

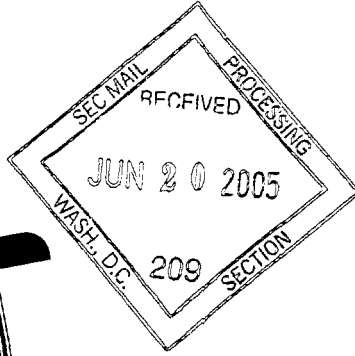


SILVERSTONE CORPORATION BERHAD (41515-D)
 (Formerly known as Angkasa Marketing Berhad)

A Member of The Lion Group

22 February 2005

Securities & Exchange Commission
 Division of Corporate Finance
 Room 3094 (3-G)
 450 Fifth Street, N.W.
 Washington, D.C. 20549



Attn : Ms Victoria C Choy

SUPPL

Dear Sirs

Re : Exemption No. 82-3319
Issuer : Silverstone Corporation Berhad

We enclose herewith the Financial Results Announcement dated 21 February 2005, Re: Second Quarterly Report for the financial period ended 31 December 2004 for filing pursuant to exemption No. 82-3319 granted to Silverstone Corporation Berhad under rule 12g3-2(b) of the Securities Exchange Act of 1934.

Please contact the undersigned for any queries.

Yours faithfully
 SILVERSTONE CORPORATION BERHAD

WONG PHOOI LIN
 Secretary

PROCESSED
 JUN 21 2005
 THOMSON
 FINANCIAL

cc Ms Andres Estay - The Bank of New York
 ADR Department
 101 Barclay St., 22nd Floor
 New York
 NY 10286

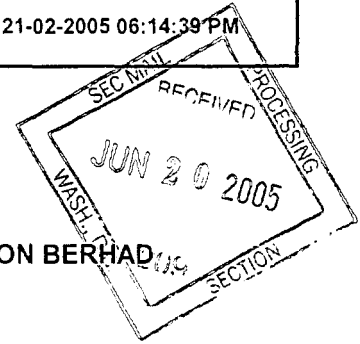
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Form Version 2.0

Financial Results

Ownership transfer to SILVERSTONE CORPORATION/EDMS/KLSE on 21-02-2005 06:14:39 PM
Reference No SC-050221-84163



Submitting Merchant Bank :
 (if applicable)
 Submitting Secretarial Firm Name :
 (if applicable)
 * Company name : SILVERSTONE CORPORATION BERHAD
 * Stock name : SILSTON
 * Stock code : 5061
 * Contact person : WONG POOI LIN
 * Designation : SECRETARY

Part A1 : QUARTERLY REPORT

* Quarterly report for the financial period ended : 31-12-2004 16
 * Quarter : 1 Qtr 2 Qtr 3 Qtr 4 Qtr Other
 * Financial Year End : 30-06-2005 16
 * The figures : have been audited have not been audited

Please attach the full Quarterly Report here:



SIL2qtr05-bursa.xls; SILSTON-APPX III.d

Remarks:

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended
* 31-12-2004

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER *	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE *	PRECEDING YEAR CORRESPONDING PERIOD
	31-12-2004 <input checked="" type="checkbox"/> 16	31-12-2003 <input checked="" type="checkbox"/> 16	31-12-2004 <input checked="" type="checkbox"/> 16	31-12-2003 <input checked="" type="checkbox"/> 16
	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000

SILVERSTONE CORPORATION BERHAD (41515-D)

Secretary

21 FEB 2005

1	Revenue	110,372	132,602	209,847	279,142
2	Profit/(loss) before tax	-636	-30,644	-12,427	-55,694
3	Profit/(loss) after tax and minority interest	-1,076	-31,595	-12,846	-56,938
4	Net profit/(loss) for the period	-1,076	-31,595	-12,846	-56,938
5	Basic earnings/(loss) per share (sen)	-0.32	-9.33	-3.79	-16.82
6	Dividend per share (sen)	0.00	0.00	0.00	0.00

		AS AT END OF CURRENT QUARTER*	AS AT PRECEDING FINANCIAL YEAR END
7	Net tangible assets per share (RM)	0.4000	0.4400

Remarks :

Note: For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

Part A3 : ADDITIONAL INFORMATION

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER*	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE*	PRECEDING YEAR CORRESPONDING PERIOD
		31-12-2004 ¹⁶	31-12-2003 ¹⁶	31-12-2004 ¹⁶	31-12-2003 ¹⁶
		[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000
1	Profit/(Loss) from operations	3,006	-14,881	-827	-25,986
2	Gross interest income	683	1,482	2,643	2,927
3	Gross interest expense	8,047	10,850	15,014	25,297

Remarks :

Note: The above information is for the Exchange internal use only.

SILVERSTONE CORPORATION BERHAD (41515-D)

Secretary

21 FEB 2005



SILVERSTONE CORPORATION BERHAD (41515-D)

(Incorporated in Malaysia)

**Interim Report for the
Second Quarter Ended
31 December 2004**

Condensed Consolidated Income Statements	1
Condensed Consolidated Balance Sheets	2
Condensed Consolidated Statements of Changes in Equity	3
Condensed Consolidated Cash Flow Statements	4
Notes to the Condensed Financial Statements	5 - 9

Interim report for the second quarter ended 31 December 2004

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2003 RM'000	CURRENT YEAR TO DATE 31/12/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2003 RM'000
Revenue	110,372	132,602	209,847	279,142
Operating expenses	(109,408)	(148,965)	(212,168)	(308,055)
Other operating income	2,042	1,482	4,002	2,927
Allowance for diminution in value of investment	-	-	(4,076)	-
Gain on disposal of a subsidiary	-	-	1,568	-
Profit/(Loss) from operations	3,006	(14,881)	(827)	(25,986)
Finance costs	(8,047)	(10,850)	(15,014)	(25,297)
Share in results of associated companies	4,405	(4,913)	3,414	(4,411)
Loss before taxation	(636)	(30,644)	(12,427)	(55,694)
Taxation	(60)	(68)	(124)	(152)
Loss after taxation	(696)	(30,712)	(12,551)	(55,846)
Minority interests	(380)	(883)	(295)	(1,092)
Net loss for the period	(1,076)	(31,595)	(12,846)	(56,938)
Loss per share (sen) :				
- Basic	(0.32)	(9.33)	(3.79)	(16.82)
- Fully diluted	(0.32)	(9.33)	(3.79)	(16.82)

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2004)

Interim report for the second quarter ended 31 December 2004

The figures have not been audited.

CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 31/12/2004 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/6/2004 RM'000
Property, plant and equipment	321,117	310,837
Associated companies	267,296	268,773
Investments	119,907	115,808
Deferred tax assets	24,823	24,823
Deferred expenditure	1,046	1,271
Goodwill on consolidation	12,776	13,143
Current assets		
- Inventories	84,805	70,378
- Investments	4,152	7,419
- Trade and other receivables	108,402	129,235
- Short term deposits with financial institutions	13,054	16,729
- Cash and bank balances	32,018	37,282
	<u>242,431</u>	<u>261,043</u>
Current liabilities		
- Trade and other payables	74,202	73,880
- Short term borrowings	140,877	132,437
- AMB Bonds and SPV Debts	99,063	116,001
- Provisions	5,851	6,269
- Tax liabilities	13	224
	<u>320,006</u>	<u>328,811</u>
Net current liabilities	(77,575)	(67,768)
	<u>669,390</u>	<u>666,887</u>
Financed by:		
Share capital	338,535	338,535
Reserves	(190,871)	(174,053)
Shareholders' funds	147,664	164,482
Minority interests	83,488	84,460
Redeemable cumulative convertible preference shares	32,237	32,237
AMB Bonds and SPV Debts	405,408	385,098
Deferred liabilities	216	233
Deferred taxation	377	377
	<u>669,390</u>	<u>666,887</u>
Net tangible assets per share (RM)	<u>0.40</u>	<u>0.44</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2004)

Interim report for the second quarter ended 31 December 2004

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Translation Reserves RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000
Balance at 1 July 2004	338,535	81,525	51,181	47,267	(354,026)	164,482
Translation loss on net equity of foreign subsidiary companies	-	-	(3,097)	-	-	(3,097)
Realisation of reserve on disposal of a subsidiary company	-	-	(132)	37	-	(95)
Transferred to capital reserves	-	-	-	136	(136)	-
Net loss for the financial period	-	-	-	-	(12,846)	(12,846)
Amortisation of negative goodwill	-	-	-	(780)	-	(780)
Balance at 31 December 2004	338,535	81,525	47,952	46,660	(367,008)	147,664
Balance at 1 July 2003	338,535	81,525	77,885	48,730	(318,541)	228,134
Translation loss on net equity of foreign subsidiary companies	-	-	(1,960)	-	-	(1,960)
Share in post-acquisition reserves of associated companies	-	-	80	-	-	80
Net losses not recognised in consolidated income statement	-	-	(1,880)	-	-	(1,880)
Transferred to capital reserves	-	-	-	94	(94)	-
Net loss for the financial period	-	-	-	-	(56,938)	(56,938)
Amortisation of reserve on consolidation	-	-	-	(780)	-	(780)
Balance at 31 December 2003	338,535	81,525	76,005	48,044	(375,573)	168,536

(The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2004)

Interim report for the second quarter ended 31 December 2004

The figures have not been audited.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	CURRENT YEAR-TO-DATE 31/12/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2003 RM'000
<u>OPERATING ACTIVITIES</u>		
Loss before tax	(12,427)	(55,694)
Adjustments for:		
Non-cash items	11,312	34,712
Non-operating items	12,371	22,370
Operating profit before changes in working capital	11,256	1,388
Changes in working capital		
Net change in current assets	1,269	87,242
Net change in current liabilities	1,382	(33,712)
Others	(1,574)	(2,240)
	12,333	52,678
<u>INVESTING ACTIVITIES</u>		
Purchase of fixed assets	(19,887)	-
Proceeds received from disposal of fixed assets	-	29,000
Others	(188)	5,908
	(20,075)	34,908
<u>FINANCING ACTIVITIES</u>		
Bank borrowings	(3,209)	(64,736)
Short term deposits earmarked for bonds redemption	1,769	(39,920)
Others	95	22,285
	(1,345)	(82,371)
Net change in cash and cash equivalents	(9,087)	5,215
Effects of exchange rate changes	1	13
Cash and cash equivalents at beginning of the year	25,531	18,826
Cash and cash equivalents at end of the period	16,445	24,054

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2004)

Interim report for the second quarter ended 31 December 2004

The figures have not been audited.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

The interim financial report has been prepared in accordance with the Malaysian Accounting Standards Board ("MASB") Standard 26 "Interim Financial Reporting" and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2004.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2004 except for the adoption of new MASB standards.

The adoption of the new MASB standards does not have any material effect on the financial results of the Group for the financial year-to-date.

2. Qualification on auditors' report

There were no audit qualifications on the financial statements of the Group for the financial year ended 30 June 2004. However, the auditors drew attention to the financial position of the Group concerning the portion of AMB Bonds and SPV Debts issued pursuant to the Group Wide Restructuring Scheme ("GWRS") that are due for redemption/repayment within the next twelve (12) months and the steps taken by the Group to meet this obligation.

3. Seasonality or cyclicity

The operations of the Group are not subject to material seasonal or cyclical effect during the current quarter and financial year-to-date.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year-to-date.

5. Material changes in estimates

There were no material changes in estimates of amounts reported in the prior financial years.

6. Debt and equity securities

During the financial year-to-date, the Group has redeemed/repaid RM2.54 million AMB Bonds and USD1.89 million (equivalent to RM7.19 million) SPV Debts.

Other than the above, there was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

7. Dividend paid

There was no dividend paid during the current quarter and financial year-to-date.

8. Segmental reporting

The Group's segmental report for the financial year-to-date is as follows:

	Motor RM'000	Tyre RM'000	Investment & Others RM'000	Group RM'000
Total revenue	84,697	125,100	511	210,308
Inter-segment revenue	(5)	(455)	(1)	(461)
External revenue	<u>84,692</u>	<u>124,645</u>	<u>510</u>	<u>209,847</u>
Loss from operations	(833)	(232)	238	(827)
Finance costs				(15,014)
Share in results of associated companies				3,414
Loss before taxation				<u>(12,427)</u>

9. Valuation of property, plant and equipment

The Group did not carry out any valuation on its property, plant and equipment.

10. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the interim report period that have not been reflected in the financial statements for the interim period.

11. Changes in the composition of the Group

There were no other changes in the composition of the Group for the current quarter and financial year-to-date except for the following :

- (i) Striking off of Silverstone Tire & Rubber (UK) Company Limited, a dormant wholly-owned subsidiary of the Company incorporated in the United Kingdom from the Register of Companies, United Kingdom with effect from 21 September 2004.
- (ii) Acquisition by Silverstone Berhad, a wholly-owned subsidiary of 100% equity interest in iMpression Worldwide Inc, a dormant company incorporated in the British Virgin Islands on 10 December 2004.
- (iii) Disposal by the Company of its entire 98% equity interest in Hamba Research Development Co Ltd on 3 September 2004 comprising 980,000 ordinary shares of NT\$10 each for a cash consideration of RM1.00.

The effect of the disposal on the financial results of the Group is as follows:

	CUMULATIVE QUARTER	
	AS AT DATE OF DISPOSAL RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2003 RM'000
Revenue	<u>93</u>	<u>1,851</u>
(Loss)/Profit before taxation	<u>(235)</u>	<u>370</u>
Net (loss)/profit for the year	<u>(235)</u>	<u>370</u>

The effect of the disposal on the financial position of the Group is as follows:

	AS AT DATE OF DISPOSAL RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2003 RM'000
Property, plant and equipment	111	120
Current assets	550	615
Current liabilities	(2,134)	(1,938)
Net liabilities	<u>(1,473)</u>	<u>(1,203)</u>

12. Changes in contingent liabilities or contingent assets

There were no material changes in the contingent liabilities or contingent assets since the last audited balance sheet date.

13. Review of performance

The Group recorded RM3.0 million profit from its operations this quarter, and reduced the cumulative operation losses to RM0.8 million after the disposal of part of its equity interest in its China tyre operation to an external party in China. Associated companies also fared better, and had enabled the Group to equity account RM4.4 million of their profit, thus reducing the Group's net losses significantly to RM1.1 million in this quarter.

14. Comparison with the preceding quarter's results

The launch of Pahlawan trucks in November 2004 has improved the Group's revenue. For this quarter, revenue increased to RM110.4 million representing an 11% increase over the last quarter, while profit from operation was RM3.0 million compared to loss of RM3.8 million in the last quarter.

Associated companies also shared a similar trend and contributed RM4.4 million profit against a loss of RM1.0 million. Net losses were significantly reduced to RM1.1 million from RM11.8 million.

15. Prospects

The divestment of the tyre operations has allowed the Group to re-focus on its core business in the automotive industry. The recent launch of 'Pahlawan' trucks is projected to steer the Group forward, and barring unforeseen circumstances, the Board expects the Group's performance to improve.

16. Profit forecast / profit guarantee

Not applicable as no profit forecast was issued.

17. Taxation

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR</u> <u>31/12/2004</u> <u>RM'000</u>	<u>PRECEDING YEAR</u> <u>CORRESPONDING</u> <u>QUARTER</u> <u>31/12/2003</u> <u>RM'000</u>	<u>CURRENT YEAR</u> <u>TO DATE</u> <u>31/12/2004</u> <u>RM'000</u>	<u>PRECEDING YEAR</u> <u>CORRESPONDING</u> <u>PERIOD</u> <u>31/12/2003</u> <u>RM'000</u>
Income tax - current	55	26	118	110
Under/(Over) provision in prior years	5	(30)	-	(30)
Share in taxation of associated companies	-	72	6	72
	<u>60</u>	<u>68</u>	<u>124</u>	<u>152</u>

Provision for taxation was made as certain expenses were not deductible for tax purposes, and group relief were not available since tax losses of certain companies cannot be set-off against the taxable profits of the other companies of the Group.

18. Unquoted investments and/or properties

There were no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

19. Quoted securities

- There were no purchases or disposals of quoted securities for the current quarter and financial year-to-date.
- The Group's investments in quoted securities as at the end of the reporting period are as follows:

	<u>RM'000</u>
At costs	<u>39,797</u>
At net book value	<u>22,606</u>
At market value	<u>15,370</u>

20. Status of corporate proposals

Date of Announcement	Subject	Status
(i) 28.6.2004	Proposed disposal of 10% equity interest in Dong Feng Lion Tyre Co Ltd by Lion Rubber Industries Pte Ltd to Beijing Jing Cheng Zhanye Bio-Technology Co Ltd for a total cash consideration of Rmb1.00 (approximately RM0.46).	Terminated on 2 February 2004 to facilitate the Proposed 55% Disposal as set out in (v) below.
(ii) 3.9.2004	Proposed disposal of 98% equity interest in Hamba Research Development Co Ltd comprising 980,000 ordinary shares of NT\$10 each to Lion Diversified Holdings Berhad for a cash consideration of RM1.00. ("Proposed Disposal")	Following the approval by the Investment Commission under the Ministry of Economy of Taiwan, the Proposed Disposal was completed on 1 December 2004.
(iii) 25.11.2004	Proposed disposal of approximately 36.68% equity interest in Lion Asiapac Limited ("LAP") by AMB Venture Sdn Bhd, a wholly-owned subsidiary of Silverstone Corporation Berhad ("SCB"), comprising 148,750,644 ordinary shares of SGD0.10 each together with 148,750,644 detachable LAP warrants to LCB Venture Pte Ltd, a wholly-owned subsidiary of Lion Corporation Berhad ("LCB"), for a total consideration of SGD32,725,142 (approximately RM75,595,078), to be satisfied by the issuance of 57,706,166 new ordinary shares of RM1.00 each in LCB to SCB at an issue price of RM1.31 per share.	Pending approvals of : (i) Bursa Malaysia Securities Berhad; (ii) Securities Commission; (iii) Shareholders of SCB and LCB; (iv) Bond and Debt holders of SCB; (v) Lenders of LCB; (vi) Foreign Investment Committee; (vii) Bank Negara Malaysia; (viii) Securities Industry Council of Singapore; and (ix) any other relevant authorities, if required.
(iv) 31.1.2005	(a) Proposed disposal of 100% equity interest in Silverstone Berhad ("SB") comprising 203,877,500 ordinary shares of RM1.00 each to Quay Class Ltd ("QCL"), a wholly-owned subsidiary of Lion Forest Industries Berhad ("LFIB"), including the assumption by QCL of the net inter-company liability due by SCB to SB as at the completion date for a total consideration of RM225 million to be satisfied by the issuance of 26.5 million new ordinary shares of RM1.00 each in LFIB to SCB at an issue price of RM2.74 per share ("LFIB Consideration Shares") and the balance of RM152,390,000 by way of deferred cash payment. (b) Proposed restricted offer for sale of the LFIB Consideration Shares to the minority shareholders of the Company and/or placement to the members of the public.	Pending approvals of : (i) Bursa Malaysia Securities Berhad; (ii) Securities Commission; (iii) Shareholders of SCB and LFIB; (iv) Bond and Debt holders of SCB; (v) Lenders of LFIB and SB; (vi) Bank Negara Malaysia; (vii) Foreign Investment Committee; (viii) Ministry of International Trade and Industry; and (ix) any other relevant authorities, if required.
(v) 2.2.2005	(a) Proposed disposal of 55% equity interest in Dong Feng Lion Tyre Co Ltd ("Dong Feng Lion") by Lion Rubber Industries Pte Ltd ("Lion Rubber") to Dong Feng Tyre Group Co Ltd for a total cash consideration of Rmb1.00 (approximately RM0.46) ("Proposed 55% Disposal"). (b) Proposed settlement of inter-company balances due to Lion Rubber and SB by Dong Feng Lion for a total cash consideration of Rmb 60 million.	Pending approvals of : (i) Ministry of Commerce, China; and (ii) any other relevant authorities, if required.

21. Group's borrowings and debt securities

The Group's borrowings and debt securities as at the end of the reporting period are as follows :

	Short Term RM'000	Long Term RM'000	Total RM'000
Borrowings:			
Secured	77,826	-	77,826
Unsecured	63,051	32,237	95,288
	<u>140,877</u>	<u>32,237</u>	<u>173,114</u>
Bonds and Debts:			
- AMB Bonds	6,367	116,058	122,425
- SPV Debts	92,696	289,350	382,046
	<u>99,063</u>	<u>405,408</u>	<u>504,471</u>
Total	<u>239,940</u>	<u>437,645</u>	<u>677,585</u>

The Group's borrowings and debt securities are denominated in the following currencies :

	Foreign Currency '000	RM'000
Borrowings:		
- Ringgit Malaysia	-	98,683
- US Dollar	8,388	31,874
- Rmb	92,696	42,557
		<u>173,114</u>
Bonds and Debts		
- Ringgit Malaysia	-	122,425
- US Dollar	100,539	382,046
		<u>504,471</u>

22. Off balance sheet risk financial instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

23. Changes in material litigation

The Group does not have any material litigation, which in the opinion of the Directors, would have a material adverse effect on the financial results of the Group.

24. Dividend

The Board does not recommend any dividend for the current quarter and financial year-to-date.

25. Loss per share

Basic

Loss per share is calculated by dividing the Group's net loss for the period by the weighted average number of shares in issue of 338.54 million for the current quarter and 338.54 million for the financial year-to-date.

Fully diluted

The shares granted to employees pursuant to the Company's Executive Share Option Scheme have no dilutive effect as their exercise price is above the average market value of the Company's share. As such, the fully diluted loss per share remains the same as the basic loss per share.

26. Status of conditions imposed by the Securities Commission ("SC")

The SC has imposed certain conditions in its approval of the Group Wide Restructuring Scheme which included the requirements to disclose the following:

- (a) Status of the turnaround exercise for loss-making operations;
- (b) Status of the proposed divestment programme; and
- (c) Status of the issues affecting the joint-venture companies of the Company in the People's Republic of China.

Please refer to Appendix I to III for details of the above.

Status of the turnaround exercise for loss-making operations

The steps taken to turnaround the loss-making operations include, amongst others, the following:

- (i) Strengthening of key management personnel in respect of operational improvement;
- (ii) Implementation of stricter control mechanism to monitor operational cost efficiencies;
- (iii) Enhancing overall productivity efficiencies by restructuring the operational procedures through adoption of better industry practices; and
- (iv) Close monitoring of the progress of the loss-making companies, including regular review of the performance of the companies concerned, assessment of the effectiveness of the operations and management restructuring exercises and remedial actions required.

Steps taken or to be taken	Status and progress
<p>(a) <u>Subsidiary company</u> Dong Feng Lion Tyre Co Ltd ("Dong Feng")</p> <p>(Dong Feng will cease to be subsidiary company upon the completion of the disposal of the Group's 55% equity interest.</p> <ul style="list-style-type: none"> (i) Replacement of key management staff including the General Manager, Assistant General Manager, Marketing Manager and Purchasing Manager. (ii) Strengthening control mechanism over credit control and collection system, purchasing and factory production overhead system, capital expenditure and authority limit level documentation. (iii) Review of production mix and introduction of changes to the size and pattern of the tyres produced to suit the market demand. <p>(b) <u>Associated companies</u> Nanjing Jincheng Machinery Co Ltd</p> <ul style="list-style-type: none"> (i) Appointment of new key management staff including General Manager and reorganisation of the sales and marketing network tasks to meet stringent performance target. (ii) Introduction of new practices and procedures on sourcing of component parts to reduce cost of purchases. (iii) Maximisation of efficiency of existing production capabilities and divestment of idle assets. <p>Suzuki Assemblers Malaysia Sdn Bhd and Lion Suzuki Marketing Sdn Bhd ("SAM Group")</p> <p>With the disposal of 51% equity interest in both companies to Suzuki Motor Corporation, Japan ("SMC"), the Directors expect the SAM Group to be designated as one of the regional production bases for "Suzuki" motorcycles for the ASEAN market. The strategic alliance with SMC will enable the SAM Group to tap on their marketing and technical expertise.</p> <p>(c) Similar steps are also being applied to other loss-making subsidiary and associated companies with the view to turn them around.</p>	<ul style="list-style-type: none"> (i) Implemented (ii) Implemented (iii) On-going (i) Implemented (ii) Implemented (iii) On-going On-going On-going

Status of Proposed Divestment Programme ("PDP")

(i) Status of the assets to be divested

Stages of the Assets to be Divested	Outstanding PDP (Per GWRS) RM'million	Concluded divestment			Received up to December 2003 RM'million	Divestment proceeds	
		Up to December 2003 RM'million	In current quarter RM'million	Current year-to-date RM'million		Current YTD Actual received in Current Qtr RM'million	Current Year (Jan - Dec 2004) Current YTD RM'million
<u>By 31 December 2003</u> Non-listed shares in automotive industry companies	83.8	-	-	-	-	-	-
<u>By 31 December 2004</u> Wuhan Fortune Motor Co Ltd (refer to (ii) (1)) Jiangxi Fuqi Motor Co Ltd (refer to (ii) (2)) Non-listed shares in automotive industry companies	42.7 17.3 13.4 73.4	43.5 7.8 -	- - -	- - -	20.0 7.8 -	5.2 - -	5.2 - -
<u>By 31 December 2005</u> Non-listed shares in tyre industry companies	75.6	-	-	-	-	-	-
<u>By 31 December 2006</u> Jiangxi Fuqi Motor Co Ltd (refer to (ii) (2)) Non-listed shares in automotive industry companies	11.5 83.2 94.7	7.8 -	- -	- -	7.8 -	- -	- -
Total	327.5	59.1	-	-	35.6	5.2	5.2

Status of Proposed Divestment Programme ("PDP") (continued)

(ii) Transactions completed and the details on the utilisation of the divestment proceeds received

The details of the assets divested are as follows:

Description of assets/businesses	Received RM' million	Status Outstanding RM'million	Utilisation RM'million
<p>(1) Disposal by Range Grove Sdn Bhd, a wholly-owned subsidiary of the Company, of its entire 50% equity interest in Wuhan Fortune Motor Co Ltd ("Wuhan Fortune") to Tri-Ring Group Co ("Tri-Ring") for a cash consideration of Rmb1 (equivalent to approximately RM0.46); and</p> <p>Settlement of inter-company advances to Wuhan Fortune amounting to Rmb167.56 million (equivalent to approximately RM76.93 million) by Tri-Ring for a cash consideration of Rmb94.66 million (equivalent to approximately RM43.46 million) and waiver of interest accrued thereon amounting to Rmb70.82 million (equivalent to approximately RM32.51 million).</p> <p>The disposal was completed on 24 April 2003.</p>	<p>25.21</p>	<p>18.25</p> <p>The outstanding balance will be paid in the following manner:</p> <p>Before 15 August 2005 6.08 Before 15 August 2006 6.08 Before 15 August 2007 6.09</p> <p><u>18.25</u></p>	<p>Repayment of borrowings 43.01 Estimated expenses 0.45 Gross proceeds <u>43.46</u></p> <p>RM25.09 million of the total amount received was utilised to redeem/repay the SCB Bonds/SPV Debts whilst the balance of RM0.12 million is pending repatriation from China.</p>

Status of Proposed Divestment Programme ("PDP") (continued)

(ii) Transactions completed and the details on the utilisation of the divestment proceeds received (continued)

The details of the assets divested are as follows:

Description of assets/businesses	Status		Proposed Utilisation
	Received	Outstanding	
(2) Disposal by Chrome Marketing Sdn Bhd, a wholly-owned subsidiary of the Company, of its entire 50% equity interest in Jiangxi Fuqi Motor Co Ltd to Kau Hua Int'l Investment Co Ltd for a cash consideration of Rmb34.0 million (equivalent to approximately RM15.59 million). The disposal was completed on 6 April 2004.	RM' million	RM'million	Repayment of borrowings Estimated expenses RM5.94 million of the total amount received was utilised to redeem/repay the AMB Bonds/SPV Debts. The balance of RM9.65 million is pending repatriation from China and has been earmarked for the redemption/repayment of the AMB Bonds and the SPV Debts.
	15.59	-	
			RM'million 15.56 0.03 15.59

(iii) Plans to overcome any projected shortfall

The Group is actively looking for potential buyers for its assets/companies identified for divestment under the PDP. Where necessary, the Group will divest other assets which are not under the PDP to redeem/repay the AMB Bonds/SPV Debts.

SILVERSTONE CORPORATION BERHAD (41515-D)

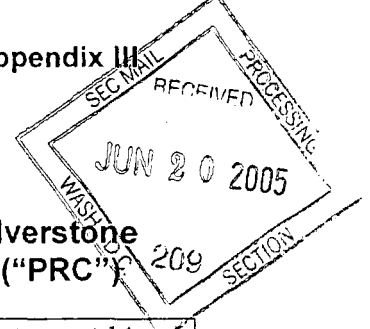
(Incorporated in Malaysia)

Status Of Issues Affecting The Joint-Venture Companies Of Silverstone Corporation Berhad ("SCB") In The People's Republic Of China ("PRC")

No.	Issues	Joint-Venture Company ("JV Co.")	Steps taken or to be taken to resolve the Issues	Status as at 14 February 2005
2.	<p>The amount of JV Co.'s capital had exceeded the authorized limit of the provincial Ministry of Commerce (formerly known as the Ministry of Foreign Trade and Economic Commission) ("MOC") amounting to USD30 million (equivalent to approximately RM114 million) and any excess must be approved by the MOC in Beijing, the PRC.</p>	<p>Dong Feng (SCB Group's equity holding : 55%)</p>	<p>Dong Feng's existing total investment is USD63.20 million (equivalent to approximately RM240.16 million). The Management of SCB Group had liaised with Dong Feng to seek the approval of the MOC in Beijing through the provincial MOC for the excess of USD33.20 million (equivalent to approximately RM126.16 million).</p>	<p>The provincial MOC had requested Dong Feng to rely on the letter of approval dated 4 December 1993 from the provincial MOC, in that the capital of Dong Feng has been properly approved. It is the duty of the provincial MOC to apply for endorsement from the MOC in Beijing.</p> <p>By an agreement dated 2 February 2005, the SCB Group proposes to dispose of its 55% interest in Dong Feng to the PRC Party, Dong Feng Tyre Group Co Ltd (formerly known as Dong Feng Tyre Factory). The said agreement is now pending fulfilment of conditions precedent before the parties could proceed to complete the transaction.</p>

SILVERSTONE CORPORATION BERHAD (41515-D)

(Incorporated in Malaysia)

Status Of Issues Affecting The Joint-Venture Companies Of Silverstone Corporation Berhad ("SCB") In The People's Republic Of China ("PRC")

No.	Issues	Joint-Venture Company ("JV Co.")	Steps taken or to be taken to resolve the Issues	Status as at 14 February 2005
1.	Land Use Right(s) for land(s) ("LUR") and Property Ownership Right(s) for building(s) ("POR") to be transferred by the PRC Party to the JV Co. as PRC Party's contribution to the capital of the JV Co., in accordance with the terms of the joint venture agreement	Hunan Changfa Automobile Engine Co Ltd (SCB Group's equity holding : 50%)	<p>The Management of the SCB Group had liaised with the PRC Parties to transfer the LUR and/or POR for the following land and/or building to the JV Co.:</p> <p>PRC Party: Changsha Auto Engine General Factory</p> <p>Building: No. 39, Shao Shan Lu, Dong Qu, Changsha, Hunan Province, PRC</p> <p>Land: Xian Jia Hu, He Xi, Changsha, Hunan Province, PRC</p>	The PRC Party is in the process of effecting the transfer of the LUR and POR to the JV Co. and will endeavour to complete the transfer by 28 February 2005. The Management of the SCB Group will closely monitor the development and will endeavour to resolve this issue within the aforesaid time.