

CONTENTS

2	Hotel Armada Petaling Jaya
3	Corporate Data
4	Notice of Annual General Meeting
6	Statement Accompanying Notice of Annual General Meeting
7	Profile of the Board of Directors
9	Chairman's Statement
11	Corporate Governance Statement 2001
14	Audit Committee Report
18	Other Information
19	Responsibility Statement by the Board of Directors
20	Directors' Report
26	Balance Sheets
27	Income Statements
28	Statement of Changes in Equity
29	Cash Flow Statements
33	Notes to the Financial Statements
59	Statement by Directors/Statutory Declaration
60	Auditors' Report
62	Schedule of Properties
63	Statistics of Shareholdings
	Form of Proxy



utara coffee house



laksamana ballroom



executive lounge



merchant pub



For reservation, please call 03-7954 6888



Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan.

Tel: 03-7954 6888 • Fax: 03-7956 8088

E-mail: armada@armada.com.my • <http://www.armada.com.my/armada>

(Owned by Lien Hoe Corporation Berhad - Co. No. 8507-X)

Next To Asia Jaya Putra LRT Station

CORPORATE DATA

DIRECTORS

Dato' Yap Sing Hock (*Chairman and Managing Director*)
Dato' Yaacob bin Md Amin (*Independent Non-Executive Director*)
Khow Eng Guan (*Executive and Non-Independent Director*)
Cheong Marn Seng (*Executive and Non-Independent Director*)
Lim Meng Hua (*Executive and Non-Independent Director*)
Yeoh Chong Keat (*Independent Non-Executive Director*)

CORPORATE ADVISORS

Tun Dato' Seri Abdul Hamid Omar
Chan Wah Long

SECRETARY

Lee Sook Peng (MAICSA 0810465)

REGISTERED OFFICE

18th Floor, Menara Lien Hoe
No. 8 Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7805 1331
Fax: 03-7805 3112
Website: www.lienhoe.com.my

AUDITORS

Ernst & Young
Chartered Accountants

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Affin Merchant Bank Berhad
Southern Investment Bank Berhad
Commerce International Merchant Bankers Berhad

REGISTRAR

Tenaga Koperat Sdn. Bhd.
20th Floor Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel: 03-4041 6522
Fax: 03-4042 6352

STOCK EXCHANGE LISTING

The Main Board of the Kuala Lumpur Stock Exchange

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 32nd Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at Laksamana Ballroom, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 26 June 2002 at 10a.m. for purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2001 and Directors' and Auditors' Reports thereon (Resolution 1)
2. To re-elect the following Directors retiring pursuant to Article 91 of the Companys' Articles of Association:-
Dato' Yap Sing Hock (*Resolution 2*)
Dato' Yaacob Bin Md Amin (*Resolution 3*)
Khow Eng Guan (*Resolution 4*)
Cheong Marn Seng (*Resolution 5*)
Lim Meng Hua (*Resolution 6*)
Yeoh Chong Keat (*Resolution 7*)
3. To re-appoint Messrs Ernst & Young as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors. (*Resolution 8*)

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following Resolution:-

4. "THAT subject to the provision of Section 132D of the Companies Act, 1965 and approvals from the Kuala Lumpur Stock Exchange and other relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate numbers of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and such authority shall continue in force until the next Annual General Meeting of the Company." (*Resolution 9*)
5. To transact any other business of the company for which due notice shall be given.

By Order of The Board

Lee Sook Peng (MAICSA 0810465)

Secretary

Petaling Jaya, Selangor Darul Ehsan

4 June 2002

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 the Proxy must be deposited at the Registered Office at 18th Floor, Menara Lien Hoe, No 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, during normal office hours, not later than 48 hours before the time of holding the meeting and at any adjournment thereof.*
3. *Where the Proxy Form is executed by a corporation, it must be under its common seal or under the hand of an officer or attorney duly authorised.*
4. *Statement Accompanying Notice of Annual General Meeting – Additional information as required pursuant to Paragraph 8.28 of the Listing Requirement of Kuala Lumpur Stock Exchange is set out on page 6 of the Annual Report.*

EXPLANATORY NOTE ON SPECIAL BUSINESS

5. *Resolution 9, if passed will empower the Directors of the Company to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purpose as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election are:-

Dato' Yap Sing Hock

Dato' Yaacob bin Md Amin

Khow Eng Guan

Cheong Marn Seng

Lim Meng Hua

Yeoh Chong Keat

2. None of the Directors had attended any of the Board meetings convened in the financial year ended 31 December 2001 as all Board meetings were held before their date of appointment.
3. Date, time and place of the Board meetings held during the financial year ended 31 December 2001 are as follows:-

Date	Time	Place
22 March 2001	11 a.m.	Petaling Jaya
29 November 2001	1 p.m.	Petaling Jaya

4. Details of the Directors standing for re-election are as per Profile of the Board of Directors on pages 7 and 8 of the Annual Report.

PROFILE OF THE BOARD OF DIRECTORS

DATO' YAP SING HOCK (53 YEARS OF AGE - MALAYSIAN)

Chairman & Managing Director (Executive and Non-Independent Director)

He was appointed as Chairman and Managing Director of the Company on 30 January 2002. He also serves as a member of the Board's Nomination and Remuneration Committees. He has more than 30 years of vast and hands on experience in the field of property development, construction and leisure businesses.

DATO' YAACOB BIN MD AMIN (56 YEARS OF AGE - MALAYSIAN)

Independent Non-Executive Director

He was appointed a Director of the Company on 18 January 2002. He also serves as the Chairman of the Board's Audit Committee and member of the Board's Remuneration and Nomination Committees. He has 33 years of experience with the Polis Diraja Malaysia and retired as Director of the Criminal Investigation Department with the rank of Commissioner of Police.

KHOW ENG GUAN (43 YEARS OF AGE - MALAYSIAN)

Executive and Non-Independent Director

He was appointed a Director of the Company on 28 December 2001. He also serves as a member of the Board's Audit Committee. He joined the Company in 1988 as Group Financial Controller. Prior to that, he served with one of the international accounting firms in Kuala Lumpur for 5 years. He holds a Bachelor of Economics from Monash University, Australia and is a member of the Malaysian Institute of Accountants.

CHEONG MARN SENG (36 YEARS OF AGE - MALAYSIAN)

Executive and Non-Independent Director

He was appointed a Director of the Company on 28 December 2001. He joined the Company in the year 2001 as the General Manager in charge of corporate finance. He has nearly 8 years of experience in investment banking, having served in senior position in the corporate finance department of a local merchant bank. He has had extensive exposure to corporate finance techniques such as corporate restructuring, equity and debt issue, business valuation and acquisition. Prior to his stint with the investment banking industry, he worked for two international accounting firms for over 4 years during which he was involved in several aspects of auditing, financial management and consultancy. He holds a Bachelor of Commerce in economic and finance from The University of Melbourne, Australia and is presently a member of the Malaysian Institute of Accountants.

LIM MENG HUA (46 YEARS OF AGE - MALAYSIAN)

Executive and Non-Independent Director

He was appointed a Director of the Company on 18 January 2002. He joined the Company in year 2001 as the General Manager in charge of a commercial property, shopping malls and office buildings. He has vast working experience in the management of commercial buildings and the film industry.

YEOH CHONG KEAT (43 YEARS OF AGE - MALAYSIAN)*Independent Non-Executive Director*

He was appointed a Director of the Company on 6 December 2001. He also serves as a member of the Board's Audit Committee and Chairman of the Remuneration and Nomination Committees.

He is a chartered accountant by profession and is a Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Malaysian Institute of Taxation, member of the Malaysian Institute of Accountants, member of Company Law Practice Board Committee and member of the Malaysian Institute of Certified Public Accountants. He is currently in practice as the President/CEO of Archer Corporate Services Sdn. Bhd., Archer Tax Services Sdn. Bhd. and Archer Consulting Group Sdn. Bhd. He is also a licensed auditor practising under the firm of C.K. Yeoh & Co.

Prior to the setting up of the Archer Group, he had been in audit, tax and consulting practice upon his return from the United Kingdom in 1982 where he was trained and later qualified as a chartered accountant with Price Waterhouse Coopers, United Kingdom. He was also formerly the Head of the Corporate Secretarial Division of one of the international accounting firms in Kuala Lumpur for about 10 years.

Currently he is the external company secretary of a number of public companies listed on the Kuala Lumpur Stock Exchange. He is also a director of Polymate Holdings Bhd and Widetech (Malaysia) Bhd which are listed on the Kuala Lumpur Stock Exchange, and Vital Conglomerate Bhd.

**OTHER DISCLOSURE BY THE BOARD OF DIRECTORS**

None of the Directors had attended any of the Board meetings convened in the financial year ended 31 December 2001 as all Board meetings were held before their date of appointment.

None of the Directors has any family relationship with any Director and/or major shareholder of the Company. The Directors do not have any conflict of interest with the Company and they have not been convicted of any offences within the past 10 years.

None of the Directors has any interest in the securities of the Company except for Dato' Yap Sing Hock who holds 15,671,500 ordinary shares of RM1 each in the Company. (By virtue of his substantial interest in the shares of the Company, he is also deemed to have a substantial interest in the shares of the subsidiaries of the Company to the extent of the Company's interest.)

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and Company for the year ended 31 December 2001.

BUSINESS ENVIRONMENT AND FINANCIAL PERFORMANCE

Strong economic measures introduced by the Malaysian Government has helped to stimulate domestic consumption and sustain recovery in the construction sector.

Notwithstanding the improved operating environment, the Group recorded an operating loss of RM49.41 million for the financial year ended 31 December 2001 compared to RM9.94 million in the previous financial year. The higher loss is significantly due to writing-off of the investment cost and advances made to the Group's investment in Indonesia and a higher provision for doubtful debt. Your Group has prior to the Asian financial crisis made a substantial investment in a timber moulding operation in Aceh province, Indonesia and in view of the subsequent deterioration of the political and security situation in Indonesia, particularly in Aceh, your Board deem it prudent to make full provision for the loss arising from this investment.

CORPORATE DEVELOPMENT

I am pleased to announce that we had on 19 April 2002 obtained shareholders approval for the disposal of 75,000,000 ordinary shares of RM1 each representing the entire equity interest in Holiday Plaza Sdn. Bhd. for a consideration of RM92.15 million.

The Group will register an exceptional gain of RM47.81 million arising from this sale in the financial year ending 31 December 2002. The completion of this disposal represents a major step towards reducing the Group's borrowings.

The losses incurred since 1998 have severely stretched the Group's financial resources. Your Board has formulated a multi-pronged strategy, including streamlining of operating cost, divestment of low yielding assets and improving operational efficiencies.

In addition to the disposal of Holiday Plaza Sdn. Bhd., the Group's current headquarters, Menara Lien Hoe, a 20 storey modern office building has been put in the market for sale together with 87 units of condominium at Pelita Indah, Johor Bahru.

Upon completion of the divestment programme, the Group's borrowings will be brought to a manageable level.

During the financial year under review, your Company undertook the following corporate proposals:-

1. Proposed Capital Reduction and Share Consolidation
This proposal was completed on 15 February 2001.
2. Proposed Acquisitions
 - (i) Proposed acquisition of the entire issued and paid-up capital of Billiontex Industries Sdn. Bhd.;
 - (ii) Proposed acquisition of the entire issued and paid-up capital of Rusella Teguh Sdn. Bhd.; and
 - (iii) Proposed acquisition of the entire issued and paid-up capital of Atria Properties Sdn. Bhd.

The acquisition of Atria Properties Sdn. Bhd. was completed on 27 April 2001.

The Company has sought the approval of the Securities Commission to extend the completion date of proposals (i) and (ii) from 31 March 2002 to 30 June 2002.

Due to the unfavourable condition of the local stock market, the Company has aborted the following corporate exercises during the year under review:-

1. Proposed restricted offers for sale of securities by the vendors of Atria Properties Sdn. Bhd., Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd.; and
2. Proposed debt restructuring and rights issue of warrants.

On 27 December 2001, the trustee for the holders of the Loan Stock has initiated legal proceedings against the Company for its failure to redeem the balance of the Loan Stock and repay the outstanding interest. Your Board is pursuing various strategic alternatives to raise funds to repay this commitment.

DIVIDEND

Your Board does not recommend the payment of any dividend for the year under review.

PROSPECTS

Moving forward the Group plans to reactivate its development projects that it currently owns including 80 acres mixed development project in Senai, Johore and 20 acres residential development land at Ulu Tiram, also in Johore. Launching of these projects are planned for early next year. At the same time, a continuous refurbishment programme is being undertaken for the Group's flagship properties namely Plaza and Hotel Armada, Kompleks Lien Hoe and The Atria Shopping Complex with the view of enhancing their capital value and competitive edge.

Barring any unforeseen circumstances, the Board of Directors expects an improvement in the Group's performance for the financial year 2002 as compared to that of the financial year 2001.

ACKNOWLEDGEMENT

On behalf of the current Board, I would like to take this opportunity to thank the members of the previous Board, namely, Tun Dato' Seri Abdul Hamid Omar, Dato' Wong Gek Meng, Mr Chan Wah Long, Puan Noor Asiah Bte Mahmood and Mr Kek Kok Swee. They had served the Group well and we give them our best wishes in their future undertakings.

My predecessors, Tun Dato' Seri Abdul Hamid Omar and Mr Chan Wah Long have been kind to accept our invitation to stay on as corporate advisors and we hope to continue to reap the benefits from their contributions and guidance.

I am pleased to note the support the Group continue to receive from our bankers, business associates, shareholders and employees during these challenging times. To them, I express our sincere thanks and appreciation.

Dato' Yap Sing Hock

Chairman

Petaling Jaya, Selangor

21 May 2002

CORPORATE GOVERNANCE STATEMENT 2001

The Malaysian Code on Corporate Governance (“the Code”) defines the principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework. Set out below is a statement on the manner in which the Company has applied the principles and the status of compliance with best practices prescribed in the Code throughout the financial year ended 31 December 2001.

THE BOARD OF DIRECTORS

- **Board responsibilities**

The Board has effective leadership and control of the Company. The Board is primarily responsible for the strategic direction and business conduct of the Company and its subsidiaries. The Board has reserved for itself powers of decision in respect of matters significant to the Company's business and financial including approval for annual budget, quarterly and annual results, material acquisition and disposal of assets and investments, and large capital expenditure.

- **Board composition and balance**

For all but the whole of financial year ended 31 December 2001, the Board composed of five members, two of whom are independent directors. Towards the end of the year, one new independent director and two additional executive directors were appointed to the Board, making the total number of members on the Board at the end of the year to eight including three independent directors. Presently, the Board is made up of six members comprising four executive directors and two independent directors, all of whom were appointed subsequent to 5 December 2001.

All the independent directors are independent of management and free from any business or relationship which could interfere with the exercise of their judgement.

The composition of the Board ensures that no individual or small group of individuals dominates the Board's decision making. The size of the Board was considered to be adequate for its effectiveness and the number of independent non-executive director fairly represented the interest of public shareholders.

Tun Dato' Seri Abdul Hamid Omar, an independent non-executive director, was the Chairman of the Board and the Managing Director was Mr. Chan Wah Long. The roles of the former Chairman and the Managing Director were clearly defined to ensure a balance of power and authority. The former Chairman was primarily responsible for orderly conduct and working of the Board whilst the former Managing Director was responsible for the day-to-day running of the business and implementation of board policies and decision.

As the chairman of both the Board and Audit Committee was previously an independent non-executive director, the Board felt that it was not necessary to identify one individual to assume the role of senior independent non-executive director to whom concerns may be conveyed.

- **Board meeting and information**

During the financial year ended 31 December 2001, two board meetings were held on 22 March 2001 and 29 November 2001 with full attendance by the Directors. For subsequent years, the Board intends to meet at least four times a year. All the Directors have had been furnished with formal agendas, papers and reports prior to the board meetings and sufficient time had been given to obtain further explanation, where necessary.

Management has been made aware of the responsibility to provide the Board with all material information on a timely basis to enable the Directors to discharge their duties. In addition, all the Directors have access to the advice and service of the Company Secretary.

- **Board appointment**

The Code recognises, as good practice, a formal procedure for the appointment of new directors to the board with a nomination committee making recommendation to the board. The Code, however, states that this function can be performed by the board as a whole. For the financial year ended 31 December 2001, all the Directors were involved in the process of identifying, nominating and appointing new directors.

Subsequently on 26 February 2002, the Board has decided to adhere to the recommendation of the Code by establishing a nomination committee comprising both the Independent Directors, namely Mr Yeoh Chong Keat (as the chairperson) and Dato' Yaacob bin Md Amin, and the Chairman of the Board, Dato' Yap Sing Hock. The Nomination Committee will facilitate appointment of new directors as and when necessary and will give due consideration to the mix of experience and skill required for an effective Board.

In accordance with the Company's Articles of Association, all directors appointed by the Board are subject to election by the shareholders at the annual general meeting following their appointment. The Articles also provide that at least one third of the directors be subject to re-election by rotation at each annual general meeting.

All the Directors except for Dato' Wong Gek Meng who resigned on 10 January 2002 have successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia.

DIRECTORS' REMUNERATION

The Company's remuneration policy for executive directors takes into account market rate and the performance of the individual with the objectives to reward successful performance and to attract, retain and motivate individuals of the highest quality. For non-executive directors, the level of remuneration is dependent upon the duties assumed by the individual.

For the financial year ended 31 December 2001, the process of determining remuneration packages payable to all executive and non-executive directors was undertaken by all the Directors collectively.

Subsequently on 26 February 2002, the Board appointed a remuneration committee by which recommendation will be made to the Board on all elements of the remuneration package and fringe benefits for executive directors. The Remuneration Committee comprises both the Independent Directors, namely Mr Yeoh Chong Keat (as chairperson) and Dato' Yaacob bin Md Amin, and the Chairman of the Board, Dato' Yap Sing Hock.

The total remuneration paid to the Directors for the financial year ended 31 December 2001, analysed into bands of RM50,000, are as follow:-

<u>Range of Remuneration</u>	<u>Executive Directors</u>	<u>Non-Executive Directors</u>
Below RM50,000 (prorated for Directors appointed during the year)	2	-
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	-	1
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	-

SHAREHOLDERS

The Company and the Board is committed to maintaining an effective communications policy that enables the Board to communicate effectively with the shareholders on all aspects of its operations. Full use is made of the Company's annual general meeting to interact with shareholders. Shareholders are encouraged to attend the meeting and ask questions and express their views about the Company's business and financial at the meeting.

ACCOUNTABILITY AND AUDIT

- **Financial reporting**

It has been a practice of the Board to present a balanced and understandable assessment of the Company's financial position and prospects in the annual report to shareholders and quarterly results announcement. All the information disclosed has been reviewed by the Audit Committee to ensure accuracy, adequacy and transparency.

- **Audit Committee**

The Audit Committee meets regularly to review the Company's financial reporting, the work of internal audit and the scope of audit review.

The Audit Committee has revised its terms of reference, which is now consistent with the latest Listing Requirements of the Kuala Lumpur Stock Exchange. The terms of reference and the activities of the Audit Committee are set out in the Audit Committee Report.

- **Internal control**

The Board recognises the importance of a sound system of internal control and risk management practices in achieving the Company's corporate objectives and to safeguard its assets and investment. A Control and Development Department has been set up to assist the Audit Committee and the Board in identifying areas in the Company's operations where risk of financial loss exists and to implement control procedures to prevent its occurrence. The Audit Committee has absolute authority to direct the Control and Development Department to conduct investigation on any matters within its terms of reference.

- **Relationship with the Auditors**

The Company has always maintained a transparent and appropriate relationship with its auditors in seeking their professional advice and ensuring compliance with accounting standards in Malaysia. The role of the Audit Committee in relation to the Company's auditors is described in the Audit Committee Report set out on pages 14 to 17 of the Annual Report.

AUDIT COMMITTEE REPORT

THE AUDIT COMMITTEE COMPRISES THE FOLLOWING DIRECTORS:-

Dato' Yaacob bin Md Amin

Chairman and Independent Non-Executive Director

(Appointed on 18 January 2002)

Yeoh Chong Keat

Independent Non-Executive Director

(Appointed on 6 December 2001)

Khow Eng Guan

Executive Director

(Appointed on 18 January 2002)

Tun Dato' Seri Abdul Hamid Omar

(Resigned on 18 January 2002)

Chan Wah Long

(Resigned on 18 January 2002)

Noor Asiah bte Mahmood

(Resigned on 6 December 2001)

TERMS OF REFERENCE

COMPOSITION

The Committee shall be appointed by the Board from amongst its Directors which fulfills the following requirements:-

- (a) the audit committee must be composed of no fewer than 3 members;
- (b) a majority of the audit committee must be independent directors; and
- (c) at least one member of the audit committee:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- (d) no alternate director is appointed as a member of the audit committee.

In the event of any vacancy in the audit committee resulting in the non-compliance of the above paragraph, the Company must fill the vacancy within 3 months.

The members of the Committee shall select a Chairman from among themselves who shall be an independent director.

The term of office and performance of the audit committee and each of its members shall be reviewed by the Board once every 3 years to determine whether the audit committee and members have carried out their duties in accordance with their terms of reference.

RIGHTS OF THE AUDIT COMMITTEE

The Company must ensure that wherever necessary and reasonable for the performance of its duties, the Committee shall, in accordance with a procedure to be determined by the board of directors and at the cost of the Company:-

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

REPORTING OF BREACHES TO THE EXCHANGE

Where the audit committee is of the view that a matter reported by it to the board of directors has not been satisfactorily resolved resulting in a breach of these Requirements, the Committee must promptly report such matter to the Exchange.

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 internal audit programme, processes, the result of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

- (vii) the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:-
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - (viii) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (ix) any letter of resignation from the external auditors of the Company; and
 - (x) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (b) To consider the nomination of a person or persons as external 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. Meetings shall be held no fewer than 4 times a year and the external auditors may request a meeting if they consider that one is necessary.

In order to form a quorum in respect of a meeting of the Committee, the majority of members present must be independent directors.

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.

NUMBER OF AUDIT COMMITTEE MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2001 AND ATTENDANCE OF MEMBERS

The Committee met 5 times during the financial year ended 31 December 2001 and the attendance of each member of the Audit Committee are as follows:-

Composition of the Committee	Attendance at the Committee Meetings
Tun Dato' Seri Abdul Hamid Omar <i>(Resigned on 18 January 2002)</i>	5
Chan Wah Long <i>(Resigned on 18 January 2002)</i>	5
Noor Asiah bte Mahmood <i>(Resigned on 6 December 2001)</i>	3

None of the present Audit Committee members had attended any of the Audit Committee Meetings convened during the financial year ended 31 December 2001 as all Audit Committee Meetings were held before their date of appointment.

SUMMARY OF ACTIVITIES

The activities of the Audit Committee during the financial year ended 31 December 2001 can be summarised as follows:-

- (a) Reviewed the quarterly and annual financial results before release to the stock exchange and public with emphasis on compliance with accounting standards and regulatory requirements.
- (b) Discussed audit plans with the auditors before commencement of audit.
- (c) Reviewed auditors' findings and recommendations arising from their audit.
- (d) Considered and proposed to the Board the outsourcing of the internal audit function to assist the Audit Committee and to strengthen the internal control system of the Company's operations.
- (e) Discussed the new provisions of the revamped listing requirements particularly in respect of the definition of independent directors, related party transaction, corporate governance.

The Auditors attended all the Audit Committee meetings during the year and participated in all the discussion.

INTERNAL AUDIT FUNCTION

An Internal Audit Unit has been established to carry out a review of the system of internal control of the operations within the Company and its subsidiaries and provides general assurances to management and the Audit Committee.

During the year, the Internal Audit Unit's work was out-sourced to a third party professional service provider, which assisted in strengthening the system of internal control of the Company's key operations.

OTHER INFORMATION

SHARE BUY-BACK

The Company did not buy any of its own shares during the financial year ended 31 December 2001.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no exercise of options, warrants or convertible securities in the Company during the financial year ended 31 December 2001.

AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”)

The Company did not sponsor any ADR or GDR programme.

SANCTIONS AND/OR PENALTIES

Since the end of the previous financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors in the financial year ended 31 December 2001 is RM43,500.

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2001 and the unaudited results previously announced by the Company.

PROFIT GUARANTEE

For the financial year ended 31 December 2001, there were no profit guarantees given by the Company.

MATERIAL CONTRACTS

Since the end of the previous financial year, there were no material contracts entered into by the Company and its subsidiaries, involving Directors and substantial shareholders.

REVALUATION POLICY

The Group did not adopt any revaluation policy on the landed properties.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of each financial year and of their results and their cash flows for that year then ended.

In preparing the financial statements, the Directors have:-

- Considered the applicable approved Malaysian accounting standards.
- Adopted and consistently applied appropriate accounting policies.
- Made judgements and estimates that are prudent and reasonable.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

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 2001.

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	COMPANY
	RM'000	RM'000
Loss before taxation	(49,409)	(24,537)
Taxation	(765)	(2,000)
Loss for the year	<u>(50,174)</u>	<u>(26,537)</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.

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 Company was unable to meet interest payments of RM9,264,000 on the Redeemable Secured Loan Stock for the period 1 January 2000 to 31 December 2001. 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.

On 27 December 2001, the Company was served a writ of summons by the trustee for the holders of the Loan Stock as a result of the default. The Kuala Lumpur High Court has fixed the hearing date of the case on 30 April 2002.

The trustee has also applied for a court order to foreclose the Company's freehold land and building, Kompleks Lien Hoe which was charged as collateral for the Redeemable Secured Loan Stock. The Directors are of the opinion that it is premature at this stage to form an opinion on the outcome of this case.

The Company is actively pursuing financing from financial institutions for the repayment of all outstanding interest and the redemption of the balance of the Loan Stock.

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 2001		18,118,000	8,239,000

SIGNIFICANT EVENTS DURING THE YEAR

(a) Capital Reduction and Share Consolidation

During the year, the Company's existing issued and paid-up share capital of RM270,149,543 comprising 270,149,543 ordinary shares of RM1 each were reduced to RM202,612,157 comprising 270,149,543 ordinary shares of 75 sen each which was effected by the cancellation of 25 sen from every RM1 ordinary share.

Upon completion of the said cancellation, the resultant 270,149,543 ordinary shares of 75 sen each were 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 was then applied to reduce the accumulated losses of the Company.

The capital reduction and share consolidation proposals referred to 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.

(b) Acquisition of Atria Properties Sdn. Bhd. ("APSB")

On 27 April 2001, the Company completed its acquisition of the entire issued and paid-up capital of APSB 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 had been paid up, for a purchase consideration of RM51,640,000 which was satisfied by the issuance of 51,640,000 new ordinary shares of RM1 each at par in Lien Hoe Corporation Berhad.

(c) Proposed Restricted Offers for Sale

(i) The vendors of Atria Properties Sdn. Bhd. were to 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 for 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.

(ii) The vendors of Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd. were to undertake a restricted offer of rights to allotment of approximately RM84,474,000 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") to the shareholders of the Company, except for 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.

(d) Proposed Restructuring Scheme

(i) Restructure of 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%.

- (ii) 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 Capital Reduction and Share Consolidation, Acquisition of APSB and Proposed Restricted Offers for Sale exercise.

In view of the prevailing bearish sentiment of the Kuala Lumpur Stock Exchange, the proposed transactions (c) and (d) were aborted.

SIGNIFICANT EVENTS PENDING COMPLETION AT BALANCE SHEET DATE

- (a) Acquisition of 100% equity interest in Billiontex Industries Sdn. Bhd. for a purchase consideration of RM53,607,381 to be satisfied by the issuance of RM53,607,381 5-year 2% ICULS at 100% of its nominal value.
- (b) Acquisition of 100% equity interest in Rusella Teguh Sdn. Bhd. for a 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.

The Company has applied to the Securities Commission for an extension of time from 31 March 2002 to 30 June 2002 for the implementation of the above proposed acquisitions.

SIGNIFICANT EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 7 January 2002, the Company entered into a sale and purchase agreement to dispose of 75,000,000 ordinary shares of RM1 each representing the entire equity interest in Holiday Plaza Sdn. Bhd. for a consideration of RM92,153,440 to be satisfied by cash of RM7,942,320 and the assumption of liabilities of RM84,211,120.

The shareholders of the Company approved the above transaction at the Company's Extraordinary General Meeting held on 19 April 2002.

DIRECTORS

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

Dato' Yap Sing Hock	(appointed on 30.1.2002)
Dato' Yaacob bin Md Amin	(appointed on 18.1.2002)
Khow Eng Guan	(appointed on 28.12.2001)
Cheong Marn Seng	(appointed on 28.12.2001)
Yeoh Chong Keat	(appointed on 6.12.2001)
Lim Meng Hua	(appointed on 18.1.2002)
Tun Dato' Seri Abdul Hamid Omar	(resigned on 18.1.2002)
Dato' Wong Gek Meng	(resigned on 10.1.2002)
Chan Wah Long	(resigned on 18.1.2002)
Kek Kok Swee	(resigned on 10.1.2002)
Noor Asiah Bte Mahmood	(resigned on 10.1.2002)

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 31.12.2001
	As at 1.1.2001	Bought	Sold	Capital Reduction	
Share capital of the Company					
Shareholdings registered in the name of the Directors:-					
Tun Dato' Seri Abdul Hamid Omar	200,000	-	-	50,000	150,000
Chan Wah Long	500,000	249	-	125,000	375,249
Dato' Wong Gek Meng	500,000	-	-	125,000	375,000
Kek Kok Swee	190,000	-	-	47,500	142,500
Noor Asiah Bte Mahmood	-	3,050,654	-	-	3,050,654

Shareholdings in which the Director is deemed to have an interest:-

Chan Wah Long	43,232,839	46,000	350,000	10,819,710	32,109,129
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The other Directors who held office at the end of the financial year did not hold any interest in shares in the Company and its related corporations.

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 than as disclosed in Note 31 to the financial statements.

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,

DATO' YAP SING HOCK

)

)

)

) DIRECTORS

)

KHOW ENG GUAN

)

Kuala Lumpur, Malaysia

26 April 2002

BALANCE SHEETS

AS AT 31 DECEMBER 2001

	Note	GROUP		COMPANY	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
PROPERTY, PLANT AND EQUIPMENT	3	448,318	367,457	77,233	79,385
SUBSIDIARY COMPANIES	4	-	-	286,791	294,838
INVESTMENTS	5	128	90	-	-
DEVELOPMENT PROPERTIES	6	33,804	33,391	-	-
CURRENT ASSETS					
Property development-in-progress	7	5,293	2,265	-	-
Amount due from customers for contract work	8	-	710	-	-
Inventories	9	32,210	33,690	-	-
Receivables	10	84,108	128,926	47,981	87,545
Tax recoverable		3,323	2,827	3,127	2,534
Fixed deposits with licensed banks	11	274	965	-	900
Cash and bank balances	12	2,692	2,806	806	764
		127,900	172,189	51,914	91,743
CURRENT LIABILITIES					
Payables	13	69,734	72,005	25,242	22,027
Provisions		2,715	1,438	1,277	-
Bank borrowings	14	68,946	168,624	37,055	127,576
Term Loans	15	40,514	29,340	28,000	23,600
Loan Stock	16	43,818	43,818	43,818	43,818
Taxation		4,142	2,926	-	-
		229,869	318,151	135,392	217,021
NET CURRENT LIABILITIES		(101,969)	(145,962)	(83,478)	(125,278)
GOODWILL ON CONSOLIDATION	17	1,476	13,054	-	-
		381,757	268,030	280,546	248,945
SHARE CAPITAL	18	254,252	270,149	254,252	270,149
RESERVES	19	86,665	78,500	70,393	70,393
ACCUMULATED LOSSES		(127,233)	(144,596)	(113,150)	(154,150)
		213,684	204,053	211,495	186,392
DEFERRED LIABILITIES	20	168,073	63,977	69,051	62,553
		381,757	268,030	280,546	248,945

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

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	GROUP		COMPANY	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue	21	122,664	141,566	32,611	17,922
Cost of sales	22	(56,261)	(82,169)	-	-
Gross profit		66,403	59,397	32,611	17,922
Other income		2,616	3,598	10,653	11,100
Administration expenses		(51,616)	(42,839)	(15,032)	(9,687)
Selling expenses		(1,091)	(931)	(266)	(268)
Other operating expenses		(39,330)	(40)	(35,477)	(2,743)
Operating (loss) / profit	23	(23,018)	19,185	(7,511)	16,324
Finance cost	24	(26,391)	(29,128)	(17,026)	(20,829)
Loss before taxation		(49,409)	(9,943)	(24,537)	(4,505)
Taxation	25	(765)	(1,683)	(2,000)	(1,300)
Loss after taxation		(50,174)	(11,626)	(26,537)	(5,805)
Minority interest		-	-	-	-
Net loss for the year		(50,174)	(11,626)	(26,537)	(5,805)
Loss per ordinary share of RM1 each (sen)	26	(20.39)	(4.30)		

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2001

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 2000	270,149	51,056	3,616	13,844	(5,901)	17,839	(132,970)	217,633
Currency translation differences	-	-	-	-	(1,954)	-	-	(1,954)
	270,149	51,056	3,616	13,844	(7,855)	17,839	(132,970)	215,679
Loss for the year	-	-	-	-	-	-	(11,626)	(11,626)
At 31 December 2000	270,149	51,056	3,616	13,844	(7,855)	17,839	(144,596)	204,053
At 1 January 2001	270,149	51,056	3,616	13,844	(7,855)	17,839	(144,596)	204,053
Issue of new shares	51,640	-	-	-	-	-	-	51,640
Capital reduction	(67,537)	-	-	-	-	-	67,537	-
Currency translation differences	-	-	-	-	(818)	-	-	(818)
Exchange reserve written off	-	-	-	-	8,983	-	-	8,983
	254,252	51,056	3,616	13,844	310	17,839	(77,059)	263,858
Loss for the year	-	-	-	-	-	-	(50,174)	(50,174)
At 31 December 2001	254,252	51,056	3,616	13,844	310	17,839	(127,233)	213,684

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 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
At 1 January 2001	270,149	51,056	2,596	16,741	(154,150)	186,392
Issue of new shares	51,640	-	-	-	-	51,640
Capital reduction	(67,537)	-	-	-	67,537	-
Loss for the year	-	-	-	-	(26,537)	(26,537)
At 31 December 2001	254,252	51,056	2,596	16,741	(113,150)	211,495

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

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash Flows From Operating Activities				
Loss before taxation	(49,409)	(9,943)	(24,537)	(4,505)
Adjustments:-				
Bad debts written off	329	-	183	-
Depreciation	10,820	6,998	4,416	1,394
Dividend income from subsidiaries	-	-	(19,276)	(4,425)
Exchange reserve				
- written off	8,983	-	-	-
- adjustment	(100)	(528)	-	-
Property, plant and equipment written off	4,639	47	-	-
Interest expense	26,391	29,128	17,026	20,829
Interest income	(155)	(263)	(10,393)	(10,756)
Gain on disposal of property, plant and equipment	(434)	(274)	(226)	(255)
Provision for/(write back of) doubtful debts				
- subsidiary companies	-	40	9,226	2,743
- trade receivables	131	158	-	-
- other receivables	13,703	(783)	13,403	(575)
- deposits for investments and related advances	300	-	300	-
Provision for diminution in value of investments	-	-	12,470	-
Goodwill written off	12,009	-	-	-
Goodwill amortised	77	-	-	-
Gain on disposal of a subsidiary	(98)	-	-	-
	76,595	34,523	27,129	8,955
Profit Before Working Capital Changes	27,186	24,580	2,592	4,450
Working Capital Changes:-				
Property development-in-progress	(2,517)	(1,574)	-	-
Amount due from customers				
for contract work	710	941	-	-
Inventories	1,480	7,957	-	-
Receivables	18,293	5,242	2,446	3,626
Payables and provisions	(13,809)	(12,238)	5,768	(2,192)
Subsidiary companies	-	-	(26,770)	(11,863)
Cash From/(Used In) Operations	31,343	24,908	(15,964)	(5,979)

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash From/(Used In) Operation	31,343	24,908	(15,964)	(5,979)
Taxation paid	(1,511)	(3,577)	(3,135)	(1,479)
Net Cash From/(Used In) Operating Activities	29,832	21,331	(19,099)	(7,458)
Cash Flows From Investing Activities				
Development expenditure	(413)	-	-	-
Purchase of property, plant and equipment	(4,815)	(1,760)	(2,031)	(329)
Proceeds from disposal of property, plant and equipment	1,319	3,254	230	547
Unquoted investment acquired	(38)	-	-	-
Advances to subsidiary company not consolidated	-	(40)	-	-
Acquisition of a subsidiary company	(434)	-	(508)	-
Dividend income from subsidiaries	-	-	19,276	4,425
Cash flow on disposal of subsidiary companies	(14)	-	-	-
Interest received	155	263	10,393	10,756
Net Cash (Used In)/From Investing Activities	(4,240)	1,717	27,360	15,399
Cash Flows From Financing Activities				
Drawdown/(repayment) of revolving credits	293	(5,156)	200	1,100
Repayment of hire purchase and lease creditors	(848)	(965)	(158)	(37)
(Repayment)/drawdown of term loans	(1,588)	5,400	-	4,000
Conversion of bank overdraft to term loan	1,490	-	-	-
Balance carried forward	(653)	(721)	42	5,063

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash Flows from Financing Activities (Contd.)				
Balance brought forward	(653)	(721)	42	5,063
Bankers' acceptances	(1,035)	(5,615)	-	-
Trust receipts	-	2,042	-	-
Net movement of fixed deposits pledged for banking facilities	516	-	-	-
Interest paid	(19,601)	(20,863)	(9,440)	(13,634)
Net Cash Used In Financing Activities	(20,773)	(25,157)	(9,398)	(8,571)
Net Increase / (Decrease) In Cash And Cash Equivalents	4,819	(2,109)	(1,137)	(630)
Cash And Cash Equivalents At Beginning Of Year	(35,468)	(33,359)	(9,212)	(8,582)
Cash And Cash Equivalents At End Of Year	(30,649)	(35,468)	(10,349)	(9,212)
Cash and Cash Equivalents comprise:-				
Fixed deposits with licensed banks	-	900	-	900
Cash and bank balances	2,692	2,806	806	764
Bank overdrafts	(33,341)	(39,174)	(11,155)	(10,876)
	(30,649)	(35,468)	(10,349)	(9,212)

2001
RM'000

Analysis of acquisition of a subsidiary company:-

Property, plant and equipment	92,532
Working capital	(18,727)
Taxation	(900)
Fixed deposits pledged for banking facilities	725
Cash and bank balances	74
Term Loan	(21,944)
Deferred tax	(120)
	51,640
Goodwill	508
Cost of acquisition	52,148
Total purchase consideration	51,640
Consideration discharged by issue of shares	(51,640)
Expenses directly attributable to the acquisition, paid in cash	(508)
Cash and bank balances of subsidiary acquired	74
Cash outflow on acquisition	(434)

Analysis of disposal of a subsidiary company:-

Net assets disposed:-

Property, plant and equipment	10
Working capital	(122)
Cash and bank balances	14
Gain on disposal	98
	-
Proceeds on disposal	-
Less: Cash and bank balances	(14)
Net cash flow on disposal of subsidiary	(14)

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

1. FUNDAMENTAL ACCOUNTING CONCEPT

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. The Directors are in the process of implementing strategic alternatives such as the disposal of assets, refinancing of or obtaining additional banking facilities.

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 applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(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 2001.

The difference between the purchase consideration on the acquisition of subsidiary companies and the fair value of the 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 amortised over a period of 20 years.

(c) Property, Plant And Equipment

Property, plant and equipment 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 property, plant and equipment 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%

Property, plant and equipment under finance leases that give rights approximating to ownership are capitalised in the financial statements and the corresponding obligation treated as liability. The property, plant and equipment 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) Borrowing Costs

Borrowing costs incurred on development properties that require a substantial period of time to be prepared for their intended use or sale are capitalised. Capitalisation of borrowing costs ceases when development of the properties is completed.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

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

(k) Receivables

Trade and other receivables are carried at anticipated realisable value. Known bad debts are written off and specific provisions are made for debts that are considered to be doubtful with regards to collection. In addition, general provisions are made to cover possible debts which are not specifically identified.

(l) Provisions

Provisions are recognised when the Group and Company has a present legal or constructive obligation as a result of past events when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(m) 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.

(n) 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>31.12.01</u>	<u>31.12.00</u>
1 Australian Dollar	RM1.956	RM2.155
100 Rupiah	RM0.036	RM0.040

(o) 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. Revenue from hotel operation is recognised upon billings. Commission from sale of airline tickets is recognised on issue of airline tickets. Revenue from tour arrangements are recognised on departure of tours.

(p) Cash And Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, deposits on demand (excluding deposits pledged for banking facilities granted to the Group and the Company) and other short term investments which are readily convertible to cash and subject to insignificant risks of changes in value, less bank overdrafts.

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	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	Capital work-in progress RM'000	Total RM'000
GROUP								
Net Book Value								
At 1 January 2001	25,127	122,670	189,078	8,181	4,574	17,827	-	367,457
Acquisition of subsidiary	67,672	24,678	-	-	74	108	-	92,532
Additions	-	-	-	-	1,235	1,929	2,289	5,453
Disposals/write-offs	-	(3,360)	-	(225)	(1,637)	(354)	-	(5,576)
Disposal of subsidiary	-	-	-	-	-	(10)	-	(10)
Exchange differences	-	(603)	-	-	(110)	(5)	-	(718)
Depreciation charge	-	(2,130)	(2,381)	(441)	(1,307)	(4,561)	-	(10,820)
At 31 December 2001	92,799	141,255	186,697	7,515	2,829	14,934	2,289	448,318
Depreciation charge for 2000	-	1,805	2,295	445	1,153	1,300	-	6,998
At 31 December 2001								
Cost or valuation	92,799	161,276	197,980	10,693	6,819	25,147	2,289	497,003
Accumulated depreciation	-	(20,021)	(11,283)	(3,178)	(3,990)	(10,213)	-	(48,685)
Net book value	92,799	141,255	186,697	7,515	2,829	14,934	2,289	448,318
At 31 December 2000								
Cost or valuation	25,127	141,672	197,980	10,953	10,143	23,588	-	409,463
Accumulated depreciation	-	(19,002)	(8,902)	(2,772)	(5,569)	(5,761)	-	(42,006)
Net book value	25,127	122,670	189,078	8,181	4,574	17,827	-	367,457

	Freehold land RM'000	Buildings RM'000	Short leasehold land and buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture fittings and equipment RM'000	Capital work-in progress RM'000	Total RM'000
COMPANY							
Net Book Value							
At 1 January 2001	14,623	49,714	1,164	759	13,125	-	79,385
Additions	-	-	-	320	94	1,854	2,268
Disposals	-	-	-	(4)	-	-	(4)
Depreciation charge	-	(556)	(82)	(327)	(3,451)	-	(4,416)
At 31 December 2001	14,623	49,158	1,082	748	9,768	1,854	77,233
Depreciation charge for 2000	-	556	82	329	427	-	1,394
At 31 December 2001							
Cost or valuation	14,623	55,545	2,240	2,448	15,254	1,854	91,964
Accumulated depreciation	-	(6,387)	(1,158)	(1,700)	(5,486)	-	(14,731)
Net book value	14,623	49,158	1,082	748	9,768	1,854	77,233
At 31 December 2000							
Cost or valuation	14,623	55,545	2,240	2,627	15,160	-	90,195
Accumulated depreciation	-	(5,831)	(1,076)	(1,868)	(2,035)	-	(10,810)
Net book value	14,623	49,714	1,164	759	13,125	-	79,385

The property, plant and equipment 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.

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Net book value of revalued short leasehold land and buildings had these assets been carried at cost less depreciation	303	315	121	127

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM5,453,000 (2000: RM2,450,000) and RM2,268,000 (2000: RM889,000) respectively of which RM586,000 (2000: RM690,000), net of trade-in value of RM52,000, and RM237,000 (2000: RM560,000) respectively were acquired under hire purchase contracts.

Included in plant and machinery and motor vehicles of the Group and the Company are property, plant and equipment under hire purchase and finance leases with a total net book value of RM1,316,000 (2000: RM1,737,000) and RM734,000 (2000: RMNil) respectively.

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 Redeemable Secured Loan Stock.

The trustee for the holders of the Loan Stock has applied for a court order to foreclose the Company's freehold land and building with net book value of RM63,781,000 as at 31 December 2001.

4. SUBSIDIARY COMPANIES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Unquoted shares				
- at cost	-	250	156,514	104,366
- at valuation	-	-	870	870
	-	250	157,384	105,236
Provision for diminution in value	-	(250)	(36,537)	(24,067)
	-	-	120,847	81,169
Amount owing by subsidiary companies	-	34,336	330,967	328,827
Amount owing to subsidiary companies	-	-	(89,704)	(13,037)
	-	34,336	362,110	396,959
Provision of doubtful debts	-	(34,336)	(75,319)	(102,121)
	-	-	286,791	294,838

The amount owing by subsidiary company as stated in the financial statements of the Group in 2000 relates to Carlton Resources Inc. (Carlton), the financial statements of which were not included in the consolidated financial statements. Carlton was disposed during the year.

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

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

Name Of Company	Country Of Incorporation	Principal Activities	Effective Interest	
			2001 %	2000 %
Advantage Equity Sdn. Bhd.	Malaysia	Management of building and apartments	100	100
Atria Properties Sdn. Bhd.	Malaysia	Property investment	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
Dominion Bay Sdn. Bhd.	Malaysia	Inactive	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	Inactive	100	100
Leboh Ampang Plaza Sdn. Bhd.	Malaysia	Investment holding	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
LH Indah Apartments (Second) Sdn. Bhd.	Malaysia	Property investment	100	100
LH Properties (Aust.) Pty. Ltd.*	Australia	Property investment	100	100

Name Of Company	Country Of Incorporation	Principal Activities	Effective Interest	
			2001 %	2000 %
Lien Hoe (Africa) Sdn. Bhd.	Malaysia	Investment holding	-	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

* Not audited by Ernst & Young

5. INVESTMENTS

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cost				
Unquoted shares in Malaysia	1,855	1,817	100	100
Provision for diminution in value	(1,727)	(1,727)	(100)	(100)
	128	90	-	-

6. DEVELOPMENT PROPERTIES

	GROUP	
	2001 RM'000	2000 RM'000
Freehold land	30,228	30,228
Development expenditure	3,576	3,163
	33,804	33,391

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	
	2001 RM'000	2000 RM'000
Land held for development	1,070	1,070
Development expenditure	4,223	1,195
	5,293	2,265

Development expenditure includes borrowing cost capitalised during the year of RM511,000 (2000: RM265,000).

8. AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK

	GROUP	
	2001	2000
	RM'000	RM'000
Construction costs incurred	10,817	30,191
Attributable profit	481	1,420
Recognised losses	-	(114)
	<hr/>	<hr/>
	11,298	31,497
Progress billings	(11,298)	(30,787)
	<hr/>	<hr/>
	-	710
	<hr/>	<hr/>

9. INVENTORIES

	GROUP	
	2001	2000
	RM'000	RM'000
At Cost		
Finished goods	574	1,064
Land, apartments and office lots	3,049	4,867
Raw materials	-	135
Consumables	396	521
At Net Realisable Value		
Completed apartments and office lots	28,191	27,103
	<hr/>	<hr/>
	32,210	33,690
	<hr/>	<hr/>

The title deeds for land and office lots with book value of RM7,211,000 (2000: RM7,385,000) are in the process of being transferred to the Group.

Completed apartments stated at net realisable value of RM23,656,000 (2000: RM24,065,000) are charged to financial institutions to secure banking facilities granted to the Group.

10. RECEIVABLES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade receivables	30,356	46,872	627	554
Provision for doubtful debts	(7,605)	(10,643)	-	-
	22,751	36,229	627	554
Other receivables	40,174	95,181	25,871	79,671
Provision for doubtful debts	(14,787)	(36,512)	(14,487)	(26,708)
	25,387	58,669	11,384	52,963
Deposits for investments and related advances	36,270	34,028	36,270	34,028
Provision for doubtful debts	(300)	-	(300)	-
	35,970	34,028	35,970	34,028
	84,108	128,926	47,981	87,545

Included in other receivables is an interest free unsecured advance of RM10,655,000 to a third party given by a subsidiary company prior to the acquisition of this subsidiary. The vendors of the subsidiary company have undertaken to repay this advance before 31 December 2002.

Although the amount is currently unsecured, the Directors have given due consideration to all pertinent information relating to the ability of the debtor to settle the amount owing and have assessed that the amount is fully recoverable.

Deposits for investments include an amount of RM31,000,000 paid for the acquisition of equity interests in Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd. as referred to in Note 34 to the financial statements.

11. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits held by the Group are pledged for banking facilities granted to the Group (2000: RM65,000).

12. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is an amount of RM714 (2000: RM340,000) held under Housing Development Account, maintained in accordance with the provisions of the Housing Developers Regulations 1991.

13. PAYABLES

	GROUP		COMPANY	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Trade payables	31,254	44,662	3,949	3,797
Other payables:				
- Accruals	22,721	14,500	11,756	12,228
- Deposits for disposal of a subsidiary	6,600	5,000	6,600	5,000
- Others	8,369	6,578	2,771	883
	37,690	26,078	21,127	18,111
Hire purchase and lease creditors (Note 27)	790	1,265	166	119
	69,734	72,005	25,242	22,027

14. BANK BORROWINGS

	GROUP		COMPANY	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Unsecured				
- Bank overdrafts	928	966	-	-
Secured				
- Bank overdrafts	32,413	38,208	11,155	10,876
- Revolving credits	31,774	122,542	25,900	116,700
- Bankers' acceptances	3,831	4,866	-	-
- Trust receipts	-	2,042	-	-
	68,946	168,624	37,055	127,576

The borrowings bear interest at rates ranging from 5.25% to 9.30% (2000: 5.05% to 13.00%) per annum. Secured borrowings 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	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Secured on freehold and leasehold properties of the Company, its subsidiaries and a third party				
- term loans	127,573	92,071	96,579	85,171
- revolving credit	80,000	-	-	-
Less: Portion repayable after 12 months included in long term liabilities (Note 20)	(167,059)	(62,731)	(68,579)	(61,571)
	<u>40,514</u>	<u>29,340</u>	<u>28,000</u>	<u>23,600</u>

The term loans bear interest at rates ranging from 6.5% to 10.14% (2000: 6.15% to 10.20%) per annum and are repayable by either monthly, quarterly or semi-annual instalments for periods ranging from 1 to 7 years.

The revolving credit bears interest at rates ranging from 7.95% to 9.45% (2000: 7.95% to 9.45%) per annum. Repayment of this facility will commence in 2003 and will be over a period of 2 years.

16. 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 Company was unable to meet interest payments of RM9,264,000 on the Redeemable Secured Loan Stock for the period 1 January 2000 to 31 December 2001. 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.

On 27 December 2001, the Company was served a writ of summons by the trustee for the holders of the Loan Stock as a result of the default. The Kuala Lumpur High Court has fixed the hearing date of the case on 30 April 2002.

The trustee has also applied for a court order to foreclose the Company's freehold land and building, Kompleks Lien Hoe which was charged as collateral for the Redeemable Secured Loan Stock. The Directors are of the opinion that it is premature at this stage to form an opinion on the outcome of this case.

The Company is actively pursuing financing from financial institutions for the repayment of all outstanding interest and the redemption of the balance of the Loan Stock.

17. GOODWILL ON CONSOLIDATION

	GROUP	
	2001	2000
	RM'000	RM'000
At 1 January	13,054	13,054
Acquisition of a subsidiary company	508	-
Amount amortised	(77)	-
Amount written off	(12,009)	-
At 31 December	1,476	13,054

18. SHARE CAPITAL

	GROUP/COMPANY	
	2001	2000
	RM'000	RM'000
Authorised:-		
1,000,000,000 ordinary shares of RM1 each	1,000,000	1,000,000
Issued and fully paid:-		
Ordinary shares of RM1 each		
At 1 January	270,149	270,149
Issue of new shares	51,640	-
Capital reduction	(67,537)	-
At 31 December	254,252	270,149

During the year, the Company's existing issued and paid-up share capital of RM270,149,543 comprising 270,149,543 ordinary shares of RM1 each were reduced to RM202,612,157 comprising 270,149,543 ordinary shares of 75 sen each which was effected by the cancellation of 25 sen from every RM1 ordinary share.

Upon completion of the said cancellation, the resultant 270,149,543 ordinary shares of 75 sen each were 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 was then applied to reduce the accumulated losses of the Company.

During the year, the Company completed its 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 had been paid up, for a purchase consideration of RM51,640,000 which was satisfied by the issuance of 51,640,000 new ordinary shares of RM1 each at par in Lien Hoe Corporation Berhad.

As at 31 December 2001, options to subscribe for 9,879,000 new ordinary shares of RM1 each pursuant to the Company's Employees' Shares Option Scheme remained unexercised. Such options are capable of being exercised during the option period expiring on 5 August 2003.

19. RESERVES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Non-distributable reserves:-				
Reserves 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	310	(7,855)	-	-
	68,826	60,661	53,652	53,652
Distributable reserves:-				
Capital reserve	17,839	17,839	16,741	16,741
	86,665	78,500	70,393	70,393

20. DEFERRED LIABILITIES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Term loans - secured (Note 15)	167,059	62,731	68,579	61,571
Deferred taxation	151	597	-	542
Hire purchase and lease creditors (Note 27)	863	649	472	440
	168,073	63,977	69,051	62,553
Movements in deferred taxation account were as follows:-				
At 1 January	597	1,225	542	542
Transfer to income statement	(566)	(628)	(542)	-
Acquisition of subsidiary company	120	-	-	-
At 31 December	151	597	-	542

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	
	2001 RM'000	2000 RM'000
Unabsorbed capital allowances	891	4,540
Unabsorbed tax losses	37,432	37,178
Other timing differences	(846)	(2,805)
	37,477	38,913

Deferred tax liabilities amounting to RM113,000 (2000: RM113,000) which relate to the surplus on revaluation of certain leasehold land and buildings have not been accounted for as it is the intention of the Group to retain the properties for its own use on long term purposes.

21. REVENUE

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue consists of:-				
Dividend income	-	-	19,276	4,425
Rental income				
- subsidiary companies	-	-	373	373
- others	45,733	39,597	12,962	13,124
Sale of development properties	-	2,059	-	-
Invoiced value of goods sold less returns, discounts and sales tax	3,573	13,296	-	-
Contract revenue from construction contracts	43,929	50,134	-	-
Proceeds from tour operations and sale of airline tickets	14,301	22,042	-	-
Proceeds from operation of a hotel	15,128	14,438	-	-
	122,664	141,566	32,611	17,922

22. COST OF SALES

	GROUP	
	2001 RM'000	2000 RM'000
Cost of sales consists of:-		
Land and development expenditure	-	1,069
Cost of inventories and others	19,017	34,958
Contract cost from construction contracts	37,244	46,142
	56,261	82,169

23. OPERATING (LOSS)/PROFIT

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
(a) Operating (loss)/profit has been arrived at after charging/(crediting):-				
Auditors' remuneration	222	207	50	50
Amortisation of goodwill	77	-	-	-
Bad debts written off	329	-	183	-
Depreciation	10,820	6,998	4,416	1,394
Directors' emoluments				
- executive directors of the Company	750	775	474	497
- non-executive directors of the Company	180	180	180	180
Property, plant and equipment written off	4,639	47	-	-
Realised foreign exchange loss/(gain)	4	(897)	-	-
Gain on disposal of property, plant and equipment	(434)	(274)	(226)	(255)
Interest income				
- subsidiary companies	-	-	(10,380)	(10,683)
- others	(155)	(263)	(13)	(73)
Provision for doubtful debts				
- trade receivables	180	887	-	-
- subsidiary companies	-	40	9,226	2,743
- other receivables	13,781	-	13,481	-
- deposits for investments and related advances	300	-	300	-
Gain on disposal of a subsidiary company	(98)	-	-	-
Exchange reserve written off	8,983	-	-	-
Goodwill written off	12,009	-	-	-
Provision for diminution in value of investments				
- subsidiary companies	-	-	12,470	-
Writeback of provision for doubtful debts	(127)	(1,512)	(78)	(575)
Rental of buildings				
- subsidiary companies	-	-	851	851
- others	54	72	-	-
Rental of equipment	44	31	11	-

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
(b) Employee information				
Staff costs	13,931	13,012	3,178	3,155
Number of employees as at 31 December (inclusive of Executive Directors)	962	900	104	99

(c) Directors' remuneration

The number of Directors of the Company whose total remuneration for the year ended 31 December 2001 that falls within the following bands is as follows:-

<u>Range of Remuneration</u>	<u>Executive Directors</u>	<u>Non-Executive Directors</u>
Below RM50,000 (prorated for Directors appointed during the year)	2	-
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	-	1
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	-

24. FINANCE COST

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Hire purchase and lease interest	(320)	(126)	(45)	(10)
Revolving credit, bank overdraft, bankers' acceptances and trust receipts	(14,101)	(14,349)	(11,517)	(11,446)
Loan stock	(2,691)	(6,573)	(2,691)	(6,573)
Term loan	(9,279)	(8,080)	(2,773)	(2,800)
	(26,391)	(29,128)	(17,026)	(20,829)

25. TAXATION

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Taxation based on results for the year				
- current tax	(1,528)	(2,311)	(2,542)	(1,300)
- deferred	24	628	-	-
	(1,504)	(1,683)	(2,542)	(1,300)
Over provision in prior years				
- current tax	197	-	-	-
- deferred	542	-	542	-
	(765)	(1,683)	(2,000)	(1,300)

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

26. LOSS PER ORDINARY SHARE

The calculation of loss per ordinary share is based on loss after taxation and minority interest amounting to RM50,174,000 (2000: RM11,626,000) and the weighted average number of ordinary shares in issue during the year of 246,025,000 (2000: 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. 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 2001						
Less than one year						
- Hire purchase	336	84	420	166	47	213
- Lease creditors	454	124	578	-	-	-
	790	208	998	166	47	213
Between one to five years						
- Hire purchase	852	229	1,081	472	130	602
More than five years						
- Hire purchase	11	4	15	-	-	-
	863	233	1,096	472	130	602
TOTAL	1,653	441	2,094	638	177	815
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 to 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

28. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Unsecured guarantees issued in respect of banking/credit facilities granted to subsidiary companies	-	-	44,437	42,357
Unsecured guarantees issued in respect of banking facilities granted to third parties	4,000	9,000	4,000	9,000
	4,000	9,000	48,437	51,357

A subsidiary company has defaulted on lease repayments, including interest, of RM881,000 which has been guaranteed by the Company.

The Company has agreed to provide continued financial support to certain subsidiary companies for a period of twelve months from 1 January 2002 to enable them to meet their obligations as and when they fall due during this period.

29. COMMITMENTS

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
The commitment under non-cancellable operating leases on property, plant & equipment is as follows:-				
Amount payable within one year	39	-	21	-
Amount payable within one to five years	60	-	32	-
	99	-	53	-
Capital commitments not provided for in the accounts:-				
Authorised and not contracted for	26,371	-	-	-
Authorised and contracted for	77,174	129,949	74,440	129,949
	103,545	129,949	74,440	129,949

Capital commitments authorised and contracted for are mainly in respect of the proposed acquisition of Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd. referred to in Note 34 to the financial statements.

30. ACQUISITION OF A SUBSIDIARY COMPANY

On 27 April 2001, the Company completed its 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 had been paid up, for a purchase consideration of RM51,640,000 which was satisfied by the issuance of 51,640,000 new ordinary shares of RM1 each at par in Lien Hoe Corporation Berhad.

(a) The effect of the acquisition on the financial results of the Group during the year is as follows:-

	2001
	RM'000
Revenue	5,591
Other income	49
Administration expenses	(2,419)
Selling expenses	(126)
Operating profit	<u>3,095</u>
Finance cost	<u>(1,169)</u>
Increase in Group net profit	<u>1,926</u>

(b) The effect of the acquisition on the financial position of the Group at year end is as follows:-

	2001
	RM'000
Property, plant and equipment	92,594
Current assets	11,417
Current liabilities	(33,850)
Deferred liabilities	(16,475)
Deferred taxation	(120)
Increase in Group net assets	<u>53,566</u>

31. RELATED PARTY TRANSACTIONS

	2001		2000	
	Amount transacted RM'000	Outstanding amount RM'000	Amount transacted RM'000	Outstanding amount RM'000
Group				
Management and incentive fees paid to Residence Hotels & Resorts Sdn. Bhd., a company in which a Director has a financial interest	475	98	379	58

The Directors are of the opinion that the above transactions are in the normal course of business and at terms mutually agreed between the parties.

32. LITIGATION

- (a) 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 assumptions 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.
- (b) The Company has instituted a claim against a third party for an amount of RM6,925,000 being the balance due pursuant to a Settlement Agreement dated 6 January 1999 entered into between the parties. An application for summary judgement has been filed and is currently pending the fixing of the hearing date.
- (c) On 27 December 2001, the Company was served a writ of summons by the trustee for the holders of the Redeemable Secured Loan Stock ("Loan Stock") as a result of default on the repayment of the Loan Stock and payment of interest due. The Kuala Lumpur High Court has fixed the hearing date of the case on 30 April 2002.

The trustee has also applied for a court order to foreclose the Company's freehold land and building, Kompleks Lien Hoe which was charged as collateral for the Loan Stock. The Directors are of the opinion that it is premature at this stage to form an opinion on the outcome of this case.

The Company is actively pursuing financing from financial institutions for the repayment of all outstanding interest and the redemption of the balance of the Loan Stock.

33. SIGNIFICANT EVENTS DURING THE YEAR

(a) Capital Reduction and Share Consolidation

During the year, the Company's existing issued and paid-up share capital of RM270,149,543 comprising 270,149,543 ordinary shares of RM1 each were reduced to RM202,612,157 comprising 270,149,543 ordinary shares of 75 sen each which was effected by the cancellation of 25 sen from every RM1 ordinary share.

Upon completion of the said cancellation, the resultant 270,149,543 ordinary shares of 75 sen each were 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 was then applied to reduce the accumulated losses of the Company.

The capital reduction and share consolidation proposals referred to 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.

(b) Acquisition of Atria Properties Sdn. Bhd. ("APSB")

On 27 April 2001, the Company completed its acquisition of the entire issued and paid-up capital of APSB 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 had been paid up, for a purchase consideration of RM51,640,000 which was satisfied by the issuance of 51,640,000 new ordinary shares of RM1 each at par in Lien Hoe Corporation Berhad.

(c) Proposed Restricted Offers for Sale

- (i) The vendors of Atria Properties Sdn. Bhd. were to 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 for 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.
- (ii) The vendors of Billiontex Industries Sdn. Bhd. and Rusella Teguh Sdn. Bhd. were to undertake a restricted offer of rights to allotment of approximately RM84,474,000 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") to the shareholders of the Company, except for 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.

(d) Proposed Restructuring Scheme

- (i) Restructure of 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%.
- (ii) 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 Capital Reduction and Share Consolidation, Acquisition of APSB and Proposed Restricted Offers For Sale exercise.

In view of the prevailing bearish sentiment of the Kuala Lumpur Stock Exchange, the proposed transactions (c) and (d) were aborted.

34. SIGNIFICANT EVENTS PENDING COMPLETION AT BALANCE SHEET DATE

- (a) Acquisition of 100% equity interest in Billiontex Industries Sdn. Bhd. for a purchase consideration of RM53,607,381 to be satisfied by the issuance of RM53,607,381 5-year 2% ICULS at 100% of its nominal value.
- (b) Acquisition of 100% equity interest in Rusella Teguh Sdn. Bhd. for a 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.

The Company has applied to the Securities Commission for an extension of time from 31 March 2002 to 30 June 2002 for the implementation of the above proposed acquisitions.

35. SIGNIFICANT EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 7 January 2002, the Company entered into a sale and purchase agreement to dispose of 75,000,000 ordinary shares of RM1 each representing the entire equity interest in Holiday Plaza Sdn. Bhd. for a consideration of RM92,153,440 to be satisfied by cash of RM7,942,320 and the assumption of liabilities of RM84,211,120.

The shareholders of the Company approved the above transaction at the Company's Extraordinary General Meeting held on 19 April 2002.

36. SEGMENT REPORTING

	Revenue RM'000	Profit / (Loss) Before Taxation RM'000	Total Assets Employed RM'000
(a) Analysis by Activity			
At 31 December 2001			
Property investment holding	60,861	(22,528)	542,288
Property development	-	(565)	36,376
Manufacturing and trading	3,573	(27,832)	2,031
Construction	43,929	2,265	29,307
Tourism and others	14,301	(749)	1,624
	122,664	(49,409)	611,626
At 31 December 2000			
Property investment holding	54,035	(6,826)	485,740
Property development	2,059	731	32,835
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)	586,181
(b) Geographical Segment			
At 31 December 2001			
Malaysia	120,450	(34,582)	607,653
Australia	-	(86)	2,857
Indonesia	2,214	(14,741)	1,116
	122,664	(49,409)	611,626
At 31 December 2000			
Malaysia	133,026	(9,533)	575,218
Australia	-	(281)	3,111
Indonesia	8,540	(129)	7,852
	141,566	(9,943)	586,181

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

We, DATO' YAP SING HOCK and KHOW ENG GUAN, 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 26 to 58 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the financial position of the Group and of the Company as at 31 December 2001 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 2001.

On behalf of the Board,

DATO' YAP SING HOCK)	
)	
)	
)	DIRECTORS
)	
KHOW ENG GUAN)	

Kuala Lumpur, Malaysia
26 April 2002

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

I, KHOW ENG GUAN, 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 26 to 58 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 KHOW ENG GUAN at Kuala Lumpur
in the Federal Territory on 26 April 2002.

KHOW ENG GUAN

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 26 to 58. 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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the financial position of the Group and of the Company as at 31 December 2001 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 the 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 financial statements, 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 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.

As disclosed in Note 1 to the financial statements, the validity of the preparation of the financial statements on the going concern basis is dependent on the successful implementation of the Company's strategic alternatives such as the disposal of assets, refinancing of or obtaining additional banking facilities.

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

ERNST & YOUNG AF: 0039

Chartered Accountants

Choong Mei Ling 1918/09/02(J)

Partner

Kuala Lumpur, Malaysia

26 April 2002

SCHEDULE OF PROPERTIES
(HELD BY THE COMPANY AND ITS SUBSIDIARY COMPANIES
AS AT 31 DECEMBER 2001)

Location Of Properties	Description	Date Of Acquisition (Date Of Revaluation)	Expiration Of Lease	Land Area (Acres)	Lettable Area (Sq. Ft.)	Approximate Age Of Building (Years)	Net Book Value (RM'000)
Lot 11592, Mukim of Plentong, Johor Bahru, Johor	Eight blocks of 5 storey and two blocks of 6 storey commercial buildings <i>Known as Kompleks Lien Hoe</i>	May 1990	Freehold	7.73	802,913	18	63,781
Lot TLO 432A, Jalan Tampoi, Johor Bahru, Johor	Single storey factory buildings	(June 1988)	24 October 2020	6.69	103,355	26	1,082
Lot 16914, Township and District of Johor Bahru, Johor	4 storey retail podium block with a basement car park and a 16 storey office tower block <i>Known as Holiday Plaza</i>	May 1990	Freehold	6.28	272,653	18	59,751
Lot 9234, Jalan Tampoi, Johor Bahru, Johor	Single storey factory buildings	(June 1988)	9 January 2031	2.59	33,486	26	535
Lots PTB 19176 to 19178, Johor Bahru, Johor	Single storey factory buildings	January 1997	30 March 2021	4.66	24,877	26	5,637
Lots 2911 and 2912, Johor Bahru, Johor	Vacant development land	May 1992	Freehold	1.37	N/A	N/A	3,610
Lots 1589 and 1592, Mukim of Tebrau, Johor	Double storey office building	May 1994	Freehold	4.14	9,935	25	5,037
Lot 6367, Lots 3824 to 3827 and Lots 5975 to 5979, Mukim of Senai-Kulai, Johor	Development land	January 1992	Freehold	79.98	N/A	N/A	19,774
Lot 290, Mukim of Tebrau, Johor	Vacant development land	June 1996	Freehold	5.96	N/A	N/A	9,030
Lots PTD 5358 to 5379, Township and District of Johor Bahru, Johor	87 units apartments <i>Known as Pelita Indah Condominium Apartments</i>	May 1995	Freehold	2.87	152,156	7	23,656
Lots 214 and 215, Mukim of Plentong, Johor Bahru, Johor	Vacant development land	January 1996	Freehold	20.69	N/A	N/A	7,444
Lot 51, Section 27, Town of Petaling Jaya, Selangor.	4 storey podium with a basement car park and 23 storey hotel with 241 rooms <i>Known as Plaza Armada and Hotel Armada</i>	June 1993	6 February 2071	2.44	93,214	5	121,474
PT 31399, Mukim of Sungai Buloh, Selangor	20 storey office building with a 5-level car park. <i>Known as Menara Lien Hoe</i>	June 1996	25 October 2090	1.93	208,272	4	63,668
PT 9089, 9090, 10166, 10197 and 10198, Mukim of Sungai Buloh, Selangor	4 storey shopping complex with 2 blocks of car park building <i>Known as The Atria Shopping Centre</i>	April 2001	Freehold	5.48	210,442	20	92,003
Lots 254 and 256, Section III, Pekan Klebang, Melaka	Vacant development land	November 1997	Freehold	3.12	N/A	N/A	5,000
Jl Krueng Raya, Km 19 Banda Aceh, Indonesia	Single storey factory buildings	June 1997	24 September 2025	16.56	275,480	7	-
Lot PT 4161, Mukim of Setapak, Wilayah Persekutuan	Vacant development land	June 1999	15 May 2090	1.22	N/A	N/A	1,555
52 Bayshore Road, #08-02 Ruby Tower, Singapore 469984	1 unit apartment	October 1999	16 March 2081	Strata title	3,799	15	2,428

STATISTICS OF SHAREHOLDINGS (AS AT 6 MAY 2002)

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	4,678,504	1.84	6,635	26.42
1,000 – 10,000	55,459,628	21.81	15,759	62.76
10,001 – 100,000	62,418,650	24.55	2,578	10.27
100,001 – 12,712,607	103,195,375	40.59	137	0.55
12,712,608 & Above	28,500,000	11.21	1	0.00
Total	254,252,157	100.00	25,110	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 6 MAY 2002

(As Shown in the Register of Substantial Shareholders)

Name	No. Of Shares (Direct)	No. Of Shares (Indirect)	% Of Issued Capital
1. Chan Wah Long	9,375,249	32,109,129 *	16.32
2. Beta Holdings Sdn. Bhd.	32,109,129	-	12.63
3. Yeap Yu Lin	29,000,146	1,989,191 #	12.19
4. Dato' Yap Sing Hock	15,671,500	-	6.16

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.

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 6 MAY 2002

(As Per Register Of Members And Record Of Depositors)

	Name	No. Of Shares	% Of Issued Capital
1.	TASEC NOMINEES (TEMPATAN) SDN BHD Yeap Yu Lin	28,500,000	11.21
2.	TA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Chan Wah Long	10,872,000	4.28
3.	YAP SING HOCK	9,121,250	3.59
4.	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Chan Wah Long	9,000,000	3.54
5.	OSK NOMINEES (TEMPATAN) SDN BHD Wong Chong Shee (CK 18573)	7,000,000	2.75
6.	AFB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Beta Holdings Sdn Bhd	4,935,629	1.94
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Dat Lee Credit Sdn Bhd For Beta Holdings Sendirian Berhad	4,320,000	1.70
8.	PUBLIC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Beta Holdings Sdn Bhd (PFB KLM)	3,811,000	1.50
9.	OSK NOMINEES (TEMPATAN) SDN BHD OSK Capital Sdn Bhd For Chan Wah Long	3,784,500	1.49
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Pengurusan Danaharta Nasional Berhad For Chee Kong Chi	3,750,000	1.47
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Dat Lee Credit Sdn Bhd For Yap Sing Hock	3,180,000	1.25
12.	AFFIN-UOB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Noor Asiah Binti Mahmood	3,050,654	1.20
13.	TASEC NOMINEES (TEMPATAN) SDN BHD TA First Credit Sdn Bhd For Chan Wah Long	2,536,500	1.00
14.	JB NOMINEES (TEMPATAN) SDN BHD Fraser Securities Pte Ltd For Yap Sing Hock (27616)	2,251,750	0.89
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD Arab-Malaysian Finance Berhad For Beta Holdings Sdn Bhd	2,190,000	0.86
16.	CLASSIC VENUE SDN BHD	1,989,191	0.78
17.	EMPLOYEES PROVIDENT FUND BOARD	1,347,000	0.53
18.	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Yap Sing Hock (MKL)	1,118,500	0.44

19.	THE CENTRAL DEPOSITORY (PTE) LIMITED	1,107,000	0.44
20.	CHEE SAU FOONG	1,000,000	0.39
21.	AMSEC NOMINEES (ASING) SDN BHD Fraser Securities Pte Ltd For Ocean Front Pte Ltd (27050)	982,500	0.39
22.	HLG NOMINEE (TEMPATAN) SDN BHD Pledged Securities Account For Yap Joon Hwa	939,750	0.37
23.	LIANG & LIANG SDN BHD	918,000	0.36
24.	HLG NOMINEE (TEMPATAN) SDN BHD Pledged Securities Account For Lim Seow Kwi @ Lim Chew Kwi	609,750	0.24
25.	HDM NOMINEES (ASING) SDN BHD OCBC Securities Pte Ltd For Hanson Luhur	487,500	0.19
26.	JF APEX NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Lim Gaik Bway @ Lim Chiew Ah	468,000	0.18
27.	LILIS SUTJINI	453,000	0.18
28.	MAYBAN SECURITIES NOMINEES (ASING) SDN BHD Yeo Chiu Beng (39B)	450,000	0.18
29.	TANG KEE HIONG	450,000	0.18
30.	MENTERI KEWANGAN MALAYSIA	442,855	0.17
	TOTAL	<u>111,066,329</u>	<u>43.68</u>

Form Of Proxy

NO. OF SHARES HELD	
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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 32nd Annual General Meeting of the Company to be held at Laksamana Ballroom, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya on Wednesday, 26 June 2002 at 10.00a.m.

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 Dato' Yap Sing Hock as a Director of the Company		
3.	Re-election of Dato' Yaacob bin Md. Amin as a Director of the Company		
4.	Re-election of Khow Eng Guan as a Director of the Company		
5.	Re-election of Cheong Marn Seng as a Director of the Company		
6.	Re-election of Lim Meng Hua as a Director of the Company		
7.	Re-election of Yeoh Chong Keat as a Director of the Company		
8.	Re-appointment of Auditors and to authorise the Directors to fix their remuneration		
9.	Approval of Ordinary Resolution pursuant to Section 132 (D) of the Companies Act, 1965		

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 _____ 2002

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 during normal office hour not later 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.