Chairman's Statement

On behalf of the Board of Directors, I present the Annual Report and Financial Statements of Hong Leong Properties Berhad Group for the financial year ended 30 June 2002.

OVERVIEW

During the year under review, the overall property market remained cautious mainly due to the state of the economy in the second half of 2001. The residential sector outperformed the other property sub-sectors with competitively priced properties in established locations experiencing sustained demand. This was facilitated by competitive mortgage packages offered by financial institutions and stamp duty waivers offered by the government.

The office-building sector continued to experience an acute oversupply situation. In the Klang Valley alone, available stock of office space rose from 58.8 million square feet at end June 2001 to the current 64.1 million square feet as at end June 2002, an increase of 9.0 percent. During the same period, occupied office space increased from 44.7 million square feet to 47.4 million square feet, an increase of only 6.0 percent, clearly indicating supply outpaced demand. As at end June 2002, the unoccupied office space was 16.7 million square feet (vacancy rate of 26 percent) and as a result, rental rates remained competitive and capital values suppressed.

FINANCIAL HIGHLIGHTS

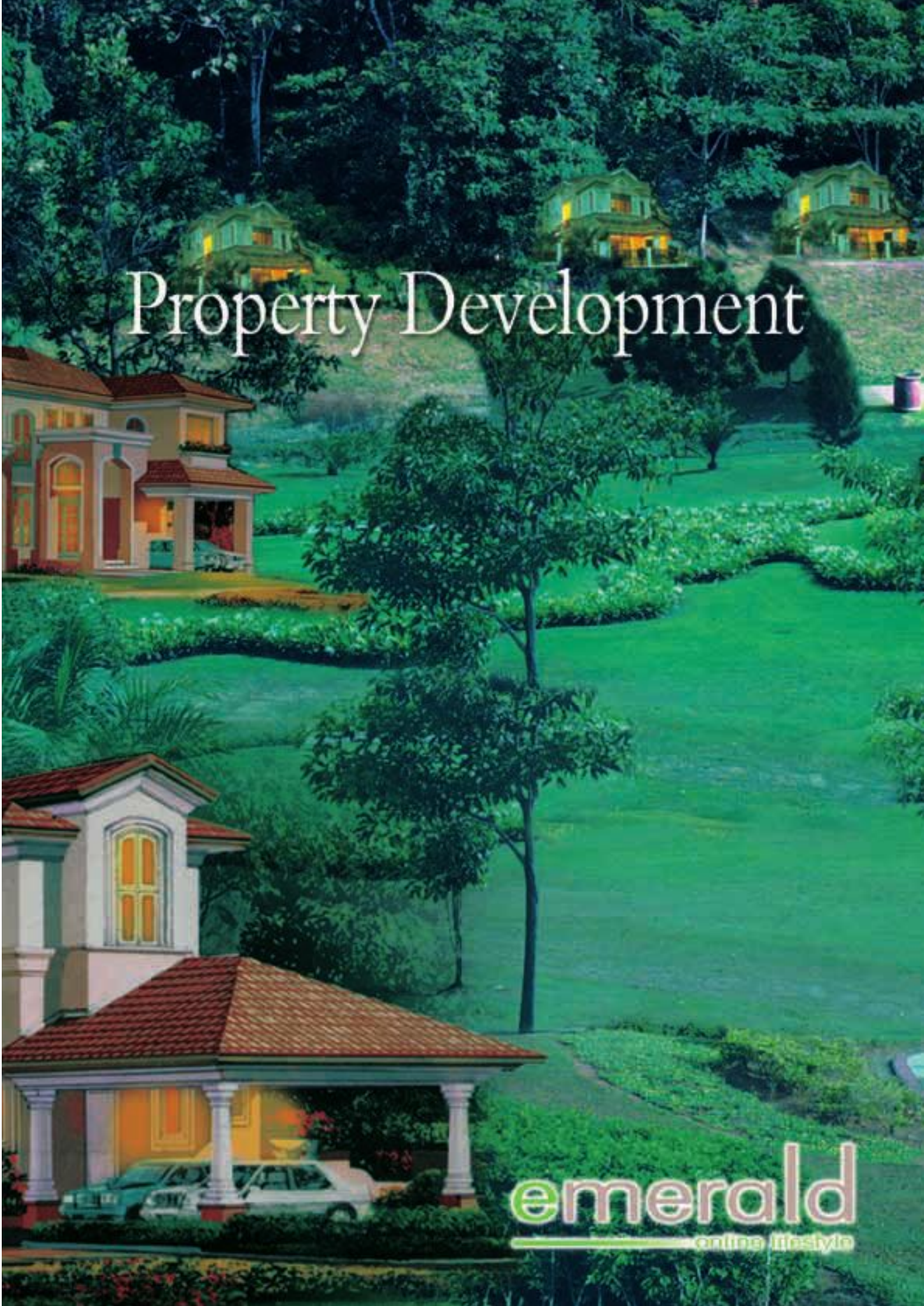
Our turnover increased from RM330.7 million in the previous financial year to RM439.1 million in the financial year under review, an increase of 32.8 percent. An



Government Apartments, Precinct 8, Putrajaya



Castilla, Bukit Rahman Putra


Property Development
emerald
online lifestyle

improvement was also recorded in our profit before tax and minority interest which stood at RM30.2 million for the year ended 30 June 2002, compared to the profit before tax and minority interest of RM11.4 million achieved in the previous corresponding period. The increase in turnover and profit was mainly attributed to the sale of an investment property during the year.



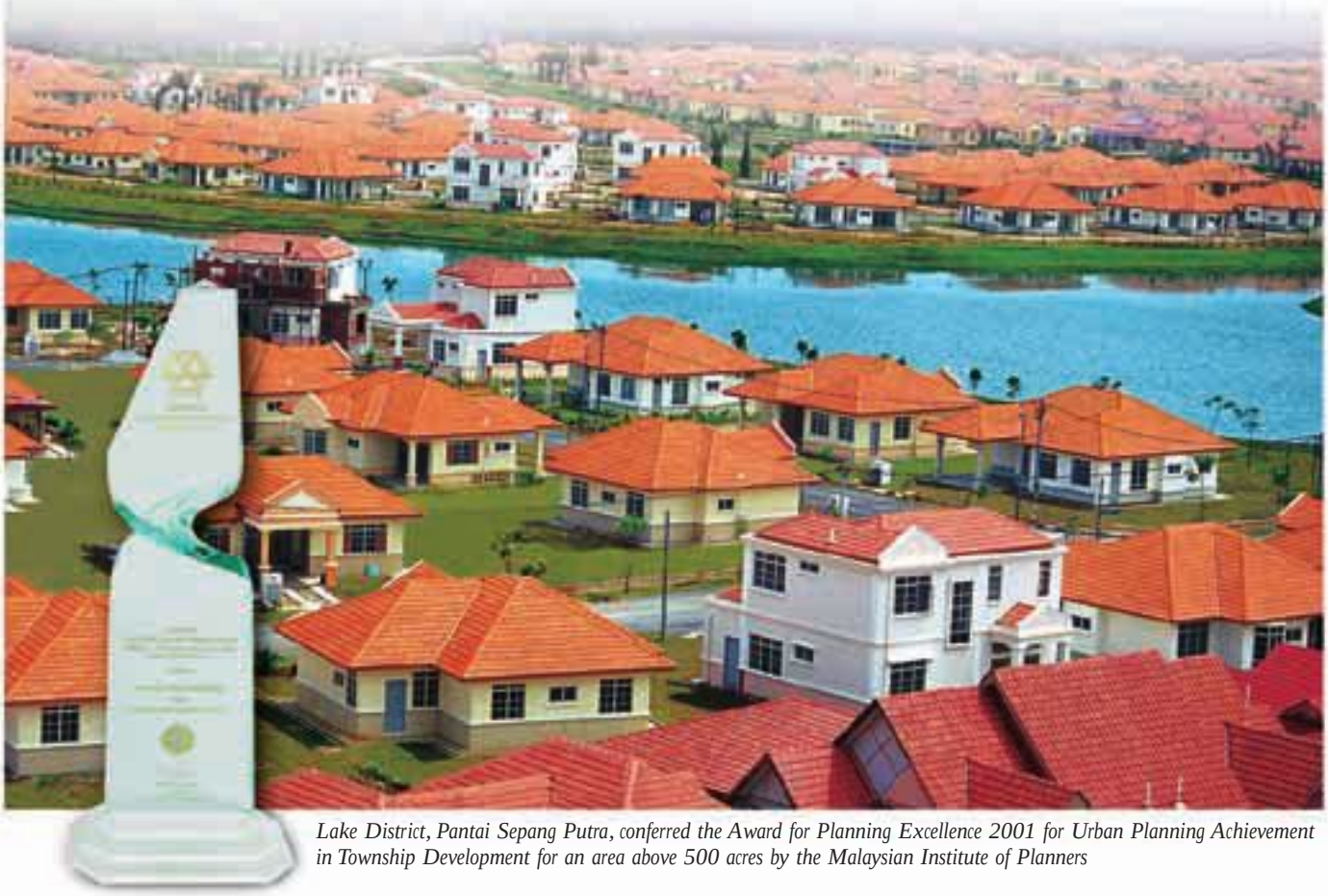
Alpine, Lake District, Pantai Sepang Putra

Our Residential Division experienced decreased billing volumes at lower margins due to the overall cautious market sentiment. Our Property Investment Division recorded a marginal improvement in turnover and profitability levels despite the oversupply situation due to our emphasis on effective maintenance and quality tenant profiles for our office buildings. Our Hotel & Resort Division maintained their previous year's operational performance amidst the strong competition in each of the hotel's respective locality.

Our net tangible assets increased to RM713.0 million as at 30 June 2002, from RM686.8 million in the previous year.

STRATEGIES AHEAD

Looking ahead, we will continue to concentrate our efforts on our core businesses in the property development and property investment divisions, i.e., to focus our resources on our township developments and investment properties which will generate sustainable long term returns for our shareholders. In the past year, we entered into an agreement to dispose our low yielding



Lake District, Pantai Sepang Putra, conferred the Award for Planning Excellence 2001 for Urban Planning Achievement in Township Development for an area above 500 acres by the Malaysian Institute of Planners



3 KiaPeng

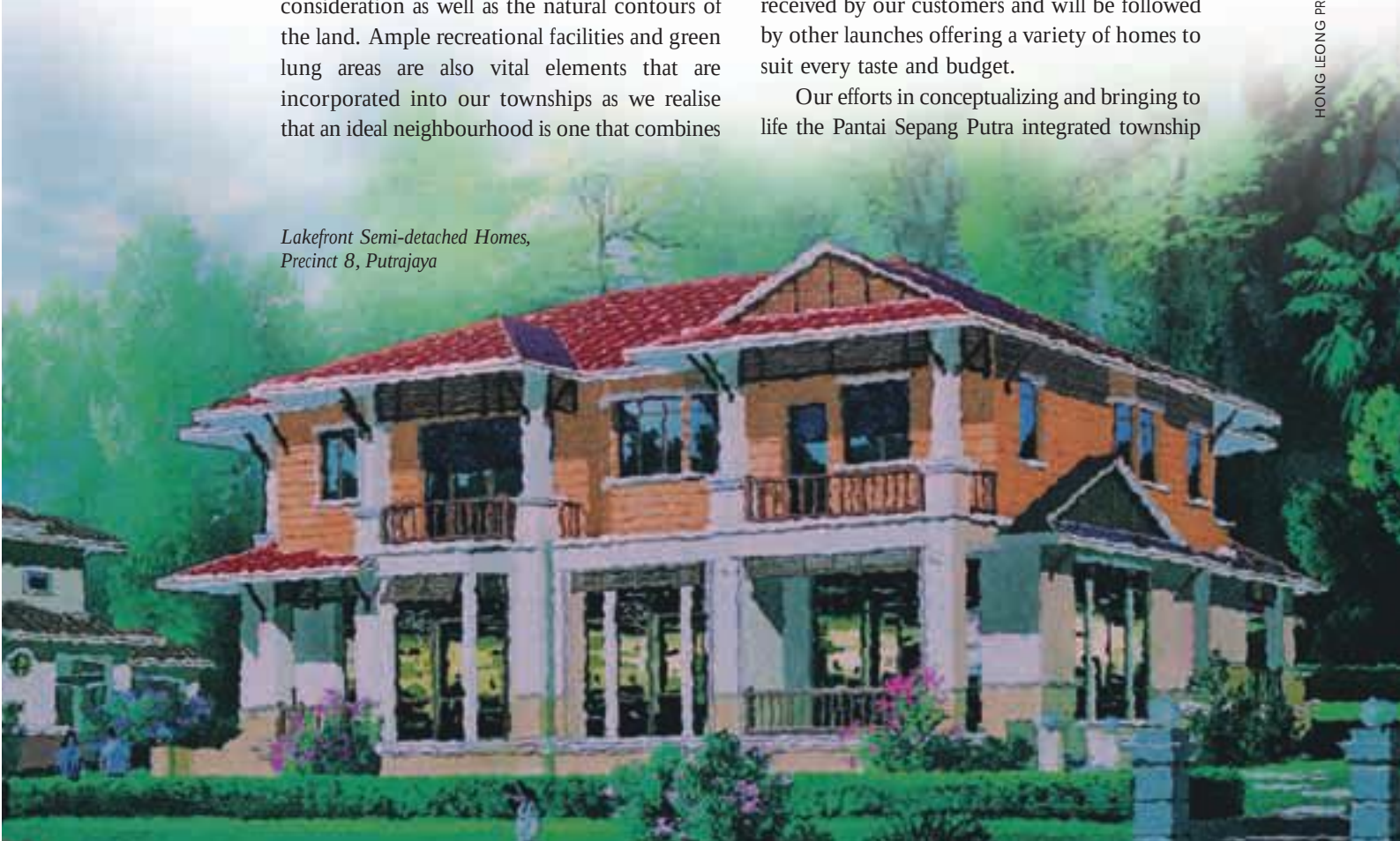
land bank in Kuantan, which is also in line with our strategy of realigning our asset portfolio.

We will also stay focused on the use of information technology to continuously improve our business processes as well as the products offered to our customers. Through information technology, we have transformed our business into an e-enabled organisation with our interactive website, MyStorey.com, an intelligent, virtual marketing office that allows our customers direct access to all our products, 24 hours a day.

In our **Property Development Division**, a great deal of thought and preparation goes into finalizing the development concept of our townships. The locality of the project is a main consideration as well as the natural contours of the land. Ample recreational facilities and green lung areas are also vital elements that are incorporated into our townships as we realise that an ideal neighbourhood is one that combines living, working and recreational environments. Ultimately, it is the customers' needs we emphasise most on, and we are committed to ensuring that our customers are offered homes that have innovative yet functional designs, are competitively priced and feature quality workmanship.

The above factors are clearly apparent with the birth of our latest project based on a hillside concept called the Emerald, our 'Online Lifestyle' township in Rawang. The Emerald is a beautiful 1,000 acre self-contained township that offers secure gated communities that are multi-media system ready, featuring environment-friendly and renovation free dwellings for its residents. Additionally, due to our commitment in preserving as much of the natural land contours as possible, and also in line with the government's call to prevent the unnecessary felling of trees and leveling of slopes, the Emerald has emerged as a unique township that has retained much of its natural land form, offering its residents splendid hillside views. Our upcoming launch of double storey link houses is expected to be well received by our customers and will be followed by other launches offering a variety of homes to suit every taste and budget.

Our efforts in conceptualizing and bringing to life the Pantai Sepang Putra integrated township



Lakefront Semi-detached Homes, Precinct 8, Putrajaya

Property Investment



Lobby, Menara Milenium



Menara HLA

Menara Milenium

was aptly recognized by the Malaysian Institute of Planners when the Lake District was presented with the Award for Planning Excellence 2001 for Urban Planning Achievement in Township Development for an area above 500 acres. Formerly a palm oil plantation, the Lake District has emerged into a pleasant neighbourhood with a resort feel brought about by its many lakes and swaying palm trees. Sales of bungalow units, semi-detached and link houses are on-going, as well as our Orchard and Homestead lots, which have been designed to provide the ideal weekend retreat for the entire family. We are confident that with the progress made to date, Pantai Sepang Putra will continue to offer our residents a lifestyle that will cater to the entire family.

We are privileged to be given the opportunity to participate in the development of the Putrajaya Federal Administrative Centre through our Precinct 8 township. Now in its sixth year of development, Precinct 8 continues to attract residents who place emphasis on a quality lifestyle. Developed in tandem with Putrajaya's overall theme of 'Garden City, Intelligent City', Precinct 8 is located by the waterfront and boasts of a unique lake-side promenade with unrivaled views. Our elegant homes in Precinct 8 take advantage and complement the natural garden-like environment that has been carefully conserved. Additionally, all our homes have been designed to cater for living in the information age. Todate, we have built an estimated 1,735 units of semi-detached houses, garden terraces and apartments.

Investors have responded well to 3 KiaPeng, our prestigious residential development strategically located in the heart of the Golden Triangle. Featuring 138 exclusive condominiums, 3 KiaPeng offers its residents extensive facilities, both for business and pleasure. Residents can unwind in the tastefully manicured gardens that extend into and encompass the swimming pool area. Those more physically inclined can take advantage of the extensively fitted out gymnasium, staffed by well-trained and knowledgeable fitness specialists. To the privileged few, 3 KiaPeng is an oasis within the city that restores body and soul, a unique masterpiece.

Our **Property Investment Division** performed well as compared to market, with our office buildings achieving occupancies ranging from 72 to 92 percent and rental rates ranging from RM2.40 to RM5.00 per square foot. In large part, this was due to our emphasis on stringent maintenance practices as well as ensuring a high quality tenant profile for all our buildings. Additionally, our reputation for designing impressive yet functional office buildings in strategic locations is also another reasons why our office buildings are sought after business addresses in this competitive market.

Over the years, we have built and traded a number of office building and at present, we are maintaining a portfolio of 5 office buildings with good trading potential. Once the market for office buildings reaches its peak, we will be in a position to realize the capital gains and generate cash flow from our investments. This will remain a constant and long-term strategy for our property investment division.

Our **Hotel and Resort Division** comprises one resort hotel and two city hotels, located in



Wisma Semantan

Port Dickson, Johor Bahru and Hanoi, respectively. All our hotel properties are operating in highly competitive markets which are experiencing low occupancies and average room rates. Notwithstanding the saturation of hotel rooms in their respective locations, our hotels performed at par with market.



PROSPECTS

Barring further global economic slowdown and the possible impact of a faltering US recovery on our economy, the property market is likely to remained unchanged in the year ahead. The landed residential sector and affordable homes are expected to continue experiencing positive growth in the coming months, assisted by competitive housing loan packages and low interest rates. Meanwhile, the oversupply situation for the office building sector is not expected to ease in the year ahead with an additional supply of 1 million square feet forecasted to come in during the second half of 2002.

With our planned strategies in place, we anticipate maintaining our performance in the coming year.

CORPORATE DEVELOPMENTS

On 18 March 2002, we announced the proposed disposal of Pembinaan Sri Jati Sdn Berhad's 70% equity interest in Treacher Development Sdn Bhd to Pasdec Corporation Sdn Bhd for a total consideration of RM12.6 million to be satisfied by the issuance of 12.6 new ordinary shares of RM1.00 each in Pasdec Holdings Berhad ("Pasdec"). Pasdec expects to obtain all required approvals by end-November 2002.

DIVIDEND

The Board is pleased to recommend a first and final dividend of 2% per RM0.50 share less tax for the year.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to the management and staff for their dedication and commitment. To our customers, financiers and shareholders, we wish to thank them for their continued support and confidence in us.

QUEK LENG CHAN
Chairman

Kuala Lumpur
27 August 2002



Guoman Port Dickson



Guoman Hanoi



Deluxe Room, Hyatt Regency Johor Bahru

Hotel and Resort

Hyatt Regency
Johor Bahru

Laporan Tahunan 2002 Annual Report










Hong Leong Properties Berhad (300-K)

A Member of the Hong Leong Group Malaysia

Company Profile

Hong Leong Properties Berhad is a leading property group with established businesses in **Property Development, Property Investment** and **Hotel & Resort Holdings**.

Our projects include award winning residential and commercial developments in the Klang Valley. With a management team that has grown with the Group over the years, we are well positioned to face the challenges and seize the opportunities that will arise in the coming years.





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Corporate Information

Directors

YBhg Tan Sri Quek Leng Chan
Executive Chairman

Mr. Kwek Leng Seng
Group Managing Director

YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain

YBhg Tan Sri Asmat bin Kamaludin

YBhg Dato' Ong Joo Theam

YBhg Datuk Roger Tan Kim Hock

Mr. Tan Ming Huat

Mr. Tan Keok Yin

Mr. Chew Kong Seng

Secretary

Ms. Lim Yew Yoke

Auditors

Messrs Ernst & Young
Level 23A, Menara Milenium
8 Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03 - 2087 7000
Fax : 03 - 2095 5332

Registrar

Hong Leong Nominees
Sendirian Berhad
Level 5, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel : 03 - 2164 1818
Fax : 03 - 2164 3703

Registered Office

Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel : 03 - 2164 1818
Fax : 03 - 2164 2476

Directors' Profile

YBhg Tan Sri Quek Leng Chan
(Executive Chairman/Non-Independent Director)

Tan Sri Quek Leng Chan, aged 59, a Malaysian, qualified as a Barrister-at-law from Middle Temple, United Kingdom. He has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

Tan Sri Quek is the Executive Chairman of Hong Leong Properties Berhad ("HLPB") and was appointed to the Board of HLPB on 16 June 1990. He is the Chairman of the Executive Share Option Scheme Committee of HLPB.

He is the Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad, Executive Chairman of Hong Leong Industries Berhad, Hong Leong Credit Berhad, Hume Industries (Malaysia) Berhad, Hume Cemboard Berhad, Camerlin Group Berhad and Tasek Corporation Berhad, Chairman of Hong Leong Bank Berhad, HLG Capital Berhad, Hong Leong Finance Berhad and Hong Leong Assurance Berhad and a Director of O.Y.L. Industries Bhd.

Tan Sri Quek attended all the Board meetings of HLPB held during the financial year ended 30 June 2002.

He has no conflict of interests with HLPB and has no convictions for offences within the past 10 years.

Mr Kwek Leng Seng
(Group Managing Director/Non-Independent Director)

Mr Kwek Leng Seng, aged 44, a Singaporean, holds an Honours degree in Law from the University of Buckingham, London. He joined Hong Leong Group Malaysia in 1987 as the Claims Manager and Director of Hong Leong Assurance Berhad. Between 1990 to mid 1994, he assumed directorship and managerial positions in various subsidiaries of HLPB. In mid 1994, he became the Managing Director of HLG Securities Sdn Bhd and held the position until October 1995.

Mr Kwek is the Group Managing Director of HLPB and was appointed to the Board of HLPB on 1 November 1995. He is a member of the Board Audit & Risk Management Committee, Executive Share Option Scheme Committee and Share Transfer Commitee of HLPB.

He is also a Director of Hong Leong Credit Berhad and Hong Leong Bank Berhad, which are both publicly listed.

He attended all the Board meetings of HLPB held during the financial year ended 30 June 2002.

Mr Kwek is a brother of YBhg Tan Sri Quek Leng Chan, the Executive Chairman of HLPB.

He has no conflict of interests with HLPB and has no convictions for offences within the past 10 years.

YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain
(Non-Executive Independent Director)

Tan Sri Dato' (Dr) Abdul Aziz bin Zain, aged 79, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom in 1954. He has been conferred an Honorary Doctorate Degree in Laws from the Anglia Polytechnic University, United Kingdom, an Honorary Doctorate of Science from the University Sains Malaysia and an Honorary Doctorate (honoris causa) Degree in Laws from the International Islamic University Malaysia. Between 1940 to 1963, Tan Sri Dato' (Dr) Abdul Aziz held various appointments in the judiciary of Malaysia. From 1964 to 1965, he was seconded to Brunei as Attorney General. Between 1965 and 1971, he was a Judge of the High Court of Malaya and a Federal Judge, Supreme Court Malaysia.

Tan Sri Dato' (Dr) Abdul Aziz was appointed to the Board of HLPB on 4 May 1981 and he is the Chairman of the Board Audit & Risk Management Committee of HLPB.

He is also a Director of Metrojaya Berhad and the Chairman of UPA Corporation Berhad; both are public listed companies.

He attended three (3) out of four (4) Board meetings of HLPB held during the financial year ended 30 June 2002.

Tan Sri Dato' (Dr) Abdul Aziz has no family relationship with other directors or major shareholders of HLPB, no conflict of interests with HLPB and has no convictions for offences within the past 10 years.

YBhg Tan Sri Asmat bin Kamaludin
(Non-Executive Non-Independent Director)

Tan Sri Asmat bin Kamaludin, aged 58, a Malaysian, graduated from the University of Malaya with a Bachelor of Arts (Economics) (Honours) degree in 1966. He also holds a Diploma in European Economic Integration from the University of Amsterdam. Tan Sri Asmat has vast experience of over 35 years in various capacities in the public service and his last post in the public service was as the Secretary General of the Ministry of International Trade & Industry Malaysia, a position he held since May 1992. In the last five years prior to his retirement in February 2001, Tan Sri Asmat served as a board member of Malaysia Technology Development Corporation, Multimedia Development Corporation, Malaysian Trade Development Corporation, Permodalan Nasional Berhad, Small and Medium Industries Development Corporation and Perbadanan Johor.

Tan Sri Asmat was appointed to the Board of HLPB on 2 February 2001. He does not sit on any Committees of HLPB.

His other directorships in public listed companies are as follows:

- Non-executive Chairman of UMW Holdings Berhad and Matsushita Electric Company (Malaysia) Berhad;
- Non-executive Vice Chairman of YTL Cement Berhad; and
- Non-executive Director of Malaysian Pacific Industries Berhad, Carlsberg Brewery Malaysia Berhad, Shangri-La Hotels Malaysia Berhad, Lion Land Berhad and Commerce Asset-Holding Berhad.

He attended three (3) out of four (4) Board meetings of HLPB held during the financial year ended 30 June 2002.

Tan Sri Asmat has no family relationship with other directors or major shareholders of HLPB, has no conflict of interests with HLPB and has no convictions for offences within the past 10 years.

YBhg Dato' Ong Joo Theam
(Non-Executive Non-Independent Director)

Dato' Ong Joo Theam, aged 53, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom in February 1972 and the Malaysian Bar in September 1972. He is an advocate and solicitor and has been in legal practice for 29 years.

Dato' Ong was appointed to the Board of HLPB on 26 August 1981 and he is a member of the Board Audit & Risk Management Committee of HLPB.

He attended all the Board meetings of HLPB held during the financial year ended 30 June 2002.

Dato' Ong has no family relationship with other directors or major shareholders of HLPB, no conflict of interests with HLPB and has no convictions for offences within the past 10 years.

YBhg Datuk Roger Tan Kim Hock
(Non-Executive Non-Independent Director)

Datuk Roger Tan Kim Hock, aged 55, a Malaysian, obtained his Bachelor of Law degree from the London School of Economics and qualified as a Barrister-at-Law from Gray's Inn, United Kingdom. He was in legal practice between 1972 and 1976. He joined Hong Leong Property Management Co Sdn Bhd in 1976 as the General Manager of the Property Division and went on to become the Managing Director of Hong Leong Industries Berhad in 1985. In 1988, he joined HLG Securities Sdn Bhd as the Chief Executive Officer; a position he held till 1993. Thereafter, he left to assume the post of President & Chief Executive Officer of Hume Industries (Malaysia) Berhad until June 2001. On 1 July 2001, Datuk Roger Tan joined Hong Leong Credit Berhad as its President & Chief Executive Officer. He is a Director of Hong Leong Bank Berhad and HLG Capital Berhad, both public listed companies. He is also a Director of Hong Leong Assurance Berhad and Hong Leong Finance Berhad, both public companies.

Datuk Roger Tan was appointed to the Board of HLPB on 1 July 2001. He does not sit on any Committees of HLPB.

He attended all the Board meetings of HLPB held during the financial year ended 30 June 2002.

Datuk Roger Tan has no family relationship with other directors or major shareholders of HLPB, has no conflict of interests with HLPB and has no convictions for offences within the past 10 years.

Directors' Profile (cont'd)

Mr Tan Ming Huat
(Executive Non-Independent Director)

Mr Tan Ming Huat, aged 51, a Malaysian, graduated with a Bachelor's Degree in Civil Engineering from the University of Malaya in 1977. After graduation, he worked in Jabatan Kerja Raya (JKR) as Engineer for 2 years. He has 23 years of experience in the property development sector with the Hong Leong Group Malaysia. He joined Hong Leong Group Malaysia in 1979 as Site Engineer in the property division and was promoted to Project Engineer in 1981. He was subsequently promoted to Chief Manager (Project) in 1982. Between 1984 and 1991, he assumed the position of General Manager. In 1992, he was promoted to Senior General Manager. In 1996, he assumed his present position of Chief Operating Officer of HLPB and is currently in charge of the Property Development and Property Investment Divisions.

Mr Tan was appointed to the Board of HLPB on 16 June 1990. He is a member of the Share Transfer Committee of HLPB.

He attended all the Board meetings of HLPB held during the financial year ended 30 June 2002.

Mr Tan has no family relationship with other directors or major shareholders of HLPB, no conflict of interests with HLPB and has no convictions for offences within the past 10 years.

Mr Tan Keok Yin
(Non-Executive Independent Director)

Mr Tan Keok Yin, aged 58, a Malaysian, graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya in 1966. He also completed an Executive Program in Management at the University of California, Berkeley in 1984 and a Program in International Boards and Directors at the Swedish Academy of Directors, Stockholm in 1995. He started his career with Bank Negara Malaysia (BNM) in 1966 and served in various capacities in the Economics and Investments Departments and the Penang Branch of BNM for eleven (11) years. In 1977, he joined the Federation of Malaysian Manufacturers (FMM) as Deputy Director and assumed the position of Chief Executive Officer (CEO) in 1981 till 1999. As CEO of FMM he represented the organisation on various Government boards and committees and internationally at the World Economic Forum (WEF) East Asian Conference and ASEAN Chambers of Commerce and Industry on trade and industrial cooperation. He also served as a Management Board member of EAN International located in Brussels, which develops and promotes the commercial usage of the EAN – UCC bar codes and product numbering system in over 98 countries and regions.

Mr Tan was appointed to the Board of HLPB on 26 September 2001. His other directorships are as follows:

- Independent non-executive Director and the Board Audit & Risk Management Committee ("BARMC")'s Chairman of Hong Leong Bank Berhad, a public listed company.

- Independent non-executive Director and BARMC member of Malaysian Pacific Industries Berhad, a public listed company.
- Independent non-executive Director and BARMC member of Hong Leong Assurance Berhad.
- Independent non-executive Director and was appointed Chairman of BARMC of Hong Leong Finance Berhad in June 2002.

Mr Tan has attended all the three (3) Board meetings of HLPB held during his office as a Director of HLPB for the financial year ended 30 June 2002.

Mr Tan has no family relationship with other directors or major shareholders of HLPB, has no conflict of interest with HLPB and has no convictions for any offences within the past 10 years.

Mr Chew Kong Seng
(Non-Executive Independent Director)

Mr Chew Kong Seng @ Chew Kong Huat, aged 64, a Malaysian, is a Fellow of the Institute of Charted Accountants in England and Wales and a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants.

Mr Chew was a tax officer in the Inland Revenue Department in United Kingdom and then joined Stoy Hayward & Co in United Kingdom from 1964 to 1970. He returned to Malaysia and joined Turquand Young & Co (now known as Ernst & Young) and was subsequently transferred to Sarawak office in 1973, first as Manager in Charge and later as Partner in Charge. He was appointed as the Managing Partner of Ernst & Young from 1990 to 1996. He was a Managing Partner of Ernst & Young before he retired from the professional practice in 1996. Mr Chew is currently the Executive Director of Sarawak Enterprise Corporation Berhad, a public listed company.

He is also a Director of the following public listed companies:

- Director and Audit Committee Chairman of Petronas Dagangan Berhad, Industrial Concrete Products Berhad, Jaya Jusco Stores Berhad and PBA Holdings Berhad;
- Director and Audit Committee member of Petronas Gas Berhad; and
- Director of Great Wall Plastic Industries Berhad.

Mr Chew was appointed to the Board of HLPB on 26 September 2001. He does not sit on any Committees of HLPB.

Mr Chew has attended all the three (3) Board meetings of HLPB held during his office as a Director of HLPB for the financial year ended 30 June 2002.

He has no family relationship with other directors or major shareholders of HLPB, has no conflict of interests with HLPB and has no convictions for offences within the past 10 years.



Board Audit & Risk Management Committee Report

CONSTITUTION

The Board Audit Committee of Hong Leong Properties Berhad ("HLPB" or the "Company") has been established since 23 March 1994.

During the financial year ended 30 June 2002, the Board Audit Committee has been re-designated as the Board Audit & Risk Management Committee (the "Committee").

COMPOSITION

YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain

(Chairman, Non-Executive Independent Director)

YBhg Dato' Ong Joo Theam

(Non-Executive Non-Independent Director)

Mr. Kwek Leng Seng

(Executive Non-Independent Director)

SECRETARY

The Secretary to the Committee is Ms Lim Yew Yoke, who is the Company Secretary of HLPB.

TERMS OF REFERENCE

The terms of reference of the Committee have been revised to conform to the Listing Requirements of the Kuala Lumpur Stock Exchange.

- To nominate and recommend for the approval of the Board of Directors ("Board"), a person or persons as external auditor(s).
- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the Group's officers to the external auditors.
- To review the quarterly reports and annual financial statements of the Company and of the Group prior to the approval by the Board.
- To review the adequacy of the internal audit scope and plan, functions and resources of the internal audit functions.
- To review the report and findings of the internal audit department including any findings of internal investigations and the management's response thereto.
- To review the adequacy and integrity of internal control systems, including risk management and management information system.
- To identify principle risks facing the Group and ensure the implementation of appropriate systems to manage these risks.
- To review any related party transactions that may arise within the Company or the Group.
- Other functions as may be agreed to by the Committee and the Board.

AUTHORITY

The Committee is authorised by the Board to review any activity of HLPB and its subsidiaries (the "Group") within its Terms of Reference. It is authorised to seek any information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

MEETINGS

The Committee meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit and external auditors are invited to attend Committee meetings. At least once a year, the Committee will have a separate session with the external auditors without the presence of executive directors.

Three (3) members of the Committee shall constitute a quorum.

After each Committee meeting, the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

ACTIVITIES

The Committee carried out its duties in accordance with its Terms of Reference.

During the financial year ended 30 June 2002, five (5) Committee meetings were held and all the meetings were attended by all the Committee members.

The Committee reviewed the quarterly reports and annual financial statements of the Group. The Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards. The Committee reviewed the internal auditor's audit findings and recommendations.

In addition, the Committee reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.

The Committee reviewed and approved various related party transactions carried out by the Group.

INTERNAL AUDIT

During the financial year ended 30 June 2002, the internal audit department carried out its duties covering business audit, system and financial audit.



Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventy-eighth Annual General Meeting of Hong Leong Properties Berhad (the "Company") will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Monday, 28 October 2002 at 11.30 a.m. in order:

1. To receive and consider the audited financial statements together with the reports of the Directors and Auditors thereon for the year ended 30 June 2002.
2. To declare a final dividend of 2% less tax for the year ended 30 June 2002 to be paid on 15 November 2002 to shareholders registered in the Record of Depositors on 31 October 2002.
3. To approve the payment of Directors' fees of RM275,698 to be divided amongst the Directors in such manner as the Directors may determine.
4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
   (a) YBhg Tan Sri Quek Leng Chan;
   (b) Mr Kwek Leng Seng; and
   (c) Mr Tan Ming Huat.
5. To approve the following motion:
   "THAT YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain, a Director who retires in compliance with Section 129 of the Companies Act, 1965, be and is hereby re-elected a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration.
7. As a special business, to consider and, if thought fit, pass with or without any modification, the following ordinary motion:

   Authority To Directors To Issue Shares

   "THAT pursuant to Section 132D of the Companies Act, 1965, 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."
8. To consider any other business of which due notice shall have been given.

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

a) shares transferred into the depositor's securities account before 12.30 p.m. on 31 October 2002 in respect of ordinary transfers; and

b) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

LIM YEW YOKE
Secretary

Kuala Lumpur
4 October 2002

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.
2. The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.
3. **Ordinary Motion On Authority To Directors To Issue Shares**
   The ordinary motion, if passed, will give authority to the Directors of the Company to issue ordinary shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying
Notice of Annual General Meeting

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange)

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 78TH ANNUAL GENERAL MEETING OF THE COMPANY

Pursuant to Article 115 of the Company's Articles of Association

YBhg Tan Sri Quek Leng Chan

Mr Kwek Leng Seng

Mr Tan Ming Huat

Pursuant to Section 129 of the Companies Act, 1965

YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

There were four (4) Board meetings held during the financial year ended 30 June 2002. Details of attendance of the Directors are set out in the Directors' Profile appearing on pages 3 to 7 of the Annual Report.

3. PLACE, DATE AND TIME OF THE 78TH ANNUAL GENERAL MEETING

The 78th Annual General Meeting of the Company will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Monday, 28 October 2002 at 11.30 a.m.

4. FURTHER DETAILS OF DIRECTORS WHO ARE STANDING FOR ELECTION AS DIRECTORS

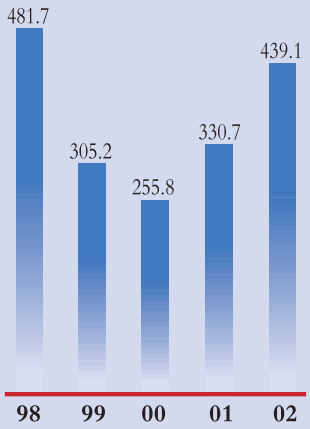
No individual is seeking election as a Director at the 78th Annual General Meeting.



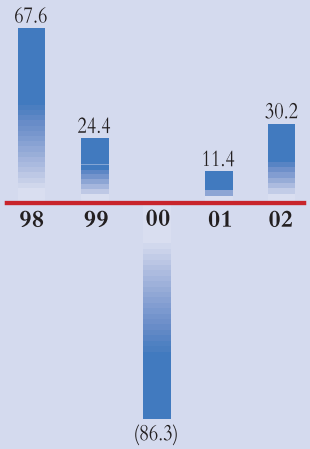
Group Financial Highlights

YEAR ENDED (RM Million)	June 1998	June 1999	June 2000	June 2001	June 2002
Turnover	481.7	305.2	255.8	330.7	439.1
Pre-tax profit/(loss)	67.6	24.4	(86.3)	11.4	30.2
Profit/(loss) attributable to shareholders	47.5	34.9	(57.7)	7.6	25.6
Net earnings per share (sen)	6.8	5.0	(8.2)	1.1	3.7
Net tangible assets	738.5	747.8	677.4	686.8	713.0
Net tangible assets per share (RM)	1.05	1.07	0.97	0.98	1.02

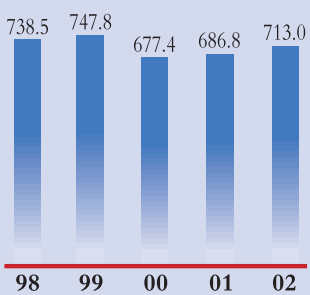
Turnover (RM million)



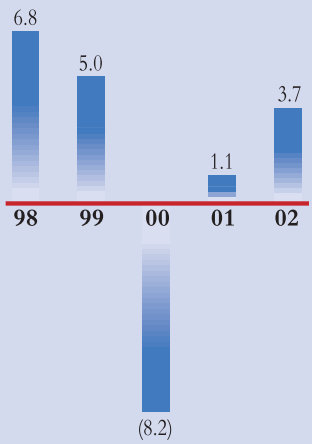
Pre-tax Profit/(Loss) (RM million)



Net Tangible Assets (RM million)



Net Earnings Per Share (Sen)



Corporate Governance

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders."

~ Finance Committee on Corporate Governance

The Board of Directors has reviewed the manner in which the Malaysian Code on Corporate Governance (the "Code") is applied to the Group as set out below. The Board is pleased to report compliance of the Group with the Best Practices set out in Part 2 of the Code except where otherwise stated.

A DIRECTORS

I The Board

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference to assist in the discharge of this responsibility.

II Board Balance

The Board of Directors comprises nine (9) directors, six (6) of whom are non-executive. Of the non-executive directors, three (3) are independent. The profiles of the members of the Board are provided in the Annual Report.

The Board is of the view that the current Board composition fairly reflects the investment of shareholders in the Company.

The Board met four (4) times during the financial year ended 30 June 2002.

The Board has identified the Company Secretary of the Company to whom concerns may be conveyed, who would bring the same to the attention of the Board.

III Supply of Information

All Board members are supplied with information on a timely manner. Board reports are circulated prior to Board meetings and the reports provide, amongst others, financial and corporation information, significant operational, financial and corporate issues, performance of the Company and of the Group and management proposals which require the approval of the Board.

All directors have access to the advice and services of the Company Secretary as well as to independent professional advice, including the internal auditors.

IV Appointments to the Board

The Company does not have a Nomination Committee as all new nominations received are assessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient calibre and experience.

The process of assessing the directors is an on-going responsibility of the entire Board.

The Company does not have a formal training programme for new directors. However, to assist the directors in discharging their duties, the Company has

developed a Directors' Manual and each new director will be given a copy upon appointment. The Directors' Manual highlights, amongst others, the major duties and responsibilities of a director vis-à-vis various laws, regulations and guidelines governing the same. The new director will be given briefing on the business of the Group and regulatory issues. Directors of the Company will also be updated from time to time of any new or changes to companies and securities legislations, rules and regulations.

During the financial year just ended, all directors have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia ("RIIAM"), an affiliate company of the Kuala Lumpur Stock Exchange. Subsequently, all directors are required to attend the Continuous Education Programme conducted by RIIAM.

V Re-election

All directors are required to submit themselves for re-election every three (3) years.

B DIRECTORS' REMUNERATION

I Level and make-up of Remuneration

The Company does not have a Remuneration Committee.

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual business plan and budget.

For non-executive directors, the level of remuneration reflects the level of responsibilities undertaken by them.

II Procedure

The remuneration packages of all executives of the Group including executive directors are set out in the Group's Human Resources Manual which is reviewed from time to time to align with market/industry practices.

The fees of directors, including non-executive directors, are recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting.

III Disclosure

The aggregate remuneration of directors (including remuneration earned as executive directors of subsidiaries) for the financial year ended 30 June 2002 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	117,000	637,000	754,000
Non-Executive Directors	165,698	35,000	200,698

The number of directors whose remuneration fall into the following bands are as follows:

Range Of Remuneration (RM)	Executive	Non-Executive
50,000 and below	2	6
50,001 – 100,000	-	-
100,001 – 650,000	-	-
650,001 – 700,000	1	-

C. SHAREHOLDERS

I Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors through which shareholders can have an overview of the Group's performance and operation. This is made via the Company's annual report, circulars to shareholders and quarterly financial reports and the various announcements made during the year.

II Annual General Meeting ("AGM")

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

D. ACCOUNTABILITY AND AUDIT

The Board Audit Committee was established on 23 March 1994. The Board Audit Committee has been re-designated as the Board Audit & Risk Management Committee (the "Audit & Risk Committee") on 12 November 2001. The financial reporting and internal control system of the Group is overseen by the Audit & Risk Committee which comprises a majority of non-executive directors. The primary responsibilities

of the Audit & Risk Committee are set out in the Board Audit & Risk Management Committee Report.

The Audit & Risk Committee met five (5) times during the financial year ended 30 June 2002. All meetings were attended by all members of the Audit & Risk Committee.

The Internal Audit Manager reports directly to the Audit & Risk Committee and provides the Audit & Risk Committee and management with an independent assessment of the adequacy of risk management practices. Significant breaches and deficiencies identified are discussed at the Audit & Risk Committee and the relevant management meetings where appropriate actions are taken.

I Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the Audit & Risk Committee which assesses the financial statements with the assistance of the external auditors.

II Internal Control

The Statement on Internal Control as detailed under paragraph E of this Statement provides an overview of the state of internal controls within the Group.

III Relationship with Auditors

The Audit & Risk Committee considers the appointment of external auditors and their remuneration. The external auditors meet with the Audit & Risk Committee to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit as well as the management letter after the conclusion of the audit.

E. STATEMENT ON INTERNAL CONTROL

The Board of Directors, recognising its responsibilities in ensuring sound internal controls, has developed a risk management framework for the Group to assist it in:

- identifying the significant risks faced by the Group in the operating environment as well as evaluating the impact of such risks identified;
- developing the necessary measures to manage these risks; and
- monitoring and reviewing the effectiveness of such measures.

The Board has entrusted the Audit & Risk Committee with the responsibility to oversee the implementation of the risk management framework of the Group.

The Board, in concurrence with the Audit & Risk Committee, has appointed a Risk Manager ("RM") to administer the risk management framework. The RM is responsible to:

- periodically evaluate all identified risks for their continuing relevance in the operating environment and inclusion in the Risk Management Framework;
- assess adequacy of action plans and control systems developed to manage these risks;
- monitor the performance of management in executing the action plans and operating the control systems; and
- regularly report to the Audit & Risk Committee on the state of internal controls and the management of risks throughout the Group.

The Audit & Risk Committee, assisted by the Internal Audit Department, provides oversight on the proper functioning of the risk management framework, as part of its function of monitoring compliance with the business objectives, policies, reporting standards and control procedures of the Group.

These on going processes have been in place for the year under review, and reviewed regularly by the Audit & Risk Committee.

The controls built into the risk management framework are not expected to eliminate all risks of failure to achieve business objectives but to provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

In joint ventures and associated company, the Board nominates representatives to sit as directors and take a proactive stance in assessing the performance of the entity with the goal of safeguarding the investment of the Group. Where practical, the Group may request functional, financial and operating information as well as assurance that such information have been prepared in accordance with reporting standards and have been derived from control environments acceptable to the Group.

F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The Listing Requirements of the Kuala Lumpur Stock Exchange require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2002, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.



Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 30 June 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are property development, letting of investment property, property investment, construction, hotel operations, investment holding, trading in securities, provision of management services and construction management services.

There have been no significant changes in the principal activities of the Group and of the Company during the year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit/(Loss) for the year	25,628	(50,695)

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in Note 39 to the financial statements.

DIVIDEND

The Directors propose that a final dividend of 2% less tax at 28% amounting to RM5,043,000 be paid for the current financial year.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The shareholders of the Company approved the implementation of an ESOS at the Extraordinary General Meeting held on 14 December 1999.

The main features of the ESOS are, inter alia, as follows:

1. Eligible executives are those executives who have served the Group for a period of at least one (1) year and have been confirmed in service on the date of offer, and full time executive directors of the Company, whose maximum allowable allotments have been approved by the Company in a general meeting.

2. The aggregate number of shares to be issued under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company for the time being.

3. The ESOS shall be in force for a period of five (5) years commencing from 24 December 1999, subject however to any extension for a further period of five (5) years provided that the requisite approvals have been obtained for such extension.

EXECUTIVE SHARE OPTION SCHEME ("ESOS") (cont'd)

4. The option price shall be the average of the mean market quotation of the shares of the Company as quoted on the Kuala Lumpur Stock Exchange for the five (5) market days preceding the date of offer, or at the par value of the shares of the Company of RM0.50, whichever is higher.

5. A grantee may exercise up to 20% of shares comprised in an option in any one year and the number of shares to be exercised shall be in multiples of and not less than 1,000 shares provided that if the grantee's balance of shares is less than 1,000 shares, the balance of shares must be exercised in a single tranche.

6. No executive shall be eligible to participate in more than one (1) employees' share option scheme implemented by the subsidiary companies within the Group.

The movements in the Company's unissued ordinary shares under the ESOS during the financial year are as follows:

	No. of unissued ordinary shares of RM0.50 each under the ESOS				
	At 1.7.2001	Options Granted	Options Lapsed	Options Exercised	At 30.6.2002
Option price of RM1.42	1,938,000	–	368,000	–	1,570,000
Option price of RM1.76	91,000	–	49,000	–	42,000
Option price of RM0.89	39,000	–	18,000	–	21,000
	2,068,000	–	435,000	–	1,633,000

DIRECTORS

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

YBhg Tan Sri Quek Leng Chan	(*Executive Chairman*)
Mr Kwek Leng Seng	(*Group Managing Director*)
YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain	
YBhg Dato' Ong Joo Theam	
Mr Tan Ming Huat	
YBhg Tan Sri Asmat bin Kamaludin	
YBhg Datuk Roger Tan Kim Hock	
Mr Tan Keok Yin	(*Appointed on 26.9.2001*)
Mr Chew Kong Seng @ Chew Kong Huat	(*Appointed on 26.9.2001*)

In accordance with Article 115 of the Company's Articles of Association, YBhg Tan Sri Quek Leng Chan, Messrs Kwek Leng Seng and Tan Ming Huat retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Section 129(2) of the Companies Act, 1965, YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain retires, having attained the age of over 70 years. The Board recommends that YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain be re-elected in accordance with Section 129(6) of the said Act.

DIRECTORS' INTERESTS

The holdings in the ordinary shares and/or stock units and/or warrants/options/irredeemable convertible unsecured loan stocks of the Company and its related corporations (other than wholly-owned subsidiary companies) of those who were Directors as at 30 June 2002 are as follows:

		No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options/ irredeemable convertible unsecured loan stocks*			
	Nominal value per share/ stock unit< RM	At 1.7.2001	Acquired/ Rights Issues~/ Conversion of Replacement Warrants to shares+	Sold/ Conversion of Replacement Warrants to shares+	At 30.6.2002
Shareholdings in which Directors have direct interests					
INTERESTS OF YBHG TAN SRI QUEK LENG CHAN IN:					
Hong Leong Company (Malaysia) Berhad	1.00	390,000	–	–	390,000
Hong Leong Credit Berhad	1.00	4,451,000	745,000~	–	5,717,000
			521,000+		
		496,000*	25,269@	521,000+	269* (Note 1)
		400,000*	20,000@	–	420,000*
Hong Leong Industries Berhad	0.50	2,185,000	–	917,000	1,268,000
		40,000*	–	–	40,000*
Hong Leong Bank Berhad	1.00	40,000	–	–	40,000
Malaysian Pacific Industries Berhad	0.50	53,500	–	–	53,500
Guolene Packaging Industries Berhad	1.00	36,000	–	36,000	–
Hume Industries (Malaysia) Berhad	1.00<	50,000	1,000	–	51,000
GuoNet Limited	USD1.00	1,200	–	–	1,200
Hume Cemboard Berhad	1.00	5,625,000	2,606,400	–	8,231,400
INTERESTS OF YBHG DATUK ROGER TAN KIM HOCK IN:					
HLG Capital Berhad	1.00	2,291,666	–	–	2,291,666
Hume Industries (Malaysia) Berhad	1.00<	–	181,000	–	181,000

DIRECTORS' INTERESTS (cont'd)

	No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options/ irredeemable convertible unsecured loan stocks*				
	Nominal value per share/ stock unit< RM	At 1.7.2001	Acquired/ Rights Issues~/ Conversion of Replacement Warrants to shares+	Sold/ Conversion of Replacement Warrants to shares+	At 30.6.2002
Shareholdings in which Directors have direct interests					
INTERESTS OF MR KWEK LENG SENG IN:					
Hong Leong Company (Malaysia) Berhad	1.00	97,500	–	–	97,500
Hong Leong Bank Berhad	1.00	42,490	–	–	42,490
Hong Leong Credit Berhad	1.00	–	117,000	–	117,000
Hong Leong Properties Berhad		400,000*	–	–	400,000*
INTEREST OF YBHG TAN SRI DATO' (DR) ABDUL AZIZ BIN ZAIN IN:					
Hong Leong Properties Berhad	0.50	3,400	–	–	3,400
		800*	–	–	800*
INTERESTS OF YBHG DATO' ONG JOO THEAM IN:					
Hong Leong Properties Berhad	0.50	13,000	–	–	13,000
Hong Leong Credit Berhad	1.00	2,500	10,000	–	17,755
		5,000 *	5,255+ 255@	5,255+	–
INTERESTS OF MR TAN MING HUAT IN:					
Hong Leong Properties Berhad	0.50	40,000	–	–	40,000
		240,000*	–	–	240,000*
Hong Leong Credit Berhad	1.00	16,800	3,200~	–	20,000
Hume Industries (Malaysia) Berhad	1.00<	1,000	–	–	1,000

DIRECTORS' INTERESTS (cont'd)

The deemed holdings in the ordinary shares and/or stock units and/or warrants/options/irredeemable convertible unsecured loan stocks of the Company and its related corporations (other than wholly-owned subsidiary companies) of YBhg Tan Sri Quek Leng Chan as at 30 June 2002 are as follows:

		No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options/ irredeemable convertible unsecured loan stocks*			
	Nominal value per share/ stock unit< RM	At 1.7.2001	Acquired/ Rights Issues~/ Conversion of Replacement Warrants to shares+	Sold/ Conversion of Replacement Warrants to shares+	At 30.6.2002
Shareholdings in which Directors have indirect interests					
Hong Leong Company (Malaysia) Berhad	1.00	7,487,100	–	–	7,487,100
Hong Leong Fund Management Sdn. Bhd.	1.00	1,400,000	–	–	1,400,000
MEHY Sdn. Bhd.	1.00	650,000	–	–	650,000
GuoNet Limited	USD1.00	10,800	–	–	10,800
Hong Leong Credit Berhad	1.00	337,817,645 48,607,200*	5,511,000 58,095,198~ 51,083,381+ 2,476,181@	679,200 51,083,381+	451,828,024 –
Hong Leong Assurance Berhad	1.00	90,000,000	10,000,000 50,000,000~	–	150,000,000
BIB Insurance Brokers Sdn Bhd (formerly known as Bradstock Insurance Brokers Sdn. Bhd.)	1.00	750,000	–	750,000	–
BIB Asia (L) Berhad	USD1.00	300,000	–	300,000α	–
(formerly known as Bradstock Asia Insurance Brokers (L) Bhd.)	USD1.00	1,500 (preference)	–	1,500α (preference)	–
Bradstock Aurora Insurance Brokers Inc.	P100.00	30,000	–	30,000α	–
Bradstock Suntek Insurance Brokers Pte. Ltd.	S$1.00	255,000	–	255,000α	–
HLG Capital Berhad	1.00	92,590,545	–	–	92,590,545
HLG Futures Sdn. Bhd.	1.00	3,500,000	1,500,000	–	5,000,000

DIRECTORS' INTERESTS (cont'd)

	No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options/ irredeemable convertible unsecured loan stocks*				
	Nominal value per share/ stock unit< RM	At 1.7.2001	Acquired/ Rights Issues~/ Conversion of Replacement Warrants to shares+	Sold/ Conversion of Replacement Warrants to shares+	At 30.6.2002
Shareholdings in which Directors have indirect interests					
Hong Leong Bank Berhad	1.00	979,410,501	–	18,609,001	960,801,500
Hong Leong Properties Berhad	0.50	356,374,211	–	3,802,000	352,572,211
		34,322,420*	–	–	34,322,420*
Guoman Hotel & Resort Holdings Sdn. Bhd.	1.00	277,000,000	–	–	277,000,000
HLL-Guoco Vietnam Co Limited	^	5,000,592	–	–	5,000,592
Treacher Development Sdn. Bhd.	1.00	14,000,000	–	–	14,000,000
JB Parade Sdn. Bhd.	1.00	18,000,000	–	–	18,000,000
		685,940 (preference)	–	–	685,940 (preference)
Hong Leong Industries Berhad	0.50	133,494,600	–	2,923,600	130,571,000
		15,275,372*	24,156,612	–	39,431,984*
Hong Leong Yamaha Distributors Sdn. Bhd.	1.00	10,360,000	–	–	10,360,000
Hong Leong Yamaha Motor Sdn. Bhd.	1.00	17,352,872	–	–	17,352,872
Guocera Tile Industries (Meru) Sdn. Bhd.	1.00	17,920,000	–	–	17,920,000
Hong Leong Maruken Sdn. Bhd. (In members' voluntary liquidation)	1.00	1,750,000	–	–	1,750,000
Guocera Tile Industries (Labuan) Sdn. Bhd.	1.00	13,090,001	–	–	13,090,001
Quayline Fairprice Sdn. Bhd.	1.00	9,600,000	–	–	9,600,000
RZA Logistics Sdn. Bhd.	1.00	8,540,000	330,000	–	8,870,000
Malaysian Pacific Industries Berhad	0.50	123,520,009	–	581,000	122,939,009
Carter Realty Sdn. Bhd.	1.00	7	–	–	7
Carsem (M) Sdn. Bhd.	1.00	42,000,000	–	–	42,000,000
Carsem Semiconductor Sdn. Bhd.	1.00	70,000,000	–	–	70,000,000

DIRECTORS' INTERESTS (cont'd)

		No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options/ irredeemable convertible unsecured loan stocks*			
	Nominal value per share/ stock unit< RM	At 1.7.2001	Acquired/ Rights Issues~/ Conversion of Replacement Warrants to shares+	Sold/ Conversion of Replacement Warrants to shares+	At 30.6.2002
Shareholdings in which Directors have indirect interests					
Guolene Packaging Industries Berhad	1.00	116,638,610	23,112,090	–	139,750,700
Guolene Plastic Films Sdn. Bhd.	1.00	9,350,002	–	–	9,350,002
Hume Industries (Malaysia) Berhad	1.00<	139,616,855	28,463,000	3,284,831	164,795,024
Hume Fibreboard Sdn. Bhd.	1.00	42,000,000 37,700,000 (preference)	18,000,000 –	– –	60,000,000 37,700,000 (preference)
Hume Cemboard Berhad	1.00	39,884,000	2,646,000	–	42,530,000
O.Y.L. Industries Bhd.	1.00	84,919,828	–	7,600	84,912,228
O.Y.L.-Condair Industries Sdn. Bhd.	1.00	5,100,000	–	–	5,100,000
York (Malaysia) Sales & Service Sdn. Bhd.	1.00	700,000	–	–	700,000
O.Y.L. Steel Centre Sdn. Bhd.	1.00	3,750,000	–	–	3,750,000
Wuhan McQuay Air-Conditioning & Refrigeration Co. Ltd.	^	7,500,000	–	–	7,500,000
McQuay Air-Conditioning Limited	HK$1.00	2,265,000	–	–	2,265,000
O.Y.L.-J.M. Co. Ltd.	NT$10.00	1,800,000	–	–	1,800,000
P.T. O.Y.L. Sentra Manufacturing	Rp2,106,000 or USD1,000.00	1,200	–	–	1,200
Shenzhen McQuay Air-Conditioning Co., Ltd.	^	6,040,000	–	–	6,040,000
AF Technology Ltd.	W5,000	161,725	–	161,725	–
McQuay Meditteranean LLC	##	88,500	–	–	88,500

DIRECTORS' INTERESTS (cont'd)

	No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options/ irredeemable convertible unsecured loan stocks*				
	Nominal value per share/ stock unit< RM	At 1.7.2001	Acquired/ Rights Issues~/ Conversion of Replacement Warrants to shares+	Sold/ Conversion of Replacement Warrants to shares+	At 30.6.2002
Shareholdings in which Directors have indirect interests					
OYL Way Electronic (Shenzen) Co. Ltd.	^	200,000	–	–	200,000
McQuay Philippines Sales & Service Inc.	P1.00	20,000,000	–	–	20,000,000

^ Capital contribution in USD
α Company ceased to be a related company during the year
LLC interest in USD
@ Adjustment arising from the rights issue
Note 1 All outstanding Hong Leong Credit Berhad Replacement Warrants not exercised had lapsed and become null and void on 27 December 2001

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 a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or as fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a corporation in which the Director has a substantial financial interest, except for YBhg Tan Sri Quek Leng Chan who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisitions and/or disposal of stocks and shares, stocks-in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or the provision of construction contracts, leases, tenancy, dealership and distributorship agreements; and/or the provision of treasury functions, advances in the conduct of normal trading, insurance, investment, stockbroking and/or other businesses between the Company or its related corporations and corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interests; and YBhg Dato' Ong Joo Theam who may be deemed to derive a benefit by virtue of the provision of legal services to the Company and its related corporations.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year are disclosed in Note 39 to the financial statements.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements of the Group and of the Company misleading.

(e) At the date of this report, there does not exist:

(i) 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

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

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

AUDITORS

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

On behalf of the Board,

KWEK LENG SENG

TAN MING HUAT

Kuala Lumpur
27 August 2002



Balance Sheets at 30 June 2002

	Note	GROUP 2002 RM'000	GROUP 2001 RM'000	COMPANY 2002 RM'000	COMPANY 2001 RM'000
PROPERTY, PLANT AND EQUIPMENT	4	**201,776**	202,958	**128**	171
INVESTMENT PROPERTIES	5	**257,847**	370,456	**–**	–
LAND HELD FOR DEVELOPMENT	6	**202,676**	65,947	**–**	–
INVESTMENTS IN SUBSIDIARY COMPANIES	7	**–**	–	**509,457**	580,357
AMOUNT DUE FROM SUBSIDIARY COMPANIES	8	**–**	–	**90,639**	81,458
INVESTMENT IN ASSOCIATED COMPANY	9	**1,212**	1,181	**–**	–
INVESTMENTS IN JOINT VENTURES	10	**365,446**	523,347	**56,000**	56,000
AMOUNT DUE FROM JOINT VENTURE	11	**34,733**	59,900	**–**	–
CURRENT ASSETS					
Stocks	12	**120,693**	2,056	**–**	–
Amount due from contract customers	13	**1,449**	1,639	**–**	–
Investments	14	**12,943**	13,089	**–**	–
Development properties	15	**11,388**	177,254	**–**	–
Trade and other receivables	16	**156,017**	169,823	**175,733**	188,143
Tax recoverable		**6,655**	–	**7,851**	4,845
Cash and cash equivalents	18	**23,233**	11,595	**165**	293
		332,378	375,456	**183,749**	193,281
CURRENT LIABILITIES					
Trade and other payables	19	**90,521**	138,768	**43,808**	13,319
Amount due to contract customers	13	**14,921**	12,452	**–**	–
Short term borrowings	20	**153,202**	134,151	**126,185**	64,653
Taxation		**–**	1,814	**–**	–
		258,644	287,185	**169,993**	77,972
NET CURRENT ASSETS		**73,734**	88,271	**13,756**	115,309
		1,137,424	1,312,060	**669,980**	833,295

	Note	GROUP 2002 RM'000	GROUP 2001 RM'000	COMPANY 2002 RM'000	COMPANY 2001 RM'000
FINANCED BY:					
SHARE CAPITAL	21	**350,229**	350,229	**350,229**	350,229
RESERVES	22	**362,731**	336,539	**151,698**	202,393
		712,960	686,768	**501,927**	552,622
MINORITY INTERESTS		**55,571**	58,797	**–**	–
		768,531	745,565	**501,927**	552,622
DEFERRED AND LONG TERM LIABILITIES					
Amounts due to subsidiary companies	8	**–**	–	**13,021**	–
Amounts due to joint ventures	11	**13,032**	12,673	**13,032**	12,673
Hire purchase creditor	23	**–**	18	**–**	–
Borrowings	24	**354,500**	551,236	**142,000**	268,000
Deferred taxation	25	**1,361**	2,568	**–**	–
		368,893	566,495	**168,053**	280,673
		1,137,424	1,312,060	**669,980**	833,295

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



Income Statements for the year ended 30 June 2002

	Note	GROUP 2002 RM'000	GROUP 2001 RM'000	COMPANY 2002 RM'000	COMPANY 2001 RM'000
REVENUE	26	**439,149**	330,712	**34,878**	25,318
OPERATING PROFIT	27	**73,741**	45,066	**50,181**	39,409
FINANCE COSTS	28	**(44,791)**	(45,578)	**(26,939)**	(25,196)
		28,950	(512)	**23,242**	14,213
PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS	7	**–**	–	**(70,900)**	(200)
SHARE OF PROFIT IN					
– ASSOCIATED COMPANY		**31**	35	**–**	–
– JOINT VENTURES		**1,188**	11,833	**–**	–
PROFIT/(LOSS) BEFORE TAXATION		**30,169**	11,356	**(47,658)**	14,013
TAXATION	29	**(8,068)**	1,514	**(3,037)**	(81)
PROFIT/(LOSS) AFTER TAXATION		**22,101**	12,870	**(50,695)**	13,932
MINORITY INTERESTS		**3,527**	(5,268)	**–**	–
PROFIT/(LOSS) FOR THE YEAR		**25,628**	7,602	**(50,695)**	13,932
EARNINGS PER SHARE	30	**4 sen**	**1 sen**		
DIVIDEND PER SHARE	31	**1 sen**	**1 sen**		

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

Statements Of Changes In Equity for the year ended 30 June 2002

	Note	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Retained profit RM'000	Dividend proposed RM'000	Total RM'000
GROUP							
At 1 July 2000		350,229	35,089	1,221	290,877	–	677,416
Net gain not recognised in the income statement – translation of foreign subsidiary companies		–	–	6,793	–	–	6,793
Profit for the year		–	–	–	7,602	–	7,602
Dividend	31	–	–	–	(5,043)	–	(5,043)
At 30 June 2001		350,229	35,089	8,014	293,436	–	686,768
Net gain not recognised in the income statement – translation of foreign subsidiary companies		–	–	564	–	–	564
Profit for the year		–	–	–	25,628	–	25,628
Dividend proposed	31	–	–	–	(5,043)	5,043	–
At 30 June 2002		350,229	35,089	8,578	314,021	5,043	712,960

	Note	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Retained profit RM'000	Dividend proposed RM'000	Total RM'000
COMPANY							
At 1 July 2000		350,229	35,089	68,219	90,196	–	543,733
Profit for the year		–	–	–	13,932	–	13,932
Dividend	31	–	–	–	(5,043)	–	(5,043)
At 30 June 2001		350,229	35,089	68,219	99,085	–	552,622
Loss for the year		–	–	–	(50,695)	–	(50,695)
Dividend proposed	31	–	–	–	(5,043)	5,043	–
At 30 June 2002		**350,229**	**35,089**	**68,219**	**43,347**	**5,043**	**501,927**

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



Cash Flow Statements for the year ended 30 June 2002

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation and minority interests	**30,169**	11,356	**(47,658)**	14,013
Adjustments for:				
Depreciation of property, plant & equipment	**7,606**	8,847	**38**	72
Expected loss from construction contracts	**4,066**	–	**–**	–
Interest expense	**44,791**	45,578	**26,939**	25,196
Loss on disposal of investment in a joint venture	**62**	–	**–**	–
Provision for doubtful debts	**10,001**	41	**–**	–
Provision for diminution in value of investment	**–**	4,407	**70,900**	200
Write down of land held for development	**541**	–	**–**	–
Share of profit in associated company	**(31)**	(35)	**–**	–
Share of profit in joint ventures	**(1,188)**	(11,833)	**–**	–
Gain on disposal of subsidiary companies	**–**	(20,685)	**–**	–
Gain on disposal of property, plant & equipment	**(1,339)**	(515)	**(48)**	–
Dividend income	**–**	(111)	**(34,878)**	(25,318)
Provision for diminution in value of investment written back	**(25)**	–	**–**	–
Unrealised gain on foreign exchange	**(6,057)**	–	**–**	–
Interest income	**(3,055)**	(4,734)	**(16,238)**	(16,918)
Operating profit/(loss) before working capital changes	**85,541**	32,316	**(945)**	(2,755)
Working capital changes:				
Stocks	**207**	31	**–**	–
Investment properties	**118,803**	–	**–**	–
Investments	**–**	(260)	**–**	–
Debtors	**16,649**	16,158	**121**	2,564
Development properties	**47,022**	22,066	**–**	–
Creditors	**(39,539)**	72,805	**2,925**	(3,084)
Joint venture balances	**(156,755)**	48,996	**359**	14,286
Inter company balances	**19,956**	(37,088)	**43,693**	(86,650)
Land held for development	**(62)**	(222,425)	**–**	–
Cash generated from/(used in) operations	**91,822**	(67,401)	**46,153**	(75,639)
Exchange fluctuation adjustment	**1,293**	6,793	**–**	–
Interest received	**3,055**	4,734	**16,238**	16,918
Tax (paid)/refunded	**(14,347)**	(7,868)	**–**	4,279
Net cash generated from/(used in) operating activities	**81,823**	(63,742)	**62,391**	(54,442)

	Note	GROUP 2002 RM'000	GROUP 2001 RM'000	COMPANY 2002 RM'000	COMPANY 2001 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from					
– subsidiary companies		**–**	–	**22,787**	18,229
– joint ventures		**6,048**	2,132	**6,048**	–
Other dividend received		**–**	80	**–**	–
Proceeds from disposal of					
– property, plant & equipment		**2,805**	1,450	**53**	7
– investment in a joint venture		**9,183**	–	**–**	–
– investment in unquoted shares		**171**	–	**–**	–
Acquisition of property, plant & equipment	(a)	**(5,880)**	(6,030)	**–**	(28)
Disposal of subsidiary companies, net of cash disposed	(b)	**–**	91,077	**–**	–
Proceeds from redemption of investment in preference shares in joint ventures		**140,000**	–	**–**	–
Acquisition of interest in joint ventures		**–**	(21,204)	**–**	–
Net cash generated from investing activities		**152,327**	67,505	**28,888**	18,208
CASH FLOWS FROM FINANCING ACTIVITIES					
Bank borrowings drawdown		**13,512**	15,563	**–**	15,000
Deposits with licensed banks		**(992)**	19,946	**–**	20,565
Dividends paid		**–**	(5,043)	**–**	(5,043)
Interest paid		**(44,791)**	(45,578)	**(26,939)**	(25,196)
Repayment of bank borrowings		**(190,134)**	(40,252)	**(60,000)**	(29,000)
Repayment of hire purchase		**(36)**	(10)	**–**	–
Net cash used in financing activities		**(222,441)**	(55,374)	**(86,939)**	(23,674)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**11,709**	(51,611)	**4,340**	(59,908)
CASH AND CASH EQUIVALENTS:					
AT 1 JULY		**711**	52,322	**(5,360)**	54,548
AT 30 JUNE	(c)	**12,420**	711	**(1,020)**	(5,360)

(a) Additions of property, plant & equipment during the year are derived at:

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Hire purchase creditor	**–**	46	**–**	–
Purchase by way of cash	**5,880**	6,030	**–**	28
	5,880	6,076	**–**	28

(b) In the previous financial year, the Group disposed of 50% equity interest in three subsidiary companies, namely, Bedford Damansara Heights Development Sdn. Bhd., Promakmur Development Sdn. Bhd. and Kota Selatan Indah Sdn. Bhd. The cash inflow arising from the disposal was as follows:

	RM'000
Long term assets	312,467
Current assets	14,176
Current liabilities	(113,562)
Cash and bank balances	1,323
Long term liabilities	(70,975)
Net assets of subsidiary companies disposed	143,429
Portion retained in investments in joint ventures	(71,714)
Net assets disposed	71,715
Gain on disposal	20,685
Proceeds from disposal	92,400
Add: Cash and cash equivalents disposed	(1,323)
Cash inflow arising from disposal	91,077

(c) Cash and cash equivalents comprise the following balance sheet amounts:

		GROUP		COMPANY	
	Note	**2002**	2001	**2002**	2001
		RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks		**13,833**	5,996	**–**	–
Less: Amount pledged to a financial institution for banking facilities granted	18	**(1,611)**	(619)	**–**	–
		12,222	5,377	**–**	–
Cash and bank balances		**9,400**	5,599	**165**	293
Bank overdrafts		**(9,202)**	(10,265)	**(1,185)**	(5,653)
		12,420	711	**(1,020)**	(5,360)

(d) During the year, the Group acquired the entire equity interests in four subsidiary companies, namely, Oritwo Sdn. Bhd., Orithree Sdn. Bhd., Orifour Sdn. Bhd. and Orifive Sdn. Bhd. The effects from the acquisition on the cash flow and financial position are as follows:

	RM'000
Long term assets	145,406
Current assets	363
Current liabilities	(328)
Cash and bank balances	–
Long term liabilities	(145,441)
Net assets of subsidiary companies acquired / consideration paid*	–

The above acquisition was completed on 31 March 2002 and the subsidiary companies did not contribute any profit to the Group for the three months ended 30 June 2002.

* The consideration paid was RM2 for each company acquired.

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



1. BASIS OF ACCOUNTING

The financial statements of the Group and of the Company are prepared under the historical cost convention and comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB").

2. GENERAL

The registered office is located at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur.

The principal place of business is located at Level 8, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur.

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are property development, letting of investment property, property investment, construction, hotel operations, investment holding, trading in securities, provision of management services and construction management services.

The financial statements are expressed in Ringgit Malaysia.

The number of employees as at 30 June 2002 for the Group is 519 (2001: 634) and for the Company is Nil (2001: 6).

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

A subsidiary company is a company in which the Company controls the composition of its Board of Directors and more than half of its voting powers or holds more than half of its issued ordinary share capital.

The Group financial statements incorporate the financial statements of the Company and its subsidiary companies. Subsidiary companies are consolidated on the acquisition method of accounting except for certain subsidiary companies, as disclosed in Note 35 to the financial statements, which are consolidated on the merger method of accounting. As allowed by MASB 21, Business Combination, the recognition criteria of a business combination under the merger method of accounting will be applied prospectively. Subsidiary companies previously consolidated on the merger method of accounting will continue to apply.

(i) Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the Group financial statements.

The difference between the acquisition costs and these fair values is reflected as goodwill or reserve on consolidation as appropriate. Goodwill on consolidation is written off against reserves.

(ii) Under the merger method of accounting, the results of the subsidiary companies are presented as if the companies had been combined throughout the current and previous financial years.

The difference between the cost of acquisition over the nominal value of the share capital and share premium of the subsidiary companies is written off against reserves.

All inter-company transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from inter-company transactions are also eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Associated Companies

An associated company is an investee company that is not a subsidiary company and in which the Group has a long term equity interest and exercises significant influence over the financial and commercial policies of the investee through Board representation.

The Group's share of results and reserves of the associated companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or up to the date of disposal under the equity method.

Unrealised profits arising on transactions between the Group and its associates are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated to the extent of the Group's interests in the associates.

(c) Joint Ventures

Joint ventures represent contractual arrangements with third parties to undertake construction and development projects.

The Group's share of the results of joint ventures are included in the consolidated financial statements from the date of formation of the joint ventures and up to the date of completion of the projects under the equity method.

Unrealised profits or losses arising from transactions between the Group and its joint ventures are recognised only to the extent of that portion of the gain or loss which is attributable to the interests of the other ventures. Unrealised losses are recognised in full when the transaction provides evidence of a reduction in the net realisable value of assets or an impairment loss.

(d) Foreign Currencies

(i) Transactions in foreign currencies
Transactions in foreign currencies are recorded in Ringgit Malaysia at the exchange rates ruling at the time of the transaction. Foreign currency assets and liabilities are reported in Ringgit Malaysia at the exchange rates ruling at the balance sheet date. All exchange gains and losses are included in the income statement.

(ii) Translation of foreign currency financial statements
The revenues and expenses of foreign operations are translated into Ringgit Malaysia at average exchange rates applicable throughout the year.

Assets, liabilities and income statement items of foreign subsidiary companies are reported in Ringgit Malaysia at the exchange rates ruling at the balance sheet date. The translation differences arising therefrom are taken to reserves.

The closing rates used in the translation of foreign exchange monetary assets and liabilities and the financial statements of foreign operations are as follows:

Foreign currency	2002 RM	2001 RM
1 US Dollar	3.80	3.80
1 Peso	0.08	0.08
1 Sterling Pound	5.81	5.40
1 Singapore Dollar	2.15	2.08

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

No depreciation is provided on freehold land and leasehold land where the unexpired lease term is in excess of 50 years. Short leasehold properties are amortised over the remaining lease term.

Other property, plant and equipment are depreciated over their estimated useful lives using the straight line method based on the following annual rates:

Buildings	2%
Building service plant, equipment, furniture & fittings and renovation	5% – 20%
Motor vehicles	20%

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying amount exceeds its recoverable amount. In determining the recoverable amount, expected future cash flows are discounted to their present values. Impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is adjusted by the same rate of depreciation accordingly. Such subsequent increase in recoverable amount is recognised in the income statement.

(f) Hire Purchase

Assets acquired under hire purchase contracts are capitalised as property, plant and equipment and depreciated accordingly.

Outstanding obligations due under the hire purchase agreements after deducting finance expenses are included as liabilities in the financial statements. The finance expenses of the hire purchase instalments are dealt with through the income statement over the periods of the respective agreements.

(g) Investment Properties

Investment properties held for its investment potential and rental income consist of land and buildings and are stated at cost unless there is a permanent decline in value, in which case the carrying amount of the investment property will be reduced to recognise such a decline. The permanent decline in value is recognised in the income statement.

(h) Land Held for Development

This is stated at cost and includes incidental expenditure incurred to put the land in a condition ready for development.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Stocks

(i) Property Stocks

Property stocks consist of residential and commercial properties. They are stated at the lower of cost and net realisable value. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

(ii) Others

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

(j) Amount due from Contract Customers

Amount due from contract customers on construction contracts is stated at cost plus attributable profits less foreseeable losses and less progress billings. Cost includes all direct construction costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in other payables as amount due to contract customers.

(k) Development Properties

These are stated at cost, and where appropriate, include attributable profit less progress payments received and receivable. Cost includes cost of land and development expenditure, interest charges related to the financing of development and an allocation of overhead.

(l) Capitalisation of Borrowing Costs

Interest incurred on borrowings related to property, plant and equipment, development properties, investment properties and land held for development are capitalised during the period activities to plan, develop and construct the assets are undertaken. Capitalisation of borrowing costs ceases when the assets are ready for their intended use or sale.

(m) Investments

Investments in subsidiary companies, associated companies and joint ventures are stated at cost. Provision is made for any diminution in value which is considered by the Directors to be permanent in nature.

Other investments held on long term basis are stated at cost. Provision is made for any diminution in value which is considered by the Directors to be permanent. Trading investments are stated at the lower of cost and market value on a portfolio basis.

Long term investments transferred to trading investments are made at the lower of cost and carrying value.

Trading investments transferred to long term investments are made at the lower of cost and market value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Trade Debtors

Trade debtors are recognised and carried at original amount billed less any allowance for any uncollectible amounts. An estimation of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as identified.

(o) Deferred Taxation

Provision is made using the liability method for taxation which is deferred due to timing differences except those which are not expected to reverse in the foreseeable future. Deferred tax benefits are recognised only if there is a reasonable expectation of realisation.

(p) Provisions

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

(q) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value, against which the bank overdraft balances, if any, are deducted.

(r) Revenue Recognition

(i) Construction contracts

Revenue from construction contacts is recognised on the percentage of completion method, measured by reference to the proportion of contract costs incurred for contract work performed to date that reflect work performed bear to the total estimated contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on a contract is recognised immediately in the income statement.

(ii) Development properties

Revenue from sale of development properties is recognised based on the percentage of completion method, where the outcome of the development projects can be reliably estimated. Any foreseeable loss on a development project is provided in full.

(iii) Property stocks

Revenue from sale of property stock is recognised when the significant risks and rewards of ownership of the property have been passed to the buyer.

(iv) Dividend income

Dividend income arising from investments in subsidiary companies, associated companies, long term investments and short term investments are recognised when the rights to receive payment are established.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Revenue Recognition (cont'd)

(v) Rental income

Revenue from room rental and rental of properties are recognised on the accrual basis unless collectibility is in doubt, in which case they are recognised on receipt basis.

(vi) Interest income

Interest income are recognised on the accrual basis unless the collectibility is in doubt, in which case they are recognised on receipt basis.

(s) Derivative Financial Instruments

Derivative financial instruments such as interest rate swaps are used to hedge the Group's risks associated primarily with interest rate fluctuations. It is not the Group's policy to trade in derivative financial instruments.

Interest income and interest expense associated with interest rate swaps are recognised over the life of the swap agreements as a component of interest income or interest expense in the income statement.

(t) Retirement Benefits

The Group operates a defined contribution scheme for eligible executives which is administered by the Hong Leong Group Executive Retirement Benefit Fund. The benefits payable on retirement are based on a fixed percentage contribution of the salary of the executive as accrued monthly in the executive's nominal account.

The cost and liability in respect of the defined contribution scheme will be determined by an actuarial valuation to be conducted once in every three (3) years by a qualified actuary. The last valuation was carried out in June 2001.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Building service plant, equipment, furniture and fittings and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total 2002 RM'000	Total 2001 RM'000
At 1 July, net of accumulated depreciation and impairment losses	52,302	77,137	25,877	42,984	444	4,214	**202,958**	210,148
Exchange adjustments	–	–	–	5	1	–	**6**	(6)
Additions	2,244	–	355	2,368	356	557	**5,880**	6,076
Disposals	–	–	–	(1,291)	(175)	–	**(1,466)**	(935)
Reclassification (to)/from								
– short leasehold land and building	–	–	2,844	(2,844)	–	–	**–**	–
– land held for development	8,198	–	–	–	–	–	**8,198**	–
– investment property	–	–	–	(6,194)	–	–	**(6,194)**	(1,027)
– computer equipment	–	–	–	4,771	–	(4,771)	**–**	–
Arising from disposals of subsidiary companies	–	–	–	–	–	–	**–**	(2,451)
Depreciation	–	–	(922)	(6,517)	(167)	–	**(7,606)**	(8,847)
At 30 June, net of accumulated depreciation and impairment losses	62,744	77,137	28,154	33,282	459	–	**201,776**	202,958
Property, plant and equipment								
At cost	71,991	77,137	60,837	73,231	1,480	–	**284,676**	311,772
Accumulated depreciation	–	–	(6,797)	(21,757)	(972)	–	**(29,526)**	(55,440)
Accumulated impairment losses	(9,247)	–	(25,886)	(18,192)	(49)	–	**(53,374)**	(53,374)
Net carrying amount	62,744	77,137	28,154	33,282	459	–	**201,776**	202,958

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY	Renovation RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total 2002 RM'000	Total 2001 RM'000
At 1 July, net of accumulated depreciation	3	103	60	5	**171**	222
Additions	–	–	–	–	**–**	28
Disposals	–	–	–	(5)	**(5)**	(7)
Depreciation	(1)	(21)	(16)	–	**(38)**	(72)
At 30 June, net of accumulated depreciation	2	82	44	–	**128**	171
Property, plant and equipment						
At cost	8	241	162	–	**411**	567
Accumulated depreciation	(6)	(159)	(118)	–	**(283)**	(396)
Net carrying amount	2	82	44	–	**128**	171

The freehold and long leasehold land and buildings of the Group are pledged to financial institutions for credit facilities granted to certain subsidiary companies.

5. INVESTMENT PROPERTIES

	GROUP 2002 RM'000	GROUP 2001 RM'000
Freehold land and buildings		
– at cost	**201,841**	314,450
– at written down value	**56,006**	56,006
	257,847	370,456
Fair value of investment properties, estimated by the Directors	**320,081**	517,886

The freehold land and buildings are charged to financial institutions as collateral for credit facilities granted to the Company and the Group.

6. LAND HELD FOR DEVELOPMENT

	GROUP	
	2002	2001
	RM'000	RM'000
At cost:		
Freehold land	**177,298**	42,479
Development expenditure	**24,576**	23,468
	201,874	65,947
At written down value		
Freehold land	**802**	–
	202,676	65,947

Development expenditure includes interest capitalised for the year of RM97,000 (2001: RM1,133,000).

7. INVESTMENTS IN SUBSIDIARY COMPANIES

	COMPANY	
	2002	2001
	RM'000	RM'000
Unquoted shares at cost	**587,026**	587,026
Provision for diminution in value	**(77,569)**	(6,669)
	509,457	580,357

Details of the subsidiary companies are disclosed in Note 35 to the financial statements.

The provision for diminution in value of RM70,900,000 made during the year is in respect of the write down of investment in Koru Bena Sdn. Bhd. to RM1.

8. AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES (UNSECURED)

	AMOUNT DUE FROM		AMOUNT DUE TO	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
COMPANY				
As at 30 June	**265,649**	268,757	**52,408**	8,662
Amount repayable within 12 months (Note 16/Note 19)	**(175,010)**	(187,299)	**(39,387)**	(8,662)
	90,639	81,458	**13,021**	–

The amounts due from subsidiary companies bear interests at rates ranging from 3% to 8.8% (2001: 3% to 8.8%) per annum.

Amounts due to subsidiary companies of RM26,533,021 (2001: RM2,699,588) bear interests at the rate of 3% (2001: 3% to 8.8%) per annum. All other amounts are interest free.

9. ASSOCIATED COMPANY

	GROUP	
	2002	2001
	RM'000	RM'000
Unquoted shares at cost	**6**	6
Share of post acquisition reserves	**1,206**	1,175
	1,212	1,181
Represented by:		
Share of net assets of associated company	**1,212**	1,181

Details of the associated company are as follows:

Name of company	**Country of incorporation**	**Effective equity interest**		**Principal activity**
		2002	**2001**	
		%	**%**	
Luck Hock Venture Holdings, Inc.	Philippines	**28**	28	Dormant

10. JOINT VENTURES

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Investment at cost	**311,054**	478,838	**56,000**	56,000
Share of post acquisition reserves	**54,392**	44,509	**–**	–
	365,446	523,347	**56,000**	56,000

The Group's interest in the assets, liabilities, revenue and expenses of jointly controlled entities are as follows:

	2002	2001
	RM'000	RM'000
Long term assets	**562,242**	696,077
Current assets	**163,193**	239,873
Long term liabilities	**(186,844)**	(135,060)
Current liabilities	**(173,145)**	(277,543)
Net assets	**365,446**	523,347
Revenue	**137,408**	165,850
Expenses	**(139,619)**	(161,088)
	(2,211)	4,762

Details of the joint ventures are disclosed in Note 36 to the financial statements.

11. AMOUNTS DUE FROM/(TO) JOINT VENTURES (UNSECURED)

	GROUP	
	2002	2001
	RM'000	RM'000
a) Amounts due from joint ventures		
As at 30 June	**79,908**	72,900
Amount repayable within 12 months (Note 16)	**(45,175)**	(13,000)
	34,733	59,900

All amounts due from joint ventures are interest free.

In the previous financial year, an amount due from joint ventures of RM3 million bore interest at 8% per annum. All other amounts are interest free.

b) Amounts due to joint ventures

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
As at 30 June	**13,886**	19,891	**13,032**	12,673
Amount repayable within 12 months (Note 19)	**(854)**	(7,218)	**–**	–
	13,032	12,673	**13,032**	12,673

Amounts due to joint ventures of the Group and the Company of RM13,032,000 (2001: RM12,673,000) bears interest at the rate of 6.5% (2001: 5.16% to 6.75%) per annum. All other amounts are interest free.

12. STOCKS

	GROUP	
	2002	2001
	RM'000	RM'000
At cost		
Property stocks	**119,785**	1,175
Food and beverage	**406**	423
Others	**502**	278
	120,693	1,876
At net realisable value		
Others	**–**	180
	120,693	2,056

Property stocks of RM118,844,000 (2001: NIL) have been pledged to a financial institution for banking facilities granted to a subsidiary company.

13. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	GROUP	
	2002	2001
	RM'000	RM'000
Contract cost incurred todate	**749,541**	602,403
Joint venture's share of profit	**2,184**	3,784
Attributable profit	**120,592**	66,246
	872,317	672,433
Expected loss	**(4,066)**	–
Progress payments received and receivable	**(881,723)**	(683,246)
	(13,472)	(10,813)
Amount due from contract customers	**1,449**	1,639
Amount due to contract customers	**(14,921)**	(12,452)
	(13,472)	(10,813)
Contract revenue recognised as revenue	**100,563**	86,384
Contract cost recognised as cost of sales	**99,785**	81,158

14. INVESTMENTS

	GROUP	
	2002	2001
	RM'000	RM'000
At cost		
– quoted shares in Malaysia	**27,752**	27,752
– unquoted shares in Malaysia	**–**	171
	27,752	27,923
Provision for diminution in value	**(14,809)**	(14,834)
	12,943	13,089
Market value of quoted shares	**14,425**	12,918

15. DEVELOPMENT PROPERTIES

	GROUP	
	2002	2001
	RM'000	RM'000
At cost:		
Land	**1,960**	34,182
Development expenditure	**22,868**	199,498
	24,828	233,680
Attributable profit	**6,843**	14,126
	31,671	247,806
Progress payments received and receivable	**(20,283)**	(70,552)
	11,388	177,254

In the previous financial year, development properties of RM169,959,772 were pledged to a financial institution for banking facilities granted to a subsidiary company.

16. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**58,331**	68,576	**–**	–
Provision for doubtful debts	**(125)**	(86)	**–**	–
	58,206	68,490	**–**	–
Other receivables	**46,816**	48,344	**676**	797
Provision for doubtful debts	**(9,962)**	–	**–**	–
	36,854	48,344	**676**	797
Subsidiary companies (Note 8)	**–**	–	**175,010**	187,299
Joint ventures (Note 11(a))	**45,175**	13,000	**–**	–
Related companies (Note 17)	**15,782**	39,989	**47**	47
	156,017	169,823	**175,733**	188,143

Included in trade receivables of the Group is retention sum of RM10,046,681 (2001: RM17,465,000).

Included in the other receivables is an amount of RM25.6 million (2001: RM29.5 million) being an advance made by a foreign subsidiary company to a foreign company in which certain directors exercise control. A provision for doubtful debts of RM9,962,000 has been made in respect of this amount.

17. HOLDING AND RELATED COMPANIES

The immediate and ultimate holding company is Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia.

Related companies in these financial statements refer to member companies in the Hong Leong Company (Malaysia) Berhad Group.

Amount due from a related company of RM14,700,000 (2001: RM39,151,000), which is unsecured and has no fixed term of repayment, bears interest at 8.07% to 8.7% (2001: 7.8% to 8.7%) per annum.

In the previous financial year, amount due to a related company of RM3,022,191 bore interest at 6.0% per annum.

All other amounts due from/(to) related companies are interest free, unsecured and have no fixed term of repayment.

18. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Deposits placed with licensed banks	**13,833**	5,996	**–**	–
Cash and bank balances	**9,400**	5,599	**165**	293
	23,233	11,595	**165**	293
Of which amounts placed with a related company:				
– deposits	**11,781**	3,296	**–**	–
– bank balances	**8,119**	4,049	**161**	184

Included in deposits with licensed banks of the Group is RM1,611,275 (2001: RM619,296) pledged in favour of certain guarantors as a continuing security for the repayment of a subsidiary company's guaranteed revolving underwriting facility.

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**48,590**	70,213	**–**	–
Subsidiary companies (Note 8)	**–**	–	**39,387**	8,662
Associated company	**577**	447	**–**	–
Joint ventures (Note 11(b))	**854**	7,218	**–**	–
Related companies (Note 17)	**632**	4,883	**24**	3,186
Hire purchase creditor (Note 23)	**–**	18	**–**	–
Other payables	**39,868**	55,989	**4,397**	1,471
	90,521	138,768	**43,808**	13,319

The amounts owing to an associated company of RM478,316 (2001: RM446,674) bears interest at 7.0% (2001: 7.0%) per annum. All amounts owing are unsecured and have no fixed term of repayment.

20. SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Secured				
Term loans (Note 24)	**106,500**	39,252	**105,000**	20,000
Bank overdrafts	**4,506**	540	**–**	–
	111,006	39,792	**105,000**	20,000
Unsecured				
Bank overdrafts	**4,696**	9,725	**1,185**	5,653
Revolving credits	**22,500**	75,634	**5,000**	30,000
Term loans (Note 24)	**6,000**	–	**6,000**	–
Other loan (Note 24)	**9,000**	9,000	**9,000**	9,000
	42,196	94,359	**21,185**	44,653
	153,202	134,151	**126,185**	64,653

The secured bank overdrafts of the Group are secured by a second legal charge over the long term leasehold land and a second fixed and floating charge over the assets of a subsidiary company. Bank overdrafts bear interests at rates ranging from 7.4% to 9.05% (2001: 7.3% to 9.05%) per annum.

The revolving credits bear interests at rates ranging from 4.1% to 6.25% (2001: 4.3% to 6.25%) per annum.

The details of the other loan and term loans are disclosed in Note 24 to the financial statements.

21. SHARE CAPITAL

	GROUP AND COMPANY	
	2002	2001
	RM'000	RM'000
Authorised:		
3,000,000,000 ordinary shares of RM0.50 each	**1,500,000**	1,500,000
Issued and fully paid:		
700,458,418 ordinary shares of RM0.50 each	**350,229**	350,229

The Company issued 70,045,522 detachable warrants on 7 September 1995 in conjunction with its issue of redeemable bank guaranteed bonds which has since expired in October 2000. The warrants are constituted by a Deed Poll and entitle the registered holder to subscribe for one ordinary share of RM0.50 in the Company at an exercise price of RM3.05 per share for every warrant held. The original exercise period of the warrants which expired on 1 April 2000 was extended for a further five years and six months to 1 October 2005. During the year, none of the outstanding 70,045,522 (2001: 70,045,522) warrants were exercised.

The shareholders of the Company approved the implementation of an Executive Share Option Scheme ("ESOS") on 14 December 1999. The number of options outstanding at 30 June 2002 amounted to 1,633,000 (2001: 2,068,000). None of the options were exercised during the year.

The main features of the ESOS are, inter alia, as follows:

(a) Eligible executives are those executives who have served the Group for a period of at least one (1) year and have been confirmed in service on the date of offer, and full time executive directors of the Company, whose maximum allowable allotments have been approved by the Company in a general meeting.

(b) The aggregate number of shares to be issued under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company for the time being.

(c) The ESOS shall be in force for a period of five (5) years commencing from 24 December 1999, subject however to any extension for a further period of five (5) years provided that the requisite approvals have been obtained for such extension.

(d) The option price shall be the average of the mean market quotation of the shares of the Company as quoted on the Kuala Lumpur Stock Exchange for the five (5) market days preceding the date of offer, or at the par value of the shares of the Company of RM 0.50, whichever is higher.

(e) A grantee may exercise up to 20% of shares comprised in an option in any one year and the number of shares to be exercised shall be in multiples of and not less than 1,000 shares provided that if the grantee's balance of shares is less than 1,000 shares, the balance of shares must be exercised in a single tranche.

(f) No executive shall be eligible to participate in more than one (1) employees' share option scheme implemented by the subsidiary companies within the Group.

22. RESERVES

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable:				
Share premium	**35,089**	35,089	**35,089**	35,089
Exchange reserve	**8,578**	8,014	**–**	–
Merger reserve	**–**	–	**68,219**	68,219
	43,667	43,103	**103,308**	103,308
Distributable:				
Dividend proposed	**5,043**	–	**5,043**	–
Retained profit	**314,021**	293,436	**43,347**	99,085
	362,731	336,539	**151,698**	202,393

For the Company, the premium arising on the shares issued in respect of the subsidiary companies accounted for under the merger method of accounting is credited to the merger reserve account in accordance with the relief granted by Section 60(4) of the Companies Act, 1965.

The entire exchange reserve arose from the translation of financial statements of foreign subsidiary companies.

Based on the estimated tax credits available, the entire retained profit of the Company is available for distribution by way of dividend without incurring additional tax liability.

23. HIRE PURCHASE CREDITOR

	GROUP	
	2002	2001
	RM'000	RM'000
At 30 June	**–**	36
Amount repayable within 12 months (Note 19)	**–**	(18)
Amount repayable within 1 year after balance sheet date	**–**	18

24. LONG TERM BORROWINGS

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Term loans				
– secured	**269,000**	362,488	**230,000**	250,000
– unsecured	**14,000**	20,000	**14,000**	20,000
	283,000	382,488	**244,000**	270,000
Other loan – unsecured	**18,000**	27,000	**18,000**	27,000
Guaranteed revolving underwriting facility ("GRUF") – secured	**175,000**	190,000	**–**	–
	476,000	599,488	**262,000**	297,000
Less: Amounts repayable within 12 months (Note 20)				
– term loans – secured	**(106,500)**	(39,252)	**(105,000)**	(20,000)
– term loans – unsecured	**(6,000)**	–	**(6,000)**	–
– other loan – unsecured	**(9,000)**	(9,000)	**(9,000)**	(9,000)
	354,500	551,236	**142,000**	268,000
The borrowings outstanding are repayable as follows:				
1 year after balance sheet date	**121,500**	48,252	**120,000**	29,000
More than 1 year but not later than 2 years	**319,500**	158,236	**142,000**	126,000
More than 2 years but not later than 5 years	**22,000**	393,000	**–**	142,000
More than 5 years	**13,000**	–	**–**	–
	476,000	599,488	**262,000**	297,000

The term loans and GRUF of the Group and Company are secured by legal charges on certain property, plant and equipment, investment properties and property stocks and a standby letter of credit from a financial institution and proceeds arising from the exercise of the warrants from time to time up to a cumulative sum of not less than RM150 million as disclosed in Notes 4, 5, 12 and 21 to the financial statements as well as fixed and floating charges on assets of certain subsidiary companies.

The term loans are repayable over the period from 1997 to 2010 and bear interest at rates ranging from 3.65% to 8.55% (2001: 3.65% to 8.55%) per annum.

The GRUF is repayable in full in March 2004 and bears interest at rates ranging from 3.01% to 3.43% (2001: 2.87% to 3.49%) per annum.

Other loan is repayable over the period from 2001 to 2004 and bears interest at rates ranging from 4.25% to 4.5% (2001: 4.34% to 4.70%) per annum.

25. DEFERRED TAXATION

	GROUP	
	2002	2001
	RM'000	RM'000
At 1 July	**2,568**	9,139
Transfer to retained profit (Note 29)	**(1,207)**	(5,596)
Disposal of subsidiary companies	**–**	(975)
At 30 June	**1,361**	2,568

26. REVENUE

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Contract revenue	**100,563**	86,384	**–**	–
Sale of properties	**258,658**	68,828	**–**	–
Rental of properties	**32,611**	47,189	**–**	–
Room rental	**37,341**	35,257	**–**	–
Others	**793**	654	**–**	–
Proceeds from disposals of subsidiary companies	**–**	92,400	**–**	–
Proceeds from disposal of investment in a joint venture	**9,183**	–	**–**	–
Dividends received	**–**	–	**34,878**	25,318
	439,149	330,712	**34,878**	25,318

The proceeds from disposal of investment in a joint venture during the year and disposal of subsidiary companies in the previous year have been included as part of revenue as the disposals are deemed to be disposals of the Group's investment properties.

27. OPERATING PROFIT

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Revenue	**439,149**	330,712	**34,878**	25,318
Cost of sales	**(319,295)**	(226,497)	**–**	–
Gross profit	**119,854**	104,215	**34,878**	25,318
Other operating income	**6,395**	10,725	**16,286**	16,918
Distribution costs and marketing expenditure	**(1,903)**	(1,571)	**–**	–
Administration expenses	**(15,612)**	(15,921)	**44**	(144)
Building expenses	**(17,581)**	(22,328)	**–**	–
Other operating expenses	**(17,412)**	(30,054)	**(1,027)**	(2,683)
	73,741	45,066	**50,181**	39,409

27. OPERATING PROFIT (cont'd)

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Operating profit is arrived at after charging:				
Auditors' remuneration				
– statutory audit	**182**	182	**50**	50
– other services	**16**	16	**–**	–
Bad debts written off	**–**	121	**–**	–
Depreciation	**7,606**	8,847	**38**	72
Directors' emoluments	**672**	672	**50**	672
Directors' fees	**283**	209	**276**	182
Expected loss from construction contracts	**4,066**	–	**–**	–
Inter company balances written off	**–**	–	–	1,987
Loss on disposal of investment in a joint venture	**62**	–	**–**	–
Office rental	**118**	83	**–**	–
Provision for diminution in value of short term investments	**–**	4,407	**–**	–
Provision for doubtful debts	**10,001**	41	**–**	–
Realised loss on foreign exchange	**2,177**	–	**–**	–
Retirement benefit	**69**	43	**–**	–
Retrenchment cost	**857**	868	**–**	–
Staff costs				
– current year	**9,635**	12,308	**11**	324
– overprovision in prior years	**(113)**	(573)	**(113)**	(346)
Write down of land held for development	**541**	–	**–**	–
and crediting:				
Gain on disposals of subsidiary companies	**–**	20,685	**–**	–
Gain on disposal of property, plant & equipment	**1,339**	515	**48**	–
Gross dividends from				
– subsidiary companies	**–**	–	**26,478**	25,318
– joint venture	**–**	–	**8,400**	–
– short term investment	**–**	111	**–**	–
Interest income				
– subsidiary companies	**–**	–	**16,178**	15,198
– related companies	**2,389**	3,393	**–**	1,287
– others	**666**	1,341	**61**	433
Provision for diminution in value of investment written back	**25**	–	**–**	–
Unrealised gain on foreign exchange	**6,057**	–	**–**	–

28. FINANCE COSTS

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Interest expense				
– loans	**40,896**	40,994	**22,614**	18,607
– bonds	**–**	1,786	**–**	1,786
– subsidiary companies	**–**	–	**1,348**	2,510
– related companies	**32**	110	**19**	22
– associated company	**34**	27	**–**	–
– joint ventures	**893**	68	**845**	68
– others	**2,936**	2,593	**2,113**	2,203
	44,791	45,578	**26,939**	25,196

29. TAXATION

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Malaysian taxation based on results for the year				
Current	**5,335**	824	**3,037**	4,759
Joint ventures	**3,399**	7,071	**–**	–
Deferred (Note 25)	**(1,207)**	(5,596)	**–**	–
	7,527	2,299	**3,037**	4,759
Under/(Over) provision in prior years	**541**	(3,813)	**–**	(4,678)
	8,068	(1,514)	**3,037**	81

Group

The Group's effective tax rate is lower than the statutory tax rate applicable mainly due to gain on disposal of an investment property which is subject to real property gains tax.

The Group has the following potential deferred tax benefit not recognised in the consolidated financial statements which are subject to agreement of the tax authorities:

	GROUP	
	2002	2001
	RM'000	RM'000
Unabsorbed tax losses	**8,644**	8,166
Unutilised capital allowances	**30,459**	28,734
Unutilised investment tax allowance	**34,030**	34,030
	73,133	70,930

Company

The Company is subject to tax despite the loss incurred during the year due to certain expenses not being deductible for tax purposes.

30. EARNINGS PER SHARE

(i) Basic earnings per share
The calculation of the basic earnings per share for the Group is based on profit attributable to ordinary shareholders of RM25,628,000 (2001: RM7,602,000) on a weighted average of 700,458,418 (2001: 700,458,418) number of ordinary shares in issue during the year.

(ii) Diluted earnings per share
No diluted earnings per share is disclosed due to the anti-dilutive effect of share options and warrants.

31. DIVIDEND

	GROUP AND COMPANY	
	2002	2001
	RM'000	RM'000
Dividend paid		
Interim of Nil (2001: 2%) less 28% income tax	**–**	5,043
Dividend proposed		
Final of 2% (2001: Nil) less 28% income tax	**5,043**	–

32. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	RM'000	RM'000	**RM'000**	RM'000
Guarantees given to financial institutions for credit facilities granted to				
– subsidiary companies	**–**	–	**18,512**	25,000
– joint venture	**61,708**	61,708	**–**	–

33. COMMITMENTS

	GROUP	
	2002	2001
	RM'000	RM'000
Capital commitment		
– approved and contracted for	**1,417**	5,055
– approved but not contracted for	**–**	3,638
	1,417	8,693

34. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2002, the Company had an interest rate swap agreement in place with a notional amount of RM70,000,000 (2001: RM70,000,000) whereby it receives a floating rate equal to KLIBOR and pays a fixed rate of interest of 5.38% to 5.8% (2001: 5.38% to 5.8%) per annum on the notional amount. The swap is being used to partly hedge the Company's floating rate bank borrowings from exposure to any increase in interest rates. The interest rate swap agreement was entered into in October 1999 and will expire in January 2003.

35. SUBSIDIARY COMPANIES

The subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest 2002 %	2001 %	Principal activities
Bedford Equities Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
Bedford Realty Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
Guoman Hotel & Resort Holdings Sdn. Bhd. and its subsidiaries:	Malaysia	**70**	70	Investment holding
+*PD Resort Sdn. Bhd.	Malaysia	**70**	70	Property investment and development and hotel operations
Kiapeng Development Sdn. Bhd.	Malaysia	**70**	70	Property development and letting of investment property
*Guoman Hotels Limited and its subsidiaries:	Bermuda	**70**	70	Investment holding
*Guoman (Hanoi) Limited and its subsidiary:	Jersey, Channel Islands	**70**	70	Investment holding
*HLL-Guoco Vietnam Co. Limited	Vietnam	**52**	52	Hotel operations
*Guoman Philippines, Inc.	Philippines	**70**	70	Investment holding
JB Parade Sdn. Bhd. and its subsidiary:	Malaysia	**42**	42	Investment holding and hotel business
JB Parade Condominium Sdn. Bhd.	Malaysia	**42**	42	Property development
Bedford Credit & Leasing Sdn. Berhad	Malaysia	**100**	100	In members' voluntary liquidation

35. SUBSIDIARY COMPANIES (cont'd)

Name of company	Country of incorporation	Effective equity interest 2002 %	2001 %	Principal activities
Bedford Development Sdn. Bhd. and its subsidiaries:	Malaysia	**100**	100	Investment holding and property development
Hong Leong Housing Sdn. Bhd. and its subsidiary:	Malaysia	**100**	100	Provision of construction management services
Rasa Makmur Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
+Bedford Industrial Development Sdn. Bhd.	Malaysia	**100**	100	Property development
+*Pembinaan Sri Jati Sdn. Berhad and its subsidiary:	Malaysia	**100**	100	Investment holding and property development
* Treacher Development Sdn. Bhd.	Malaysia	**70**	70	Property development
+*Bedford Ferringhi Resort (Penang) Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
* Evergreen Direction Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
* Guoland Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
Hong Leong Real Estate Holdings Sdn. Bhd. and its subsidiaries:	Malaysia	**100**	100	Investment holding
* Bedford Land Sdn. Bhd. and its subsidiaries:	Malaysia	**100**	100	Investment property holding and letting of investment property
BLV Fashions Sdn. Bhd.	Malaysia	**100**	–	Property investment
Guobena Development Sdn. Bhd.	Malaysia	**100**	–	Property investment
HL Bandar Sdn. Bhd.	Malaysia	**100**	100	Letting of investment property

35. SUBSIDIARY COMPANIES (cont'd)

Name of company	Country of incorporation	Effective equity interest 2002 %	2001 %	Principal activities
#Oritwo Sdn. Bhd.	Malaysia	**100**	–	Property investment
#Orithree Sdn. Bhd.	Malaysia	**100**	–	Property investment
#Orifour Sdn. Bhd.	Malaysia	**100**	–	Property investment
#Orifive Sdn. Bhd.	Malaysia	**100**	–	Property investment
Resource Properties Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
Bedford Excel Venture Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
HLP Equities Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Bedford Leisure Ventures Sdn. Bhd. and its subsidiaries:	Malaysia	**100**	100	In members' voluntary liquidation
BLV Cantonese Restaurant Co. Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
BLV Entertainment Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
Noble Image Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
+*Koru Bena Sdn. Bhd. and its subsidiaries:	Malaysia	**100**	100	Investment holding and construction
*Guobena Development Sdn. Bhd.	Malaysia	**–**	100	Property investment
BLV Fashions Sdn. Bhd.	Malaysia	**–**	100	Property investment
*HLL Overseas Limited	Jersey, Channel Islands	**100**	100	Investment holding and trading in securities
*Hong Leong Real Estate Management Sdn. Bhd.	Malaysia	**100**	100	Provision of management services

* Not audited by Ernst & Young or its associates.
\+ Subsidiaries consolidated under merger method of accounting.
\# Reclassified from investments in joint ventures as explained in Note 39(b) to the financial statements.

36. JOINT VENTURES

The details of joint ventures are as follows:

Name of joint venture	Country of establishment	Interest 2002 %	Interest 2001 %	Principal activities
Fasidon Holdings Pte. Ltd.	Singapore	–	20	Property development
Putrajaya Properties Sdn. Bhd. and its subsidiaries:	Malaysia	**50**	50	Investment holding
Sabna Development Sdn. Bhd.	Malaysia	**50**	50	Property development
HLP Bina Sdn. Bhd.	Malaysia	**50**	50	Construction
Guobena – Hexatech JV	Malaysia	**60**	60	Electrical installations
Guobena – Siah Brothers Joint Venture	Singapore	**50**	50	Construction
Guobena – Dayang J.V.	Singapore	**60**	60	Construction and electrical works
Vintage Heights Sdn. Bhd.	Malaysia	**40**	40	Property development and operation of an oil palm estate
Sim Lian-Guobena JV Pte. Ltd.	Singapore	**50**	50	Construction
Positive Properties Sdn. Bhd.	Malaysia	**50**	50	Property investment
Oriland Sdn. Bhd. and its subsidiaries:	Malaysia	**50**	50	Investment holding and property investment
Orione Sdn. Bhd.	Malaysia	**50**	50	Property investment
* Oritwo Sdn. Bhd.	Malaysia	–	50	Property investment
* Orithree Sdn. Bhd.	Malaysia	–	50	Property investment
* Orifour Sdn. Bhd.	Malaysia	–	50	Property investment
* Orifive Sdn. Bhd.	Malaysia	–	50	Property investment
Orisix Sdn. Bhd.	Malaysia	–	50	Property investment
Oriseven Sdn. Bhd.	Malaysia	–	50	Property investment
Orieight Sdn. Bhd.	Malaysia	–	50	Property investment
Orinine Sdn. Bhd.	Malaysia	–	50	Property investment
Continental Estates Sdn. Bhd.	Malaysia	**50**	50	Property development and operation of an oil palm estate

36. JOINT VENTURES (cont'd)

Name of joint venture	Country of establishment	Interest 2002 %	Interest 2001 %	Principal activities
Bedford Damansara Heights Development Sdn. Bhd. and its subsidiaries:	Malaysia	**50**	50	Investment holding and letting of investment property
Promakmur Development Sdn. Bhd.	Malaysia	**50**	50	Property development
Kota Selatan Indah Sdn. Bhd.	Malaysia	**50**	50	Property development

*Reclassified to investments in subsidiary companies as explained in Note 39(b) to the financial statements.

37. SEGMENTAL INFORMATION

Set out below is information of the Group by industry:

	Revenue		Profit/(Loss) Before Tax		Total Assets Employed	
	2002 RM'000	2001 RM'000	**2002 RM'000**	2001 RM'000	**2002 RM'000**	2001 RM'000
Analysis of revenue, profit/(loss) before tax and total assets employed by activity:						
Property investment and development	**401,015**	295,455	**41,932**	27,534	**995,688**	1,199,780
Plantation	**–**	–	**20**	(1,173)	**177,636**	184,229
Hotels	**37,341**	35,257	**(7,855)**	(10,598)	**184,186**	172,799
Others	**793**	–	**(3,928)**	(4,407)	**38,558**	42,437
	439,149	330,712	**30,169**	11,356	**1,396,068**	1,599,245

Segmental reporting by geographical location has not been presented as the Group's operations are substantially carried out in Malaysia.

38. SIGNIFICANT RELATED PARTY/COMPANY TRANSACTIONS

Significant transactions and balances with companies in which certain Directors have interest are as follows:

(a) Related parties

The related parties of and their relationships with the Group are as follows:

Related parties	Relationships
Hong Leong Credit Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Hong Leong Management Co Sdn. Bhd. and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Hong Leong Nominees Sendirian Berhad	Subsidiary company of ultimate holding company
M&E Hexatech Sdn. Bhd. and subsidiary company as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Hong Leong Property Management Co Sdn. Bhd. and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Guoman International Sdn. Bhd.	Subsidiary company of ultimate holding company
Hume Industries (Malaysia) Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Hong Leong Industries Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Dao Heng Bank Limited	Company in which certain Directors have interests
First Capital Corporation Ltd. and subsidiary companies as disclosed in its financial statements	Company in which certain Directors have interests
Putrajaya Properties Sdn. Bhd. and subsidiary companies as disclosed in its financial statements	Joint venture in which certain Directors have interests
Vintage Heights Sdn. Bhd.	Joint venture in which certain Directors have interests
Swan Lodge Sdn. Bhd.	Company controlled by a Director
Mr. Kwek Leng San	Person connected with certain Directors

38. SIGNIFICANT RELATED PARTY/COMPANY TRANSACTIONS (cont'd)

(b) Transactions

	GROUP	
	2002	2001
	RM'000	RM'000
With related companies		
Rental income received	**24,323**	25,838
Property management and marketing fees paid	**2,345**	3,380
Purchase of materials	**349**	2,888
Hotel room rental received	**697**	485
Insurance premium paid	**747**	991
Hotel management services fees paid	**824**	694
Disposal of an investment property	**180,089**	–
With related parties		
Sale of service apartments to		
– person connected with certain Directors	**4,336**	–
– a company controlled by a Director	**6,598**	–
Progress billings received/receivable from joint ventures in which certain Directors have interests	**2,897**	16,415
Share of profit paid to a joint venture in which certain Directors have interests	**1,405**	3,784
Disposal of investment in a joint venture to a company in which certain Directors have interests	**9,183**	–

The Directors are of the opinion that the related company/party transactions are in the normal course of business and have been established under terms that are no less favourable than those arranged with independent parties.

(c) Amount outstanding

As mentioned in Note 16 to the financial statements, during the year, the Group made a provision for doubtful debt of RM9,962,000 (2001: Nil) in respect of RM25.6 million (2001: RM29.5 million) owing by a foreign company in which certain Directors have interests.

The foreign company was previously an associated company of the Group and the amount due was in respect of a proportionate contribution from the Group for an intended development project prior to its disposal to a company in which certain Directors have interests.

39. SIGNIFICANT EVENTS DURING THE YEAR

(a) Disposal of an Investment Property

On 13 November 2001, Bedford Land Sdn. Bhd. ("BLSB"), an indirect wholly-owned subsidiary company of the Company, entered into a sale and purchase agreement with Hong Leong Assurance Berhad ("HLA"), a related company, for the disposal of an investment property for a total cash consideration of RM180,089,000. All relevant approvals for the disposal have been obtained during the year and a gain of approximately RM56 million was recognised in the income statement for the year.

(b) Modification of Joint Venture Arrangement

On 31 December 2001, Hong Leong Real Estate Holdings Sdn. Bhd. ("HLREH"), a direct wholly-owned subsidiary company of the Company, entered into an agreement with Sagu Mestika Sdn. Bhd. ("SM"), a joint venture partner of HLREH, to modify the joint-venture agreement dated 9 November 1994 under Oriland Sdn. Bhd. ("Oriland") whose shares are equally owned by HLREH and SM. The modification of the joint venture agreement resulted in the transfer of:

(i) the entire issued and paid-up share capitals of Oriland's wholly-owned subsidiary companies, namely Oritwo Sdn. Bhd., Orithree Sdn. Bhd., Orifour Sdn. Bhd. and Orifive Sdn. Bhd. from Oriland to HLREH; and

(ii) the entire issued and paid-up share capitals of Oriland's wholly-owned subsidiary companies, namely Orisix Sdn. Bhd., Oriseven Sdn. Bhd., Orieight Sdn. Bhd. and Orinine Sdn. Bhd. from Oriland to SM.

The consideration for each company transferred is RM2 each in cash based on the par value of the shares. Accordingly, the investments in Oritwo Sdn. Bhd., Orithree Sdn. Bhd., Orifour Sdn. Bhd. and Orifive Sdn. Bhd. have been reclassified as investments in subsidiary companies from investments in joint venture as disclosed in Notes 35 and 36 to the financial statements. The acquisition was completed on 31 March 2002 and the subsidiary companies did not contribute any profit to the Group for the three months ended 30 June 2002.

(c) Disposal of Subsidiary Company

On 18 March 2002, Pembinaan Sri Jati Sdn. Berhad ("PSJ"), an indirect wholly-owned subsidiary company of the Company, entered into a conditional sale and purchase agreement with Pasdec Corporation Sdn. Bhd. ("PCSB"), a wholly-owned subsidiary company of Pasdec Holdings Berhad ("Pasdec"), for the disposal of PSJ's entire 70% equity interest in Treacher Development Sdn. Bhd. ("TDSB"). The disposal consideration of RM12,634,434 is to be satisfied by the issuance of 12,634,000 new ordinary shares of RM1 each in Pasdec at an issue price of RM1 per Pasdec share to PSJ and the balance be satisfied by cash. PCSB currently holds the balance 30% equity interest in TDSB. The disposal is conditional upon the approvals being obtained from the relevant authorities. The financial effects of the disposal will be recognised in the financial statements for the financial year ending 30 June 2003. The sale is expected to result in a gain of approximately RM54,000.

39. SIGNIFICANT EVENTS DURING THE YEAR (cont'd)

(d) Disposal of Investment in Joint Venture

On 3 April 2002, HLL Overseas Limited ("HLLO"), a direct wholly-owned subsidiary company of the Company, entered into a sale and purchase agreement with First Capital Corporation Ltd. ("FCC"), a company of which certain directors have interests, for the disposal of HLLO's entire 20% equity interest in Fasidon Holdings Pte. Ltd. ("Fasidon") to FCC for a cash consideration of RM9,183,000. The relevant approvals for the disposal have been obtained during the year and a loss of approximately RM62,000 was recognised in the income statement for the year.

(e) Internal Restructuring Exercise

On 17 April 2002, the Company undertook an internal restructuring exercise involving its wholly-owned subsidiary companies as follows:

(i) Bedford Development Sdn. Bhd. ("BD") entered into a sale of shares agreement with PSJ for the disposal of BD's entire 50% equity interest in Continental Estates Sdn. Bhd. to PSJ for a cash consideration of RM115,490,225;

(ii) Koru Bena Sdn. Bhd. ("KB") entered into two separate sale and purchase agreements with BLSB for the disposal of KB's 100% equity interests in BLV Fashions Sdn. Bhd. and Guobena Development Sdn. Bhd. to BLSB for an aggregate cash consideration of RM22,022,370; and

(iii) KB entered into a sale and purchase agreement with HLP Equities Sdn. Bhd. ("HLP") for the disposal of KB's 10% equity interest in Telecast Usahasama Sdn. Bhd. to HLP for a cash consideration of RM47,812.

The internal restructuring has no impact on the earnings and net tangible assets of the Group and is not subject to the approval of the shareholders of the Company.

40. EVENT AFTER THE BALANCE SHEET DATE

On 25 July 2002, the Company entered into a sale and purchase agreement with Tong Hup Seng Construction Sdn. Bhd. ("THS") for the sale of the Company's entire equity interest in Koru Bena Sdn. Bhd. ("KB") for a total cash consideration of RM1. The Company and THS have agreed that KB's existing projects in Malaysia and certain tax matters in Singapore ("Managed Operations") shall continue to be managed by another wholly-owned subsidiary company of the Company, namely Hong Leong Real Estate Management Sdn. Bhd. ("HLREM") for a period of 36 months commencing from 25 July 2002 in consideration of a management fee of RM100,000 a month. In the event that the total assets are more than the total liabilities under the Managed Operations on the termination or expiry of the management agreement, KB shall pay HLREM a bonus equivalent to the surplus. However, in the event the total assets are less than the total liabilities under the Managed Operations on the termination or expiry of the management agreement, HLREM shall refund the management fee received up to an amount equivalent to the deficit; and if the management fee refunded be insufficient to settle the deficit, HLREM shall make good the difference up to a maximum limit of RM1,000,000. The disposal is not subject to the approval of shareholders of the Company. THS will seek the ratification of the Foreign Investment Committee or any other governmental authority, if required, for the acquisition of the KB shares.

The disposal will not have any significant financial impact on the results of the Group for the financial year ending 30 June 2003.

41. AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 30 June 2002 were authorised for issue in accordance with a resolution of the Board of Directors on 27 August 2002.

42. COMPARATIVE FIGURES

The following comparatives have been reclassified to conform with current year's presentation:

GROUP	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Balance sheet			
– Property, plant and equipment	198,744	4,214	202,958
– Trade receivables	71,265	(2,689)	68,576
– Other receivables	52,558	(4,214)	48,344
– Trade payables	69,098	1,115	70,213
– Associated company	-	447	447
– Other payables	60,240	(4,251)	55,989



Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, **KWEK LENG SENG** and **TAN MING HUAT**, being two of the Directors of **HONG LEONG PROPERTIES BERHAD**, do hereby state that in the opinion of the Directors, the financial statements set out on pages 36 to 75 are drawn up in accordance with approved accounting standards in Malaysia so as to give a true and fair view of:

(i) the financial position of the Group and of the Company at 30 June 2002 and of the results of the business of the Group and of the Company for the year ended on that date; and

(ii) the cash flows of the Group and of the Company for the year ended 30 June 2002.

On behalf of the Board,

KWEK LENG SENG

TAN MING HUAT

Kuala Lumpur
27 August 2002

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, **CHAN WAN LEONG**, being the Officer primarily responsible for the financial management of **HONG LEONG PROPERTIES BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 36 to 75 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed CHAN WAN LEONG
at Kuala Lumpur in the Federal Territory
on 27 August 2002

CHAN WAN LEONG

Before me,

TEONG KIAN MENG
Pesuruhjaya Sumpah
Commissioner for Oaths

Report Of The Auditors

To the Members of HONG LEONG PROPERTIES BERHAD

We have audited the financial statements set out on pages 36 to 75. 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 applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements and consolidated financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company at 30 June 2002 and of the results and cashflows of the Group and of the Company for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the Auditors' Reports of the subsidiary companies for which we have not acted as auditors, as indicated in Note 35 to the financial statements, being financial statements which are included in the consolidated financial statements.

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

The Auditors' Reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Thomas Arundel Andrew Scott
1060/03/04(J/PH)
Partner

Kuala Lumpur
27 August 2002



Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2002

Tenure	Location	Approximate Net Lettable/ Land* Area *(sq. ft.)*	Approximate Age of Building *(Years)*	Net Book Value *(RM'000)*	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	**Bangunan Hong Leong** Land with a 16-storey office building at No. 117 Jalan Tun H.S. Lee 50000 Kuala Lumpur Fair Value: RM37,605,000	92,561	27	37,347	7/12/92
Freehold	**Wisma Semantan** Land with office building (9 and 21-storey tower blocks) at No. 12, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur Fair Value: RM148,813,540	346,078	10	131,782	*25/5/01 **9/3/93
Freehold	**Menara Pandan C & D** Two 10-storey office tower blocks at Persiaran MPAJ Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur Fair Value: RM56,976,000	356,100	5	56,976	**19/1/98
Freehold	**Menara HLA** Land with a 32-storey office building at No. 3 Jalan Kia Peng 50450 Kuala Lumpur Fair Value: RM225,500,000	410,000	2	186,827	**9/7/99
Freehold	**Menara Milenium** Land with a 25-storey office building and a 4-storey annex block at No. 8, Jalan Damanlela 50490 Kuala Lumpur Fair Value: RM258,171,750	573,715	3	200,835	**30/9/99
Freehold	Vacant land in the vicinity of the Damansara Town Centre Kuala Lumpur	8.4 acres*	–	145,356	9/11/94

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2002 (cont'd)

Tenure	Location	Approximate Net Lettable/ Land* Area *(sq. ft.)*	Approximate Age of Building *(Years)*	Net Book Value *(RM'000)*	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	Vacant land at Lot 29 Section 90 Town of Kuala Lumpur	1.4 acres*	–	23,038	24/11/93
Leasehold Expiry Date: 10/10/ 2087	**Hyatt Regency Johor Bahru** Land with a 406 room hotel at Lots 17869 & 17870 Jalan Sg. Gelam Off Jalan Sg. Chat District of Johor Bahru Johor Darul Takzim	6.4 acres*	8	78,797	**23/8/94
Freehold	**Guoman Port Dickson** Land with a 256 room hotel resort & 9-hole golf course at No. 1837 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	64.0 acres*	7	64,008	**7/8/96
Leasehold Expiry Date: 19/7/ 2023	**Guoman Hanoi** Land with 151 room hotel at 83A, Ly Thuong Kiet St. Hanoi,Vietnam	0.7 acres*	6	23,501	**18/9/97
Freehold	**Precinct 8, Putrajaya** Land with development in progress within Putrajaya Federal Administrative Centre Selangor Darul Ehsan	173.2 acres*	–	144,800	5/5/97
Freehold	**Bukit Rahman Putra** Balance land with mixed development in progress in Mukim of Sg. Buloh Selangor Darul Ehsan	74.1 acres*	–	82,810	2/3/93
Freehold	Vacant land in Mukim of Sg. Buloh Selangor Darul Ehsan	9.0 acres*	–	13,735	21/1/97

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2002 (cont'd)

Tenure	Location	Approximate Net Lettable/ Land* Area *(sq. ft.)*	Approximate Age of Building *(Years)*	Net Book Value *(RM'000)*	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	Vacant land at Lot 322 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	11.7 acres*	–	11,983	12/7/90
Freehold	Vacant land at No. 1837 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	6.7 acres*	–	2,272	26/3/84
Freehold	**Pantai Sepang Putra** Land with development in progress at Mukim of Sepang and Districts of Sepang & Kuala Langat Selangor Darul Ehsan	5,918 acres*	–	229,386	27/3/92
Freehold	Vacant land at Mukim of Jasin Melaka Darul Amin	5,877 acres*	–	360,546	22/5/96
Freehold	Vacant land at Lot 13 Mukim of Kuala Kuantan Pahang Darul Makmur	448.0 acres*	–	31,413	24/11/95
Leasehold Expiry Date: 17/4/ 2085	**Sri Sentosa** Vacant land at Mukim of Petaling, Kuala Lumpur	1.4 acres*	–	1,151	5/5/92
Freehold	Vacant land at Lot 3059 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	7.5 acres*	–	8,394	15/6/90
Freehold	**Emerald** Land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor, Selangor Darul Ehsan	229.6 acres*	–	57,492	11/10/99
Freehold	**Emerald** Land with development in progress at Mukim of Rawang Districts of Gombak & Ulu Selangor, Selangor Darul Ehsan	798.9 acres*	–	169,360	31/5/00

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2002

Authorised Share Capital	:	RM1,500,000,000
Issued & Paid-up Capital	:	RM350,229,209
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights		
– On show of hands	:	1 vote
– On a poll	:	1 vote for each share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 1,000	44	0.15	6,610	0.00
1,000 – 10,000	24,134	85.43	84,052,334	12.00
10,001 – 100,000	3,828	13.55	107,807,044	15.39
100,001 – less than 5% of issued shares	242	0.86	154,532,492	22.06
5% and above of issued shares	2	0.01	354,059,938	50.55
	28,250	100.00	700,458,418	100.00

THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1. Assets Nominees (Tempatan) Sdn Bhd – Hong Leong Credit Berhad	313,837,938	44.80
2. Employees Provident Fund Board	40,222,000	5.74
3. Assets Nominees (Asing) Sdn Bhd – Hong Leong Equities (Hong Kong) Limited	29,386,000	4.20
4. Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad	19,905,000	2.84
5. Assets Nominees (Tempatan) Sdn Bhd – Nanyang Press Holdings Berhad	11,513,000	1.64
6. AM Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	7,707,000	1.10
7. HLG Nominee (Tempatan) Sdn Bhd – Chut Nyak Isham Bin Nyak Ariff	7,205,000	1.03
8. Assets Nominees (Tempatan) Sdn Bhd – Hume Plastics (Malaysia) Sdn Bhd	5,005,273	0.71
9. Assets Nominees (Asing) Sdn Bhd – OYL (BVI) Limited	4,343,000	0.62
10. JB Nominees (Asing) Sdn Bhd – Bearson Holding Corp	4,146,000	0.59
11. AM Nominees (Tempatan) Sdn Bhd – Pertubuhan Keselamatan Sosial	3,564,000	0.51

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2002 (cont'd)

THIRTY LARGEST SHAREHOLDERS (cont'd)

Name of Shareholders	No. of Shares	%
12. The Central Depository (Pte) Limited	1,941,132	0.28
13. Chut Nyak Isham Bin Nyak Ariff	1,721,657	0.24
14. Citicorp Nominees (Tempatan) Sdn Bhd – Dato' Kadar Shah Bin Dato' Sulaiman	1,540,000	0.22
15. Mayban Securities Nominees (Asing) Sdn Bhd – Hsiong William	1,413,000	0.20
16. Kenanga Nominees (Asing) Sdn Bhd – Extra Wealth Ltd	1,400,000	0.20
17. Suleiman Bin Babjan	1,292,000	0.18
18. Mayban Securities Nominees (Tempatan) Sdn Bhd – Sow Thiam Poh	1,234,000	0.18
19. HDM Nominees (Asing) Sdn Bhd – SYY Pte Ltd	1,032,000	0.15
20. Sow Thiam Poh	818,000	0.12
21. RHB Nominees (Tempatan) Sdn Bhd – Pertubuhan Kebangsaan Melayu Bersatu atau UMNO	800,000	0.11
22. Citicorp Nominees (Asing) Sdn Bhd – DFA Emerging Markets Fund	784,000	0.11
23. Cartaban Nominees (Asing) Sdn Bhd – California Public Employees Retirement System	755,000	0.11
24. Mayban Securities Nominees (Asing) Sdn Bhd – Tung Yu-Lien Magaret	691,000	0.10
25. HSBC Nominees (Tempatan) Sdn Bhd – Empolyees Provident Fund Board	677,000	0.10
26. RHB Capital Nominees (Tempatan) Sdn Bhd – Oh Kim Sun	648,000	0.09
27. Menteri Kewangan Malaysia – Section 29 (SICDA)	616,282	0.09
28. AMMB Nominees (Tempatan) Sdn Bhd – Pacific Pearl Fund	601,000	0.09
29. HSBC Nominees (Asing) Sdn Bhd – Enhanced Management Limited	600,000	0.09
30. Yong It Khiong	600,000	0.09
	465,998,282	66.53

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2002 (cont'd)

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 August 2002 are as follows:

	Direct		Deemed	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Hong Leong Company (Malaysia) Berhad	–	–	352,572,211	50.33*A
2. Tan Sri Quek Leng Chan	–	–	352,572,211	50.33*B
3. HL Holdings Sdn Bhd	–	–	352,572,211	50.33*B
4. Kwek Leng Beng	–	–	352,572,211	50.33*B
5. Kwek Holdings Pte Ltd	–	–	352,572,211	50.33*B
6. Hong Realty (Private) Limited	–	–	352,572,211	50.33*B
7. Hong Leong Investment Holdings Pte Ltd	–	–	352,572,211	50.33*B
8. Hong Leong Credit Berhad	313,837,938	44.80	29,386,000	4.20*C
9. Guoco Assets Sdn Bhd	–	–	343,223,938	49.00*D
10. Guoco Group Limited	–	–	343,223,938	49.00*D
11. Guoline Overseas Limited	–	–	343,223,938	49.00*D
12. Guoline Capital Assets Limited	–	–	343,223,938	49.00*D
13. Employees Provident Fund Board	49,695,000	7.09	–	–

*A Deemed interest through Hong Leong Credit Berhad and subsidiary and associated companies
*B Deemed interest through Hong Leong Company (Malaysia) Berhad
*C Deemed interest through a subsidiary company
*D Deemed interest through Hong Leong Credit Berhad

3. ANALYSIS OF WARRANTHOLDINGS AS AT 30 AUGUST 2002

No. of 1995/2005 warrants issued	:	70,045,522
No. of 1995/2005 warrants outstanding	:	70,042,322
Voting Rights		
– On show of hands	:	1 vote
– On a poll	:	1 vote for each warrant held

DISTRIBUTION SCHEDULE OF 1995/2005 WARRANTHOLDERS

Size of Holdings	**No. of 1995/2005 Warrantholders**	**%**	**No. of 1995/2005 Warrants**	**%**
Less than 1,000	1,563	25.22	686,504	0.98
1,000 – 10,000	4,004	64.60	12,928,955	18.46
10,001 – 100,000	603	9.73	16,573,280	23.66
100,001 – less than 5% of issued 1995/2005 warrants	27	0.44	8,469,790	12.09
5% and above of issued 1995/2005 warrants	1	0.01	31,383,793	44.81
	6,198	100.00	70,042,322	100.00

3. ANALYSIS OF WARRANTHOLDINGS AS AT 30 AUGUST 2002 (cont'd)

THIRTY LARGEST 1995/2005 WARRANTHOLDERS

Name of 1995/2005Warrantholders	No. of 1995/2005 Warrants	%
1. Assets Nominees (Tempatan) Sdn Bhd – Hong Leong Credit Berhad	31,383,793	44.81
2. Assets Nominees (Asing) Sdn Bhd – Hong Leong Equities (Hong Kong) Limited	2,938,600	4.20
3. Chut Nyak Isham Bin Nyak Ariff	869,866	1.24
4. Suleiman Bin Babjan	648,000	0.93
5. Lee Ah Meng	366,000	0.52
6. Foo Khow Lin	345,000	0.49
7. HDM Nominees (Asing) Sdn Bhd – Tan Ah Tee	341,000	0.49
8. Menteri Kewangan Malaysia – Section 29 (SICDA)	299,924	0.43
9. Tang Kee Hiong	260,000	0.37
10. Institute For Development Studies (Sabah)	255,000	0.36
11. Lau Chin Park	182,000	0.26
12. Ong Kong @ Tai Sin Hwa	161,000	0.23
13. RHB Nominees (Asing) Sdn Bhd – Kripalson International Ltd	152,000	0.22
14. Mayban Securities Nominees (Asing) Sdn Bhd – Yeo Chiu Beng	150,000	0.21
15. Straits Nominees (Asing) Sdn Bhd – Chan Kok Khoon	130,000	0.19
16. Young Pey Feei	123,000	0.18
17. HDM Nominees (Asing) Sdn Bhd – Tan Siew Sey	117,000	0.17
18. HDM Nominees (Asing) Sdn Bhd – Loo Beng Khay	115,000	0.16
19. HDM Nominees (Asing) Sdn Bhd – Chan Eng Kiat	115,000	0.16
20. John Ng	115,000	0.16
21. The Central Depository (Pte) Limited	112,800	0.16
22. Straits Nominees (Asing) Sdn Bhd – Tan Hye Ter	111,000	0.16
23. HDM Nominees (Asing) Sdn Bhd – Chee Lye Sing	110,000	0.16
24. Kok Bee Eng	108,000	0.15
25. Public Nominees (Tempatan) Sdn Bhd – Yeap Gek @ Yeap Poh Chim	106,000	0.15

3. ANALYSIS OF WARRANTHOLDINGS AS AT 30 AUGUST 2002 (cont'd)

THIRTY LARGEST 1995/2005 WARRANTHOLDERS (cont'd)

Name of 1995/2005Warrantholders	No. of 1995/2005 Warrants	%
26. Kadar Shah Bin Sulaiman	103,600	0.15
27. AllianceGroup Nominees (Tempatan) Sdn Bhd – Gan Wah Loon	103,000	0.15
28. Eng Nominees (Asing) Sdn Bhd – Yeap Lam Kang	102,000	0.15
29. Citicorp Nominees (Tempatan) Sdn Bhd – Dato' Kadar Shah Bin Dato' Sulaiman	100,000	0.14
30. Hii Kiong Hua	100,000	0.14
	40,123,583	57.29

4. DIRECTORS' INTERESTS AS AT 30 AUGUST 2002

Subsequent to the financial year end, there is no change as at 30 August 2002 to the Directors' interests in the ordinary shares and/or stock units and/or warrants/options/irredeemable convertible unsecured loan stocks of the Company and/or its related corporations (other than wholly-owned subsidiary companies), appearing in the Directors' report on pages 28 to 33 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 except for the changes set out below:

	Ordinary shares/stock units			
	Direct Interest		Deemed Interest	
	No.	%	No.	%
YBhg Tan Sri Quek Leng Chan				
Hong Leong Credit Berhad	10,290,600	0.99	813,290,454	78.27
Hume Industries (Malaysia) Berhad	51,000	0.02	165,176,024	66.25
Hume Cemboard Berhad	8,231,400	13.33	42,710,000	69.17
Mr Kwek Leng Seng				
Hong Leong Credit Berhad	210,600	0.02		
YBhg Dato' Ong Joo Theam				
Hong Leong Credit Berhad	31,959	0.003		
Mr Tan Ming Huat				
Hong Leong Credit Berhad	36,000	0.004		

5. MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 20, Part A, Appendix 9C of the Listing Requirements of the Kuala Lumpur Stock Exchange.

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Hong Leong Properties Berhad (300-K)
A Member of the Hong Leong Group Malaysia
(Incorporated in Malaysia)

Form Of Proxy

I/We _____

of _____

being a member of HONG LEONG PROPERTIES BERHAD, hereby appoint _____

_____

of _____

or failing him/her _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Seventy-eighth Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Monday, 28 October 2002 at 11.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X".

No.	Resolution	For	Against
1.	To receive the Financial Statements and Reports		
2.	To declare a Final Dividend of 2% less tax		
3.	To approve the payment of Directors' fees		
4.	To re-elect the following as Directors pursuant to the Company's Articles of Association:		
	(a) YBhg Tan Sri Quek Leng Chan	(a)	(a)
	(b) Mr Kwek Leng Seng	(b)	(b)
	(c) Mr Tan Ming Huat	(c)	(c)
5.	To re-elect YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain as a Director pursuant to Section 129 of the Companies Act, 1965		
6.	To re-appoint Messrs Ernst & Young as Auditors and authorise the Directors to fix their remuneration		
7.	As a special business, to approve the ordinary motion on authority to Directors to issue shares		

Dated this _____ day of _____ 2002.

_____ _____

Number of shares held Signature of Member

NOTES:

1. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. Pursuant to paragraph 7.22 of the Listing Requirements of the Kuala Lumpur Stock Exchange, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.

Hong Leong Properties Berhad (300-K)
A Member of the Hong Leong Group Malaysia
(Incorporated in Malaysia)

FORM OF PROXY

I/We .....

of .....

being a member of HONG LEONG PROPERTIES BERHAD, hereby appoint .....

.....

of .....

or failing him/her .....

of .....

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Seventy-eighth Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Monday, 28 October 2002 at 11.30 a.m. and at any adjournment thereof.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X".

No.	Resolution	For	Against
1.	To receive the Financial Statements and Reports		
2.	To declare a Final Dividend of 2% less tax		
3.	To approve the payment of Directors' fees		
4.	To re-elect the following as Directors pursuant to the Company's Articles of Association: (a) YBhg Tan Sri Quek Leng Chan (b) Mr Kwek Leng Seng (c) Mr Tan Ming Huat	 (a) (b) (c)	 (a) (b) (c)
5.	To re-elect YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain as a Director pursuant to Section 129 of the Companies Act, 1965		
6.	To re-appoint Messrs Ernst & Young as Auditors and authorise the Directors to fix their remuneration		
7.	As a special business, to approve the ordinary motion on authority to Directors to issue shares		

Dated this ..... day of 2002

.....
Number of shares held

.....
Signature of Member

NOTES:

1. If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. Pursuant to paragraph 7.22 of the Listing Requirements of the Kuala Lumpur Stock Exchange, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.

Hong Leong Properties Berhad (300-K)
A Member of the Hong Leong Group Malaysia
(Incorporated in Malaysia)

ERRATA

To: The shareholders of Hong Leong Properties Berhad

Dear Sir/Madam

2002 ANNUAL REPORT
- NOTICE OF ANNUAL GENERAL MEETING

With reference to the Notice of Annual General Meeting appearing on page 10 of the 2002 Annual Report of Hong Leong Properties Berhad, please be informed that the agenda item on the declaration of a final dividend of 2% less tax for the year ended 30 June 2002 to be paid on 15 November 2002 to shareholders registered in the Record of Depositors on 31 October 2002, has been inadvertently omitted. Enclosed herewith are the amended Notice of Annual General Meeting together with the Form of Proxy.

Yours faithfully

LIM YEW YOKE
Secretary

Kuala Lumpur
4 October 2002

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventy-eighth Annual General Meeting of Hong Leong Properties Berhad (the "Company") will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Monday, 28 October 2002 at 11.30 a.m. in order:

1. To receive and consider the audited financial statements together with the reports of the Directors' and Auditors' thereon for the year ended 30 June 2002.

2. To declare a final dividend of 2% less tax for the year ended 30 June 2002 to be paid on 15 November 2002 to shareholders registered in the Record of Depositors on 31 October 2002.

3. To approve the payment of Directors' fees of RM275,698 to be divided amongst the Directors in such manner as the Directors may determine.

4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:

   (a) YBhg Tan Sri Quek Leng Chan;

   (b) Mr Kwek Leng Seng; and

   (c) Mr Tan Ming Huat.

5. To approve the following motion:

   "THAT YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain, a Director who retires in compliance with Section 129 of the Companies Act, 1965, be and is hereby re-elected a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration.

7. As a special business, to consider and, if thought fit, pass with or without any modification, the following ordinary motion:

   Authority To Directors To Issue Shares

   "THAT pursuant to Section 132D of the Companies Act, 1965, 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."

8. To consider any other business of which due notice shall have been given.

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

(a) shares transferred into the depositor's securities account before 12.30 p.m. on 31 October 2002 in respect of ordinary transfers; and

(b) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

LIM YEW YOKE
Secretary

Kuala Lumpur
4 October 2002

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.
2. The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.
3. **Ordinary Motion On Authority To Directors To Issue Shares**

   The ordinary motion, if passed, will give authority to the Directors of the Company to issue ordinary shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.