LienHoe
CORPORATION BERHAD
(Company No. 8507-X)

ANNUAL REPORT 2004

Contents

Corporate Information

DIRECTORS

Tun Dato' Seri Abdul Hamid bin Omar
Chairman
(Independent Non-Executive Director)

Cheong Marn Seng, Allen
Executive and Non-Independent Director

Dato' Yaacob bin Md Amin
Independent Non-Executive Director

Dr. Teoh Kim Loon
Non-Executive and Non-Independent Director

Dato' Yap Sing Hock
Managing Director
(Executive and Non-Independent Director)

Chan Wah Long
Vice Chairman
(Executive and Non-Independent Director)

Yeoh Chong Keat
Independent Non-Executive Director

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

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, 50490 Kuala Lumpur
Tel: 03-2087 7000 Fax: 03-2095 5332

PRINCIPAL FINANCIAL INSTITUTIONS

United Overseas Bank (Malaysia) Berhad
Affin Merchant Bank Berhad
Malaysian Assurance Alliance Berhad

REGISTRAR

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

STOCK EXCHANGE LISTING

The Main Board of the Bursa Malaysia
Securities Berhad

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 35th Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2005 at 9.30 a.m. for the 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 2004 and the Directors' and Auditors' Reports thereon *(Resolution 1)*

2. To approve the payment of Directors' Fees. *(Resolution 2)*

3. To re-elect Dato' Yap Sing Hock who retires in accordance with Article 84 of the Company's Articles of Association. *(Resolution 3)*

4. To re-elect the following Directors who retire in accordance with Article 91 of the Company's Articles of Association:-

   Mr Chan Wah Long *(Resolution 4)*
   Dr. Teoh Kim Loon *(Resolution 5)*

5. To consider the re-appointment of Tun Dato' Seri Abdul Hamid bin Omar as Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965. *(Resolution 6)*

6. 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 7)*

AS SPECIAL BUSINESS

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

7. "THAT pursuant to the provision of Section 132D of the Companies Act, 1965 and approvals from the Bursa Malaysia Securities Berhad 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 8)

8. 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
3 June 2005

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.

Explanatory Notes on Special Business

4. Resolution 8, 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 purposes 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.

2004 ANNUAL REPORT

The 2004 Annual Report is in the CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders upon request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Ms Lee Sook Peng or Ms Wong Ngoke Meng at Tel. 03-78051331.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

   Dato' Yap Sing Hock
   Mr Chan Wah Long
   Dr. Teoh Kim Loon
   Tun Dato' Seri Abdul Hamid bin Omar

2. The details of attendance of directors at Board Meeting are as reported on page 14 of the Annual Report.

3. The Company's 35th Annual General Meeting will be held at 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2005 at 9.30 a.m.

4. Details of Directors standing for re-election are as per Profile of Directors on pages 6 to 8 of the Annual Report.

Tun Dato' Seri Abdul Hamid bin Omar
(76 years of age – Malaysian)
Chairman, Independent Non-Executive Director

He was appointed the Chairman of the Company on 26 February 2003.

He studied law in England, was called to the English Bar on 22 November 1955 and is a member of the Honourable Society of Lincoln's Inn, London. He had served the Judicial and Legal Service of the Government of Malaysia from 1956 and carved out an illustrious career which culminated with his appointment as Lord President of the Supreme Court on 10 November 1988 until he retired in September 1994. He was then re-appointed for a further term of six months in accordance with the provisions of the Constitution as his services were still required by the nation. His wealth of knowledge and contributions to the legal profession earned him several State and Federal awards since 1966, the highest being the Federal award of Seri Setia Mahkota (SSM) which carries the title TUN.

He is also a Director of Olympia Industries Bhd, a company listed on the Main Board of Bursa Malaysia Securities Berhad.

Dato' Yap Sing Hock
(56 years of age – Malaysian)
Managing Director (Executive and Non-Independent Director)

He was appointed the Managing Director of the Company on 30 January 2002. He also serves as a member of the Board's Nomination, Remuneration, Risk Management and Director Executive Committees.

He started his career as a property developer and has since then been in the property industry.

Mr Chan Wah Long
(51 years of age – Malaysian)
Vice Chairman (Executive and Non-Independent Director)

He was appointed the Vice Chairman of the Company on 7 July 2004. He also serves as a member of the Board's Audit and Director Executive Committees.

He graduated from the London School of Economics with Bachelor of Science in economics in 1977 and began his career in the property industry by joining Rahim & Co. in 1979. He was the Managing Director of the Company from 1988 and resigned on 18 January 2002. Subsequently he remains the Advisor of the Company until his re-appointment as the Vice Chairman of the Company.

Mr Cheong Marn Seng, Allen
(40 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 Director Executive Committee.

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.

Dr. Teoh Kim Loon
(51 years of age – Malaysian)
Non-Executive and Non-Independent Director

He was appointed a Director of the Company on 7 July 2004.

He graduated in medicine with MBBS from University of Malaya in 1979. He started his own general practice in 1983. In 1999, he was appointed an independent non-executive director of Pharmaniaga Bhd, a company listed on the second board of Bursa Malaysia Securities Berhad. He resigned as a director from Pharmaniaga Bhd in 2001 and assumed the post of Director/Chief Executive of TDMC Hospital Sdn Bhd which owns a 128 bed private hospital in Kuala Lumpur.

He is also the founder member of Korporatif Doctor Malaysia, a life member of Malaysian Medical Association and a member of the American Board of Independent Medical Examiner.

Dato' Yaacob bin Md Amin
(59 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 a member of the Board's Remuneration, Nomination and Risk Management 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.

He is also a Director of Khee San Bhd and Furqan Business Organisation Bhd, both listed on the Main Board of Bursa Malaysia Securities Berhad and sits on board of several private limited companies.

Mr Yeoh Chong Keat
(46 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 and Risk Management Committees and the 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, Chartered Accountant (M) and member of the Malaysian Institute of Certified Public Accountants.

He is currently a practising accountant and has been in practice upon his return from the United Kingdom in 1982 where he trained and later qualified as a chartered accountant with the firm now known as PricewaterhouseCoopers, United Kingdom. He was also formerly the Head of the Corporate Services Division of a "Big 4" accounting firm in Kuala Lumpur for over 10 years.

Currently he is the external company secretary of a number of public companies listed on Bursa Malaysia Securities Berhad. He is also a Director of Hiap Teck Venture Bhd, a company listed on the Main Board of Bursa Malaysia Securities Berhad.

OTHER DISCLOSURE BY THE BOARD OF DIRECTORS

None of the Directors has any family relationship with any director and/or substantial shareholders of the Company. The Directors do not have any conflict of interest with the Company and they have not convicted any offences within the past 10 years.

None of the Directors has any interest in the securities of the Company except for:-

Name	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
Dato' Yap Sing Hock	9,843,250	3.26	821,250	0.27
Mr Chan Wah Long	2,034,003	0.67	19,809,037	6.56
Dr. Teoh Kim Loon	965,550	0.32	–	–

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report for the financial year ended 31 December 2004.

Financial Review

The year under review had been a difficult one for the Group. Revenue from the business operations for the year stood at RM97.9 million, down from RM122.3 million in the previous financial year. Revenue comprises income generated from the Group's property investments, hotel operations and the building construction activities. The drop in revenue is primarily due to lower revenue generated by the construction business. In the year under review the construction industry in general faced problems of overcapacity as the Government cut its spending in this sector leading to intense competition and diminishing profit margin, all these adversely affected the performance of our construction business.

Despite the drop in revenue, the Group's operating profit remained at the previous year's level of RM13 million. The contributions were primarily from the property investments and hotel businesses. After allowing for other expenses such as finance costs, taxation and the one-off provisions for doubtful debts of RM19.5 million and impairment losses on properties of RM7.7million, the Group recorded a loss of RM38.5 million as compared to a loss of RM7.5 million in the preceding financial year. The much higher loss in year 2004 over the previous year was attributable to the hefty provision for doubtful debts and impairment losses on properties, the details of which can be found in Notes 8, 13 and 23(b) to the Financial Statements on pages 57, 60 and 65 of this Annual Report respectively. Despite making these provisions on ground of prudence, your Board will continue the effort to maximise the recovery value of these assets.

Dividend

Your Board has decided not to propose any dividend for the year under review as the Company is not in a position to do so.

Corporate Development

As reported in my statement last year, the Company has entered into a conditional sale and purchase agreement with ISG Asia Limited, a company listed on the Stock Exchange of Singapore, for the sale of four properties that was supposed to complete in the year under review. However, we intend to revise the structure of the deal and the purchaser has given its consent for a revision of the proposal. As at the date of this report, the new terms and proposed structure are still being reviewed by both parties.

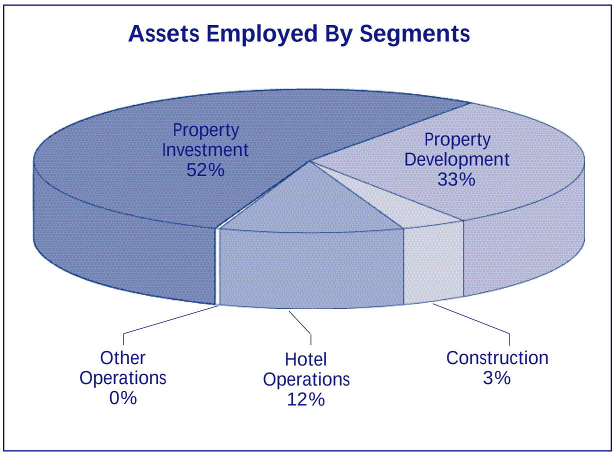
Acknowledgement

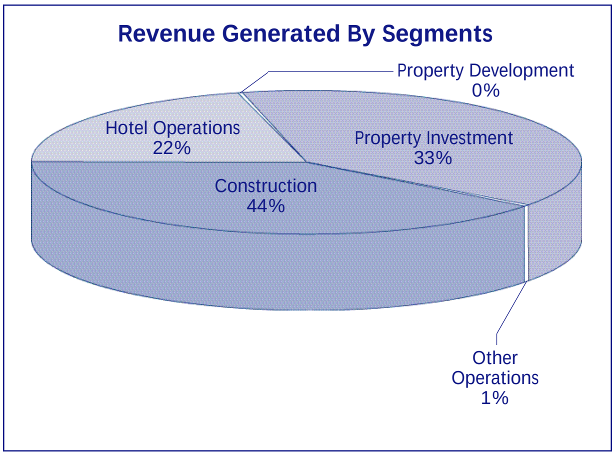
The support of bankers, business associates, shareholders are essential for any organisation to function efficiently and effectively. The Board is grateful for their continued support during this difficult period.

I would like to take this opportunity to welcome aboard two new members to the Board, namely Mr Chan Wah Long and Dr. Teoh Kim Loon. Mr Chan Wah Long is a familiar face to the Group where he served as managing director for several years before stepping down to pursue other interests while remaining as an advisor to the Board. Dr. Teoh Kim Loon, a medical practitioner, who has earlier served on the board of another public listed company, brings with him a wealth of corporate, business and management experience. In the meantime, I would like to record the Board's gratitude to Lt.Col (Rtd) Aw Tee Wan, Mr Clifford Lim Meng Hua and Mr Khow Eng Guan who had left the Board to make way for the new appointments. I am pleased to note that they are continuing to play a key role in the Group as core members of the senior management. Last but not least, it is appropriate that I record the Board's appreciation to the members of the staff who have continued to serve the Group well.

Tun Dato' Seri Abdul Hamid bin Omar
Chairman
19 May 2005

In year 2004, the Group continued its strategy to focus on growing and improving the performance of its four core business activities; namely property investment, property development, building construction and hotel. The revenue generated and assets employed by each of the core businesses in year 2004 are presented in the following pie charts.





Property Investment

In the year under review, property investment remained the Group's primary business activity both in terms of asset size and earnings contribution. The Group owns approximately 1.3 million square feet of commercial space under a portfolio of four investment properties. Information on the four properties and the occupancy rate achieved in year 2004 are provided in the table below.

Building	Location	Type	Lettable Area (sq. ft)	Occupancy Rate (%)
Kompleks Lien Hoe	Johor Bahru	Retails	821,211	69%
Plaza Armada	Petaling Jaya	Retails	106,177	68%
The Atria Shopping Centre	Petaling Jaya	Retails	204,726	99%
Menara Lien Hoe	Petaling Jaya	Office	207,764	68%

For the year 2004, Kompleks Lien Hoe registered a gross rental income of RM15.4 million, representing a marginal increase from RM15.0 million in year 2003. The refurbishment and upgrading exercise for the building went into its second year in 2004 and upon its targeted completion in year 2006, the building is expected to see strong improvement in its occupancy rate and rental income.

As expected, both retail properties in Klang Valley suffered a drop in their gross rental income due to strong competition from new retail centres and shopping malls that came into the market in the last two years. Gross rental income from The Atria Shopping Centre and Plaza Armada therefore recorded a lower level at RM9.4 million and RM4.3 million respectively in 2004, down from RM9.8 million and RM5.8 million respectively in the previous year. Nonetheless, the gross rental income from Menara Lien Hoe improved slightly from RM4.6 million in the previous year to RM4.9 million in the year under review.

Generally, the year 2004 was a competitive year for our retail properties particularly in the Klang Valley. There is strong evidence of market saturation for retail space in Klang Valley with 2.41 million square feet expanded in year 2004 and another 3.23 million square feet of new retail space to be added to the market in the current year. Despite having confidence in the location and management of our retail properties, we are aware of the challenges posed by new competing retail malls and on-going effort is in place to reposition our properties to withstand the competition.

Building Construction

During the year under review, the Group's construction division has completed another 2 projects worth a total of RM43 million in contract value to add to the over RM750 million worth of building construction projects completed successfully over the years.

In tandem with the slump in the construction industry, revenue from the Group's construction activity fell to RM43.3 million as compared to RM62.1 million in the financial year 2003. Despite the lower revenue, it posted an improved operating profit of RM1.4 million compared to RM1.2 million over the previous year due to stringent cost management.

Currently, the Group has outstanding jobs with a total contract value of RM53 million, all of which are in various stages of completion. Looking ahead, the performance of the Group's building construction business is expected to reflect the negative outlook and tough operating environment in the industry in which supplies of new jobs and contracts are limited.

Hotel

The Group's hotel business is mainly spearheaded by Hotel Armada, a 242-room 4-star hotel located in Petaling Jaya. For the financial year 2004, revenue rose to RM20.5 million, up by 10.2% from RM18.6 million in the preceding year, which was spurred by higher room and banquet sales as well as better room yield. On the back of the higher sales, operating profit rose from RM7.2 million in previous year to RM7.4 million in financial year 2004. The businesses of the hotel was generally buoyant for the whole of year 2004 to record the highest ever occupancy rate of 80%, outperformed the industry average of 70%.

The year 2004 also witnessed the hotel embarking on a 5-year refurbishment plan, which we view as crucial to keep pace with the industry which saw the opening of a few new hotels. Intensifying competition notwithstanding, we are fairly optimistic with the prospects for the hotel business given the projected rising tourist arrival in both business and leisure segments and we are determined to develop more effective marketing strategy and offer better products to maintain our market share.

Property Development

The Group has a land bank of over 200 acres comprising notably the 128 acres of commercial land at Puchong, Selangor and the 74 acres of mixed development land at Senai, Johor. We have not begun any development on our land as we maintain our cautious approach prior to committing any capital on any development project. Nonetheless, we are making encouraging progress in securing strategic purchasers for selected portion of our land in Puchong with the objective of enhancing the value and marketability of the remaining land. With all the "homework" being carried out, we believe we are getting closer to a finalised development plan and to have a maiden sale launch for the land in Puchong.

In year 2004, the Group has entered into a conditional sale and purchase agreement to dispose the 20 acres of mixed development land at Ulu Tiram, Johor for RM4.5 million. This transaction is due for completion in the current year.

Overall Results and Outlooks for Year 2005

Overall the Group's business activities performed comparatively well in financial year 2004 despite operating in an increasing competitive environment coupled with the constraint of capital. The operating profits of all the business activities combined stood at RM13.6 million, before accounting for provision for doubtful debts, impairment losses on properties, taxation and finance costs. As in the last few years, the Group's profitability is significantly hampered by high borrowing costs, which amounted to RM23.1 million in financial year 2004.

Since the 1998 economic turmoil, the Group has been locked in a situation of high debt gearing, the servicing of which completely drains the cashflow and erases the profits of the Group. After various unsuccessful proposals and attempts, we have come to realise that sale of some of the Group's assets is the only key to unlock the situation. However, the soft real estate market in the last couple of years has not been of particular help to our course but there has been strong sign that foreign interests are gradually back in our property market. In light of the expected recovery of the local property market and the completion of the on-going corporate exercise, we are optimistic that the Group's financial condition will soon be improved.

As for the business operations in year 2005, we will continue to pursue higher returns from our investment properties and earnings growth from the other businesses through improvement in operating efficiency and enhancement in cost control.

Dato' Yap Sing Hock
Group Managing Director
19 May 2005

The Malaysian Code on Corporate Governance (the "Code") defines the principles and best practices on structure and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board of Directors ("the Board") of Lien Hoe Corporation Berhad is dedicated to complying with all the key principles and practices of the Code. The following statement outlines the corporate governance practices that were in place throughout the year ended 31 December, 2004.

A. DIRECTORS

i Board responsibilities

The Board is overall responsible for the strategic direction and business performance of the Group by specifically focusing on issues relating to strategic plan, business conduct, risk management and internal control.

The Board meets regularly to review the Group's corporate strategy, business operation, financial results and also to decide on matters significant to the Group's business and finances including approval of annual operating budget, major capital expenditure, material acquisition and disposal of assets.

ii Board composition and balance

The Board currently consist of seven members; comprising three Executive Directors, three Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

Collectively the Board has a mix of industry-specific knowledge and technical skills which are necessary for the leadership and management of the Group.

There is balance in the Board represented by the presence of three Independent Directors who ensure that strategies proposed by the Executive Management are fully examined and the long term interests of minority shareholders are well taken into consideration.

The profile of each of the members of the Board can be found on pages 6 to 8 of this Annual Report.

iii Board appointment and re-election

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.

At least one third of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each Annual General Meeting.

iv Board meetings and information

Four board meetings were held in the financial year ended 31 December 2004 and the attendance record of each director is as follows :

Directors	Meeting Attendance
Tun Dato'Seri Abdul Hamid Bin Omar	4/4
Mr Chan Wah Long (appointed on 7/7/2004)	2/4
Dato' Yap Sing Hock	4/4
Mr Cheong Marn Seng, Allen	4/4
Dato' Yaacob Bin Md Amin	4/4
Mr Yeoh Chong Keat	3/4
Dr Teoh Kim Loon (appointed on 7/7/2004)	2/4
Mr Khow Eng Guan (resigned on 7/7/2004)	2/4
Mr Lim Meng Hua (resigned on 7/7/2004)	2/4
Ir. Aw Tee Wan (resigned on 7/7/2004)	1/4

During the year, the Board resolved and approved the Group's matters through board meetings or Directors' circular resolutions.

During the Board meetings, the Board considered and deliberated on the financial statements and results of the Group, the business performance of the Group and other strategic issues that affected the Group's businesses.

The Directors also visited the Group's project sites and properties to have a better understanding of the working condition of the Group's business operations so that they were able to contribute more effectively during board deliberations.

The Board had been supplied with full and timely information to enable it to discharge its responsibilities. All notices of meetings together with the agenda and discussion papers were served on the Directors in advance of the meeting dates.

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

v Board Committee

The Board has delegated specific responsibilities to five subcommittees, namely Audit, Executive, Nomination, Remuneration and Risk Management Committees. The details of each of the said committees are set out below:-

- **Audit Committee**

  The Terms of Reference of the Audit Committee, its members and its activities during the financial year, details of attendance of each member and the number of meetings held are set out on pages 18 to 21 of this Annual Report.

- **Executive Committee**

  The Executive Committee which comprises Dato' Yap Sing Hock, Mr Chan Wah Long and Mr Cheong Marn Seng was established to be responsible for, inter-alia, the following duties and responsibilities:

  1. To review and monitor the performance of all operating units and subsidiaries of the Company;

  2. As approving authority for all capital expenditures and contractual commitments exceeding RM1,000,000 undertaken by the Group;

  3. To review and prescribe policies in relation to the day to day operations of the Group.

- **Nomination Committee**

  The Nomination Committee is set up to promote a formal and transparent procedure for appointment to the Board.

  The Nomination Committee comprises mainly of Non-Executive Directors and a total of two meetings were held during the year. The details are as follows:

Directors	**Meeting Attendance**
Mr Yeoh Chong Keat (Chairman/Independent Non-Executive Director)	2/2
Dato' Yaacob bin Md Amin (Member/Independent Non-Executive Director)	2/2
Dato' Yap Sing Hock (Member/Executive Director)	2/2

  The Nomination Committee serves to facilitate appointment of new directors as and when necessary and will give due consideration to the mix of experience and skills required for an effective Board.

- **Remuneration Committee**

  The Remuneration Committee comprises mainly of non-executive Directors and a total of two meetings were held during the year. The details are as follows:

Directors	Meeting Attendance
Mr Yeoh Chong Keat - Chairman (Chairman/Independent Non-Executive Director)	2/2
Dato' Yaacob bin Md Amin (Member/Independent Non-Executive Director)	2/2
Dato' Yap Sing Hock (Member/Executive Director)	2/2

  The Remuneration Committee's primary responsibility is to review and recommend to the Board all remuneration of Directors. Directors do not participate in decisions on their own remuneration.

- **Risk Management Committee**

  The Risk Management Committee consists of the following members: -

  Dato' Yap Sing Hock
  (Member/Executive Director)

  Dato' Yaacob bin Md Amin
  (Member/Independent Non-Executive Director)

  Mr Yeoh Chong Keat
  (Member/Independent Non-Executive Director)

  The Risk Management Committee assists the Board to oversee the management of risk issues and review the efficacy of the internal controls of the Group.

B. DIRECTORS' REMUNERATION

Analysis of the Directors' remuneration are set out on pages 66 to 67 of this Annual Report.

C. RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. Announcements and release of financial results on a quarterly basis provide the shareholders and the investing public with an overview of the Group's performance and operations.

The Annual General Meeting ("AGM") is the principal forum for dialogue with individual shareholders and investors. At the Company's AGM, shareholders are encouraged to ask questions and express their views about the Company's business and financial issues.

D. ACCOUNTABILITY AND AUDIT

i Financial reporting

The Board aims to provide a balanced and understandable assessment of the Company's financial position and prospects at the end of the financial year.

The Group publishes full financial statements annually and quarterly results announcements as required by the Listing Requirements. The Audit Committee assists the Board by reviewing the disclosure information to ensure accuracy and adequacy.

ii Internal Control

The Statement on Internal Control appended on pages 22 to 23 of this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets.

iii 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 auditors is detailed in the Audit Committee Report set out on pages 18 to 21 of the Annual Report.

THE AUDIT COMMITTEE COMPRISES THE FOLLOWING DIRECTORS: -

DATO' YAACOB BIN MD AMIN
(Chairman and Independent Non-Executive Director)

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

MR YEOH CHONG KEAT
(Independent Non-Executive Director)

MR CHAN WAH LONG
(Executive Non-Independent Director)

TERMS OF REFERENCE

COMPOSITION

The Audit Committee shall be appointed by the Board from amongst its Directors which fulfils 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: -

    (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

    (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

  (iii) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad.

(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 Audit 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 Audit 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 BURSA MALAYSIA SECURITIES BERHAD

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 Audit Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

FUNCTIONS

The functions of the Audit 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 results 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 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 Audit Committee, the majority of members present must be independent directors.

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

NUMBER OF AUDIT COMMITTEE MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2004 AND ATTENDANCE OF EACH MEMBER

The Audit Committee met 5 times during the financial year ended 31 December 2004 and the attendance of each member of the Audit Committee are as follows:-

Composition of The Audit Committee	Meeting attendance
Dato' Yaacob bin Md Amin	5/5
Mr Yeoh Chong Keat	5/5
Mr Chan Wah Long *(Appointed on 7 July 2004)*	2/5
Tun Dato' Seri Abdul Hamid bin Omar *(Appointed on 29 March 2005)*	N/A

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

During the financial year ended 31 December 2004, five Audit Committee meetings were held and the meetings were attended by all the Audit Committee members except for Mr Chan Wah Long who was appointed on 7 July 2004 and Tun Dato' Seri Abdul Hamid bin Omar who was appointed on 29 March 2005. The Audit Committee met once a year with the external auditors without the presence of the executive committee members.

In line with the Terms of Reference of the Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2004:

1. Reviewed the quarterly and annual financial results announcements and recommending for the approval by the Board of Directors, focusing particularly on compliance with accounting standards and regulatory requirements.

2. Reviewed the nature and scope of the audit with the external auditors, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response.

3. Reviewed the scope of internal audit plan and the results of the audit work carried out by the internal audit function.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2004, the Control & Development department carried out its duties covering operational audit, system audit and financial audit with the aim to provide reasonable assurances to the Audit Committee that the systems, operations and procedures continue to operate satisfactorily and effectively in the Group and its subsidiary companies.

Effective internal control and risk management practices are important in safeguarding the Group's assets and the shareholders' investment in the Company. Set out below is a statement outlining the state of the system of internal control of the Group during the financial year ended 31 December 2004.

Board's Responsibilities

It is the primary duty of the Board of Directors to maintain a sound system of internal control and to review its adequacy and integrity. The system of internal controls, covering both the financial and operational controls, involves all key operating units within the Group and is designed to meet the Group's business objectives and to manage the risks to which they are exposed.

By virtue of the limitations inherent in any system of internal control, this system can only provide reasonable, and not absolute, assurance against material misstatement, loss or fraud.

Risk Management Framework

Risk is inherent in all of the Group's businesses. The major types of risks to which the Group is exposed are financing, credit and operating risks.

The Board has developed and implemented control mechanisms comprising policies and procedures to identify, mitigate, and monitor risk at various levels of the Group to ensure high standards of risk management.

Managers of each operating unit are entrusted with the primary responsibility to manage their own business risk within the control mechanisms established by the Board.

The Board adopted the Group's Risk Management Framework and Risk Management Policy in year 2003 which sets out the Group's underlying approach to risk management with the objectives to facilitate the formulation of the requisite action plans, controls and structures to manage the risks to which the Company is exposed, and outlines common written arrangements that are essential for the effective operation of a risk management program.

The Risk Management Committee, with the support of the Control & Development department, has in place an on-going process for identifying, evaluating and managing the risks that may affect the achievement of the Group's business objectives.

Internal Audit Function

The Group has an independent internal audit unit whose core function is to perform an independent appraisal of the Group's activities and to evaluate the effectiveness of the system of internal controls. Reports on findings of the internal audit are presented to the Audit Committee of the Board for consideration.

Other Risks and Control Process

Apart from risk management and internal audit, the Group's operating units must comply with the Group's documented internal policies manuals. Compliance with these procedures is an essential element of the internal control framework. The policies manuals are periodically under review for changes to meet new business requirements.

Clearly defined authorization limits at appropriate levels are set out in an authority matrix for controlling and approving capital expenditure and expenses. The matters requiring the Board's approval are clearly defined.

The Group has also in place experienced and competent staff in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control.

Board's Conclusion

During the year under review, the Board is pleased to declare that the Group's system of internal controls is in line with the Malaysian Code on Corporate Governance and the Statement on Internal Control : Guidance for Directors of Public Listed Companies. No significant control failures or weaknesses that would result in material losses and require disclosure in the Company's annual report were identified during the year.

The Board recognizes the importance of operating a system of internal control that supports the business objectives of the Group. The Board will continuously assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary.

SHARE BUY-BACK

The Company did not buy any of its own shares during the financial year ended 31 December 2004.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Pursuant to a Trust Deed dated 11 July 2002, the Company issued RM107,490,084 nominal value of 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ('ICULS') at 100% of its nominal value in satisfaction of the purchase consideration for the acquisition of two subsidiary companies, Billiontex Industries Sdn Bhd and Russella Teguh Sdn Bhd. As at 31 December 2004, RM47,777,389 nominal value of ICULS were converted into new ordinary shares of RM1 each in the capital of the Company. Other than the above, there was no exercise of options or warrants.

AMERICAN DEPOSITORY RECEIPT ('ADR') OR GLOBAL DEPOSITORY RECEIPT ('GDR')

The Company did not sponsor any ADR or GDR programme.

SANCTIONS AND/OR PENALTIES

On 20 August 2004, Bursa Malaysia Securities Berhad in consultation with the Securities Commission publicly reprimanded and imposed a fine of RM3,000 on the Company for breach of paragraph 9.22 (1) of the Bursa Malaysia Securities Berhad Listing Requirements. This relates to the late release of the Company's 4th quarter 2003 financial report by 3 market days. The delay is due to administrative error and the Board of Directors has undertake to exercise more caution in the future to prevent similar recurrence.

NON-AUDIT FEES

There were no non-audit fees paid to the external auditors in the financial year ended 31 December 2004.

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2004 and the unaudited results previously announced by the Company.

PROFIT GUARANTEE

For the financial year ended 31 December 2004, 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 the 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 the 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 are responsible 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 which enables them to ensure that the Financial Statements comply with the Companies Act 1965.

The Directors are generally responsible 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.

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2004.

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) building and civil works; and
(iv) operation of hotels.

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

RESULTS

	Group RM'000	Company RM'000
Loss before taxation	(37,092)	(29,435)
Taxation	(1,431)	(1,078)
Net loss for the year	(38,523)	(30,513)

There were no material transfers to or from reserves or provisions during the year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in Note 23(b) to the financial statements.

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tun Dato' Seri Abdul Hamid bin Omar
Dato' Yap Sing Hock
Cheong Marn Seng
Dato' Yaacob bin Md Amin
Yeoh Chong Keat
Dr. Teoh Kim Loon (appointed on 7 July 2004)
Chan Wah Long (appointed on 7 July 2004)
Ir. Aw Tee Wan (resigned on 7 July 2004)
Lim Meng Hua (resigned on 7 July 2004)
Khow Eng Guan (resigned on 7 July 2004)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 24 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.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1 each			
	1 January 2004/Date of Appointment	**Bought**	**Sold**	**31 December 2004**
The Company				
Direct Interest				
Dato' Yap Sing Hock	16,337,500	–	(6,494,250)	9,843,250
Chan Wah Long	2,034,003	–	–	2,034,003
Dr. Teoh Kim Loon	965,550	–	–	965,550
Indirect Interest				
Dato' Yap Sing Hock	500,000	321,250	–	821,250
Chan Wah Long	23,118,537	–	(1,785,000)	21,333,537

Dato' Yap Sing Hock, Chan Wah Long and Dr. Teoh Kim Loon by virtue of their interests in shares in the Company are also deemed interested in shares in all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors who held office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the year, the Company's issued and paid–up share capital was increased to RM302,029,546 comprising 302,029,546 ordinary shares of RM1 each arising from the conversion of RM4,000,000 nominal value of 5–year 2% ICULS into 4,000,000 new ordinary shares of RM1 each.

The new ordinary shares rank pari passu in all respects with existing ordinary shares except that they will not be entitled to any dividend, rights and other distribution declared in respect of the financial period prior to the financial period in which the ICULS are converted.

OTHER STATUTORY INFORMATION

(a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and 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 had 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 financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the 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 would 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 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 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 or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events during the year are as disclosed in Note 32 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors

Dato' Yap Sing Hock

Cheong Marn Seng

Kuala Lumpur, Malaysia
27 April 2005

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

We, Dato' Yap Sing Hock and Cheong Marn Seng, being two of the directors of Lien Hoe Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 33 to 78 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

Dato' Yap Sing Hock

Cheong Marn Seng

Kuala Lumpur, Malaysia
27 April 2005

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

I, Cheong Marn Seng, being the director primarily responsible for the financial management of Lien Hoe Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 78 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Cheong Marn Seng
at Kuala Lumpur in the Federal Territory
on 27 April 2005

Cheong Marn Seng

Before me,

Soh Ah Kau
Pesuruhjaya Sumpah
Kuala Lumpur, Malaysia

REPORT OF THE AUDITORS TO THE MEMBERS OF
LIEN HOE CORPORATION BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 33 to 78. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

As disclosed in Note 13 to the financial statements, other receivables of the Group and the Company as at 31 December 2004 included the following:

(i) an amount of RM10,655,000 for which a provision of RM7,512,000 has been made during the financial year leaving a balance of RM3,143,000 which is collaterised by the Company's ordinary shares with nominal value of RM10,655,000 and market value of RM3,143,000 as at 31 December 2004; and

(ii) amounts of RM15,999,000 which are collaterised by the Company's ICULS with nominal value of RM14,300,000 and carrying value of RM4,219,000 upon conversion to ordinary shares as at 31 December 2004. The shortfall of RM11,780,000 has been fully provided for during the financial year.

We have reported in our report dated 29 April 2004 on the financial statements of the Group and the Company for the year ended 31 December 2003 that the above provisions should have been made as at 31 December 2003. Had these provisions for doubtful debts been made in the previous financial year, the net loss for the year ended 31 December 2004 for the Group and the Company would decrease by RM19,292,000 respectively.

In our opinion, except for the effects on the financial statements of the matters referred to in the preceding paragraph, the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB 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 2004 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.

In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 6 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Without further qualifying our opinion, we draw attention to Note 2 to the financial statements which explains that the validity of the preparation of the financial statements on the going concern basis is dependent on the successful implementation of the Company's plans for disposal of assets and debt reduction.

Ernst & Young
AF: 0039
Chartered Accountants

Tan Soo Yan
No. 1307/03/06 (J/PH)
Partner

Kuala Lumpur, Malaysia
27 April 2005

BALANCE SHEETS
AS AT 31 DECEMBER 2004

	Note	Group		Company	
		2004	2003	**2004**	2003
		RM'000	RM'000	**RM'000**	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	**384,023**	395,398	**91,059**	91,742
Land held for development	5(a)	**187,710**	193,407	**–**	–
Subsidiaries	6	**–**	–	**446,031**	449,110
Other investments	7	**–**	–	**–**	–
Long term receivables	8	**–**	3,578	**–**	3,578
Goodwill on consolidation	9	**7,090**	7,099	**–**	–
Deferred tax assets	10	**–**	325	**–**	–
		578,823	599,807	**537,090**	544,430
CURRENT ASSETS					
Property development costs	5(b)	**4,872**	–	**–**	–
Amount due from customers for contract work	11	**1,796**	1,968	**–**	–
Inventories	12	**22,342**	24,122	**–**	–
Receivables	13	**34,182**	54,218	**9,685**	24,640
Tax recoverable		**670**	1,747	**492**	1,570
Fixed deposits with licensed banks	14	**204**	204	**–**	–
Cash and bank balances		**1,948**	1,820	**332**	183
		66,014	84,079	**10,509**	26,393
CURRENT LIABILITIES					
Bank overdrafts (Secured)	15	**17,170**	27,076	**13,267**	22,297
Borrowings (Secured)	16	**132,249**	134,098	**114,087**	109,976
Amount due to customers for contract work	11	**1,405**	1,600	**–**	–
Payables	17	**59,341**	55,740	**32,790**	25,531
Tax payable		**2,112**	2,810	**–**	–
		212,277	221,324	**160,144**	157,804
NET CURRENT LIABILITIES		**(146,263)**	(137,245)	**(149,635)**	(131,411)
		432,560	462,562	**387,455**	413,019

	Note	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
FINANCED BY:					
Share capital	18	**302,029**	298,029	**302,029**	298,029
Reserves	19	**73,927**	73,819	**70,393**	70,393
Accumulated losses		**(137,790)**	(99,267)	**(125,966)**	(95,453)
Shareholders' funds		**238,166**	272,581	**246,456**	272,969
Deferred tax liabilities	10	**41,702**	41,624	–	–
Borrowings (Secured)	16	**92,979**	84,644	**81,286**	76,337
Irredeemable convertible unsecured loan stocks ("ICULS")	20	**59,713**	63,713	**59,713**	63,713
Non-current liabilities		**194,394**	189,981	**140,999**	140,050
		432,560	462,562	**387,455**	413,019

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

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Group		Company	
		2004	2003	**2004**	2003
		RM'000	RM'000	**RM'000**	RM'000
Revenue	21	**97,902**	122,322	**13,267**	13,535
Cost of sales	22	**(42,961)**	(70,525)	**–**	–
Gross profit		**54,941**	51,797	**13,267**	13,535
Other income		**421**	3,440	**9,088**	5,444
Operating and administration expenses		**(41,226)**	(38,230)	**(14,109)**	(13,258)
Selling expenses		**(524)**	(546)	**(154)**	(215)
Other expenses		**(27,620)**	(38)	**(21,045)**	–
(Loss)/profit from operations	23	**(14,008)**	16,423	**(12,953)**	5,506
Finance costs	25	**(23,084)**	(22,631)	**(16,482)**	(15,351)
Loss before taxation		**(37,092)**	(6,208)	**(29,435)**	(9,845)
Taxation	26	**(1,431)**	(1,254)	**(1,078)**	(857)
Net loss for the year		**(38,523)**	(7,462)	**(30,513)**	(10,702)
Loss per ordinary share of RM1 each (sen)					
– Basic	27	**(12.89)**	(2.52)		
– Diluted	27	**(12.89)**	(2.52)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2004

		← Non-distributable		→	Distributable			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange reserve RM'000	Capital reserve RM'000	Total reserves RM'000	Accumulated losses RM'000	Total RM'000
Group								
At 1 January 2003	284,228	51,056	3,616	589	17,839	73,100	(91,805)	265,523
Conversion of 5–year 2% ICULS	13,801	–	–	–	–	–	–	13,801
Currency translation differences, representing net gain not recognised in the income statement	–	–	–	719	–	719	–	719
Net loss for the year	–	–	–	–	–	–	(7,462)	(7,462)
At 31 December 2003	298,029	51,056	3,616	1,308	17,839	73,819	(99,267)	272,581
Conversion of 5–year 2% ICULS	**4,000**	**–**	**–**	**–**	**–**	**–**	**–**	**4,000**
Currency translation differences, representing net gain not recognised in the income statement	**–**	**–**	**–**	**108**	**–**	**108**	**–**	**108**
Net loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(38,523)**	**(38,523)**
At 31 December 2004	**302,029**	**51,056**	**3,616**	**1,416**	**17,839**	**73,927**	**(137,790)**	**238,166**

		← Non-distributable	→	Distributable			
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Total reserves RM'000	Accumulated losses RM'000	Total RM'000
Company							
At 1 January 2003	284,228	51,056	2,596	16,741	70,393	(84,751)	269,870
Conversion of 5-year 2% ICULS	13,801	–	–	–	–	–	13,801
Net loss for the year	–	–	–	–	–	(10,702)	(10,702)
At 31 December 2003	298,029	51,056	2,596	16,741	70,393	(95,453)	272,969
Conversion of 5-year 2% ICULS	**4,000**	**–**	**–**	**–**	**–**	**–**	**4,000**
Net loss for the year	**–**	**–**	**–**	**–**	**–**	**(30,513)**	**(30,513)**
At 31 December 2004	**302,029**	**51,056**	**2,596**	**16,741**	**70,393**	**(125,966)**	**246,456**

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	**(37,092)**	(6,208)	**(29,435)**	(9,845)
Adjustments for:				
Amortisation of goodwill	**430**	393	**–**	–
Impairment losses on goodwill	**380**	–	**–**	–
Depreciation	**7,323**	6,482	**2,803**	2,066
Property, plant and equipment written off	**294**	16	**–**	14
(Gain)/loss on disposal of				
– freehold apartment	**–**	(349)	**–**	–
– property, plant and equipment	**1,505**	(72)	**142**	–
– subsidiaries	**–**	(690)	**–**	–
Interest income	**(60)**	(132)	**(8,992)**	(8,756)
Provision for doubtful debts	**19,584**	1,007	**19,343**	4,783
Writeback of provision for doubtful debts	**–**	(1,336)	**–**	(1,142)
Provision for impairment losses				
– property, plant and equipment	**5,471**	–	**1,702**	–
– development properties	**2,242**	–	–	–
– other investments	**–**	38	**–**	–
Development expenditure written off	**408**	–	**–**	–
Interest expense	**23,084**	22,631	**16,482**	15,351
Operating profit before working capital changes	**23,569**	21,780	**2,045**	2,471
Working capital changes:				
Development properties	**(1,825)**	6,275	**–**	–
Inventories	**1,782**	1,131	–	–
Receivables	**4,252**	(10,943)	**(810)**	(8,995)
Payables	**(3,704)**	(3,348)	**317**	(8,628)
Subsidiaries	–	–	**12,995**	15,435
Cash generated from operations	**24,074**	14,895	**14,547**	283
Taxes paid	**(650)**	(103)	**–**	–
Net cash generated from operating activities	**23,424**	14,792	**14,547**	283

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Development expenditure paid	**–**	664	**–**	–
Purchase of property, plant and equipment	**(5,335)**	(5,820)	**(4,020)**	(5,152)
Proceeds from disposal of property, plant and equipment	**2,604**	186	**426**	–
Acquisition of subsidiaries (Note 6)	**(893)**	–	**(980)**	–
Disposal of subsidiaries (Note 6)	**–**	818	**–**	–
Interest received	**60**	132	**56**	128
Net cash used in investing activities	**(3,564)**	(4,020)	**(4,518)**	(5,024)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of revolving credits	**(614)**	(219)	**–**	–
Repayment of hire purchase and lease payables	**(449)**	(464)	**(313)**	(311)
(Repayment)/drawdown of term loans, net	**(598)**	55,155	**1,328**	62,000
Repayment of loan stock	**–**	(37,289)	**–**	(37,289)
Drawdown of bankers' acceptances	**102**	641	**–**	–
Net movement of fixed deposits pledged for banking facilities	**–**	876	**–**	–
Interest paid	**(15,767)**	(28,121)	**(9,365)**	(21,947)
Bank overdraft converted to term loan	**7,500**	–	**7,500**	–
Net cash (used in)/generated from financing activities	**(9,826)**	(9,421)	**(850)**	2,453
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**10,034**	1,351	**9,179**	(2,288)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**(25,256)**	(26,607)	**(22,114)**	(19,826)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**(15,222)**	(25,256)	**(12,935)**	(22,114)
Cash and cash equivalents comprise:				
Cash and bank balances	**1,948**	1,820	**332**	183
Bank overdrafts	**(17,170)**	(27,076)	**(13,267)**	(22,297)
	(15,222)	(25,256)	**(12,935)**	(22,114)

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2004

1. CORPORATE INFORMATION

The principal activity of the Company is property and investment holding. The principal activities of the subsidiaries are property and investment holding, property development, building and civil works and operation of hotels. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 480 (2003: 470) and 106 (2003: 117) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2005.

2. FUNDAMENTAL ACCOUNTING CONCEPT

As at 31 December 2004, the Group and the Company have current liabilities in excess of current assets of RM146,263,000 (2003: RM137,245,000) and RM149,635,000 (2003: RM131,411,000) respectively. The directors are in the process of implementing plans for disposal of assets and debt reduction as disclosed in Note 32.

The financial statements of the Group and of the Company have been prepared on the going concern basis. The validity of this assumption depends on the successful implementation of the Company's plans referred to in the preceding paragraph. The financial statements do not include any adjustment that would result if such plans 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 plans successfully, and accordingly it is appropriate for the financial statements to be prepared on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act 1965 and applicable MASB Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2004, the Group adopted MASB 32: Property Development Activities for the first time. The adoption of MASB 32 has not given rise to any material adjustments to the opening balances of accumulated losses of the prior and current financial years.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed off during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o).

Goodwill is amortised on a straight-line basis over its estimated useful life of 20 years.

(d) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost or valuation less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to accumulated losses.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o).

Certain short leasehold land and buildings have not been revalued since they were first revalued in 1988. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of IAS 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1988 valuation less accumulated depreciation and impairment losses.

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 23 years to 93 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	1% to 5%
Plant and machinery and motor vehicles	10% to 20%
Furniture, fittings and equipment	10% to 33%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to accumulated losses

(f) Land Held for Development and Property Development Costs

(i) Land held for development

Land held for development consists of land held for future development where no significant development has been undertaken, and is stated at cost less any accumulated impairment losses. Cost includes cost of land and attributable development expenditure. The policy for the recognition and the measurement of impairment losses is in accordance with Note 3(o).

Such assets are classified as development properties when significant development work has been undertaken and the development is expected to be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

(g) Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers for contract work. When progress billings exceed cost incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers for contract work.

(h) Inventories

Inventories are stated at the lower of cost (determined on weighted average basis) and net realisable value. Cost includes direct materials and other direct costs. Net realisable value represents the estimated selling price less estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand, at banks, deposits at call (excluding deposits pledged for banking facilities granted to the Group and the Company), net of outstanding bank overdrafts.

(j) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 3(e).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the term of the relevant lease.

(k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(l) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(m) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably.

(i) Development properties

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3(g).

(iii) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discount upon the transfer of risks and rewards.

(iv) Sale of services

Revenue from services rendered is recognised net of service taxes and discount as and when the services are performed.

(v) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised on an accrual basis.

(vi) Revenue from letting of properties and car parks

Revenue from letting of properties and car parks is recognised on an accrual basis.

(vii) Dividend income

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

(n) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the dates of the transactions. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. All exchange differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at average exchange rates for the period with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

The principal exchange rate used for every unit of foreign currency ruling at the balance sheet date are as follows:

	Average rate		Closing Rate	
	2004	**2003**	**2004**	**2003**
	RM	**RM**	**RM**	**RM**
Australian Dollar	2.905	2.500	2.959	2.851

(o) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(p) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o)

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the income statement.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-bearing borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs. Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation for borrowings made specifically for the purpose of obtaining a qualifying asset is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(v) Irredeemable convertible unsecured loan stocks ("ICULS")

The Company has applied the transitional provisions of MASB 24: Financial Instruments: Disclosure and Presentation which became effective for financial statements covering periods beginning on or after 1 January 2002.

Under the transitional provisions of MASB 24, the classification of the component parts of the ICULS as required under MASB 24 need not be complied with for financial instruments that are issued before 1 January 2003. For the purpose of preparation of the financial statements, the ICULS are classified as a liability.

(vi) Equity instruments

Ordinary shares are classified as equity.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold 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
Cost/Valuation								
At 1 January 2004	110,088	92,145	197,980	10,693	5,909	30,210	2,304	449,329
Additions	-	-	–	–	**603**	**5,102**	–	**5,705**
Disposals/write offs	–	**(3,539)**	–	–	**(300)**	**(330)**	**(674)**	**(4,843)**
Acquisition of subsidiary (Note 6)	–	–	–	–	–	**117**	–	**117**
At 31 December 2004	**110,088**	**88,606**	**197,980**	**10,693**	**6,212**	**35,099**	**1,630**	**450,308**
Represented by:								
At cost	**110,088**	**88,606**	**197,980**	**7,463**	**6,212**	**35,099**	**1,630**	**447,078**
At valuation	–	–	–	**3,230**	–	–	–	**3,230**
	110,088	**88,606**	**197,980**	**10,693**	**6,212**	**35,099**	**1,630**	**450,308**
Accumulated Depreciation and Impairment Losses								
At 1 January 2004								
Accumulated depreciation	–	8,383	16,352	4,104	3,585	11,241	–	43,665
Accumulated impairment losses	7,309	2,665	–	–	–	–	292	10,266
	7,309	11,048	16,352	4,104	3,585	11,241	292	53,931
Charge for the year	–	**869**	**2,792**	**371**	**762**	**2,529**	–	**7,323**
Disposals/write offs	–	–	–	–	**(198)**	**(136)**	**(106)**	**(440)**
Impairment losses for the year	**4,647**	**405**	**419**	–	–	–	–	**5,471**
At 31 December 2004	**11,956**	**12,322**	**19,563**	**4,475**	**4,149**	**13,634**	**186**	**66,285**
Analysed as:								
Accumulated depreciation	–	**9,252**	**19,144**	**4,475**	**4,149**	**13,634**	–	**50,654**
Accumulated impairment losses	**11,956**	**3,070**	**419**	–	–	–	**186**	**15,631**
	11,956	**12,322**	**19,563**	**4,475**	**4,149**	**13,634**	**186**	**66,285**

	Freehold land RM'000	Freehold 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
Net Book Value								
At 31 December 2004	**98,132**	**76,284**	**178,417**	**6,218**	**2,063**	**21,465**	**1,444**	**384,023**
Represented by:								
At cost	**98,132**	**76,284**	**178,417**	**4,939**	**2,063**	**21,465**	**1,444**	**382,744**
At valuation	**–**	**–**	**–**	**1,279**	**–**	**–**	**–**	**1,279**
	98,132	**76,284**	**178,417**	**6,218**	**2,063**	**21,465**	**1,444**	**384,023**
At 31 December 2003	102,779	81,097	181,628	6,589	2,324	18,969	2,012	395,398
Represented by:								
At cost	102,779	81,097	181,628	5,197	2,324	18,969	2,012	394,006
At valuation	–	–	–	1,392	–	–	–	1,392
	102,779	81,097	181,628	6,589	2,324	18,969	2,012	395,398
Depreciation charge for 2003	–	869	2,685	494	753	1,681	–	6,482

	Freehold land RM'000	Freehold building RM'000	Short leasehold land and building 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							
Cost/Valuation							
At 1 January 2004	24,603	55,545	2,240	2,910	22,792	1,854	109,944
Additions	**–**	**–**	**–**	**511**	**3,879**	**–**	**4,390**
Disposals/write offs	**–**	**–**	**–**	**–**	**–**	**(674)**	**(674)**
At 31 December 2004	**24,603**	**55,545**	**2,240**	**3,421**	**26,671**	**1,180**	**113,660**
Represented by:							
At cost	**24,603**	**55,545**	**–**	**3,421**	**26,671**	**1,180**	**111,420**
At valuation	**–**	**–**	**2,240**	**–**	**–**	**–**	**2,240**
	24,603	**55,545**	**2,240**	**3,421**	**26,671**	**1,180**	**113,660**

	Freehold land RM'000	Freehold building RM'000	Short leasehold land and building 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
Accumulated Depreciation and Impairment Losses							
At 1 January 2004							
Accumulated depreciation	–	7,498	1,323	1,798	7,291	–	17,910
Accumulated impairment losses	–	–	–	–	–	292	292
	–	7,498	1,323	1,798	7,291	292	18,202
Charge for the year	**–**	**555**	**83**	**470**	**1,695**	**–**	**2,803**
Disposals/write offs	**–**	**–**	**–**	**–**	**–**	**(106)**	**(106)**
Impairment losses for the year	**1,702**	**–**	**–**	**–**	**–**	**–**	**1,702**
At 31 December 2004	**1,702**	**8,053**	**1,406**	**2,268**	**8,986**	**186**	**22,601**
Analysed as:							
Accumulated depreciation	**–**	**8,053**	**1,406**	**2,268**	**8,986**	**–**	**20,713**
Accumulated impairment losses	**1,702**	**–**	**–**	**–**	**–**	**186**	**1,888**
	1,702	**8,053**	**1,406**	**2,268**	**8,986**	**186**	**22,601**
Net Book Value							
At 31 December 2004	**22,901**	**47,492**	**834**	**1,153**	**17,685**	**994**	**91,059**
Represented by:							
At cost	**22,901**	**47,492**	**–**	**1,153**	**17,685**	**994**	**90,225**
At valuation	**–**	**–**	**834**	**–**	**–**	**–**	**834**
	22,901	**47,492**	**834**	**1,153**	**17,685**	**994**	**91,059**
At 31 December 2003	24,603	48,047	917	1,112	15,501	1,562	91,742
Represented by:							
At cost	24,603	48,047	–	1,112	15,501	1,562	90,825
At valuation	–	–	917	–	–	–	917
	24,603	48,047	917	1,112	15,501	1,562	91,742
Depreciation charge for 2003	–	555	83	457	971	–	2,066

(a) 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 permitted under the transitional provisions of International Accounting Standard No. 16 (Revised): Property, Plant and Equipment, these assets continued to be stated at their 1988 valuations.

	Group		**Company**	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
Net book value of revalued short leasehold land and buildings had these assets been carried at cost less depreciation and impairment	**238**	250	**102**	108

(b) During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM5,705,000 (2003: RM16,385,000) and RM4,390,000 (2003: RM15,352,000) respectively, of which RM370,000 (2003: RM585,000) and RM370,000 (2003: RM220,000) respectively were acquired under hire purchase arrangements and RM Nil (2003: RM9,980,000) arising from debt settlement for both the Group and the Company.

(c) Included in property, plant and equipment of the Group and of the Company are plant and machinery and motor vehicles under hire purchase and lease arrangements with a total net book value of RM1,446,000 (2003: RM1,585,000) and RM1,128,000 (2003: RM1,073,000) respectively.

(d) As at 31 December 2004, net book value of leasehold land and buildings of the Group and the Company of RM1,279,000 (2003: RM1,392,000) and RM834,000 (2003: RM917,000) respectively are charged to financial institutions for facilities granted to a former subsidiary.

The balance of land and buildings of the Group and the Company are charged to financial institutions for facilities granted to the Company and its subsidiaries as disclosed in Notes 15 and 16.

(e) As at 31 December 2004, the title deeds of freehold land of the Group and the Company of RM13,590,000 (2003: RM13,590,000) and RM9,980,000 (2003: RM9,980,000) are in the process of being transferred to the Group and the Company.

5. LAND HELD FOR DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for development

	Group	
	2004	2003
	RM'000	RM'000
Freehold land, at cost		
At 1 January	**42,524**	43,852
Disposals	**–**	(1,328)
Transfer to property development costs	**(2,149)**	–
At 31 December	**40,375**	42,524
Accumulated impairment losses		
At 1 January	**(12,019)**	(12,019)
Impairment losses for the year	**(2,242)**	–
At 31 December	**(14,261)**	(12,019)
Carrying amount for freehold land	**26,114**	30,505
Leasehold land, at valuation		
At 1 January/31 December	**156,500**	156,500
Development expenditure		
At 1 January	**6,402**	5,738
Cost incurred during the financial year	**1,274**	1,873
Disposals/write off	**(408)**	(1,209)
Transfer to property development cost	**(2,172)**	–
At 31 December	**5,096**	6,402
Net carrying amount of land held for development	**187,710**	193,407

(b) Property development cost

Freehold land, at cost		
At 1 January	**1,070**	1,070
Transfer from land held for development	**2,149**	–
At 31 December	**3,219**	1,070

	Group	
	2004	2003
	RM'000	RM'000
Development expenditure		
At 1 January	**5,589**	5,205
Cost incurred during the financial year	**551**	384
Transfer from land held for development	**2,172**	–
At 31 December	**8,312**	5,589
Cost recognised in income statement:		
At 1 January	**(6,659)**	–
Recognised during the financial year	**–**	(6,659)
At 31 December	**(6,659)**	(6,659)
Net carrying amount of property development costs	**4,872**	–

Development expenditure included borrowing cost capitalised during the year of RM484,000 (2003: RM463,000).

The freehold land are charged to financial institutions for banking facilities granted to the Group and the Company as disclosed in Notes 15 and 16.

6. SUBSIDIARIES

	Company	
	2004	2003
	RM'000	RM'000
Unquoted shares		
– at cost	**207,715**	206,735
– at valuation	**870**	870
	208,585	207,605
Accumulated impairment losses	**(15,262)**	(15,262)
	193,323	192,343
Amount owing by subsidiaries	**331,103**	333,486
Amount owing to subsidiaries	**(6,763)**	(5,087)
	517,663	520,742
Provision for doubtful debts	**(71,632)**	(71,632)
	446,031	449,110

The amounts owing by subsidiaries are in respect of advances to and payments made on behalf of the subsidiaries. These amounts are unsecured, have no fixed terms of repayment and bear interest at 0.5% to 8.6% (2003: 0.5% to 8.6%) per annum.

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

Details of the subsidiary companies are as follows:

Name of Company	Country of Incorporation	Principal Activities	Effective Interest 2004 %	2003 %
Advantage Equity Sdn. Bhd.	Malaysia	Inactive	**100**	100
Atria Properties Sdn. Bhd.	Malaysia	Property investment	**100**	100
Beta Management Services Sdn. Bhd.	Malaysia	Property investment	**100**	100
Bondmark Construction Services Sdn. Bhd.	Malaysia	Inactive	**100**	100
Billiontex Industries Sdn. Bhd.	Malaysia	Property development	**100**	100
Broadland Food Industries Sdn. Bhd.	Malaysia	Management of food court	**100**	100
Christine Inn & Recreation Sdn. Bhd.*	Malaysia	Operation of hotel	**100**	–
Dominion Bay Sdn. Bhd.	Malaysia	Inactive	**100**	100
Hasil Andalas Sdn. Bhd.	Malaysia	Car park operator	**100**	100
Holiday Plaza Complex Management Sdn. Bhd.	Malaysia	Inactive	**100**	100
Hotel Armada (PJ) Sdn. Bhd.	Malaysia	Property investment and operation of hotel	**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

Name of Company	Country of Incorporation	Principal Activities	Effective Interest 2004 %	2003 %
LH Commercials Pte. Ltd.*	Singapore	Inactive	**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
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 Resources Sdn. Bhd.	Malaysia	Building and civil works	**75**	75
Menara Lien Hoe Sdn. Bhd.	Malaysia	Inactive	**100**	100
Pembinaan Macro Resources Sdn. Bhd.	Malaysia	Building and civil works	**75**	75
Macro Techonology Sdn. Bhd.	Malaysia	Inactive	**75**	75
Russella Teguh Sdn. Bhd	Malaysia	Property development	**100**	100
Taman Templer Sdn. Bhd	Malaysia	Inactive	**100**	100

* Not audited by Ernst & Young.

(a) Acquisition of subsidiaries

During the year, the Group acquired 100% equity interest in Christine Inn & Recreation Sdn. Bhd., a company incorporated in Malaysia and LH Commercials Pte. Ltd., a company incorporated in Singapore, for a total consideration of RM980,000 and SGD1 respectively.

The acquisitions had the following effect on the Group's financial results for the year from the date of acquisition:

	2004 RM'000
Revenue	1,228
Profit from operations	293
Net profit for the year	293

The acquisitions had the following effect on the financial position of the Group as at the end of the year:

	2004 RM'000
Property, plant and equipment	172
Inventories	1
Trade and other receivables	291
Cash and bank balances	69
Trade and other payables	(61)
Group's share of net assets	472

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiaries were as follows:

	1.3.2004 RM'000
Property, plant and equipment	117
Inventories	2
Trade and other receivables	50
Cash and bank balances	87
Trade and other payables	(77)
Fair value of total net assets	179
Goodwill on acquisition (Note 9)	801
Cost of acquisition	980
Purchase consideration satisfied by:	
Cash	980
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash, representing total cash outflow of the Company	980
Cash and cash equivalents of subsidiaries acquired	(87)
Net cash outflow of the Group	893

(b) Disposal of subsidiaries

In the previous financial year,

(i) The Company disposed its entire equity interests in North Sumatera Timber Sdn. Bhd. and its subsidiary, PT Budi Tri Sakti and Roset Manufacturing Sdn. Bhd. and its subsidiary, Roset (M) Sdn. Bhd for a total cash consideration of RM2.

(ii) Macro Resources Sdn. Bhd., a subsidiary of the Company, disposed its entire equity interest in Macro Innovation Sdn. Bhd. for a cash consideration of RM1.

The disposals had the following effects on the Group's financial results in the previous financial year up to the date of disposal:

	2003 RM'000
Revenue	–
Loss from operations	15
Net loss for the year	292

The disposals had the following effects on the financial position of the Group as at the end of the previous financial year:

	2003 RM'000
Property, plant and equipment	6
Working capital	(696)
	(690)
Gain on disposal	690
Consideration on disposal	–
Total sale consideration	–
Bank overdraft of subsidiary companies disposed	818
Net cash inflow on disposal of subsidiaries	818

7. OTHER INVESTMENTS

	Group		Company	
	2004 **RM'000**	2003 RM'000	**2004** **RM'000**	2003 RM'000
At cost,				
Unquoted shares in Malaysia	**–**	128	**–**	–
Accumulated impairment losses	**–**	(128)	**–**	–
	–	–	**–**	–

8. LONG TERM RECEIVABLES

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
Receivable from a third party	**10,655**	10,655	**10,655**	10,655
Repayable within 12 months (Note 13)	**(10,655)**	(7,077)	**(10,655)**	(7,077)
	–	3,578	**–**	3,578

The interest free receivable from a third party of RM10,655,000 (2003: RM10,655,000) was given by a subsidiary, prior to the acquisition of this subsidiary by the Group. In the previous financial year, this said amount was assigned to the Company by the subsidiary.

Further details are disclosed in Note 13.

9. GOODWILL ON CONSOLIDATION

	Group	
	2004	2003
	RM'000	RM'000
At 1 January	**7,099**	7,492
Acquisition of subsidiary [Note 6(a)]	**801**	–
	7,900	7,492
Less:		
Impairment losses	**(380)**	–
Amortisation recognised in income statement	**(430)**	(393)
At 31 December	**7,090**	7,099

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2004	2003
	RM'000	RM'000
At 1 January	**(41,299)**	(41,788)
Recognised in the income statement (Note 26)	**(403)**	489
At 31 December	**(41,702)**	(41,299)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**–**	325
Deferred tax liabilities	**(41,702)**	(41,624)
	(41,702)	(41,299)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group

	Accelerated capital allowances RM'000	Fair value adjustment arising from business combination RM'000	Revaluation of properties RM'000	Total RM'000
At 1 January 2004	(161)	(9,018)	(32,606)	(41,785)
Recognised in the income statement	**(5,905)**	**115**	**34**	**(5,756)**
At 31 December 2004	**(6,066)**	**(8,903)**	**(32,572)**	**(47,541)**
At 1 January 2003	(266)	(9,127)	(32,661)	(42,054)
Recognised in the income statement	105	109	55	269
At 31 December 2003	(161)	(9,018)	(32,606)	(41,785)

Deferred Tax Assets of the Group

	Tax losses and unabsorbed capital allowances RM'000	Provisions RM'000	Others RM'000	Total RM'000
At 1 January 2004	314	150	22	486
Recognised in the income statement	**5,276**	**77**	**–**	**5,353**
At 31 December 2004	**5,590**	**227**	**22**	**5,839**
At 1 January 2003	89	126	51	266
Recognised in the income statement	225	24	(29)	220
At 31 December 2003	314	150	22	486

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2004 RM'000	2003 RM'000
Unused tax losses	**11,300**	11,612
Unabsorbed capital allowances	**13,909**	574
	25,209	12,186

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset against taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

11. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	Group	
	2004	2003
	RM'000	RM'000
Construction costs incurred to date	**110,615**	71,140
Attributable profit	**8,273**	4,866
	118,888	76,006
Progress billings	**(118,497)**	(75,638)
	391	368
Amount due from customers for contract work	**1,796**	1,968
Amount due to customers for contract work	**(1,405)**	(1,600)
	391	368
Retention sums on contracts, included within trade receivables (Note 13)	**4,754**	8,991
Construction costs recognised as an expense (Note 22)	**39,529**	58,388

12. INVENTORIES

	Group	
	2004	2003
	RM'000	RM'000
At cost:		
Land, completed apartments and office lots	**140**	966
Consumables	**538**	253
At net realisable value:		
Land, completed apartments and office lots	**21,664**	22,903
	22,342	24,122

The title deeds for land and office lots with book value of RM3,029,000 (2003: RM3,923,000) are in the process of being transferred to the Group.

Completed apartments stated at net realisable value of RM18,775,000 (2003: RM19,945,000) are charged to financial institutions to secure banking facilities granted to the Group as disclosed in Notes 15 and 16.

13. RECEIVABLES

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**24,641**	26,139	**1,085**	809
Retention sums on contracts (Note 11)	**4,754**	8,991	**–**	–
Provision for doubtful debts	**(6,426)**	(6,341)	**–**	–
	22,969	28,789	**1,085**	809
Other receivables	**43,844**	38,561	**40,301**	36,189
Provision for doubtful debts	**(32,631)**	(13,132)	**(31,701)**	(12,358)
	11,213	25,429	**8,600**	23,831
Deposits for investments and related advances	**300**	300	**300**	300
Provision for doubtful debts	**(300)**	(300)	**(300)**	(300)
	–	–	**–**	–
	34,182	54,218	**9,685**	24,640

Included in other receivables are the current portions of the following:

(i) an amount of RM10,655,000 (2003: RM7,077,000) as referred to in Note 8. During the financial year, a provision of RM7,512,000 has been made and the balance of the amount is currently secured with 10.655 million of the Company's ordinary shares as collateral. The market value of these ordinary shares as at 31 December 2004 amounted to RM3,143,000; and

(ii) advances, payments on behalf and deposits paid in connection with the acquisition of Billiontex Industries Sdn. Bhd. and Russella Teguh Sdn. Bhd. amounting to RM15,999,000 (2003: RM15,999,000). As at 31 December 2004, ICULS of the Company with nominal value of RM14,300,000 (2003: RM14,300,000) were deposited by the vendors with a stakeholder as collateral for the amounts due. The market value of the ordinary shares as at 31 December 2004, had these ICULS been converted, amounted to RM4,219,000 (2003: RM5,506,000). The shortfall of RM11,780,000 has been fully provided for during the financial year.

The Group's normal trade credit term ranges from 7 to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than the amounts due from the debtors as stated in (i) and (ii) above.

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged to financial institutions for banking facilities granted to the Group. The deposits earn interest of 3% (2003: 3%) per annum and have average maturities of 1 year (2003: 50 days).

15. BANK OVERDRAFTS (SECURED)

The bank overdrafts bear interest at rates ranging from 5.6% to 10.2% (2003: 8.0% to 8.9%) per annum. The bank overdrafts are secured on the freehold and leasehold properties of the Company and its subsidiaries and other fixed and floating assets and liabilities of the subsidiaries.

16. BORROWINGS (SECURED)

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
Short Term Borrowings:				
Revolving credits	**25,900**	31,788	**25,900**	25,900
Bankers' acceptances	**5,224**	5,122	**–**	–
Term loans	**100,625**	96,722	**87,784**	83,747
Hire purchase and lease payables (Note 28)	**500**	466	**403**	329
	132,249	134,098	**114,087**	109,976
Long Term Borrowings:				
Term loans	**92,250**	83,802	**80,746**	75,780
Hire purchase and lease payables (Note 28)	**729**	842	**540**	557
	92,979	84,644	**81,286**	76,337
Total Borrowings:				
Revolving credits	**25,900**	31,788	**25,900**	25,900
Bankers' acceptances	**5,224**	5,122	**–**	–
Term loans	**192,875**	180,524	**168,530**	159,527
Hire purchase and lease payables (Note 28)	**1,229**	1,308	**943**	886
	225,228	218,742	**195,373**	186,313
Maturity of borrowings (excluding hire purchase and lease payables):				
Within 1 year	**131,749**	133,632	**113,684**	109,647
More than 1 year and less than 5 years	**45,063**	35,631	**35,871**	27,609
5 years or more	**47,187**	48,171	**44,875**	48,171
	223,999	217,434	**194,430**	185,427

The range of effective interest rates at the balance sheet date for borrowings, excluding hire purchase and lease payables, was as follows:

	Group		Company	
	2004	2003	**2004**	2003
	%	%	**%**	%
Revolving credits	**5.4 - 9.3**	5.3 - 8.7	**5.4 - 7.5**	5.3 - 8.7
Bankers' acceptances	**5.3 - 5.6**	5.3 - 5.6	**–**	–
Term loans	**7.1 - 11.0**	6.8 - 11.0	**7.1 - 11.0**	6.8 - 11.0

The revolving credits, bankers' acceptances and term loans of the Group and of the Company are secured on the freehold and leasehold properties of the Company and its subsidiaries as disclosed in Notes 4, 5 and 12 and other fixed and floating assets and liabilities of its subsidiaries.

17. PAYABLES

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**21,086**	27,145	**4,591**	4,348
Other payables:				
– Accruals	**24,940**	16,300	**17,916**	11,003
– Others	**13,315**	12,295	**10,283**	10,180
	38,255	28,595	**28,199**	21,183
	59,341	55,740	**32,790**	25,531

The normal trade credit terms granted to the Group range from 7 to 90 days.

18. SHARE CAPITAL

	Group and Company Number of ordinary shares of RM1 each		Group and Company Amount	
	2004	2003	**2004**	2003
	'000	'000	**RM'000**	RM'000
Authorised:				
1 January/31 December	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
At 1 January	**298,029**	284,228	**298,029**	284,228
Conversion of ICULS (Note 20)	**4,000**	13,801	**4,000**	13,801
At December	**302,029**	298,029	**302,029**	298,029

During the year, the Company's issued and paid-up share capital was increased to RM302,029,546 comprising 302,029,546 ordinary shares of RM1 each arising from the conversion of RM4,000,000 nominal value of 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") into 4,000,000 new ordinary share of the Company of RM1 each.

The new ordinary shares rank pari passu in all respects with existing ordinary shares except that they will not be entitled to any dividend, rights and other distributions declared in respect of a financial period prior to the financial period in which the ICULS are converted.

19. RESERVES

	Note	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
Share premium - non-distributable		**51,056**	51,056	**51,056**	51,056
Reserves					
(i) Non-distributable:					
– Revaluation reserve		**3,616**	3,616	**2,596**	2,596
– Exchange reserve	(a)	**1,416**	1,308	**–**	–
		5,032	4,924	**2,596**	2,596
(ii) Distributable:					
– Capital reserve	(b)	**17,839**	17,839	**16,741**	16,741
		73,927	73,819	**70,393**	70,393

(a) Movement in exchange reserve is disclosed in the statement of changes in equity.

(b) The capital reserve relates to the revaluation reserve portion for land and buildings which have been previously disposed.

20. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	Group and Company 2004 RM'000	Group and Company 2003 RM'000
At 1 January	**63,713**	77,514
Converted to new ordinary shares of the Company (Note 18)	**(4,000)**	(13,801)
At 31 December	**59,713**	63,713

On 13 July 2002, the Company issued RM107,490,084 5-year 2% ICULS at 100% of its nominal value towards full settlement of the consideration for the acquisition of 100% equity interest in Billiontex Industries Sdn. Bhd. and Russella Teguh Sdn. Bhd.

The terms of the ICULS are as follows:

(a) maturity date – 5 years ending from and including the date of issue of the ICULS;

(b) conversion rate – on the basis of RM1 nominal value of ICULS for 1 new fully paid ordinary share of RM1 in the Company;

(c) conversion rights – The ICULS shall be convertible into new ordinary shares in the Company at any time throughout the tenure of the ICULS during which they are outstanding;

(d) the remaining ICULS outstanding on the maturity date will be mandatorily converted by the Company into new ordinary shares in the Company;

(e) the ICULS bear interest at 2% per annum, payable annually in arrears from the date of issue during the 5-year period that they remain outstanding, except that the last coupon payment shall be made on the maturity date of the ICULS; and

(f) upon conversion of the ICULS into new ordinary shares, such shares shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividend, rights and other distribution declared in respect of the financial period prior to the financial period in which the ICULS are converted.

21. REVENUE

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
Rental income				
– subsidiaries	**–**	–	**240**	420
– others	**32,530**	33,771	**13,027**	13,115
Contract revenue from construction contracts	**43,313**	62,079	**–**	–
Revenue from operation of hotels	**21,764**	18,608	**–**	–
Revenue from sale of development properties	**–**	7,500	**–**	–
Others	**295**	364	**–**	–
	97,902	122,322	**13,267**	13,535

22. COST OF SALES

	Group	
	2004	2003
	RM'000	RM'000
Cost of inventories and others	**3,432**	2,941
Contract cost from construction contracts	**39,529**	58,388
Cost of development properties sold	**–**	9,196
	42,961	70,525

23. (LOSS)/PROFIT FROM OPERATION

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
(Loss)/profit from operations is stated after charging/(crediting):				
Auditors' remuneration	**201**	197	**52**	50
Amortisation of goodwill	**430**	393	**–**	–
Impairment losses on goodwill	**380**	–	**–**	–
Staff costs [Note (a)]	**11,196**	10,773	**3,422**	3,137
Directors' emoluments (Note 24)	**1,896**	1,473	**1,097**	1,161
Depreciation	**7,323**	6,482	**2,803**	2,066
Property, plant and equipment written off	**294**	16	**–**	14
Realised foreign exchange loss/(gain)	**67**	(78)	**–**	–
(Gain)/loss on disposal of:				
– freehold apartments	**–**	(349)	**–**	–
– property, plant and equipment	**1,505**	(72)	**142**	–
– subsidiaries	**–**	(690)	**–**	–
Interest income from:				
– subsidiaries	**–**	–	**(8,936)**	(8,628)
– others	**(60)**	(132)	**(56)**	(128)
Provision for doubtful debts:				
– subsidiaries	**–**	–	**–**	4,783
– trade receivables	**85**	1,007	**–**	–
Other expenses [Note (b)]	**27,620**	38	**21,045**	–
Writeback of provision for doubtful debts	**–**	(1,336)	**–**	(1,142)
Rental expense of buildings				
– subsidiaries	**–**	–	**749**	749
– others	**77**	77	**–**	–
Rental of equipment	**19**	21	**19**	21

Note (a) – Staff costs comprise:

Wages and salaries	**10,019**	9,618	**3,097**	2,825
Social security costs	**104**	97	**31**	34
Pension costs – defined contribution plans	**891**	930	**294**	278
Other staff related expenses	**182**	128	**–**	–
	11,196	10,773	**3,422**	3,137

Note (b) – Other expenses comprise:

Provision for doubtful debts:				
– other receivables	**19,499**	–	**19,343**	–
Provision for impairment losses:				
– property, plant and equipment	**5,471**	–	**1,702**	–
– development properties	**2,242**	–	**–**	–
– other investments	**–**	38	**–**	–
Development expenditure written off	**408**	–	**–**	–
	27,620	38	**21,045**	–

24. DIRECTORS' REMUNERATION

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	**1,475**	1,256	**1,007**	1,090
Benefits-in-kind	**54**	54	**41**	41
	1,529	1,310	**1,048**	1,131
Non-executive:				
Fees	**90**	71	**90**	71
	1,619	1,381	**1,138**	1,202
Directors of Subsidiaries:				
Executive:				
Salaries and other emoluments	**331**	146	**-**	-
Benefits-in-kind	**7**	7	**-**	-
	338	153	**-**	-
Total	**1,957**	1,534	**1,138**	1,202
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind	**1,806**	1,402	**1,007**	1,090
Total non-executive directors' remuneration excluding benefits-in-kind	**90**	71	**90**	71
Total directors' remuneration excluding benefits-in-kind	**1,896**	1,473	**1,097**	1,161

The number of directors of the Company whose total remuneration for the year ended 31 December 2004 fell within the following bands is as follows:

	Number of Directors	
	2004	2003
Executive directors:		
RM50,001 to RM100,000	**2**	–
RM100,001 to RM150,000	**1**	–
RM150,001 to RM200,000	**–**	2
RM200,001 to RM250,000	**1**	–
RM250,001 to RM300,000	**–**	2
RM300,001 to RM350,000	**1**	–
RM350,001 to RM400,000	**–**	1
RM600,001 to RM650,000	**1**	–
Non–executive directors:		
Below RM50,000	**4**	3

25. FINANCE COSTS

	Group		Company	
	2004 RM'000	2003 RM'000	**2004 RM'000**	2003 RM'000
Hire purchase and lease interest	**108**	94	**77**	77
Revolving credit, bank overdrafts, bankers' acceptances and trust receipts	**4,113**	5,169	**3,018**	3,570
Loan stocks and ICULS	**1,259**	1,501	**1,259**	1,501
Term loans	**18,088**	16,330	**12,128**	10,203
	23,568	23,094	**16,482**	15,351
Less: Interest capitalised in qualifying assets: Development properties	**(484)**	(463)	**–**	–
	23,084	22,631	**16,482**	15,351

26. TAXATION

	Group		Company	
	2004 RM'000	2003 RM'000	**2004 RM'000**	2003 RM'000
Current year income tax	**1,440**	1,787	**1,100**	857
Deferred tax relating to origination and reversal of temporary differences (Note 10)	**403**	(489)	**–**	–
Overprovision in prior years	**(412)**	(44)	**(22)**	–
	1,431	1,254	**1,078**	857

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2004 RM'000	2003 RM'000
Group		
Loss before taxation	**(37,092)**	(6,208)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	**(10,386)**	(1,738)
Effects of income subject to tax rate of 20% and different tax rates in other countries	**–**	208
Income not subject to tax	**(2,518)**	(2,938)
Expenses not deductible for tax purposes	**15,825**	6,308
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(1,103)**	(1,497)
Deferred tax assets not recognised during the year	**25**	1,102
Deferred tax assets recognised during the year	**–**	(147)
Overprovision of income tax expense in prior years	**(412)**	(44)
Tax expense for the year	**1,431**	1,254
Company		
Loss before taxation	**(29,435)**	(9,845)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	**(8,242)**	(2,757)
Effect of income not subject to tax	**(2,518)**	(2,838)
Effect of expenses not deductible for tax purposes	**11,860**	6,410
Utilisation of previously unrecognised capital allowances	**–**	(66)
Deferred tax assets not recognised during the year	**–**	108
Overprovision of tax expense in prior years	**(22)**	–
Tax expense for the year	**1,078**	857

27. LOSS PER ORDINARY SHARE

(a) Basic

The basic loss per ordinary share is calculated by dividing the net loss for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2004	2003
Net loss for the year (RM'000)	**(38,523)**	(7,462)
Weighted average number of ordinary shares in issue ('000)	**298,780**	295,751
Basic loss per share (sen)	**(12.89)**	(2.52)

(b) Diluted

For the current year as well as the previous financial year, the outstanding ICULS have been excluded from the computation of fully diluted loss per share as their conversion to ordinary shares would be anti-dilutive in nature. Accordingly, the basic and fully diluted loss per share are the same.

28. HIRE PURCHASE AND LEASE PAYABLES

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
Minimum lease payments:				
Not later than 1 year	**616**	581	**496**	411
Later than 1 year and not later than 2 years	**587**	528	**496**	411
Later than 2 year and not later than 5 years	**282**	510	**147**	284
	1,485	1,619	**1,139**	1,106
Less: Future finance charges	**(256)**	(311)	**(196)**	(220)
Present value of finance lease liabilities	**1,229**	1,308	**943**	886
Present value of finance lease liabilities:				
Not later than 1 year	**500**	466	**403**	329
Later than 1 year and not later than 2 years	**478**	423	**403**	329
Later than 2 year and not later than 5 years	**251**	419	**137**	228
	1,229	1,308	**943**	886

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
Analysed as:				
Due within 12 months included as current liabilities (Note 16)	**500**	466	**403**	329
Due after 12 months included as non-current liabilities (Note 16)	**729**	842	**540**	557
	1,229	1,308	**943**	886

The hire purchase and lease payables bear interest at the balance sheet date of 6.0% to 13.0% (2003: 6.0% to 13.0%) per annum.

29. CONTINGENT LIABILITIES

	Group		Company	
	2004	2003	**2004**	2003
	RM'000	RM'000	**RM'000**	RM'000
Secured:				
Bank facilities granted to a third party	**1,279**	1,392	**834**	917
Unsecured:				
Corporate guarantees issued in respect of banking/credit facilities granted to subsidiaries	**–**	–	**22,624**	27,076
Corporate guarantees issued in respect of banking facilities granted to third parties	**3,600**	98,653	**3,600**	98,653
Claims by third parties for the supply of goods and other charges	**251**	796	**–**	–
	5,130	100,841	**27,058**	126,646

Bank facilities granted to a third party are secured by fixed charges over the leasehold land and buildings of the Company and a subsidiary as disclosed in Note 4.

Included in corporate guarantees issued in respect of banking facilities granted to third parties in the previous financial year is a guarantee for an amount of RM94,653,000 which relates to a former subsidiary, Holiday Plaza Sdn. Bhd ("HPSB"). Pursuant to the Sale and Purchase agreement for the sale of HPSB, the purchaser is to discharge the Company's guarantee by 5 December 2003, failing which the Company will have an option to repurchase HPSB at RM1 within 30 days therefrom. The Company had granted an extension to 31 March 2004 and the corporate guarantee was discharged during the current financial year.

The Company has agreed to provide continued financial support to certain subsidiaries for a period of twelve months from 1 January 2005 to enable them to meet their obligations as and when they fall due during this period.

30. COMMITMENTS

	Group 2004 RM'000	Group 2003 RM'000	Company 2004 RM'000	Company 2003 RM'000
Commitment under non-cancellable operating leases on property, plant and equipment is as follows:				
Amount payable within one year	**14**	35	**14**	11
Amount payable within one to five years	**20**	14	**20**	–
	34	49	**34**	11
Capital commitments not provided for in the financial statements:				
Approved and not contracted for	**26,371**	26,371	**–**	–
Approved and contracted for	**2,562**	2,562	**–**	–
	28,933	28,933	**–**	–

31. LITIGATION

(a) The Company had on 20 March 1989, taken legal action against various parties to recover RM53,000,000 excluding interest and expenses of RM35,000,000 arising from certain transactions entered into by the Company and its subsidiaries. These transactions were:

(i) The aborted acquisition of 10,125,000 shares in Oriental Bank Berhad for a cash consideration of RM45,675,000 in 1983 and the full payment to the vendors notwithstanding that the conditions in the Sale and Purchase Agreement have not been fulfilled.

(ii) The acquisition of the entire share capital of Taman Templer Sdn. Bhd. and a piece of land situated in Likas Bay, Kota Kinabalu from Sapan Development Sdn. Bhd. in 1985 for a total consideration of RM16,000,000 and RM22,750,000 respectively by a Deed of Mutual Arrangement with the vendors of the Oriental Bank Berhad shares and the assumption of a loan due by a third party to a financial institution of RM6,000,000 and interest thereon. This loan was secured on the development land belonging to a subsidiary, Taman Templer Sdn. Bhd.

The above case is pending trial.

(b) On 19 November 2002, the Company was served with a writ of summons by two third parties claiming the refund of a sum of RM5,000,000 which was paid in relation to the sale and purchase agreement between them and the Company on 3 March 1997. The said sale and purchase agreement had since lapsed due to non-fulfilment of the terms therein by the third parties.

The Board of Directors of the Company is of the opinion that there is no valid basis for this claim and has filed a defence and counterclaim against these parties.

32. SIGNIFICANT EVENTS

(a) During the previous financial year, the Company entered into a conditional Sale and Purchase agreement ("SPA") with ISG Asia Limited ("ISG") for the proposed disposal of its subsidiaries and property, namely Atria Properties Sdn. Bhd., Billiontex Industries Sdn. Bhd., Russella Teguh Sdn. Bhd., Advantage Equity Sdn. Bhd. and Lien Hoe Complex. The total sale consideration of SGD180 million (equivalent to RM392.4 million based on an agreed exchange rate of SGD1 to RM2.18 as set out in the SPA) will be satisfied through:

- 757,000,000 new ordinary shares of SGD0.05 each in ISG ("ISG shares") at an issue price of SGD0.15 (equivalent to RM0.33) per ISG share; and

- SGD66,450,000 nominal value of 5-year 1.5% convertible unsecured loan stocks ("CULS") issued at an issue price of 100% of its nominal value.

Following the completion of the disposal, there will be two restricted offers for sale by the Company of:

- 361,742,000 ISG shares together with SGD54,261,300 nominal value of CULS, on the basis of one ISG share together with SGD0.15 nominal value of CULS at a total offer price of RM0.33, to the Company's shareholders and holders of Irredeemable Convertible Unsecured Loan Stocks 2002/2007;

- 135,000,000 ISG shares, with an option to purchase an additional 135,000,000 ISG shares at SGD0.15 per ISG share within a 12-month period, on the basis of one ISG share attached with the option to purchase one ISG share at an offer price of SGD0.15, to the existing shareholders of ISG.

The proposed disposal is conditional upon obtaining the necessary approvals from the relevant authorities and shareholders of the Company and ISG and satisfaction of certain conditions as set out in the SPA.

On 7 October 2004, the Company announced to Bursa Malaysia Securities Berhad that it has agreed with ISG to exclude the sales of subsidiary companies, Atria Properties Sdn. Bhd. and Billiontex Industries Sdn. Bhd. from the SPA.

The directors are of the opinion that the disposal is structured to allow the Group to unlock the value in some of its investment assets and to raise funds to significantly reduce its bank borrowings.

(b) Acquisition of subsidiaries

During the year, the Group acquired 100% equity interest in Christine Inn & Recreation Sdn. Bhd., a company incorporated in Malaysia and LH Commercials Pte. Ltd., a company incorporated in Singapore, for a total consideration of RM980,000 and SGD1 respectively.

33. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity, foreign exchange and credit risks. The Group operates within guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(d) Credit Risk

Credit risks are managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At balance sheet date, there were no significant concentrations of credit risk other than as disclosed in Notes 8 and 13 to the financial statement. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(e) Foreign Exchange Risk

The foreign exchange exposure of the Group is minimal as the international operations of the Group have been scaled down to an insignificant level.

(f) Fair Values

The aggregate net fair value of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are represented as follows:

	Note	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
Financial Liabilities					
At 31 December 2004:					
Hire purchase and lease payables	**28**	**1,229**	**1,320**	**943**	**969**
At 31 December 2003:					
Hire purchase and lease payables	28	1,308	1,367	886	943

It is not practicable to determine the fair value of:

– the amounts due from/to subsidiaries due principally to a lack of fixed repayment terms between the parties involved and without incurring excessive costs.

– the non-current unquoted investments because of the lack of quoted market prices and the inability to estimate the fair value without incurring excessive costs.

– the ICULS due to the uncertainties of timing on the conversion of ICULS into ordinary shares of the Company.

The nominal/notional amounts and net fair values of financial instruments not recognised in the balance sheets of the Group and of the Company as at the end of the financial year are:

	Note	Group Nominal/ notional amount RM'000	Group Net fair value RM'000	Company Nominal/ notional amount RM'000	Company Net fair value RM'000
At 31 December 2004:					
Contingent liabilities	**29**	**5,130**	**	**27,058**	**
At 31 December 2003:					
Contingent liabilities	29	100,841	**	126,646	**

** It is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and bank balances, Receivables/Payables, Bank Overdrafts and Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Hire Purchase and Lease Payables

The fair value of hire purchase and lease payables is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

34. SEGMENTAL REPORTING

(a) Business Segment

2004	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE							
Revenue	34,422	–	43,313	21,764	475	(2,072)	97,902
Less: Inter–segment revenue	(1,892)	–	–	–	(180)	2,072	–
External revenue	32,530	–	43,313	21,764	295	–	97,902
RESULT							
Segment result	(15,267)	(4,854)	1,455	6,803	(133)	(2,072)	(14,068)
Interest expense							(23,084)
Interest income							60
Loss before taxation							(37,092)
Taxation							(1,431)
Loss after taxation							(38,523)
OTHER INFORMATION							
Segment assets	336,589	211,523	21,222	74,381	452		644,167
Tax recoverable	492	70	–	–	108		670
Consolidated total assets	337,081	211,593	21,222	74,381	560		644,837
Segment liabilities	41,336	3,840	12,802	2,630	138		60,746
Tax payable	2,100	–	–	–	12		2,112
Deferred taxation	9,379	32,299	24	–	–		41,702
Borrowings	165,446	79,461	7,085	50,119	–		302,111
Consolidated total liabilities	218,261	115,600	19,911	52,749	150		406,671

	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
2004							
Capital expenditure	**4,509**	**17**	**101**	**878**	**200**		**5,705**
Depreciation	**5,325**	**293**	**217**	**1,472**	**16**		**7,323**
Amortisation of goodwill	**329**	**61**	**–**	**40**	**–**		**430**
Impairment losses on goodwill	**7**	**29**	**–**	**–**	**344**		**380**
Significant non–cash expenses other than depreciation and amortisation							
– Loss on disposal of property, plant and equipment	**1,505**	**–**	**–**	**–**	**–**		**1,505**
– Provision for doubtful debts	**19,430**	**–**	**–**	**–**	**154**		**19,584**
– Provision for impairment losses	**4,005**	**3,708**	**–**	**–**	**–**		**7,713**
– Property, plant and equipment written off	**48**	**143**	**103**	**–**	**–**		**294**
– Development expenditure written off	**–**	**408**	**–**	**–**	**–**		**408**
2003							
REVENUE							
Revenue	35,402	7,500	62,079	18,608	724	(1,991)	122,322
Less: Inter–segment revenue	(1,631)	–	–	–	(360)	1,991	–
External revenue	33,771	7,500	62,079	18,608	364	–	122,322
RESULT							
Segment result	11,371	(2,529)	1,247	7,219	284	(1,991)	15,601
Gain on disposal of subsidiaries	690	–	–	–	–	–	690
Interest expense							(22,631)
Interest income							132
Loss before taxation							(6,208)
Taxation							(1,254)
Loss after taxation							(7,462)

	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operations RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
2003							
OTHER INFORMATION							
Segment assets	370,808	207,871	27,146	73,471	2,518		681,814
Tax recoverable	1,570	70	–	–	107		1,747
Deferred tax assets	–	–	221	104	–		325
Consolidated total assets	372,378	207,941	27,367	73,575	2,625		683,886
Segment liabilities	33,855	2,206	19,294	1,698	287		57,340
Tax payable	2,388	–	–	410	12		2,810
Deferred taxation	9,325	32,299	–	–	–		41,624
Borrowings	166,390	83,474	8,817	50,000	850		309,531
Consolidated total liabilities	211,958	117,979	28,111	52,108	1,149		411,305
Capital expenditure	15,396	166	168	558	97		16,385
Depreciation	5,706	292	231	216	37		6,482
Amortisation of goodwill	332	41	–	–	20		393
Significant non–cash expenses other than depreciation and amortisation							
– Provision for/(write back of) doubtful debts	(741)	237	175	–	–		(329)
– Provision for impairment losses	38	–	–	–	–		38
– Property, plant and equipment written off	16	–	–	–	–		16

(b) Geographical Segments

No information is prepared on the geographical segments as the Group principally operates within Malaysia.

35. COMPARATIVE FIGURES

The following comparative amounts as at 31 December 2003 have been reclassified to conform with the current year's presentation:

	As restated RM'000	Adjustments RM'000	As previously stated RM'000
Balance Sheet			
Group			
Amount due from customers for contract work	1,968	(1,600)	368
Amount due to customers for contract work	1,600	(1,600)	–
Income Statement			
Group			
Other expenses	38	1,007	1,045
Operating and administration expenses	38,230	(1,007)	37,223

Schedule of Major Properties

Held by the Company and its Subsidiary Companies as at 31 December 2004

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 *Known as Kompleks Lien Hoe*	May 1990	Freehold	7.73	821,211	21	62,115
Lot TLO 432A, Jalan Tampoi, Johor Bahru, Johor	Single storey factory buildings	(June 1998)	24 October 2020	6.69	103,355	29	834
Lot 1845, Mukim of Tebrau, Johor	Vacant development land	April 2003	Freehold	5.43	N/A	N/A	8,278
Lot 9234, Jalan Tampoi, Johor Bahru, Johor	Single storey factory buildings	(June 1998)	9 January 2031	2.59	33,486	29	445
Lots PTB 19176 to 19178, Johor Bahru, Johor	Single storey factory buildings	January 1997	30 March 2021	4.66	24,877	29	4,724
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	28	4,636
Lot 6367, Lots 3824 to 3827 and Lots 5975 to 5979, Mukim of Senai-Kulai, Johor	Development land	January 1992	Freehold	74.73	N/A	N/A	20,134
Lot 290, Mukim of Tebrau, Johor	Vacant development land	June 1996	Freehold	5.96	N/A	N/A	7,788
Lots PTD 5358 to 5379, Township and District of Johor Bahru, Johor	68 units apartments *Known as Pelita Indah Condominium Apartments*	May 1995	Freehold	Strata title	127,372	10	18,775
Lots 214 and 215, Mukim of Plentong, Johor Bahru, Johor	Vacant development land	June 1996	Freehold	20.69	N/A	N/A	4,500
Lot 51, Section 27, Town of Petaling Jaya, Selangor	4 storey podium with a basement car park and 23 storey hotel with 242 rooms *Known as Plaza Armada and Hotel Armada*	June 1993	6 February 2071	2.44	106,177	8	115,560
PT 31399, Mukim of Sungai Buloh, Selangor	20 storey office building with a 5-level car park. *Known as Menara Lien Hoe*	June 1996	25 October 2090	1.93	207,764	7	61,757
PT 9089, 9090, 10166, 10197 and 10198, Mukim of Sungai Buloh, Selangor	4 storey shopping complex with 2 blocks of car park building Known as *The Atria Shopping Centre*	April 2001	Freehold	5.48	204,726	23	91,277
Lots 254 and 256, Section III, Pekan Klebang, Melaka	Vacant development land	November 1997	Freehold	3.12	N/A	N/A	4,000
Lot PT 4161, Mukim of Setapak, Wilayah Persekutuan	Vacant development land	June 1999	15 May 2090	1.22	N/A	N/A	1,100
Lot PT 45264, Mukim of Petaling, District of Petaling, Selangor	Vacant development land	July 2002	27 May 2097	64.01	–	–	80,232
Lot PT 45265, Mukim of Petaling, District of Petaling, Selangor	Vacant development land	July 2002	27 May 2097	64.51	–	–	80,428

Statistics of Shareholdings
(As at 29 April 2005)

SHARE CAPITAL

Authorised share capital	RM1,000,000,000
Issued and fully paid share capital	RM302,029,546
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 - 99	14,853	0.00	324	1.55
100 - 1,000	4,041,293	1.34	5,662	27.06
1,001 - 10,000	46,108,786	15.27	12,363	59.09
10,001 - 100,000	63,891,178	21.15	2,361	11.28
100,001 - 15,101,476	159,473,436	52.80	211	1.01
15,101,477 & above	28,500,000	9.44	1	0.01
Total	302,029,546	100.00	20,922	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 29 APRIL 2005
(As Shown in the Register of Substantial Shareholders)

Name	No. of Shares (Direct)	No. of Shares (Indirect)	% of Issued Capital
1. Kenneth Vun @ Vun Yun Liun	51,635,000	-	17.10
2. Yeap Yu Lin	29,050,146	-	9.62
3. Beta Holdings Sdn. Bhd.	19,809,037	-	6.56
4. Chan Wah Long	2,034,003	19,809,037*	7.23

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

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 29 APRIL 2005
(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	9.44%
2.	HSBC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	14,107,331	4.67%
3.	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun (MKL)	13,094,700	4.33%
4.	TA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chan Wah Long	9,872,000	3.27%
5.	PAB NOMINEE (TEMPATAN) SDN. BHD. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun (SMF-CTL)	8,900,000	2.95%
6.	SIVASH HOLDINGS BERHAD	7,127,000	2.36%
7.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	5,666,669	1.88%
8.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. Dat Lee Credit Sdn. Bhd. for Beta Holdings Sendirian Berhad	4,320,000	1.43%
9.	CITICORP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Terng Sheng (473913)	3,400,000	1.13%
10.	UNITED KOTAK BERHAD	3,318,600	1.10%
11.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun (E-KKU)	3,000,000	0.99%
12.	LIM SENG CHEE	2,933,400	0.97%
13.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock	2,848,000	0.94%
14.	KUALA LUMPUR CITY NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun (R02)	2,814,100	0.93%

15.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. Dat Lee Credit Sdn. Bhd. for Yap Sing Hock	2,805,000	0.93%
16.	HSBC NOMINEES (TEMPATAN) SDN. BHD. Coutts Bk Von Ernst Hk for Ong Yoong Nyock	2,757,500	0.91%
17.	TASEC NOMINEES (TEMPATAN) SDN. BHD. TA First Credit Sdn. Bhd for Chan Wah Long	2,536,500	0.84%
18.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun (888AF0541)	2,241,700	0.74%
19.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Beta Holdings Sdn. Bhd. (JSS)	2,231,000	0.74%
20.	CITICORP NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Kenneth Vun @ Vun Yun Liun (473729)	1,810,300	0.60%
21.	SIVASH HOLDINGS BERHAD	1,693,000	0.56%
22.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Wong Chin Hee	1,668,600	0.55%
23.	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Sing Hock (MKL)	1,518,500	0.50%
24.	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yong Sow Lan (MKL)	1,466,900	0.49%
25.	KUALA LUMPUR CITY NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Yap Terng Sheng (R02)	1,437,319	0.48%
26.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD Pledged Securities Account for Wong Chin Hee	1,366,900	0.45%
27.	MAYBAN NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Chan Wah Long (SBJT)	1,326,000	0.44%
28.	HLB NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Lim Fong Teng (SIN 9860-4)	1,273,200	0.42%
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. Pledged Securities Account for Sin Huan Kwang (471295)	1,200,000	0.40%
30.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. AmFinance Berhad for Beta Holdings Sdn. Bhd.	1,190,000	0.39%
	Total	**138,424,219**	**45.83%**

LIEN HOE CORPORATION BERHAD

(Company No: 8507-X)
(Incorporated in Malaysia under the Companies Act, 1965)

No. of shares held	

FORM OF PROXY

I/We...
of...
being a member(s) 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 35th Annual General Meeting of the Company to be held at 4th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2005 at 9.30 a.m.

My / our proxy is to vote as indicated below :

No.	RESOLUTION	FOR	AGAINST
1.	Adoption of Audited Financial Statements and Reports		
2.	Approval of Directors' fees		
3.	Re-election of Dato' Yap Sing Hock as a Director of the Company		
4.	Re-election of Mr Chan Wah Long as a Director of the Company		
5.	Re-election of Dr. Teoh Kim Loon as a Director of the Company		
6.	Re-election of Tun Dato' Seri Abdul Hamid bin Omar pursuant to Section 129 (6) of the Companies Act, 1965		
7.	Re-appointment of Auditors and to authorise the Directors to fix their remuneration		
8.	Approval of Ordinary Resolution pursuant to Section 132D 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___________________ 2005

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Signature / Common Seal of Shareholder(s)

Notes:-

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