

AUDIT COMMITTEE

THE AUDIT COMMITTEE COMPRISES THE FOLLOWING DIRECTORS:-

TUN DATO' SERI ABDUL HAMID OMAR
(Chairman and Independent Non-Executive Director)

PUAN NOOR ASIAH BTE MAHMOOD
(Independent Non-Executive Director)

MR. CHAN WAH LONG
(Managing Director)

TERMS OF REFERENCE

COMPOSITION

The Committee shall be appointed by the Board amongst the Non-Executive Directors of the Company and shall consist of no fewer than three members of which the majority shall not be executive directors of the Company or any of its related corporations.

No member of the Committee shall be:-

- a spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the Company or any of its related corporations, or
- spouse of brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the Company or any of its related corporations, or
- any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of the independent judgement in carrying out the functions of the Audit Committee.

The members of the Committee shall select a Chairman from among their numbers who is not an executive director or employee of the Company or any related corporation.

If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

The term of office of committee members shall be reviewed by the Board no less than every 3 years.

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 income statement of the Company and, the consolidated balance sheet and income statement, 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 financial statements of the Group and of the Company for the year ended 31 December 2000.

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) building and civil works; and
- (v) travel and tours

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

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Loss before taxation	(9,943)	(4,505)
Taxation	(1,683)	(1,300)
Loss for the year	<u>(11,626)</u>	<u>(5,805)</u>

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

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.

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 was 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 2000.

The Company was unable to meet interest payments of RM6,572,674 on the 15% Redeemable Secured Loan Stock for the period 1 January 2000 to 31 December 2000. The Company was also unable to redeem the balance of the Loan Stock, amounting to RM43,817,826, which was due for redemption on 17 August 2000.

The Company had on 30 May 2000 received approval from the Securities Commission for its corporate exercise. It was proposed that an amount of RM36,761,000 arising from this exercise will be utilised for partial redemption of the Loan Stock. In view of the depressed local stock market, which may adversely affect the progress of implementation of the restructuring exercise, the Company is actively pursuing a bond issue by way of securitisation of Kompleks Lien Hoe as an alternative plan. The bond issue, if successful, will raise sufficient cash for the Company to redeem the Loan Stock plus any accrued interest in full.

EMPLOYEES' SHARE OPTIONS SCHEME

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 RM	Share Options	
		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 2000		18,118,000	8,239,000

SIGNIFICANT EVENTS PENDING COMPLETION AT BALANCE SHEET DATE

(a) Proposed Acquisitions

- (i) Acquisition of 100% equity interest in Billiontex Industries Sdn. Bhd. for a revised purchase consideration of RM53,607,381 to be satisfied by the issuance of RM53,607,381 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at 100% of its nominal value.
- (ii) Acquisition of 100% equity interest in Rusella Teguh Sdn. Bhd. for a revised purchase consideration of RM53,882,703 to be satisfied by the issuance of RM53,882,703 5-year 2% ICULS at 100% of its nominal value.
- (iii) Acquisition of 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 of 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

- (i) The vendors of Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd. will undertake a restricted offer of rights to allotment of approximately RM84,474,000 5-year 2% ICULS to the shareholders of the Company, except Beta Holdings Sdn. Bhd. and Mr Chan Wah Long on the basis of RM1 nominal value of ICULS at 100% of its nominal value for every two (2) existing Lien Hoe shares held after the Company's Capital Reduction and Share Consolidation exercise at an entitlement date to be determined later.
- (ii) The vendors of Atria Properties Sdn. Bhd. will undertake a restricted offer of rights to allotment of up to 33,789,556 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 Company's Capital Reduction and Share Consolidation exercise at an entitlement date to be determined later.

(c) Proposed Restructuring Scheme

- (i) 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) 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%.

- (iv) Proposed rights issue of up to 127,126,079 equity warrants at 23 sen each 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 Acquisition and Proposed Restricted Offer For Sale exercise.

The Securities Commission and shareholders of the Company had granted approval for all the above proposals on 30 May 2000 and 23 November 2000 respectively.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

The capital reduction and share consolidation proposals referred to in paragraphs (c)(i) and (ii) above, were sanctioned by the High Court of Malaya on 10 January 2001. The relevant Court Order was lodged with the Registrar of Companies on 15 January 2001 and the capital reduction and share consolidation were completed on 15 February 2001.

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 1.1.2000	Bought	Sold	As at 31.12.2000
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
Kek Kok Swee	-	190,000	-	190,000
Shareholdings in which the Director is deemed to have an interest:-				
Chan Wah Long	44,385,839	-	1,153,000	43,232,839

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 financial statements 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 income statements 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 financial statements 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 financial statements of the Group and of the Company which would render any amount stated in the financial statements and consolidated financial statements 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)
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 KEK KOK SWEE)

DIRECTORS

Kuala Lumpur, Malaysia
 10 April 2001

BALANCE SHEETS AS AT 31 DECEMBER 2000

	Note	GROUP		COMPANY	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
FIXED ASSETS	3	367,457	376,458	79,385	80,182
SUBSIDIARY COMPANIES	4	-	-	294,838	285,718
INVESTMENTS	5	-	-	-	-
DEVELOPMENT PROPERTIES	6	33,391	33,817	-	-
CURRENT ASSETS					
Property development- in-progress	7	2,265	-	-	-
Amount due from customers for contract work	8	710	1,651	-	-
Stocks	9	33,690	41,647	-	-
Debtors	10	129,253	133,870	90,079	92,951
Fixed deposits with licensed banks	11	965	65	900	-
Cash and bank balances	12	2,806	4,952	764	2,258
		169,689	182,185	91,743	95,209
CURRENT LIABILITIES					
Creditors	13	73,516	77,831	22,027	16,923
Bank borrowings	14	168,624	174,630	127,576	126,440
Term loans	15	29,340	32,735	23,600	27,625
Loan stock	16	43,818	43,818	43,818	43,818
Taxation		263	1,529	-	-
		315,561	330,543	217,021	214,806
NET CURRENT LIABILITIES		(145,872)	(148,358)	(125,278)	(119,597)
GOODWILL ON CONSOLIDATION	17	13,054	13,054	-	-
		268,030	274,971	248,945	246,303

	Note	GROUP		COMPANY	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
SHARE CAPITAL	18	270,149	270,149	270,149	270,149
RESERVES	19	78,500	80,454	70,393	70,393
ACCUMULATED LOSSES		(144,596)	(132,970)	(154,150)	(148,345)
		204,053	217,633	186,392	192,197
DEFERRED LIABILITIES	20	63,977	57,338	62,553	54,106
		268,030	274,971	248,945	246,303

The annexed notes form an integral part of these financial statements.

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	GROUP		COMPANY	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue	21	141,566	175,868	17,922	21,860
Cost of sales	22	(82,169)	(117,684)	-	-
Gross profit		59,397	58,184	17,922	21,860
Other income		3,598	1,629	11,100	9,147
Administration expenses		(42,879)	(48,130)	(12,430)	(11,952)
Selling expenses		(931)	(680)	(268)	(140)
Operating profit	23	19,185	11,003	16,324	18,915
Finance cost	24	(29,128)	(30,970)	(20,829)	(22,130)
Exceptional items	25	-	7,937	-	(984)
Loss before taxation		(9,943)	(12,030)	(4,505)	(4,199)
Taxation	26	(1,683)	212	(1,300)	(966)
Loss after taxation		(11,626)	(11,818)	(5,805)	(5,165)
Minority interest		-	68	-	-
Net loss for the year		(11,626)	(11,750)	(5,805)	(5,165)
Loss per ordinary share of RM1 each (sen)	27	(4.30)	(4.35)		

The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2000

GROUP

	Share Capital RM'000	← Non-distributable →			← Distributable →		Total RM'000	
		Share Premium RM'000	Revaluation Reserve RM'000	Reserve on Consolidation RM'000	Exchange Reserve RM'000	Capital Reserve RM'000		Accumulated Losses RM'000
At 1 January 1999	270,149	51,056	3,616	13,844	(5,157)	17,839	(121,220)	230,127
Currency translation differences	-	-	-	-	(744)	-	-	(744)
Loss for the year	270,149	51,056	3,616	13,844	(5,901)	17,839	(121,220)	229,383
	-	-	-	-	-	-	(11,750)	(11,750)
At 31 December 1999	270,149	51,056	3,616	13,844	(5,901)	17,839	(132,970)	217,633
At 1 January 2000	270,149	51,056	3,616	13,844	(5,901)	17,839	(132,970)	217,633
Currency translation differences	-	-	-	-	(1,954)	-	-	(1,954)
Loss for the year	270,149	51,056	3,616	13,844	(7,855)	17,839	(132,970)	215,679
	-	-	-	-	-	-	(11,626)	(11,626)
At 31 December 2000	270,149	51,056	3,616	13,844	(7,855)	17,839	(144,596)	204,053

COMPANY

	Share Capital RM'000	← Non-distributable →		← Distributable →		Total RM'000
		Share Premium RM'000	Revaluation Reserve RM'000	Capital Reserve RM'000	Accumulated Losses RM'000	
At 1 January 1999	270,149	51,056	2,596	16,741	(143,180)	197,362
Loss for the year	-	-	-	-	(5,165)	(5,165)
At 31 December 1999	270,149	51,056	2,596	16,741	(148,345)	192,197
At 1 January 2000	270,149	51,056	2,596	16,741	(148,345)	192,197
Loss for the year	-	-	-	-	(5,805)	(5,805)
At 31 December 2000	270,149	51,056	2,596	16,741	(154,150)	186,392

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash Flows From Operating Activities				
Loss before taxation	(9,943)	(12,030)	(4,505)	(4,199)
Adjustments:-				
Depreciation	6,998	6,490	1,394	1,332
Dividend income from subsidiaries	-	-	(4,425)	(8,281)
Exchange adjustments	(528)	(1,422)	-	-
Fixed assets written off	47	2,834	-	-
Interest expense	29,128	30,970	20,829	22,130
Interest income	(263)	(138)	(10,756)	(9,025)
Gain on disposal of subsidiary companies	-	(1,552)	-	984
Gain on disposal of fixed assets	(274)	(6,769)	(255)	(3)
Provision for doubtful amount due from subsidiary companies	40	540	2,743	-
	35,148	30,953	9,530	7,137
Profit Before Working Capital Changes	25,205	18,923	5,025	2,938
Working Capital Changes:-				
Property development-in-progress	(1,574)	14,770	-	-
Amount due from customers for contract work	941	6,627	-	-
Stocks	7,957	(2,684)	-	-
Debtors	4,617	(27,492)	3,051	(8,515)
Creditors	(3,932)	(33,938)	5,003	(9,069)
Subsidiary companies	-	-	(11,863)	17,564
Cash From/(Used In) Operations	33,214	(23,794)	1,216	2,918
Taxation paid	(3,577)	(1,060)	(1,479)	(2,098)
Interest paid	(29,393)	(30,970)	(20,829)	(22,130)
Net Cash From/(Used In) Operating Activities	244	(55,824)	(21,092)	(21,310)

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash Flows From Investing Activities				
Purchase of development properties	-	(1,269)	-	-
Purchase of fixed assets	(1,760)	(18,419)	(329)	(463)
Subscription of shares in subsidiary companies	-	-	-	(1,000)
Proceeds from disposal of fixed assets	3,254	109,395	547	3
Advances to subsidiary company not consolidated	(40)	(540)	-	-
Dividend income from subsidiaries	-	-	4,425	8,281
Cash flow on disposal of subsidiary companies	-	20,278	-	6,640
Interest received	263	138	10,756	9,025
Net Cash From Investing Activities	1,717	109,583	15,399	22,486
Cash Flows From Financing Activities				
(Repayment)/drawdown of revolving credits	(3,947)	2,488	1,100	6,600
Repayment of hire purchase and lease creditors	(965)	(1,855)	(37)	(21)
Drawdown/(repayment) of term loans	3,764	(46,796)	4,000	-
Repayment of loan stock	-	(10,000)	-	(10,000)
Bankers' acceptances	(5,615)	(642)	-	-
Trust receipts	2,042	-	-	-
Dividend paid	-	-	-	-
- minority interest in subsidiary companies	-	(4)	-	-
Net Cash (Used In)/From Financing Activities	(4,721)	(56,809)	5,063	(3,421)
Net Decrease In Cash And Cash Equivalents	(2,760)	(3,050)	(630)	(2,245)
Cash And Cash Equivalents At Beginning Of Year	(33,359)	(30,309)	(8,582)	(6,337)
Cash And Cash Equivalents At End Of Year	(36,119)	(33,359)	(9,212)	(8,582)

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash and cash equivalents comprise:-				
Fixed deposits with licensed banks	900	-	900	-
Cash and bank balances	2,806	4,952	764	2,258
Bank overdrafts	(39,825)	(38,311)	(10,876)	(10,840)
	<u>(36,119)</u>	<u>(33,359)</u>	<u>(9,212)</u>	<u>(8,582)</u>

Analysis of subsidiary companies disposed:-

	Note	GROUP	
		2000 RM'000	1999 RM'000
Net assets disposed:-			
Fixed assets		-	4,138
Working capital		-	(181)
Term loan		-	(317)
Taxation		-	(345)
Goodwill on consolidation		-	1,498
Minority interest		-	(1,121)
			<u>3,672</u>
Gain on disposal		-	1,552
			<u>5,224</u>
Total proceeds from disposal	(a)	-	5,224
Cash and cash equivalents of subsidiaries disposed		-	15,054
			<u>20,278</u>
Cash flow on disposal of subsidiary companies		-	20,278
			<u>20,278</u>
Note (a)			
Gross proceeds from disposal			6,640
Net liabilities assumed by the Company			(1,416)
			<u>5,224</u>

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2000

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 32(c) to the financial statements.

The financial statements 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 financial statements 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 financial statements to be prepared on the going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements 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 Group and the Company 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 financial statements include the audited financial statements of the Company and all its subsidiary companies made up to 31 December 2000 except for Carlton Resources Inc., the financial statements of which have not been consolidated, for the reasons noted in Note 4 to the financial statements.

The difference between the purchase consideration on the acquisition of subsidiary companies and the fair value of net assets acquired is reflected in the financial statements 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 income statement 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 income statement to the extent of the diminished value.

(c) 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 financial statements 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 income statement over the lease in proportion to the balance of capital repayments outstanding.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) Amount Due From Customers For Contract Work

This is the net amount of cost incurred for construction in progress plus attributable profit less progress billings and recognised losses, if any, for all contracts in progress for which cost incurred plus recognised profits (less recognised losses) exceeds progress billings. Contract cost incurred 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. The percentage of completion is determined based on the proportion of contract cost incurred for work performed to date over the estimated total contract cost. Provision is made for all anticipated losses on contract work-in-progress.

(i) 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.

(j) 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.

(k) 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 income statement.

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.

The closing rates of exchange used in translation are as follows:-

<u>Foreign currency</u>	<u>31.12.00</u>	<u>31.12.99</u>
1 Australian Dollar	RM 2.155	RM1.931
100 Rupiah	RM 0.040	RM0.054

(l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

Dividend income is recognised when the right to receive payment is established. Rental income represents the invoiced value derived from the letting of properties. Revenue from property development and other long term contracts is recognised on the percentage of completion method by reference to the percentage of actual construction work completed. Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods and services have been passed to the buyer.

(m) Cash And Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, deposits on demand and other short term investments which are readily convertible to cash and subject to insignificant risk of changes in value, less bank overdrafts.

3. FIXED ASSETS

GROUP	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
Cost or Valuation						
At 1 January 2000	171,422	198,469	11,241	9,939	22,165	413,236
Additions	-	-	-	1,461	989	2,450
Disposals/write-offs	(2,675)	(489)	(288)	(801)	(45)	(4,298)
Exchange differences	(1,167)	-	-	(729)	(29)	(1,925)
Reclassification	(781)	-	-	273	508	-
At 31 December 2000	166,799	197,980	10,953	10,143	23,588	409,463
Accumulated Depreciation						
At 1 January 2000	17,594	7,096	2,341	5,277	4,470	36,778
Charge for the year	1,805	2,295	445	1,153	1,300	6,998
Disposals/write-offs	-	(489)	(14)	(754)	(14)	(1,271)
Exchange differences	(241)	-	-	(243)	(15)	(499)
Reclassification	(156)	-	-	136	20	-
At 31 December 2000	19,002	8,902	2,772	5,569	5,761	42,006
Net Book Value						
At 31 December 2000	147,797	189,078	8,181	4,574	17,827	367,457
At 31 December 1999	153,828	191,373	8,900	4,662	17,695	376,458
Depreciation for year ended 31.12.1999	749	2,589	459	1,516	1,177	6,490

COMPANY	Freehold 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
Cost or Valuation					
At 1 January 2000	70,168	2,528	2,530	15,104	90,330
Additions	-	-	814	75	889
Disposals	-	(288)	(717)	(19)	(1,024)
At 31 December 2000	70,168	2,240	2,627	15,160	90,195
Accumulated Depreciation					
At 1 January 2000	5,275	1,008	2,255	1,610	10,148
Charge for the year	556	82	329	427	1,394
Disposals	-	(14)	(716)	(2)	(732)
At 31 December 2000	5,831	1,076	1,868	2,035	10,810
Net Book Value					
At 31 December 2000	64,337	1,164	759	13,125	79,385
At 31 December 1999	64,893	1,520	275	13,494	80,182
Depreciation for year ended 31.12.1999	555	97	251	429	1,332

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 at RM3,230,000 and RM2,240,000 respectively by the Directors based on valuations carried out by independent valuers on an open market basis. 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.

In the opinion of the Directors, the net book value of the revalued short leasehold land and buildings, had these assets been carried at cost less depreciation, does not have a material impact on the financial statements.

During the year, the Group and the Company acquired fixed assets with an aggregate cost of RM2,450,000 (1999: RM18,419,000) and RM889,000 (1999: RM463,000) respectively of which RM690,000 (1999: NIL) and RM560,000 (1999: NIL) were acquired under hire purchase contracts.

Included in plant and machinery and motor vehicles of the Group are fixed assets under hire purchase and finance leases with a total net book value of RM1,737,000 (1999: RM2,972,000).

All the land and buildings of the Group and the Company 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	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Unquoted shares				
- at cost	250	250	104,366	104,366
- at valuation	-	-	870	870
	250	250	105,236	105,236
Less: Provision for diminution in value	(250)	(250)	(24,067)	(24,067)
	-	-	81,169	81,169
Amount owing by subsidiary companies	34,336	34,296	328,827	321,513
Amount owing to subsidiary companies	-	-	(13,037)	(17,586)
	34,336	34,296	396,959	385,096
Less: Provision for doubtful debts	(34,336)	(34,296)	(102,121)	(99,378)
	-	-	294,838	285,718

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 financial statements of the Group relates to Carlton Resources Inc. (Carlton), the financial statements of which have not been included in the consolidated financial statements. 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 financial statements 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 financial statements of the Group for the year ended 31 December 2000.

The book value of the Group's assets in Indonesia amounts to RM21,729,000. The amount owing by subsidiary companies includes advances of RM12,555,000 to North Sumatera Timber Sdn. Bhd., the holding company for the subsidiary company in Indonesia. Indonesia is experiencing political instability and uncertainties and future events may affect the carrying value of these assets.

The financial statements of the Group include the unaudited financial statements for the year ended 31 December 2000 of PT Budi Tri Sakti, the subsidiary in Indonesia.

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

Name Of Company	Country Of Incorporation	Principal Activities	Effective Interest	
			2000 %	1999 %
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
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	Construction	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.	Malaysia	Property investment	100	100

Name Of Company	Country Of Incorporation	Principal Activities	Effective Interest	
			2000 %	1999 %
LH Indah Apartments (Second) Sdn. Bhd.	Malaysia	Property investment	100	100
LH Properties (Aust.) Pty. Ltd.*	Australia	Property investment	100	100
Lien Hoe (Africa) Sdn. Bhd.	Malaysia	Investment holding	100	100
Lien Hoe Property Management Sdn. Bhd.	Malaysia	Inactive	100	100
Lien Hoe Resorts Sdn. Bhd.	Malaysia	Property investment	100	100
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
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	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 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. DEVELOPMENT PROPERTIES

	GROUP	
	2000 RM'000	1999 RM'000
Freehold land	31,564	33,020
Development expenditure	1,827	797
	33,391	33,817

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 freehold land are stated at cost net of write down amounting to RM12,019,000.

All freehold land are charged to financial institutions to secure loan facilities granted to the Group and the Company.

7. PROPERTY DEVELOPMENT-IN-PROGRESS

	GROUP	
	2000 RM'000	1999 RM'000
Land held for development	1,456	-
Development expenditure	809	-
	2,265	-

Development expenditure includes borrowing cost capitalised during the year of RM265,000.

8. AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK

	GROUP	
	2000	1999
	RM'000	RM'000
Construction costs incurred	30,191	71,619
Attributable profit	1,420	6,055
Recognised losses	(114)	(114)
	<hr/>	<hr/>
Progress billings	31,497	77,560
	(30,787)	(75,909)
	<hr/>	<hr/>
	710	1,651
	<hr/>	<hr/>

9. STOCKS

	GROUP	
	2000	1999
	RM'000	RM'000
At Cost		
Finished goods	1,064	1,273
Land, completed houses, apartments and office lots	4,867	6,565
Work-in-progress - apartments	-	4,660
Raw materials	135	1,172
Consumables	521	559
At Net Realisable Value		
Completed apartments and office lots	27,103	27,418
	<hr/>	<hr/>
	33,690	41,647
	<hr/>	<hr/>

The title deeds for land and completed houses with book value of RM7,385,000 (1999: RM7,982,000) are in the process of being transferred to the Group.

Completed apartments stated at net realisable value of RM24,065,000 (1999: RM24,000,000) are charged to financial institutions to secure banking facilities granted to the Group.

10. DEBTORS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade debtors	46,872	48,725	554	559
Provision for doubtful debts	(10,643)	(10,486)	-	-
	36,229	38,239	554	559
Other debtors	95,508	99,324	82,205	86,074
Provision for doubtful debts	(36,512)	(37,294)	(26,708)	(27,283)
	58,996	62,030	55,497	58,791
Deposit for investment and related advances	34,028	33,601	34,028	33,601
	129,253	133,870	90,079	92,951

Other debtors include RM43,545,000 (1999: RM43,545,000) secured by way of a Memorandum of Deposit for shares in a property investment company.

11. FIXED DEPOSITS WITH LICENSED BANKS

This includes an amount of RM65,000 (1999: RM65,000) pledged for a bank guarantee facility granted to a subsidiary company.

12. CASH AND BANK BALANCES

Included in cash and bank balances is an amount of RM340,000 (1999: RM32,000) held under Housing Development Account, maintained in accordance with the provisions of the Housing Developers Regulations 1991.

13. CREDITORS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade creditors	44,662	52,485	3,797	3,972
Other creditors	27,589	23,698	18,111	12,933
Hire purchase creditors (Note 28)	1,265	1,648	119	18
	73,516	77,831	22,027	16,923

14. BANK BORROWINGS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Bank overdrafts	39,825	38,311	10,876	10,840
Revolving credits	121,891	125,838	116,700	115,600
Bankers' acceptances	4,866	10,481	-	-
Trust receipts	2,042	-	-	-
	<u>168,624</u>	<u>174,630</u>	<u>127,576</u>	<u>126,440</u>

The borrowings bear interest at rates ranging from 5.05% to 13.00% (1999: 6.25% to 11.00%) 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.

15. TERM LOANS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Secured on freehold and leasehold properties of the Company and its subsidiaries	92,071	88,307	85,171	81,171
Less: Portion repayable after 12 months included in long term liabilities (Note 20)	(62,731)	(55,572)	(61,571)	(53,546)
	<u>29,340</u>	<u>32,735</u>	<u>23,600</u>	<u>27,625</u>

The term loans bear interest at rates ranging from 6.15% to 10.20% (1999: 6.25% to 11.00%) per annum and are repayable by either monthly, quarterly or semi-annual instalments for periods ranging from 1 to 7 years.

16. LOAN STOCK

	GROUP/COMPANY	
	2000 RM'000	1999 RM'000
Repayable within twelve months		
At 1 January	43,818	53,818
Repayment	-	(10,000)
At 31 December	<u>43,818</u>	<u>43,818</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 was 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.

The Company was unable to meet interest payments of RM6,572,674 on the 15% Redeemable Secured Loan Stock for the period 1 January 2000 to 31 December 2000. The Company was also unable to redeem the balance of the Loan Stock, amounting to RM43,817,826, which was due for redemption on 17 August 2000.

The Company had on 30 May 2000 received approval from the Securities Commission for its corporate exercise. It was proposed that an amount of RM36,761,000 arising from this exercise will be utilised for partial redemption of the Loan Stock. In view of the depressed local stock market, which may adversely affect the progress of implementation of the restructuring exercise, the Company is actively pursuing a bond issue by way of securitisation of Kompleks Lien Hoe as an alternative plan. The bond issue, if successful, will raise sufficient cash for the Company to redeem the Loan Stock plus any accrued interest in full.

17. GOODWILL ON CONSOLIDATION

	GROUP	
	2000	1999
	RM'000	RM'000
At 1 January	13,054	14,552
Disposal of subsidiary	-	(1,498)
At 31 December	13,054	13,054

18. SHARE CAPITAL

	GROUP/COMPANY	
	2000	1999
	RM'000	RM'000
Authorised:-		
1,000,000,000 ordinary shares of RM1 each	1,000,000	1,000,000
Issued and fully paid:-		
270,149,543 ordinary shares of RM1 each	270,149	270,149

As at 31 December 2000, 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.

19. RESERVES

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 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	(7,855)	(5,901)	-	-
	<u>60,661</u>	<u>62,615</u>	<u>53,652</u>	<u>53,652</u>
Distributable reserves:-				
Capital reserve	17,839	17,839	16,741	16,741
	<u>78,500</u>	<u>80,454</u>	<u>70,393</u>	<u>70,393</u>

20. DEFERRED LIABILITIES

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Term loans - secured (Note 15)	62,731	55,572	61,571	53,546
Deferred taxation	597	1,225	542	542
Hire purchase and lease creditors (Note 28)	649	541	440	18
	<u>63,977</u>	<u>57,338</u>	<u>62,553</u>	<u>54,106</u>
Movements in deferred taxation account were as follows:-				
At 1 January	1,225	1,270	542	542
Transfer (to)/from income statement	(628)	7	-	-
Disposal of subsidiary company	-	(52)	-	-
At 31 December	<u>597</u>	<u>1,225</u>	<u>542</u>	<u>542</u>

The Group has not accounted for the tax effects of the following timing differences in the subsidiary companies which would result in a debit to the deferred tax balance:-

	GROUP	
	2000 RM'000	1999 RM'000
Unabsorbed capital allowances	4,540	4,523
Unabsorbed tax losses	37,178	32,826
Other timing differences	(2,805)	(2,846)
	<u>38,913</u>	<u>34,503</u>

21. REVENUE

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue consists of:-				
Dividend income	-	-	4,425	8,281
Rental income				
- subsidiary company	-	-	373	373
- others	39,597	39,613	13,124	13,206
Sale of development properties	2,059	12,778	-	-
Invoiced value of goods sold less returns, discounts and sales tax	13,296	16,528	-	-
Contract revenue from construction contracts	50,134	76,210	-	-
Proceeds from tour operations and sale of airline tickets	22,042	19,043	-	-
Proceeds from operation of a hotel	14,438	11,696	-	-
	<u>141,566</u>	<u>175,868</u>	<u>17,922</u>	<u>21,860</u>

22. COST OF SALES

	GROUP	
	2000 RM'000	1999 RM'000
Cost of sales consists of:-		
Land and development expenditure	1,069	11,785
Cost of inventories and others	34,958	34,392
Contract cost from construction contracts	46,142	71,507
	<u>82,169</u>	<u>117,684</u>

23. OPERATING PROFIT

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
(a) Operating profit has been arrived at after charging/(crediting):-				
Auditors' remuneration	207	218	50	50
Depreciation	6,998	6,490	1,394	1,332
Directors' emoluments				
- directors of the Company	955	918	677	656
- other directors	674	797	-	-
Fixed assets written off	47	2,834	-	-
Realised foreign exchange gain (Gain)/loss on disposal of fixed assets	(897)	(203)	-	-
Interest income				
- subsidiary companies	-	-	(10,683)	(9,025)
- others	(263)	(138)	(73)	-
Provision for doubtful debts				
- subsidiary companies	40	540	2,743	-
- others	887	5,337	-	670
Rental of buildings				
- subsidiary companies	-	-	851	851
- others	72	271	-	-
Dividend income from subsidiaries (unquoted)	-	-	(4,425)	(8,281)
Writeback of doubtful debts	(1,512)	(2,923)	(575)	-
(b) Employee information				
Staff costs	12,338	12,979	3,155	3,541
Number of employees as at 31 December (inclusive of Executive Directors)	900	946	99	107

24. FINANCE COST

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Hire purchase and lease interest	(126)	(225)	(10)	(6)
Revolving credit and bank overdraft	(14,349)	(13,063)	(11,446)	(12,278)
Loan stock	(6,573)	(7,041)	(6,573)	(7,041)
Term loan	(8,080)	(10,641)	(2,800)	(2,805)
	(29,128)	(30,970)	(20,829)	(22,130)

25. EXCEPTIONAL ITEMS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Bad and doubtful debts				
- subsidiary company	-	(540)	-	-
Gain/(loss) on disposal of subsidiary companies	-	1,552	-	(984)
Gain on sale of properties	-	6,925	-	-
	-	7,937	-	(984)

26. TAXATION

Taxation based on results for the year				
- current	(2,311)	-	(1,300)	(966)
- deferred	628	(7)	-	-
	(1,683)	(7)	(1,300)	(966)
Over provision in prior years	-	219	-	-
	(1,683)	212	(1,300)	(966)

The tax charge for the Group and Company arise mainly from certain expenses disallowed for tax purposes.

27. LOSS PER ORDINARY SHARE

The calculation of loss per ordinary share is based on loss after taxation and minority interest amounting to RM11,626,000 (1999: RM11,750,000) and the weighted average number of ordinary shares in issue during the year of 270,149,543 (1999: 270,149,543). The assumed conversion from the exercise of the options under the Employees' Share Option Scheme during the year would be antidilutive. Accordingly, the basic and fully diluted loss per share are the same.

Subsequent to the balance sheet date, the Company's new issued share capital comprising 202,612,157 new ordinary shares of RM1.00 each arising from the capital reduction and share consolidation exercise were relisted on the Kuala Lumpur Stock Exchange on 1 March 2001. The proforma loss per ordinary share after accounting for the capital reduction and share consolidation exercise is as follows:

	GROUP	
	2000	1999
Proforma loss per ordinary share of RM1 each (sen)	(5.74)	(5.80)

The calculation of the proforma loss per ordinary share is based on loss after taxation and minority interest amounting to RM11,626,000 (1999: RM11,750,000) and the number of ordinary shares in issue, after the capital reduction and share consolidation of 202,612,157 (1999: 202,612,157). The assumed conversion from the exercise of the options under the Employees' Share Option Scheme during the year would be antidilutive. Accordingly, the proforma basic and proforma fully diluted loss per ordinary share are the same.

28. HIRE PURCHASE AND LEASE CREDITORS

	GROUP			COMPANY		
	Principal RM'000	Interest RM'000	Total RM'000	Principal RM'000	Interest RM'000	Total RM'000
At 31 December 2000						
Less than one year						
- Hire purchase	595	70	665	119	34	153
- Lease creditors	670	158	828	-	-	-
	1,265	228	1,493	119	34	153
Between one and five years						
- Hire purchase	591	184	775	440	123	563
More than five years						
- Hire purchase	58	9	67	-	-	-
	649	193	842	440	123	563
TOTAL	1,914	421	2,335	559	157	716
At 31 December 1999						
Less than one year						
- Hire purchase	770	74	844	18	10	28
- Lease creditors	878	246	1,124	-	-	-
	1,648	320	1,968	18	10	28
Between one and five years						
- Hire purchase	256	201	457	18	156	174
- Lease creditors	285	-	285	-	-	-
More than five years						
- Hire purchase	-	2	2	-	-	-
	541	203	744	18	156	174
TOTAL	2,189	523	2,712	36	166	202

29. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Unsecured guarantees issued in respect of banking/credit facilities granted to subsidiary companies	-	-	42,357	48,423
Unsecured guarantees issued in respect of banking/leasing facilities granted to third parties	9,000	9,000	9,000	9,000
	<u>9,000</u>	<u>9,000</u>	<u>51,357</u>	<u>57,423</u>

The Company has agreed to provide continued financial support to certain subsidiary companies for a period of twelve months from 1 January 2001 to enable them to meet their obligations as and when they fall due during this period.

30. CAPITAL COMMITMENTS

	GROUP/COMPANY	
	2000 RM'000	1999 RM'000
Commitments not provided for in the accounts:-		
Authorised and contracted for	<u>129,949</u>	<u>170,490</u>

31. 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 financial statements for the debts in respect of the above litigation.

32. SIGNIFICANT EVENTS PENDING COMPLETION AT BALANCE SHEET DATE

- (a) Proposed Acquisitions
- (i) Acquisition of 100% equity interest in Billiontex Industries Sdn. Bhd. for a revised purchase consideration of RM53,607,381 to be satisfied by the issuance of RM53,607,381 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at 100% of its nominal value.
 - (ii) Acquisition of 100% equity interest in Rusella Teguh Sdn. Bhd. for a revised purchase consideration of RM53,882,703 to be satisfied by the issuance of RM53,882,703 5-year 2% ICULS at 100% of its nominal value.
 - (iii) Acquisition of 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 of 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
- (i) The vendors of Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd. will undertake a restricted offer of rights to allotment of approximately RM84,474,000 5-year 2% ICULS to the shareholders of the Company, except Beta Holdings Sdn. Bhd. and Mr. Chan Wah Long on the basis of RM1 nominal value of ICULS at 100% of its nominal value for every two (2) existing Lien Hoe shares held after the Company's Capital Reduction and Share Consolidation exercise at an entitlement date to be determined later.
 - (ii) The vendors of Atria Properties Sdn. Bhd. will undertake a restricted offer of rights to allotment of up to 33,789,556 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 exercise at an entitlement date to be determined later.
- (c) Proposed Restructuring Scheme
- (i) 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) 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%.
- (iv) Proposed rights issue of up to 127,126,079 equity warrants at 23 sen each 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 Acquisition and Proposed Restricted Offer For Sale exercise.

The Securities Commission and shareholders of the Company had granted approval for all the above proposals on 30 May 2000 and 23 November 2000 respectively.

33. SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

The capital reduction and share consolidation proposals referred to in Note 32 paragraphs (c)(i) and (ii), were sanctioned by the High Court of Malaya on 10 January 2001. The relevant Court Order was lodged with the Registrar of Companies on 15 January 2001 and the capital reduction and share consolidation were completed on 15 February 2001.

34. SEGMENT REPORTING

	Revenue RM'000	Profit / (Loss) Before Taxation RM'000	Total Assets Employed RM'000
(a) Analysis by Activity			
At 31 December 2000			
Property investment holding	54,035	(6,826)	483,066
Property development	2,059	731	32,919
Manufacturing and trading	13,296	(333)	20,164
Construction	50,134	(1,617)	44,866
Tourism and others	22,042	(1,898)	2,576
	141,566	(9,943)	583,591
At 31 December 1999			
Property investment holding	51,309	(5,356)	493,535
Property development	12,778	671	36,347
Manufacturing and trading	16,528	(1,401)	24,168
Construction	76,210	(4,933)	48,490
Tourism and others	19,043	(1,011)	2,974
	175,868	(12,030)	605,514

(b) Geographical Segment	Revenue RM'000	Profit / (Loss) Before Taxation RM'000	Total Assets Employed RM'000
At 31 December 2000			
Malaysia	133,026	(9,533)	572,628
Australia	-	(281)	3,111
Indonesia	8,540	(129)	7,852
	<hr/> 141,566	<hr/> (9,943)	<hr/> 583,591
At 31 December 1999			
Malaysia	160,884	(11,169)	587,452
Australia	-	553	5,306
Indonesia	14,984	(1,414)	12,756
	<hr/> 175,868	<hr/> (12,030)	<hr/> 605,514

35. COMPARATIVE FIGURES

The presentation of the financial statements for the current year has been changed to adopt the format as prescribed in Malaysian Accounting Standards Board (MASB) Standard No. 1 - Presentation of Financial Statements. Comparative figures have been reclassified to conform with this presentation, where necessary.

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 financial statements set out on pages 17 to 45 are drawn up in accordance with 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 2000 and of the results of the Group and of the Company for the year ended on that date; and
- (ii) the cash flows of the Group and of the Company for the year ended 31 December 2000.

On behalf of the Board,

<p>CHAN WAH LONG</p>	<p>)))))</p>	<p>DIRECTORS</p>
<p>KEK KOK SWEE Kuala Lumpur, Malaysia 10 April 2001</p>		

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 financial statements set out on pages 17 to 45 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 10 April 2001

CHAN WAH LONG

Before me,

NEOH SWEE KEE
Persuruhjaya Sumpah
Kuala Lumpur, Malaysia

AUDITORS' REPORT TO THE MEMBERS OF LIEN HOE CORPORATION BERHAD

We have audited the financial statements set out on pages 17 to 45. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As stated in Note 4 to the financial statements, the Company made advances to a subsidiary company, Carlton Resources Inc. (Carlton), incorporated in Liberia, West Africa. Full provision for the advances of RM34,336,000 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 financial statements have been prepared, and the consolidated financial statements therefore do not include any amounts in respect of this subsidiary company. In the absence of any financial statements 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 matters, in our opinion the financial statements 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 2000 and of the results and the cash flows of the Group and of the Company for the year then ended; and
- (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and consolidated financial statements.

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 financial statements and the Auditors' Reports of the subsidiary companies for which we have not acted as auditors, as indicated in Note 4 to the accounts, except for the financial statements of PT Budi Tri Sakti which have not been audited, being financial statements, which are included in the consolidated financial statements.

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

The Auditors' Reports on the financial statements of the subsidiary companies other than PT Budi Tri Sakti 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 Notes 1 and 4 to the financial statements concerning:

- (1) 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 32 (c) to the financial statements; and
- (2) the Group's investment in Indonesia.

In view of the significance of the above matters, we consider that these disclosures should be brought to your attention.

ERNST & YOUNG AF: 0039
Public Accountants

Choong Mei Ling 1918/09/02(J)
Partner
Kuala Lumpur, Malaysia
10 April 2001

SCHEDULE OF PROPERTIES

(HELD BY THE COMPANY AND ITS SUBSIDIARY COMPANIES AS AT 31 DECEMBER 2000)

PROPERTIES	EXPIRATION OF LEASE	LAND AREA (ACRES)	LETTABLE AREA (SQ. FT.)	APPROXIMATE AGE OF BUILDING (YEAR)	NET BOOK VALUE (RM'000)
COMPANY					
<ul style="list-style-type: none"> • Freehold land and commercial building located at Lot 11592, Mukim of Plentong, Johor Bahru, Johor. <i>Known as Kompleks Lien Hoe.</i> 	Freehold	7.73	802,913	17	64,337
<ul style="list-style-type: none"> • Leasehold factory land and buildings located at Lot TLO 432A, Jalan Tampoi, Johor Bahru, Johor. 	24-Oct-2020	6.69	103,355	25	1,164
SUBSIDIARY COMPANIES					
<ul style="list-style-type: none"> • Freehold land and commercial building located at Lot 16914, Johor Bahru, Johor. <i>Known as Holiday Plaza.</i> 	Freehold	6.28	272,653	17	60,734
<ul style="list-style-type: none"> • Leasehold factory land and buildings located at Lot 9234, Jalan Tampoi, Johor Bahru, Johor. 	9-Jan-2031	2.59	33,486	25	567
<ul style="list-style-type: none"> • Freehold vacant development land located at Lots 2911 and 2912, Johor Bahru, Johor. 	Freehold	1.37	N/A	N/A	3,610
<ul style="list-style-type: none"> • Freehold vacant development land located at Lots 1589 and 1592, Mukim of Tebrau, Johor. 	Freehold	4.14	N/A	N/A	5,098
<ul style="list-style-type: none"> • Freehold development land located at Lot 6367, Lots 3824 to 3827 and Lots 5975 to 5979, Mukim of Senai-Kulai, Johor. <i>Currently development is in progress.</i> 	Freehold	79.98	N/A	N/A	19,361
<ul style="list-style-type: none"> • Freehold vacant development land located at Lot 290, Mukim of Tebrau, Johor. 	Freehold	5.96	N/A	N/A	9,030
<ul style="list-style-type: none"> • 88 units of Pelita Indah Condominium Apartments located at Jalan Pelita, Johor Bahru, Johor. 	Freehold	2.87	154,156	6	24,065
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • Leasehold factory land and buildings located at Lots PTB 19176 to PTB 19178, Johor Bahru, Johor. 	30-Mar-2021	4.66	24,877	25	5,940
<ul style="list-style-type: none"> • Leasehold land and commercial building located at Lot 51, Section 27, Town of Petaling Jaya, Selangor. <i>Known as Plaza Armada and Hotel Armada.</i> 	6-Feb-2071	2.44	93,214	4	123,084
<ul style="list-style-type: none"> • Leasehold land and commercial building located at P.T. 31399, Mukim of Sg. Buloh, Selangor. <i>Known as Menara Lien Hoe.</i> 	25-Oct-2090	1.93	208,272	3	64,387
<ul style="list-style-type: none"> • Freehold vacant development land located at Lots 254 and 256, Section III, Pekan Klebang, Melaka 	Freehold	3.12	N/A	N/A	5,000
<ul style="list-style-type: none"> • Leasehold factory land and buildings located at J1. Krueng Raya Km.19 Banda Aceh, Indonesia 	24-Sep-2025	16.56	275,480	6	3,941
<ul style="list-style-type: none"> • 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

STATISTICS OF SHAREHOLDINGS

(AS AT 3 MAY 2001)

SHARE CAPITAL

Authorised share capital	RM1,000,000,000
Issued and fully paid share capital	RM254,252,157
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 - 999	4,849,604	1.91	6,818	26.12
1,000 - 10,000	57,949,199	22.79	16,359	62.66
10,001- 100,000	66,946,926	26.33	2,791	10.69
100,001- 12,712,607	83,035,282	32.66	137	0.52
12,712,608 & Above	41,471,146	16.31	1	0.01
Total	254,252,157	100.00	26,106	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

(As Per Register Of Members And Record Of Depositors)

	Name	No. Of Shares	% Of Issued Capital
1.	YEAP YU LIN	41,471,146	16.31
2.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD Pledged Securities Account For TA Securities Berhad	8,250,000	3.24
3.	CLASSIC VENUE SDN BHD	7,118,191	2.80
4.	AFB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Beta Holdings Sdn Bhd	4,935,629	1.94
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Dat Lee Credit Sdn Bhd For Beta Holdings Sdn Bhd	4,320,000	1.70
6.	PUBLIC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Beta Holdings Sdn Bhd (PFB KL M)	4,161,000	1.64
7.	OSK NOMINEES (TEMPATAN) SDN BHD OSK Capital Sdn Bhd For Chan Wah Long	3,784,500	1.49
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Pengurusan Danaharta Nasional Berhad For Chee Kong Chi	3,750,000	1.47
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Dat Lee Credit Sdn Bhd For Yap Sing Hock	3,180,000	1.25
10.	AFFIN-UOB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Noor Asiah Binti Mahmood	3,050,654	1.20
11.	TASEC NOMINEES (TEMPATAN) SDN BHD TA First Credit Sdn Bhd For Chan Wah Long	2,536,500	1.00
12.	JB NOMINEES (TEMPATAN) SDN BHD Fraser Securities Pte Ltd For Yap Sing Hock (27616)	2,251,750	0.89
13.	ROTHPUTRA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For TA Securities Berhad	2,250,000	0.88
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD Arab-Malaysian Finance Berhad For Beta Holdings Sdn Bhd	2,190,000	0.86
15.	EMPLOYEES PROVIDENT FUND BOARD SEKSYEN DEPOSITORI PUSAT	1,347,000	0.53

Name	No. Of Shares	% Of Issued Capital
16. UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Yap Sing Hock (MKL)	1,118,500	0.44
17. THE CENTRAL DEPOSITORY (PTE) LIMITED	1,107,000	0.44
18. AMSEC NOMINEES (ASING) SDN BHD Fraser Securities Pte Ltd For Ocean Front Pte Ltd (27050)	982,500	0.39
19. HLG NOMINEE (TEMPATAN) SDN BHD Pledged Securities Account For Yap Joon Hwa	939,750	0.37
20. HDM NOMINEES (ASING) SDN BHD Keppel Securities Pte Ltd For Hanson Luhur	757,500	0.30
21. LIANG & LIANG SDN. BHD	639,000	0.25
22. HLG NOMINEE (TEMPATAN) SDN BHD Pledged Securities Account For Lim Seow Kwi @ Lim Chew Kwi	609,750	0.24
23. JF APEX NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Lim Gaik Bway @ Lim Chiew Ah	591,750	0.23
24. ONN PING LAN	536,250	0.21
25. MENTERI KEWANGAN MALAYSIA SECTION 29 (SICDA) JABATAN AKAUNTAN NEGARA, SEKSYEN PENGURUSAN SEKURITI	471,167	0.19
26. LILIS SUTJINI	453,000	0.18
27. MAYBAN SECURITIES NOMINEES (ASING) SDN BHD Keppel Securities Pte Ltd For Yeo Chiu Beng	450,000	0.18
28. TANG KEE HIONG	450,000	0.18
29. LIM SENG CHEE	419,500	0.16
30. SJ SEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Leong Sock Mooi	419,423	0.16
TOTAL	104,541,460	41.12

LIST OF SUBSTANTIAL SHAREHOLDERS

(As Shown In The Register Of Substantial Shareholders)

	Name	No. Of Shares (Direct)	No. Of Shares (Indirect)	% Of Issued Capital
1.	Yeap Yu Lin	41,871,146	7,118,191 #	19.27
2.	Beta Holdings Sdn Bhd	32,459,129	-	12.77
3.	Classic Venue Sdn Bhd	7,118,191	-	2.80
4.	Yap Sing Hock	6,571,500	-	2.58
5.	Chan Wah Long	375,249	32,459,129 *	12.91

Notes :-

Deemed interest in the Company by virtue of her interest in Classis Venue Sdn. Bhd.

* 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 of LIEN HOE CORPORATION BERHAD hereby appoint _____
of _____
or failing him / her, _____

of _____

as my/our Proxy to vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held at Laksamana Ballroom, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya on Thursday, 28th day of June 2001 at 10.00am.

My/our proxy is to vote as indicated below:

No	RESOLUTION	FOR	AGAINST
1.	Adoption of Report and Audited Financial Statements		
2.	Re-election of Kek Kok Swee as a Director of the Company		
3.	Re-election of Chan Wah Long as a Director of the Company		
4.	Re-election of Tun Dato' Seri Abdul Hamid Omar as a Director of the Company		
5.	Re-election of Dato' Wong Gek Meng as a Director of the Company		
6.	Re-appointment of Auditors and to authorise the Directors to fix their remuneration		
7.	Approval of Ordinary Resolution pursuant to Section 132 (D) of the Companies Act, 1965		
8.	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		
9.	Approval of Special Resolution pursuant to amendments to the Company's Articles of Association		

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 _____ 2001

Signature /Common Seal of Shareholder(s)

Notes:

- 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.*
- 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.*
- 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.*