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Junior Suite



Coffee Terrace



Utara Coffee House



The Merchant Pub



Piano Lounge



Lorong Utara C, Section 52, 46200 Petaling Jaya,
Selangor Darul Ehsan

(next to Asia Jaya Putra LRT Station)

Tel: 03-7954 6888 • Fax: 03-7956 8088

Email: armada@armada.com.my

(Owned by Lien Hoe Corporation Berhad - Co. No. 8507-X)

CORPORATE INFORMATION

DIRECTORS

Tun Dato' Seri Abdul Hamid Omar - Chairman, Independent Non-Executive Director

Dato' Yap Sing Hock - Deputy Chairman and Managing Director
(Executive and Non-Independent)

Khow Eng Guan - Executive and Non-Independent Director

Cheong Marn Seng - Executive and Non-Independent Director

Lim Meng Hua - Executive and Non-Independent Director

Ir. Aw Tee Wan - Executive and Non-Independent Director

Dato' Yaacob bin Md Amin - Independent Non-Executive Director

Yeoh Chong Keat - Independent Non-Executive Director

SECRETARY

Lee Sook Peng (MAICSA 0810465)

REGISTERED OFFICE

18th Floor, Menara Lien Hoe
No. 8, Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya, Selangor Darul Ehsan
Tel: 03-7805 1331 Fax: 03-7805 3112

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, 50490 Kuala Lumpur
Tel: 03-2087 7000 Fax: 03-2095 5332

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Affin Merchant Bank Berhad
Commerce International Merchant Bankers Berhad

REGISTRAR

Tenaga Koperat Sdn. Bhd.
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-4041 6522 Fax: 03-4042 6352

STOCK EXCHANGE LISTING

The Main Board of the Kuala Lumpur Stock Exchange

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 33rd Annual General Meeting of the members of Lien Hoe Corporation Berhad will be held at Laksamana Ballroom, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 24 June 2003 at 10 a.m. for the purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2002 and the Directors' and Auditors' Reports thereon ([Resolution 1](#))
2. To approve the payment of Directors' Fees ([Resolution 2](#))
3. To re-elect the following Directors who retire in accordance with Article 84 of the Company's Articles of Association:-
Mr Khow Eng Guan ([Resolution 3](#))
Mr Yeoh Chong Keat ([Resolution 4](#))
4. To re-elect Ir. Aw Tee Wan who retires as Director of the Company in accordance with Article 91 of the Company's Articles of Association. ([Resolution 5](#))
5. To consider the re-appointment of Tun Dato' Seri Abdul Hamid Omar as Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965. ([Resolution 6](#))
6. To re-appoint Messrs Ernst & Young as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors. ([Resolution 7](#))

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following Resolution:-

7. THAT subject to the provision of Section 132D of the Companies Act, 1965 and approvals from the Kuala Lumpur Stock Exchange and other relevant governmental/regulatory authorities where such approvals shall be necessary, authority be and is hereby given to the Directors of the Company to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate numbers of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and such authority shall continue in force until the next Annual General Meeting of the Company." ([Resolution 8](#))
8. To transact any other business of the Company for which due notice shall be given.

BY ORDER OF THE BOARD

LEE SOOK PENG (MAICSA 0810465)

Secretary

Petaling Jaya, Selangor Darul Ehsan
31 May 2003

NOTES

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a member of the Company.
2. The instrument appointing the Proxy must be deposited at the Registered Office at 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, during normal office hours, not later than 48 hours before the time of holding the meeting and at any adjournment thereof.
3. Where the Proxy Form is executed by a corporation, it must be under its common seal or under the hand of an officer or attorney duly authorised.
4. Statement accompanying Notice of General Meeting - Additional information as required pursuant to Paragraph 8.28 of the Listing Requirements of Kuala Lumpur Stock Exchange.

Explanatory Notes on Special Business

5. Resolution 8, if passed will empower the Directors of the Company to allot and issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election are:-

Mr Khow Eng Guan

Mr Yeoh Chong Keat

Ir. Aw Tee Wan

Tun Dato' Seri Abdul Hamid Omar

2. The attendance records of directors at board meeting are as reported on page 13 of this Annual Report.

3. The Company's 33rd Annual General Meeting will be held at Laksamana Ballroom, Hotel Armada, Petaling Jaya on Tuesday, 24 June 2003 at 10 a.m.

4. Profile of the Directors standing for re-election can be found on page 7 of this Annual Report.

PROFILE OF DIRECTORS

TUN DATO' SERI ABDUL HAMID OMAR (74 years of age - Malaysian)

Chairman, Independent Non-Executive Director

He was appointed as the Chairman of the Board on 26 February 2003.

He studied law in England, was called to the English Bar on 22 November 1955 and is a member of the Honourable Society of Lincoln's Inn, London. He had served the Judicial and Legal Service of the Government of Malaysia from 1956 and carved out an illustrious career which culminated with his appointment as Lord President of the Supreme Court on 10 November 1988 until he retired in September 1994. He was then re-appointed for a further term of six months in accordance with the provisions of the Constitution as his services were still required by the nation. His wealth of knowledge and contributions to the legal profession earned him several State and Federal awards since 1966, the highest being the Federal award of Seri Setia Mahkota (SSM) which carries the title TUN.

He is also the Chairman of Olympia Bhd., a company listed on the Main Board of the Kuala Lumpur Stock Exchange.

DATO' YAP SING HOCK (54 years of age - Malaysian)

Deputy Chairman and Managing Director (Executive and Non-Independent)

He relinquished his post as the Chairman of the Board on 26 February 2003 to Tun Dato' Seri Abdul Hamid Omar. At the same time, he assumed the post as Deputy Chairman and Managing Director. He also serves as a member of the Board's Nomination, Remuneration, Risk Management and Executive Committees.

He has more than 30 years of wide and hands-on experience in the property and leisure industry.

MR KHOW ENG GUAN (44 years of age - Malaysian)

Executive and Non-Independent Director

He was appointed a Director of the Company on 28 December 2001. He also serves as a member of the Board's Audit and Executive Committees.

He joined the Company in 1988 as the Group Financial Controller. Prior to that, he served with one of the "Big 4" accounting firms in Kuala Lumpur for 5 years. He holds a Bachelor of Economics from Monash University, Australia and is a member of the Malaysian Institute of Accountants.

MR CHEONG MARN SENG (37 years of age - Malaysian)**Executive and Non-Independent Director**

He was appointed a Director of the Company on 28 December 2001. He also serves as a member of the Board's Directors Executive Committee.

He joined the Company in 2001 as the General Manager in charge of corporate finance. He has nearly 8 years of experience in investment banking, having served in a senior position in the corporate finance department of a local merchant bank. He has had extensive exposure to corporate finance techniques such as corporate restructuring, equity and debt issue, business valuation and acquisition. Prior to his stint with the investment banking industry, he worked for two international accounting firms for over 4 years during which he was involved in several aspects of auditing, financial management and consultancy. He holds a Bachelor of Commerce in economic and finance from the University of Melbourne, Australia and is presently a member of the Malaysian Institute of Accountants.

MR LIM MENG HUA (47 years of age - Malaysian)**Executive and Non-Independent Director**

He was appointed a Director of the Company on 18 January 2002. He joined the Company in 2001 as the General Manager in charge of a commercial property. He also serves as a member of the Board's Executive Committee.

He has vast working experience in management of commercial buildings and the film industry.

IR. AW TEE WAN (53 years of age - Malaysian)**Executive and Non-Independent Director**

He was appointed a Director of the Company on 26 February 2003. He also serves as a member of the Board's Executive Committee.

He graduated from the University of Malaya with B.E. (Hons) in Civil Engineering in 1977. He is a corporate member of The Institution of Engineers, Malaysia (IEM) as well as Professional Engineer registered with the Board of Engineers, Malaysia. He has a short stint of 4 years with the Public Works Department (JKR) upon graduation from the University. Subsequently he joined the Royal Engineers of Malaysian Army and left with the rank of Lieutenant Colonel in 1993. He joined the Company in 1995 as a Director of a subsidiary company involved in the construction sector. Throughout his professional career he is involved in construction and property development.

DATO' YAACOB BIN MD AMIN (57 years of age - Malaysian)**Independent Non-Executive Director**

He was appointed a Director of the Company on 18 January 2002. He also serves as the Chairman of the Board's Audit Committee and a member of the Board's Remuneration, Nomination and Risk Management Committees.

He has 33 years of experience with the Polis Diraja Malaysia and retired as Director C.I.D Rank of Commissioner.

He is also a Director of Khee San Bhd. and sits on the board of several private limited companies.

MR YEOH CHONG KEAT (44 years of age - Malaysian)**Independent Non-Executive Director**

He was appointed a Director of the Company on 6 December 2001. He also serves as a member of the Board's Audit and Risk Management Committees and is the Chairman of the Remuneration and Nomination Committees.

He is a chartered accountant by profession and is a Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Malaysian Institute of Taxation, member of the Chartered Accountants (M), member of the MIA Company Law Practice Board Committee and member of the Malaysian Institute of Certified Public Accountants. He is currently in practice as the President/Chief Executive Officer of Archer Corporate Services Sdn. Bhd., Archer Tax Services Sdn. Bhd. and Archer Consulting Group Sdn. Bhd. He is also a licensed auditor practising under the firm of C. K. Yeoh & Co., Chartered Accountant.

Prior to the setting up of the Archer Group, he had been in audit, tax and consulting practice upon his return from the United Kingdom in 1982 where he was trained and later qualified as a chartered accountant with the firm now known as PricewaterhouseCoopers, United Kingdom. He was also formerly the Head of the Corporate Services Division of a "Big 4" accounting firm in Kuala Lumpur for over 10 years.

Currently he is the external company secretary of a number of public companies listed on the Kuala Lumpur Stock Exchange. He is also a Director of Polymate Holdings Bhd., a company listed on the Main Board of the Kuala Lumpur Stock Exchange.

OTHER DISCLOSURE BY THE BOARD OF DIRECTORS

None of the Directors has any family relationship with any director and/or substantial shareholders of the Company. The Directors do not have any conflict of interest with the Company and they have not been convicted of any offences within the past 10 years.

None of the Directors has any interest in the securities of the Company except for:-

Name	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
DATO' YAP SING HOCK	16,712,500	5.640	500,000	0.169
IR. AW TEE WAN	4,169,000	1.407	NIL	



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I have pleasure in presenting to you the Annual Report and Financial Statements of the Group and Company for the year ended 31 December 2002.

FINANCIAL PERFORMANCE

For the year under review, the Group registered a profit before taxation of RM41.42 million against loss of RM49.41 million in the preceding financial year. The dramatic turnaround in the financial results is mainly attributable to the sale of the Group's investment in a wholly owned subsidiary company, Holiday Plaza Sdn. Bhd. ("HPSB") which gave rise to a net gain of RM48.21 million on disposal and the full write off of the Group's investment in Aceh, Indonesia of RM25.63 million in the preceding financial year. Approval for the sale of HPSB was obtained from the shareholders of the Company on 19 April 2002. The completion of this disposal is a major step towards reducing the Group's borrowing.

Steady domestic consumption driven by Government's initiatives helped sustained good demand for the Group's properties. Hotel Armada, well located in Petaling Jaya enjoyed an average room occupancy rate of above 75% for 2002. The food and beverage outlets at the hotel also enjoyed better patronage in tandem with the better room occupancy. Similarly, the occupancy of the Group's flagship commercial properties namely Kompleks Lien Hoe in Johore Baru, The Atria Shopping Centre and Menara Lien Hoe, both located in Petaling Jaya showed marginal improvement over previous year.

CORPORATE DEVELOPMENT

With the completion of the acquisition of the entire issued and paid up share capital of Billiontex Industries Sdn. Bhd. and Russella Teguh Sdn. Bhd. satisfied by the issuance of RM107,490,084 5-year 2% Irredeemable Convertible Unsecured Loan Stocks at 100% of its nominal value in July 2002, the Group has added 128.52 acres of prime development land in the Klang Valley to its land bank. The focus of the Group now is to develop this land. The Group intends to reduce bank borrowings by another RM100 million within the next twelve months. To achieve this, further disposal of some assets will be undertaken.

In early 2003, the Group successfully redeemed the balance of the loan stocks (which was issued on 18 August 1993 and matured on 17 August 2000) averting legal action by the trustee for the holders of the loan stock.

DIVIDEND

To conserve the Group's cash reserves, the Board does not propose the payment of any dividend for the year under review.

BUSINESS OUTLOOK

The business sectors the Group operates in have been hard hit by external events. Our shopping malls and hotel which depend on healthy retail spending and tourism are severely challenged by an economic environment brought about by the war in Iraq and Severe Acute Respiratory Syndrome epidemic. Against this backdrop the Group is not expected to make significant progress in its continuing effort to improve operating profits.

ACKNOWLEDGEMENT

In compliance with the best practice prescribed in the Malaysian Code on Corporate Governance, my predecessor Dato' Yap Sing Hock has stepped down as the Chairman of the Group while retaining his current position as the Group's Managing Director. The Board has appointed me as Chairman on 26 February 2003.

On behalf of the Board I would like to record our appreciation to our bankers, shareholders and business associates who have steadfastly supported us during these challenging times. Finally, we would like to acknowledge the dedication, commitment, diligence and loyalty of the employees of the Group.

TUN DATO' SERI ABDUL HAMID OMAR

Chairman
Petaling Jaya, Selangor
22 May 2003

CORPORATE GOVERNANCE STATEMENT 2002

The Malaysian Code on Corporate Governance (“the Code”) defines the principles and best practices on structure and processes that companies may use in their operations towards achieving the optimal governance framework. The Board of Directors continues to endeavour to comply with all the key principles and practices of the Code. The following statement outlines the corporate governance practices that were in place throughout the year ended 31 December 2002.

THE BOARD OF DIRECTORS

- **Board Responsibilities**

The Board is overall responsible for the strategic direction and business performance of the Group by specifically focusing on issues relating to strategic plan, business conduct, risk management and internal control. The Board meets regularly to review the Group’s corporate strategy, business operation, financial results and also to decide on matters significant to the Group’s business and finances including approval of annual operating budget, major capital expenditure, material acquisition and disposal of assets.

- **Board Composition and Balance**

The Board currently consists of eight members; comprising three independent non-executive directors and five executive directors. Collectively the Board has a mix of industry-specific knowledge and technical skills which are necessary for the leadership and management of the Group. There is balance in the Board represented by the presence of three independent directors who ensure that strategies proposed by the executive management are fully examined and the long term interests of minority shareholders are well taken into consideration. The profile of each of the members of the Board can be found on pages 7 to 10 of this Annual Report.

- **Board Meeting and Information**

Six Board meetings were held in the financial year ended 31 December 2002 and the attendance record of each director are as follows :

Directors	Number of Meetings Attended
Tun Dato’ Seri Abdul Hamid Omar (appointed on 26.02.2003)	-
Dato’ Yap Sing Hock	6
Dato’ Yaacob Bin Md Amin	5
Mr Khow Eng Guan	6
Mr Cheong Marn Seng	6
Mr Lim Meng Hua	6
Mr Yeoh Chong Keat	6
Ir. Aw Tee Wan (appointed on 26.02.2003)	-

During the year, the Board resolved and approved the Group's matters through board meetings or directors' circular resolutions. During the board meetings, the Board considered and deliberated on the financial statements and results of the Group, the business performance of the Group and other strategic issues that affected the Group's businesses. The Directors also visited the Group's project sites and properties to have a better understanding of the working condition of the Group's business operations so that they were able to contribute more effectively during board deliberations.

The Board had been supplied with full and timely information to enable it to discharge its responsibilities. All notices of meetings together with the agenda and discussion papers were served on the Directors in advance of the meeting dates. Furthermore, the Board has access to advice and services of the Company Secretary who is responsible for ensuring that board meeting procedures are followed and that applicable rules and regulations are complied with.

- **Board Appointment and Re-election**

In accordance with the Company's Articles of Association, all directors appointed by the Board are subject to election by the shareholders at the Annual General Meeting following their appointment. At least one third of the directors are required to retire from office by rotation annually and shall be eligible for re-election at each Annual General Meeting.

- **Board Committee**

The Board has delegated specific responsibilities to five sub-committees, namely, Audit, Executive, Nomination, Remuneration and Risk Management Committees, the details of which are set out below:-

- **Audit Committee**

The terms of reference of the Audit Committee, its members, its activities during the financial year, and other information are set out on pages 17 to 20 of this Annual Report.

- **Executive Committee**

The Executive Committee was established on 8 March 2002. The members of the Executive Committee comprise all the executive directors, namely:-

Dato' Yap Sing Hock
Mr Khow Eng Guan
Mr Cheong Marn Seng
Mr Lim Meng Hua
Ir. Aw Tee Wan

The Executive Committee is responsible for, inter-alia, the following duties and responsibilities:

- i) To review and monitor the performance of all operating units and subsidiaries of the Company;
- ii) As approving authority for all capital expenditures and contractual commitments exceeding RM50,000 undertaken by the Group;
- iii) To review and prescribe policies in relation to the day to day operations of the Group.

- **Nomination Committee**

The Nomination Committee was set up on 26 February 2002 to promote a formal and transparent procedure for the appointment to the Board. The Nomination Committee comprises mainly non-executive directors as listed below:-

Mr Yeoh Chong Keat	- Chairman/Independent Non-Executive Director
Dato' Yaacob bin Md Amin	- Member/Independent Non-Executive Director
Dato' Yap Sing Hock	- Member/Non-Independent Executive Director

The Nomination Committee serves to facilitate appointment of new directors as and when necessary and will give due consideration to the mix of experience and skills required for an effective Board.

- **Remuneration Committee**

The Remuneration Committee was established on 26 February 2002 and comprises mainly non-executive directors as listed below :-

Mr Yeoh Chong Keat	- Chairman/Independent Non-Executive Director
Dato' Yaacob bin Md Amin	- Member/Independent Non-Executive Director
Dato' Yap Sing Hock	- Member/Non-Independent Executive Director

The Remuneration Committee's primary responsibility is to review and recommend to the Board all remuneration of directors. Directors do not participate in decisions on their own remuneration.

- **Risk Management Committee**

The Board established a Risk Management Committee on 25 November 2002. The Risk Management Committee consists of the following members:-

Dato' Yap Sing Hock	- Chairman/Non-Independent Executive Director
Dato' Yaacob bin Md Amin	- Member/Independent Non-Executive Director
Mr Yeoh Chong Keat	- Member/Independent Non-Executive Director

The Risk Management Committee assists the Board to oversee the management of risk issues and review the efficacy of the internal controls of the Group.

DIRECTORS' REMUNERATION

Analysis of the Directors' remuneration are set out on pages 65 to 66 of this Annual Report.

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. Announcements and release of financial results on a quarterly basis provide the shareholders and the investing public with an overview of the Group's performance and operations.

The Annual General Meeting ("AGM") is the principal forum for dialogue with individual shareholders and investors. At the Company's AGM, shareholders are encouraged to ask questions and express their views about the Company's business and financial issues.

ACCOUNTABILITY AND AUDIT

- **Financial Reporting**

The Board aims to provide a balanced and understandable assessment of the Company's financial position and prospects at the end of the financial year. The Group publishes full financial statements annually and quarterly results announcements as required by the Listing Requirements. The Audit Committee assists the Board by reviewing the disclosure information to ensure accuracy and adequacy.

- **Internal Audit**

The Group has established a Control and Development Department to assist the Board in obtaining the assurance it requires regarding the effectiveness of the system of internal control. The Statement of Internal Control appended on pages 21 to 22 of this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets.

- **Relationship with the Auditors**

The Company has always maintained a transparent and appropriate relationship with its Auditors in seeking their professional advice and ensuring compliance with accounting standards in Malaysia. The role of the Audit Committee in relation to the Auditors is detailed in the Audit Committee Report set out on pages 17 to 20 of this Annual Report.

AUDIT COMMITTEE

THE AUDIT COMMITTEE COMPRISES THE FOLLOWING DIRECTORS: -

DATO' YAACOB BIN MD AMIN

(Chairman and Independent Non-Executive Director)

MR YEOH CHONG KEAT

(Independent Non-Executive Director)

MR KHOW ENG GUAN

(Executive Director)

TERMS OF REFERENCE

- **Composition**

The Committee shall be appointed by the Board from amongst its Directors which fulfils the following requirements: -

- (a) the Audit Committee must be composed of no fewer than 3 members;
- (b) a majority of the Audit Committee must be independent directors; and
- (c) at least one member of the Audit Committee: -
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and: -
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed by the Kuala Lumpur Stock Exchange.
- (d) no alternate director is appointed as a member of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above paragraph, the Company must fill the vacancy within 3 months.

The members of the Audit Committee shall select a chairman from among themselves who shall be an independent director.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

- **Rights of the Audit Committee**

The Company must ensure that wherever necessary and reasonable for the performance of its duties, the Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company: -

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

- **Reporting of Breaches to the Kuala Lumpur Stock Exchange**

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee must promptly report such matter to the Kuala Lumpur Stock Exchange.

- **Functions**

The functions of the Audit Committee shall be: -

- (a) To review
 - (i) with the external auditors, the audit plan;
 - (ii) with the external auditors, his evaluation of the system of internal accounting controls;
 - (iii) with the external auditors, his audit report;
 - (iv) the assistance given by the Company's officers to the auditors;
 - (v) the scope and results of the internal audit procedures;
 - (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

- (vii) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on: -
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - (viii) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (ix) any letter of resignation from the external auditors of the Company; and
 - (x) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- b) To consider the nomination of a person or persons as external auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

- **Meetings**

A representative of the external auditors shall normally attend meetings. Meetings shall be held no fewer than 4 times a year and the external auditors may request a meeting if they consider that one is necessary.

In order to form a quorum in respect of a meeting of the Audit Committee, the majority of members present must be independent directors.

The Company Secretary shall be the Secretary of the Committee and shall circulate the minutes of the meetings of the Committee to all members of the Board.

NUMBER OF AUDIT COMMITTEE MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2002 AND ATTENDANCE OF EACH MEMBER

The Committee met 4 times during the financial year ended 31 December 2002 and the attendance of each member of the Audit Committee is as follows:-

Committee Member	Attendance at the Committee Meetings
Dato' Yaacob bin Md Amin (Appointed 18 January 2002)	4
Mr Yeoh Chong Keat (Appointed 6 December 2001)	4
Mr Khow Eng Guan (Appointed on 18 January 2002)	4

SUMMARY OF ACTIVITIES

The activities of the Audit Committee during the financial year ended 31 December 2002 can be summarised as follows:-

- (a) Reviewed the quarterly and annual financial results before release to the Kuala Lumpur Stock Exchange and public with emphasis on compliance with accounting standards and regulatory requirements
- (b) Discussed audit plans with the auditors before commencement of audit
- (c) Reviewed auditors' findings and recommendations arising from their audit
- (d) Reviewed the scope of the internal audit plan and the results of the audit work carried out by the internal audit function
- (e) Discussed the new provisions of the revamped listing requirements particularly in respect of the definition of independent directors, related party transactions and corporate governance issues.

The auditors attended all the Audit Committee meetings during the year.

INTERNAL AUDIT FUNCTION

The Internal Audit Unit was established to carry out a review of the system of internal control of the operations within the Company and its subsidiaries and provides general assurances to management and the Audit Committee.

STATEMENT ON INTERNAL CONTROL

Effective internal control and risk management practices are important in safeguarding the Group's assets and the shareholders' investment in the Company. Set out below is a statement outlining the state of the system of internal control of the Group during the financial year ended 31 December 2002.

BOARD'S RESPONSIBILITIES

It is the primary duty of the Board to maintain a sound system of the internal control and to review its adequacy and integrity. The system of internal controls, covering both the financial and operational controls, involves all key operating units within the Group and is designed to meet the Group's business objectives and to manage the risks to which they are exposed. By virtue of the limitations inherent in any system of internal control, this system can only provide reasonable, and not absolute, assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

Risk is inherent in all of the Group's businesses. The major types of risk to which the Group is exposed to are financing, credit and operating risks. The Board has developed and implemented control mechanisms comprising policies and procedures to identify, mitigate, and monitor risk at various levels of the Group to ensure high standards of risk management.

Managers of each operating unit are entrusted with the primary responsibility to manage their own business risk within the control mechanisms established by the Board. At the Board level, a Risk Management Committee ("RMC") was set up by the Board to assist it in the discharge of its risk management and control responsibilities. As part of its plan to cultivate a strong risk-awareness culture within the Group, a "Risk Management Awareness" session was organised by RMC during the year. This session, which was attended by all senior managers within the Group, was conducted by professional consultants.

The Risk Management Committee plans to formalize a Group's Risk Management Policy and a risk register will be developed in the next financial year. A database of all identified principal risks and controls will be consolidated.

INTERNAL AUDIT FUNCTION

The Group has an independent internal audit unit whose core function is to perform an independent appraisal of the Group's activities and to evaluate the effectiveness of the system of internal controls. Reports on findings of the internal audit are presented to the Audit Committee of the Board for consideration.

OTHER RISK AND CONTROL PROCESS

Apart from risk management and internal audit, the Group's operating units must comply with the Group's documented internal policies manuals. Compliance with these procedures is an essential element of the internal control framework. The policies manuals are subject to review as processes change and also strive to meet new business requirements. Clearly defined authorization limits at appropriate levels are set out in an authority matrix for controlling and approving capital expenditure and expenses. The matters requiring the Board's approval are clearly defined. The Group has also in place experienced and competent staff in areas of responsibility to support and continuously monitor the effectiveness of the Group's system of internal control.

BOARD'S CONCLUSION

During the year under review, the Board is pleased to disclose that the Group's system of internal controls is in line with the Malaysian Code on Corporate Governance and the Statement on Internal Control : Guidance for Directors of Public Listed Companies. No significant control failures or weaknesses that would result in material losses and require disclosure in the Group's annual report were identified during the year.

The Board recognizes the importance of operating a system of internal control that supports the business objectives of the Group. The Board will continuously assess the adequacy of the Group's system of internal control and to strengthen it, as and when necessary.

 **OTHER INFORMATION**

SHARE BUY-BACK

The Company did not buy any of its own shares during the financial year ended 31 December 2002.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Pursuant to a Trust Deed dated 11 July 2002, the Company issued RM107,490,084 nominal value of 5-year 2% Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) at 100% of its nominal value in satisfaction of the purchase consideration for the acquisition of two subsidiary companies, Billiontex Industries Sdn. Bhd. and Russella Teguh Sdn. Bhd. As at 31 December 2002, RM29,976,266 nominal value of ICULS were converted into 29,976,266 new ordinary shares of RM1 each in the Company. Other than the above, there was no exercise of options or warrants.

AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”)

The Company did not sponsor any ADR or GDR programme.

SANCTIONS AND/OR PENALTIES

Since the end of the previous financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors in the financial year ended 31 December 2002 is RM57,500.

VARIATION IN RESULTS

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2002 and the unaudited results previously announced by the Company.

PROFIT GUARANTEE

For the financial year ended 31 December 2002, there were no profit guarantees given by the Company.

MATERIAL CONTRACTS

Since the end of the previous financial year, there were no material contracts entered into by the Company and its subsidiaries, involving the Directors and substantial shareholders.

REVALUATION POLICY

The Group did not adopt any revaluation policy on the landed properties.

*R*ESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of each financial year and of their results and their cash flows for the year then ended.

In preparing the financial statements, the Directors have:-

- Considered the applicable approved Malaysian Accounting Standards.
- Adopted and consistently applied appropriate accounting policies.
- Made judgements and estimates that are prudent and reasonable.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

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 31 December 2002.

PRINCIPAL ACTIVITIES

The Company is a property and investment holding company.

The principal activities of its subsidiary companies consist of:

- (i) property and investment holding;
- (ii) property development;
- (iii) building and civil works; and
- (iv) operation of hotel.

There have been no significant changes in the nature of these activities during the year other than that arising from the disposal of a subsidiary company, Falcon Travel and Tours Sdn. Bhd.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit before taxation	41,417	29,099
Taxation	(1,559)	(700)
Profit for the year	39,858	28,399

There were 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.

REDEEMABLE SECURED LOAN STOCKS

On 18 August 1993, the Company issued RM85,742,921 nominal amount of 6% Redeemable Secured Loan Stocks 1993/1998 ("Loan Stocks"). The Loan Stocks constituted by a Trust Deed dated 19 June 1993 and amended by the Amendment Trust Deed dated 14 June 1997 and the Supplemental Trust Deed dated 29 October 1998 was redeemable in cash at nominal value upon maturity on 17 August 2000 at an interest rate of 15%.

Negotiations were undertaken with the Loan Stocks holders upon maturity of the Loan Stocks for revised terms of settlement. Total redemption sum of RM50,400,000 including all outstanding interest was agreed upon with the Loan Stocks holders as full settlement of the outstanding Loan Stocks.

Subsequent to year end, the Company secured a RM64,000,000 short term loan facility which carries an option for conversion to an 11-year term loan facility, from a financial institution to finance the redemption of the outstanding Loan Stocks. On 30 January 2003, the Loan Stocks together with the outstanding interest was fully redeemed and settled.

5-YEAR 2% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

On 13 July 2002, the Company issued RM107,490,084 5-year 2% Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) at 100% of its nominal value towards full settlement of the consideration for the acquisition of two subsidiary companies. The ICULS are constituted by a Trust Deed dated 11 July 2002.

The terms of the ICULS are as follows:

- (a) maturity date - 5 years ending from and including the date of issue of the ICULS;
- (b) conversion rate - on the basis of RM1 nominal value of ICULS for 1 new fully paid ordinary share of RM1 each in the Company;
- (c) conversion rights - the ICULS shall be convertible into new ordinary shares in the Company at any time throughout the tenure of the ICULS during which they are outstanding;
- (d) the ICULS remain outstanding on the maturity date will be mandatorily converted by the Company into new ordinary shares in the Company;
- (e) the ICULS bear interest at the rate of 2% per annum, payable annually in arrears from the date of issue during the 5-year period that they remain outstanding, except that the last coupon payment shall be made on the maturity date of the ICULS; and
- (f) upon conversion of the ICULS into new ordinary shares, such shares shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights and other distribution declared in respect of a financial period prior to the financial period in which the ICULS are converted.

EMPLOYEES’ SHARE OPTIONS SCHEME

The Company’s Employees’ Share Options Scheme (“ESOS”) was approved by the shareholders at an Extraordinary General Meeting held on 29 July 1993. Pursuant to the scheme which became effective on 6 August 1993, options to subscribe for ordinary shares of RM1 each are granted to eligible employees of the Group including Executive Directors of the Company. The main features of the Scheme are:

- (i) Eligible employees are employees of the Group (including Executive Directors) who have been confirmed in the employment of the Group for at least twelve months before the offer date;
- (ii) The total number of shares to be offered under the Scheme shall not exceed 10 percent of the issued share capital of the Company at any point in time during the existence of the Scheme;
- (iii) No option shall be granted for less than 1,000 shares nor more than 500,000 shares to any selected employee;

- (iv) The option price for each RM1 share shall be the average of the mean market quotation of the shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the respective dates of offer of the Options, or at the par value of the ordinary shares of the Company, whichever is the higher; and
- (v) The Scheme shall continue to be in force for a period of 5 years commencing from 6 August 1993.

At an Extraordinary General Meeting held on 12 November 1998 extension of the option period of the ESOS to 5 August 2003 was approved.

The movements in the options to take up unissued new ordinary shares of RM1 each and the option prices are as follows:

	Option price RM	Share Options	
		Granted	Exercised
First option - August 1993	1.61	8,343,000	7,560,000
Second option - December 1993	4.94	584,000	170,000
Third option - April 1994	4.14	466,000	-
Fourth option - September 1994	4.20	1,314,000	-
Fifth option - July 1995	2.82	1,198,000	375,000
Sixth option - December 1995	2.51	888,000	127,000
Seventh option - February 1998	1.06	5,325,000	7,000
As at 31 December 2002		18,118,000	8,239,000

SIGNIFICANT EVENTS DURING THE YEAR

(a) Disposal of Holiday Plaza Sdn. Bhd. ("HPSB")

On 6 June 2002, the Company completed the disposal of the entire equity interest in HPSB for a consideration of RM93,133,059, satisfied by cash of RM4,374,119 and the assumption of liabilities of RM88,758,940.

The above disposal has resulted in a gain to the Group and the Company of RM48,211,000 and RM49,511,000 respectively.

(b) Acquisition of Billiontex Industries Sdn. Bhd. ("BISB") and Russella Teguh Sdn. Bhd. ("RTSB")

On 13 July 2002, the Company completed the following acquisitions:

- (i) Acquisition of 100% equity interest in BISB for a purchase consideration of RM53,607,381 satisfied by the issuance of RM53,607,381 ICULS at 100% of its nominal value.
- (ii) Acquisition of 100% equity interest in RTSB for a purchase consideration of RM53,882,703 satisfied by the issuance of RM53,882,703 ICULS at 100% of its nominal value.

(c) Disposal of Falcon Travel and Tours Sdn. Bhd. (“FTTSB”)

On 12 December 2002, the Company’s wholly owned subsidiary, Hotel Armada Group Sdn. Bhd., entered into a sale and purchase agreement for the disposal of its entire equity interest in FTTSB for a cash consideration of RM150,000. The disposal has resulted in a loss to the Group of RM95,000.

SIGNIFICANT EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 30 January 2003, the Loan Stocks together with outstanding interest was fully redeemed and settled for a negotiated sum of RM50,400,000 using term loan facility obtained from a financial institution.

DIRECTORS

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

Tun Dato’ Seri Abdul Hamid bin Omar (*Appointed on 26 February 2003*)

Dato’ Yap Sing Hock

Khow Eng Guan

Cheong Marn Seng

Lim Meng Hua

Dato’ Yaacob bin Md Amin

Yeoh Chong Keat

Ir. Aw Tee Wan (*Appointed on 26 February 2003*)

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those pursuant to the Company’s Employees Share Options Scheme.

The following Director who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act 1965, an interest in shares of the Company and related corporations, as stated below:

	Number of Ordinary Shares of RM1 each			As at 31.12.2002
	As at date of appointment	During the year		
		Bought	Sold	
Dato’ Yap Sing Hock				
Share capital of the Company				
- direct	6,671,500	10,041,000	-	16,712,500
- indirect	-	500,000	-	500,000

Dato’ Yap Sing Hock by virtue of his interest in shares of the Company is also deemed interested in shares of all the Company’s subsidiary companies to the extent the Company has an interest.

The other Directors who held office at the end of the financial year did not hold any interest in shares in the Company and its related corporations.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in Note 27 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act 1965.

SHARE CAPITAL

During the year, the Company's issued and paid-up share capital was increased to RM284,228,423 comprising 284,228,423 ordinary shares of RM1 each arising from the conversion of RM29,976,266 nominal value of ICULS into 29,976,266 new ordinary shares of RM1 each.

The new ordinary shares rank pari passu in all respects with existing ordinary shares except that they will not be entitled to any dividends, rights and other distributions declared in respect of a financial period prior to the financial period in which the ICULS are converted.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements and consolidated financial statements misleading.

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or 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 or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent liabilities or other liabilities have become enforceable or are 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 items, transactions or events of a material and unusual nature have arisen in the interval between the end of the financial year and the date of this report which are likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board
in accordance with a resolution
of the Directors

DATO' YAP SING HOCK

KHOW ENG GUAN

Kuala Lumpur, Malaysia
25 April 2003

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, DATO' YAP SING HOCK and KHOW ENG GUAN, being two of the Directors of LIEN HOE CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 34 to 78 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 Company as at 31 December 2002 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in
accordance with a resolution of
the Directors

DATO' YAP SING HOCK

KHOW ENG GUAN

Kuala Lumpur, Malaysia
25 April 2003

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, KHOW ENG GUAN, being the Director primarily responsible for the financial management of LIEN HOE CORPORATION BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 78 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above
named Khow Eng Guan at Kuala Lumpur in
the Federal Territory on 25 April 2003.

KHOW ENG GUAN

Before me,

Neoh Swee Kee
Persurujaya Sumpah
Kuala Lumpur, Malaysia

REPORT OF THE AUDITORS TO THE MEMBERS OF LIEN HOE CORPORATION BERHAD

We have audited the accompanying financial statements set out on pages 34 to 78. 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 financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As stated in Note 5 to the financial statements, no financial statements have been prepared by PT Budi Tri Sakti ("PTBTS") since suspension of its operations due to civil unrest. The consolidated financial statements therefore do not include the results of this subsidiary company in respect of the current financial year. In the absence of any financial statements for PTBTS, we are unable to satisfy ourselves whether the Group's interest in the subsidiary company is of any value or assess whether the provisions made are adequate.

Except for the effects of any adjustments which may be required upon the determination of the above matter, in our opinion 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 as at 31 December 2002 and of the results and the 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 consolidated financial statements.

In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies for which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the Auditors' Report of the subsidiary company for which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements, which are included in the consolidated financial statements.

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

The Auditors' Reports on the financial statements of the subsidiary companies other than PTBTS for which no financial statements have been prepared, were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act 1965.

As stated in Note 2 to the financial statements, the validity of the preparation of the financial statements on the going concern basis is dependent on the successful implementation of the Company's strategic alternatives such as the disposal of assets, refinancing of or obtaining additional banking facilities. In view of the significance of the matter, we consider that this disclosure should be brought to your attention.

ERNST & YOUNG

AF: 0039

Chartered Accountants

Choong Mei Ling

1918/09/04(J)

Partner

Kuala Lumpur, Malaysia

25 April 2003

BALANCE SHEETS

AS AT 31 DECEMBER 2002

	Note	GROUP		COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
PROPERTY, PLANT AND EQUIPMENT	4	384,834	448,318	78,470	77,233
SUBSIDIARY COMPANIES	5	-	-	460,794	286,791
OTHER INVESTMENTS	6	38	128	-	-
DEVELOPMENT PROPERTIES	7	191,185	33,804	-	-
LONG TERM RECEIVABLES	8	15,576	-	8,421	-
GOODWILL ON CONSOLIDATION	9	3,303	1,476	-	-
CURRENT ASSETS					
Property development-in-progress	10	6,275	5,293	-	-
Amount due from customers for contract work	11	113	-	-	-
Inventories	12	25,576	32,210	-	-
Receivables	13	41,708	84,108	19,546	47,981
Tax recoverable		2,617	3,323	2,427	3,127
Fixed deposits with licensed banks	14	1,080	274	-	-
Cash and bank balances	15	1,648	2,692	417	806
		79,017	127,900	22,390	51,914
CURRENT LIABILITIES					
Payables	16	67,382	72,449	42,178	26,519
Bank borrowings	17	36,488	35,605	25,900	25,900
Term loans	18	47,205	40,514	32,779	28,000
Redeemable Secured Loan Stocks	19	37,289	43,818	37,289	43,818
Bank overdrafts	20	28,255	33,341	20,243	11,155
Taxation		1,960	4,142	-	-
		218,579	229,869	158,389	135,392
NET CURRENT LIABILITIES		(139,562)	(101,969)	(135,999)	(83,478)
		455,374	381,757	411,686	280,546

	Note	GROUP		COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
SHARE CAPITAL	21	284,228	254,252	284,228	254,252
RESERVES	22	74,943	86,665	70,393	70,393
ACCUMULATED LOSSES		(87,375)	(127,233)	(84,751)	(113,150)
		271,796	213,684	269,870	211,495
DEFERRED LIABILITIES	23	106,064	168,073	64,302	69,051
IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS	24	77,514	-	77,514	-
		455,374	381,757	411,686	280,546

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

I N C O M E S T A T E M E N T S

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	GROUP		COMPANY	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue	25	95,220	122,664	12,835	32,611
Cost of sales	26	(41,988)	(56,261)	-	-
Gross profit		53,232	66,403	12,835	32,611
Other income		49,958	2,616	57,049	10,653
Administration expenses		(37,571)	(51,616)	(11,156)	(15,032)
Selling expenses		(704)	(1,091)	(243)	(266)
Other operating expenses		(1,476)	(39,330)	(18,341)	(35,477)
Operating profit/(loss)	27	63,439	(23,018)	40,144	(7,511)
Finance cost	28	(22,022)	(26,391)	(11,045)	(17,026)
Profit/(loss) before taxation		41,417	(49,409)	29,099	(24,537)
Taxation	29	(1,559)	(765)	(700)	(2,000)
Profit/(loss) after taxation		39,858	(50,174)	28,399	(26,537)
Earnings/(loss) per ordinary share of RM1 each (sen)					
- Basic	30	15.17	(20.39)		
- Diluted	30	13.27	(20.39)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2002

GROUP	← Non-distributable		→ Distributable		Exchange Reserve	Capital Reserve	Accumulated Losses	Total
	Share Capital	Share Premium	Revaluation Reserve	Negative Goodwill				
At 1 January 2001	270,149	51,056	3,616	13,844	(7,855)	17,839	(144,596)	204,053
Issue of new shares	51,640	-	-	-	-	-	-	51,640
Capital reduction	(67,537)	-	-	-	-	-	67,537	-
Currency translation differences	-	-	-	-	(818)	-	-	(818)
Exchange reserve written off	-	-	-	-	8,983	-	-	8,983
Loss for the year	-	-	-	-	-	-	(50,174)	(50,174)
At 31 December 2001	254,252	51,056	3,616	13,844	310	17,839	(127,233)	213,684
At 1 January 2002	254,252	51,056	3,616	13,844	310	17,839	(127,233)	213,684
Conversion of ICULS	29,976	-	-	-	-	-	-	29,976
Disposal of a subsidiary company	-	-	-	(12,001)	-	-	-	(12,001)
Currency translation differences	-	-	-	-	279	-	-	279
Profit for the year	-	-	-	-	-	-	39,858	39,858
At 31 December 2002	284,228	51,056	3,616	1,843	589	17,839	(87,375)	271,796

COMPANY	← Non-distributable		→ Distributable		Exchange Reserve	Capital Reserve	Accumulated Losses	Total
	Share Capital	Share Premium	Revaluation Reserve	Negative Goodwill				
At 1 January 2001	270,149	51,056	2,596			16,741	(154,150)	186,392
Issue of new shares	51,640	-	-			-	-	51,640
Capital reduction	(67,537)	-	-			-	67,537	-
Loss for the year	-	-	-			-	(26,537)	(26,537)
At 31 December 2001	254,252	51,056	2,596			16,741	(113,150)	211,495
At 1 January 2002	254,252	51,056	2,596			16,741	(113,150)	211,495
Conversion of ICULS	29,976	-	-			-	-	29,976
Profit for the year	-	-	-			-	28,399	28,399
At 31 December 2002	284,228	51,056	2,596			16,741	(84,751)	269,870

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash Flows From Operating Activities				
Profit/(loss) before taxation	41,417	(49,409)	29,099	(24,537)
Adjustments:				
Inventories written off	114	-	-	-
Investment deposit written off	620	-	620	-
Write back arising from revision of terms of settlement of Loan Stocks	(529)	-	(529)	-
Bad debts written off	72	329	-	183
Depreciation	6,273	10,820	1,851	4,416
Dividend income from subsidiary companies	-	-	-	(19,276)
Exchange reserve	(33)	8,883	-	-
Property, plant and equipment written off	323	4,639	-	-
Interest expense	22,022	26,391	11,045	17,026
Interest income	-	(155)	(6,654)	(10,393)
Impairment loss of property, plant and equipment	292	-	292	-
Gain on disposal of property, plant and equipment	(420)	(434)	(303)	(226)
Provision for doubtful debts				
- subsidiary companies	-	-	16,233	9,226
- receivables	999	14,134	-	13,703
Provision for diminution in value of investments	90	-	-	12,470
Goodwill written off	-	12,009	-	-
Amortisation of goodwill	126	77	-	-
Gain on disposal of subsidiary companies	(48,116)	(98)	(49,511)	-
	(18,167)	76,595	(26,956)	27,129
Profit Before Working Capital Changes Carried Forward	23,250	27,186	2,143	2,592

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Profit Before Working Capital				
Changes Brought Forward	23,250	27,186	2,143	2,592
Working Capital Changes:				
Property development-in-progress	(982)	(2,517)	-	-
Amount due from customers				
for contract work	(113)	710	-	-
Inventories	6,520	1,480	-	-
Receivables	4,009	18,293	226	2,446
Payables and provisions	(6,585)	(13,809)	190	5,768
Subsidiary companies	-	-	(10,813)	(26,770)
Cash From/(Used In) Operations	26,099	31,343	(8,254)	(15,964)
Taxation paid	(870)	(1,511)	-	(3,135)
Net Cash From/(Used In) Operating Activities	25,229	29,832	(8,254)	(19,099)
Cash Flows From Investing Activities				
Development expenditure	(881)	(413)	-	-
Purchase of property, plant and equipment	(3,816)	(4,815)	(2,924)	(2,031)
Proceeds from disposal of property, plant and equipment	1,264	1,319	462	230
Unquoted investment acquired	-	(38)	-	-
Acquisition of subsidiary companies	(1,160)	(434)	(1,160)	(508)
Dividend income from subsidiary companies	-	-	-	19,276
Disposal of subsidiary companies	2,048	(14)	1,106	-
Interest received	-	155	6,654	10,393
Net Cash (Used In)/From Investing Activities	(2,545)	(4,240)	4,138	27,360
Cash Flows Carried Forward	22,684	25,592	(4,116)	8,261

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash Flows Brought Forward	22,684	25,592	(4,116)	8,261
Cash Flows From Financing Activities				
Drawdown of revolving credits	233	293	-	200
Repayment of hire purchase and lease creditors	(1,056)	(848)	(276)	(158)
Repayment of term loans	(3,925)	(1,588)	(195)	-
Conversion of bank overdraft to term loan	-	1,490	-	-
Bankers' acceptances	650	(1,035)	-	-
Net movement of fixed deposits pledged for banking facilities	(806)	516	-	-
Interest paid	(13,738)	(19,601)	(4,890)	(9,440)
Net Cash Used In Financing Activities	(18,642)	(20,773)	(5,361)	(9,398)
Net Increase/(Decrease) In Cash And Cash Equivalents	4,042	4,819	(9,477)	(1,137)
Cash And Cash Equivalents At Beginning Of Year	(30,649)	(35,468)	(10,349)	(9,212)
Cash And Cash Equivalents At End Of Year	(26,607)	(30,649)	(19,826)	(10,349)
Cash and cash equivalents comprise:				
Cash and bank balances	1,648	2,692	417	806
Bank overdrafts	(28,255)	(33,341)	(20,243)	(11,155)
	(26,607)	(30,649)	(19,826)	(10,349)

	2002 RM'000	2001 RM'000
Analysis of acquisition of subsidiary companies:		
Property, plant and equipment	-	92,532
Development properties	156,500	-
Working capital	-	(18,828)
Deferred liabilities	(21,506)	-
Deferred tax	(28,299)	(120)
Term loan	-	(21,944)
	106,695	51,640
Goodwill	1,954	508
Cost of acquisition	108,649	52,148
Total purchase consideration	107,490	51,640
Consideration discharged by		
- issue of ICULS	(107,490)	-
- issue of shares	-	(51,640)
Expenses directly attributable to the acquisition	(1,160)	(508)
Cash and bank balances of subsidiary companies acquired	-	74
Net cash outflow on acquisition of subsidiary companies	(1,160)	(434)
Analysis of disposal of subsidiary companies:		
Net assets disposed:		
Property, plant and equipment	60,495	10
Working capital	80,455	(108)
Term loan	(90,225)	-
Goodwill	1	-
Negative goodwill	(12,001)	-
	38,725	(98)
Gain on disposal	48,116	98
Other incidental cost	6,442	-
Consideration on disposal	93,283	-
Total sale consideration	93,283	-
Less: Consideration satisfied by assumption of liabilities	(88,759)	-
Other incidental cost	(6,442)	-
Add: Bank overdraft/(cash) of subsidiary companies disposed	3,966	(14)
Net cash inflow/(outflow) on disposal of subsidiary companies	2,048	(14)

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

OTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

1. CORPORATE INFORMATION

The principal activities of the Company are property and investment holding. The principal activities of the subsidiary companies are property and investment holding, property development, building and civil works and operation of a hotel. There have been no significant changes in the nature of the principal activities during the financial year other than that arising from the disposal of a subsidiary company, Falcon Travel and Tours Sdn. Bhd.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at 18th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

The financial statements are expressed in Ringgit Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2003.

2. FUNDAMENTAL ACCOUNTING CONCEPT

Cash generated from the operations of the Group and the Company alone may not be sufficient to meet the short term liabilities of the Group and the Company as and when they fall due. The Directors are in the process of implementing strategic alternatives such as the disposal of assets, refinancing of or obtaining additional banking facilities.

The financial statements of the Group and the Company have been prepared on the going concern basis. The validity of this assumption depends on the successful implementation of the Company's strategic alternatives referred to in the preceding paragraph. The financial statements do not include any adjustments that would result if such strategic alternatives are not concluded successfully within the anticipated time frame.

The Directors are of the opinion that the Group and the Company will be able to conclude such alternatives successfully, and accordingly it is appropriate for the financial statements to be prepared on the going concern basis.

3. 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 in this summary of significant accounting policy notes, and comply with the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies except for the results of PT Budi Tri Sakti for the year ended 31 December 2002 for reasons stated in Note 5 to the financial statements. Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary company at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

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 unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o).

Goodwill is amortised on a straight-line basis over a period of 20 years.

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o).

Certain short leasehold land and buildings are stated at valuation less any identified impairment losses. These properties have not been revalued since they were first revalued in 1988. The Directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provision of IAS 16 (Revised) Property, Plant and Equipment, these assets continue to be stated at their 1988 valuation less accumulated depreciation and impairment losses.

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 23 years to 93 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	1% to 5%
Plant and machinery	10%
Furniture, fittings and equipment	10% to 33%
Motor vehicles	20%

With effect from the current financial year, the Group changed the annual depreciation rate for computers from 10% to 33% so as to better reflect their estimated useful lives. The effect on the financial statements of this change in accounting estimate is not material.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

(e) Investment in Subsidiary Companies

The Company's investments in subsidiary companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statement.

(f) Development Properties

Development properties comprise land banks which are in the process of being prepared for development but not expected to be developed for sale within the next twelve months. The properties are stated at cost unless in the opinion of the Directors there has been a permanent diminution in value, in which case the cost will be written down for the diminution in value.

(g) Property Development-in-Progress

These are stated at cost, and where appropriate, include attributable profit less foreseeable losses and progress billings. Cost includes the cost of land and development expenditure, including borrowing cost relating to the financing of development and an allocation of direct overhead expenses. Attributable profit on incomplete development projects is recognised on the percentage of completion method. Provision is made for all anticipated losses on property development-in-progress.

(h) Amount due from Customers for Contract Work

This is the net amount of cost incurred for construction-in-progress plus attributable profit less progress billings and recognised losses, if any, for all contracts in progress for which cost incurred plus recognised profits (less recognised losses) exceeds progress billings. Contract cost incurred includes materials, direct labour and a proportion of overhead expenses. Attributable profit on contract work-in-progress is recognised on the percentage of completion method, where the outcome of the contract can be reliably estimated. The percentage of completion is determined based on the proportion of contract cost incurred for work performed to date over the estimated total contract cost. Provision is made for all anticipated losses on contract work-in-progress.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes the actual cost of purchase and incidentals in bringing the inventories to their present condition and location.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(j) Provisions 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.

(k) Deferred Taxation

Deferred taxation is provided for on timing differences using the liability method except where it can be demonstrated with reasonable probability that the tax deferrals will continue in the foreseeable future. Where such timing differences give rise to net deferred tax benefits, these benefits are not recognised.

(l) Foreign Currencies

Foreign currency assets and liabilities are reported in Ringgit Malaysia at rates of exchange which approximate those ruling at balance sheet date and transactions during the year are recorded in Ringgit Malaysia at rates ruling at the date of the transactions. Exchange differences are dealt with in the income statements.

Assets and liabilities and trading results of foreign subsidiary companies are translated into Ringgit Malaysia at rates of exchange ruling at balance sheet date. Exchange differences arising from the restatement at year end rates of the opening net investment are dealt with through reserves.

The closing rates of exchange used in translation are as follows:

Foreign currency	31.12.2002	31.12.2001
1 Australian Dollar	RM 2.208	RM 1.956
100 Rupiah	RM 0.036	RM 0.036

(m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

Dividend income is recognised when the right to receive payment is established. Rental income represents the invoiced value derived from the letting of properties and car park. Revenue from property development and other long term contracts is recognised on the percentage of completion method by reference to the percentage of actual construction work completed. Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods and services have been passed to the buyer. Revenue from hotel operation is recognised upon billings. Commission from sale of airline tickets is recognised on issue of airline tickets. Revenue from tour arrangements are recognised on departure of tours.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, deposits on demand (excluding deposits pledged for banking facilities granted to the Group and the Company) and other short term investments which are readily convertible to cash and subject to insignificant risk of changes in value, less bank overdrafts.

(o) Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amounts of its assets, to determine whether there is any indication of impairment. If any such indication exists, the carrying value of such assets are written down immediately to the respective recoverable amounts.

An impairment loss is charged to the income statement immediately except for revalued assets where the impairment loss is charged against the revaluation reserve to the extent of the surplus credited from the previous revaluation of the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, except for reversal of an impairment loss on a revalued asset where reversal is recognised as income in the income statement to the extent of the impairment loss previously recognised as an expense in the income statement, with the excess credited to the revaluation reserve.

(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) Other Non-Current Investments

Non-current investments other than investments in subsidiaries are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(ii) Receivables

Trade and other receivables are carried at anticipated realisable value. Known bad debts are written off and specific provisions are made for debts that are considered to be doubtful with regards to collection. In addition, general provisions are made to cover possible debts which are not specifically 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.

(iv) Interest-Bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment 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) **5 year 2% Irredeemable Convertible Unsecured Loan Stocks (“ICULS”)**

The Company has applied the transitional provisions of MASB 24 on “Financial Instruments Disclosure and Presentation” which became operative for financial statements covering periods beginning on or after 1 January 2002.

Under the transitional provisions of MASB 24, the component part classification of the ICULS as required under MASB 24 need not be complied with for financial instruments that are issued before 1 January 2003. For the purpose of preparation of the financial statement, the ICULS are classified as liability.

(vi) **Equity Instruments**

Ordinary shares are classified as equity.

(q) **Leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company’s incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 3(d).

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Net Book Value								
At 1 January 2002	92,799	141,255	186,697	7,515	2,829	14,934	2,289	448,318
Additions	-	-	-	-	1,070	3,346	15	4,431
Disposals/write-offs	-	-	-	-	(688)	(479)	-	(1,167)
Disposal of subsidiary companies	-	(59,431)	-	-	(32)	(1,032)	-	(60,495)
Exchange differences	-	312	-	-	-	-	-	312
Impairment losses	-	-	-	-	-	-	(292)	(292)
Depreciation charge	-	(967)	(2,384)	(432)	(806)	(1,684)	-	(6,273)
At 31 December 2002	92,799	81,169	184,313	7,083	2,373	15,085	2,012	384,834
Depreciation charge for 2001	-	2,130	2,381	441	1,307	4,561	-	10,820
At 31 December 2002								
Cost or valuation	92,799	88,683	197,980	10,693	5,393	24,761	2,304	422,613
Accumulated depreciation	-	(7,514)	(13,667)	(3,610)	(3,020)	(9,676)	-	(37,487)
Accumulated impairment losses	-	-	-	-	-	-	(292)	(292)
Net book value	92,799	81,169	184,313	7,083	2,373	15,085	2,012	384,834
At 31 December 2001								
Cost or valuation	92,799	161,276	197,980	10,693	6,819	25,147	2,289	497,003
Accumulated depreciation	-	(20,021)	(11,283)	(3,178)	(3,990)	(10,213)	-	(48,685)
Net book value	92,799	141,255	186,697	7,515	2,829	14,934	2,289	448,318

COMPANY	Freehold land RM'000	Short leasehold Building RM'000	land and building RM'000	Plant and machinery and motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Net Book Value							
At 1 January 2002	14,623	49,158	1,082	748	9,768	1,854	77,233
Additions	-	-	-	913	2,626	-	3,539
Disposals	-	-	-	(79)	(80)	-	(159)
Depreciation charge	-	(556)	(82)	(377)	(836)	-	(1,851)
Impairment losses	-	-	-	-	-	(292)	(292)
At 31 December 2002	14,623	48,602	1,000	1,205	11,478	1,562	78,470
Depreciation charge for 2001	-	556	82	327	3,451	-	4,416
At 31 December 2002							
Cost or valuation	14,623	55,545	2,240	2,546	17,798	1,854	94,606
Accumulated depreciation	-	(6,943)	(1,240)	(1,341)	(6,320)	-	(15,844)
Accumulated impairment losses	-	-	-	-	-	(292)	(292)
Net book value	14,623	48,602	1,000	1,205	11,478	1,562	78,470
At 31 December 2001							
Cost or valuation	14,623	55,545	2,240	2,448	15,254	1,854	91,964
Accumulated depreciation	-	(6,387)	(1,158)	(1,700)	(5,486)	-	(14,731)
Net book value	14,623	49,158	1,082	748	9,768	1,854	77,233

The property, plant and equipment of the Group and of the Company are stated at cost except for certain short leasehold land and buildings which were revalued in 1988 at RM3,230,000 and RM2,240,000 respectively by the Directors based on valuations carried out by independent valuers on an open market basis. As allowed by the transitional provisions of International Accounting Standard No.16 (Revised), Property, Plant and Equipment, these assets have continued to be stated on the basis of their 1988 valuations.

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Net book value of revalued short leasehold land and buildings had these assets been carried at cost less depreciation	261	273	115	121

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM4,431,000 (2001: RM5,453,000) and RM3,539,000 (2001: RM2,268,000) respectively of which RM615,000 (2001: RM586,000) and RM615,000 (2001: RM237,000) respectively were acquired under hire purchase contracts.

Included in plant and machinery and motor vehicles of the Group and of the Company are property, plant and equipment under hire purchase and finance leases with a total net book value of RM1,420,000 (2001: RM1,316,000) and RM1,150,000 (2001: RM734,000) respectively.

As at 31 December 2002, net book value of leasehold land and buildings of the Group and the Company of RM1,505,000 and RM1,000,000 respectively are charged to financial institutions for facilities granted to a former subsidiary company.

The balance of land and buildings of the Group and the Company are charged to financial institutions for facilities granted to the Company and its subsidiary companies and as collateral to secure the payment of the principal and interest on the Company's Redeemable Secured Loan Stocks.

As at 31 December 2002, the title deeds for freehold land of the Group with net book value of RM3,610,000 are in the process of being transferred to the Group from a former subsidiary company.

5. SUBSIDIARY COMPANIES

	COMPANY	
	2002 RM'000	2001 RM'000
Unquoted shares		
- at cost	228,010	156,514
- at valuation	870	870
	228,880	157,384
Provision for diminution in value	(36,537)	(36,537)
	192,343	120,847
Amount owing by subsidiary companies	364,464	330,967
Amount owing to subsidiary companies	(5,155)	(89,704)
	551,652	362,110
Provision for doubtful debts	(90,858)	(75,319)
	460,794	286,791

The amounts owing by subsidiary companies are in respect of advances to and payments made on behalf of the subsidiary companies. The amounts owing to subsidiary companies are interest free, unsecured and have no fixed terms of repayment.

Details of the subsidiary companies of Lien Hoe Corporation Berhad are:

Name of Company	Country of Incorporation	Principal Activities	Effective Interest	
			2002 %	2001 %
Advantage Equity Sdn. Bhd.	Malaysia	Inactive	100	100
Atria Properties Sdn. Bhd.	Malaysia	Property investment	100	100
Beta Management Services Sdn. Bhd.	Malaysia	Property investment	100	100
Bondmark Construction Services Sdn. Bhd.	Malaysia	Inactive	100	100
Billiontex Industries Sdn. Bhd.	Malaysia	Property development	100	-
Broadland Food Industries Sdn. Bhd.	Malaysia	Management of food court	100	100
Dominion Bay Sdn. Bhd.	Malaysia	Inactive	100	100
Falcon Travel and Tours Sdn. Bhd.	Malaysia	Travel and tours	-	75
Hasil Andalas Sdn. Bhd.	Malaysia	Car park operator	100	100
Holiday Bowl Sdn. Bhd.	Malaysia	Property investment	-	100
Holiday Plaza Complex Management Sdn. Bhd.	Malaysia	Inactive	100	100
Holiday Plaza Sdn. Bhd.	Malaysia	Property investment	-	100
Hotel Armada (PJ) Sdn. Bhd.	Malaysia	Property investment and operation of hotel	100	100
Hotel Armada Group Sdn. Bhd.	Malaysia	Investment holding	100	100
Irama Serangkai Sdn. Bhd.	Malaysia	Inactive	100	100
Leboh Ampang Plaza Sdn. Bhd.	Malaysia	Investment holding	100	100
LH Bintang Development Sdn. Bhd.	Malaysia	Land and housing development	100	100
LH Indah Apartments Sdn. Bhd.	Malaysia	Property investment	100	100
LH Indah Apartments (First) Sdn. Bhd.	Malaysia	Property investment	100	100

Name of Company	Country of Incorporation	Principal Activities	Interest	
			2002 %	2001 %
LH Indah Apartments (Second) Sdn. Bhd.	Malaysia	Property investment	100	100
LH Properties (Aust.) Pty. Ltd.*	Australia	Property investment	100	100
Lien Hoe Property Management Sdn. Bhd.	Malaysia	Inactive	100	100
Lien Hoe Resorts Sdn. Bhd.	Malaysia	Property development	100	100
Lien Hoe Square Sdn. Bhd.	Malaysia	Property development	100	100
Lien Hoe Tower Sdn. Bhd.	Malaysia	Property investment	100	100
Macro Innovation Sdn. Bhd.	Malaysia	Building and civil works	75	75
Macro Resources Sdn. Bhd.	Malaysia	Building and civil works	75	75
Menara Lien Hoe Sdn. Bhd.	Malaysia	Inactive	100	100
North Sumatera Timber Sdn. Bhd.	Malaysia	Inactive	100	100
Pembinaan Macro Resources Sdn. Bhd.	Malaysia	Inactive	75	75
PT Budi Tri Sakti**	Indonesia	Inactive	70	70
Roset (M) Sdn. Bhd.	Malaysia	Inactive	94	94
Roset Manufacturing Sdn. Bhd.	Malaysia	Inactive	94	94
Russella Teguh Sdn. Bhd.	Malaysia	Property development	100	-
Taman Templer Sdn. Bhd.	Malaysia	Inactive	100	100

* Not audited by Ernst & Young

** No financial statements available

No financial statements have been prepared for PT Budi Tri Sakti ("PTBTS") for the financial year 2002 due to civil unrest in Indonesia. PTBTS suspended operations in 2001. The Directors are of the opinion that non consolidation of PTBTS's current year's results do not have any significant impact on the financial statements of the Group for the year ended 31 December 2002.

6. OTHER INVESTMENTS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At Cost				
Unquoted shares in Malaysia	128	1,855	-	100
Provision for diminution in value	(90)	(1,727)	-	(100)
	38	128	-	-

7. DEVELOPMENT PROPERTIES

	GROUP	
	2002 RM'000	2001 RM'000
Freehold land	30,228	30,228
Leasehold land	156,500	-
Development expenditure	4,457	3,576
	191,185	33,804

Development properties comprise land banks which are in the process of being prepared for development but not expected to be developed for sale within the next twelve months.

The freehold land are stated at cost net of write down amounting to RM12,019,000 (2001: RM12,019,000). Leasehold land are stated at cost.

All freehold land are charged to financial institutions to secure loan facilities granted to the Group and the Company.

8. LONG TERM RECEIVABLES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Unsecured				
Advances to third party	10,655	10,655	-	-
Repayable within 12 months	(3,500)	(10,655)	-	-
	7,155	-	-	-
Receivable from vendors of a subsidiary company	8,421	-	8,421	-
	15,576	-	8,421	-

An unsecured interest free advance of RM10,655,000 (2001: RM10,655,000) was given to a third party by a subsidiary company, prior to the acquisition of this subsidiary company by the Group. During the year, the terms of repayment were rescheduled and the third party has undertaken to repay RM3,500,000 by 31 December 2003, and the balance in two annual instalments of RM3,577,500 in 2004 and 2005.

Receivable from vendors of a subsidiary company represents advances, payment on behalf and deposit paid in connection with the acquisition of a subsidiary company, Billiontex Industries Sdn. Bhd. The acquisition was subsequently satisfied by the issuance of ICULS by the Company. As at 31 December 2002, the ICULS with nominal value of RM7,150,000 was deposited by the vendors with a stakeholder as a collateral for the receivable.

The Directors have given due consideration to all pertinent information relating to the ability of the above debtors to settle the amounts owing and have assessed the amounts to be fully recoverable.

9. GOODWILL ON CONSOLIDATION

	GROUP	
	2002 RM'000	2001 RM'000
At 1 January	1,476	13,054
Acquisition of subsidiary companies	1,954	508
Disposal of a subsidiary company	(1)	-
Amount amortised	(126)	(77)
Amount written off	-	(12,009)
At 31 December	3,303	1,476

10. PROPERTY DEVELOPMENT-IN-PROGRESS

	GROUP	
	2002 RM'000	2001 RM'000
Land held for development	1,070	1,070
Development expenditure	5,205	4,223
	6,275	5,293

Development expenditure includes borrowing cost capitalised during the year of RM510,000 (2001: RM511,000).

11. AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK

	GROUP	
	2002 RM'000	2001 RM'000
Construction costs incurred	28,017	10,817
Attributable profit	1,390	481
	<hr/>	<hr/>
Progress billings	29,407 (29,294)	11,298 (11,298)
	<hr/>	<hr/>
	113	-

12. INVENTORIES

	GROUP	
	2002 RM'000	2001 RM'000
At Cost		
Finished goods	574	574
Land, completed apartments and office lots	140	3,049
Consumables	299	396
At Net Realisable Value		
Land, completed apartments and office lots	24,563	28,191
	<hr/>	<hr/>
	25,576	32,210

The title deeds for land and office lots with book value of RM2,958,000 (2001: RM7,211,000) are in the process of being transferred to the Group.

Completed apartments stated at net realisable value of RM21,605,000 (2001: RM23,665,000) are charged to financial institutions to secure banking facilities granted to the Group.

13. RECEIVABLES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade receivables	20,103	30,356	466	627
Provision for doubtful debts	(5,528)	(7,605)	-	-
	14,575	22,751	466	627
Other receivables	41,407	40,174	32,580	25,871
Provision for doubtful debts	(14,274)	(14,787)	(13,500)	(14,487)
	27,133	25,387	19,080	11,384
Deposits for investments and related advances	300	36,270	300	36,270
Provision for doubtful debts	(300)	(300)	(300)	(300)
	-	35,970	-	35,970
	41,708	84,108	19,546	47,981

Included in other receivables are the following:

- (i) the current portion of the unsecured advance of RM3,500,000 referred to in Note 8; and
- (ii) unsecured advances, payment on behalf and deposit paid in connection with the acquisition of a subsidiary company, Russella Teguh Sdn. Bhd. amounting to RM8,466,000. The acquisition was subsequently satisfied by the issuance of ICULS by the Company. As at 31 December 2002, the ICULS with nominal value of RM7,150,000 was deposited by the vendors with a stakeholder as a collateral for the receivable.

The Directors have given due consideration to all pertinent information relating to the ability of the above debtors to settle the amounts owing and have assessed that the amounts to be fully recoverable.

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged to financial institutions for banking facilities granted to the Group.

15. CASH AND BANK BALANCES

Included in cash and bank balances of the Group is an amount of RMnil (2001: RM714) held under Housing Development Account, maintained in accordance with the provisions of the Housing Developers Regulations 1991.

16. PAYABLES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade payables	22,663	31,254	4,097	3,949
Other payables:				
- accruals	26,982	22,721	23,919	11,756
- others	17,357	17,684	13,882	10,648
	44,339	40,405	37,801	22,404
Hire purchase and lease creditors (Note 31)	380	790	280	166
	67,382	72,449	42,178	26,519

17. BANK BORROWINGS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Secured:				
- revolving credits	32,007	31,774	25,900	25,900
- bankers' acceptances	4,481	3,831	-	-
	36,488	35,605	25,900	25,900

The borrowings bear interest at rates ranging from 5.3% to 7.3% (2001: 5.3% to 7.3%) per annum and are secured on the freehold and leasehold properties of the Company and its subsidiary companies and other fixed and floating assets of its subsidiary companies.

18. TERM LOANS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Secured on freehold and leasehold properties of the Company, its subsidiary companies and a third party				
- term loans	124,022	127,573	96,384	96,579
- revolving credit	-	80,000	-	-
	124,022	207,573	96,384	96,579
Less: Portion repayable after 12 months included in long term liabilities (Note 23)	(76,817)	(167,059)	(63,605)	(68,579)
	47,205	40,514	32,779	28,000
Maturity of the term loans:				
Within one year				
- term loans	47,205	40,514	32,779	28,000
More than 1 year and less than 5 years				
- term loans	73,364	79,819	60,152	61,339
- revolving credit	-	80,000	-	-
5 years or more				
- term loans	3,453	7,240	3,453	7,240
	124,022	207,573	96,384	96,579

The term loans bear interest at rates ranging from 7.4% to 10.4% (2001: 6.5% to 10.2%) per annum and are repayable by either monthly, quarterly or semi-annual instalments for periods ranging from 1 to 6 years.

19. REDEEMABLE SECURED LOAN STOCKS

On 18 August 1993, the Company issued RM85,742,921 nominal amount of 6% Redeemable Secured Loan Stocks 1993/1998 ("Loan Stocks"). The Loan Stocks constituted by a Trust Deed dated 19 June 1993 and amended by the Amendment Trust Deed dated 14 June 1997 and the Supplemental Trust Deed dated 29 October 1998 was redeemable in cash at nominal value upon maturity on 17 August 2000 at an interest rate of 15%.

The Company was unable to meet interest payments of RM12,711,000 on the Loan Stocks for the period 1 January 2000 to 31 December 2002 and to redeem the balance of the Loan Stocks, amounting to RM43,817,826 upon maturity on 17 August 2000.

As a result of the default, the trustee for the holders of the Loan Stocks served the Company with a writ of summons and applied for foreclosure of the Company's freehold land and building, Kompleks Lien Hoe which was charged as collateral for the Loan Stocks.

Subsequent to year end, the Company secured a RM64,000,000 short term loan facility which carries an option for conversion to an 11-year term loan facility, from a financial institution to finance the redemption of the outstanding Loan Stocks. On 30 January 2003, the Loan Stocks together with the outstanding interest was fully redeemed and settled. Accordingly, the suits against the Company were withdrawn.

20. BANK OVERDRAFTS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Unsecured	-	928	-	-
Secured	28,255	32,413	20,243	11,155
	28,255	33,341	20,243	11,155

The bank overdrafts bear interest at rates ranging from 8.4% to 8.9% (2001: 8.4% to 9.3%) per annum. Secured bank overdrafts are secured on the freehold and leasehold properties of the Company and its subsidiary companies and other fixed and floating assets and liabilities of its subsidiary companies.

21. SHARE CAPITAL

	Number of shares		GROUP/COMPANY	
	GROUP/COMPANY 2002 '000	2001 '000	GROUP/COMPANY 2002 RM'000	2001 RM'000
Authorised:				
Ordinary shares of RM1 each	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 January	254,252	270,149	254,252	270,149
Issue of new shares				
- acquisition of a subsidiary company	-	51,640	-	51,640
- conversion of ICULS (Note 24)	29,976	-	29,976	-
Capital reduction	-	(67,537)	-	(67,537)
At 31 December	284,228	254,252	284,228	254,252

During the year, the Company's issued and paid-up share capital was increased to RM284,228,423 comprising 284,228,423 ordinary shares of RM1 each arising from the conversion of RM29,976,266 nominal value of ICULS into 29,976,266 new ordinary shares of RM1 each.

The new ordinary shares rank pari passu in all respects with existing ordinary shares except that they will not be entitled to any dividends, rights and other distributions declared in respect of a financial period prior to the financial period in which the ICULS are converted.

As at 31 December 2002, options to subscribe for 9,879,000 new ordinary shares of RM1 each pursuant to the Company's Employees' Share Option Scheme remained unexercised. Such options are capable of being exercised during the option period expiring on 5 August 2003.

22. RESERVES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Non-distributable reserves:				
Negative goodwill	1,843	13,844	-	-
Revaluation reserve	3,616	3,616	2,596	2,596
Share premium	51,056	51,056	51,056	51,056
Exchange reserve	589	310	-	-
	57,104	68,826	53,652	53,652
Distributable reserves:				
Capital reserve	17,839	17,839	16,741	16,741
	74,943	86,665	70,393	70,393

23. DEFERRED LIABILITIES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Term loans - secured (Note 18)	76,817	167,059	63,605	68,579
Deferred taxation	28,440	151	-	-
Hire purchase and lease creditors (Note 31)	807	863	697	472
	106,064	168,073	64,302	69,051
Movements in deferred taxation account were as follows:				
At 1 January	151	597	-	542
Transfer to income statement	-	(566)	-	(542)
Acquisition of subsidiary companies	28,299	120	-	-
Disposal of a subsidiary company	(10)	-	-	-
At 31 December	28,440	151	-	-

The Group has not accounted for the tax effects of the following timing differences in the subsidiary companies which would result in a debit to the deferred tax balance:

	GROUP	
	2002	2001
	RM'000	RM'000
Unabsorbed capital allowances	528	891
Unabsorbed tax losses	28,182	37,432
Other timing differences	(872)	(846)
	27,838	37,477

Deferred tax liabilities amounting to RM113,000 (2001: RM113,000) which relate to the surplus on revaluation of certain leasehold land and buildings have not been accounted for as it is the intention of the Group to retain the properties for its own use on a long term basis.

24. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

	GROUP/COMPANY	
	2002	2001
	RM'000	RM'000
Issued during the year	107,490	-
Converted to new ordinary shares of the Company (Note 21)	(29,976)	-
At 31 December	77,514	-

On 13 July 2002, the Company issued RM107,490,084 5-year 2% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at 100% of its nominal value towards full settlement of the consideration for the acquisition of 100% equity interest in Billiontex Industries Sdn. Bhd. and Russella Teguh Sdn. Bhd.

The terms of the ICULS are as follows:

- (a) maturity date - 5 years ending from and including the date of issue of the ICULS;
- (b) conversion rate - on the basis of RM1 nominal value of ICULS for 1 new fully paid ordinary share of RM1 each in the Company;
- (c) conversion rights - the ICULS shall be convertible into new ordinary shares in the Company at any time throughout the tenure of the ICULS during which they are outstanding;
- (d) the ICULS remain outstanding on the maturity date will be mandatorily converted by the Company into new ordinary shares in the Company;

- (e) the ICULS bear interest at the rate of 2% per annum, payable annually in arrears from the date of issue during the 5-year period that they remain outstanding, except that the last coupon payment shall be made on the maturity date of the ICULS; and
- (f) upon conversion of the ICULS into new ordinary shares, such shares shall rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights and other distribution declared in respect of a financial period prior to the financial period in which the ICULS are converted.

25. REVENUE

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue consists of:				
Dividend income	-	-	-	19,276
Rental income				
-subsidiary companies	-	-	372	373
-others	36,023	45,733	12,463	12,962
Contract revenue from construction contracts	32,373	43,929	-	-
Proceeds from tour operations and sale of airline tickets	9,955	14,301	-	-
Proceeds from operation of a hotel	16,560	15,128	-	-
Others	309	3,573	-	-
	95,220	122,664	12,835	32,611

26. COST OF SALES

	GROUP	
	2002 RM'000	2001 RM'000
Cost of sales consists of:-		
Cost of inventories and others	12,041	19,017
Contract cost from construction contracts	29,947	37,244
	41,988	56,261

27. OPERATING PROFIT/(LOSS)

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(a) Operating profit/(loss) has been arrived at after charging/(crediting):				
Auditors' remuneration	197	222	50	50
Amortisation of goodwill	126	77	-	-
Bad debts written off	72	329	-	183
Depreciation	6,273	10,820	1,851	4,416
Directors' emoluments				
- Executive Directors of the Company	865	750	727	474
- Non-Executive Directors of the Company	44	180	44	180
Directors' benefit in kind				
- Executive Directors of the Company	41	-	41	-
Property, plant and equipment written off	323	4,639	-	-
Realised foreign exchange loss	-	4	-	-
Gain on disposal of property, plant and equipment	(420)	(434)	(303)	(226)
Interest income				
- subsidiary companies	-	-	(6,654)	(10,380)
- others	-	(155)	-	(13)
Inventories written off	114	-	-	-
Impairment loss of property, plant and equipment	292	-	292	-
Provision for doubtful debts				
- subsidiary companies	-	-	16,233	9,226
- trade receivables	835	180	-	-
- other receivables	474	13,781	-	13,481
- deposits for investments and related advances	-	300	-	300
Gain on disposal of subsidiary companies	(48,116)	(98)	(49,511)	-
Exchange reserve written off	-	8,983	-	-
Goodwill written off	-	12,009	-	-
Provision for diminution in value of investments				
- subsidiary companies	-	-	-	12,470
- others	90	-	-	-
Write back of provision for doubtful debts	(310)	(127)	-	(78)
Rental of buildings				
- subsidiary companies	-	-	757	851
- others	49	54	-	-
Rental of equipment	74	44	21	11
Write back arising from revision of terms of settlement of Loan Stocks	(529)	-	(529)	-
Investment deposit written off	620	-	620	-

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(b) Employee information				
Staff costs	11,804	13,931	3,317	3,178
Number of employees as at 31 December (inclusive of Executive Directors)	439	962	128	104

(c) Directors' remuneration

The number of Directors of the Company whose total remuneration for the year ended 31 December 2002 that fell within the following bands is analysed as follows:

	Executive Directors	Non-executive Directors
Range of remuneration:		
Below RM50,000	-	2
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	1	-

28. FINANCE COST

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Hire purchase and lease interest	99	320	61	45
Revolving credits, bank overdrafts, bankers' acceptances and trust receipts	6,817	14,101	2,530	11,517
Loan Stocks and ICULS	4,290	2,691	4,290	2,691
Term loans	10,816	9,279	4,164	2,773
	22,022	26,391	11,045	17,026

29. TAXATION

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Taxation based on results for the year				
- current	(1,559)	(1,528)	(700)	(2,542)
- deferred	-	24	-	-
	(1,559)	(1,504)	(700)	(2,542)
Over provision in prior years				
- current tax	-	197	-	-
- deferred	-	542	-	542
	(1,559)	(765)	(700)	(2,000)

The low effective tax rate for the Group and Company was mainly due to certain income which are not subject to tax.

30. EARNINGS/(LOSS) PER ORDINARY SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2002	2001
Net profit/(loss) for the year (RM'000)	39,858	(50,174)
Weighted average number of ordinary shares in issue ('000)	262,768	246,025
Basic earnings/(loss) per share (sen)	15.17	(20.39)

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effect of dilutive potential ordinary shares from conversion of the ICULS. The amount of net profit for the year is adjusted by the after-tax effect of interest expense recognised during the financial year which would have been saved on conversion of the ICULS into ordinary shares. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the ICULS. The ICULS are deemed to have been converted into ordinary shares at the date of the issue of the ICULS (i.e.13 July 2002). The number of shares under ESOS were not taken into account in the computation of diluted earnings per share because the effect on the basic earnings per share is anti-dilutive.

	GROUP 2002 RM'000
Net profit for the year	39,858
Adjustment for after-tax effect of interest on ICULS	607
Adjusted net profit for the year	<u>40,465</u>
	Number of shares '000
Weighted average number of ordinary shares in issue	262,768
Adjustment for assumed conversion of ICULS	42,268
Adjusted weighted average number of ordinary shares in issue and issuable	<u>305,036</u>
Diluted earnings per share (sen)	<u>13.27</u>

Comparative diluted earnings per share has not been presented as the assumed conversion arising from the exercise of options under the ESOS into ordinary shares during the previous financial year are anti dilutive. Accordingly, the basic and fully diluted loss per share are the same.

31. HIRE PURCHASE AND LEASE CREDITORS

	GROUP			COMPANY		
	Principal RM'000	Interest RM'000	Total RM'000	Principal RM'000	Interest RM'000	Total RM'000
At 31 December 2002						
Less than one year						
- Hire purchase	380	93	473	280	67	347
Between one to five years						
- Hire purchase	807	203	1,010	697	160	857
TOTAL	1,187	296	1,483	977	227	1,204
At 31 December 2001						
Less than one year						
- Hire purchase	336	84	420	166	47	213
- Lease creditors	454	124	578	-	-	-
	790	208	998	166	47	213
Between one to five years						
- Hire purchase	852	229	1,081	472	130	602
More than five year						
- Hire purchase	11	4	15	-	-	-
	863	233	1,096	472	130	602
TOTAL	1,653	441	2,094	638	177	815

32. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Secured:				
Banking facilities granted to third party	1,505	-	1,000	-
Unsecured:				
Corporate guarantees issued in respect of banking/credit facilities granted to subsidiary companies	-	-	28,979	44,437
Corporate guarantees issued in respect of banking facilities granted to third parties	96,963	4,000	96,963	4,000
Claims by third parties for the supply of goods and other charges	606	787	-	-
	<u>99,074</u>	<u>4,787</u>	<u>126,942</u>	<u>48,437</u>

Banking facilities granted to a third party is secured by fixed charges over the leasehold land and buildings of the Company and a subsidiary company.

Included in corporate guarantees issued in respect of banking facilities granted to third parties is a guarantee for an amount of RM92,963,000 which relates to a former subsidiary company, Holiday Plaza Sdn. Bhd. ("HPSB"). Pursuant to the Sale and Purchase agreement for the sale of HPSB, the purchaser is to discharge the Company's guarantee by 5 December 2003, failing which the Company will have an option to repurchase HPSB at RM1 within 30 days therefrom.

The Company has agreed to provide continued financial support to certain subsidiary companies for a period of twelve months from 1 January 2003 to enable them to meet their obligations as and when they fall due during this period.

33. COMMITMENTS

	GROUP		COMPANY	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
The commitment under non-cancellable operating leases on property, plant and equipment is as follows:				
Amount payable within one year	21	39	21	21
Amount payable between one to five years	11	60	11	32
	<u>32</u>	<u>99</u>	<u>32</u>	<u>53</u>
Capital commitments not provided for in the financial statements:				
Authorised and not contracted for	26,371	26,371	-	-
Authorised and contracted for	2,562	77,174	-	74,440
	<u>28,933</u>	<u>103,545</u>	<u>-</u>	<u>74,440</u>

34. ACQUISITION OF SUBSIDIARY COMPANIES

On 13 July 2002, the Company completed the acquisition of two subsidiary companies, Billiontex Industries Sdn. Bhd. and Russella Teguh Sdn. Bhd. The effects of the acquisitions on the financial results during the year and financial position at year end of the Group are as follows:

(a) Financial Results

	2002 RM'000
Revenue	-
Finance and administration expenses	(61)
Decrease in Group's net profit	<u>(61)</u>

(b) Financial Position

	2002 RM'000
Development Properties	156,970
Current liabilities	(1,086)
Deferred liabilities	(20,951)
Deferred taxation	(28,299)
	<hr/>
Increase in Group's net assets	<u>106,634</u>

35. DISPOSAL OF SUBSIDIARY COMPANIES

During the year, the Company completed the disposal of two subsidiary companies, Holiday Plaza Sdn. Bhd. and Falcon Travel and Tours Sdn. Bhd. The effects of the disposals on the financial results of the Group for the current year up to the date of disposal are as follows:

	2002 RM'000
Revenue	13,749
Operating expenses	(13,912)
	<hr/>
Finance cost	(163)
	(2,121)
	<hr/>
Loss before taxation	(2,284)
Taxation	(508)
	<hr/>
Loss after taxation	<u>(2,792)</u>

The effect of the disposals on the financial position of the Group is disclosed in the Group Cash Flow Statement.

36. RELATED PARTY TRANSACTIONS

	2002		2001	
	Amount transacted RM'000	Out- standing amount RM'000	Amount transacted RM'000	Out- standing amount RM'000
Group				
Management and incentive fees paid to Residence Hotels & Resorts Sdn. Bhd., a company in which a former Director has a financial interest	-	-	475	98

The Directors are of the opinion that the above transactions are in the normal course of business and at terms mutually agreed between the parties.

37. LITIGATION

- (a) The Company had on 20 March 1989, taken legal action against various parties to recover RM53,000,000 excluding interest and expenses of RM35,000,000 arising from certain transactions entered into by the Company and its subsidiaries. These transactions were:
- The aborted acquisition of 10,125,000 shares in Oriental Bank Berhad for a cash consideration of RM45,675,000 in 1983 and the full payment to the vendors notwithstanding that the conditions in the Sale and Purchase Agreement have not been fulfilled.
 - The acquisition of the entire share capital of Taman Templer Sdn. Bhd. and a piece of land situated in Likas Bay, Kota Kinabalu from Sapan Development Sdn. Bhd. in 1985 for a total consideration of RM16,000,000 and RM22,750,000 respectively by a Deed of Mutual Arrangement with the vendors of the Oriental Bank Berhad shares and the assumption of a loan due by a third party to a financial institution of RM6,000,000 and interest thereon. This loan was secured on the development land belonging to a subsidiary company, Taman Templer Sdn. Bhd.

The above case is pending trial.

- The Company had instituted a claim against a third party for an amount of RM6,925,000 being the balance due pursuant to a Settlement Agreement dated 6 January 1999 entered into between the parties. The Company has agreed to participate in a proposed scheme of arrangement of the third party which is currently pending implementation.
- On 27 December 2001, the Company was served a writ of summons by the trustee for the holders of the Loan Stocks as a result of default on the repayment of the Loan Stocks and payment of interest due.

The trustee has also applied for a court order to foreclose the Company's freehold land and building, Kompleks Lien Hoe which was charged as collateral for the Loan Stocks.

On 30 January 2003, the Loan Stocks together with the outstanding interest was fully redeemed and settled for a sum of RM50,400,000. Accordingly, the suits against the Company were withdrawn.

- (d) On 19 November 2002, the Company was served with a writ of summons by two third parties claiming the refund of the sum of RM5,000,000 which was paid in relation to the sale and purchase agreement entered into between them and the Company on 3 March 1997. The said sale and purchase agreement had since lapsed due to non-fulfillment of the terms therein by the third parties.

The Board of Directors of the Company is of the opinion that there is no valid basis for this claim and has filed a defence and counterclaim against these parties.

38. SIGNIFICANT EVENTS DURING THE YEAR

- (a) Disposal of Holiday Plaza Sdn. Bhd. ("HPSB")

On 6 June 2002, the Company completed the disposal of its entire equity interest in HPSB for a consideration of RM93,133,059, satisfied by cash of RM4,374,119 and the assumption of the liabilities of RM88,758,940.

The above disposal has resulted in a gain to the Group and the Company of RM48,211,000 and RM49,511,000 respectively.

- (b) Acquisition of Billiontex Industries Sdn. Bhd. ("BISB") and Russella Teguh Sdn. Bhd. ("RTSB")

On 13 July 2002, the Company completed the following acquisitions:

- (i) Acquisition of 100% equity interest in BISB for a purchase consideration of RM53,607,381 satisfied by the issuance of RM53,607,381 ICULS at 100% of its nominal value.
- (ii) Acquisition of 100% equity interest in RTSB for a purchase consideration of RM53,882,703 satisfied by the issuance of RM53,882,703 ICULS at 100% of its nominal value.

- (c) Disposal of Falcon Travel and Tours Sdn. Bhd. ("FTTSB")

On 12 December 2002, the Company's wholly owned subsidiary, Hotel Armada Group Sdn. Bhd., entered into a sale and purchase agreement for the disposal of its entire equity interest in FTTSB for a cash consideration of RM150,000. The disposal has resulted in a loss to the Group of RM95,000.

39. SIGNIFICANT EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 30 January 2003, the Loan Stocks together with outstanding interest was fully redeemed and settled for a negotiated sum of RM50,400,000 using term loan facility obtained from a financial institution.

40. SEGMENTAL REPORTING

(a) Business Segments

2002	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operation RM'000	Tour operations RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE								
Revenue	37,771	32	32,373	16,560	9,955	497	(1,968)	95,220
Less: Inter-segment revenue	(1,748)	-	-	-	-	(220)	1,968	-
External revenue	36,023	32	32,373	16,560	9,955	277	-	95,220
RESULT								
Segment result	13,793	(657)	(140)	4,845	(261)	(289)	(1,968)	15,323
Gain/(loss) on disposal of subsidiary companies	48,211	-	-	-	(95)	-	-	48,116
Finance cost								(22,022)
Interest income								-
Profit before taxation								41,417
Taxation								(1,559)
Profit after taxation								39,858
OTHER INFORMATION								
Segment assets	359,816	213,756	19,884	74,248	-	3,632		671,336
Tax recoverable	2,427	70	-	-	-	120		2,617
Consolidated total assets	362,243	213,826	19,884	74,248	-	3,752		673,953
Segment liabilities	49,273	1,976	12,786	1,985	-	982		67,002
Current and deferred taxation	1,994	28,299	22	-	-	85		30,400
Borrowings	143,643	97,387	7,843	50,296	-	5,586		304,755
Consolidated total liabilities	194,910	127,662	20,651	52,281	-	6,653		402,157
Capital expenditure	3,760	173	182	316	-	-		4,431
Depreciation of property, plant and equipment	4,138	302	307	1,454	40	32		6,273
Amortisation of goodwill	55	51	-	-	-	20		126
Significant non-cash expenses other than depreciation and amortisation								
- Impairment loss of property, plant and equipment	292	-	-	-	-	-		292
- Investment deposit written off	620	-	-	-	-	-		620
- Provision for/(write back of) doubtful debts	1,230	(1)	(301)	79	-	(8)		999
- Property, plant and equipment written off	175	148	-	-	-	-		323

2001	Property investment RM'000	Property development RM'000	Construction RM'000	Hotel operation RM'000	Tour operations RM'000	Other operations RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE								
Revenue	48,001	-	43,929	15,128	14,301	3,573	(2,268)	122,664
Less: Inter-segment revenue	(2,268)	-	-	-	-	-	2,268	-
External revenue	45,733	-	43,929	15,128	14,301	3,573	-	122,664
RESULT								
Segment result	93	(404)	3,785	2,672	(15)	(27,134)	(2,268)	(23,271)
Gain on disposal of a subsidiary company	98	-	-	-	-	-	-	98
Finance cost								(26,391)
Interest income								155
Loss before taxation								(49,409)
Taxation								(765)
Loss after taxation								(50,174)
OTHER INFORMATION								
Segment assets	462,695	36,307	29,305	76,349	1,567	2,080		608,303
Tax recoverable	3,247	70	-	-	-	6		3,323
Consolidated total assets	465,942	36,377	29,305	76,349	1,567	2,086		611,626
Segment liabilities	39,590	2,050	26,161	1,679	467	1,712		71,659
Current and deferred taxation	4,177	-	30	-	-	86		4,293
Borrowings	244,952	7,350	12,617	50,119	1,162	5,790		321,990
Consolidated total liabilities	288,719	9,400	38,808	51,798	1,629	7,588		397,942
Capital expenditure	3,437	1,164	452	320	79	1		5,453
Depreciation of property, plant and equipment	9,204	336	683	131	66	400		10,820
Amortisation of goodwill	77	-	-	-	-	-		77
Significant non-cash expenses other than depreciation and amortisation								
- Bad debts written off	315	11	-	-	3	-		329
- Exchange reserve written off	-	-	-	-	-	8,983		8,983
- Goodwill written off	-	-	-	-	-	12,009		12,009
- Provision for/(write back of) doubtful debts	13,799	(1)	-	(48)	-	384		14,134
- Property, plant and equipment written off	-	-	-	271	-	4,368		4,639

(b) Geographical Segments

No information is prepared on the geographical segments as the Group principally operates within Malaysia.

41. FINANCIAL INSTRUMENTS**(a) Financial Risk Management Objectives and Policies**

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

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

(c) Liquidity Risk

The Group actively monitors its debt maturity profile, operating cash flows and the availability of funding so as to best ensure that all funding needs are met. As part of its overall liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to best meet its working capital requirements.

(d) Foreign Exchange Risk

The foreign exchange exposure of the Group is minimal as the international operations of the Group have been scaled down to an insignificant level.

(e) Credit Risk

Credit risks is managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

At balance sheet date, there were no significant concentrations of credit risk other than as disclosed in Note 8 and Note 13 to the financial statements. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(f) Fair Values

It is not practicable to determine the fair values of:

- (i) balances due from and to subsidiary companies principally due to a lack of fixed repayment terms;
- (ii) contingent assets and liabilities due to the uncertainties of timing, costs and eventual outcome; and
- (iii) ICULS due to the uncertainties of timing on the conversion of ICULS into the shares of the Company.

The fair values of all other financial assets and liabilities of the Group and Company as at 31 December 2002 are not materially different from their carrying values.

SCHEDULE OF MAJOR PROPERTIES

Held by the Company and its Subsidiary Companies as at 31 December 2002

Location of Properties	Description	Date of Acquisition (Date of Revaluation)	Expiration of Lease	Land Area (Acres)	Lettable Area (Sq. Ft.)	Approximate Age of Building (Years)	Net Book Value (RM'000)
Lot 11592, Mukim of Plentong, Johor Bahru, Johor	Eight blocks of 5 storey and two blocks of 6 storey commercial buildings <i>Known as Kompleks Lien Hoe</i>	May 1990	Freehold	7.73	802,913	19	63,225
Lot TLO 432A, Jalan Tampoi, Johor Bahru, Johor	Single storey factory buildings	(June 1998)	24 October 2020	6.69	103,355	27	1,000
Lot 9234, Jalan Tampoi Johor Bahru, Johor	Single storey factory buildings	(June 1998)	9 January 2031	2.59	33,486	27	505
Lots PTB 19176 to 19178 Johor Bahru, Johor	Single storey factory buildings	January 1997	30 March 2021	4.66	24,877	27	5,332
Lots 2911 and 2912, Johor Bahru, Johor	Vacant development land	May 1992	Freehold	1.37	N/A	N/A	3,610
Lots 1589 and 1592, Mukim of Tebrau, Johor	Double storey office building	May 1994	Freehold	4.14	9,935	26	5,017
Lot 6367, Lots 3824 to 3827 and Lots 5975 to 5979, Mukim of Senai-Kulai, Johor	Development land	January 1992	Freehold	79.98	N/A	N/A	20,162
Lot 290, Mukim of Tebrau, Johor	Vacant development land	June 1996	Freehold	5.96	N/A	N/A	9,052
Lots PTD 5358 to 5379, Township and District of Johor Bahru, Johor	78 units apartments <i>Known as Pelita Indah Condominium Apartments</i>	May 1995	Freehold	2.87	136,416	8	21,605
Lots 214 and 215, Mukim of Plentong, Johor Bahru, Johor	Vacant development land	June 1996	Freehold	20.69	N/A	N/A	7,445
Lot 51, Section 27, Town of Petaling Jaya, Selangor	4 storey podium with a basement car park and 23 storey hotel with 241 rooms <i>Known as Plaza Armada and Hotel Armada</i>	June 1993	6 February 2071	2.44	93,214	6	119,827
PT 31399, Mukim of Sungai Buloh, Selangor	20 storey office building with a 5-level car park. <i>Known as Menara Lien Hoe</i>	June 1996	25 October 2090	1.93	208,272	5	62,950
PT 9089, 9090, 10166, 10197 and 10198, Mukim of Sungai Buloh, Selangor	4 storey shopping complex with 2 blocks of car park building <i>Known as The Atria Shopping Centre</i>	April 2001	Freehold	5.48	210,442	21	91,930
Lots 254 and 256, Section III, Pekan Klebang, Melaka	Vacant development land	November 1997	Freehold	3.12	N/A	N/A	5,000
Jl Krueng Raya, Km 19 Banda Aceh, Indonesia	Single storey factory buildings	June 1997	24 September 2025	16.56	275,480	8	-
Lot PT 4161, Mukim of Setapak, Wilayah Persekutuan	Vacant development land	June 1999	15 May 2090	1.22	N/A	N/A	1,536
52 Bayshore Road, #08-02 Ruby Tower, Singapore 469984	1 unit apartment	October 1999	16 March 2081	Strata title	3,799	16	2,741
Lot PT 45264, Mukim of Petaling, District of Petaling, Selangor	Vacant development land	July 2002	27 May 2097	64.01	-	-	78,235
Lot PT 45265, Mukim of Petaling, District of Petaling, Selangor	Vacant development land	July 2002	27 May 2097	64.51	-	-	78,736

STATISTICS OF SHAREHOLDINGS (AS AT 2 MAY 2003)

SHARE CAPITAL

Authorised share capital	RM1,000,000,000
Issued and fully paid share capital	RM296,312,376
Class of shares	Ordinary share of RM1 each
Voting rights	1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of Shares	% of Issued Capital	No. of Shareholders	% of Shareholders
1 - 999	4,603,841	1.55	6,564	27.20
1,000 - 10,000	52,623,886	17.76	15,027	62.28
10,001 - 100,000	58,528,301	19.75	2,373	9.84
100,001 - 14,815,618	152,056,348	51.32	163	0.68
14,815,619 & above	28,500,000	9.62	1	-
Total	296,312,376	100.00	24,128	100

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 2 MAY 2003

(As Shown in the Register of Substantial Shareholders)

Name	No. of Shares (Direct)	No. of Shares (Indirect)	% of Issued Capital
1. Beta Holdings Sdn. Bhd.	32,109,129	-	10.84
2. Yeap Yu Lin	29,100,146	-	9.82
3. Dato' Yap Sing Hock	16,712,500	500,000	5.81
4. Chan Wah Long	13,465,903	32,109,129*	15.38

Note :-

* Deemed interest in the Company by virtue of his interest in Beta Holdings Sdn. Bhd.

LIST OF THIRTY LARGEST SHAREHOLDERS AS AT 2 MAY 2003

(As Per Register of Members and Record of Depositors)

	Name	No. of Shares	% of Issued Capital
1.	TASEC NOMINEES (TEMPATAN) SDN BHD Yeap Yu Lin	28,500,000	9.62
2.	TA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Chan Wah Long	10,872,000	3.67
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Chan Wah Long	9,000,000	3.04
4.	KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Yap Sing Hock	8,200,000	2.77
5.	SIVASH HOLDINGS BERHAD	7,500,000	2.53
6.	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Tee Yam (MKL)	6,000,000	2.02
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Teoh Kim Loon (MM1049)	5,800,000	1.96
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD AFB Nominees (Tempatan) Sdn Bhd For Beta Holdings Sdn Bhd	4,935,629	1.67
9.	CIMSEC NOMINEES (TEMPATAN) SDN BHD Dat Lee Credit Sdn Bhd For Beta Holdings Sdn Bhd	4,320,000	1.46
10.	EB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Liew Yoon Kong	4,000,000	1.35
11.	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Lee Choon Yoon (MKL)	4,000,000	1.35
12.	PUBLIC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Beta Holdings Sdn Bhd (PFB KLM)	3,811,000	1.29
13.	OSK NOMINEES (TEMPATAN) SDN BHD OSK Capital Sdn Bhd For Chan Wah Long	3,784,500	1.28
14.	EB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Cheng Kiew	3,658,191	1.23

15. CIMSEC NOMINEES (TEMPATAN) SDN BHD Dat Lee Credit Sdn Bhd For Yap Sing Hock	3,180,000	1.07
16. MAYFIN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Yap Sing Hock (SBJM)	2,641,000	0.89
17. TASEC NOMINEES (TEMPATAN) SDN BHD TA First Credit Sdn Bhd For Chan Wah Long	2,536,500	0.86
18. UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Soh Tong Lian (MKL)	2,457,000	0.83
19. CIMSEC NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Liew Yoon Kong (MM1062)	2,426,000	0.82
20. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Cheng Kiew (100466)	2,424,000	0.82
21. UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Aw Tee Wan (MKL)	2,423,000	0.82
22. KENANGA NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Liew Yoon Kong	2,380,000	0.80
23. AMSEC NOMINEES (TEMPATAN) SDN BHD AmFinance Bhd For Beta Holdings Sdn Bhd	2,190,000	0.74
24. MAYFIN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Cheng Kiew (SBJT)	2,059,000	0.69
25. UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Chan Wah Long (MKL)	2,050,000	0.69
26. MAYFIN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Chan Wah Long (SBJT)	1,990,000	0.67
27. EB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Aw Tee Wan	1,721,000	0.58
28. EB NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Wong Chin Hee	1,542,000	0.52
29. MAYFIN NOMINEES (TEMPATAN) SDN BHD Pledged Securities Account For Teoh Kim Loon (SBJT)	1,480,000	0.50
30. WAN CHOW MOOI	1,450,000	0.49
TOTAL	139,330,820	47.02

FORM OF PROXY

NO. OF SHARES HELD

I/We _____
of _____
being a member of **LIEN HOE CORPORATION BERHAD** hereby appoint _____
of _____
or failing him/her _____

of _____

as my/our Proxy to vote for me/us on my/our behalf at the 33rd Annual General Meeting of the Company to be held at Laksamana Ballroom, Hotel Armada, Lorong Utara C, Section 52, 46200 Petaling Jaya on Tuesday, 24 June 2003 at 10 a.m.

My/our proxy is to vote as indicated below:

No.	RESOLUTION	FOR	AGAINST
1.	Adoption of Report and Audited Financial Statements		
2.	Approve payment of Directors' Fees		
3.	Re-election of Khow Eng Guan as a Director of the Company		
4.	Re-election of Yeoh Chong Keat as a Director of the Company		
5.	Re-election of Ir. Aw Tee Wan as a Director of the Company		
6.	Re-election of Tun Dato' Seri Abdul Hamid Omar as a Director of the Company		
7.	Re-appointment of Auditors and to authorise the Directors to fix their remuneration		
8.	Approval of Ordinary Resolution pursuant to Section 132 (D) of the Companies Act, 1965		

Please indicate with an 'x' in the appropriate spaces how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

Signed this _____ day of _____ 2003

Signature/Common Seal of Shareholder(s)

Notes:

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a member of the Company.*
- The instrument appointing a Proxy must be deposited at the Registered Office, 18th Floor, Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan during normal office hour not later than forty-eight hours before the time for holding the meeting and at any adjournment thereof.*
- Where the Proxy Form is executed by a corporation, it must either be under its common seal or the hand of an officer or attorney duly authorised.*