOPMENT-IN-PROGRESS

	GROUP	
	1999 RM'000	1998 RM'000
Land held for development	-	934
Development expenditure	-	28,275
Attributable profit less foreseeable losses	-	(72)
	-	29,137
Progress billings received and receivable	-	(14,367)
	-	14,770

9. CONTRACT WORK-IN-PROGRESS

	GROUP	
	1999 RM'000	1998 RM'000
Construction cost	71,619	212,642
Attributable profit	5,941	9,623
	77,560	222,265
Progress billings received and receivable	(75,909)	(204,662)
	1,651	17,603

10. STOCKS

	GROUP	
	1999 RM'000	1998 RM'000
Finished goods	1,273	1,485
Houses and apartments		
- completed	33,983	34,807
- work in progress	4,660	1,507
Raw materials	1,172	2,961
Consumables	559	502
	41,647	41,262



11. DEBTORS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Trade debtors	38,239	49,356	559	600
Other debtors	61,910	51,382	59,757	50,804
Deposit for investment and related advances	33,601	31,900	33,601	31,900
	133,750	132,638	93,917	83,304

Trade debtors are stated net of provision for doubtful debts amounting to RM10,486,000 (1998:RM7,971,000) for the Group.

Other debtors are stated net of provision for doubtful debts amounting to RM37,294,000 (1998: RM37,395,000) and RM27,283,000 (1998: RM26,613,000) for the Group and the Company respectively.

Other debtors include RM43,545,000 (1998: RM43,545,000) secured by way of a Memorandum of Deposit for shares in a property investment company.

12. FIXED DEPOSITS WITH LICENSED BANKS

Certain fixed deposits are pledged for banking facilities granted to the Company and its subsidiary companies.

13. CASH AND BANK BALANCES

Included in cash and bank balances is an amount of RM32,000 (1998 : RM20,000) held under Housing Development Account, maintained in accordance with the provisions of the Housing Developers Regulations 1991.

14. CREDITORS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Trade creditors	52,485	77,903	3,972	3,955
Other creditors	23,698	55,383	12,933	22,019
Hire purchase creditors	1,648	1,808	18	21
	77,831	135,094	16,923	25,995

15. BANK BORROWINGS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Bank overdrafts	38,311	36,823	10,840	9,449
Revolving credits	125,838	43,350	115,600	29,000
Bankers' acceptances	10,481	11,123	-	-
	174,630	91,296	126,440	38,449



The bank borrowings bear interest at rates ranging from 6.25% to 11% per annum and are secured on the freehold and leasehold properties of the Company and its subsidiaries and other fixed and floating assets of its subsidiaries.

16. TERM LOANS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Secured on freehold and leasehold properties of the Company and its subsidiaries				
- term loans	88,307	135,420	81,171	81,171
- syndicated revolving credit	-	80,000	-	80,000
Less: Portion repayable after 12 months included in long term liabilities (Note 21)	(55,572)	(135,200)	(53,546)	(134,046)
	<u>32,735</u>	<u>80,220</u>	<u>27,625</u>	<u>27,125</u>

The borrowings bear interest at rates ranging from 6.25% to 11% (1998: 10.05% to 15.05%) per annum and are repayable by either monthly or quarterly instalments for periods ranging from 1 to 7 years.

17. LOAN STOCK

	GROUP/COMPANY	
	1999 RM'000	1998 RM'000
At 1 January	53,818	82,797
Repayment	(10,000)	(28,979)
At 31 December	<u>43,818</u>	<u>53,818</u>
Repayable within twelve months	(43,818)	-
Repayable after twelve months	<u>-</u>	<u>53,818</u>

On 18 August 1993, the Company issued RM85,742,921 nominal amount of 6% Redeemable Secured Loan Stock 1993/1998. The Loan Stock constituted by a Trust Deed dated 19 June 1993 and amended by the Amendment Trust Deed dated 14 June 1997 and the Supplemental Trust Deed dated 29 October 1998 is redeemable in cash at nominal value upon maturity on 17 August 2000 at an interest rate of 15%.

The 15% Redeemable Secured Loan Stock is secured by a charge over the Company's property known as Kompleks Lien Hoe and an assignment of the net rentals from the property which are to be deposited into a Special Trustee's Account set up for this specific purpose.

LIEN HOE ANNUAL REPORT



18. GOODWILL ON CONSOLIDATION

	GROUP	
	1999	1998
	RM'000	RM'000
At 1 January	14,552	34,110
Arising from increase in equity in/acquisition of subsidiary	–	200
Goodwill written off	–	(19,758)
Disposal of subsidiary	(1,498)	–
At 31 December	13,054	14,552

19. SHARE CAPITAL

	GROUP / COMPANY	
	1999	1998
	RM'000	RM'000
Authorised:-		
Ordinary shares of RM1 each	1,000,000	1,000,000
Issued and fully paid:-		
Ordinary shares of RM1 each	270,149	270,149

As at 31 December 1999, options to subscribe for 9,879,000 new ordinary shares of RM1 each pursuant to the Company's Employees' Share Option Scheme remained unexercised. Such options are capable of being exercised during the option period expiring on 5 August 2003.

20. RESERVES

	GROUP		COMPANY	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:-				
Reserve on consolidation	13,844	13,844	–	–
Revaluation reserve	3,616	3,616	2,596	2,596
Share premium	51,056	51,056	51,056	51,056
Exchange reserve	(5,901)	(5,157)	–	–
	62,615	63,359	53,652	53,652
Distributable reserves:-				
Capital reserve	17,839	17,839	16,741	16,741
	80,454	81,198	70,393	70,393
Movements in non-distributable reserves during the year are as follows:-				
Exchange reserve				
At 1 January	(5,157)	2,455	–	–
Arising from translation of foreign subsidiary companies	(744)	(7,612)	–	–
At 31 December	(5,901)	(5,157)	–	–



21. DEFERRED LIABILITIES

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Term loans - secured (Note 16)	55,572	135,200	53,546	134,046
Deferred taxation	1,225	1,270	542	542
Hire purchase and lease creditors	541	2,236	18	36
	57,338	138,706	54,106	134,624

Movements in deferred taxation account were as follows:-

At 1 January	1,270	2,624	542	542
Transfer from/(to) profit and loss account	7	(1,354)	-	-
Disposal of subsidiary company	(52)	-	-	-
At 31 December	1,225	1,270	542	542

22. TURNOVER

Group turnover represents:-

- (i) invoiced value of goods sold less returns, discounts and sales tax;
- (ii) rental income, sale of development properties and construction income; and
- (iii) proceeds from tour operations and sales of airline tickets.

Company turnover represents rental and dividend income.



23. (LOSS) / PROFIT BEFORE EXCEPTIONAL ITEMS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
(Loss)/profit before exceptional items is arrived at after charging/(crediting):-				
Amortisation of deferred expenditure	192	661	-	158
Auditors' remuneration	218	271	50	50
Depreciation	6,490	10,052	1,332	1,493
Directors' emoluments:-				
- Directors of the Company	918	917	656	644
- Other directors	797	1,089	-	-
Fixed assets written off	2,834	20	-	-
Interest expenses				
- advance from subsidiaries	-	-	-	556
- bank borrowings	23,704	28,440	15,083	19,614
- loan stock interest	7,041	6,979	7,041	6,979
- lease and hire purchase	225	481	6	13
Loss on disposal of fixed assets	156	20	3	351
Loss on sale of quoted investments	-	2,797	-	2,797
Provision for doubtful debts	5,337	-	670	-
Rental of buildings				
- subsidiary companies	-	-	851	497
- others	271	784	-	540
Dividend income from subsidiaries (unquoted)	-	-	(8,281)	(9,997)
Forfeiture income from aborted sale of subsidiary	-	(4,888)	-	(4,888)
Interest income				
- subsidiary companies	-	-	(9,025)	(9,706)
- others	(138)	(5,792)	-	(5,240)
Rental income	(39,884)	(42,949)	(13,579)	(14,048)
Writeback of doubtful debts	(2,923)	-	-	-

24. EXCEPTIONAL ITEMS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Bad and doubtful debts				
- subsidiary companies	(540)	(33,756)	-	(99,378)
- others	-	(30,661)	-	(15,803)
Goodwill written off	-	(19,758)	-	-
Loss arising from write down				
- development properties	-	(12,019)	-	-
- completed houses	-	(7,862)	-	-
Provision for diminution in value				
- subsidiary companies	-	(250)	-	(24,067)
- investments	-	(1,727)	-	(100)
Gain/(loss) on disposal of subsidiary companies	1,552	-	(984)	-
Gain on sale of properties	6,925	-	-	-
	7,937	(106,033)	(984)	(139,348)



25. TAXATION

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Taxation based on results for the year				
- current	-	(1,079)	(966)	(1,200)
- deferred	(7)	1,354	-	-
	(7)	275	(966)	(1,200)
Over/(under) provision in prior years	219	(60)	-	-
	212	215	(966)	(1,200)

The tax charge for the Company is in respect of dividend income only.

26. LOSS PER ORDINARY SHARE

The calculation of loss per ordinary share is based on loss after taxation and minority interest amounting to RM11,750,000 (1998: RM120,032,000) and the weighted average number of ordinary shares in issue during the year of 270,149,543 (1998: 270,149,543). The assumed conversion from the exercise of the options under the Employees' Shares Option Scheme during the year would be antidilutive; accordingly, the basic and fully diluted loss per share are the same.

27. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Unsecured guarantees issued in respect of banking/credit facilities granted to subsidiary companies	-	-	48,423	100,810
Unsecured guarantees issued in respect of banking/leasing facilities granted to third parties	9,000	-	9,000	-
	9,000	-	57,423	100,810

The Company has agreed to provide continued financial support to certain subsidiary companies for a period of twelve months from 1 January 2000 to enable them to meet their obligations as and when they fall due during this period.

28. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Commitments not provided for in the accounts:-				
Authorised and contracted for	170,490	174,625	170,490	174,344
Authorised but not contracted for	-	549	-	-
	170,490	175,174	170,490	174,344



29. LITIGATION

The Company had on 20 March 1989, taken legal action against various parties to recover RM53 million excluding interest and expenses of RM35 million arising from certain transactions entered into by the Company and its subsidiaries. These transactions were:-

- (i) The aborted acquisition of 10,125,000 shares in Oriental Bank Berhad for a cash consideration of RM45,675,000 in 1983 and the full payment to the vendors notwithstanding that the conditions in the Sale and Purchase Agreement have not been fulfilled.
- (ii) The acquisition of the entire share capital of Taman Templer Sdn. Bhd. and a piece of land situated in Likas Bay, Kota Kinabalu from Sapan Development Sdn. Bhd. in 1985 for a total consideration of RM16,000,000 and RM22,750,000 respectively by a Deed of Mutual Arrangement with the vendors of the Oriental Bank Berhad shares and the assumption of a loan due by a third party to a financial institution of RM6 million and interest thereon. This loan was secured on the development land belonging to a subsidiary company, Taman Templer Sdn. Bhd.

Full provision has been made in the accounts for the debts in respect of the above litigation.

30. SIGNIFICANT EVENTS DURING THE YEAR

(a) Proposed Acquisitions

The Group and the Company entered into the following which are pending completion as at balance sheet date:-

- (i) A Supplemental Agreement to acquire 100% equity interest in Billiontex Industries Sdn. Bhd. for a revised purchase consideration of RM72,760,000 to be satisfied by cash of RM15,500,000 and the issuance of RM57,260,000 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at 100% of its nominal value.
- (ii) A Supplemental Agreement to acquire 100% equity interest in Rusella Teguh Sdn. Bhd. for a revised purchase consideration of RM73,470,000 to be satisfied by cash of RM15,500,000 and the issuance of RM57,970,000 5-year 2% ICULS at 100% of its nominal value.
- (iii) A Conditional Sale and Purchase Agreement to acquire the entire issued and paid-up capital of Atria Properties Sdn. Bhd. comprising 63,872,727 fully paid-up ordinary shares of RM1 each and 26,800,000 partly paid up ordinary shares of which RM268,000 have been paid up, for a revised purchase consideration RM51,640,000 to be satisfied by the issuance of 51,640,000 new ordinary shares of RM1 each in Lien Hoe Corporation Berhad at par.

(b) Proposed Restricted Offer For Sale ("ROS")

- (i) The vendors of Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd. will undertake a ROS by way of rights to allotment of approximately RM67,579,000 5-year 2% ICULS to the shareholders of the Company, except Beta Holdings Sdn. Bhd. and Mr Chan Wah Long on the basis of RM2 nominal value of ICULS at 100% of its nominal value for every five (5) existing Lien Hoe shares held after the Proposed Capital Reduction and Share Consolidation at an entitlement date to be determined later.
- (ii) The vendors of Atria Properties Sdn. Bhd. will undertake a ROS by way of rights to allotment of up to 33,789,623 new Lien Hoe shares to the shareholders of the Company, except Beta Holdings Sdn. Bhd. and Mr Chan Wah Long at an offer price of RM1 per share on the basis of one (1) new Lien Hoe share for every five (5) existing Lien Hoe shares held after the Proposed Capital Reduction and Share Consolidation at an entitlement date to be determined later.



(c) Proposed Restructuring Scheme

During the year, the Company announced a proposed restructuring scheme for capital reduction, share consolidation, restricted issue of shares, debt restructuring and proposed rights issue of warrants as follows:-

- (i) The Directors proposed that the Company's existing issued and paid-up share capital of RM270,149,543 comprising 270,149,543 ordinary shares of RM1 each be reduced to RM202,612,157 comprising 270,149,543 ordinary shares of 75 sen each to be effected by the cancellation of 25 sen from every RM1 ordinary share.
- (ii) Upon completion of the said cancellation, the resultant 270,149,543 ordinary shares of 75 sen each shall then be consolidated into 202,612,157 ordinary shares of RM1 each in the proportion of 4 ordinary shares of 75 sen each into 3 ordinary shares of RM1 each. The credit arising from the capital reduction would then be applied to reduce the accumulated losses of the Company.
- (iii) Upon completion of the proposed capital reduction and share consolidation, the Directors proposed to issue 20,000,000 new ordinary shares of RM1 each at an issue price to be determined, to Beta Holdings Sdn. Bhd., a substantial shareholders of the Company, to raise funds to repay part of the Group's borrowings. This proposed issue of shares has since been aborted.
- (iv) Restructuring the debts owed by the Company and its subsidiary company, Lien Hoe Resorts Sdn. Bhd. amounting to approximately RM212,062,000, involving the extension of the tenure of existing facilities to a 7-year period for 60% or RM127,237,000 of the debts. The balance of 40% or RM84,825,000 is proposed to be exchanged for 5-year 5% redeemable secured bonds at face value of RM84,825,000 and cash payments of RM16,375,000 for a yield to maturity of 10%.
- (v) Proposed rights issue of up to 254,252,157 equity warrants at 23 sen each to the shareholders of the Company on the basis of one warrant for every existing share held after the Proposed Capital Reduction and Share Consolidation, Proposed Acquisition and Proposed Restricted Offer For Sale.

(d) Disposal of Properties

- (i) LH Properties (Aust.) Pty. Limited, a subsidiary company disposed freehold land and building for a net cash consideration of AUD\$29,000,000.
- (ii) Holiday Plaza Sdn. Bhd., a subsidiary company disposed various retail lots in Holiday Plaza for a total cash consideration of RM13,089,000.

(e) Disposal of Subsidiaries

- (i) The Company disposed its 97% equity interest in Lien Hoe Construction Sdn. Bhd. for a total cash consideration of RM4,140,000.
- (ii) The Company disposed its 51% equity interest in Riverbank Suites Development Sdn. Bhd. for a total cash consideration of RM2,500,000.



31. SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 28 January 2000, the Company announced the following revisions to its proposed acquisitions and proposed restructuring scheme :-

- (a) The purchase consideration for the proposed acquisition of Billiontex Industries Sdn. Bhd. of RM72,760,000 will now be satisfied entirely by the issuance of RM72,760,000 5-year 2% ICULS at 100% of its nominal value.
- (b) The purchase consideration for the proposed acquisition of Rusella Teguh Sdn. Bhd. of RM73,470,000 will now be satisfied entirely by the issuance of RM73,470,000 5-year 2% ICULS at 100% of its nominal value.
- (c) The proposed rights issue of warrants under the proposed restructuring scheme has been revised to 127,126,079 at 23 sen each to be issued to the shareholders of the Company on the basis of one (1) warrant for every two (2) existing shares held after the Proposed Capital Reduction and Share Consolidation, Proposed Acquisitions and Proposed Restricted Offer For Sale.
- (d) The vendors of Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd. will now undertake a proposed restricted offer for sale by way of rights to allotment of approximately RM101,369,000 5-year 2% ICULS on the basis of RM3 nominal value of ICULS at 100% of its nominal value for every five (5) existing Lien Hoe shares held after the Proposed Capital Reduction and Share Consolidation.

32. SEGMENT REPORTING

	TURNOVER RM'000	LOSS BEFORE TAXATION RM'000	TOTAL ASSETS EMPLOYED RM'000
(a) Analysis by Activity			
1999			
Property investment holding	50,779	(3,514)	478,825
Property development	12,917	(1,115)	50,448
Manufacturing and trading	16,528	(1,401)	24,168
Construction	76,210	(4,933)	48,490
Tourism and others	19,434	(1,067)	3,583
	175,868	(12,030)	605,514
1998			
Property investment holding	58,573	(33,688)	561,300
Property development	3,657	(16,096)	64,714
Manufacturing and trading	19,767	(13,060)	24,814
Construction	134,978	(16,292)	79,627
Tourism and others	19,956	(44,619)	3,100
	236,931	(123,755)	733,555



	TURNOVER RM'000	(LOSS)/PROFIT BEFORE TAXATION RM'000	TOTAL ASSETS EMPLOYED RM'000
(b) Geographical Segment			
1999			
Malaysia	160,884	(11,169)	587,452
Australia	-	553	5,306
Indonesia	14,984	(1,414)	12,756
	175,868	(12,030)	605,514
1998			
Malaysia	208,374	(130,000)	634,154
Australia	6,148	3,577	85,933
Indonesia	22,409	2,668	13,468
	236,931	(123,755)	733,555

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.



STATEMENT BY DIRECTORS

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

We, CHAN WAH LONG and KEK KOK SWEE, being two of the Directors of LIEN HOE CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the accounts set out on pages 19 to 42 are drawn up in accordance with approved accounting standards so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 31 December 1999 and of the results of the Group and of the Company for the year ended on that date;
- (ii) the cash flows of the Group for the year ended 31 December 1999.

On behalf of the Board,

CHAN WAH LONG)	
)	
)	DIRECTORS
)	
KEK KOK SWEE)	

Kuala Lumpur, Malaysia
18 April 2000



STATUTORY DECLARATION

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

I, CHAN WAH LONG, being the Director primarily responsible for the financial management of LIEN HOE CORPORATION BERHAD, do solemnly and sincerely declare that the accounts set out on pages 19 to 42 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed CHAN WAH LONG
at Kuala Lumpur in the Federal
Territory on 18 April 2000.

CHAN WAH LONG

Before me,

NEOH SWEE KEE
Persurujaya Sumpah
Kuala Lumpur, Malaysia.



AUDITORS' REPORT TO THE MEMBERS OF LIEN HOE CORPORATION BERHAD

We have audited the accounts set out on pages 19 to 42. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

As stated in Note 4 to the accounts, the Company made advances to a subsidiary company, Carlton Resources Inc. (Carlton), incorporated in Liberia, West Africa. Full provision for the advances of RM34,296,000 and the investment in the subsidiary company of RM250,000 has been made as the Directors are of the opinion that these amounts are not recoverable.

Since the accounting records of Carlton were destroyed during the civil unrest in 1996, no accounts have been prepared, and the consolidated accounts therefore do not include any amounts in respect of this subsidiary company. In the absence of any accounts for Carlton, we are unable to satisfy ourselves whether the Group's interest in the subsidiary company is of any value or assess whether the provisions made are adequate.

Except for the effects of any adjustments which may be required upon the determination of the above matter, in our opinion the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 31 December 1999 and of the results of the Group and of the Company and the cash flows of the Group for the year then ended; and
- (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts and consolidated accounts.

In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies for which we are the auditors have been properly kept in accordance with provisions of the Act.

We have considered the accounts and the Auditors' Reports of the subsidiary companies for which we have not acted as auditors, as indicated in Note 4 to the accounts, being accounts which are included in the consolidated accounts.

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



The Auditors' Reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 to the accounts concerning the Company's options to divest certain assets, refinancing of or obtaining additional bank facilities and raising further funds from the proposed restructuring scheme referred to in Note 30(c) to the accounts. In view of the significance of the fact that the preparation of the accounts on the going concern basis assumes the successful conclusion of these matters, we consider that these disclosures should be brought to your attention. Our opinion is not qualified in this respect.

ERNST & YOUNG AE 0039

Public Accountants

Choong Mei Ling 1918/9/00(J)

Partner

Kuala Lumpur, Malaysia

18 April 2000



SCHEDULE OF PROPERTIES

(HELD BY THE COMPANY AND ITS SUBSIDIARY COMPANIES AS AT 31 DECEMBER 1999)

PROPERTIES	EXPIRATION OF LEASE	LAND AREA (ACRES)	LETTABLE AREA (Sq. Ft.)	APPROXIMATE AGE OF BUILDING (YEAR)	NET BOOK VALUE (RM'000)
COMPANY					
• Freehold land and commercial building located at Lot 11592, Mukim of Plentong, Johor Bahru, Johor. Known as Kompleks Lien Hoe.	Freehold	7.73	802,913	16	64,893
• Leasehold factory land and buildings located at Lot TLO 432A, Jalan Tampoi, Johor Bahru, Johor.	24-Oct-2020	6.69	103,355	24	1,247
SUBSIDIARY COMPANIES					
• Freehold land and commercial building located at Lot 16914, Johor Bahru, Johor. Known as Holiday Plaza.	Freehold	6.28	272,653	16	62,375
• Leasehold factory land and buildings located at Lot 9234, Jalan Tampoi, Johor Bahru, Johor.	9-Jan-2031	2.59	33,486	24	596
• Freehold vacant development land located at Lots 2911 and 2912, Johor Bahru, Johor.	Freehold	1.37	N/A	N/A	3,610
• Freehold vacant development land located at Lots 1589 and 1592, Mukim of Tebrau, Johor.	Freehold	4.14	N/A	N/A	5,098
• Freehold development land located at Lot 6367, Lots 3824 to 3827 and Lots 5975 to 5979, Mukim of Senai-Kulai, Johor. Currently development is in progress.	Freehold	79.98	N/A	N/A	19,787
• Freehold vacant development land located at Lot 290, Mukim of Tebrau, Johor.	Freehold	5.96	N/A	N/A	9,000
• 88 units of Pelita Indah Condominium Apartments located at Jalan Pelita, Johor Bahru, Johor.	Freehold	2.87	154,156	5	24,000
• Freehold vacant development land located at Lots 214 and 215, Mukim of Plentong, Johor Bahru, Johor.	Freehold	20.69	N/A	N/A	7,444
• Leasehold factory land and buildings located at Lots PTB 19176 to PTB 19178, Johor Bahru, Johor.	30-Mar-2021	4.66	24,877	24	6,243
• Leasehold land and commercial building located at Lot 51, Section 27, Town of Petaling Jaya, Selangor. Known as Plaza Armada and Hotel Armada.	6-Feb-2071	2.44	93,214	3	124,661
• Leasehold land and commercial building located at P.T. 31399, Mukim of Sg. Buloh, Selangor. Known as Menara Lien Hoe.	25-Oct-2090	1.93	208,272	2	65,104
• Freehold vacant development land located at Lots 254 & 256, Section III, Pekan Klebang, Melaka	Freehold	3.12	N/A	N/A	5,000
• Leasehold factory land and buildings located at Jl. Krueng Raya Km.19 Banda Aceh, Indonesia	24-Sep-2025	16.56	275,480	5	5,636
• Leasehold vacant development land located at Lot PT 4161, Mukim of Setapak Wilayah Persekutuan	15-May-2090	1.22	N/A	N/A	1,608

LIEN HOE ANNUAL REPORT



STATISTICS OF SHAREHOLDING

(AS AT 12 MAY 2000)

SHARE CAPITAL

Authorised share capital	RM1,000,000,000
Issued and fully paid share capital	RM270,149,543
Class of shares	Ordinary share of RM1 each
Voting rights	1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size Of Shareholdings	No. Of Shares	% Of Issued Capital	No. Of Shareholders	% Of Shareholders
1 - 499	56,941	0.02	246	1.48
500 - 5000	29,309,641	10.85	13,445	81.10
5001 - 10000	14,045,908	5.20	1,663	10.03
10001 - 100000	29,962,070	11.09	1,155	6.97
100001 - 1000000	14,118,420	5.23	56	0.34
1000001 & Above	182,656,563	67.61	14	0.08
Total	270,149,543	100.00	16,579	100.00



LIST OF TWENTY LARGEST SHAREHOLDERS

(As per Register of Members and Record of Depositors)

NAME	NO. OF SHARES	% OF ISSUED CAPITAL
1. THE CENTRAL DEPOSITORY (PTE) Limited	125,361,493	46.40
2. ARAB-MALAYSIAN NOMINEES (TEMPATAN) SDN BHD Pled.Sec. A/C For AMMB International (L) Ltd For TA Securities Bhd(8/28-1)	8,474,000	3.14
3. BOLTON NOMINEES (TEMPATAN) SDN BHD Pled.Sec. A/C For Beta Holdings Sdn Bhd	6,861,839	2.54
4. PUBLIC NOMINEES (TEMPATAN) SDN. BHD Pled.Sec. A/C For Beta Holdings Sdn Bhd (PFB KLM)	6,018,000	2.23
5. TA NOMINEES (TEMPATAN) SDN BHD Pled.Sec. A/C For Chan Wah Long	5,826,000	2.16
6. MERCHANT NOMINEES (TEMPATAN) SDN BHD Pled.Sec. A/C For Beta Holdings Sdn Bhd	5,760,000	2.13
7. OSK NOMINEES (TEMPATAN) SDN BHD Pled.Sec. A/C For OSK Capital Sdn Bhd For Chan Wah Long	5,046,000	1.87
8. CIMSEC NOMINEES (TEMPATAN) SDN BHD Pengurusan Danaharta Nasional Berhad For Chee Kong Chi	5,000,000	1.85
9. YAP SING HOCK	3,949,000	1.46
10. TASEC NOMINEES (TEMPATAN) SDN BHD Pled.Sec. A/C For TA First Credit Sdn Bhd For Chan Wah Long	3,382,000	1.25
11. ARAB-MALAYSIAN NOMINEES (TEMPATAN) SDN BHD Arab Malaysian Finance Bhd For Beta Holdings Sdn Bhd (7/313-1)	2,920,000	1.08
12. EMPLOYEES PROVIDENT FUND BOARD	1,796,000	0.66
13. HLG NOMINEE (TEMPATAN) SDN BHD Pled.Sec. A/C For Yap Joon Hwa	1,253,000	0.46
14. SJSEC NOMINEES (TEMPATAN) SDN BHD Pled.Sec. A/C For Leong Sock Mooi	1,009,231	0.37
15. LIANG & LIANG SDN BHD	852,000	0.32
16. HLG NOMINEE (TEMPATAN) SDN BHD Pled.Sec. A/C For Lim Seow Kwi @ Lim Chew Kwi	813,000	0.30
17. MINISTER OF FINANCE	672,420	0.25
18. MGI NOMINEES (TEMPATAN) SDN BHD Pled.Sec. A/C For Yap Sing Hock	608,000	0.23
19. CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND ZV6M For State Street Bank & Trust FUNDS for Employee Trusts	578,000	0.21
20. WONG GEK MENG	500,000	0.19
TOTAL	186,679,983	69.10

LIST OF SUBSTANTIAL SHAREHOLDERS (As Shown In The Register Of Substantial Shareholders)

NAME	NO OF SHARES	% OF ISSUED CAPITAL
1. Beta Holdings Sdn. Bhd.	44,023,839	16.296
2. Yap Sing Hock	7,816,000	2.893
3. Chan Wah Long*	44,523,839	16.481

* Deemed interest in the Company by virtue of his interest in Beta Holdings Sdn. Bhd.



FORM OF PROXY

NO. OF SHARES HELD	
--------------------	--

I / We _____
of _____
being a member/members of LIEN HOE CORPORATION BERHAD, hereby appoint _____
of _____
or failing him /her, _____
of _____

as my / our proxy to vote for me / us and on my / our behalf at the 30th Annual General Meeting of the Company to be held at Laksamana Ballroom, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya on 28 June 2000 at 10.00 a.m.

My / our proxy is to vote as indicated below :

No	RESOLUTION	FOR	AGAINST
1.	Adoption of Report & Accounts		
2.	Re-election of Noor Asiah Bte Mahmood as a Director of the Company		
3.	Re-election of Tun Dato' Seri Abdul Hamid Omar as a Director of the Company		
4.	Re-election of Dato' Wong Gek Meng as a Director of the Company		
5.	Re-appointment of Auditors and to authorise the Directors to fix their remuneration		
6.	Approval of Ordinary Resolution pursuant to Section 132 (D) of the Companies Act, 1965		
7.	Approval of Ordinary Resolution pursuant to Shares Buyback of not more than 10% of the issued and paid up capital of Lien Hoe Corporation Berhad		

Please indicate with an 'x' in the appropriate spaces how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

Signed this _____ day of _____ 2000

Signature /Common Seal of Shareholder(s)

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a member of the Company.
2. The instrument appointing a Proxy must be deposited at the Registered Office, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time for holding the meeting and at any adjournment thereof.
3. Where the Proxy Form is executed by a corporation, it must either be under its common seal or the hand of an officer or attorney duly authorised.