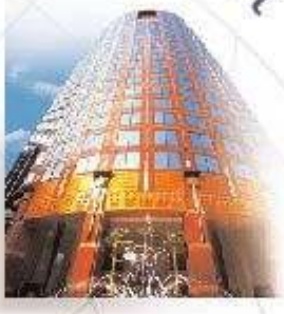
Laporan Tahunan 2003 Annual Report










Hong Leong Properties Berhad (300-K)

A Member of the Hong Leong Group Malaysia

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Company Profile

Hong Leong Properties Berhad is a property group with 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 positioned to face the challenges and seize the opportunities that will arise in the coming years.





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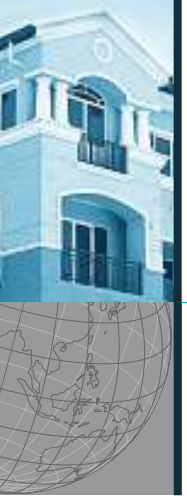
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CORPORATE INFORMATION

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 Dato' Ong Joo Theam

Mr Tan Ming Huat

Mr Tan Keok Yin

YBhg Dato' 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

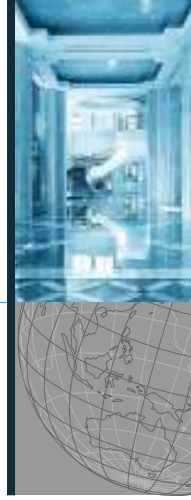
Registrar

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

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DIRECTORS' PROFILE

• YBHG TAN SRI QUEK LENG CHAN

(Executive Chairman/Non-Independent Director)

Tan Sri Quek Leng Chan, aged 60, 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, O.Y.L. Industries Bhd, 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.

Tan Sri Quek attended all the Board meetings of HLPB held during the financial year ended 30 June 2003.

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 45, 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 Committee of HLPB.

He is also a Director of Hong Leong Bank Berhad, a public listed company.

He attended all the Board meetings of HLPB held during the financial year ended 30 June 2003.

Mr Kwek, YBhg Tan Sri Quek Leng Chan, the Executive Chairman of HLPB, and Mr Quek Leng Chye, a deemed major shareholder of HLPB, are brothers.

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

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• YBHG TAN SRI DATO' (DR) ABDUL AZIZ BIN ZAIN

(Non-Executive Independent Director)

Tan Sri Dato' (Dr) Abdul Aziz bin Zain, aged 80, 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 Scomi Group Berhad and the Chairman of UPA Corporation Berhad; all are public listed companies.

He attended all the Board meetings of HLPB held during the financial year ended 30 June 2003.

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 DATO' ONG JOO THEAM

(Non-Executive Non-Independent Director)

Dato' Ong Joo Theam, aged 54, 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 30 years.

Dato' Ong was appointed to the Board of HLPB on 26 August 1981.

He attended all the Board meetings of HLPB held during the financial year ended 30 June 2003.

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.

• MR TAN MING HUAT

(Executive Non-Independent Director)

Mr Tan Ming Huat, aged 52, 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 24 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 2003.

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.

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• MR TAN KEOK YIN

(Non-Executive Independent Director)

Aged 59, Mr Tan Keok Yin, 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. In 1977, he joined the Federation of Malaysian Manufactures ("FMM") as Deputy Director and was appointed Chief Executive Officer ("CEO") in 1981 till 1999. As FMM CEO, he represented the organisation on various Government boards and committees and participated actively as speaker and panelist at the World Economic Forum, ASEAN trade and industrial cooperation regional meetings and other international business forums. He also served as a Management Board member of EAN International located in Brussels, which oversees the world-wide commercial usage of the EAN - UCC bar codes and product numbering system.

Mr Tan was appointed to the Board of HLPB on 26 September 2001 and he is a member of the Board Audit & Risk Management Committee of HLPB. His other directorships are as follows:

- Independent non-executive Director and Chairman of the Board Audit & Risk Management Committee ("BARMC") 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; and
- Independent non-executive Director and Chairman of the BARMC of Hong Leong Finance Berhad.

Mr Tan has attended all the Board meetings of HLPB held during the financial year ended 30 June 2003.

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.

• YBHG DATO' CHEW KONG SENG

(Non-Executive Independent Director)

Dato' Chew Kong Seng @ Chew Kong Huat, aged 65, a Malaysian, is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants.

Dato' 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 the 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 professional practice in 1996. Dato' 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 Encorp Berhad.

Dato' Chew is also a Director of Great Wall Plastic Industries Berhad, a public company.

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

Dato' Chew has attended all the Board meetings of HLPB held during the financial year ended 30 June 2003.

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.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventy-ninth 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, 27 October 2003 at 3.30 p.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 2003.
2. To declare a final dividend of 1% less tax for the year ended 30 June 2003 to be paid on 17 November 2003 to shareholders registered in the Record of Depositors on 31 October 2003.
3. To approve the payment of Directors' fees of RM273,276 to be divided amongst the Directors in such manner as the Directors may determine.
4. To re-elect YBhg Dato' Ong Joo Theam and Mr Tan Keok Yin, the retiring Directors.
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 4.00 p.m. on 31 October 2003 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

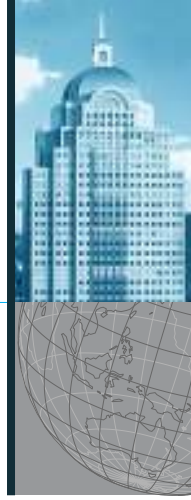
LIM YEW YOKE
Secretary

Kuala Lumpur
3 October 2003

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.

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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 79TH ANNUAL GENERAL MEETING OF THE COMPANY

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

YBhg Dato' Ong Joo Theam

Mr Tan Keok Yin

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 2003. Details of attendance of the Directors are set out in the Directors' Profile appearing on pages 3 to 5 of the Annual Report.

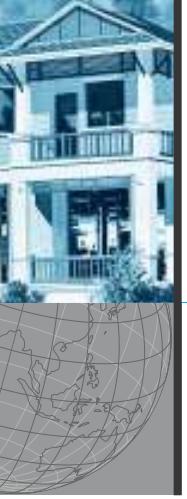
3. PLACE, DATE AND TIME OF THE 79TH ANNUAL GENERAL MEETING

The 79th 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, 27 October 2003 at 3.30 p.m.

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

No individual is seeking election as a Director at the 79th Annual General Meeting.

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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 2003.

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, hotel operations, investment holding, trading in securities, provision of management services and provision of construction management services.

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

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	6,155	3,140

There have been no material transfers to or from reserves or provisions during the year other than as disclosed in the statements of changes in equity.

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.

DIVIDENDS

During the year, the Company paid a final dividend of 2% less tax at 28% amounting to RM5,043,000 in respect of the previous financial year as proposed in the directors' report of that year.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2003, of 1% less 28% taxation on 700,458,418 ordinary shares, amounting to a total dividend payable of RM2,521,650 (0.36 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2004.

EXECUTIVE SHARE OPTION SCHEME ("ESOS" or "Scheme")

The shareholders of the Company approved the implementation of the Scheme at the Extraordinary General Meeting held on 14 December 1999. During the financial year, shareholders approved a proposal to extend the duration of the Scheme for an additional period of 5 years from 24 December 2004 up to and including 24 December 2009 and to amend the Bye-Laws of the Scheme to, inter-alia, incorporate revisions to the Securities Commission Guidelines in relation to employee share option schemes, introduce new performance criteria as a basis for prime value options to key executives and provide flexibility to the Company to issue new shares and/or transfer existing shares to option holders upon the exercise of their options.

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

1. Eligible executives are those executives (including full-time executive directors) of the Group who have been confirmed in service on the date of offer. The maximum allowable allotments for the full-time executive directors had been approved by the shareholders of the Company in a general meeting.

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

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 Scheme shall be in force for a period of ten (10) years from 24 December 1999.
4. The option price shall not be at a discount of more than ten percent (10%) (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company of RM0.50 each.
5. An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate as determined by the Board of Directors or as specified in the option certificate.

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 1.7.2002	Options Granted	Options Lapsed	Options Exercised	At 30.6.2003
Option price of RM1.42	1,570,000	–	433,000	–	1,137,000
Option price of RM1.76	42,000	–	17,000	–	25,000
Option price of RM0.89	21,000	–	21,000	–	–
	1,633,000	–	471,000	–	1,162,000

DIRECTORS

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

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 Datuk Roger Tan Kim Hock	(*Resigned on 25.8.2003*)
Mr Tan Keok Yin	
YBhg Dato' Chew Kong Seng @ Chew Kong Huat	
YBhg Tan Sri Asmat bin Kamaludin	(*Resigned on 15.12.2002*)

In accordance with Article 115 of the Company's Articles of Association, YBhg Dato' Ong Joo Theam and Mr Tan Keok Yin 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.

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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 2003 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 1.7.2002	Acquired/ Rights Issues~/ Bonus Issues+	Sold	At 30.6.2003
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	-	-	390,000α
Hong Leong Credit Berhad	1.00	5,717,000 420,000*	4,573,600+ 336,000@	- -	10,290,600α 756,000*α
Hong Leong Industries Berhad	0.50	1,268,000 40,000*	 -	 -	1,268,000α 40,000*α
Hong Leong Bank Berhad	1.00	40,000	-	-	40,000α
Malaysian Pacific Industries Berhad	0.50	53,500	-	-	53,500α
Hume Industries (Malaysia) Berhad ("HIMB")	1.00<	51,000	51,000~ 102,000+	170,000λ	34,000α
Guoline International Limited (formerly known as GuoNet Limited)	USD1.00	1,200	-	-	1,200α
Hume Cemboard Berhad	1.00	8,231,400	-	-	8,231,400α
O.Y.L. Industries Bhd. ("OYL")	1.00	-	17,000μ	-	17,000α

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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 1.7.2002	Acquired/ Rights Issues~/ Bonus Issues+	Sold	At 30.6.2003
Shareholdings in which directors have direct interests					
INTERESTS OF YBHG DATUK ROGER TAN KIM HOCK IN:					
HLG Capital Berhad	1.00	2,291,666	-	-	2,291,666α
Hume Industries (Malaysia) Berhad ("HIMB")	1.00<	181,000	23,000 204,000~ 408,000+	680,000λ	136,000α
INTERESTS OF MR KWEK LENG SENG IN:					
Hong Leong Company (Malaysia) Berhad	1.00	97,500	-	-	97,500α
Hong Leong Bank Berhad	1.00	42,490	-	-	42,490α
Hong Leong Credit Berhad	1.00	117,000	93,600+	-	210,600α
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	3,400 800*	- -	- -	3,400 800*
INTERESTS OF YBHG DATO' ONG JOO THEAM IN:					
Hong Leong Properties Berhad	0.50	13,000	-	-	13,000
Hong Leong Credit Berhad	1.00	17,755	14,204+	-	31,959α

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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 1.7.2002	Acquired/ Rights Issues~/ Bonus Issues+	Sold	At 30.6.2003
Shareholdings in which directors have direct interests					
INTERESTS OF MR TAN MING HUAT IN:					
Hong Leong Properties Berhad	0.50	40,000 240,000*	- -	- -	40,000 240,000*
Hong Leong Credit Berhad	1.00	20,000	16,000+	-	36,000α
Hume Industries (Malaysia) Berhad ("HIMB")	1.00<	3,000	3,000 ~ 6,000+	10,000λ	2,000α

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 2003 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 1.7.2002	Acquired/ Rights Issues~/ Bonus Issues+	Sold	At 30.6.2003
Shareholdings in which directors have indirect interests					
Hong Leong Company (Malaysia) Berhad	1.00	7,487,100	-	-	7,487,100α
Hong Leong Fund Management Sdn. Bhd.	1.00	1,400,000	-	-	1,400,000α
MEHY Sdn. Bhd.	1.00	650,000	-	-	650,000α

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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 1.7.2002	Acquired/ Rights Issues~/ Bonus Issues+	Sold	At 30.6.2003
Shareholdings in which directors have indirect interests					
Guoline International Limited (formerly known as GuoNet Limited)	USD1.00	10,800	-	-	10,800α
Hong Leong Credit Berhad	1.00	451,828,024	361,462,430+ 1,675,000	-	814,965,454α
HLG Capital Berhad	1.00	92,590,545	-	-	92,590,545α
Hong Leong Bank Berhad	1.00	960,801,500	-	-	960,801,500α
Hong Leong Properties Berhad	0.50	352,572,211	2,687,000	2,000,000	353,259,211
		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
		685,940,000 (Preference Shares)	-	-	685,940,000 (Preference Shares)
Hong Leong Industries Berhad	0.50	130,571,000	-	-	130,571,000α
		39,431,984*	-	-	39,431,984α
Hong Leong Yamaha Distributors Sdn. Bhd.	1.00	10,360,000	-	-	10,360,000α
Hong Leong Yamaha Motor Sdn. Bhd.	1.00	17,352,872	-	-	17,352,872α
Guocera Tile Industries (Meru) Sdn. Bhd.	1.00	17,920,000	-	-	17,920,000α
Hong Leong Maruken Sdn. Bhd. (In members' voluntary liquidation)	1.00	1,750,000	-	-	1,750,000α

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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 1.7.2002	Acquired/ Rights Issues~/ Bonus Issues+	Sold	At 30.6.2003
Shareholdings in which directors have indirect interests					
Guocera Tile Industries (Labuan) Sdn. Bhd.	1.00	13,090,001	-	6,545,000ϕ	6,545,001βα
Quayline Fairprice Sdn. Bhd.	1.00	9,600,000	-	-	9,600,000α
RZA Logistics Sdn. Bhd.	1.00	8,870,000	-	-	8,870,000α
Malaysian Pacific Industries Berhad	0.50	122,939,009	-	-	122,939,009α
Carter Realty Sdn. Bhd.	1.00	7	-	-	7α
Carsem (M) Sdn. Bhd.	1.00	42,000,000	-	-	42,000,000α
Carsem Semiconductor Sdn. Bhd.	1.00	70,000,000	-	-	70,000,000α
Guolene Packaging Industries Berhad	1.00	139,772,700	-	69,886,350ϕ	69,886,350βα
Guolene Plastic Films Sdn. Bhd.	1.00	9,350,002	-	-	9,350,002α
Hume Industries (Malaysia) Berhad ("HIMB")	1.00 <	164,795,024	1,002,000 167,817,257~ 333,582,881+	31,400 555,971,468λ	111,194,294α
Hume Cemboard Berhad	1.00	42,530,000	180,000	-	42,710,000α
O.Y.L. Industries Bhd. ("OYL")	1.00	84,912,228	55,597,146μ	83,126,162π	57,383,212α
O.Y.L.-Condair Industries Sdn. Bhd.	1.00	5,100,000	-	-	5,100,000α
York (Malaysia) Sales & Service Sdn. Bhd.	1.00	700,000	-	-	700,000α
O.Y.L. Steel Centre Sdn. Bhd.	1.00	3,750,000	-	-	3,750,000α
Wuhan McQuay Air-Conditioning & Refrigeration Co. Ltd.	^	7,500,000	-	-	7,500,000α
McQuay Air-Conditioning Limited	HK$1.00	2,265,000	-	-	2,265,000α

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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 1.7.2002	Acquired/ Rights Issues~/ Bonus Issues+	Sold	At 30.6.2003
Shareholdings in which directors have indirect interests					
O.Y.L.-J.M. Co. Ltd.	NT$10.00	1,800,000	-	-	1,800,000α
P.T. O.Y.L. Sentra Manufacturing	Rp2,106,000 or USD1,000	1,200	800	-	2,000α
Shenzhen McQuay Air-Conditioning Co., Ltd.	ˆ	6,040,000	-	-	6,040,000α
McQuay Mediterranean LLC	#	88,500	-	-	88,500α
OYL Way Electronic (Shenzen) Co. Ltd.	ˆ	200,000	-	-	200,000α
McQuay Philippines Sales & Service Inc.	P1.00	20,000,000	-	-	20,000,000α

Legend:

ˆ Capital Contribution in USD
LLC interest in USD
α Shareholding as at 1 November 2002 as the corporation ceased to be a related corporation
@ Adjustment arising from the bonus issue
λ Cancellation of ten (10) stock units in HIMB ("HIMB Stocks") for every twelve (12) HIMB Stocks held to effect the capital distribution of OYL's shares
β Remaining shares held after capital reduction
μ Entitlement to OYL shares pursuant to capital distribution by HIMB to entitled stockholders of HIMB on the basis of one (1) ordinary share in OYL for every twelve (12) HIMB stocks
π Capital distribution by HIMB to entitled stockholders of HIMB on the basis of one (1) ordinary share in OYL for every twelve (12) HIMB stocks
ϕ Cancellation pursuant to capital reduction

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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 EVENT DURING THE YEAR

Significant event during the year is disclosed in Note 38 to the financial statements.

EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Event subsequent to the balance date is 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 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.

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OTHER STATUTORY INFORMATION (cont'd)

(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 or 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.

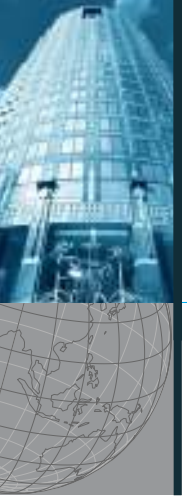
Signed on behalf of the Board in accordance with a resolution of the directors.

KWEK LENG SENG

TAN MING HUAT

Kuala Lumpur
8 September 2003

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BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION

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

COMPOSITION

During the financial year ended 30 June 2003, the Committee has been reconstituted in compliance with the Listing Requirements of the Kuala Lumpur Stock Exchange.

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

YBhg Dato' Ong Joo Theam
Non-Independent Non-Executive Director
(Resigned w.e.f. 20 February 2003)

Mr Tan Keok Yin
Non-Independent Non-Executive Director
(Appointed w.e.f. 20 February 2003)

Mr Kwek Leng Seng
Non-independent Executive Director

SECRETARY

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

TERMS OF REFERENCE

- 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.

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- To review the risk management framework adopted by the Group and the processes employed to identify, evaluate and manage key business 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 2003, four (4) 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.

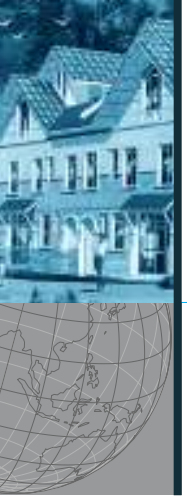
In addition, the Committee reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.

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

INTERNAL AUDIT

During the financial year ended 30 June 2003, the Internal Audit Department carried out its duties covering business audit, system and financial audit.

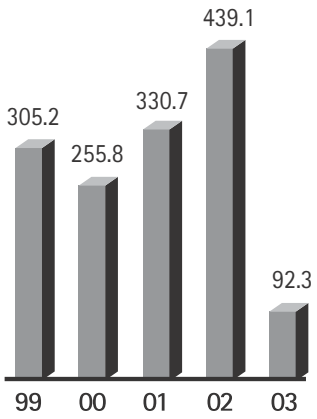
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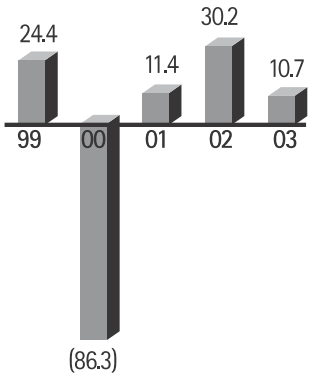
GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED (RM Million)	June 1999	June 2000	June 2001	June 2002	June 2003
Turnover	305.2	255.8	330.7	439.1	92.3
Pre-tax profit/(loss)	24.4	(86.3)	11.4	30.2	10.7
Profit/(loss) attributable to shareholders	34.9	(57.7)	7.6	25.6	6.2
Net earnings per share (sen)	5.0	(8.2)	1.1	3.7	0.9
Net tangible assets	747.8	677.4	686.8	713.0	713.8
Net tangible assets per share (RM)	1.07	0.97	0.98	1.02	1.02

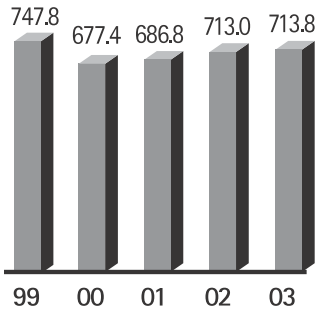
Turnover
(RM million)



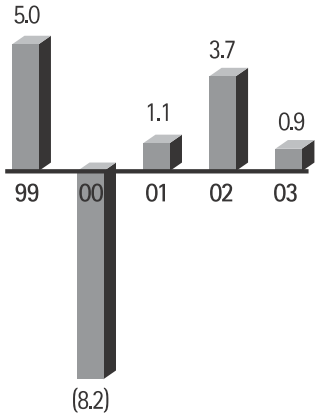
Pre-tax Profit/(Loss)
(RM million)



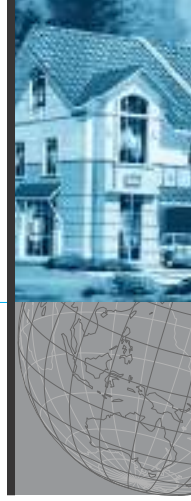
Net Tangible Assets
(RM million)



Net Earnings Per Share
(Sen)



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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 in 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 seven (7) directors, four (4) 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 2003.

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 corporate 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 Nominating 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 where each new director will be given a copy at the point of his 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.

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v Re-election

All directors are required to submit themselves for re-election every three 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 laid 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 those who have resigned during the year/including remuneration earned as executive directors of subsidiaries) for the financial year ended 30 June 2003 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	112,000	648,000	760,000
Non-Executive Directors	164,000	35,000	199,000

The number of directors whose remuneration fall into the following bands is 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	–

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C. SHAREHOLDERS

i Dialogue between Companies and Investors

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

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 & Risk Management Committee (the "Committee") was established on 23 March 1994. The financial reporting and internal control system of the Group is overseen by the Committee, which comprises a majority of non-executive directors. The primary responsibilities of the Committee are set out in the Board Audit & Risk Management Committee Report.

The Committee met four (4) times during the financial year ended 30 June 2003. All meetings were attended by all the members of the Committee.

The Committee is supported by the Internal Audit Department whose principal responsibility is to conduct periodic audits to ensure compliance with systems and/or standard operating procedures of the Group. Investigation will be made at the request of the Committee and senior management on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the Committee meetings where appropriate actions will be 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 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 appointment of external auditors is recommended by the Committee, which determines the remuneration of the external auditors. The external auditors meet with the 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.

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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 Committee with the responsibility to oversee the implementation of the risk management framework of the Group.

The Board, in concurrence with the 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
- periodically report to the Committee on the state of internal controls and the management of risks throughout the Group.

The Committee, assisted by the Internal Audit Department, provides oversight on the implementation of the risk management framework of the Group.

These on-going processes have been in place for the year under review, and reviewed periodically by the Committee.

The controls built into the risk management framework are intended to manage and 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.

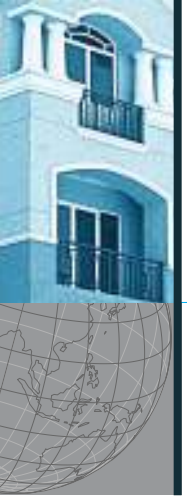
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F. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

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 the 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 2003, 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.

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CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Hong Leong Properties Berhad Group for the financial year ended 30 June 2003.

OVERVIEW

During the year under review, the overall property market remained subdued mainly due to the sluggish state of the global economy, lack of foreign direct investment and the moderate growth in the Malaysian economy. The residential sector provided the occasional sparks with sales performance of new houses relatively strong, particularly those located in sought after locations, while those secondary locations recorded slower sales.

As expected, there was little or no cheer from the office-building sector which was weighted down by excessive supply. In the Klang Valley alone, available stock of office space rose from 64.1 million square feet at June 2002 to 64.7 million square feet at June 2003, an increase of 0.9 percent. During the same period, occupied office space increased from 47.4 million square feet to 49.1 million square feet, an increase of only 3.6 percent. As at June 2003, the unoccupied office space was 15.6 million square feet (vacancy rate of 24 percent) and, as a result, rental rates remained competitive and capital values receded.

FINANCIAL HIGHLIGHTS

We recorded a profit after tax and minority interest of RM6.2 million for the year ended 30 June 2003, compared to RM25.6 million achieved in the previous corresponding period. Turnover decreased from RM439.1 million in the previous financial year to RM92.3 million in the financial year under review.

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's operational performance was affected by the economic fallout from the Severe Acute Respiratory Syndrome (SARS) crisis, which saw overall occupancy decreased by about 30% in the last quarter.

Our net tangible assets increased to RM713.8 million as at 30 June 2003, from RM713.0 million in the previous year.

STRATEGIES AHEAD

Looking ahead, we will continue to focus on property development and property investment, i.e., on our township developments and investment properties which will generate sustainable returns for our shareholders.

We will further enhance the use of information technology to continuously improve our organisational efficiency and work processes to improve productivity.

In our **Property Development Division**, we continue to be market-driven with our activities focused on affordable homes, with emphasis on well-planned layout designs and quality workmanship. Ample recreational facilities and green lung areas are vital elements that are incorporated into our townships as we realise that an ideal neighbourhood is one that combines living, working and recreational environments.

The above factors are present in our Emerald project located in Rawang which is based on a green street concept. The Emerald is a beautiful 1,000 acre self-contained township, featuring environment-friendly dwellings for its residents. Our recent launches of double storey terrace houses were well received by our customers.

As for our Pantai Sepang Putra integrated township project, we are enjoying continuing sales of real estate lots and disposal of existing stocks comprising of completed bungalow units, semi-detached houses and shoplots.

3 KiaPeng, our prestigious residential development strategically located in the heart of the Golden Triangle, receives accolade from discerning investors. Featuring 140 exclusive condominiums, 3KiaPeng offers its residents a host of choice facilities, whether for business or pleasure. Investors have responded well to our prestigious development and despite the current soft property market conditions, we are pleased with our sales progress to date.

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Our **Property Investment Division** performed well as compared to market, with our office buildings achieving occupancies averaging from 66 to 88 percent and rental rates ranging from RM2.40 to RM5.50 per square foot. This was due to our emphasis on stringent maintenance practices as well as ensuring quality tenant profiles for all our buildings. The strategic location of our buildings as well as our reputation for designing buildings of splendid architecture are contributing factors as to why our office buildings are sought after business addresses. We will be actively seeking opportunities in the coming year to trade our assets in order to realize capital gains as well as to generate cash flow for investment opportunities.

Our **Hotel and Resort Division** comprises one resort hotel and two city hotels, located in Port Dickson, Johor Bahru and Hanoi respectively. It has been a very unsettling period for hotels, particularly since the third quarter of financial year of 2003 due to the impact of the unexpected outbreak of SARS. However, the situation has since improved and is expected to return to normal by the end of 2003. At the moment, we are seeing a moderate increase in hotel reservations and bookings but not of the same level as the previous year.

PROSPECTS

Barring unforeseen circumstances that may adversely affect the recovery of our economy, the property market is likely to improve in the year ahead. The landed residential sector and affordable homes are expected to remain stable and continue experiencing positive growth in the coming months, assisted by competitive housing loan packages, low interest rate and government stimulus measures including exemption of real property gains tax, stamp duty waiver and income tax relief. Meanwhile, the oversupply situation for the office building sector is expected to ease in the year ahead.

With our planned strategies in place, we anticipate our performance to be satisfactory in the coming year.

CORPORATE DEVELOPMENT

On 21 July 2003, we announced the completion of disposal of our Group'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.

DIVIDEND

The Board is pleased to recommend a first and final dividend of 1% per RM0.50 share less tax for the year.

DIRECTORATE

YBhg Tan Sri Asmat bin Kamaludin and YBhg Datuk Roger Tan Kim Hock resigned as Directors of the Company with effect from 15 December 2002 and 25 August 2003, and on behalf of the Board, I would like to express our appreciation for their services and invaluable contributions to the Group during their tenure of service.

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
8 September 2003

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BALANCE SHEETS as at 30 June 2003

	Note	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
PROPERTY, PLANT AND EQUIPMENT	3	**194,128**	201,776	**91**	128
INVESTMENT PROPERTIES	4	**255,030**	257,847	**-**	-
LAND HELD FOR DEVELOPMENT	5	**177,951**	202,676	**-**	-
INVESTMENT IN SUBSIDIARY COMPANIES	6	**-**	-	**509,457**	509,457
AMOUNTS DUE FROM SUBSIDIARY COMPANIES	7	**-**	-	**60,229**	90,639
INVESTMENTS IN ASSOCIATED COMPANY	8	**1,221**	1,212	**-**	-
INVESTMENTS IN JOINT VENTURES	9	**387,986**	365,446	**56,000**	56,000
AMOUNTS DUE FROM JOINT VENTURES	10	**-**	34,733	**-**	-
		1,016,316	1,063,690	**625,777**	656,224
CURRENT ASSETS					
Inventories	11	**111,864**	120,693	**-**	-
Amount due from contract customers	12	**43**	1,449	**-**	-
Investments	13	**9,793**	12,943	**-**	-
Development properties	14	**32,613**	11,388	**-**	-
Trade and other receivables	15	**84,895**	156,017	**129,311**	175,733
Tax recoverable		**11,414**	11,781	**9,871**	7,851
Deposits, cash and bank balances	17	**7,005**	23,233	**861**	165
		257,627	337,504	**140,043**	183,749
CURRENT LIABILITIES					
Trade and other payables	18	**52,494**	90,521	**2,508**	43,808
Amount due to contract customers	12	**166**	14,921	**-**	-
Short term borrowings	19	**251,057**	153,202	**74,502**	126,185
Provision for taxation		**209**	5,126	**-**	-
		303,926	263,770	**77,010**	169,993
NET CURRENT (LIABILITIES)/ ASSETS		**(46,299)**	73,734	**63,033**	13,756
		970,017	1,137,424	**688,810**	669,980

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	Note	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
FINANCED BY:					
SHARE CAPITAL	20	**350,229**	350,229	**350,229**	350,229
RESERVES	21	**363,608**	362,731	**149,795**	151,698
		713,837	712,960	**500,024**	501,927
MINORITY INTEREST		**51,575**	55,571	**-**	-
		765,412	768,531	**500,024**	501,927
DEFERRED AND LONG TERM LIABILITIES					
Amounts due to subsidiary companies	7	**-**	-	**20,524**	13,021
Amounts due to joint ventures	10	**7,262**	13,032	**7,262**	13,032
Borrowings	22	**196,000**	354,500	**161,000**	142,000
Deferred taxation	23	**1,343**	1,361	**-**	-
		204,605	368,893	**188,786**	168,053
		970,017	1,137,424	**688,810**	669,980

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

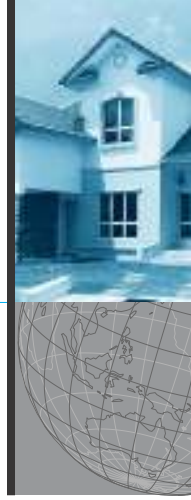
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INCOME STATEMENTS for the year ended 30 June 2003

	Note	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
REVENUE	24	**92,255**	439,149	**16,030**	34,878
PROFIT FROM OPERATIONS	25	**12,651**	70,686	**14,820**	33,943
INTEREST INCOME	26	**1,661**	3,055	**12,789**	16,238
FINANCE COSTS	27	**(30,667)**	(44,791)	**(22,048)**	(26,939)
PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS	6	**-**	-	**-**	(70,900)
SHARE OF PROFIT IN					
- Associated company		**13**	31	**-**	-
- Joint ventures		**27,067**	1,188	**-**	-
PROFIT/(LOSS) BEFORE TAXATION		**10,725**	30,169	**5,561**	(47,658)
TAXATION:	28	**(8,624)**	(8,068)	**(2,421)**	(3,037)
- Company and subsidiary companies		**(2,472)**	(4,669)	**(2,421)**	(3,037)
- Associated company		**(4)**	-	**-**	-
- Joint ventures		**(6,148)**	(3,399)	**-**	-
Profit/(Loss) after taxation		**2,101**	22,101	**3,140**	(50,695)
Minority interests		**4,054**	3,527	**-**	-
Net profit/(loss) for the year		**6,155**	25,628	**3,140**	(50,695)
Earnings per share	29	**0.9 sen**	3.7 sen		
Net dividends per share - Proposed	30	**0.36 sen**	0.72 sen		

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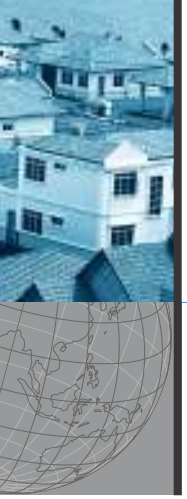


STATEMENTS OF CHANGES IN EQUITY for the year ended 30 June 2003

	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 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	30	–	–	–	(5,043)	5,043	–
At 30 June 2002		350,229	35,089	8,578	314,021	5,043	712,960
Net gain not recognised in the income statement – translation of foreign subsidiary companies		–	–	135	–	–	135
– arising from disposal of a subsidiary company		–	–	(370)	–	–	(370)
Profit for the year		–	–	–	6,155	–	6,155
Dividend paid	30	–	–	–	–	(5,043)	(5,043)
At 30 June 2003		350,229	35,089	8,343	320,176	–	713,837
Company							
At 1 July 2001		350,229	35,089	68,219	99,085	-	552,622
Loss for the year		-	-	-	(50,695)	-	(50,695)
Dividend	30	-	-	-	(5,043)	5,043	-
At 30 June 2002		350,229	35,089	68,219	43,347	5,043	501,927
Profit for the year		-	-	-	3,140	-	3,140
Dividend paid	30	-	-	-	-	(5,043)	(5,043)
At 30 June 2003		350,229	35,089	68,219	46,487	-	500,024

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

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CASH FLOW STATEMENTS for the year ended 30 June 2003

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation and minority interests	**10,725**	30,169	**5,561**	(47,658)
Adjustments for:				
Depreciation of property, plant and equipment	**4,912**	7,606	**37**	38
Expected loss from construction contracts	**-**	4,066	**-**	-
Interest expense	**30,667**	44,791	**22,048**	26,939
Loss on disposal of investment in a joint venture	**-**	62	**-**	-
(Write back of)/provision for doubtful debts	**(5,804)**	10,001	**-**	-
Provision for diminution in value of investment	**3,198**	-	**-**	70,900
Property, plant and equipment written off	**4,956**	-	**-**	-
Write down of land held for development	**-**	541	**-**	-
Share of profit in associated company	**(13)**	(31)	**-**	-
Share of profit in joint ventures	**(27,067)**	(1,188)	**-**	-
Loss on disposal of subsidiary company	**77**	-	**-**	-
Gain on disposal of property, plant and equipment	**(312)**	(1,339)	**-**	(48)
Dividend income	**(10)**	-	**(16,030)**	(34,878)
Provision for diminution in value of investments written back	**-**	(25)	**-**	-
Interest income	**(1,661)**	(3,055)	**(12,789)**	(16,238)
Unrealised gain on foreign exchange	**-**	(6,057)	**-**	-
Operating profit/(loss) before working capital changes	**19,668**	85,541	**(1,173)**	(945)
Working capital changes:				
Inventories	**8,829**	207	**-**	-
Investment properties	**2,817**	118,803	**-**	-
Receivables	**27,552**	17,938	**(4,313)**	121
Development properties	**4,874**	47,022	**-**	-
Payables	**(18,332)**	(39,539)	**(1,919)**	2,925
Joint venture balances	**28,963**	(156,755)	**(5,770)**	359
Inter company balances	**-**	19,956	**49,267**	43,693
Land held for development	**(1,374)**	(62)	**-**	-
Cash generated from operations	**72,997**	93,111	**36,092**	46,153
Interest received	**1,661**	3,055	**12,789**	16,238
Tax (paid)/refunded	**(9,895)**	(14,347)	**48**	-
Net cash generated from operating activities	**64,763**	81,819	**48,929**	62,391

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	Note	GROUP 2003 RM'000	GROUP 2002 RM'000	COMPANY 2003 RM'000	COMPANY 2002 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from:					
- subsidiary companies		**-**	-	**10,735**	22,787
- joint venture		**806**	6,048	**806**	6,048
- short term investment		**10**	-	**-**	-
Proceeds from disposal of:					
- property, plant and equipment		**1,732**	2,805	**-**	53
- investment in a joint venture		**-**	9,183	**-**	-
- investment in unquoted shares		**-**	171	**-**	-
Acquisition of property, plant and equipment	(a)	**(3,736)**	(5,880)	**-**	-
Disposal of subsidiary company, net of cash disposed	(b)	**(967)**	-	**-**	-
Proceeds from redemption of investment in preference shares in joint ventures		**-**	140,000	**-**	-
Net cash (used in)/generated from investing activities		**(2,155)**	152,327	**11,541**	28,888
CASH FLOWS FROM FINANCING ACTIVITIES					
Bank borrowings drawdown		**60,000**	13,512	**52,500**	-
Deposits with licensed banks		**934**	(992)	**-**	-
Dividend paid		**(5,043)**	-	**(5,043)**	-
Interest paid		**(30,667)**	(44,791)	**(22,048)**	(26,939)
Repayment of bank borrowings		**(103,500)**	(190,134)	**(84,000)**	(60,000)
Repayment of hire purchase liabilities		**-**	(36)	**-**	-
Net cash used in financing activities		**(78,276)**	(222,441)	**(58,591)**	(86,939)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(15,668)**	11,705	**1,879**	4,340
EFFECTS OF EXCHANGE RATE CHANGES		**19**	4	**-**	-
CASH AND CASH EQUIVALENTS:					
AT 1 JULY		**12,420**	711	**(1,020)**	(5,360)
AT 30 JUNE	(c)	**(3,229)**	12,420	**859**	(1,020)

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(a) Additions of property, plant & equipment during the year were fully paid for by cash.

(b) During the financial year, the Group disposed of its 100% equity interest in Koru Bena Sdn. Bhd.. The cash outflow arising from the disposal was as follows:

	RM'000
Property, plant and equipment	95
Current assets	53,760
Current liabilities	(51,950)
Cash and bank balances	967
Long term liabilities	(2,795)
Net assets of subsidiary company disposed	77
Loss on disposal	(77)
	-
Proceeds from disposal*	-
Less : Cash and cash equivalents disposed	967
Cash outflow arising from disposal	(967)

* The consideration received was RM1.

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

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Deposits with licensed banks	**2,754**	13,833	**800**	-
Less : Amount pledged to a financial institution for banking facilities granted (Note 17)	**(677)**	(1,611)	**-**	-
	2,077	12,222	**800**	-
Cash and bank balances	**4,251**	9,400	**61**	165
Bank overdrafts	**(9,557)**	(9,202)	**(2)**	(1,185)
	(3,229)	12,420	**859**	(1,020)

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(d) In the previous financial year, the Group acquired the entire equity interests of four subsidiary companies, namely, Oritwo Sdn. Bhd., Orithree Sdn. Bhd., Orifour Sdn. Bhd. and Orifive Sdn. Bhd.. The effects from the acquisitions on the cash flow and financial position were as follows:

	RM'000
Long term assets	145,406
Current assets	363
Current liabilities	(328)
Long term liabilities	(145,441)
Net assets of subsidiary companies acquired/Consideration paid *	-

* The consideration paid was RM2 for each company acquired.

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

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1. CORPORATE INFORMATION

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, hotel operations, investment holding, trading in securities, provision of management services and provision of construction management services. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange. The registered office is located at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur.

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

The number of employees as at 30 June 2003 in the Group and in the Company were 475 (2002: 519) and Nil (2002: Nil) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 September 2003.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 30 June 2003, the Group and the Company adopted the following MASB standards for the first time:

MASB 22 Segment Reporting
MASB 24 Financial Instruments: Disclosure and Presentation
MASB 25 Income Taxes
MASB 27 Borrowing Costs

The adoption of the above MASB standards have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

(b) Basis of Consolidation

(i) Subsidiary Companies

Subsidiary companies are consolidated on the acquisition method of accounting except for certain subsidiary companies, as disclosed in Note 34 to the financial statements, which are consolidated on the merger method of accounting. As allowed by MASB 21, Business Combinations, 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.

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiary companies are those companies 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 consolidated 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 and the consolidated financial statements reflect external transactions only. Unrealised losses resulting from inter-company transactions are also eliminated.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any exchange differences which were not previously recognised in the consolidated income statement. Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(ii) 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.

Investments in associated company is accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated company.

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 gains on transactions between the Group and its associates are eliminated 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.

(iii) Joint Ventures

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

Investment in joint ventures are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the joint ventures.

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

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the assets transferred.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy of the recognition and measurement of impairment losses is in accordance with Note 2(e).

Freehold land is not depreciated.

With effect from the current financial year, the Group changed the annual depreciation estimate for hotel properties from amortisation over the remaining lease term of 50 years or less to non-amortisation so as to better reflect their estimated residual values of the hotel properties. The effect on the financial statements of this change in accounting estimate is a decrease in depreciation charge for the year for the Group by RM917,000 and an increase in the Group's current year profit after tax and minority interests by RM642,000. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of its residual value over the estimated useful life at the following annual rates:

Buildings other than hotel buildings	2%
Building service plant, equipment and furniture & fittings	5% – 20%
Motor vehicles	20%

Upon disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(d) Investments in Subsidiary and Associated Companies and Joint Ventures

The Company's investments in subsidiary and associated companies and joint ventures are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(e).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Impairment of Assets

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

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

(f) Foreign Currencies

(i) Transactions in foreign currencies

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transaction. At each balance sheet date, foreign currency assets and liabilities are translated into Ringgit Malaysia at exchange rates ruling at that date. All exchange gains and losses are included in the income statement.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

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

Foreign currency	**2003 RM**	2002 RM
United States Dollar	**3.80**	3.80
Philippine Peso	**0.07**	0.08
British Sterling Pound	**6.28**	5.81
Singapore Dollar	**2.16**	2.15

(g) Investment properties

Investment properties consist of land and buildings held for investment and rental.

Investment properties are treated as long term investments and are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(e).

Upon disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(h) Development Properties and Land Held for Development

Land and development expenditure are classified as development properties when significant development work has been undertaken and is expected to be completed in the normal operating cycle. Development properties 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.

Land held for development consists of land held for future development where no significant development has been undertaken, and is stated at cost. Costs includes incidental expenditure incurred to put the land in a condition ready for development.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Construction Contracts

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

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable.

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

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

(j) Inventories

(i) Property inventories

Property inventories 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

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

(k) Cash and Cash Equivalents

For the purpose of cash flow statements, 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.

(l) Provision for liabilities

Provisions for liabilities are recognised when the Group 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 of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Income Tax

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

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

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

(n) Employees 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.

(o) Revenue Recognition

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

(i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(i).

(ii) Development properties

Revenue from sale of development properties is accounted for by the stage of completion method. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Revenue Recognition (cont'd)

(iii) Property inventories

Revenue from sale of property inventories 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.

(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.

(p) Financial Instruments

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

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

(i) Short term investments

Short term investments are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(ii) Receivables

Receivables are recognised and carried at original invoiced amount less an allowance for any irrecoverable amount. An estimation for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(iii) Payables

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

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Financial Instruments (cont'd)

(iv) Interest-bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment, investment properties, land held for development and properties under development are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(vi) 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.

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3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Building service plant and equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost								
At 1 July 2002	2,272	69,719	77,137	60,837	54,939	18,292	1,480	284,676
Additions	-	714	416	-	1,463	626	517	3,736
Reclassifications	-	-	-	-	3,291	(3,291)	-	-
Disposals/Write-off	-	-	-	(4,385)	(1,815)	(1,163)	(596)	(7,959)
At 30 June 2003	2,272	70,433	77,553	56,452	57,878	14,464	1,401	280,453
Accumulated Depreciation and Impairment Losses								
At 1 July 2002	-	9,247	-	32,683	25,409	14,540	1,021	82,900
Depreciation	-	-	-	-	4,632	48	232	4,912
Reclassifications	-	-	-	-	1,559	(1,559)	-	-
Disposals/Write-off	-	-	-	-	(437)	(560)	(490)	(1,487)
At 30 June 2003	-	9,247	-	32,683	31,163	12,469	763	86,325
Net Book Value								
At 30 June 2003	2,272	61,186	77,553	23,769	26,715	1,995	638	194,128
At 30 June 2002	2,272	60,472	77,137	28,154	29,530	3,752	459	201,776
Depreciation charges for 2002	-	-	-	922	6,368	149	167	7,606

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

	Office equipment RM'000	Furniture and fittings RM'000	Total RM'000
Company			
Cost			
At 1 July 2002	241	170	411
Write-off	(34)	(4)	(38)
At 30 June 2003	207	166	373
Accumulated Depreciation and Impairment Losses			
At 1 July 2002	159	124	283
Additions	21	16	37
Write-off	(34)	(4)	(38)
At 30 June 2003	146	136	282
Net Book Value			
At 30 June 2003	61	30	91
At 30 June 2002	82	46	128
Depreciation charges for 2002	21	17	38

The net book value of property, plant and equipment pledged for borrowings as referred to in Notes 19 and 22 are as follows:

	GROUP	
	2003 RM'000	2002 RM'000
Freehold land and buildings	**61,186**	60,472
Long leasehold land and buildings	**77,553**	77,137
Building service plant and equipment	**20,329**	23,150
Furniture and fittings	**1,379**	1,752
Motor vehicles	**87**	121
	160,534	162,632

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4. INVESTMENT PROPERTIES

	GROUP	
	2003	2002
	RM'000	RM'000
Freehold land and buildings		
– at cost	**199,024**	201,841
– at written down value	**56,006**	56,006
	255,030	257,847
Fair value of investment properties, estimated by Directors	**320,081**	320,081

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

5. LAND HELD FOR DEVELOPMENT

	GROUP	
	2003	2002
	RM'000	RM'000
At cost:		
Freehold land	**155,706**	180,452
Development expenditure	**21,511**	21,490
	177,217	201,942
At written down value:		
Freehold land	**734**	734
	177,951	202,676

Development expenditure includes interest capitalised for the year of RMnil (2002: RM97,000).

6. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2003	2002
	RM'000	RM'000
Unquoted shares at cost	**514,423**	587,026
Accumulated impairment losses	**(4,966)**	(77,569)
	509,457	509,457

Details of the subsidiary companies are disclosed in Note 34 to the financial statements.

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

	AMOUNT DUE FROM		AMOUNT DUE TO	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Company				
As at 30 June	**184,551**	265,649	**20,524**	52,408
Amount repayable within 12 months (Note 15/Note 18)	**(124,322)**	(175,010)	**–**	(39,387)
	60,229	90,639	**20,524**	13,021

The amounts due from subsidiary companies bear interest at rates ranging from 3% to 8.4% (2002: 3% to 8.8%) per annum.

Amounts due to subsidiary companies of RM20,524,000 (2002: RM26,533,000) bear interest at rates ranging from 3% to 4.35% (2002: 3%) per annum.

The amounts due from/to subsidiary companies are unsecured and except as disclosed above, the Company does not intend to recall the amounts within the next 12 months.

8. INVESTMENT IN ASSOCIATED COMPANY

	GROUP	
	2003	2002
	RM'000	RM'000
Unquoted shares at cost	**6**	6
Share of post acquisition reserves	**1,215**	1,206
	1,221	1,212
Represented by:		
Share of net assets of associated company	**1,221**	1,212

Details of the associated company are as follows:

		Effective equity interest		
Name of company	**Country of incorporation**	**2003** **%**	2002 %	**Intended principal activity**
Luck Hock Venture Holdings, Inc.	Philippines	**28**	28	Property investment

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9. INVESTMENTS IN JOINT VENTURES

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Investment at cost	**309,993**	311,054	**56,000**	56,000
Share of post acquisition reserves	**77,993**	54,392	**-**	-
	387,986	365,446	**56,000**	56,000

Details of the joint ventures are disclosed in Note 35 to the financial statements.

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

	2003 RM'000	2002 RM'000
Long term assets	**572,333**	562,242
Current assets	**158,985**	163,193
Long term liabilities	**(202,763)**	(186,844)
Current liabilities	**(140,569)**	(173,145)
Net assets	**387,986**	365,446
Revenue	**100,002**	137,408
Expenses	**(79,083)**	(139,619)
	20,919	(2,211)
Share of contingent liability	**1,150**	-

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

	GROUP	
	2003 RM'000	2002 RM'000
a) Amounts due from joint ventures		
As at 30 June	**60,733**	79,908
Amount repayable within 12 months (Note 15)	**(60,733)**	(45,175)
	-	34,733

Amounts due from joint ventures of the Group of RM6,294,000 (2002: RM1,700,000) bear interest at rates ranging from 7.25% to 7.65% (2002: Nil) per annum.

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10. AMOUNTS DUE FROM/TO JOINT VENTURES (UNSECURED) (cont'd)

b) Amounts due to joint ventures

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
As at 30 June	**8,116**	13,886	**7,262**	13,032
Amount repayable within 12 months (Note 18)	**(854)**	(854)	**-**	-
	7,262	13,032	**7,262**	13,032

Amounts due to joint ventures of the Group and the Company of RM7,262,000 (2002: RM13,032,000) bear interest at 6.5% (2002: 6.5%) per annum.

11. INVENTORIES

	GROUP	
	2003 RM'000	2002 RM'000
At cost:		
Property inventories	**110,835**	119,785
Food and beverage	**271**	406
Others	**758**	502
	111,864	120,693

Property inventories of RM110,181,000 (2002: RM118,844,000) have been pledged to a financial institution for banking facilities granted to a subsidiary company as disclosed in Note 22 to the financial statements.

12. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	GROUP	
	2003 RM'000	2002 RM'000
Contract cost incurred todate	**8,187**	749,541
Joint venture's share of profit	**-**	2,184
Attributable profit	**2,021**	120,592
	10,208	872,317
Less: Expected loss	**-**	(4,066)
Less: Progress payments received and receivable	**(10,331)**	(881,723)
	(123)	(13,472)
Amount due from contract customers	**43**	1,449
Amount due to contract customers	**(166)**	(14,921)
	(123)	(13,472)
Contract revenue recognised as revenue	**10,258**	100,563
Contract costs recognised as cost of sales	**8,227**	99,785

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13. INVESTMENTS

	GROUP	
	2003	2002
	RM'000	RM'000
At cost:		
Unquoted shares in Malaysia	**48**	-
Quoted shares in Malaysia	**27,752**	27,752
	27,800	27,752
Accumulated impairment losses	**(18,007)**	(14,809)
	9,793	12,943
Market value of quoted shares	**9,759**	14,425

14. DEVELOPMENT PROPERTIES

	GROUP	
	2003	2002
	RM'000	RM'000
At cost:		
Freehold land	**24,746**	-
Long leasehold land	**1,844**	1,960
Development expenditure	**6,023**	22,868
	32,613	24,828
Attributable profit	**-**	6,843
	32,613	31,671
Progress payments received and receivable	**-**	(20,283)
	32,613	11,388

15. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**10,583**	58,331	**-**	-
Provision for doubtful debts	**(80)**	(125)	**-**	-
	10,503	58,206	**-**	-
Other receivables	**13,121**	46,816	**4,989**	676
Provision for doubtful debts	**-**	(9,962)	**-**	-
	13,121	36,854	**4,989**	676
Subsidiary companies (Note 7)	**-**	-	**124,322**	175,010
Joint ventures (Note 10(a))	**60,733**	45,175	**-**	-
Related parties (Note 16)	**538**	15,782	**-**	47
	84,895	156,017	**129,311**	175,733

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15. TRADE AND OTHER RECEIVABLES (cont'd)

Included in trade receivables of the Group is retention sum of RM364,000 (2002: RM10,046,681).

Included in other receivables of the previous financial year was RM35.5 million being an advance made by a foreign subsidiary company to a foreign company in which certain directors exercised control. A provision for doubtful debts of RM9,962,000 was made in respect of this amount. The Group received RM31.3 million during the year and registered a write back of provision for doubtful debt of RM5.8 million during the year.

16. HOLDING COMPANY AND RELATED PARTIES

During the financial year, Hong Leong Company (Malaysia) Berhad ceased to be the immediate and ultimate holding company of the Company. It, however, remains a substantial corporate shareholder of the Company.

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

In the previous financial year, an unsecured amount due from a related party of RM14,700,000 bore interest at 8.07% to 8.7% per annum.

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

17. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Deposits placed with licensed banks	**2,754**	13,833	**800**	-
Cash and bank balances	**4,251**	9,400	**61**	165
	7,005	23,233	**861**	165
Of which amounts placed with a related party:				
- deposits	**450**	11,781	**-**	-
- bank balances	**3,572**	8,119	**-**	161

Included in deposits placed with licensed banks is RM677,000 (2002: RM1,611,000) pledged in favour of certain guarantors as a continuing security for the repayment of a subsidiary company's guaranteed revolving underwriting facility as disclosed in Note 22 to the financial statements.

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18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Trade payables	**12,418**	48,590	-	-
Subsidiary companies (Note 7)	**-**	-	-	39,387
Associated company	**602**	577	-	-
Joint ventures (Note 10(b))	**854**	854	-	-
Related parties (Note 16)	**661**	632	30	24
Other payables	**37,959**	39,868	2,478	4,397
	52,494	90,521	2,508	43,808

An amount owing to an associated company of RM509,000 (2002: RM478,000) bears interest at 2% (2002: 7%) per annum and is unsecured and has no fixed terms of repayment. The amounts owing to joint ventures and related parties are unsecured, interest-free and have no fixed terms of repayment.

Included in other payables is an amount of RM16,632,000 (2002: RM16,634,000) representing accrual for development cost.

19. SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Secured				
Term loans and guaranteed revolving underwriting facility (Note 22)	**159,500**	106,500	**-**	105,000
Bank overdrafts	**4,963**	4,506	**-**	-
	164,463	111,006	**-**	105,000
Unsecured				
Bank overdrafts	**4,594**	4,696	**2**	1,185
Revolving credits	**65,000**	22,500	**57,500**	5,000
Term loans (Note 22)	**8,000**	6,000	**8,000**	6,000
Other loan (Note 22)	**9,000**	9,000	**9,000**	9,000
	86,594	42,196	**74,502**	21,185
	251,057	153,202	**74,502**	126,185

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 interest at rates ranging from 7% to 8.65% (2002: 7.4% to 9.05%) per annum.

The revolving credits bear interest at rates ranging from 4% to 6.15% (2002: 4.1% to 6.25%) per annum.

The details of the other loan and term loans are disclosed in Note 22 to the financial statements.

The Company has term loans amounting to RM161 million which are due for repayment in financial year ending 30 June 2004. The Company has completed the necessary arrangements to refinance or to reschedule the repayment of such term loans, subsequent to the balance sheet date. As such, these loans are classified as long term liabilities (Note 22).

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20. SHARE CAPITAL

	Ordinary shares of RM0.50 each			
	2003 No. of shares '000	2002 No. of shares '000	**2003 Amount RM'000**	2002 Amount RM'000
Authorised	**3,000,000**	3,000,000	**1,500,000**	1,500,000
Issued and fully paid	**700,458**	700,458	**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 70,042,322 (2002: 70,042,322) warrants were exercised.

The shareholders of the Company approved the implementation of an Executive Share Option Scheme ("ESOS" or "Scheme") on 14 December 1999. During the financial year, shareholders approved a proposal to extend the duration of the Scheme for an additional period of 5 years from 24 December 2004 up to and including 24 December 2009 and to amend the Bye-Laws of the Scheme to, inter-alia, incorporate revisions to Securities Commission Guidelines in relation to employee share option schemes, introduce new performance criteria as a basis for prime value options to key executives and provide flexibility to the Company to issue new shares and/or transfer existing shares to option holders upon the exercise of their options. The number of options outstanding at 30 June 2003 amounted to 1,162,000 (2002: 1,633,000). None of the options were exercised during the year.

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

1. Eligible executives are those executives (including full-time executive directors) of the Group who have been confirmed in service on the date of offer. The maximum allowable allotments for the full-time executive directors had been approved by the shareholders of 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 Scheme shall be in force for a period of ten (10) years from 24 December 1999.

4. The option price shall not be at a discount of more than ten percent (10%) (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company of RM0.50 each.

5. An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate as determined by the Board of Directors or as specified in the option certificate.

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21. RESERVES

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable:				
Share premium	**35,089**	35,089	35,089	35,089
Exchange reserve	**8,343**	8,578	-	-
Merger reserve	**-**	-	68,219	68,219
	43,432	43,667	103,308	103,308
Distributable:				
Dividend proposed	**-**	5,043	-	5,043
Retained profit	**320,176**	314,021	46,487	43,347
	363,608	362,731	149,795	151,698

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.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2003, of 1% less 28% taxation on 700,458,418 ordinary shares, amounting to a total dividend payable of RM2,521,650 (0.36 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profit in the financial year ending 30 June 2004.

22. LONG TERM BORROWINGS

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Term loans				
- secured	**198,500**	269,000	**161,000**	230,000
- unsecured	**8,000**	14,000	**8,000**	14,000
	206,500	283,000	**169,000**	244,000
Other loan - unsecured	**9,000**	18,000	**9,000**	18,000
Guaranteed revolving underwriting facility ("GRUF") - secured	**157,000**	175,000	**-**	-
	372,500	476,000	**178,000**	262,000
Less: Amounts repayable within 12 months (Note 19)				
- term loans - secured	**(2,500)**	(106,500)	**-**	(105,000)
- GRUF - secured	**(157,000)**	-	**-**	-
- term loans - unsecured	**(8,000)**	(6,000)	**(8,000)**	(6,000)
- other loan - unsecured	**(9,000)**	(9,000)	**(9,000)**	(9,000)
	196,000	354,500	**161,000**	142,000

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22. LONG TERM BORROWINGS (cont'd)

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
The borrowings outstanding are repayable as follows:				
1 year after balance sheet date	**176,500**	121,500	**17,000**	120,000
More than 1 year but not later than 2 years	**34,938**	319,500	**31,438**	142,000
More than 2 years but not later than 5 years	**111,500**	22,000	**90,500**	-
More than 5 years	**49,562**	13,000	**39,062**	-
	372,500	476,000	**178,000**	262,000

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 inventories 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 3, 4, 11 and 20 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 4.75% to 8.15% (2002: 3.65% to 8.55%) per annum.

The GRUF is repayable in full in December 2003 and bears interest at rates ranging from 2.92% to 3.06% (2002: 3.01% to 3.43%) per annum.

Other loan is repayable over the period from 2001 to 2004 and bears interest at rates ranging from 4.25% to 4.65% (2002: 4.25% to 4.5%) per annum.

23. DEFERRED TAXATION

	GROUP	
	2003 RM'000	2002 RM'000
At 1 July	**1,361**	2,568
Recognised in the income statement (Note 28)	**(18)**	(1,207)
At 30 June	**1,343**	1,361
Presented after appropriate offsetting as follows:		
Deferred tax assets	**3,109**	3,306
Deferred tax liabilities	**(1,766)**	(1,945)
	1,343	1,361

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23. DEFERRED TAXATION (cont'd)

The components and movements of Group's deferred tax liabilities and assets during the financial year are as follows:

Deferred Tax Liabilities of the Group

	Accelerated Capital Allowances RM'000
At 1 July 2002	3,306
Recognised in the income statement	(197)
At 30 June 2003	3,109

Deferred Tax Assets of the Group

	Total RM'000
At 1 July 2002	(1,945)
Recognised in the income statement	179
At 30 June 2003	(1,766)

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

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Unabsorbed tax losses	**9,646**	8,644	**160**	160
Unutilised capital allowances	**29,484**	30,458	**-**	-
Unutilised investment tax allowance	**34,101**	34,030	**-**	-
	73,231	73,132	**160**	160

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

24. REVENUE

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Contract revenue	**10,258**	100,563	**-**	-
Sale of properties	**24,290**	258,658	**-**	-
Rental of properties	**17,056**	32,611	**-**	-
Room rental	**38,646**	37,341	**-**	-
Others	**2,005**	793	**-**	-
Proceeds from disposal of investment in a joint venture	**-**	9,183	**-**	-
Dividends received	**-**	-	**16,030**	34,878
	92,255	439,149	**16,030**	34,878

The proceeds from disposal of investments in a joint venture 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.

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25. PROFIT FROM OPERATIONS

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Revenue	**92,255**	439,149	**16,030**	34,878
Cost of sales	**(55,304)**	(325,113)	**-**	-
Gross profit	**36,951**	114,036	**16,030**	34,878
Other operating income	**954**	3,340	**-**	48
Distribution costs and marketing expenditure	**(1,929)**	(1,903)	**-**	-
Administration expenses	**(9,170)**	(15,612)	**(214)**	44
Building expenses	**(11,643)**	(18,377)	**-**	-
Other operating expenses	**(2,512)**	(10,798)	**(996)**	(1,027)
	12,651	70,686	**14,820**	33,943
Operating profit is arrived at after charging:				
Auditors' remuneration - statutory audit	**113**	116	**50**	50
Bad debts written off	**4,203**	-	-	-
Depreciation	**4,912**	7,606	**37**	38
Directors' emoluments	**683**	672	**50**	50
Directors' fees	**276**	283	**274**	276
Expected loss from construction contracts	**-**	4,066	**-**	-
Loss on disposal of subsidiary company	**77**	-	**-**	-
Loss on disposal of investment in a joint venture	**-**	62	**-**	-
Office rental	**144**	137	**-**	-
Property, plant and equipment written off	**4,956**	-	**-**	-
Provision for diminution in value of short term investments	**3,198**	-	**-**	-
Provision for doubtful debts	**-**	10,001	**-**	-
Realised loss on foreign exchange	**-**	2,177	**-**	-
Retirement benefit	**52**	69	**-**	-
Retrenchment cost	**17**	857	**-**	-
Staff costs - current year	**5,329**	9,635	**-**	11
- overprovision in prior years	**-**	(113)	**-**	(113)
Write down of land held for development	**-**	541	**-**	-

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25. PROFIT FROM OPERATIONS (cont'd)

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
and crediting:				
Gain on disposal of property, plant and equipment	**312**	1,339	**-**	48
Gross dividends from				
- subsidiary companies	**-**	-	**14,910**	26,478
- joint venture	**1,120**	8,400	**1,120**	8,400
- short term investment	**10**	-	**-**	-
Provision for diminution in value of investment written back	**-**	25	**-**	-
Provision for doubtful debts written back	**5,804**	-	**-**	-
Realised gain on foreign exchange	**602**	-	**-**	-
Unrealised gain on foreign exchange	**-**	6,057	**-**	-

26. INTEREST INCOME

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Interest income from:				
- related parties	**1,159**	2,389	**-**	-
- subsidiary companies	**-**	-	**12,776**	16,178
- others	**502**	666	**13**	60
	1,661	3,055	**12,789**	16,238

27. FINANCE COSTS

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Interest expense				
- loans	**27,276**	40,896	**17,489**	22,614
- subsidiary companies	**-**	-	**1,841**	1,348
- related parties	**-**	32	**-**	19
- associated company	**13**	34	**-**	-
- joint ventures	**780**	893	**780**	845
- others	**2,598**	2,936	**1,938**	2,113
	30,667	44,791	**22,048**	26,939

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28. TAXATION

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Tax expense for the year:				
Malaysian income tax	**5,360**	5,162	**2,194**	3,037
Real property gains tax	**-**	3,572	**-**	-
Foreign tax	**13**	-	**-**	-
Deferred tax (Note 23)	**(18)**	(1,207)	**-**	-
	5,355	7,527	**2,194**	3,037
Under/(Over) provision in prior years:				
Malaysian income tax	**3,269**	541	**227**	-
	8,624	8,068	**2,421**	3,037

Group

The Group's effective tax rate is higher than the statutory tax rate applicable mainly due to the non availability of group tax relief in respect of losses incurred by certain subsidiary companies.

Company

The Company's effective tax rate is higher than the statutory tax rate applicable mainly due to certain expenses not being deductible for tax purposes.

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	2003 RM'000	2002 RM'000
Group		
Profit before taxation	**10,725**	30,169
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	**3,003**	8,447
Effect of different tax rates for real property gains	**-**	(13,380)
Income not subject to tax	**(593)**	(285)
Expenses not deductible for tax purposes	**2,567**	10,179
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(2,908)**	(498)
Non-availability of group relief	**3,286**	3,064
Under provision of income tax in prior years adjusted in current year	**3,269**	541
	8,624	8,068

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28. TAXATION (cont'd)

	2003 RM'000	2002 RM'000
Company		
Profit/(Loss) before taxation	**5,561**	(47,658)
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	**1,557**	(13,344)
Income not subject to tax	**-**	(3,736)
Expenses not deductible for tax purposes	**637**	20,117
Under provision of income tax in prior years adjusted in current year	**227**	-
	2,421	3,037

The Group and the Company's unutilised tax losses, capital allowances and investment tax allowances are analysed as follows:

	GROUP		COMPANY	
	2003 RM'000	2002 RM'000	**2003 RM'000**	2002 RM'000
Unabsorbed tax losses	**34,450**	30,871	571	571
Unutilised capital allowances	**105,300**	108,779	**-**	-
Unutilised investment tax allowances	**121,789**	121,536	**-**	-
	261,539	261,186	**571**	571

29. 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 RM6,155,000 (2002: RM25,628,000) on a weighted average of 700,458,418 (2002: 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.

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30. DIVIDEND

	Amount		Net Dividend per Share	
	2003	2002	**2003**	2002
	RM'000	RM'000	**Sen**	Sen
Dividend paid				
Final of 2% (2002: Nil) less 28% income tax	**5,043**	-	**0.72**	-
Dividend proposed				
Final of 1% (2002: 2%) less 28% income tax	**2,522**	5,043	**0.36**	0.72

31. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2003	2002	**2003**	2002
	RM'000	RM'000	**RM'000**	RM'000
Unsecured				
Guarantees given to financial institution for credit facilities granted to a subsidiary company	**-**	-	**18,000**	18,512
Undertaking given to financial institution for credit facilities granted to a joint venture	**56,566**	61,708	**-**	-

During the year, a creditor of a subsidiary company initiated legal proceedings to claim RM7.3 million from the subsidiary company for breach of contract and related finance charges. However, the directors are of the opinion that the claim is without merit and the subsidiary company will defend the claim vigorously.

32. COMMITMENTS

	GROUP	
	2003	2002
	RM'000	RM'000
Capital commitment - approved and contracted for	**213**	1,417

33. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

(b) Interest Rate Risk

The Group and the Company manage its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

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33. FINANCIAL INSTRUMENTS (cont'd)

(c) Effective interest rates and repricing analysis

The effective interest rates of the interest-earning financial assets and interest-bearing financial liabilities of the Group and the periods in which there will be a repriced or mature, are as follows:

	Effective Interest Rate %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
The Group					
Financial assets					
Deposits	2.39	2,754	2,754	-	-
Amounts due from joint ventures	7.25	60,733	60,733	-	-
Financial liabilities					
Borrowings					
- Floating rate	4.82	389,057	250,057	112,438	26,562
- Fixed rate	7.07	58,000	1,000	34,000	23,000
Amounts due to joint ventures	6.50	8,116	854	7,262	-
Company					
Financial assets					
Deposits	2.20	800	800	-	-
Amounts due from subsidiary companies	5.97	184,551	124,322	60,229	-
Financial liabilities					
Borrowings					
- Floating rate	6.20	187,502	66,502	94,438	26,562
- Fixed rate	6.82	48,000	8,000	27,500	12,500
Amounts due to subsidiary companies	3.00	20,524	20,524	-	-
Amounts due to joint ventures	6.50	7,262	-	7,262	-

(d) Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At balance sheet date, there were no significant concentration of credit risk. The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

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33. FINANCIAL INSTRUMENTS (cont'd)

(e) Liquidity Risk

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As parts of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

(f) Foreign Exchange Risk

The Group is not exposed to significant foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia (RM).

(g) Fair Values

The carrying amounts of the financial assets and liabilities of the Group as at 30 June 2003 approximate their fair values except as set out below:

	GROUP	
	Carrying Amount RM'000	Fair Value RM'000
Financial Liabilities		
Term Loans	**18,000**	18,059

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

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

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

(ii) Quoted share investments

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Amounts due from/to Joint Ventures, Related Parties and Subsidiary Companies

It is not practical to estimate the fair values of amounts due from/to joint ventures, related parties and subsidiary companies due to no fixed repayment term entered into between the parties.

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34. SUBSIDIARY COMPANIES

The subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest 2003 %	Effective equity interest 2002 %	Principal activities
# Bedford Equities Sdn. Bhd.	Malaysia	-	100	Dissolved by members' voluntary liquidation
# Bedford Realty Sdn. Bhd.	Malaysia	-	100	Dissolved by 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 operations
JB Parade Condominium Sdn. Bhd.	Malaysia	**42**	42	Property development
Bedford Credit & Leasing Sdn. Berhad	Malaysia	**100**	100	In members' voluntary liquidation
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

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34. SUBSIDIARY COMPANIES (cont'd)

Name of company	Country of incorporation	Effective equity interest 2003 %	Effective equity interest 2002 %	Principal activities
+*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**	100	Property investment
Guobena Development Sdn. Bhd.	Malaysia	**100**	100	Property investment
HL Bandar Sdn. Bhd.	Malaysia	**100**	100	Letting of investment property
Oritwo Sdn. Bhd.	Malaysia	**100**	100	In the process of deregistered
Orithree Sdn. Bhd.	Malaysia	**100**	100	Property investment
Orifour Sdn. Bhd.	Malaysia	**100**	100	Property investment
Orifive Sdn. Bhd.	Malaysia	**100**	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

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34. SUBSIDIARY COMPANIES (cont'd)

Name of company	Country of incorporation	Effective equity interest 2003 %	2002 %	Principal activities
+* Koru Bena Sdn. Bhd.	Malaysia	**-**	100	Investment holding and construction
* 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.

\# The financial statements of these companies were not audited as they are in members' voluntary liquidation.

35. JOINT VENTURES

The details of joint ventures are as follows:

Name of joint venture	Country of establishment	Interest 2003 %	2002 %	Principal activities
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	Property construction
Guobena – Hexatech JV	Malaysia	**-**	60	Electrical installations
Guobena – Siah Brothers Joint Venture	Singapore	**-**	50	Construction
Guobena – Dayang J.V.	Singapore	**-**	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	Construction
Positive Properties Sdn. Bhd.	Malaysia	**50**	50	Property investment
Oriland Sdn. Bhd. and its subsidiary:	Malaysia	**50**	50	Investment holding and property investment
Orione Sdn. Bhd.	Malaysia	**50**	50	Property investment

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35. JOINT VENTURES (cont'd)

Name of joint venture	Country of establishment	Interest 2003 %	Interest 2002 %	Principal activities
Continental Estates Sdn. Bhd.	Malaysia	**50**	50	Property development and operation of an oil palm estate
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

36. SEGMENT INFORMATION

The Group is organised into three major business segments:

(i) Property investment and development – the development of residential properties for sale and commercial properties for sale and rental;

(ii) Hotels – management and operations of hotels; and

(iii) Plantation – operation of oil palm estates and sale of fresh fruit bunches.

Other business segments include provision of management services and trading securities, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into the normal course of business and have been established under terms that are no less favourable than those arranged with independent parties.

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36. SEGMENT INFORMATION (cont'd)

	Property Investment & Development		Hotels		Plantation		Others		Elimination		Consolidated	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue												
External sales	51,608	401,015	38,646	37,341	-	-	2,001	793	-	-	92,255	439,149
Inter-segment sales	-	-	-	-	-	-	666	957	(666)	(957)	-	-
Total revenue	51,608	401,015	38,646	37,341	-	-	2,667	1,750	(666)	(957)	92,255	439,149
Results												
Segment results	8,585	72,857	879	5,199	-	-	(1,930)	(1,772)	-	-	7,534	76,284
Unallocated corporate income/(expenses)											5,117	(5,598)
Profit from operations											12,651	70,686
Interest income											1,661	3,055
Finance cost											(30,667)	(44,791)
Share of result of associated company	-	-	-	-	-	-	13	31	-	-	13	31
Share of results of joint ventures	25,764	(955)	-	-	1,303	2,143	-	-	-	-	27,067	1,188
Taxation											(8,624)	(8,068)
Profit after taxation											2,101	22,101
Minority interests											4,054	3,527
Net profit for the year											6,155	25,628

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36. SEGMENT INFORMATION (cont'd)

	Property Investment & Development		Hotels		Plantation		Others		Elimination		Consolidated	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Assets												
Segment assets	611,234	688,363	179,844	182,309	-	-	16,058	18,387	(1,026)	(712)	806,110	888,347
Investments in equity method of associated company	-	-	1,221	1,212	-	-	-	-	-	-	1,221	1,212
Investments in equity method of joint ventures	210,265	187,810	-	-	177,721	177,636	-	-	-	-	387,986	365,446
Unallocated corporate assets											78,626	146,189
Consolidated total assets											1,273,943	1,401,194
Liabilities												
Segment liabilities	40,917	89,911	8,233	9,602	-	-	933	758	(1,026)	(712)	49,057	99,559
Unallocated corporate liabilities											459,474	533,104
Consolidated total liabilities											508,531	632,663
Other Information												
Capital expenditure	609	935	1,843	4,074	-	-	1,284	871	-	-	3,736	5,880
Depreciation	3,342	5,350	707	1,339	-	-	863	917	-	-	4,912	7,606
Non-cash expenses other than depreciation, amortisation and impairment losses	-	-	-	-	-	-	(3,198)	(10,001)	-	-	(3,198)	(10,001)

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

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties

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

Related parties	Relationship
Hong Leong Credit Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies of Hong Leong Company (Malaysia) Berhad ("HLCM")
Hong Leong Management Co Sdn. Bhd. and subsidiary companies as disclosed in its financial statements	Subsidiary companies of HLCM
Hong Leong Nominees Sendirian Berhad	Subsidiary companies of HLCM
M&E Hexatech Sdn. Bhd. and subsidiary company as disclosed in its financial statements	Subsidiary companies of HLCM
Hong Leong Property Management Co Sdn. Bhd. and subsidiary companies as disclosed in its financial statements	Subsidiary companies of HLCM
Guoman International Sdn. Bhd.	Subsidiary companies of HLCM
Hume Industries (Malaysia) Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies of HLCM
Hong Leong Industries Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies of HLCM
Guocoland Limited (formerly known as 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
Continental Estates Sdn. Bhd.	Joint venture in which certain Directors have interests
Bedford Damansara Heights Development Sdn. Bhd. and subsidiary companies as disclosed in its financial statements	Joint venture in which certain Directors have interests
Positive Properties 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 to certain Directors

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37. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

(b) Related Party Transactions

	GROUP	
	2003	2002
	RM'000	RM'000
Rental income received	**9,022**	24,323
Property management and marketing fees paid	**1,804**	2,345
Purchase of materials	**123**	349
Hotel room rental received	**511**	697
Insurance premium paid	**606**	747
Hotel management services fees paid	**1,119**	824
Disposal of an investment property	**-**	180,089
Management services received from joint ventures	**845**	635
Sale of service apartments to		
- a person connected to 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	**840**	2,897
Share of profit paid to a joint venture in which certain Directors have interests	**18**	1,405
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 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.

38. SIGNIFICANT EVENT DURING THE YEAR

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 had agreed that KB's existing projects in Malaysia and certain tax matters in Singapore ("Managed Operations") should 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 should 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 of Koru Bena Sdn. Bhd. was completed on 26 July 2002 and the Group realised a loss of disposal of RM77,000.

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39. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Group completed the disposal of the Group's entire 70% equity interest in Treacher Development Sdn. Bhd. ("TDSB") giving rise to a gain on disposal of approximately RM1.03 million to the Group. The sale and purchase agreement of the said disposal was entered on 18 March 2002 between Pembinaan Sri Jati Sdn. Berhad ("PSJ"), an indirect wholly-owned subsidiary company of the Company, and Pasdec Corporation Sdn. Bhd. ("PCSB"), a wholly-owned subsidiary company of Pasdec Holdings Berhad ("Pasdec"). The disposal consideration of RM12,634,434 was 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. The said disposal was completed on 21 July 2003. The financial effects of the disposal will be recognised in the financial statements for the financial year ending 30 June 2004.

40. COMPARATIVES

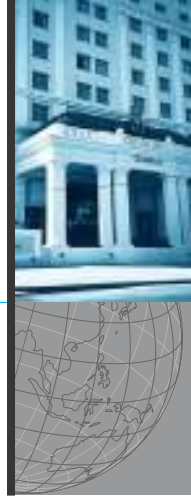
The following comparative figures have been reclassified to conform with current year's presentation:

	GROUP	
	As restated RM'000	As previously reported RM'000
Balance Sheet		
Tax recoverable	11,781	6,655
Taxation	5,126	-

The presentation and classification of items in the Segment Information (Note 36) of the previous financial year have been changed to comply with the requirements of MASB 22, Segment Reporting.

Comparatives are not dislcosed for certain information relating to Financial Instruments (Note 33) as permitted by MASB 24 – Financial Instruments: Disclosure and Presentation upon first application.

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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 accompanying financial statements set out on pages 28 to 72 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

KWEK LENG SENG

TAN MING HUAT

Kuala Lumpur
8 September 2003

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 accompanying financial statements set out on pages 28 to 72 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 8 September 2003 **CHAN WAN LEONG**

Before me,

TEONG KIAN MENG
Pesuruhjaya Sumpah
Commissioner for Oaths

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REPORT OF THE AUDITORS

to the members of HONG LEONG PROPERTIES BERHAD

We have audited the accompanying financial statements set out on pages 28 to 72. 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 have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company at 30 June 2003 and of the results and cash flows of the Group and of the Company for the year then ended; and

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

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

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 34 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

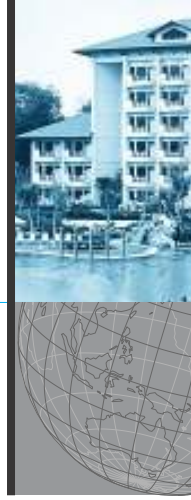
ERNST & YOUNG
AF: 0039
Chartered Accountants

Yap Seng Chong
2190/12/03(J)
Partner

Kuala Lumpur

8 September 2003

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OTHER INFORMATION

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2003

Tenure	Location	Approximate Net Lettable/ Land* Area (*sq. ft.*)	Approximate Age (*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	28	37,116	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	11	131,214	*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	6	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	3	181,356	**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	4	197,419	**30/9/99
Freehold	Vacant land in the vicinity of the Damansara Town Centre Kuala Lumpur	8.4 acres*	–	145,690	9/11/94

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1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2003 (cont'd)

Tenure	Location	Approximate Net Lettable/ Land* Area (*sq. ft.*)	Approximate Age (*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*	9	78,872	**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*	8	64,847	**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*	7	23,769	**18/9/97
Freehold	**Bukit Rahman Putra** Balance land with mixed development in progress in Mukim of Sg. Buloh Selangor Darul Ehsan	81.0 acres*	–	76,557	2/3/93
Freehold	Vacant land in Mukim of Sg. Buloh Selangor Darul Ehsan	9.0 acres*	–	14,546	21/1/97
Freehold	Vacant land at Lot 322 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	11.7 acres*	–	12,165	12/7/90

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1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2003 (cont'd)

Tenure	Location	Approximate Net Lettable/ Land* Area (*sq. ft.*)	Approximate Age (*Years*)	Net Book Value (*RM'000*)	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	Vacant land at No. 1837 Mukim of Pasir Panjang District of Port Dickson Negeri Sembilan Darul Khusus	6.5 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	5,808 acres*	–	223,860	27/3/92
Freehold	Vacant land at Mukim of Jasin Melaka Darul Amin	5,877 acres*	–	360,641	22/5/96
Leasehold Expiry Date: 17/4/ 2085	**Sri Sentosa** Vacant land at Mukim of Petaling, Kuala Lumpur	1.4 acres*	–	1,173	5/5/92
Freehold	Vacant land at Lot 3059 Mukim of Hulu Kelang District of Gombak Selangor Darul Ehsan	7.5 acres*	–	8,452	15/6/90
Freehold	Vacant land at Mukim of Rawang Districts of Gombak & Ulu Selangor, Selangor Darul Ehsan	229.6 acres*	-	62,365	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*	–	176,030	31/5/00

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2. ANALYSIS OF SHAREHOLDINGS AS AT 29 AUGUST 2003

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 100	142	0.46	5,185	0.00
100 – 1,000	7,903	25.63	7,152,515	1.02
1,001 – 10,000	18,217	59.08	79,261,003	11.32
10,001 – 100,000	4,207	13.64	118,222,034	16.88
100,001 – less than 5% of issued shares	362	1.18	334,071,982	47.69
5% and above of issued shares	3	0.01	161,745,699	23.09
	30,834	100.00	700,458,418	100.00

THIRTY LARGEST SHAREHOLDERS

Names of Shareholders	No. of Shares	%
1. Assets Nominees (Asing) Sdn Bhd - Guoco Assets Sdn Bhd	67,617,974	9.65
2. Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	51,953,962	7.42
3. Employees Provident Fund Board	42,173,763	6.02
4. Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Consultancy Services Sdn Bhd	34,279,592	4.89
5. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	23,554,000	3.36
6. AMMB Nominees (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	16,946,700	2.42
7. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. - Hong Leong Company (Malaysia) Berhad	15,382,320	2.20
8. UOBM Nominees (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	14,190,000	2.03
9. Assets Nominees (Tempatan) Sdn Bhd - Nanyang Press Holdings Berhad	11,513,000	1.64
10. HLG Nominee (Asing) Sdn Bhd - Guoco Investments (Bermuda) Limited	11,382,420	1.62
11. RHB Capital Nominees (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	11,173,860	1.60

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2. ANALYSIS OF SHAREHOLDINGS AS AT 29 AUGUST 2003 (cont'd)

THIRTY LARGEST SHAREHOLDERS (cont'd)

Names of Shareholders	No. of Shares	%
12. AM Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	9,988,920	1.43
13. HLG Nominee (Asing) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	8,971,736	1.28
14. EB Nominees (Tempatan) Sendirian Berhad - Hong Leong Company (Malaysia) Berhad	8,850,000	1.26
15. AM Nominees (Tempatan) Sdn Bhd - Pertubuhan Keselamatan Sosial	7,367,860	1.05
16. HLG Nominee (Tempatan) Sdn Bhd - Chut Nyak Isham Bin Nyak Ariff	7,205,000	1.03
17. Scotia Nominees (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	6,059,088	0.87
18. Citicorp Nominees (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	5,283,825	0.75
19. PAB Nominee (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	4,491,900	0.64
20. Assets Nominees (Asing) Sdn Bhd - OYL (BVI) Limited	4,343,000	0.62
21. AllianceGroup Nominees (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	3,900,000	0.56
22. RHB Merchant Nominees (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	3,888,000	0.56
23. Assets Nominees (Asing) Sdn Bhd - MPI (BVI) Limited	3,793,500	0.54
24. RC Nominees (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	3,123,360	0.45
25. Public Nominees (Tempatan) Sdn Bhd - Hong Leong Company (Malaysia) Berhad	3,024,000	0.43
26. Assets Nominees (Tempatan) Sdn Bhd - Hume Plastics (Malaysia) Sdn Bhd	3,005,273	0.43
27. Alpha Asset Nominees (Tempatan) Sdn Bhd - Tudor Capital Sdn Bhd	3,000,000	0.43
28. HSBC Nominees (Asing) Sdn Bhd - The Great Eastern Life Assurance Co Ltd	2,942,280	0.42
29. Bank of Tokyo-Mitsubishi (Malaysia) Berhad - Hong Leong Company (Malaysia) Berhad	2,520,000	0.36
30. Hong Leong Fund Management Sdn Bhd - Kasih Sayang Realty Sdn Bhd	2,188,500	0.31
	394,113,833	56.27

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2. ANALYSIS OF SHAREHOLDINGS AS AT 29 AUGUST 2003 (cont'd)

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 29 August 2003 are as follows:

	Direct		Deemed	
Names of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Hong Leong Company (Malaysia) Berhad	163,942,971	23.41	126,778,021	18.09*A
2. Tan Sri Quek Leng Chan	3,266,280	0.47	290,720,992	41.50*B
3. HL Holdings Sdn Bhd	–	–	290,720,992	41.50*B
4. Kwek Leng Beng	–	–	290,720,992	41.50*B
5. Kwek Holdings Pte Ltd	–	–	290,720,992	41.50*B
6. Hong Realty (Private) Limited	–	–	290,720,992	41.50*B
7. Hong Leong Investment Holdings Pte Ltd	–	–	290,720,992	41.50*B
8. Davos Investment Holdings Private Limited	–	–	290,720,992	41.50*B
9. Kwek Leng Kee	–	–	290,720,992	41.50*B
10. Quek Leng Chye	947,530	0.14	290,720,992	41.50*B
11. Guoco Assets Sdn Bhd	67,617,974	9.65	–	–
12. Guoco Group Limited	–	–	79,059,994	11.28*C
13. Guoline Overseas Limited	–	–	79,059,994	11.28*D
14. Guoline Capital Assets Limited	–	–	79,059,994	11.28*D
15. Employees Provident Fund Board	50,090,763	7.15	–	–

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

3. ANALYSIS OF WARRANTHOLDINGS AS AT 29 AUGUST 2003

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

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3. ANALYSIS OF WARRANTHOLDINGS AS AT 29 AUGUST 2003 (cont'd)

DISTRIBUTION SCHEDULE OF 1995/2005 WARRANTHOLDERS

Size of Holdings	No. of 1995/2005 Warrantholders	%	No. of 1995/2005 Warrants	%
Less than 100	9	0.16	249	0.00
100 – 1,000	2,713	47.08	1,882,255	2.69
1,001 – 10,000	2,407	41.77	10,605,005	15.14
10,001 – 100,000	601	10.43	16,904,830	24.13
100,001 – less than 5% of issued 1995/2005 warrants	31	0.54	9,266,190	13.23
5% and above of issued 1995/2005 warrants	1	0.02	31,383,793	44.81
	5,762	100.00	70,042,322	100.00

THIRTY LARGEST 1995/2005 WARRANTHOLDERS

Names of 1995/2005 Warrantholders	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	0.92
5. Foo Khow Lin	391,000	0.56
6. Lee Ah Meng	366,000	0.52
7. HDM Nominees (Asing) Sdn Bhd - Tan Ah Tee	341,000	0.49
8. Institute For Development Studies (Sabah)	305,000	0.44
9. Menteri Kewangan Malaysia - Section 29 (SICDA)	297,924	0.42
10. Tang Kee Hiong	260,000	0.37
11. Mak Ngia Ngia @ Mak Yoke Lum	243,600	0.35
12. Lee Cheng Fatt	220,800	0.31
13. Lau Chin Park	182,000	0.26
14. HDM Nominees (Asing) Sdn Bhd - Tan Ngiap Seng	179,100	0.26
15. Ong Kong @ Tai Sin Hwa	161,000	0.23
16. RHB Nominees (Asing) Sdn Bhd - Kripalson International Ltd	152,000	0.22
17. Mayban Securities Nominees (Asing) Sdn Bhd - Yeo Chiu Beng	150,000	0.21
18. Khor Bee Chung	140,000	0.20
19. RHB Nominees (Asing) Sdn Bhd - Chan Kok Khoon	130,000	0.19

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3. ANALYSIS OF WARRANTHOLDINGS AS AT 29 AUGUST 2003 (cont'd)

THIRTY LARGEST 1995/2005 WARRANTHOLDERS (cont'd)

Names of 1995/2005 Warrantholders	No. of 1995/2005 Warrants	%
20. Toh Kun San	121,000	0.17
21. Chong Nyok Kim	116,000	0.17
22. HDM Nominees (Asing) Sdn Bhd - Chan Eng Kiat	115,000	0.16
23. Loo Beng Khay	115,000	0.16
24. RHB Nominees (Asing) Sdn Bhd - Tan Hye Ter	111,000	0.16
25. HDM Nominees (Asing) Sdn Bhd - Chee Lye Sing	110,000	0.16
26. Public Nominees (Tempatan) Sdn Bhd - Yeap Gek @ Yeap Poh Chim	110,000	0.16
27. Kok Bee Eng	108,000	0.15
28. Choo Tiang Choo	107,000	0.15
29. Lee Lian Chee	105,000	0.15
30. Kadar Shah Bin Sulaiman	103,600	0.15
	40,581,283	57.94

4. DIRECTORS' INTERESTS as at 29 August 2003

Subsequent to the financial year end, there is no change as at 29 August 2003 to the Directors' interests in the ordinary shares and/or options of the Company and/or its related corporations (other than wholly-owned subsidiary companies), appearing in the Directors' report on pages 20 to 25 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			
	Direct Interest		Deemed Interest	
	No.	%	No.	%
YBhg Tan Sri Quek Leng Chan				
Hong Leong Properties Berhad	3,266,280	0.47	290,720,992	41.50
Mr Kwek Leng Seng				
Hong Leong Properties Berhad	123,180	0.017	-	-
YBhg Dato' Ong Joo Theam				
Hong Leong Properties Berhad	22,588	0.003	-	-
Mr Tan Ming Huat				
Hong Leong Properties Berhad	50,800	0.007	-	-

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 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-ninth Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 27 October 2003 at 3.30 p.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 1% 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 Dato' Ong Joo Theam (b) Mr Tan Keok Yin	 (a) (b)	 (a) (b)
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 _____ 2003.

_____ _____

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.

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