Company Profile

Hong Leong Properties Berhad is a leading property group with established businesses in Property Development, Property Investment and Hotel & Resort Holdings. Our projects include award winning residential and commercial developments in the Klang Valley. With a management team that has grown with the Group over the years, we are well positioned to face the challenges and seize the opportunities that will arise in the coming years.

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Corporate Information

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

Secretary
Ms. Lim Yew Yoke

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

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

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

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

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

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

Mr Kwek Leng Seng

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

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

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

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

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

He has no conflict of interests with HLPB and has no convictions for offences within the past 10 years.
Ybhg Tan Sri Dato’ (Dr) Abdul Aziz bin Zain
(N on-Executive Independent Director)

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

Tan Sri Dato’ (Dr) Abdul Aziz was appointed to the Board of HLPB on 4 May 1981 and he is the Chairman of the Board Audit & Risk Management Committee of HLPB. He is also a Director of Metrojaya Berhad and the Chairman of UPA Corporation Berhad; both are public listed companies.

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

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

Ybhg Tan Sri Asmat bin Kamaludin
(N on-Executive Non-Independent Director)

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

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

His other directorships in public listed companies are as follows:

- Non-executive Chairman of UMW Holdings Berhad and Matsushita Electric Company (Malaysia) Berhad;
- Non-executive Vice Chairman of YTL Cement Berhad; and
- Non-executive Director of Malaysian Pacific Industries Berhad, Carlsberg Brewery Malaysia Berhad, Shangri-La Hotels Malaysia Berhad, Lion Land Berhad and Commerce Asset-Holding Berhad.
LAPORAN TAHUNAN 2002  
ANNUAL REPORT

HONG LEONG PROPERTIES BERHAD

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

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

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

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

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

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

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

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

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

Datuk Roger Tan has no family relationship with other directors or major shareholders of HLPB, has no conflict of interests with HLPB and has no convictions for offences within the past 10 years.
Mr Tan Ming Huat
(Executive Non-Independent Director)

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

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

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

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

Mr Tan Keok Yin
(Non-Executive Independent Director)

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

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

• Independent non-executive Director and the Board Audit & Risk Management Committee (“BARMC”)’s Chairman of Hong Leong Bank Berhad, a public listed company.
• Independent non-executive Director and BARMC member of Malaysian Pacific Industries Berhad, a public listed company.
• Independent non-executive Director and BARMC member of Hong Leong Assurance Berhad.
• Independent non-executive Director and was appointed Chairman of BARMC of Hong Leong Finance Berhad in June 2002.

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

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

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

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

He is also a Director of the following public listed companies:
• Director and Audit Committee Chairman of Petronas Dagangan Berhad, Industrial Concrete Products Berhad, Jaya Jusco Stores Berhad and PBA Holdings Berhad;
• Director and Audit Committee member of Petronas Gas Berhad; and
• Director of Great Wall Plastic Industries Berhad.

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

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

He has no family relationship with other directors or major shareholders of HLPB, has no conflict of interest with HLPB and has no convictions for any offences within the past 10 years.
CONSTITUTION
The Board Audit Committee of Hong Leong Properties Berhad ("HLPB" or the "Company") has been established since 23 March 1994.
During the financial year ended 30 June 2002, the Board Audit Committee has been re-designated as the Board Audit & Risk Management Committee (the "Committee").

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

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

Mr. Kwek Leng Seng
(Executive Non-Independent Director)

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

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

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

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

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

MEETINGS

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

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

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

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

ACTIVITIES

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

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

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

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

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

INTERNAL AUDIT

During the financial year ended 30 June 2002, the internal audit department carried out its duties covering business audit, system and financial audit.
NOTICE IS HEREBY GIVEN that the Seventy-eighth Annual General Meeting of Hong Leong Properties Berhad (the “Company”) will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Monday, 28 October 2002 at 11.30 a.m. in order:

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

   Authority To Directors To Issue Shares
   “THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”
8. To consider any other business of which due notice shall have been given.

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

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

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

By Order of the Board

LIM YEW YOKE
Secretary

Kuala Lumpur
4 October 2002
NOTES:
1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorized nominee may appoint not more than two proxies in respect of each securities account it holds.
2. The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.
3. Ordinary Motion On Authority To Directors To Issue Shares
   The ordinary motion, if passed, will give authority to the Directors of the Company to issue ordinary shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange)

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 78TH ANNUAL GENERAL MEETING OF THE COMPANY
   Pursuant to Article 115 of the Company’s Articles of Association
   YBhg Tan Sri Quek Leng Chan
   Mr Kwek Leng Seng
   Mr Tan Ming Huat

   Pursuant to Section 129 of the Companies Act, 1965
   YBhg Tan Sri Dato’ (Dr) Abdul Aziz bin Zain

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS
   There were four (4) Board meetings held during the financial year ended 30 June 2002. Details of attendance of the Directors are set out in the Directors’ Profile appearing on pages 3 to 7 of the Annual Report.

3. PLACE, DATE AND TIME OF THE 78TH ANNUAL GENERAL MEETING
   The 78th Annual General Meeting of the Company will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Monday, 28 October 2002 at 11.30 a.m.

4. FURTHER DETAILS OF DIRECTORS WHO ARE STANDING FOR ELECTION AS DIRECTORS
   No individual is seeking election as a Director at the 78th Annual General Meeting.
## Group Financial Highlights

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<tbody>
<tr>
<td><strong>Turnover</strong> (RM million)</td>
<td>481.7</td>
<td>305.2</td>
<td>255.8</td>
<td>330.7</td>
<td>439.1</td>
</tr>
<tr>
<td><strong>Pre-tax profit/(loss)</strong></td>
<td>67.6</td>
<td>24.4</td>
<td>(86.3)</td>
<td>11.4</td>
<td>30.2</td>
</tr>
<tr>
<td><strong>Profit/(loss) attributable to shareholders</strong></td>
<td>47.5</td>
<td>34.9</td>
<td>(57.7)</td>
<td>7.6</td>
<td>25.6</td>
</tr>
<tr>
<td><strong>Net earnings per share (sen)</strong></td>
<td>6.8</td>
<td>5.0</td>
<td>(8.2)</td>
<td>1.1</td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Net tangible assets</strong></td>
<td>738.5</td>
<td>747.8</td>
<td>677.4</td>
<td>686.8</td>
<td>713.0</td>
</tr>
<tr>
<td><strong>Net tangible assets per share (RM)</strong></td>
<td>1.05</td>
<td>1.07</td>
<td>0.97</td>
<td>0.98</td>
<td>1.02</td>
</tr>
</tbody>
</table>

### Charts

- **Turnover (RM million)**
- **Pre-tax Profit/(Loss) (RM million)**
- **Net Tangible Assets (RM million)**
- **Net Earnings Per Share (Sen)**
Corporate Governance

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

~ Finance Committee on Corporate Governance

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

A DIRECTORS

I The Board

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

II Board Balance

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

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

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

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

III Supply of Information

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

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

IV Appointments to the Board

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

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

The Company does not have a formal training programme for new directors. However, to assist the directors in discharging their duties, the Company has
Corporate Governance (cont'd)

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

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

V Re-election

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

B DIRECTORS' REMUNERATION

I Level and make-up of Remuneration

The Company does not have a Remuneration Committee.

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

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

II Procedure

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>Fees (RM)</th>
<th>Salaries &amp; Other Emoluments (RM)</th>
<th>Total (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td>117,000</td>
<td>637,000</td>
<td>754,000</td>
</tr>
<tr>
<td>Non-Executive Directors</td>
<td>165,698</td>
<td>35,000</td>
<td>200,698</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Range Of Remuneration (RM)</th>
<th>Executive</th>
<th>Non-Executive</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000 and below</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>50,001 – 100,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>100,001 – 650,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>650,001 – 700,000</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

C. SHAREHOLDERS

I Dialogue between Companies and Investors

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

II Annual General Meeting ("AGM")

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

D. ACCOUNTABILITY AND AUDIT

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

The Audit & Risk Committee met five (5) times during the financial year ended 30 June 2002. All meetings were attended by all members of the Audit & Risk Committee. The Internal Audit Manager reports directly to the Audit & Risk Committee and provides the Audit & Risk Committee and management with an independent assessment of the adequacy of risk management practices. Significant breaches and deficiencies identified are discussed at the Audit & Risk Committee and the relevant management meetings where appropriate actions are taken.

I Financial Reporting

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

II Internal Control

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

III Relationship with Auditors

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

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

E. STATEMENT ON INTERNAL CONTROL

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

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

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

The Board, in concurrence with the Audit & Risk Committee, has appointed a Risk Manager ("RM") to administer the risk management framework. The RM is responsible to:
• periodically evaluate all identified risks for their continuing relevance in the operating environment and inclusion in the Risk Management Framework;
• assess adequacy of action plans and control systems developed to manage these risks;
• monitor the performance of management in executing the action plans and operating the control systems; and
• regularly report to the Audit & Risk Committee on the state of internal controls and the management of risks throughout the Group.

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

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

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

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

F. DIRECTORS’ RESPONSIBILITY IN FINANCIAL REPORTING

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

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