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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of Lion Corporation Berhad will be held at the Meeting Hall, Level 23, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 14 December 2000 at 4.00 pm for the following purposes:

AGENDA

- 1) To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2000. **Resolution 1**
- 2) To approve the payment of a first and final dividend of RM0.001 per share less 28% Malaysian Income Tax. **Resolution 2**
- 3) To approve the payment of Directors' fees amounting to RM66,600. **Resolution 3**
- 4) To re-elect Directors:

In accordance with Article 93 of the Articles of Association, the following Directors retire by rotation from the Board and being eligible, offer themselves for re-election:

Y. Bhg. Datuk Cheng Yong Kim **Resolution 4**
Mr Loo Hooi Keat **Resolution 5**
- 5) To consider and if thought fit, pass the following resolutions as ordinary resolutions:

"That Y.M. Raja Zainal Abidin bin Raja Haji Tachik who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the next annual general meeting." **Resolution 6**

"That Mr Cheng Theng Kee who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as an Alternate Director to Y. Bhg. Tan Sri William H.J. Cheng in the Company until the next annual general meeting." **Resolution 7**
- 6) To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 8**
- 7) Special Business

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company." **Resolution 9**
- 8) To transact any other business for which due notice shall have been given.

DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a depositor shall qualify for entitlement to the dividend only in respect of:

- a) shares deposited into the depositor's securities account before 12.30 pm on 13 December 2000 in respect of shares exempted from mandatory deposit;
- b) shares transferred to the depositor's securities account before 12.30 pm on 15 December 2000 in respect of ordinary transfers; and
- c) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

The dividend, if approved, will be paid on 30 December 2000 to shareholders on the Register of the Company at the close of business on 15 December 2000.

By Order of the Board

MAK WAI CHIN
MOHAMMAD ZUBIR BIN ALWEE
Secretaries

Kuala Lumpur
25 November 2000

Notes:

- 1) Proxy
 - A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal.
 - An instrument appointing a proxy executed in Malaysia need not be witnessed. An instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.
 - The instrument of proxy shall be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the Meeting.
- 2) Resolution 9 - Authority to Directors to issue shares
 - This authorisation will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire on the conclusion of the next annual general meeting of the Company.

CORPORATE INFORMATION

Directors	:	Y. Bhg. Tan Sri William H.J. Cheng (Chairman and Managing Director) Y.M. Raja Zainal Abidin bin Raja Haji Tachik Y. Bhg. Datuk Cheng Yong Kim Y. Bhg. Dato' Haji Yahya bin Haji Talib Mr M Chareon Sae Tang @ Tan Whye Aun Mr Loo Hooi Keat Mr Cheng Theng Kee (Alternate to Y. Bhg. Tan Sri William H.J. Cheng) Y. Bhg. Dato' Dr Lee Chee Kuon (Alternate to Y. Bhg. Datuk Cheng Yong Kim)
Secretaries	:	Ms Mak Wai Chin Encik Mohammad Zubir bin Alwee
Registered Office	:	Level 46, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel. Nos: 03-21622155 03-21613166 Homepage : http://www.lion.com.my
Share Registrar	:	Secretarial Communications Sdn Bhd Suite 11.01, Level 11 Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel Nos: 03-21648411 03-21648412
Auditors	:	Ong Boon Bah & Co B-10-1, Megan Phileo Promenade 189 Jalan Tun Razak 50400 Kuala Lumpur
Principal Bankers	:	Arab-Malaysian Merchant Bank Berhad Aseambankers Malaysia Berhad Malayan Banking Berhad Perwira Affin Bank Berhad RHB Bank Berhad RHB Sakura Merchant Bankers Berhad The Chase Manhattan Bank (M) Berhad
Stock Exchange Listing	:	Kuala Lumpur Stock Exchange
Stock Name	:	Ordinary Shares Warrants
KLSE Stock No.	:	LIONCOR LIONCOR-WA
ISIN Code	:	3581 3581w
	:	MYL3581OO005 MYL3581WACC7
Reuters Code	:	LION.KL

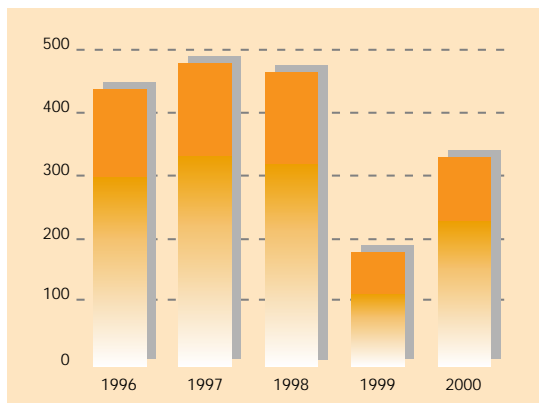
AUDIT COMMITTEE

- Chairman of Audit Committee** : Y.M. Raja Zainal Abidin bin Raja Haji Tachik
(Independent Non-Executive Director)
- Members** : Y. Bhg. Dato' Haji Yahya bin Haji Talib
(Independent Non-Executive Director)
- Mr M Chareon Sae Tang @ Tan Whye Aun
(Independent Non-Executive Director)
- Mr Loo Hooi Keat
(Independent Non-Executive Director)
- Secretaries** : Ms Mak Wai Chin
Encik Mohammad Zubir bin Alwee
- Terms of Reference** :
- a) To consider and recommend the appointment, resignation and/or dismissal of the External Auditors, the audit fee and any matters related thereto;
 - b) To appoint the Head of Internal Audit;
 - c) To review with the External and/or Internal Auditors:-
 - i) the audit plan, its scope and nature and ensure coordination where more than one Audit Firm is concerned;
 - ii) the system of internal accounting controls and its effectiveness;
 - iii) the audit report as well as the quarterly unaudited financial statements of the Company and Group;
 - iv) any change in accounting policies and principles, compliance with Statutory and Stock Exchange requirements and generally accepted accounting principles;
 - v) any matter arising including any report or management letter and management response; and
 - vi) the Internal Auditors' program and consider the major findings of internal audit investigations and management response and ensure coordination between Internal and External Auditors;
 - d) To review related party transactions that may arise within the Company or Group and any other major transactions outside of the normal course of business of the Company and Group; and
 - e) Such other matters as the Board may from time to time determine.

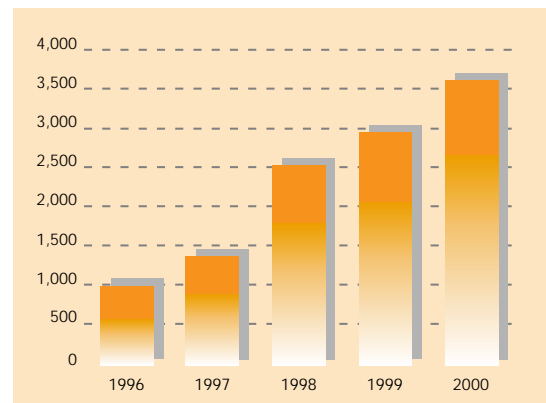
5 YEARS' GROUP FINANCIAL HIGHLIGHTS

	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	438,646	480,232	466,190	179,533	329,892
Profit/(Loss) from operations	36,124	64,226	12,537	10,982	(30,351)
Profit/(Loss) before taxation	54,137	84,907	(341,893)	(288,889)	(267,733)
Profit/(Loss) after taxation	38,943	65,349	(341,652)	(274,279)	(283,036)
Dividends:					
Gross rate (%)	8.0	8.0	1.0	0.1	0.1
Amount (net of tax)	6,823	6,823	1,316	132	132
Total assets employed	983,614	1,366,221	2,501,155	2,938,148	3,563,997
Shareholders' funds	387,737	434,681	250,354	114,599	(40,202)
Net tangible assets	381,854	428,282	224,318	62,396	(208,012)
	Sen	Sen	Sen	Sen	Sen
Net tangible assets/(liabilities) per share	313.4	351.5	122.7	34.1	(113.7)
Earnings/(Loss) per share	21.8	36.4	(231.0)	(150.2)	(141.4)

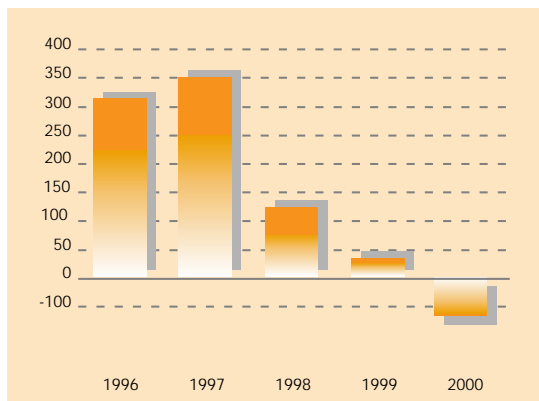
TURNOVER
RM Million



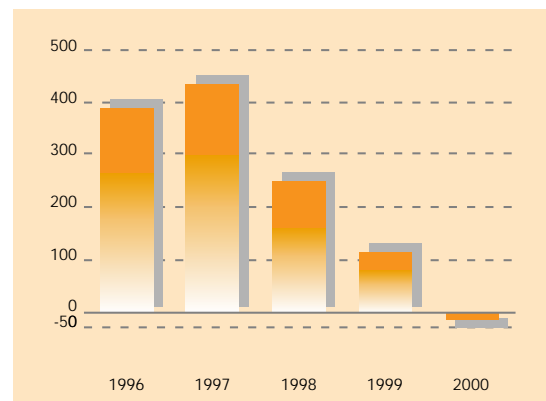
TOTAL ASSETS EMPLOYED
RM Million



NET TANGIBLE ASSETS/(LIABILITIES) PER SHARE
Sen



SHAREHOLDERS' FUNDS
RM Million

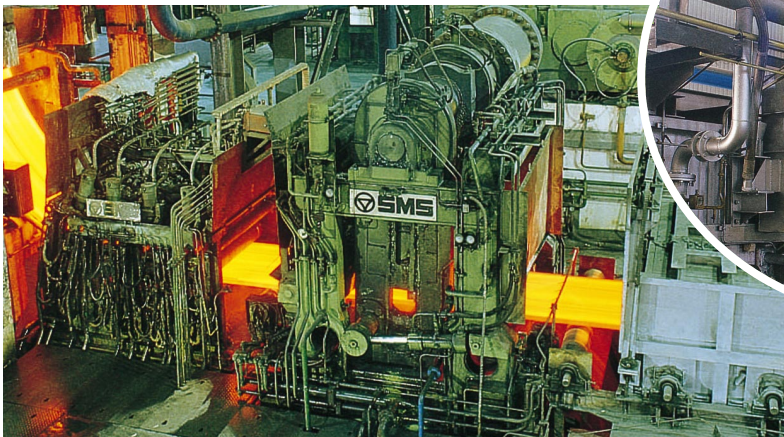


THE GROUP'S BUSINESSES



Aerial view of Megasteel plant, measuring 1.2km long.
Pemandangan dari udara, kilang Megasteel sepanjang 1.2km.

Hot rolled coils from Megasteel.
Lingkarang gegelung besi keluli panas daripada Megasteel.



Thin slab continuous caster at Megasteel to produce ultra-thin slabs.
Acuan 'Slab' nipis di Megasteel untuk mengeluarkan slab ultra-nipis.



Soaking furnace to ensure even slab temperature.
Relau rendaman untuk memastikan suhu 'slab' sekata.



The tough and durable LJE Desk Series from Lion Trading & Marketing Sdn Bhd is ideal for front office use.
Meja siri LJE dengan rekabentuk kukuh dan tahan lasak daripada Lion Trading & Marketing Sdn Bhd dengan rupabentuk yang menarik sesuai untuk kegunaan pejabat hadapan.

PENYATA Pengerusi

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Diaudit bagi Kumpulan dan Syarikat untuk tahun kewangan berakhir 30 Jun 2000.

KEPUTUSAN

Pada tahun di bawah tinjauan, Kumpulan mencatat kerugian sebelum cukai yang lebih rendah berjumlah RM267.7 juta berbanding dengan RM288.9 juta pada tahun sebelumnya. Kerugian ini adalah selepas mengambilkira perkongsian keputusan kumpulan syarikat sekutu 29.4%, iaitu Amsteel Corporation Berhad (Amsteel) yang berjumlah RM166.7 juta serta rugi permulaan operasi Megasteel Sdn Bhd (Megasteel) sebanyak RM34.2 juta. Keputusan Megasteel bagi bulan Mei dan Jun 2000 telah diambilkira dalam penyata kewangan semenjak permulaan pengeluaran komersial.

PERKEMBANGAN KORPORAT

Pada 5 Julai 2000, Kumpulan telah mengumumkan Cadangan Skim Penyusunan Semula Seluruh Kumpulan (Cadangan SPSSK) bagi merasionalisasikan kedudukan kewangan Kumpulan serta menyusun dan menstruktur semula pelbagai perniagaannya. Cadangan SPSSK dijangka membolehkan Kumpulan mencapai keupayaan kewangan bagi memenuhi komitmen kepada para pemiutang dengan sepenuhnya dan membolehkan Kumpulan meneruskan perniagaan serta mencapai keuntungan semula dalam jangka masa panjang.

TINJAUAN OPERASI

Bahagian Besi Keluli

Keputusan Megasteel bagi bulan Mei dan Jun 2000 telah diambilkira dalam tahun di bawah tinjauan.

Secara umum, Megasteel terbabit dalam operasi pembuatan lingkaran gegelung besi keluli panas, salah satu daripada bahan mentah utama yang digunakan dalam industri perkilangan, kejuruteraan dan aplikasi berkaitan dengan pembinaan. Loji bernilai RM2.5 bilion, dengan kapasiti pengeluaran tahunan berjumlah 2.0 juta tan metrik merupakan satu-satunya pengeluar produk seumpamanya di negara ini. Megasteel mampu mengeluarkan rangkaian lingkaran gegelung besi keluli panas yang komprehensif bagi memenuhi pasaran tempatan dan antarabangsa. Dengan rangkaian keluarannya yang boleh didapati dalam pelbagai gred, dari setebal 1.0 mm hingga 21.0 mm dan lebar daripada 900 mm hingga 1,575 mm, Megasteel mampu memenuhi permintaan lingkaran gegelung besi keluli panas tempatan. Di pasaran antarabangsa, Megasteel telah mengeksport lingkaran

gegelung besi keluli panas kepada lebih daripada 20 pelanggan di Itali, Sepanyol dan Amerika Syarikat.

Walaupun berada di peringkat percubaan dan permulaan, serta beroperasi dalam keadaan kewangan yang ketat, kadar penerimaan lingkaran gegelung besi keluli panas Megasteel adalah tinggi. Dengan perancangan untuk mencapai keupayaan pengeluaran sepenuhnya menjelang penghujung tahun 2001, pada tahun ini, pihak pengurusan telah melantik sekumpulan pakar teknikal daripada Hylsa, Mexico untuk membantu Kumpulan menangani masalah-masalah teknikal berhubung dengan pengeluaran di peringkat permulaan. Hylsa, pemilik dan pengurus loji mirip logi Megasteel di Mexico, terkenal dengan kepakaran dan pengalaman mereka dalam operasi pengeluaran yang lancar. Pelantikan Hylsa dijangka dapat membantu dan mengukuhkan kecekapan operasi dan pengurusan loji. Megasteel yakin dapat mengatasi segala rintangan yang telah dialami pada tempoh permulaan operasi.

Megasteel diiktiraf sebagai projek negara yang penting serta strategik memandangkan ianya menandakan pembabitan Malaysia ke dalam segmen produk lingkaran gegelung besi keluli panas rata dan juga merupakan langkah utama bagi penggantian import. Sokongan Kerajaan terhadap projek ini dapat dilihat menerusi pemberian taraf perintis, dan perlindungan tariff yang pada ketika ini mengenakan tariff 25% ke atas import lingkaran gegelung besi keluli panas. Di samping itu, Khazanah Nasional Berhad memegang 10% kepentingan ekuiti dalam Megasteel, juga memperlihatkan keyakinan Kerajaan terhadap projek Megasteel ini.

Masa hadapan Megasteel adalah cerah seiringan dengan perkembangan industri negara. Sedang Malaysia menuju ke arah perindustrian, corak permintaan dijangka beralih daripada keluaran besi keluli panjang kepada besi keluli rata. Dengan pengalaman yang melebihi 20 tahun dalam bidang pengeluaran besi keluli, pihak pengurusan Kumpulan Lion yakin akan mampu mengatasi sebarang isu berhubung dengan operasi serta menjadikan Megasteel sebuah projek yang menguntungkan.

Bahagian Motor

Subsidiari automotif 50.01% milik Kumpulan, Kinabalu Motor Assembly Sdn Bhd (KMA), pemegang francais dalam pemasangan dan pengedaran kenderaan Isuzu di Malaysia Timur mencatat perolehan berjumlah RM118.4 juta dengan jumlah jualan mencapai 1,441 unit. Persaingan sengit sepanjang tahun dibawah tinjauan dari kalangan pengeluar utama kenderaan pacuan empat-roda telah menyusutkan bahagian pasaran syarikat.

Pada tahun ini, pihak pengurusan menghadapi cabaran apabila tiga pesaing baru telah memasuki pasaran Crew Cab, dan menyebabkan bilangan jualan kenderaan keluaran syarikat yang berkurangan. Di samping itu, kenaikan nilai yen dalam tahun di bawah tinjauan turut menyusutkan margin dan merosotkan prestasi bahagian ini.

Sebagai usaha untuk mendapatkan kembali bahagian pasaran, bahagian ini kini sedang berusaha untuk merekabentuk wajah baru bagi Isuzu Invader 4x4 model dua kabin yang sedia ada. Model baru ini dijangka akan dilancarkan pada tahun hadapan.

Bahagian Perabot Besi Keluli

Bahagian pengilangan perabot besi keluli, melalui Lion Steelworks Sdn Bhd, Lion Trading and Marketing Sdn Bhd dan Lion Fichet Sdn Bhd, melaporkan tahap perolehan dan keuntungan yang memuaskan dalam tahun di bawah tinjauan.

Walaupun pasaran tempatan menunjukkan tanda-tanda pemulihan, permintaan pasaran kini beralih kepada perabot kayu dan bersistem. Persaingan pasaran kekal sepanjang tahun dengan saingan daripada pengeluar-pengeluar dari dalam dan luar negara.

Untuk membolehkan bahagian ini kekal bersaing, pihak pengurusan telah mengambil langkah untuk memperkenalkan produk-produk baru dan mempertingkatkan ciri-ciri bentuknya. Antara usaha yang diambil adalah dengan memeterai perjanjian dengan salah sebuah pengilang Jepun yang besar bagi membuat barangan gudang. Ini dijangka akan memberi sumbangan positif kepada bahagian ini di masa hadapan.

DIVIDEN

Lembaga Pengarah dengan sukacitanya mengesyorkan dividen pertama dan akhir sebanyak 0.1 sen sesaham ditolak 28% cukai pendapatan (1999: 0.1 sen sesaham ditolak 28% cukai pendapatan) untuk tahun kewangan berakhir 30 Jun 2000. Jumlah dividen bersih untuk tahun kewangan ini akan berjumlah RM0.1 juta (1999: RM 0.1 juta).

PROSPEK

Seiringan dengan pemulihan ekonomi negara yang berkekalan, Lembaga Pengarah menjangkakan pemulihan dalam prestasi operasi Kumpulan untuk tahun kewangan akan datang.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan kepada Kerajaan Malaysia, para pembiaya, sekutu-sekutu perniagaan, para pelanggan dan pemegang saham atas sokongan dan keyakinan mereka yang berterusan kepada kumpulan.

Saya juga ingin mengucapkan ribuan terima kasih kepada pihak pengurusan dan kakitangan Lion Corporation Berhad dan syarikat-syarikat operasi lain atas usaha gigih, iltizam, dedikasi dan sumbangan mereka kepada Kumpulan di sepanjang satu lagi tahun yang mencabar ini.

Akhir kata, saya ingin mengucapkan ribuan terima kasih kepada Lembaga Pengarah atas sokongan dan nasihat yang amat bernilai di sepanjang tahun.

TAN SRI WILLIAM H.J. CHENG

Pengerusi

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and the Audited Financial Statements for the Group and the Company for the financial year ended 30 June 2000.

RESULTS

For the year under review, the Group recorded a lower loss before taxation of RM267.7 million as compared to RM288.9 million reported in the previous year. The loss for the year was mainly due to equity accounting for the Group's share of losses in its 29.4% associate, Amsteel Corporation Berhad (Amsteel) amounting to RM166.7 million and also the inclusion of the initial loss of Megasteel Sdn Bhd (Megasteel) amounting to RM34.2 million. The results of Megasteel for the two months of May and June 2000 have been incorporated into the financial statements upon commencement of commercial production.

CORPORATE DEVELOPMENTS

On 5 July 2000, the Group announced the Proposed Group Wide Restructuring Scheme (Proposed GWRS) which seeks to rationalise the financial position of the Group and to reorganise and restructure its various businesses. The proposed GWRS is envisaged to provide the Group with the financial ability to meet in full its financial commitments to its creditors and to enable the Group to continue operations on a going concern basis, and in the long run, to regain a position of profitability.

REVIEW OF OPERATIONS

Steel Division

The year under review marks the inclusion of the results of Megasteel for the months of May and June 2000.

Megasteel is principally engaged in the manufacture of hot rolled coils (HRC), which is one of the key raw materials used in higher value added manufacturing, engineering, industrial and construction-related applications. The RM2.5 billion plant is currently the only producer of such products in the country with an annual rated capacity of 2.0 million metric tons. Megasteel is able to produce a comprehensive range of HRC products to cater for the local and international markets. Available in grades ranging from a thickness of 1.0 mm to 21.0 mm and width from 900 mm to 1,575 mm, Megasteel is also able to cater for all the local requirements for HRC. As for the international market, Megasteel has exported its HRC to over 20 customers in Italy, Spain and the United States of America.

Despite having to overcome the initial learning curve and operating under a period of extremely tight financial conditions, Megasteel was able to produce HRCs with relatively low reject rates. With a view to achieving full production capacity by end 2001, the management has, during the year, engaged a team of technical experts from Hylsa, Mexico to overcome the initial technical production problems. Hylsa, the owner and operator of a similar plant in Mexico, is reputed for their hands on experience in the smooth commissioning of production. The engagement of Hylsa is expected to complement and strengthen the management and operational skills of the staff at the plant. Going forward, Megasteel is confident of overcoming the setbacks faced during its initial period of operation.

Megasteel is regarded as a project of national strategic importance as it marks Malaysia's entry into the hot rolled flat product segment and also signifies a major step towards import substitution. The Government's support for the project is evidenced by the granting of pioneer status and tariff protection which currently takes the form of a 25% tariff on imports of HRC. In addition, Khazanah Nasional Berhad's investment via a strategic 10% stake in Megasteel, has demonstrated the Government's confidence in our Megasteel project.

The outlook for Megasteel appears favourable with the expected increase in the industrialisation pace in the country. As Malaysia continues to industrialise, there will be a shift in consumption patterns from long products to flat steel products. With over 20 years of experience in steel making, the Lion Group's management is confident that it will be able to overcome the operational issues and bring Megasteel to a position of profitability.

Motor Division

The Group, through its 50.01% subsidiary, Kinabalu Motor Assembly Sdn Bhd, the franchised assembler and distributor of Isuzu vehicles in East Malaysia, reported a turnover of RM118.4 million with a total of 1,441 units sold. Competition remained very keen throughout the financial year under review among the major players in the four wheel drive market resulting in a drop in the company's market share.

The year provided additional challenges for the management team as it saw the entry of three new competitors into the Crew Cab market, which resulted in a drop in units sold. In addition, the appreciation of the Japanese Yen during the year under review has also eroded the division's margin and aggravated its performance.

In an effort to regain further market share the division is currently working on a new facelift for its existing Isuzu Invader 4 X 4 double cabin model, and this new model is expected to be launched by next year.

Steel Furniture Division

The steel furniture manufacturing division, comprising Lion Steelworks Sdn Bhd, Lion Trading and Marketing Sdn Bhd and Lion Fichet Sdn Bhd, reported satisfactory levels of turnover and profitability for the financial year under review.

Although the domestic market is showing signs of recovery, the market demand is moving towards wooden and system furniture. The market has remained competitive throughout the period with intense competition from other manufacturers both locally and overseas.

To enable the division to remain competitive, efforts have been made by the management to introduce new products and improvements in features as evidenced by the successful procuring of an OEM agreement with a large Japanese manufacturer for the assembly of warehouse equipment. This is expected to contribute positively to the division in the future.

DIVIDENDS

The Board of Directors is pleased to recommend a first and final dividend of 0.1 sen per share less 28% income tax (1999: 0.1 sen per share less 28% income tax) for the financial year ended 30 June 2000. The total net dividend for this financial year will amount to RM0.1 million (1999: RM0.1 million).

PROSPECTS

With the sustained recovery of the Malaysian economy, the Directors expect an improvement in the operational performance of the Group in the next financial year.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to record my appreciation to the Malaysian Government, financiers, business associates, valued customers and shareholders for their continued support and confidence in the Group.

I would also like to thank the management and staff of Lion Corporation Berhad and the operating companies for their hard work, commitment, dedication and contributions to the Group throughout another challenging year.

Last but not least, I would like to thank my fellow directors for their invaluable support and advice throughout the year.

TAN SRI WILLIAM H.J. CHENG
Chairman

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FINANCIAL STATEMENTS

2000

For The Financial Year Ended 30 June 2000

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2000.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 11 to the financial statements.

Other than as disclosed in Note 11 to the financial statements, there have been no significant changes in the activities of the Company and of its subsidiary companies during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss after taxation	(283,036)	(34,107)
Minority interests	24,506	-
Loss attributable to shareholders	<u>(258,530)</u>	<u>(34,107)</u>

DIVIDENDS

The Directors recommend a first and final dividend of RM0.001 per share less 28% income tax in respect of the financial year ended 30 June 2000 amounting to RM0.132 million.

The Company has paid a first and final dividend of RM0.001 per share less 28% income tax in respect of the financial year ended 30 June 1999 and included in the previous Directors' Report amounting to RM0.132 million.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

During the financial year, the issued and paid-up capital of the Company was increased from 182,802,500 shares of RM1.00 each to 182,895,500 shares of RM1.00 each by the issue of 93,000 new ordinary shares of RM1.00 each pursuant to the Executive Share Option Scheme.

DIRECTORS

The Directors who served since the date of the last report are:-

Tan Sri William H.J. Cheng
 Raja Zainal Abidin bin Raja Haji Tachik
 Datuk Cheng Yong Kim
 Dato' Haji Yahya bin Haji Talib
 M Chareon Sae Tang @ Tan Whye Aun
 Loo Hooi Keat
 Cheng Theng Kee (Alternate Director to Tan Sri William H.J. Cheng)
 Dato' Dr Lee Chee Kuon (Alternate Director to Datuk Cheng Yong Kim)

In accordance with Article 93 of the Company's Articles of Association, Datuk Cheng Yong Kim and Mr Loo Hooi Keat retire by rotation and being eligible, offer themselves for re-election.

Y. M. Raja Zainal Abidin bin Raja Haji Tachik, being over the age of seventy years, retires pursuant to Section 129(2) of the Companies Act, 1965 and seeks re-appointment as Director under the provisions of Section 129(6) of the said Act to hold office until the next Annual General Meeting.

Mr Cheng Theng Kee, being over the age of seventy years, retires pursuant to Section 129(2) of the Companies Act, 1965 and seeks re-appointment as Alternate Director to Tan Sri William H.J. Cheng under the provisions of Section 129(6) of the said Act until the next Annual General Meeting.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member, or with a company in which a Director has a substantial financial interest save and except for any benefit which may be deemed to have arisen by virtue of transactions between the Company and its related companies and certain companies in which certain Directors of the Company and/or its subsidiary companies are Directors and/or substantial shareholders as disclosed in Note 26 to the financial statements.

Except for the share options granted pursuant to the Executive Share Option Scheme, neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS

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

	As at 1.7.99	Number of ordinary shares of RM1.00 each		As at 30.6.00
		Additions	Disposals	
Direct interest in shares				
Tan Sri William H.J. Cheng	180,000	-	-	180,000
Datuk Cheng Yong Kim	277,500	-	-	277,500
Cheng Theng Kee	238,123	-	-	238,123
Raja Zainal Abidin bin Raja Haji Tachik	300,000	-	-	300,000

	As at 1.7.99	Number of ordinary shares of RM1.00 each		As at 30.6.00
		Additions	Disposals	
Indirect interest in shares				
Tan Sri William H.J. Cheng	108,283,373	-	1,275,400	107,007,973
Datuk Cheng Yong Kim	66,450,534	-	607,000	65,843,534
Raja Zainal Abidin bin Raja Haji Tachik	11,400	-	-	11,400
Dato' Haji Yahya bin Haji Talib	240,000	-	15,000	225,000

In addition to the above, the following Directors are also deemed to have an interest in shares of the Company by virtue of:

- a) Options granted pursuant to the Company's Executive Share Option Scheme ("ESOS")

ESOS implemented on 16.5.2000
Options over ordinary shares of RM1.00 each

	As at 16.5.00	Granted	Exercised	As at 30.6.00
Tan Sri William H.J. Cheng	-	175,000	-	175,000

- b) Warrants with a right to subscribe for ordinary shares in the Company on the basis of one new ordinary share for every one warrant held.

	As at 1.7.99	Warrants		As at 30.6.00
		Additions	Disposals	
Direct interest				
Cheng Theng Kee	119,061	-	-	119,061
Indirect interest				
Tan Sri William H.J. Cheng	25,855,162	-	-	25,855,162

The interests in shares of the Directors in related companies are as follows:

	Nominal Value Per Ordinary Share	As at 1.7.99	Number of ordinary shares		As at 30.6.00
			Additions	Disposals	
Indirect interest in shares					
Tan Sri William H.J. Cheng and Datuk Cheng Yong Kim					
Logic Concepts (M) Sdn Bhd	RM1.00	71,072	-	-	71,072
Logic Furniture (M) Sdn Bhd	RM1.00	91,000	-	-	91,000
Lion Sankyu Tekko Sdn Bhd	RM1.00	4,000,000	-	-	4,000,000
Kinabalu Motor Assembly Sendirian Berhad	RM1.00	19,275,030	-	-	19,275,030
Megasteel Sdn Bhd	RM1.00	540,000,001	-	-	540,000,001
Lyn Pte Ltd	S\$1.00	1,225,555	-	-	1,225,555
Bersatu Investments Company Limited	HK\$10.00	42,644	-	-	42,644

	#Number of Preference "D" Shares of RM1.00 each			
	As at 15.7.99	Additions	Disposals	As at 30.6.00
Megasteel Sdn Bhd	49,000,000	-	-	49,000,000

Preference "D" Shares were issued on 15.7.1999

Other than as disclosed above, the Directors of the Company do not have any other interests in the shares of the Company or its related companies.

EXECUTIVE SHARE OPTION SCHEME

During the financial year, the Group's previous Executive Share Option Scheme ("ESOS") which came into effect on 29 November 1989 had on 28 November 1999 expired.

The main features of the previous ESOS were:-

- Eligible employees are those who have been confirmed as executive employees of the Group with not less than twelve months service immediately before the offer.
- The options granted may be exercised at any time during the period commencing on the date of offer of the option and expiring on the date of expiry of the ESOS or such shorter period as may be specifically stated in the offer.
- The options granted may be exercised in full or in any lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.
- The exercise price for each ordinary share under the ESOS shall be the average of the mean market quotation of the shares as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five market days preceding the respective dates of offer of the options.
- The shares to be allotted upon any exercise of options will upon allotment rank pari passu in all respects with the then existing issued shares of the Company and will be subject to all the provisions of the Articles of Association relating to transfer, transmission and otherwise.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other companies.

The movement of number of options granted and exercised pursuant to the ESOS during the financial year are as follows:-

Granted on	Option price per share (RM)	*Adjusted Option price per share (RM)	Balance as at 1.7.99	Granted	Exercised	Unissued shares as at 28.11.99
26.11.1990	2.34	1.78	5,000	-	2,000	3,000
13.5.1992	2.35	1.79	7,000	-	4,000	3,000
8.6.1992	2.16	1.66	4,000	-	-	4,000
30.6.1994	2.81	2.09	30,000	-	5,000	25,000
17.4.1995	2.90	2.15	104,000	-	13,000	91,000
10.9.1996	5.60	3.95	163,000	-	-	163,000
29.9.1997	4.20	3.02	128,000	-	27,000	101,000
24.5.1999	1.47	-	51,000	-	42,000	9,000
			<u>492,000</u>	<u>-</u>	<u>93,000</u>	<u>399,000</u>

* The adjustment was made pursuant to Clause 8 of the bye-laws of the ESOS in relation to the Bonus Issue and Rights Issue exercise implemented by the Company on 9 January 1998 and 11 June 1998 respectively.

A new ESOS for the eligible executives and executive Directors of the Group was approved by the shareholders of the Company on 22 March 2000. The ESOS became effective on 16 May 2000 and will expire on 15 May 2005. During the financial year, 2,833,000 options with a right to subscribe for 2,833,000 new ordinary shares of RM1.00 each was granted on 22 May 2000 at an option price of RM2.69 per share.

The main features of the new ESOS are as follows:

- (a) Executive Directors and confirmed executive employees of the Group who have been employed for a period of at least one year shall be eligible to participate in the ESOS.
- (b) The maximum number of new shares in the Company which may be issued and allotted pursuant to the exercise of options granted under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (c) No options shall be granted for less than 1,000 ordinary shares nor more than the maximum allowable allotment and shall be in multiples of 1,000 ordinary shares.
- (d) The option price of each ordinary share under the ESOS shall be determined by the Board upon the recommendation of the ESOS Committee which is at a discount of not more than 10% on the weighted average market price of the shares for the five market days immediately preceding the date of offer, or the par value of each ordinary share, whichever is higher.
- (e) The ESOS shall continue to be in force for a period of 5 years and the Company may, if the Board deems fit upon the recommendation of the ESOS Committee, renew the ESOS for a further 5 years, without further approval of the relevant authorities.
- (f) The persons to whom the options have been granted have no right to participate in any share option scheme implemented by any other company within the Group.

The movements of number of options granted and exercised pursuant to the ESOS during the financial year are as follows:-

Granted on	Option Price	Implemented on 16.5.00	Granted	Exercised	No. of shares unissued as at 30.6.00
22.5.2000	RM2.69	-	2,833,000	-	2,833,000

OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain the action 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
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amounts 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; or

- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors:-

- (a) except as disclosed in the financial statements, the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ong Boon Bah & Co, have indicated their willingness to continue in office.

On behalf of the Board

TAN SRI WILLIAM H.J. CHENG
CHAIRMAN

DATUK CHENG YONG KIM
DIRECTOR

Kuala Lumpur
25 October 2000

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

	Note	GROUP		COMPANY	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue	4	329,892	179,533	23,666	12,786
Other operating income		932	6,715	694	3,008
Changes in inventories of finished goods and work in progress		(4,642)	(54,038)	-	-
Purchases		(4,014)	(7,426)	-	-
Raw material and consumables used		(202,433)	(40,089)	-	-
Staff costs		(21,927)	(31,236)	-	-
Depreciation and amortisation expenses		(26,857)	(8,245)	-	(30)
Other operating expenses		(101,302)	(34,232)	(8,188)	(1,745)
Profit/(loss) from operations		(30,351)	10,982	16,172	14,019
Finance costs		(52,260)	(38,380)	(32,921)	(38,870)
Share in results of associated companies		(166,707)	(261,491)	-	-
Loss before exceptional item	5	(249,318)	(288,889)	(16,749)	(24,851)
Exceptional item	6	(18,415)	-	(15,655)	-
Loss before taxation		(267,733)	(288,889)	(32,404)	(24,851)
Taxation	7	(15,303)	14,610	(1,703)	(591)
Loss after taxation		(283,036)	(274,279)	(34,107)	(25,442)
Minority interests		24,506	(314)	-	-
Loss attributable to shareholders		(258,530)	(274,593)	(34,107)	(25,442)
Loss per share (sen)	8	141.4	150.2		

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

BALANCE SHEETS

AS AT 30 JUNE 2000

	Note	GROUP		COMPANY	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
FIXED ASSETS	10	2,567,142	2,044,810	-	30
SUBSIDIARY COMPANIES	11	-	-	567,228	544,078
ASSOCIATED COMPANIES	12	35,544	229,118	261,238	276,893
INVESTMENTS	13	74,342	80,084	62,942	67,502
INTANGIBLE ASSETS	14	167,810	52,203	-	-
		<u>2,844,838</u>	<u>2,406,215</u>	<u>891,408</u>	<u>888,503</u>
CURRENT ASSETS					
Stocks	15	285,241	163,630	-	-
Debtors	16	396,728	305,587	7,983	13,036
Deposits with financial institutions		34,843	58,553	3,704	4,376
Cash and bank balances		2,347	4,163	703	143
		<u>719,159</u>	<u>531,933</u>	<u>12,390</u>	<u>17,555</u>
CURRENT LIABILITIES					
Creditors	17	761,403	407,798	47,212	19,558
Short term borrowings	18	494,473	290,811	136,547	136,405
Taxation		8,632	5,822	3,991	-
Proposed dividend	9	132	132	132	132
		<u>1,264,640</u>	<u>704,563</u>	<u>187,882</u>	<u>156,095</u>
NET CURRENT LIABILITIES		<u>(545,481)</u>	<u>(172,630)</u>	<u>(175,492)</u>	<u>(138,540)</u>
		<u>2,299,357</u>	<u>2,233,585</u>	<u>715,916</u>	<u>749,963</u>
Financed by:					
SHARE CAPITAL	19	182,896	182,803	182,896	182,803
RESERVES	20	(223,098)	(68,204)	83,020	117,160
SHAREHOLDERS' FUNDS		<u>(40,202)</u>	<u>114,599</u>	<u>265,916</u>	<u>299,963</u>
MINORITY INTERESTS		453,912	329,418	-	-
TERM LOANS	21	1,534,937	1,438,831	100,000	100,000
BONDS	22	350,000	350,000	350,000	350,000
DEFERRED TAXATION	23	710	716	-	-
DEFERRED CREDITORS		-	21	-	-
		<u>2,299,357</u>	<u>2,233,585</u>	<u>715,916</u>	<u>749,963</u>
Net tangible (liabilities) / assets per share (sen)		<u>(113.7)</u>	<u>34.1</u>		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

	Share capital RM'000	Share premium RM'000	Reserve on consolidation and other reserves RM'000	Accumulated loss RM'000	Total RM'000
GROUP					
Balance at 30 June 1998	182,762	54,949	121,298	(108,655)	250,354
Share issued	41	19			60
Amortisation			(32)		(32)
Exchange difference			(337)		(337)
Share of post-acquisition reserves in associated companies			139,279		139,279
Net loss for the financial year				(274,593)	(274,593)
Dividend (Note 9)				(132)	(132)
Balance at 30 June 1999	182,803	54,968	260,208	(383,380)	114,599
Shares issued	93	99			192
Amortisation			(32)		(32)
Exchange difference			310		310
Revaluation surplus			100,000		100,000
Share of post-acquisition reserves in associated companies			3,391		3,391
Net loss for the financial year				(258,530)	(258,530)
Dividend (Note 9)				(132)	(132)
Balance at 30 June 2000	182,896	55,067	363,877	(642,042)	(40,202)
COMPANY					
		Share capital RM'000	Share premium RM'000	Retained profit RM'000	Total RM'000
Balance at 30 June 1998		182,762	54,949	87,766	325,477
Shares issued		41	19		60
Loss for the financial year				(25,442)	(25,442)
Dividend (Note 9)				(132)	(132)
Balance at 30 June 1999		182,803	54,968	62,192	299,963
Shares issued		93	99		192
Loss for the financial year				(34,107)	(34,107)
Dividend (Note 9)				(132)	(132)
Balance at 30 June 2000		182,896	55,067	27,953	265,916

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

	Note	2000 RM'000	1999 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before taxation		(267,733)	(288,889)
Adjustments for non-cash items, interests and dividends	28(a)	269,087	307,780
Operating (loss)/profit before working capital changes		1,354	18,891
Increase in trade debtors and other receivables		(58,837)	(154,324)
Increase in trade creditors and other payables		342,512	179,126
Increase/(Decrease) in inventories		(119,869)	3,811
Cash generated from operations		165,160	47,504
Tax refunded/(paid)		12,967	(879)
Interest received		717	1,389
Interest paid		(41,030)	(25,127)
Net cash inflow from operating activities		137,814	22,887
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(335,904)	(446,280)
Proceeds from disposal of fixed assets		451	6,430
Dividend income from quoted and unquoted investments		271	-
Deferred expenditure incurred		(122,983)	(27,226)
Proceeds from disposal of quoted investments		5,254	6,138
Net cash outflow from investing activities		(452,911)	(460,938)
CASH FLOWS FROM FINANCING ACTIVITIES			
Term loans raised		162,963	323,508
Dividend paid to shareholders of the Company		(132)	(1,316)
Dividend paid to minority shareholders of a subsidiary company		-	(139)
Proceeds from shares issued to minority shareholders		-	100,000
Proceeds from shares issued		192	60
Payment of hire purchases		(67)	(97)
Payment of finance lease liabilities		-	(161)
Proceeds from short term borrowings		119,612	(32,375)
Interest paid on the acquisition of fixed assets		(10,500)	(10,500)
Net cash inflow from financing activities		272,068	378,980
Effect of exchange rate changes in cash and cash equivalents		310	(319)
Net decrease in cash and cash equivalents		(42,719)	(59,390)
Cash and cash equivalents at beginning of the financial year		55,301	114,691
Cash and cash equivalents at end of the financial year	28(b)	12,582	55,301

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2000

1. Going Concern

The Group incurred a loss after taxation and minority interests of RM258,530,000 during the financial year ended 30 June 2000. At that date, current liabilities of the Group and the Company exceeded current assets by RM545,481,000 and RM175,492,000 respectively. As disclosed in notes 18 and 21 to the financial statements, the Group and the Company have not serviced some of its principal borrowings and interest charges.

The Board of Directors has approved a Group Wide Restructuring Scheme which will involve the restructuring of the Group's debts and rationalisation of the Group structure whereby core businesses would be redefined and non-core businesses would be divested. In addition, certain subsidiary companies are presently re-negotiating with their bankers to extend the repayment schedule on existing term loans.

The Directors are of the opinion that the restructuring scheme referred to above will be successfully implemented and the subsidiary companies will be able to obtain extended repayment schedules on existing term loans from their bankers. Accordingly, the Directors consider that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classification of liabilities that may be necessary if the Group and the Company is unable to continue as a going concern.

2. Basis of Accounting

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain assets and comply with applicable approved accounting standards in Malaysia.

3. Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the date of the acquisitions or up to the date of the disposals, where applicable.

Goodwill or reserve arising on consolidation represents the difference between the purchase price and the fair value of the net assets of subsidiary companies acquired, as applicable. Goodwill and reserve on consolidation are amortised over a period of twenty five years.

(b) Associated Companies

A company, other than a subsidiary company, in which the Group has a long term equity investment of between 20% and 50% and where the Group has representation on the Board and is in a position to exercise significant influence is accounted for as an associated company.

The consolidated income statement includes the Group's share in profits less losses of associated companies based on the latest audited or management accounts of the companies concerned. In the consolidated balance sheet, the Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition retained profits and reserves.

(c) Depreciation

Freehold land is not amortised. Leasehold land is amortised over the period of the lease. Depreciation of the other fixed assets is provided on the straight line basis to write off the cost or valuation of each asset over its estimated useful life.

The principal annual depreciation rates used are:

Building	2 - 5%
Plant and machinery	5 - 10%
Furniture, fittings and office equipment	5 - 20%
Motor vehicles	20%

(d) Deferred expenditure

Deferred expenditure consists of preliminary expenses, pre-operating expenses and pre-commercial production expenses.

Pre-commercial production expenses represents expenses incurred prior to commencement of commercial production. Pre-commercial production expenses is amortised on a straight line basis over a period of 10 years upon commencement of commercial production and is stated net of amortisation.

Preliminary and pre-operating expenses have been written off during the financial year to comply with applicable approved accounting standards in Malaysia.

(e) Stocks

Stocks are valued at the lower of cost and net realisable value after adequate provision has been made for all deteriorated, damaged, obsolete or slow-moving items. Cost consists of direct materials, direct labour, direct charges and appropriate production overheads where applicable and is determined on a weighted average basis or by specific identification.

(f) Construction contracts

The gross amount due to customers for contract works represents progress billings less cost of contract works incurred and profit attributable to contract works performed to date net of foreseeable loss.

Provision for foreseeable loss is made based on loss estimated to arise over the duration of the contract after allowing for costs to the extent that such costs are not recoverable under the terms of contract.

(g) Income recognition

Contract revenue and contract cost from construction contracts are recognised on the percentage of completion method measured by reference to the surveys of work performed or completion of a physical proportion of the contract work. Recognition of contract revenue and contract costs starts when outcome of a construction contract can be estimated reliably.

Dividend income from investments is accounted for on the accrual basis.

(h) Deferred taxation

Provision is made, on the liability method, for taxation deferred by capital allowances and other timing differences, except where the tax effects of such timing differences are not expected to reverse in the foreseeable future.

Deferred tax benefit is only recognised when there is a reasonable expectation of realisation in the near future.

(i) Foreign currency

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the transaction dates or at contracted dates where applicable. Assets and liabilities in foreign currencies at the financial year end are translated into Ringgit Malaysia at the rates of exchange ruling at that date. All exchange differences are included in the income statements.

All exchange differences are included in the income statements except for exchange differences on long term loans obtained for acquiring fixed assets which are capitalised.

Assets and liabilities of overseas subsidiaries, denominated in foreign currencies, are translated into Ringgit Malaysia at the exchange rates ruling at the financial year end. Results of operations of those foreign entities are translated at an average rate for the financial year which best approximates the exchange rates at the dates of the transaction. Exchange differences arising from the restatement at financial year end rates of the opening net investments in overseas subsidiaries are dealt with through reserves.

The closing rates used in the translation are as follows:

RM1 = SGD 0.46 (1999: RM1 = SGD 0.45)
RM1 = HK\$ 2.06 (1999: RM1 = HK\$ 2.06)

(j) Investments

Investment in subsidiary and associated companies in the Company's financial statements and other investments are stated at cost and a provision is made when the Directors are of the opinion that there is a permanent diminution in value.

(k) Capitalisation of interest

Interest incurred on specific and identifiable borrowings used to acquire plant and machinery is capitalised until the assets are ready for their intended use.

(l) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and other short-term and highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.

4. REVENUE

The revenue for the Group represents the sales of goods and services outside the Group net of returns and allowances, proportion of the total contract value attributable to the percentage of construction work performed, registration and other professional fees, gross dividend income and interest income.

Revenue for the Company comprises gross dividend and interest income.

Analysis of revenue is as follows:

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Sales of goods	331,579	142,598	-	-
Contract billings				
- current year	1,466	35,535	-	-
- over recognised in prior year	(3,723)	-	-	-
Registration and other professional fees	259	382	-	-
Dividend income	10	82	553	1,295
Interest income	301	936	23,113	11,491
	329,892	179,533	23,666	12,786

5. LOSS BEFORE EXCEPTIONAL ITEM

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
After charging:				
Depreciation	23,329	7,181	-	30
Amortisation of:				
Deferred expenditure	2,468	4	-	-
Goodwill on consolidation	1,092	1,092	-	-
Deferred expenditure written off	3,816	-	-	-
Directors' remuneration:				
Fees	67	76	67	76
Other emoluments	48	66	48	66
Over provision in prior year	(2)	(11)	(2)	(11)
Auditors' remuneration:				
Current year	154	144	17	17
Under/(Over) provision in prior year	(12)	5	-	1
Rent of land and buildings	1,491	3,364	-	-
Interest expenses on:				
Advances from subsidiary companies	-	-	1,145	1,845
Bank overdrafts	462	1,041	142	163
Bonds	1,750	-	10,500	10,500
Term loans	42,207	24,103	6,769	10,987
Others	7,841	13,236	14,364	15,375
Provision for:				
Doubtful debts	1,061	4,154	-	-
Stock obsolescence	-	125	-	-
Lease rental	69	69	-	-
Fixed assets written off	332	136	1	-
Bad debts written off	90	1,702	90	-
Stocks written off	-	221	-	-
Retrenchment benefits	451	-	-	-

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
And crediting:				
Gross dividend income from:				
Quoted investment in Malaysia	10	64	9	64
Unquoted subsidiaries	-	-	230	1,178
Unquoted investments	-	18	-	18
Associated companies				
- quoted in Malaysia	-	-	122	36
- unquoted	-	-	192	-
Rental income	21	35	-	-
Interest income from:				
Advances to subsidiary companies	-	-	22,879	10,555
Others	894	1,787	235	936
Provision written back for:				
Doubtful debts	-	1,923	-	-
Stock obsolescence	1,742	1,008	-	-
Gain on disposal of fixed assets	82	1,368	-	1,216
Amortisation of reserve on consolidation	32	32	-	-
(Loss)/Gain on disposal of quoted investment	(489)	506	694	1,644

6. EXCEPTIONAL ITEM

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Quoted warrants written off	18,415	-	15,655	-

7. TAXATION

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Malaysian:				
Current year provision	954	-	-	-
Recovery of tax deducted at source on dividend received and receivable from subsidiary companies and associated companies	(154)	(571)	-	-
Deferred	(6)	340	-	-
(Over)/Underprovision in prior years	2,877	(73)	1,703	591
Associated companies	11,632	(14,306)	-	-
	15,303	(14,610)	1,703	591

The Company has estimated tax credit under Section 108 of the Income Tax Act, 1967 amounting to RM22.13 million (1999: RM22.18 million) to frank the payment of dividend out of its retained profit as at 30 June 2000. The amount is subject to agreement with the tax authorities.

8. LOSS PER SHARE

Loss per share is calculated by dividing the Group's loss after taxation and minority interests of RM258.53 million (1999: RM274.59 million) by the weighted average number of shares in issue of 182.89 million shares (1999: 182.76 million shares).

9. DIVIDEND

	GROUP AND COMPANY	
	2000	1999
	RM'000	RM'000
Proposed first and final dividend: RM0.001 per share less 28% income tax (1999: RM0.001 per share less 28% income tax)	<u>132</u>	<u>132</u>

10. FIXED ASSETS

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
GROUP						
COST/VALUATION						
At 1 July 1999	139,227	33,052	7,507	5,778	1,906,504	2,092,068
Additions	3,689	13,419	296	640	328,360	346,404
Revaluation surplus	200,000	-	-	-	-	200,000
Disposals	-	(2)	(198)	(859)	-	(1,059)
Exchange difference	-	-	(8)	(2)	-	(10)
Written off	-	(259)	(563)	(100)	-	(922)
Reclassification	478,693	1,738,846	1,923	-	(2,219,462)	-
At 30 June 2000	<u>821,609</u>	<u>1,785,056</u>	<u>8,957</u>	<u>5,457</u>	<u>15,402</u>	<u>2,636,481</u>
Representing items at:						
Cost	521,609	1,785,056	8,957	5,457	15,402	2,336,481
Valuation	300,000	-	-	-	-	300,000
	<u>821,609</u>	<u>1,785,056</u>	<u>8,957</u>	<u>5,457</u>	<u>15,402</u>	<u>2,636,481</u>
ACCUMULATED DEPRECIATION						
At 1 July 1999	19,554	20,083	4,103	3,518	-	47,258
Charge for the financial year	5,650	16,201	594	924	-	23,369
Disposals	-	(3)	(114)	(573)	-	(690)
Exchange difference	-	-	(6)	(2)	-	(8)
Written off	-	(135)	(396)	(59)	-	(590)
Reclassification	(9)	-	9	-	-	-
At 30 June 2000	<u>25,195</u>	<u>36,146</u>	<u>4,190</u>	<u>3,808</u>	<u>-</u>	<u>69,339</u>
Representing items at:						
Cost	25,195	36,146	4,190	3,808	-	69,339
Valuation	-	-	-	-	-	-
	<u>25,195</u>	<u>36,146</u>	<u>4,190</u>	<u>3,808</u>	<u>-</u>	<u>69,339</u>
NET BOOK VALUE						
At 30 June 2000						
- at cost	496,414	1,748,910	4,767	1,649	15,402	2,267,142
- at valuation	300,000	-	-	-	-	300,000
	<u>796,414</u>	<u>1,748,910</u>	<u>4,767</u>	<u>1,649</u>	<u>15,402</u>	<u>2,567,142</u>

	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
GROUP						
At 30 June 1999						
- at cost	19,673	12,969	3,404	2,260	1,906,504	1,944,810
- at valuation	100,000	-	-	-	-	100,000
	<u>119,673</u>	<u>12,969</u>	<u>3,404</u>	<u>2,260</u>	<u>1,906,504</u>	<u>2,044,810</u>
Depreciation charge for the financial year ended 30 June 1999	<u>2,376</u>	<u>2,194</u>	<u>756</u>	<u>1,902</u>	<u>-</u>	<u>7,228</u>

Analysis of land and buildings is as follows:

	Freehold land, buildings and land improvement RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Total RM'000
GROUP				
COST/VALUATION				
At 1 July 1999	100,000	14,951	24,276	139,227
Additions	-	-	3,689	3,689
Revaluation surplus	200,000	-	-	200,000
Reclassification	478,693	-	-	478,693
Disposals	-	-	-	-
At 30 June 2000	<u>778,693</u>	<u>14,951</u>	<u>27,965</u>	<u>821,609</u>
Representing items at:				
Cost	478,693	14,951	27,965	521,609
Valuation	300,000	-	-	300,000
	<u>778,693</u>	<u>14,951</u>	<u>27,965</u>	<u>821,609</u>
ACCUMULATED DEPRECIATION				
At 1 July 1999	-	6,982	12,572	19,554
Charge for the financial year	3,287	706	1,657	5,650
Disposals	-	-	-	-
Reclassification	-	-	(9)	(9)
At 30 June 2000	<u>3,287</u>	<u>7,688</u>	<u>14,220</u>	<u>25,195</u>
Representing items at:				
Cost	3,287	7,688	14,220	25,195
Valuation	-	-	-	-
Cost	<u>3,287</u>	<u>7,688</u>	<u>14,220</u>	<u>25,195</u>

GROUP	Freehold land, buildings and land improvement RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Total RM'000
NET BOOK VALUE				
At 30 June 2000				
- cost	475,406	7,263	13,745	496,414
- valuation	300,000	-	-	300,000
	<u>775,406</u>	<u>7,263</u>	<u>13,745</u>	<u>796,414</u>
At 30 June 1999				
- cost	-	7,969	11,704	19,673
- valuation	100,000	-	-	100,000
	<u>100,000</u>	<u>7,969</u>	<u>11,704</u>	<u>119,673</u>
Depreciation charge for the financial year ended 30 June 1999	<u>-</u>	<u>590</u>	<u>1,786</u>	<u>2,376</u>
COMPANY				
COST				
At 1 July 1999		-	56	56
Additions		-	-	-
Disposals		-	(48)	(48)
Written off		-	(8)	(8)
At 30 June 2000		<u>-</u>	<u>-</u>	<u>-</u>
ACCUMULATED DEPRECIATION				
At 1 July 1999		-	26	26
Charge for the financial year		-	-	-
Disposals		-	(19)	(19)
Written off		-	(7)	(7)
At 30 June 2000		<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE				
At 30 June 2000		<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 1999		<u>-</u>	<u>30</u>	<u>30</u>
Depreciation charge for the financial year ended 30 June 1999		<u>22</u>	<u>8</u>	<u>30</u>

The freehold land was revalued in 1998 by the Directors based on independent valuation reports carried out by firms of professional surveyors and valuers on an open market basis.

The Directors have applied the transitional provisions of International Accounting Standards No. 16 (Revised) Property, Plant and Equipment as adopted by Malaysian Accounting Standards Board which allow the freehold land to be stated at their 1998 valuation.

Included in plant and machinery is an amount of term loan interest and other borrowing costs capitalised during the financial year totalling RM12.82 million.

The fixed assets of certain subsidiaries with carrying value of RM24.08 million (1999: RM23.54 million) have been charged to banks as securities for credit facilities granted to the subsidiary companies.

Strata titles for short leasehold buildings of certain subsidiary companies have not been issued by the relevant authority.

11. SUBSIDIARY COMPANIES

Investment in subsidiary companies:

	COMPANY	
	2000 RM'000	1999 RM'000
Unquoted shares at cost	41,758	41,758
Amount due from subsidiary companies	535,767	512,547
Amount due to subsidiary companies	(10,297)	(10,227)
	<u>567,228</u>	<u>544,078</u>

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2000 %	1999 %	
Lion Construction & Engineering Sdn Bhd	Malaysia	100	100	Construction and civil engineering works
Lion Rubber Works Sdn Bhd	Malaysia	100	100	Ceased operations
Limpahjaya Sdn Bhd	Malaysia	100	100	Investment holding
Lion Steelworks Sdn Bhd	Malaysia	100	100	Manufacture and distribution of office equipment and related steel products
Lion Trading & Marketing Sdn Bhd	Malaysia	100	100	Trading and marketing agency for the distribution of office equipment, security equipment and steel related products
*Lion General Trading & Marketing (S) Pte Ltd	Singapore	100	100	General merchant
Lion Excellent Sdn Bhd	Malaysia	100	100	Ceased operations
Umevest Sdn Bhd	Malaysia	100	100	# Investment holding

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2000 %	1999 %	
Secretarial Communications Sdn Bhd	Malaysia	100	100	# Share registration and secretarial services
*Lion-Fichet (HK) Limited	Hong Kong	100	100	# Ceased operations
*Glit Investments Company Limited	Hong Kong	100	100	# Dormant
*Logic Concepts (S) Pte Ltd	Singapore	100	100	# Ceased operations
*Logic Furniture (S) Pte Ltd	Singapore	100	100	# Ceased operations
Lion Com Sdn Bhd	Malaysia	100	100	# Investment holding
*KMA Marketing Sdn Bhd	Malaysia	100	100	# Trading of motor vehicles
*Kinabalu Car Distributors Sdn Bhd	Malaysia	100	100	# Dormant
PMB Building System Sdn Bhd	Malaysia	100	100	# Changed from steel fabrication and space frame manufacturing and construction to investment holding
Lion Fichet Sdn Bhd	Malaysia	100	100	# Ceased operations
Logic Furniture (M) Sdn Bhd	Malaysia	91	91	# Ceased operations
*Lyn Pte Ltd	Singapore	79	79	# Investment holding
Lion Sankyu Tekko Sdn Bhd	Malaysia	80	80	# Ceased operations
Logic Concepts (M) Sdn Bhd	Malaysia	71	71	# Ceased operations
*Bersatu Investments Company Limited	Hong Kong	71	71	# Ceased operations
*Kinabalu Motor Assembly Sendirian Berhad	Malaysia	50.01	50.01	Assembly of commercial vehicles
Megasteel Sdn Bhd	Malaysia	50**	50**	# Manufacturing of flat steel products

Note: * Financial statements of subsidiary companies not audited by Ong Boon Bah & Co
 ** Holding in equity represents 50% plus 1 share
 # Holding in equity by subsidiary companies

12. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
At cost:				
Quoted shares in Malaysia	375,581	375,581	259,265	259,265
Unquoted shares	1,540	1,540	1,540	1,540
	<u>377,121</u>	<u>377,121</u>	<u>260,805</u>	<u>260,805</u>
Group's share of retained losses and reserves	(342,060)	(166,896)	-	-
	<u>35,061</u>	<u>210,225</u>	<u>260,805</u>	<u>260,805</u>
Amount due from an associated company	483	478	433	433
Quoted warrants at cost	-	18,415	-	15,655
	<u>35,544</u>	<u>229,118</u>	<u>261,238</u>	<u>276,893</u>
Market value of:				
quoted shares	188,652	344,014	124,324	226,709
quoted warrants	-	27,009	-	22,961
	<u>188,652</u>	<u>371,023</u>	<u>124,324</u>	<u>249,670</u>
Share of net assets in the associated companies	<u>35,061</u>	<u>210,225</u>	<u>-</u>	<u>-</u>

Certain quoted shares of an associated company have been charged to financial institutions as security for credit facilities granted to the Group and Company.

The associated companies are:

Name of Company	Country of Incorporation	Holding in Equity		Accounting Year End	Principal Activities
		2000 %	1999 %		
Amsteel Corporation Berhad	Malaysia	29.4	29.4	30 June	Investment holding
Lion Plantations Sdn Bhd	Malaysia	30	30	30 June	Investment holding

13. INVESTMENTS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Unquoted shares at cost	13,265	13,265	11,150	11,150
Less: Provision for diminution in value	(123)	(123)	-	-
	<u>13,142</u>	<u>13,142</u>	<u>11,150</u>	<u>11,150</u>
Quoted shares in Malaysia at cost	61,175	66,917	51,792	56,352
Others	25	25	-	-
	<u>74,342</u>	<u>80,084</u>	<u>62,942</u>	<u>67,502</u>
Market value of quoted shares	<u>42,493</u>	<u>66,100</u>	<u>41,490</u>	<u>64,572</u>

14. INTANGIBLE ASSETS

	GROUP	
	2000 RM'000	1999 RM'000
Goodwill on consolidation		
At 1 July	27,503	27,503
Movement during the financial year	-	-
At 30 June	<u>27,503</u>	<u>27,503</u>
Cumulative amortisation at 1 July	(4,237)	(3,145)
Amortisation for current financial year	(1,092)	(1,092)
Cumulative amortisation at 30 June	<u>(5,329)</u>	<u>(4,237)</u>
Net	<u>22,174</u>	<u>23,266</u>
Deferred expenditure		
Preliminary expenses	37	37
Pre-operating expenses	6,029	5,234
Pre-commercial production expenses	148,104	25,916
Franchise fees	352	352
	<u>154,522</u>	<u>31,539</u>
Cumulative amortisation at 1 July	(2,602)	(2,598)
Amortisation for current financial year	(2,468)	(4)
Written off during the financial year	(3,816)	-
Cumulative amortisation/written off as at 30 June	<u>(8,886)</u>	<u>(2,602)</u>
Net	<u>145,636</u>	<u>28,937</u>
Total	<u>167,810</u>	<u>52,203</u>

Pre-commercial production expenses for the financial year included the following:

	GROUP	
	2000 RM'000	1999 RM'000
Auditors' remuneration	-	5
Depreciation	30	37
Interest	106,630	-
	<u> </u>	<u> </u>

15. STOCKS

	GROUP	
	2000 RM'000	1999 RM'000
Raw materials	52,479	33,832
Work-in-progress	22,750	20,185
Finished goods	149,301	95,377
General and consumables stores	56,743	15,578
Goods-in-transit	4,093	525
	<u> </u>	<u> </u>
	285,366	165,497
Less: Provision for stock obsolescence	(125)	(1,867)
	<u> </u>	<u> </u>
	285,241	163,630
	<u> </u>	<u> </u>

16. DEBTORS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade debtors	150,923	100,256	-	-
Less: Provision for doubtful debts	(11,062)	(10,001)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	139,861	90,255	-	-
Retention monies	7,615	8,566	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	147,476	98,821	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other debtors, deposits and prepayments	249,332	205,967	7,983	13,036
Less: Provision for doubtful debts	(80)	(80)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	249,252	205,887	7,983	13,036
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Gross amount due from customers (See below)	-	879	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	396,728	305,587	7,983	13,036
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Gross amount due to/from customers, pertaining to a subsidiary company, is as follows:

	GROUP	
	2000 RM'000	1999 RM'000
Contract cost to date	224,149	337,109
Attributable profits	4,077	8,282
	<u>228,226</u>	<u>345,391</u>
Progress billings	(228,705)	(344,512)
Gross amount due (to)/from customers	<u>(479)</u>	<u>879</u>

The following amount was charged to construction contract during the financial year:

	GROUP	
	2000 RM'000	1999 RM'000
Depreciation	10	10

17. CREDITORS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Trade creditors	167,813	50,012	-	-
Other creditors and accruals	593,111	357,674	47,212	19,558
Gross amount due to customers (Note 16)	479	-	-	-
Hire purchase and lease creditors	-	112	-	-
	<u>761,403</u>	<u>407,798</u>	<u>47,212</u>	<u>19,558</u>

18. SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Term loans:				
Portion repayable within one year (Note 21)	148,626	81,769	-	-
Unsecured:				
Bank overdrafts	3,643	4,978	1,647	1,505
Bills payable	6,000	-	-	-
Revolving credits	50,750	51,000	47,500	47,500
Short term loans	87,400	87,589	87,400	87,400
	<u>147,793</u>	<u>143,567</u>	<u>136,547</u>	<u>136,405</u>

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Secured:				
Bank overdrafts	20,965	2,437	-	-
Bills payable	123,640	37,595	-	-
Revolving credits	43,449	11,153	-	-
Short term loans	10,000	14,290	-	-
	<u>198,054</u>	<u>65,475</u>	<u>-</u>	<u>-</u>
Total	<u>494,473</u>	<u>290,811</u>	<u>136,547</u>	<u>136,405</u>

The Group and the Company have not serviced some of its principal borrowings and interest charges. As a result, certain principal bankers have frozen or withdrawn the existing credit facilities available to the Group. In addition, certain subsidiary companies are presently re-negotiating with their bankers to extend the repayment schedules on existing term loans.

Bank overdrafts and bills payable of a subsidiary company are secured by way of a first and second legal charge over its landed properties and a first fixed and floating charge on the entire assets and undertakings of the subsidiary company.

The revolving credits and short term loans of subsidiary companies are secured against quoted shares held by a subsidiary company.

Short term borrowings carry interest rates ranging from 2.9% to 12.8% (1999: 9.64% to 15.75%) per annum.

Included in the outstanding loans (unsecured) of the Company is an amount of RM10.0 million which have been sold by a licensed bank to Danaharta Urus Sdn Bhd. The original terms and conditions contained in the loan agreement with the licensed bank remained unchanged.

19. SHARE CAPITAL

	GROUP AND COMPANY	
	2000 RM'000	1999 RM'000
Ordinary shares of RM1.00 each		
(a) Authorised		
At 1 July	500,000	500,000
Created during the financial year	-	-
At 30 June	<u>500,000</u>	<u>500,000</u>
(b) Issued and fully paid		
182.90 million shares (1999: 182.80 million shares)	<u>182,896</u>	<u>182,803</u>
(c) Movement in issued and fully paid share capital		
At 1 July	182,803	182,762
Issue of shares under the Executive Share Option Scheme - 93,000 shares (1999: 41,000)	93	41
At 30 June	<u>182,896</u>	<u>182,803</u>

During the financial year, the issued and paid-up capital of the Company was increased from 182,802,500 shares of RM1.00 each to 182,895,500 shares of RM1.00 each by the issue of 93,000 new ordinary shares of RM1.00 each pursuant to the previous Executive Share Option Scheme ("ESOS") which expired on 28 November 1999.

The main features of the previous ESOS were:

- (a) Eligible employees are those who have been confirmed as executive employees of the Group with not less than twelve months service immediately before the offer.
- (b) The options granted may be exercised at any time during the period commencing on the date of offer of the option and expiring on the date of expiry of the ESOS or such shorter period as may be specifically stated in the offer.
- (c) The options granted may be exercised in full or in any lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.
- (d) The exercise price for each ordinary share under the ESOS shall be the average of the mean market quotation of the shares as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five market days preceding the respective dates of offer of the options.
- (e) The shares to be allotted upon any exercise of options will upon allotment rank pari passu in all respects with the then existing issued shares of the Company and will be subject to all the provisions of the Articles of Association relating to transfer, transmission and otherwise.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other companies.

The movement of number of options granted and exercised pursuant to the ESOS during the financial year are as follows:

Granted on	Option price per share (RM)	*Adjusted Option price per share (RM)	Balance as at 1.7.99	Granted	Exercised	Unissued shares as at 28.11.99
26.11.1990	2.34	1.78	5,000	-	2,000	3,000
13.5.1992	2.35	1.79	7,000	-	4,000	3,000
8.6.1992	2.16	1.66	4,000	-	-	4,000
30.6.1994	2.81	2.09	30,000	-	5,000	25,000
17.4.1995	2.90	2.15	104,000	-	13,000	91,000
10.9.1996	5.60	3.95	163,000	-	-	163,000
29.9.1997	4.20	3.02	128,000	-	27,000	101,000
24.5.1999	1.47	-	51,000	-	42,000	9,000
			492,000	-	93,000	399,000

* The adjustment was made pursuant to Clause 8 of the bye-laws of the ESOS in relation to the Bonus Issue and Rights Issue exercise implemented by the Company on 9 January 1998 and 11 June 1998 respectively.

A new ESOS for the eligible executives and executive directors of the Group was approved by the shareholders of the Company on 22 March 2000. The ESOS became effective on 16 May 2000 and will expire on 15 May 2005.

During the financial year, 2,833,000 options with a right to subscribe for 2,833,000 new ordinary shares of RM1.00 each was granted on 22 May 2000 at an option price of RM2.69 per share.

The main features of the new ESOS are as follows:

- (a) Executive Directors and confirmed executive employees of the Group who have been employed for a period of at least one year shall be eligible to participate in the ESOS.
- (b) The maximum number of new shares in the Company which may be issued and allotted pursuant to the exercise of options granted under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (c) No options shall be granted for less than 1,000 ordinary shares nor more than the maximum allowable allotment and shall be in multiples of 1,000 ordinary shares.
- (d) The option price of each ordinary share under the ESOS shall be determined by the Board upon the recommendation of the ESOS Committee which is at a discount of not more than 10% on the weighted average market price of the shares for the five market days immediately preceding the date of offer, or the par value of each ordinary share, whichever is higher.
- (e) The ESOS shall continue to be in force for a period of 5 years and the Company may, if the Board deems fit upon the recommendation of the ESOS Committee, renew the ESOS for a further 5 years, without further approval of the relevant authorities.
- (f) The persons to whom the options have been granted have no right to participate in any share option scheme implemented by any other company within the Group.

The movements of number of options granted and exercised pursuant to the ESOS during the financial year are as follows:

Granted on	Option Price	Implemented on 16.5.00	Granted	Exercised	No. of shares unissued as at 30.6.00
22.5.2000	RM2.69	-	2,833,000	-	2,833,000

As at 30 June 2000, there were 91,380,750 warrants with a right to subscribe for ordinary shares of the Company on the basis of one new ordinary share for every one warrant held at the subscription price of RM2.60 per ordinary share not exercised. The warrant holders may exercise their right at any time not later than 5.00 p.m. on 10 December 2003.

20. RESERVES

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Non-distributable :				
Share premium	55,067	54,968	55,067	54,968
Reserve on consolidation	703	735	-	-
Others	363,174	259,473	-	-
	418,944	315,176	55,067	54,968
Distributable :				
Accumulated (loss)/profit	(642,042)	(383,380)	27,953	62,192
	(223,098)	(68,204)	83,020	117,160

21. TERM LOANS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Secured	1,583,563	1,420,600	-	-
Unsecured	100,000	100,000	100,000	100,000
	1,683,563	1,520,600	100,000	100,000
Less: Portion repayable within one year and included under short term borrowings (Note 18)	(148,626)	(81,769)	-	-
	1,534,937	1,438,831	100,000	100,000

The term loans are repayable over the following periods:

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Within one year	148,626	81,769	-	-
From one to two years	393,135	291,869	100,000	100,000
From two to five years	1,141,802	1,146,260	-	-
Over five years	-	702	-	-
	1,683,563	1,520,600	100,000	100,000

The Group and the Company have not serviced some of its principal borrowings and interest charges. In addition, a subsidiary company is presently re-negotiating with the bankers to extend the repayment schedules on existing term loans.

The term loans of subsidiary companies totalling RM1,583.56 million (1999: RM1,420.60 million) are secured by way of a first fixed and floating charge over the assets of the subsidiaries concerned. The term loans carry interest rates ranging from 6.4% to 16% (1999: 7.31% to 14.36%) per annum.

22. BONDS

	GROUP AND COMPANY	
	2000 RM'000	1999 RM'000
3% Redeemable Bank Guaranteed Unsecured Bonds 1997/2002	350,000	350,000

On 19 December 1997, the Company issued RM350,000,000 nominal value of 3% Redeemable Bank Guaranteed Bonds 1997/2002 ("LCB Bonds") with 91,380,750 detachable warrants under a "Bought-Deal" basis. LCB Bonds were constituted under a Trust Deed dated 18 December 1997.

The salient features of the Bonds are summarised as follows:

- (i) The Bonds bears a fixed interest rate of 3% per annum which is on the principal amount from the date of issue and shall be payable semi-annually in arrears and has a maturity period of five years from the date of issue.

- (ii) The Bonds is unconditionally and irrevocably guaranteed as to the payment of the principal together with any accrued but unpaid interest of up to six months by a consortium of banks and financial institutions.
- (iii) The Bonds and interest will constitute direct and unconditional obligations of the Company and will rank pari passu amongst themselves, subject only to those preferred by mandatory provisions of law.
- (iv) Unless previously redeemed, purchased or cancelled, the Bonds will be redeemed at 100% of its nominal value on 19 December 2002 ("maturity date") together with interest accrued to the date of redemption on maturity date.
- (v) All Bonds which are redeemed by the Issuer, or which are purchased by the Issuer or any of its subsidiary companies shall be cancelled forthwith in accordance with the provisions of the Depository and Paying Agency Agreement.

The Warrants which were constituted by a Deed Poll dated 18 December 1997, were offered on a renounceable basis of three (3) Warrants for every four (4) existing shares held. Each warrant will entitle its registered holder to subscribe for one new share at RM2.60 during the exercise period.

The new shares allotted and issued upon the exercise of the subscription rights shall be fully paid and shall rank pari passu in all respects with the then existing shares including any entitlement to any dividends, rights, allotments or other distributions except that such new shares shall not rank for any dividends, rights, allotments or other distributions on or before the entitlement date of which is before the allotment of the new shares.

As at 30 June 2000, there were a total of 91,380,750 warrants not exercised.

On 21 June 1999, the Securities Commission had approved the extension of the duration and exercise period of the warrants (the "Extension") on the following basis:

- i) the duration and exercise period of the warrants would be initially extended for a period of one year from 10 December 2002 to 10 December 2003 ("initial extension period"); and
- ii) subsequent to the expiry date of warrants being extended up to and including 10 December 2003, the duration and exercise period of the warrants would, subject to certain conditions, be further extended on a yearly basis from the initial extension period up to 10 June 2008.

The shareholders and warrant holders had approved the Extension on 10 November 1999.

23. DEFERRED TAXATION

	GROUP		COMPANY	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Deferred taxation provided for in the financial statements:				
Excess of capital allowances over depreciation	<u>710</u>	<u>716</u>	<u>-</u>	<u>-</u>
Tax losses carried forward for which no credit has been taken in the net income of the current or prior years	<u>37,143</u>	<u>38,538</u>	<u>641</u>	<u>668</u>
Unabsorbed capital allowances for which no credit has been taken in the net income of the current or prior years	<u>260</u>	<u>1,190</u>	<u>17</u>	<u>32</u>
Unabsorbed reinvestment allowance for which no credit has been taken in the net income of the current or prior years	<u>1,881</u>	<u>1,881</u>	<u>-</u>	<u>-</u>

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Estimated tax exempt account available for the payment of tax exempt dividend	<u>17,442</u>	<u>17,442</u>	<u>17,442</u>	<u>17,442</u>

24. CAPITAL COMMITMENTS

	GROUP	
	2000 RM'000	1999 RM'000
Capital expenditure for fixed assets:		
- approved and contracted for	381,941	480,184
- approved but not contracted for	<u>66,200</u>	<u>66,200</u>
	<u>448,141</u>	<u>546,384</u>

25. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Guarantees in respect of loans and credit facilities granted to subsidiary companies				
- unsecured	-	-	61,211	63,483
Interest payable on late payment to a trade creditor still under negotiation by a subsidiary company				
- unsecured	<u>806</u>	<u>730</u>	-	-
	<u>806</u>	<u>730</u>	<u>61,211</u>	<u>63,483</u>

26. RELATED PARTY TRANSACTIONS

Related parties are entities which have common Directors and/or shareholders with the Company and/or its subsidiary companies, excluding those parties disclosed as related companies in Note 11 and 12 to the financial statements.

Significant related party transactions during the financial year are as follows:

	GROUP	
	2000 RM'000	1999 RM'000
Advance billings	-	146,800
Progress billings	-	<u>32,112</u>

The Directors of the Company are of the opinion that the above transactions have been entered in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

The outstanding balances arising from the above transactions are as follows :

	GROUP	
	2000 RM'000	1999 RM'000
Included in trade debtors	-	62,843
Included in other debtors	108,800	146,800

27. SEGMENTAL ANALYSIS

2000	Turnover RM'000	Profit/ (Loss) RM'000	Total Assets Employed RM'000
Steel	179,486	(11,988)	3,151,494
Construction and engineering	(2,257)	(1,815)	95,153
Manufacturing	33,673	(2,536)	42,042
Motor	118,426	(10,473)	132,474
Investment and others	564	(3,373)	107,273
	329,892	(30,185)	3,528,436
Share in results of associated companies		(166,707)	35,544
Net interest expenses		(51,366)	-
Amortisation of goodwill on consolidation		(1,092)	-
Amortisation of reserve on consolidation		32	-
Exceptional item		(18,415)	-
Loss before taxation		(267,733)	3,563,980
1999	Turnover RM'000	Profit/ (Loss) RM'000	Total Assets Employed RM'000
Steel	-	-	2,292,959
Construction and engineering	35,535	2,262	106,719
Manufacturing	39,229	(1,461)	42,526
Motor	103,369	9,079	143,744
Investment and others	1,400	375	123,082
	179,533	10,255	2,709,030
Share in results of associated companies		(261,491)	229,118
Net interest expenses		(36,593)	-
Amortisation of goodwill on consolidation		(1,092)	-
Amortisation of reserve on consolidation		32	-
Loss before taxation		(288,889)	2,938,148

No geographical segmental analysis is presented as the Group operates principally in Malaysia.

28. CONSOLIDATED CASH FLOW STATEMENT

a) Adjustments for non-cash items, interests and dividends

	2000 RM'000	1999 RM'000
Share in results of associated companies	166,707	261,491
Depreciation	23,329	7,181
Interest expenses	52,260	38,380
Loss/(Gain) on disposal of quoted investment	489	(506)
Gain on disposal of fixed assets	(82)	(1,368)
Amortisation of :		
Deferred expenditure	-	4
Pre-commercial production expenses	2,468	-
Goodwill	1,092	1,092
Reserve on consolidation	(32)	(32)
Deferred expenditure written off	3,816	-
Fixed assets written off	332	136
Interest income	894	(1,787)
Provision written back for:		
Stock obsolescence	(1,742)	(1,008)
Doubtful debts	-	(1,923)
Provision for doubtful debts	1,061	4,154
Dividend income from quoted and unquoted investment	(10)	(82)
Bad debts written off	90	1,702
Stocks written off	-	221
Provision for stock obsolescence	-	125
Investment written off	18,415	-
	<u>269,087</u>	<u>307,780</u>

b) Cash and cash equivalents at end of the financial year

	2000 RM'000	1999 RM'000
Cash and bank balances	2,347	4,163
Deposits	34,843	58,553
Bank overdrafts	(24,608)	(7,415)
	<u>12,582</u>	<u>55,301</u>

29. CORPORATE INFORMATION

a) Registered office and principal place of business

The registered office and principal place of business of the Company is located at Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur.

b) Staff number

	GROUP		COMPANY	
	2000	1999	2000	1999
Total number of persons, including directors, employed as at the end of the financial year	<u>1,630</u>	<u>1,571</u>	<u>1</u>	<u>2</u>

30. SUBSEQUENT EVENTS

The Company had on 5 July 2000, 11 September 2000 and 19 October 2000, announced its proposed group wide restructuring scheme ("Proposed GWRS") with the objective to:

- (a) consolidate, stabilise and restructure and rationalise the cash flow and funding of the Group; and
- (b) reorganise and restructure the Group's business

with a view to provide the Group with the financial ability to meet its financial commitments to its creditors, and to enable the Group to continue operations on a going-concern basis, and, in the long run, to regain a position of profitability.

The Proposed GWRS involves, inter alia, the following proposals:

- (a) The Proposed Debt Restructuring Exercise which involves the consolidation of the applicable debts of the Company and its affected subsidiary ("Scheme Companies") and the application of the pool of cash flow available for repayment of the applicable debts. The key features of the Proposed Debt Restructuring Exercise are as follows:

- Basis of RM1/USD1 debt as at 31 December 2000 to be fully settled by the issue of RM1 Bond/USD1 Consolidated and Rescheduled Debt;
- RM denominated debts in the Scheme Companies are proposed to be swapped for the Bonds of the Company;
- USD denominated debts in the Scheme Companies are proposed to be rescheduled to Consolidated and Rescheduled Debts; and
- The target date for the issuance of the Bonds/Consolidated and Rescheduled Debts is 1 January 2001.

- (b) The Proposed Corporate Restructuring Exercise, to facilitate the tapping of future cash flow from various key operating entities in the Group in respect of which the business outlook is expected to be stable for the purposes of the debt restructuring exercise, and to streamline the Group such that it has one-two core businesses. The Proposed Corporate Restructuring Exercise entails the following proposals:

- (i) Proposed acquisition of 40% equity interest in Megasteel Sdn Bhd from Akurjaya Sdn Bhd, a subsidiary of Amsteel Corporation Berhad ("Amsteel") for a consideration of RM1,254 million to be satisfied by netting off against inter-company balances and the issue of LCB Bonds to the Amsteel Group.
- (ii) Proposed acquisition of 50.46% equity interest in Lion Land Berhad ("LLB") from the Amsteel Group for a consideration of RM473.03 million to be satisfied by netting off against inter-company balances and the issue of LCB Bonds to the Amsteel Group.
- (iii) Proposed acquisition of Amsteel shares:

Proposed acquisition of equity interest in Amsteel from parties deemed connected with Tan Sri William H.J. Cheng ("TSWC") and Datuk Cheng Yong Kim ("DAC") for a consideration to be satisfied by (a) the issue of RM382.3 million nominal amount of 1% Irredeemable Convertible Unsecured Loan Stocks 2001/2005 ("ICULS 2001/2005") ("Consideration ICULS") and (b) the issue of new LCB shares ("Consideration LCB shares"); and

Proposed exchange of 92.22 million Amsteel shares held by Lembaga Tabung Angkatan Tentera, a substantial shareholder of Amsteel with LLB shares held by LCB.

- (iv) Proposed issue of RM100 million nominal amount of ICULS 2001/2005 to TSWC and DAC.
- (v) Proposed restricted offer for sale of RM100 million nominal amount of ICULS 2001/2005 by TSWC and DAC to the other shareholders of the Company.

- (vi) Proposed restricted offer for sale of a portion of the Consideration ICULS 2001/2005 by parties deemed connected to TSWC and DAC to the other shareholders of the Company.
- (vii) Proposed restricted offer for sale of a portion of the Consideration LCB shares by parties deemed connected to TSWC and DAC to the other shareholders of the Company.
- (viii) Proposed disposal of 6.35% equity interest in Silverstone Berhad to Angkasa Marketing Berhad ("Angkasa") for a consideration of RM15 million to be satisfied by netting off against inter-company balances and the issue of new Angkasa shares to the LCB Group.
- (ix) Proposed disposal of 13.5% equity interest in Hiap Joo Chong Realty Sdn Bhd to Umatrac Enterprises Sdn Bhd, a wholly-owned subsidiary of Amsteel for a consideration of RM2.29 million which shall be netted off against inter-company balances with the Amsteel Group.
- (x) Proposed settlement of inter-company balances

It was proposed that the LCB Group settles its inter-company balances with the Chocolate Products (Malaysia) Berhad Group, the Angkasa Group, the LLB Group and the Amsteel Group by netting off against considerations pursuant to the transactions of the Proposed GWRS with the inter-company balances, the issuance of new shares and bonds of the relevant companies where applicable.

- (xi) Proposed divestment of non-core assets

It was proposed that the LCB Group divests its non-core and peripheral assets and business amounting to an estimated RM146.91 million (in terms of net aggregate net divestment proceeds) over a period of time, and the resulting divestment proceeds are dedicated for the purposes of the Proposed Debt Restructuring Exercise for the LCB Group.

It is proposed that the issue price of all new LCB, Amsteel, Angkasa and LLB shares to be issued and the conversion price of the ICULS 2001/2005 to be issued by LCB pursuant to the Proposed GWRS shall be fixed after the receipt of the Securities Commission's approval ("Price Fixing Date") at the prices to be agreed by the relevant parties after taking into account the weighted average market price of the relevant shares for the 5 days, 1 month and 3 months prior to the Price Fixing Date or at the issue prices as announced on 5 July 2000 and 11 September 2000, whichever shall be the lower subject to the restriction on par value in the case of Amsteel. In the case of LCB, LLB and Angkasa, the issue values, if determined based on the aforesaid to be lower than par value, shall be arrived at after taking into account the reserves of LCB, LLB and Angkasa.

The implementation of the Proposed GWRS is subject to various conditions precedent, which includes, inter alia, the approval of Bank Negara Malaysia (obtained via its letters dated 2 October 2000, 5 October 2000 and 12 October 2000), Securities Commission, Foreign Investment Committee, Ministry of International Trade and Industry, Kuala Lumpur Stock Exchange, scheme creditors, shareholders of the Company and the Scheme Companies and any other relevant authorities.

31. COMPARATIVE FIGURES

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

STATEMENT BY DIRECTORS

We, TAN SRI WILLIAM H.J. CHENG and DATUK CHENG YONG KIM, being two of the Directors of LION CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 20 to 47 are drawn up in accordance with the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2000 and of the results of the Group and of the Company and cash flows of the Group for the financial year ended on that date.

On behalf of the Board

TAN SRI WILLIAM H.J. CHENG
Director

DATUK CHENG YONG KIM
Director

Kuala Lumpur
25 October 2000

STATUTORY DECLARATION

I, DATUK CHENG YONG KIM, the director primarily responsible for the financial management of LION CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 20 to 47 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above-named DATUK CHENG YONG KIM at Kuala Lumpur in the Federal Territory on 25 October 2000.

DATUK CHENG YONG KIM

Before me

P. SETHURAMAN
W-217
Commissioner for Oaths
Kuala Lumpur

REPORT OF THE AUDITORS TO THE MEMBERS OF LION CORPORATION BERHAD

We have audited the financial statements set out on pages 20 to 47. The preparation of these financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary, to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements which have been prepared under the historical cost convention, as modified by the revaluation of certain assets, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 30 June 2000 and of the results of the Group and of the Company and of the cash flows of the Group for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

Without qualifying our opinion, we draw attention to Note 1,18 and 21 to the financial statements which explain the financial position of the Group and the Company and the plans of the Directors to implement a scheme involving the restructuring of the Group's and the Company's debts and rationalisation of the Group structure. The validity of preparing the financial statements on the going concern basis depends upon successful implementation of these restructuring plans.

The names of subsidiary companies of which we have not acted as auditors are shown in Note 11 to the financial statements. We have considered the statements of these subsidiary companies and the auditors' reports thereon.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

ONG BOON BAH & CO

AF: 0320

Public Accountants

WONG SOO THIAM

1315/11/00(J)

Partner of the Firm

Kuala Lumpur
25 October 2000

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2000

Location	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Present Capital Value RM'000
Lot 4, Solok Waja 3 Kawasan Perindustrian Bukit Raja, Klang Selangor - HS (D) 24275 PT. No. 3499 Mukim Bukit Raja Daerah Klang Selangor	Leasehold 22.10.2088	24,281 sq metres	Industrial land and building	Factory, office & warehouse 16	6,253
WTT 144 GPO 889 SEDCO Industrial Estate Mile 5½, Jalan Tuaran Inanam, Kota Kinabalu - CL015379790 Mile 5, Tuaran Road Daerah Kota Kinabalu Sabah	Leasehold 31.12.2034	50,600 sq metres	Industrial land and building	Factory 25	4,719
Lockbag 36, 88993 SEDCO Industrial Estate Mile 5½, Jalan Tuaran Inanam, Kota Kinabalu - CL015379772 Mile 5, Tuaran Road Daerah Kota Kinabalu Sabah	Leasehold 31.12.2034	6,236 sq metres	Industrial land and building	Office cum Workshop 25	1,988
TB 162 Jalan Habib Hussein Tawau - TL0107504816 Daerah Tawau Sabah	Leasehold 17.9.2056	477.8 sq metres	Industrial land and building	Office cum Showroom 32	569
Block G, Lot No 2 Sri Kemajuan Industrial Estate Inanam, Kota Kinabalu - CL015449680 Inanam Daerah Kota Kinabalu Sabah	Leasehold 31.12.2043	278.6 sq metres	Industrial land and building	Office 15	367
Block B, Lot No 1 6½ Miles, Jalan Tuaran Inanam, Kota Kinabalu - CL015449233 Inanam Daerah Kota Kinabalu Sabah	Leasehold 31.12.2043	116.1 sq metres	Industrial land and building	Office 15	363

Location	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Present Capital Value RM'000
Unit No-2-1-14B & 15 Level 1, Ground Floor Wawasan Plaza Kota Kinabalu	Leasehold 31.12.2096	332.5 sq metres	Shoplots	Office cum Showroom 2	3,271
Lot 2319, 2321 & 2323A Mukim Tanjung Dua Belas Daerah Kuala Langat Selangor	Freehold	2,023,428.2 sq metres (500 acres)	Industrial land and building	Factory & office 1	775,406
Lot 999 & 1000 (Gr Flr) King's Park Commercial Centre, Miri	Leasehold 06.06.2059	621 sq metres	Shophouse	Office Block cum Showroom 4	2,315
Lot 1110, Plot 117 King's Park Commercial Centre, Miri	Leasehold 06.06.2059	156.6 sq metres	Land	Vacant	568
Lot 93 & 94 Teck Guan Ind. Shoplot Jalan Segama Lahad Datu	Leasehold 08.05.2933	390.2 sq metres	Shoplots	Office Block cum Showroom 1	734

ANALYSIS OF SHAREHOLDINGS

AS AT 31 OCTOBER 2000

Share Capital

Authorised Share Capital – RM500,000,000
 Issued and Paid-up Capital – RM182,895,500

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 500	220	5.15	48,216	0.03
500 – 5,000	3,119	73.06	6,657,778	3.64
5,001 – 10,000	443	10.38	3,538,100	1.93
10,001 – 100,000	379	8.88	11,063,828	6.05
100,001 – 1,000,000	78	1.83	25,559,485	13.97
Above 1,000,000	30	0.70	136,028,093	74.38
	<u>4,269</u>	<u>100.00</u>	<u>182,895,500</u>	<u>100.00</u>

Substantial Shareholders

	No. of Shares	% of Shares
1. Tan Sri William H.J. Cheng	106,379,473	58.17
2. Datuk Cheng Yong Kim	66,121,034	36.15
3. Lion Realty Pte Ltd	64,042,934	35.02
4. William Cheng Sdn Bhd	61,033,216	33.37
5. Lancaster Trading Company Limited	60,644,416	33.16
6. Lion Holdings Sdn Bhd	60,644,416	33.16
7. Utara Enterprise Sdn Bhd	60,644,416	33.16
8. Amanvest (M) Sdn Bhd	44,465,221	24.31
9. Happyvest (M) Sdn Bhd	44,465,221	24.31
10. Amsteel Corporation Berhad	36,932,873	20.19
11. Lembaga Tabung Angkatan Tentera	36,932,873	20.19
12. Timuriang Sdn Bhd	36,196,823	19.79
13. Umatrac Enterprises Sdn Bhd	36,196,823	19.79
14. Mirzan bin Mahathir	28,903,000	15.80
15. Peringkat Prestasi (M) Sdn Bhd	28,903,000	15.80

Bare Trustees pursuant to Section 69P of the Companies Act, 1965

1. Merchant Nominees (Tempatan) Sendirian Berhad	35,525,976	19.42
2. OUB Nominees (Tempatan) Sdn Bhd	19,053,200	10.42
3. Mayban Securities Nominees (Asing) Sdn Bhd	13,942,000	7.62
4. HSBC Nominees (Tempatan) Sdn Bhd	11,263,600	6.16
5. Syarikat Nominee Bumiputra (Tempatan) Sdn Bhd	10,414,400	5.69
6. Amsec Nominees (Tempatan) Sdn Bhd	9,766,500	5.34
7. Citicorp Nominees (Asing) Sdn Bhd	5,984,000	3.27
8. Pacific Nominees (Tempatan) Sdn Bhd	4,007,600	2.19
9. Chase Malaysian Nominees (Tempatan) Sdn Bhd	3,801,600	2.08

Twenty Largest Registered Shareholders as at 31 October 2000	No. of Shares	% of Shares
1. OUB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Peringkat Prestasi (M) Sdn Bhd	14,794,000	8.09
2. Merchant Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Amanvest (M) Sdn Bhd	11,146,364	6.09
3. Syarikat Nominee Bumiputra (Tempatan) Sdn Bhd Pledged Securities Account for Umatrac Enterprises Sdn Bhd	10,360,800	5.66
4. Merchant Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Lion Holdings Sdn Bhd	8,887,839	4.86
5. Merchant Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Umatrac Enterprises Sdn Bhd	8,775,847	4.80
6. Mayban Securities Nominees (Asing) Sdn Bhd Mayban Nominees (S) Pte Ltd for Umatrac Enterprises Sdn Bhd	8,445,600	4.62
7. Amsec Nominees (Tempatan) Sdn Bhd Arab-Malaysian Credit Berhad for Peringkat Prestasi (M) Sdn Bhd	7,440,000	4.07
8. HSBC Nominees (Tempatan) Sdn Bhd BOA (M) Berhad for Amanvest (M) Sdn Bhd	6,908,400	3.78
9. Merchant Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Perwira Affin Merchant Bank Berhad	6,715,926	3.67
10. Mayban Securities Nominees (Asing) Sdn Bhd Pledged Securities Account for Mayban Nominees (S) Pte Ltd for Amanvest (M) Sdn Bhd	5,364,000	2.93
11. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amanvest (M) Sdn Bhd	4,200,000	2.30
12. Citicorp Nominees (Asing) Sdn Bhd CB GW Singapore for Lion Holdings Sdn Bhd	3,907,200	2.14
13. Chase Malaysia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amanvest (M) Sdn Bhd	3,801,600	2.08
14. CIMB Nominees (Tempatan) Sdn Bhd The Sanwa Bank Limited Pledged Securities Account for Umatrac Enterprises Sdn Bhd	3,600,000	1.97
15. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Development (Penang) Sdn Bhd	3,398,517	1.86
16. Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Managers (L) Ltd for Umatrac Enterprises Sdn Bhd	3,315,600	1.81
17. Southern Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amanvest (M) Sdn Bhd	2,400,000	1.31
18. Aseam Malaysia Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amsteel Securities (M) Sdn Bhd	2,268,000	1.24
19. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Amsteel Securities (M) Sdn Bhd	2,260,000	1.24
20. Amsec Nominees (Tempatan) Sdn Bhd Arab-Malaysian Credit Berhad for Peringkat Prestasi (M) Sdn Bhd	2,226,000	1.22

FORM OF PROXY

I/We.....

of.....

being a member/members of LION CORPORATION BERHAD, hereby appoint.....

.....

of.....

or failing whom.....

of.....

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at the Meeting Hall, Level 23, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 14 December 2000 at 4.00 pm and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Directors' Report and Audited Financial Statements		
2. To approve a first and final dividend		
3. To approve Directors' fees		
4. To re-elect as Director, Y. Bhg. Datuk Cheng Yong Kim		
5. To re-elect as Director, Mr Loo Hooi Keat		
6. To re-appoint as Director, Y.M. Raja Zainal Abidin bin Raja Haji Tachik		
7. To re-appoint as Alternate Director to Y. Bhg. Tan Sri William H.J. Cheng, Mr Cheng Theng Kee		
8. To re-appoint Auditors		
9. Special Business - Ordinary Resolution		

Please indicate with an 'X' how you wish your vote to be cast, if no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my hand this day of 2000.

No. of shares held

Signed.....

in the presence of.....

Representation at Meeting

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, under its common seal.
- An instrument appointing a proxy executed in Malaysia need not be witnessed. The signature to an instrument appointing a proxy executed outside Malaysia shall be attested by a solicitor, notary public, consul or magistrate.
- The instrument of proxy shall be deposited at the Registered Office of the Company, Level 46, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the Meeting.