CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Hong Leong Properties Berhad Group for the financial year ended 30 June 2000.

FINANCIAL HIGHLIGHTS

We recorded a loss after tax and minority interest of RM57.7 million for the year ended 30 June 2000, compared to the profit after tax and minority interest of RM34.9 million achieved in the previous corresponding period. Included in the loss

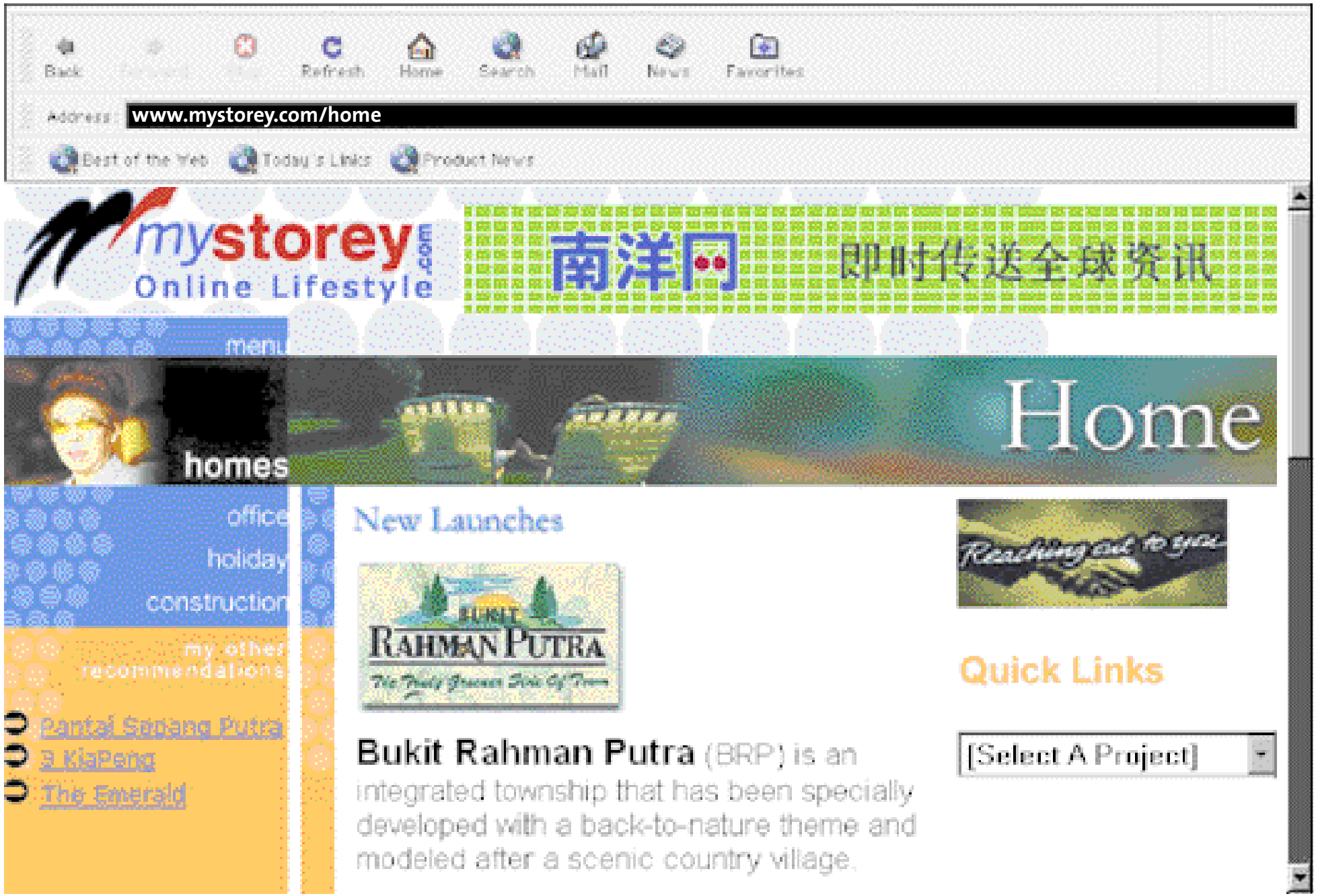


after tax and minority interest of RM57.7 million were exceptional items of RM88.0 million, primarily resulting from the write down of our hotel assets to market value in the financial year.

We recorded a turnover of RM255.8 million, a decrease of 16.2 percent from the RM305.2 million recorded in the previous corresponding period. Our net tangible assets decreased to RM677.4 million as at 30 June 2000, from RM747.8 million in the previous year.

STRATEGIES AHEAD

Our **asset transformation strategies** as described in detail last year can be summarised as follows: to restructure our asset portfolio by focusing our resources on assets which will generate optimal and sustainable long term shareholders' return whilst disposing non-core assets with minimal yield. In the past year, our short to medium term transformation strategies to realign our asset portfolio have commenced with the acquisition of two pieces of immediate development potential land of 230 acres and 800 acres respectively, in Rawang. These purchases were


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Pantai Sepang Putra
3 KiaPeng
The Emerald
New Launches
Reaching out to you
BUKIT RAHMAN PUTRA
Bukit Rahman Putra (BRP) is an integrated township that has been specially developed with a back-to-nature theme and modeled after a scenic country village.
Quick Links
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partially funded by the trading of one of our investment properties which is also in line with our transformation strategies of trading our property investment portfolio to generate cash flow for investment opportunities. As with other planned purchases, the purchase of the land in Rawang will help ensure the constant availability of affordable and prime development land to generate continuous returns for our shareholders. Concurrently, we are actively marketing to reduce our low yielding landbank in order to focus our resources on assets which will generate maximum and recurring returns for our shareholders.





In addition to the above asset transformation strategies, we have also tapped on the strengths of **information technology to transform our business processes as well as the products offered to our customers**. Our strategy in the transformation of our business processes is two-fold: firstly, we are using information technology to elevate our business to an e-enabled organisation with the hosting of our interactive website: **MyStorey.com**. In essence, MyStorey.com is a fully equipped, intelligent, virtual marketing office which empowers our customers with direct access to all our products and services, seven days a week, twenty four hours a day, in ways that are uniquely convenient to them.

Secondly, and more importantly, we have invested in leading-edge Internet and database technologies to provide MyStorey.com with a superior Customer Relationship Management system that will provide exceptional personalised customer service to our existing and prospective customers. Not only will our customers be able to eventually purchase properties and other services via MyStorey.com, but they will also be able to track the status of their transactions and communicate any questions they may have instantaneously to our sales staff.

Opposite page:
The Emerald
This page:
The Botanica, Bukit Rahman Putra (top)
Homestead at Pantai Sepang Putra (left)
Castilla, Bukit Rahman Putra (right)



Thus, MyStorey.com will provide us with a competitive edge against our competitors in terms of personalised and superior customer service while increasing the cost effectiveness of our business processes. Simultaneously, it will also increase the productivity and efficiency of our sales force and equip them with the necessary tools to face the challenges ahead.

Our plans for MyStorey.com will not stop at offering only our products and services to our customers. We are constantly on the lookout for exciting opportunities to eventually develop MyStorey.com into a full fledged Internet portal which will



turn our website into an "information rich" centre, delivering quality products, services and information to all Internet users, thereby not only enhancing our productivity, efficiency and cost effectiveness, but also enhancing our customer base.

While MyStorey.com will e-enable our business processes, we have embarked on a concept called **'Online Lifestyle'** that will change the way our customers work, live, play and learn. Where practicable, our future developments will be equipped with high-speed, secure, always-connected Internet access, thus creating e-communities that offer a multitude of high technology features for the modern family and emphasising an e-community atmosphere where e-relationships, e-shopping and e-learning abound. Our intelligent residences will be multimedia system ready which will enable new world services such as on-line games and entertainment, interactive education, shopping, messaging and home automation to be available twenty four hours a day. Meanwhile, our office buildings will embody the Online Lifestyle concept by being equipped with the latest in high-speed communications infrastructure that will enable our tenants to fully enjoy fast, secure and reliable access to the Internet in order for them to stay competitive in today's market.

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Wisma KiaPeng

A 32-storey office tower is designed to meet the high standards of today's corporate requirements: management

HLG Capital Berhad

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Coming to our **Property Development Division**, our focus continues to be market driven, i.e., on affordable housing, which is evident in our 7,100 acre Pantai Sepang Putra integrated township project. With the first of our bungalows due to be handed over in October this year, we will witness the 1,500 acre Lake District, being the first phase of Pantai Sepang Putra, come to life. We have also had considerable success with our Orchard and Homestead lots which have been designed to provide the ideal weekend retreat for the entire family. In the meantime, plans are already in progress to develop the 400 acre University Precinct in tandem with the recent donation of 100 acres of land to New Era College. We are confident that with the progress made to date, Pantai Sepang Putra will offer our residents a lifestyle that combines ideal living, working, educational and recreational environments.





Opposite page:
Government Apartments, Precinct 8, Putrajaya (top)
3 KiaPeng (middle)
This page:
Bungalows, Pantai Sepang Putra (top)
Semi-detached Houses, Precinct 8, Putrajaya (left),
Orchard lot, Pantai Sepang Putra (right)

Now in the fourth year of development, our Precinct 8 township located within the Putrajaya Federal Administrative Centre saw the first of its residents move in early this year. Truly a world class development, Precinct 8 offers everything required for today's lifestyle - from elegant yet functionally designed homes with high-tech features, natural garden-like environment, a unique lake-side promenade, smart schools to superior infrastructure. Once fully developed, Precinct 8 will be the neighbourhood for families to live, grow and learn in.

3 KiaPeng, our prestigious residential development strategically located in the heart of the Golden Triangle was launched last year to great acclaim from discerning investors. It is a low-density development of only 139 exclusive units which offers its residents a host of choice facilities whether for business or pleasure. Clad in Brazilian red capoa bonito granite, 3 KiaPeng is an investment of immense potential as well as a home of undeniable luxury.



Our 5,877 acre Bandar Putra Melaka development is currently in the planning stage where a master plan is being drawn up for an innovative mixed development concept spanning 2,800 acres. Within this self-contained mixed development, Bandar Putra Melaka will offer an equestrian park, golf course, fishing village and corporate park in addition to a range of well designed and quality built homes to suit every budget.

Lastly, we are pleased to announce our integrated 'high-tech' township development, the Emerald, located just 500 meters from the Rawang interchange on the North-







South Highway. Due to be launched later this year, the Emerald is a beautiful 1,000 acre self-contained township that will offer a multitude of high technology features for today's contemporary families. IT-intelligent residences within secure gated communities will be multi-media system ready, featuring high speed Internet infrastructure for smart home automation, entertainment and networking; in short, the Emerald will truly provide an Online Lifestyle for its privileged residents.

Our **Property Investment Division** performed well as compared to market, with our office buildings achieving occupancies ranging from 81 to 95 percent and rental rates ranging from RM2.60 to RM8.00 per square foot. During the financial year, two of our newly completed buildings, Wisma KiaPeng and Menara Milenium saw their first tenants move in. Wisma KiaPeng is located adjacent to 3 KiaPeng in the heart of the Golden Triangle, while Menara Milenium commands a choice location atop Damansara Heights. Both office towers boast of splendid architecture, each a landmark in its own right. Fully equipped with the latest state-of-the-art facilities, we are confident that Wisma KiaPeng and Menara Milenium will be sought after business addresses in this competitive market. With our existing


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About Us
I have always dreamt of building beautiful buildings. It is a dream I live now working in Guobena Sdn Bhd. You see, Guobena is not just about construction, it's about developing a plot of land into something useful and beautiful.
To-date, in slightly over a decade, Guobena Sdn Bhd has completed an impressive total
HLG Capital Berhad
Quick Links
Company Information



portfolio of prime office buildings, we will be actively seeking opportunities in the coming year to trade our assets in order to realise capital gains as well as to generate cash flow for investment opportunities.

The **Construction Division**, managed by our wholly-owned subsidiary, Guobena Sdn Bhd ("Guobena"), performed satisfactorily under adverse conditions. In the coming year, Guobena will continue to identify and secure good quality projects while exercising effective project management with emphasis on optimising cost, quality and safety. Additionally, Guobena will seek wider involvement in new ventures, such as civil and infrastructure works in the public sector and establish its market share in the private sector by seeking design and build contracts.







Our **Hotel and Resort Division** comprises two city hotels and one resort hotel, located in Johor Bahru, Hanoi and Port Dickson, respectively. Our resort hotel achieved a respectable occupancy amidst unforeseen operational encumbrances and continues to command its fair market share in Port Dickson. Meanwhile, our two city hotels continue to operate in highly competitive markets which are experiencing low occupancies and average room rates. Notwithstanding the saturation of hotel rooms in their respective locations, our city hotels performed at par or better than market.

Due to the unfavourable market conditions in which our three properties are operating, the yields being generated by our hotel assets are significantly lower compared to our desired rate of return. With this in mind, we brought our hotel assets in line with market value this year so as to be more reflective of their yields. We will continue to place great emphasis on streamlining operations and multi-tasking while maintaining efficient service levels and competitive key industry

Opposite page:
Wisma Hong Leong (top)
Wisma KiaPeng (left)
Menara Milenium (middle)
Wisma Semantan (right)
This page:
Aquarius by the Park, Singapore (left)
Guobena's construction team at work (middle)
Menara C&D, Kuala Lumpur (right)



indicators in terms of productivity, efficiency, occupancy and room rates.

PROSPECTS

With the economy on track for a sustained recovery, the prospects for the property market look brighter in the months ahead. However, improvements in the property market are not likely to be similar for every sector. The landed residential sector and affordable homes are expected to continue experiencing positive growth, assisted



by competitive housing loan packages in the market and low interest rates. The office building sector will face mixed fortunes with buildings in choice locations and good management continuing to receive good support while buildings in secondary areas possibly facing reduced occupancies and rental rates.

With our focused strategies in place, we anticipate improving on our performance in the coming year. We will also continue to be on the lookout for strategic residential and commercial development opportunities at good value to enhance our market position.

CORPORATE DEVELOPMENTS

The exercise period of our warrants had been extended for a further period of 5 years and 6 months, up to 1 October 2005.

The Executive Share Option Scheme ("ESOS") was approved by the shareholders on 14 December 1999 to provide eligible executives to participate in our equity. Additionally, ESOS will enhance the total compensation package of the executives in order to attract and retain talented staff for our business operations.

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office
home
construction

other holiday packages

no recommendation as of this time



Guoman Hanoi

Guoman Hanoi, a 'boutique' hotel, has a lot of character. It is a quiet, exclusive place with beautiful classy décor, and has been built to complement the city's historical

THE ONE STOP TILE CENTRE
Guocera

Quick Links

[Select A Holiday]



YEAR 2000 ("Y2K") ISSUE

Due to our extensive preparatory work in identifying and remedying possible problem areas associated with the Y2K issue, we are pleased to report that we did not encounter any difficulties during the rollover of our computer systems from 31 December 1999 to 1 January 2000.



DIVIDEND

Due to the losses incurred, the Board does not recommend the payment of a final dividend for this financial year. The interim dividend of 2% per RM0.50 share less tax represents a total dividend of 2% per RM0.50 share less tax for the year.

APPRECIATION

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

QUEK LENG CHAN
Chairman

Kuala Lumpur
22 August 2000

Opposite page:
Piccolo Italian restaurant,
Hyatt Regency Johor Bahru (top)
Guoman Port Dickson (middle)
This page:
Guoman Port Dickson, golf view (middle)

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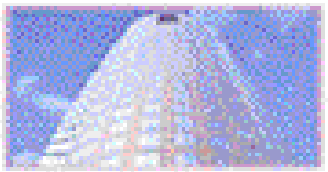
HOME



" Pantai Sepang Putra "

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OFFICE



" Wisma KiaPeng "

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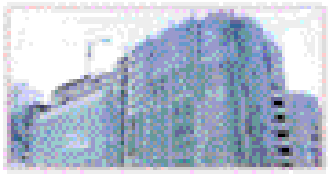
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" Guoman Hanoi "

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CONSTRUCTION



" Guobena Sdn Bhd. "

[Select A Highlight]

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Form of Proxy

COMPANY PROFILE

Hong Leong Properties Berhad
is a leading property group with
established businesses in
property development,
property investment,
construction and
hotel and resort holdings.

Our projects include landmark
commercial, residential and
industrial buildings both in
Malaysia and Singapore.
With a management team that has
grown with the Group producing
admirable results over the years, the
Group is well positioned
to face the challenges and
seize the opportunities that
will arise in the new millennium.

CORPORATE INFORMATION

DIRECTORS

YBhg Tan Sri Quek Leng Chan
(Executive Chairman)

Mr Kwek Leng Seng
(Group Managing Director)

YBhg Tan Sri Abdul Aziz bin Zain

YBhg Dato' Ong Joo Theam

Mr Tan Ming Huat

SECRETARY

Ms Lim Yew Yoke

AUDITORS

Messrs Ernst & Young
Room 401, 4th Floor
Kompleks Antarabangsa
PO Box 10068
50704 Kuala Lumpur

Tel: 03-244 2333

REGISTRAR

Hong Leong Nominees Sendirian Berhad
Level 5, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

Tel: 03-2164 1818

REGISTERED OFFICE

Level 10, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur

Tel: 03-2164 1818

AUDIT COMMITTEE

COMPOSITION OF MEMBERS

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

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

Mr Kwek Leng Seng
(Executive Director)

TERMS OF REFERENCE

1. To review, with the external auditors, the audit plan.
2. To review, with the external auditors, the evaluation of the system of internal accounting controls and audit findings.
3. To review, with the external auditors, the audit report.
4. To review the assistance given by the Company's officers to the external auditors.
5. To review the scope and results of the internal audit procedures.
6. To review the financial statements of the Company and the consolidated financial statements submitted to the Audit Committee by the Company and thereafter to submit them to the Directors of the Company.
7. To review any related party transactions that may arise within the Company or the Group.
8. To nominate and recommend for the Board of Directors' approval, a person or persons as auditor(s).
9. Other functions as may be agreed to by the Audit Committee and the Board of Directors.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventy-sixth Annual General Meeting of Hong Leong Properties Berhad ("the Company") will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Friday, 20 October 2000 at 9.30 a.m. in order:

1. To receive and consider the audited financial statements for the year ended 30 June 2000 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees of RM172,377 to be divided amongst the Directors in such manner as the Directors may determine.

3. To re-elect a Director retiring in accordance with the Company's Articles of Association.

4. To approve the following motion:

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

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

6. As special business, to consider and, if thought fit, pass with or without any modification, the following ordinary motion pursuant to Section 132D of the Companies Act, 1965:

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

7. As special business, to consider and, if thought fit, pass with or without any modification, the following ordinary motion pursuant to the proposed purchase of own shares by the Company:

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Kuala Lumpur Stock Exchange ("KLSE") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital through the KLSE subject further to the following:

a) the maximum number of shares which may be purchased by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital of the Company ("Shares") for the time being;

b) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the retained profits and/or the share premium account of the Company. As of 30 June 2000, the audited retained profits and share premium of the Company were RM90.20 million and RM35.09 million respectively;

c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM is required by the law to be held, whichever occurs first) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the KLSE or any other relevant authority; and

d) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:

(i) cancel the Shares so purchased; or
(ii) retain the Shares so purchased in treasury; or
(iii) retain part of the Shares so purchased as treasury Shares and cancel the remainder

the treasury Shares of which may be distributed as dividends to shareholders and/or, resold on the KLSE and/or subsequently cancelled,

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the KLSE and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares."

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

By Order of the Board

LIM YEW YOKE
Secretary

Kuala Lumpur
5 October 2000

NOTES:

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy but not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. A member may appoint any other person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

2) Resolution pursuant to Section 132D of the Companies Act, 1965
In line with the Company's plan for expansion/diversification, the Company is actively looking into prospective areas so as to broaden the operating base and earning potential of the Company. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances, would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued capital. In order to avoid any delay and cost involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

3) Resolution pursuant to the proposed purchase of own shares by the Company
The Directors be empowered to exercise the power of the Company to purchase its own Shares ("Proposed Share Buy Back") by utilising its financial resources, not immediately required. The Proposed Share Buy Back may have a positive impact on the market price of the Company's shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Share Buy Back are set out in the Circular to shareholders of the Company which will be despatched together with the Company's 2000 Annual Report.

FIVE-YEAR FINANCIAL HIGHLIGHTS

YEAR ENDED (RM Million)	June '96	June '97	June '98	June '99	June '00
Turnover	642.2	626.8	481.7	305.2	255.8
Pre-tax profit/(loss)	166.2	200.3	67.6	24.4	(86.3)
Profit/(loss) attributable to shareholders	111.1	171.7	47.5	34.9	(57.7)
Net tangible assets	555.8	698.1	738.5	747.8	677.4
Net earnings per share (sen)	18.3	23.6	6.8	5.0	(8.2)

DIRECTOR'S REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 30 June 2000.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

The associated companies and their subsidiaries are engaged in property investment, property development, investment holding and operation of oil palm estates.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
(Loss)/profit after taxation	(57,743)	24,053
Retained profit brought forward	355,652	71,186
Profit available for appropriation	297,909	95,239
Goodwill arising on consolidation written off	(1,989)	–
Dividend	(5,043)	(5,043)
Retained profit carried forward	290,877	90,196

There have been no material transfers to or from reserves or provisions during the year other than those disclosed in the financial statements.

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, except as disclosed in Note 21 to the financial statements.

DIVIDENDS

During the year, the Company paid the following dividends:

(i) A final dividend of 2% less 28% tax amounting to RM5,043,301 in respect of the financial year ended 30 June 1999, as proposed in the Directors' Report of that year.

(ii) An interim dividend of 2% less 28% tax amounting to RM5,043,301 in respect of the current financial year.

The Directors do not recommend payment of a final dividend for the year.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

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

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

1. Eligible executives are those executives who have served the Group for a period of at least one (1) year and have been confirmed in service on the date of offer, and full time executive directors of the Company, whose maximum allowable allotments have been approved by the Company in a general meeting.
2. The aggregate number of shares to be issued under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company for the time being.
3. The ESOS shall be in force for a period of five (5) years commencing from 24 December 1999, subject however to any extension for a further period of five (5) years provided that the requisite approvals have been obtained for such extension.
4. The option price shall be the average of the mean market quotation of the shares of the Company as quoted on the Kuala Lumpur Stock Exchange for the five (5) market days preceding the date of offer, or at the par value of the shares of the Company of RM0.50, whichever is higher.
5. A grantee may exercise up to 20% of shares comprised in an option in any one year and the number of shares to be exercised shall be in multiples of and not less than 1,000 shares provided that if the grantee's balance of shares is less than 1,000 shares, the balance of shares must be exercised in a single tranche.
6. No executive shall be eligible to participate in more than one (1) employees' share option scheme implemented by the subsidiary companies within the Group.

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

	No. of unissued ordinary shares of RM0.50 each under the ESOS				
	At 1.7.1999	Options Granted	Options Lapsed	Options Exercised	At 30.6.2000
Option price of RM1.42	–	2,351,000	32,000	–	2,319,000
Option price of RM1.76	–	105,000	–	–	105,000
	–				2,424,000

DIRECTORS

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

YBhg Tan Sri Quek Leng Chan (*Executive Chairman*)
Mr Kwek Leng Seng (*Group Managing Director*)
YBhg Tan Sri Abdul Aziz bin Zain
YBhg Dato' Ong Joo Theam
Mr Tan Ming Huat

In accordance with Article 108 of the Company's Articles of Association, YBhg Tan Sri Quek Leng Chan retires by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

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

DIRECTORS' INTERESTS

The holdings in the ordinary shares and/or stock units and/or warrants/options of the Company and its related corporations (other than wholly-owned subsidiary companies) of those who were Directors as at 30 June 2000 are as follows:

		Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*			
	Nominal value per share/ stock units< RM	At 1.7.1999	Bought	Sold	At 30.6.2000
Shareholdings in which Directors have direct interests					
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	390,000	–	–	390,000
Hong Leong Credit Berhad	1.00	3,218,000	–	–	3,218,000
		496,000*#	–	–	496,000*#
		–	400,000*	–	400,000*
Hong Leong Industries Berhad	0.50	256,000	840,000	–	1,096,000
		40,000 *	–	–	40,000*
Hong Leong Bank Berhad	1.00	20,000	–	–	20,000
Malaysian Pacific Industries Berhad	0.50	53,500	–	–	53,500
Guolene Packaging Industries Berhad	1.00	36,000	–	–	36,000
Hume Industries (Malaysia) Berhad	1.00<	50,000	–	–	50,000
GuoNet Limited	USD1.00	–	1,200	–	1,200
Interests of Mr Kwek Leng Seng in:					
Hong Leong Company (Malaysia) Berhad	1.00	97,500	–	–	97,500
Hong Leong Bank Berhad	1.00	20,000	–	–	20,000
		1,245*	–	–	1,245*
Hong Leong Properties Berhad	0.50	–	400,000*	–	400,000*
Interest of YBhg Tan Sri Abdul Aziz bin Zain in:					
Hong Leong Properties Berhad	0.50	400	3,000	–	3,400
		7,800*	–	7,000*	800*
Interests of YBhg Dato' Ong Joo Theam in:					
Hong Leong Properties Berhad	0.50	13,000	–	–	13,000
Hong Leong Credit Berhad	1.00	2,500	–	–	2,500
		5,000*	–	–	5,000*

DIRECTORS' INTERESTS (continued)

	Nominal value per share/ stock units< RM	Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options* At 1.7.1999	Bought	Sold	At 30.6.2000
Shareholdings in which Directors have direct interests					
Interests of Mr Tan Ming Huat in:					
Hong Leong Properties Berhad	0.50	40,000	–	–	40,000
		–	240,000*	–	240,000*
Hong Leong Credit Berhad	1.00	16,800	–	–	16,800
Hume Industries (Malaysia) Berhad	1.00<	1,000	–	–	1,000

The deemed holdings in the ordinary shares and/or stock units and/or warrants/options of the Company and its related corporations (other than wholly-owned subsidiary companies) of YBhg Tan Sri Quek Leng Chan as at 30 June 2000 are as follows:

	Nominal value per share/ stock units< RM	Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options* At 1.7.1999	Bought	Sold	At 30.6.2000
Shareholdings in which Director has indirect interests					
Hong Leong Company (Malaysia) Berhad	1.00	7,487,100	–	–	7,487,100
Brisk & Kindle Property Limited	£1.00	120,000	–	–	120,000
Allied Precision Components Sdn Bhd	1.00	10	–	–	10
Hong Leong Fund Management Sdn Bhd	1.00	1,400,000	–	–	1,400,000
Beachline Holdings Sdn Bhd (In voluntary liquidation)	1.00	70,000	–	–	70,000
M & E Hexatech Sdn Bhd	1.00	1,300,000	700,000	–	2,000,000
MEHY Sdn Bhd	1.00	650,000	–	–	650,000
GuoNet Limited	USD1.00	–	10,800	–	10,800
Hong Leong Credit Berhad	1.00	336,998,645	167,000	–	337,165,645
		48,607,200*#	–	–	48,607,200*#
Hong Leong Assurance Berhad	1.00	90,000,000	–	–	90,000,000
Bradstock Insurance Brokers Sdn Bhd	1.00	750,000	–	–	750,000
Bradstock Asia Insurance Brokers (L) Bhd	USD1.00	300,000	–	–	300,000
	USD1.00	1,500 (preference)	–	–	1,500 (preference)

DIRECTORS' INTERESTS (continued)

		Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*			
	Nominal value per share/ stock units< RM	At 1.7.1999	Bought	Sold	At 30.6.2000
Shareholdings in which Director has indirect interests					
Bradstock Aurora Insurance Brokers Inc.	P100.00	30,000	–	–	30,000
Bradstock Suntek Insurance Brokers Pte Ltd	S$1.00	255,000	–	–	255,000
AutoWeb Sdn Bhd (formerly known as AutoWeb Berhad and Kumpulan Pinang Autoparts Holdings Berhad)	1.00	–	208,000	–	208,000
HLG Capital Berhad	1.00	92,590,545	–	–	92,590,545
HLG Futures Sdn Bhd	1.00	3,500,000	–	–	3,500,000
Hong Leong Bank Berhad	1.00	411,524,584	1,518,000	–	413,042,584
Hong Leong Properties Berhad	0.50	369,117,211 34,322,420*	– –	1,029,000 –	368,088,211 34,322,420*
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	120,000,000	157,000,000	–	277,000,000
HLL-Guoco Vietnam Co Limited	^	5,000,592	–	–	5,000,592
Treacher Development Sdn Bhd	1.00	14,000,000	–	–	14,000,000
Hong Leong Industries Berhad	0.50	132,879,800 36,863,296*	591,000 –	654,000 3,629,250*	132,816,800 33,234,046*
Hong Leong Yamaha Distributors Sdn Bhd	1.00	10,360,000	–	–	10,360,000
Hong Leong Yamaha Motor Sdn Bhd	1.00	17,352,872	–	–	17,352,872
Guocera Tile Industries (Meru) Sdn Bhd	1.00	17,920,000	–	–	17,920,000
Hong Leong Maruken Sdn Bhd	1.00	1,750,000	–	–	1,750,000
Guocera Tile Industries (Labuan) Sdn Bhd	1.00	13,090,001	–	–	13,090,001
Quayline Fairprice Sdn Bhd	1.00	9,600,000	–	–	9,600,000
HLI Vinyl Industries Sdn Bhd	1.00	3,500,000	–	–	3,500,000
RZA Logistics Sdn Bhd	1.00	4,515,000	4,025,000	–	8,540,000
Autonet Sdn Bhd	1.00	1,260,000	–	–	1,260,000
Malaysian Pacific Industries Berhad	0.50	127,096,009	369,000	5,323,000	122,142,009
Carter Realty Sdn Bhd	1.00	7	–	–	7
Carsem (M) Sdn Bhd	1.00	42,000,000	–	–	42,000,000
Carsem Semiconductor Sdn Bhd	1.00	70,000,000	–	–	70,000,000
Guolene Packaging Industries Berhad	1.00	116,496,944	25,000	–	116,521,944

DIRECTORS' INTERESTS (continued)

		Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*			
	Nominal value per share/ stock units< RM	At 1.7.1999	Bought	Sold	At 30.6.2000
Shareholdings in which Director has indirect interests					
Guolene Industrial Paper Products Sdn Bhd	1,000.00	2,340	–	2,340	–
Guolene Plastic Films Sdn Bhd	1.00	9,350,002	–	–	9,350,002
Hume Industries (Malaysia) Berhad	1.00<	123,631,455	219,000	100,000	123,750,455
Hume Fibreboard Sdn Bhd	1.00	42,000,000	–	–	42,000,000
		–	37,700,000 (preference)	–	37,700,000 (preference)
Hume Cemboard Berhad	1.00	37,076,000	810,000	10,000	37,876,000
Hume Smallholders Industries Sdn Bhd	1.00	2,400,000	–	–	2,400,000
Nanyang Press Holdings Berhad	1.00	41,840,902	–	–	41,840,902
The China Press Berhad	1.00	4,234,201	–	–	4,234,201
Cittabella (Malaysia) Sdn Bhd	1.00	510,000	–	–	510,000
Nanyang Online Sdn Bhd	1.00	–	100	–	100
O.Y.L. Industries Bhd	1.00	84,868,828	–	–	84,868,828
O.Y.L.-Condair Industries Sdn Bhd	1.00	5,100,000	–	–	5,100,000
York (Malaysia) Sales & Service Sdn Bhd	1.00	700,000	–	–	700,000
O.Y.L. Steel Centre Sdn Bhd	1.00	3,750,000	–	–	3,750,000
AAF Manufacturing (M) Sdn Bhd	1.00	825,000	–	–	825,000
Wuhan McQuay Air-Conditioning & Refrigeration Co Ltd	^	7,500,000	–	–	7,500,000
McQuay Air-Conditioning Limited	HK$1.00	2,265,000	–	–	2,265,000
O.Y.L.-J.M. Co Ltd	NT$10.00	1,800,000	–	–	1,800,000
P.T. O.Y.L. Sentra Manufacturing	Rp2,106,000 or USD1,000.00	1,200	–	–	1,200
Shanghai McQuay Air-Conditioning Co Ltd	^	248,500	–	–	248,500
Shenzhen McQuay Air-Conditioning Co Ltd (formerly known as Shenzhen O.Y.L. Electrical Co Ltd)	^	6,040,000	–	–	6,040,000
AAF Korea Company Ltd	W5,000	68,400	–	–	68,400

^ Capital contribution in USD
# Subscription of Replacement Warrants to replace warrants 1997/2001

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or as fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a corporation in which the Director has a substantial financial interest, except for YBhg Tan Sri Quek Leng Chan who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisitions and/or disposal of stocks and shares, stocks-in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or the provision of construction contracts, leases, tenancy, dealership and distributorship agreements; and/or the provision of treasury functions, advances in the conduct of normal trading, insurance, investment, stockbroking and/or other businesses between the Company or its related corporations and corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have an interest; and YBhg Dato' Ong Joo Theam who may deem to derive a benefit by virtue of the provision of legal services to the Company and its related corporations.

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

SIGNIFICANT EVENTS DURING THE YEAR

During the year, the Group increased its equity interest in various wholly-owned subsidiary companies by way of subscription of new ordinary shares of RM1.00 each at subscription price of RM1.00 per share, details are as follows:

i) Subscription for 60 million new ordinary shares, representing 37.5% of the enlarged issued and paid-up share capital of Kiapeng Development SdnBhd on 15 August 1999;

ii) Subscription for 70 million and 39.9 million new ordinary shares, representing in total 39.7% of the enlarged issued and paid-up share capital of Guoman Hotel & Resort Holdings Sdn Bhd on 1 September 1999 and 1 January 2000 respectively; and

iii) Subscription for 30 million new ordinary shares, representing 37.5% of the enlarged issued and paid-up share capital in PD Resort Sdn Bhd on 1 August 1999.

On 11 October 1999, Bedford Damansara Heights Development Sdn Bhd ("BDHD"), an indirect wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement with Gerbang Ayu Development Sdn Bhd ("GAD") for the acquisition of land in Mukim Rawang for a total cash consideration of RM54.0 million ("the Proposed Acquisition of Land"). Pursuant to an agreement dated 8 August 2000 entered into between GAD, BDHD and Kota Selatan Indah Sdn Bhd ("KSI"), a wholly-owned subsidiary of BDHD, GAD had agreed that KSI become the party to the aforesaid sale and purchase agreement in substitution of BDHD for the Proposed Acquisition of Land. The relevant approvals had been obtained.

On 31 May 2000, Promakmur Development Sdn Bhd, a wholly-owned subsidiary of BDHD, had entered into a sale and purchase agreement for the proposed acquisition of land in Mukim Rawang from Pura Development Sdn Bhd and Rawang Project Sdn Bhd for a total cash consideration of RM164.3 million. Concurrently, an agreement was also entered into for the Group to dispose of 50% of its interest in BDHD to Hong Bee Land Sdn Bhd and its associates for a total cash consideration of RM92.4 million. The said proposed acquisition of land and the proposed disposal of shares are pending the relevant approvals.

At the year end, the Group recognised an impairment loss of RM53,374,000 to its hotel assets due to the unfavourable market conditions in the hotel industry in countries where the Group has hotel operations. Effects of the impairment are shown in Notes 4 and 21 to the financial statements.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

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

(f) In the opinion of the Directors:

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

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

AUDITORS

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

On behalf of the Board,

KWEK LENG SENG

TAN MING HUAT

Kuala Lumpur
22 August 2000

BALANCE SHEETS

At 30 June 2000

	Note	GROUP 2000 RM'000	GROUP 1999 RM'000	COMPANY 2000 RM'000	COMPANY 1999 RM'000
FIXED ASSETS	4	**205,735**	166,479	**222**	290
INVESTMENT PROPERTIES	5	**459,961**	510,873	**–**	–
LAND HELD FOR DEVELOPMENT	6	**64,497**	64,097	**–**	–
SUBSIDIARY COMPANIES	7	**–**	–	**750,966**	694,398
ASSOCIATED COMPANIES	8	**530,903**	574,374	**57,613**	66,664
JOINT VENTURES	9	**1,121**	543	**–**	–
INVESTMENTS	10	**–**	15,502	**–**	–
CURRENT ASSETS	11	**444,002**	440,785	**81,022**	76,843
CURRENT LIABILITIES	13	**(313,935)**	(342,857)	**(69,090)**	(43,472)
NET CURRENT ASSETS		**130,067**	97,928	**11,932**	33,371
		1,392,284	1,429,796	**820,733**	794,723
FINANCED BY:					
SHARE CAPITAL	14	**350,229**	350,229	**350,229**	350,229
RESERVES	15	**327,187**	397,555	**193,504**	174,494
		677,416	747,784	**543,733**	524,723
MINORITY INTERESTS		**51,241**	41,149	**–**	–
		728,657	788,933	**543,733**	524,723
DEFERRED AND LONG TERM LIABILITIES					
Term loans	17	**504,488**	455,740	**127,000**	100,000
Redeemable Bank Guaranteed Bonds	18	**150,000**	170,000	**150,000**	170,000
Deferred taxation	19	**9,139**	15,123	**–**	–
		663,627	640,863	**277,000**	270,000
		1,392,284	1,429,796	**820,733**	794,723
NET TANGIBLE ASSETS PER SHARE		**97 sen**	107 sen	**78 sen**	75 sen

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

INCOME STATEMENTS

For the year ended 30 June 2000

	Note	GROUP 2000 RM'000	GROUP 1999 RM'000	COMPANY 2000 RM'000	COMPANY 1999 RM'000
REVENUE	20	**255,755**	305,208	**45,465**	28,045
OPERATING (LOSS)/PROFIT	21	**(53,084)**	50,637	**63,174**	59,520
FINANCE COSTS	22	**(40,868)**	(48,890)	**(28,737)**	(35,001)
		(93,952)	1,747	**34,437**	24,519
ASSOCIATED COMPANIES		**7,052**	23,104	**–**	–
JOINT VENTURES		**578**	(426)	**–**	–
(LOSS)/PROFIT BEFORE TAXATION		**(86,322)**	24,425	**34,437**	24,519
TAXATION	23	**(4,595)**	2,548	**(10,384)**	(7,363)
(LOSS)/PROFIT AFTER TAXATION		**(90,917)**	26,973	**24,053**	17,156
MINORITY INTERESTS		**33,174**	7,896	**–**	–
(LOSS)/PROFIT FOR THE YEAR	15	**(57,743)**	34,869	**24,053**	17,156
(LOSS)/EARNINGS PER SHARE	24	**(8.24) sen**	4.98 sen		
DIVIDENDS PER SHARE	25	**1 sen**	2 sen		

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

STATEMENTS OF RECOGNISED GAINS AND LOSSES

For the year ended 30 June 2000

	Note	GROUP 2000 RM'000	GROUP 1999 RM'000	COMPANY 2000 RM'000	COMPANY 1999 RM'000
Exchange differences on translation of the financial statements of foreign subsidiary companies	15	**(2,705)**	(15,512)	**–**	–
Goodwill on consolidation arising from acquisition of additional interest in subsidiary companies written off against:					
– reserve on consolidation	16	**(2,888)**	–	**–**	–
– retained profit	16	**(1,989)**	–	**–**	–
Net losses not recognised in the income statement		**(7,582)**	(15,512)	**–**	–
(Loss)/profit for the year	15	**(57,743)**	34,869	**24,053**	17,156
Total recognised (losses) and gains		**(65,325)**	19,357	**24,053**	17,156

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2000

	GROUP	
	2000	**1999**
	RM'000	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation and minority interests	**(86,322)**	24,425
Adjustments for:		
Depreciation	**11,931**	11,694
Fixed assets written off	**5,029**	–
Gain on disposal of fixed assets	**(434)**	(64)
Loss on disposal of interest in associated companies	**–**	9,060
Loss on sale of investment properties	**–**	2,297
Loss arising from impairment of hotel assets	**53,374**	–
Write down on investment property	**34,597**	–
Share of profit in associated companies	**(7,052)**	(23,104)
Share of (profit)/loss in joint ventures	**(578)**	426
Interest expense	**40,868**	48,890
Interest income	**(9,568)**	(20,979)
Operating profit before working capital changes	**41,845**	52,645
Working capital changes:		
Stocks	**(1,215)**	3,964
Investments	**2,240**	507
Debtors	**90,288**	18,806
Development properties	**(20,067)**	6,956
Creditors	**(74,673)**	15,406
Inter company balances	**(93)**	(532)
Cash generated from operations	**38,325**	97,752
Proceeds from disposal of investment properties	**–**	4,110
Development expenditure incurred	**(400)**	(1,063)
Exchange fluctuation adjustment	**(4,499)**	(15,791)
Interest paid	**(40,868)**	(48,890)
Interest received	**9,568**	20,979
Taxes paid	**(4,760)**	(16,669)
Net cash (used in)/generated from operating activities	**(2,634)**	40,428

	Note	GROUP 2000 RM'000	1999 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associated companies		**9,005**	5,053
Proceeds from disposal of fixed assets		**543**	3,840
Acquisition of fixed assets	(a)	**(2,940)**	(5,775)
Acquisition of subsidiary company, net of cash acquired	(b)	**(3,587)**	–
Development expenditure incurred		**(13,304)**	(68,475)
Acquisition of interest in associated companies		**(46,390)**	(150)
Acquisition of interest in investments		**–**	(41)
Acquisition of interest in a joint venture		**–**	(68)
Net cash used in investing activities		**(56,673)**	(65,616)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank borrowings and loan finance		**84,071**	74,627
Deposit with licensed banks		**(20,565)**	–
Dividend paid		**(5,043)**	(15,130)
Repayment of bank borrowings and loan finance		**(10,330)**	(59,877)
Net cash generated from financing activities		**48,133**	(380)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(11,174)**	(25,568)
CASH AND CASH EQUIVALENTS:			
AT 1 JULY		**63,496**	89,064
AT 30 JUNE	(c)	**52,322**	63,496

(a) Additions of fixed assets during the year are derived at:

	2000 RM'000	1999 RM'000
Purchase by way of cash	**2,940**	5,775
Transfer from investment properties	**29,619**	–
Arising from acquisition of subsidiary companies	**77,140**	–
	109,699	5,775

(b) During the year, the Group acquired three subsidiary companies, namely, JB Parade Sdn Bhd, JB Parade Condominium Sdn Bhd and Promakmur Development Sdn Bhd. The cash outflow arising from the acquisitions is as follows:

	RM'000
Fixed assets	**77,140**
Stocks	**344**
Debtors	**14,611**
Creditors	**(21,069)**
Cash and bank balances	**1,825**
Overdraft	**(4,992)**
Loans	**(28,000)**
Preference shares	**(68,594)**
Minority interest	**24,425**
Goodwill	**4,730**
Purchase consideration	**420**
Add: Cash and cash equivalents acquired	**3,167**
Cash outflow arising from acquisition	**3,587**

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

	2000 RM'000	**1999 RM'000**
Deposits with licensed banks	**78,476**	73,574
Less: Amount pledged to a financial institution for banking facilities granted	**(20,565)**	–
	57,911	73,574
Cash and bank balances	**3,225**	9,471
Bank overdrafts	**(8,814)**	(19,549)
	52,322	63,496

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2000

1. BASIS OF ACCOUNTING

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

2. GENERAL

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

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

The principal activity of the Company is investment holding.

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

The financial statements are expressed in Ringgit Malaysia.

The number of employees at 30 June 2000 for the Group is 637 (1999: 752) and for the Company is 6 (1999: 6).

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The Group financial statements incorporate the financial statements of the Company and its subsidiary companies. Subsidiary companies are consolidated on the acquisition method of accounting except for certain subsidiary companies disclosed in Note 28 to the financial statements which are consolidated on the merger method of accounting in accordance with Malaysian Accounting Standard 2.

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

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

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

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

(b) Associated Companies

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

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

(c) Joint Ventures

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign Currencies

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

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

(e) Depreciation

No depreciation is provided on freehold land. Leasehold properties are amortised over the remaining term of the lease.

Other fixed assets are depreciated over their estimated useful lives using the straight line method based on the following annual rates:

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

Operating assets are stated at cost. Items purchased initially to form the base stock of operating supplies are regarded as part of the necessary operating assets. Any subsequent purchases to maintain the level of operating supplies are charged directly to the income statement.

(f) Investment Properties

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

(g) Land Held for Development

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

(h) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Provision is made for slow-moving items.

Property stocks consist of completed apartments, condominium units and bungalows. They are stated at the lower of cost and net realisable value. Cost includes the relevant cost of land, development expenditure and related interest cost incurred during the development period.

(i) Contracts Work-In-Progress

Contracts work-in-progress are stated at cost, and where appropriate, include attributable profit less progress payments received and receivable which are regarded as amount due (to)/from customers. Cost includes cost of land and development expenditure, interest charges related to the financing of development and an allocation of overhead expenses.

Attributable profit is determined by reference to the stage of completion of the contract activity and when the outcome of the contract can be reliably estimated. The stage of completion is determined by the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Any foreseeable loss on a contract is provided in full.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Development Properties

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

(k) Capitalisation of Interest Cost

Interest costs are capitalised as part of development costs during the period in which the construction of the properties is being planned and carried out.

(l) Revenue Recognition

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

Dividend income arising from investments in subsidiary companies is recognised on an accrual basis. Income arising from other investments is recognised on a receipt basis.

Rental income and interest income are recognised on the accrual basis unless collectibility is in doubt, in which case they are recognised on a receipt basis.

(m) Investments

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

Transfers, if any, between long term and trading investments are made at the lower of carrying value and market value.

(n) Deferred Taxation

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

(o) Provisions

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

(p) Cash and Cash Equivalents

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

4. FIXED ASSETS

GROUP

	Freehold land and buildings RM'000	Short leasehold land and buildings RM'000	Building service plant, equipment, furniture and fittings and renovation RM'000	Motor vehicles RM'000	Operating assets RM'000	Total 2000 RM'000	Total 1999 RM'000
COST							
At 1 July	73,702	63,000	74,600	2,336	1,287	**214,925**	213,336
Additions	359	77,137	32,060	142	1	**109,699**	5,775
Disposals	–	–	(9,605)	(77)	(438)	**(10,120)**	(4,186)
Impairment	(13,666)	(31,830)	(22,680)	(188)	–	**(68,364)**	–
At 30 June	60,395	108,307	74,375	2,213	850	**246,140**	214,925
ACCUMULATED DEPRECIATION							
At 1 July	10,309	3,101	33,484	1,552	–	**48,446**	37,162
Charge for the year	1,149	–	10,376	406	–	**11,931**	11,694
Disposals	–	–	(4,933)	(49)	–	**(4,982)**	(410)
Impairment	(4,419)	(3,101)	(7,331)	(139)	–	**(14,990)**	–
At 30 June	7,039	–	31,596	1,770	–	**40,405**	48,446
NET BOOK VALUE							
At 30 June	53,356	108,307	42,779	443	850	**205,735**	166,479

COMPANY

	Renovation RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total 2000 RM'000	Total 1999 RM'000
COST						
At 1 July	8	231	162	154	**555**	553
Additions	–	–	–	–	**–**	2
Disposals	–	–	–	–	**–**	–
At 30 June	8	231	162	154	**555**	555
ACCUMULATED DEPRECIATION						
At 1 July	3	97	71	94	**265**	195
Charge for the year	1	23	15	29	**68**	70
Disposals	–	–	–	–	**–**	–
At 30 June	4	120	86	123	**333**	265
NET BOOK VALUE						
At 30 June	4	111	76	31	**222**	290

4. FIXED ASSETS (continued)

Due to the unfavourable market conditions for the hotel industry in countries where the Group has hotel operations, the Directors are of the opinion that the yields that the Group's hotel assets are currently generating, are significantly below the desired rate of return for the capital investments in those hotel assets. Accordingly, an assessment was made by the Directors during the year to determine if the carrying amounts of the Group's hotel assets may be impaired.

Arising from this assessment, the Group has recognised an impairment loss of RM53,374,000 in its hotel assets which represents the difference between the carrying amounts and the recoverable amounts of those hotel assets of RM81,048,000. The details of the hotel assets and their carrying amounts before the said assessment are as follows:

	2000 RM'000
Freehold land and buildings	**61,549**
Short leasehold land and buildings	**54,395**
Building service plant, equipment, furniture and fittings and renovation	**18,338**
Motor vehicles	**140**
	134,422

In arriving at the recoverable amounts, the discount rates used by the Group are between 8.5% and 9%, which approximate the costs of borrowing of the respective hotel operations undertaken by the Group.

As it is not practical to estimate the recoverable amounts of each asset of the hotels, the impairment loss was not allocated to reduce the carrying amounts of the hotel assets on a pro-rata basis but instead is based on the Directors' estimates.

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

5. INVESTMENT PROPERTIES

	GROUP	
	2000 RM'000	1999 RM'000
Freehold land and buildings at cost	**494,558**	510,873
Write down	**(34,597)**	–
	459,961	510,873
Fair value of investment properties, estimated by the Directors	**641,724**	641,724

Investment properties stated at cost includes interest capitalised during the year of RM1,543,000 (1999: RM7,670,000).

The write-down represents a reduction in the carrying amount of an investment property which is considered by the Directors to be permanent.

Certain freehold land and buildings included in the investment properties of the Group are charged to financial institutions as collateral for credit facilities granted to the Group.

6. LAND HELD FOR DEVELOPMENT

	GROUP	
	2000 RM'000	1999 RM'000
At cost:		
Freehold land	**39,158**	40,440
Development expenditure	**25,339**	23,657
	64,497	64,097

Development expenditure includes interest capitalised for the year of RM1,093,000 (1999: RM930,000).

7. SUBSIDIARY COMPANIES

	COMPANY	
	2000 RM'000	1999 RM'000
Unquoted shares at cost	**587,026**	477,326
Provision for diminution in value	**(6,469)**	(4,769)
	580,557	472,557
Amounts due from subsidiary companies	**248,408**	322,264
Amounts due to subsidiary companies	**(77,999)**	(100,423)
	750,966	694,398

Details of the subsidiary companies are disclosed in Note 28 to the financial statements.

8. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Unquoted shares at cost	**398,894**	412,380	**56,000**	56,000
Share of post acquisition reserves	**30,004**	22,676	**–**	–
	428,898	435,056	**56,000**	56,000
Amounts due from associated companies	**109,764**	154,809	**1,613**	10,664
Amounts due to associated companies	**(7,759)**	(15,491)	**–**	–
	530,903	574,374	**57,613**	66,664

Details of the associated companies are disclosed in Note 28 to the financial statements.

The Group's interests in associated companies is analysed as follows:

	GROUP	
	2000 RM'000	1999 RM'000
Share of net tangible assets	**424,104**	426,865
Share of intangible assets	**14**	1,126
Net premium on acquisition	**4,780**	7,065
	428,898	435,056

9. JOINT VENTURES

	GROUP	
	2000	**1999**
	RM'000	**RM'000**
Investment at cost	**248**	248
Share of retained profit	**873**	295
	1,121	543

Details of the joint ventures are disclosed in Note 29 to the financial statements.

10. INVESTMENTS

	GROUP	
	2000	**1999**
	RM'000	**RM'000**
Quoted shares at cost	**–**	15,502
Market value	**–**	23,102

11. CURRENT ASSETS

		GROUP		COMPANY	
	Note	**2000**	**1999**	**2000**	**1999**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Stocks	11(i)	**2,087**	937	**–**	–
Amount due from customers for contract works	11(ii)	**408**	–	**–**	–
Investments	11(iii)	**17,236**	3,974	**–**	–
Development properties	11(iv)	**199,320**	179,253	**–**	–
Trade debtors	11(v)	**71,100**	111,648	**–**	–
Other debtors		**71,357**	61,441	**3,362**	7,667
Tax recoverable		**–**	–	**2,116**	–
Related companies		**793**	487	**49**	11
Deposits with licensed banks	11(vi)	**78,476**	73,574	**75,295**	69,000
Cash and bank balances		**3,225**	9,471	**200**	165
		444,002	440,785	**81,022**	76,843

		GROUP	
		2000	**1999**
		RM'000	**RM'000**
(i)	Stocks		
	Property stocks	**1,069**	82
	Food and beverage	**313**	408
	Others	**705**	447
		2,087	937

11. CURRENT ASSETS (continued)

	GROUP 2000 RM'000	GROUP 1999 RM'000
(ii) Amount due from/(to) customers for contract works		
Contract cost incurred todate	**30,176**	776,104
Attributable profit	**836**	115,729
Progress payments received and receivable	**(30,604)**	(891,900)
Amount due from customers for contract works	**408**	–
Amount due to customers for contract works (Note 13)	**–**	(67)
Contract revenue recognised as revenue	**30,604**	–
Contract costs recognised as cost of sales	**29,768**	–
(iii) Investments		
Quoted shares in Malaysia at cost	**27,663**	14,490
Provision for diminution in value	**(10,427)**	(10,516)
	17,236	3,974
Market value	**25,646**	3,974
(iv) Development Properties		
At cost:		
Land	**34,260**	35,377
Development expenditure	**199,339**	191,862
	233,599	227,239
Attributable profit	**1,132**	6,244
	234,731	233,483
Progress payments received and receivable	**(35,411)**	(54,230)
	199,320	179,253

Development expenditure includes interest capitalised for the year of RM2,425,000 (1999: RM6,922,000).

(v) Trade debtors of the Group are stated after deducting provision for doubtful debts of RM45,449 (1999: RM29,272). Included in trade debtors is amount due from a company connected with certain Directors amounting to RM826,537 (1999: RM8,200,265) and retention sum of RM967,803 (1999: RM2,196,960).

(vi) Deposits with Licensed Banks

Included in deposits with licensed banks of the Group and of the Company is an amount of RM20,565,000 (1999: Nil) pledged to a financial institution for banking facilities granted.

12. HOLDING AND RELATED COMPANIES

The immediate and ultimate holding companies are Hong Leong Credit Berhad and Hong Leong Company (Malaysia) Berhad respectively. Both companies are incorporated in Malaysia.

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

Certain amounts due (to)/from subsidiary companies are unsecured, with no fixed term of repayment and bear interest at rates ranging from 5.3% to 8.3% (1999: 6% to 10%) per annum.

13. CURRENT LIABILITIES

	Note	GROUP 2000 RM'000	GROUP 1999 RM'000	COMPANY 2000 RM'000	COMPANY 1999 RM'000
Trade creditors		**120,661**	135,977	**–**	–
Amount due to customers for contract works	11(ii)	**–**	67	**–**	–
Related companies	12	**2,775**	2,562	**153**	215
Other creditors		**34,381**	95,377	**4,107**	3,632
Short term borrowings	13(i)	**124,137**	81,879	**64,382**	33,757
Provisions	13(ii)	**19,221**	9,446	**448**	557
Taxation		**12,760**	12,506	**–**	268
Proposed dividend		**–**	5,043	**–**	5,043
		313,935	342,857	**69,090**	43,472

(i) Short Term Borrowings:

Secured					
Term loans	17	**6,252**	6,252	**–**	–
Revolving credits		**9,000**	–	**9,000**	–
Bank overdrafts		**6,063**	5,792	**–**	–
		21,315	12,044	**9,000**	–
Unsecured					
Bank overdrafts		**2,751**	13,757	**382**	13,757
Revolving credits		**60,071**	45,000	**35,000**	20,000
Redeemable Bank Guaranteed Bonds	18	**20,000**	–	**20,000**	–
Other loans		**20,000**	11,078	**–**	–
		102,822	69,835	**55,382**	33,757
		124,137	81,879	**64,382**	33,757

Certain bank overdrafts of the Group are secured by assignment of progress billings of projects undertaken by a subsidiary company, a second legal charge over the leasehold land and a second fixed and floating charge over the assets of certain subsidiary companies.

These short term borrowings bear interest at 4.2% to 9.5% (1999: 5.0% to 14.7%) per annum.

(ii) Provisions:

These comprise provisions for staff bonus, staff retirement benefits and land and development expenditure.

14. SHARE CAPITAL

	GROUP AND COMPANY 2000 RM'000	GROUP AND COMPANY 1999 RM'000
Authorised:		
3,000,000,000 ordinary shares of RM0.50 each	**1,500,000**	1,500,000
Issued and fully paid:		
700,458,418 ordinary shares of RM0.50 each	**350,229**	350,229

14. SHARE CAPITAL (continued)

The shareholders of the Company approved the implementation of an Executive Share Option Scheme on 14 December 1999. The details of the ESOS are as disclosed in the Directors' Report. The number of options outstanding at 30 June 2000 amounted to 2,424,000. None of the options were exercised during the year.

15. RESERVES

	Note	GROUP 2000 RM'000	GROUP 1999 RM'000	COMPANY 2000 RM'000	COMPANY 1999 RM'000
Non-distributable					
Share Premium:					
At 1 July and 30 June		**35,089**	35,089	**35,089**	35,089
Exchange reserve:					
At 1 July		**3,926**	19,438	**–**	–
Exchange adjustment on translation of foreign subsidiary companies		**(2,705)**	(15,512)	**–**	–
At 30 June		**1,221**	3,926	**–**	–
Merger reserve:					
At 1 July and 30 June		**–**	–	**68,219**	68,219
Reserve on consolidation:					
At 1 July		**2,888**	2,888	**–**	–
Goodwill arising on consolidation written off	16	**(2,888)**	–	**–**	–
At 30 June		**–**	2,888	**–**	–
Total non-distributable reserves		**36,310**	41,903	**103,308**	103,308
Distributable					
Retained profit:					
At 1 July		**355,652**	330,869	**71,186**	64,116
(Loss)/profit for the year		**(57,743)**	34,869	**24,053**	17,156
Goodwill arising on consolidation written off	16	**(1,989)**	–	**–**	–
Dividend	25	**(5,043)**	(10,086)	**(5,043)**	(10,086)
At 30 June		**290,877**	355,652	**90,196**	71,186
TOTAL RESERVES		**327,187**	397,555	**193,504**	174,494

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

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

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

16. GOODWILL ON CONSOLIDATION

	GROUP	
	2000	**1999**
	RM'000	**RM'000**
At 1 July	**–**	–
Goodwill arising from acquisition of additional equity in a subsidiary company	**4,877**	–
Amount written off against reserves on consolidation	**(2,888)**	–
Amount written off against retained profits	**(1,989)**	–
At 30 June	**–**	–

17. TERM LOANS

	GROUP		COMPANY	
	2000	**1999**	**2000**	**1999**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Term loans – secured	**118,740**	98,992	**–**	–
Amount repayable within 12 months (Note 13)	**(6,252)**	(6,252)	**–**	–
	112,488	92,740	**–**	–
Other loans – secured				
– Guaranteed Revolving Underwriting Facilities	**365,000**	343,000	**100,000**	100,000
– Revolving credit	**36,000**	–	**36,000**	–
	401,000	343,000	**136,000**	100,000
Repayable within next 12 months				
– Revolving credits (Note 13(i))	**(9,000)**	–	**(9,000)**	–
	392,000	343,000	**127,000**	100,000
Other loans – unsecured	**–**	20,000	**–**	–
	504,488	455,740	**127,000**	100,000

The loans are secured on certain investment properties and freehold land and buildings, as stated in Notes 4 and 5 to the financial statements, and fixed and floating charges on assets of certain subsidiary companies.

The term loans are repayable over the period from 1997–2006 and bear interest at 4.8% to 8.0% (1999: 3.7% to 16.0%) per annum.

18. REDEEMABLE BANK GUARANTEED BONDS

	GROUP		COMPANY	
	2000	**1999**	**2000**	**1999**
	RM'000	**RM'000**	**RM'000**	**RM'000**
3.75% Redeemable Bank Guaranteed Bonds 1995/2000 with detachable warrants	**170,000**	170,000	**170,000**	170,000
Less: Amount repayable within 12 months (Note 13(i))	**(20,000)**	–	**(20,000)**	–
	150,000	170,000	**150,000**	170,000

18. REDEEMABLE BANK GUARANTEED BONDS (continued)

The RM170,000,000 nominal amount of 3.75% Redeemable Bank Guaranteed Bonds 1995/2000 ("Bonds") are constituted by a Trust Deed dated 2 October 1995 made by the Company, the Guarantors and the Trustee for the holders of the Bonds. Interest on the Bonds is payable annually in arrears. The Bonds are fully repayable in October 2000. Subsequent to the year end, RM150,000,000 of the Bonds were refinanced whereby the first repayment shall commence on 24th month following the expiry date of the existing facility. Accordingly, the refinanced portion of the Bonds has continued to be shown as a long term liability.

The 70,045,522 detachable warrants ("Warrants") are constituted by a Deed Poll dated 7 September 1995 and Supplemental Deed Poll dated 3 April 1997 made by the Company and the Trustee for the holder of the Warrants. Each Warrant will entitle its registered holders to subscribe for one ordinary share of RM0.50 in the Company at an exercise price of RM3.05 per share within four years and six months from the date of issue of the Warrants. All relevant approvals have been obtained for the exercise period of the outstanding 70,042,322 Warrants to be extended for a further five years and six months from the original expiry date of 1 April 2000 to 1 October 2005. During the year, none of the outstanding 70,042,322 Warrants were exercised.

19. DEFERRED TAXATION

	GROUP	
	2000	**1999**
	RM'000	**RM'000**
At 1 July	**15,123**	16,431
Transfer (to)/from income statement (Note 23)	**(5,984)**	(1,308)
At 30 June	**9,139**	15,123

20. REVENUE

Revenue of the Company comprises gross dividends received whereas revenue of the Group comprises revenue from development properties recognised on a percentage of completion basis, rental, investment income and gross revenue derived from leisure business. Included in revenue of the Group are the following:

	GROUP	
	2000	**1999**
	RM'000	**RM'000**
Rental income:		
– related companies	**18,609**	21,160
– others	**16**	20

21. OPERATING (LOSS)/PROFIT

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
This is arrived at after charging the following:				
Operating expenses				
Cost of sales	**178,075**	216,319	**–**	–
Distribution costs and marketing expenditure	**730**	352	**–**	–
Administration expenses	**25,903**	32,008	**412**	462
Building expenses	**15,062**	14,671	**–**	–
Other operating expenses	**15,736**	21,013	**7,546**	4,439
	235,506	284,363	**7,958**	4,901
Exceptional items				
Loss arising from impairment of hotel assets	**53,374**	–	**–**	–
Write down on investment property	**34,597**	–	**–**	–
	87,971	–	**–**	–
And crediting other operating revenue	**14,638**	29,792	**25,667**	36,376
Included in operating expenses are the following:				
Auditors' remuneration	**214**	185	**50**	50
Depreciation	**11,931**	11,694	**68**	70
Directors' fees	**202**	218	**172**	177
Directors' emoluments	**671**	776	**671**	776
Fixed assets written off	**5,029**	–	**–**	–
Unrealised foreign exchange loss	**44**	6,664	**–**	–
Loss on disposal on interest in associated company	**–**	9,060	**–**	–
Loss on sale of interest in investment properties	**17**	2,297	**–**	–
Provision for diminution in value of investment in subsidiary companies	**–**	–	**1,700**	3,769
Inter company balances written off	**–**	–	**4,614**	–
Office rental:				
– related companies	**1,756**	1,765	**–**	–
– others	**246**	496	**–**	–
Loss on disposal of short-term investment	**–**	2,833	**–**	–
Management fees charged by related company	**238**	–	**–**	–
Staff costs	**9,666**	9,737	**866**	1,076
Included in other operating revenue are the following:				
Unrealised foreign exchange gain	**453**	724	**–**	–
Gain on disposal of fixed assets	**434**	64	**–**	–
Gain on liquidation of subsidiary company	**–**	–	**4,956**	–
Provision for diminution in value of quoted shares written back	**–**	6,715	**–**	–
Interest income:				
– subsidiary companies	**–**	–	**13,604**	18,287
– related companies	**7,626**	16,359	**5,626**	16,094
– others	**1,942**	4,620	**1,481**	1,995
Gain on disposal of short-term investments	**2,419**	–	**–**	–

22. FINANCE COSTS

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest expense:				
– loans	**27,300**	37,358	**7,058**	12,975
– bonds	**7,069**	8,850	**7,069**	7,072
– subsidiary companies	**–**	–	**8,667**	11,045
– others	**6,499**	2,682	**5,943**	3,909
	40,868	48,890	**28,737**	35,001

23. TAXATION

	GROUP		COMPANY	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Malaysian taxation based on results for the year				
Current	**9,005**	(549)	**10,384**	–
Deferred (Note 19)	**(5,984)**	(1,308)	**–**	–
	3,021	(1,857)	**10,384**	–
(Over)/under provision in prior years	**(3,991)**	(868)	**–**	7,363
Associated companies	**5,565**	177	**–**	–
	4,595	(2,548)	**10,384**	7,363

Group

The Group suffers a tax charge despite a taxable loss position due to certain expenses being disallowed for tax purposes and non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

The Group has a potential deferred tax benefit not recognised in the consolidated financial statements of approximately RM194.5 million (1999: RM12.7 million) arising from unabsorbed tax losses, initial tax allowance and capital allowances which are subject to agreement by the Inland Revenue Board.

Company

The effective tax rate is higher than the prevailing statutory tax rate due to certain expenses being disallowed for income tax purposes.

24. EARNINGS PER SHARE

The calculation of the basic earnings per share for the Group is based on loss after taxation and minority interests of RM57,743,000 (1999: profit after taxation and minority interests of RM34,869,000) on a weighted average of 700,458,418 (1999: weighted average of 700,458,418) number of ordinary shares in issue during the year.

The fully diluted earnings per share for the current financial year ended 30 June 2000 is not disclosed as the effect arising from the possible exercise of warrants and options under the executive share option scheme is anti-dilutive.

In the financial year ended 30 June 1999, the assumed exercise of warrants during the year would not result in a material dilution of the basic earnings per share and accordingly, the fully diluted earnings per share is not disclosed.

25. DIVIDENDS

	COMPANY	
	2000	**1999**
	RM'000	**RM'000**
Interim of 2% (1999: 2%) less 28% income tax	**5,043**	5,043
Proposed final of Nil% (1999: 2%) less 28% income tax	**–**	5,043
	5,043	10,086

26. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2000	**1999**	**2000**	**1999**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unsecured guarantees given to financial institutions for credit facilities granted to subsidiary companies	**–**	–	**25,200**	35,000

27. COMMITMENTS

	GROUP	
	2000	**1999**
	RM'000	**RM'000**
Commitment to acquire interest in a subsidiary company	**–**	700
Commitment for development of investment properties		
– approved and contracted for	**5,237**	8,835
– approved but not contracted for	**3,853**	4,464
Commitment for investment in an associated company	**–**	105,000
Commitment for acquisition of land	**46,500**	–
	55,590	118,999

There is no commitment for investment in an associated company at 30 June 2000 as the Board of Directors of the said associated company decided not to make further calls on the unpaid portion of the issued share capital.

28. SUBSIDIARY AND ASSOCIATED COMPANIES

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2000 %	Effective Equity Interest 1999 %	Principal Activities
Bedford Equities Sdn Bhd	Malaysia	**100**	100	Trading in securities
Bedford Realty Sdn Bhd	Malaysia	**100**	100	In voluntary liquidation
Guoman Hotel & Resort Holdings Sdn Bhd and its subsidiaries:	Malaysia	**70**	70	Investment holding
+*PD Resort Sdn Bhd	Malaysia	**70**	70	Property investment and development and hotel operations
KiaPeng Development Sdn Bhd	Malaysia	**70**	70	Property development and letting of investment property
Guoman Hotels Limited and its subsidiaries:	Bermuda	**70**	70	Investment holding
Guoman (Hanoi) Limited and its subsidiary:	Jersey, Channel Islands	**70**	70	Investment holding
* HLL-Guoco Vietnam Co. Limited	Vietnam	**52**	52	Hotel operations
* Guoman Philippines, Inc.	Philippines	**70**	70	Investment holding
JB Parade Sdn Bhd and its subsidiary:	Malaysia	**42**	32	Investment holding and hotel business
JB Parade Condominium Sdn Bhd	Malaysia	**42**	32	Property development
Bedford Credit & Leasing Sdn Bhd	Malaysia	**100**	100	In voluntary liquidation
Bedford Development Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding and property development
Hong Leong Housing Sdn Bhd and its subsidiary:	Malaysia	**100**	100	Property development and construction management services
Rasa Makmur Sdn Bhd	Malaysia	**100**	100	In voluntary liquidation
+ Bedford Condos Sdn Bhd	Malaysia	**100**	100	In voluntary liquidation
+ Bedford Industrial Development Sdn Bhd	Malaysia	**100**	100	Property development
+*Pembinaan Sri Jati Sdn Bhd and its subsidiary:	Malaysia	**100**	100	Investment holding and property development
* Treacher Development Sdn Bhd	Malaysia	**70**	70	Property development
+*Bedford Ferringhi Resort (Penang) Sdn Bhd	Malaysia	**100**	100	In voluntary liquidation
* Evergreen Direction Sdn Bhd	Malaysia	**100**	100	In voluntary liquidation
* Guoland Sdn Bhd	Malaysia	**100**	100	In voluntary liquidation

28. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

Name of Company	Country of Incorporation	Effective Equity Interest 2000 %	Effective Equity Interest 1999 %	Principal Activities
Hong Leong Real Estate Holdings Sdn Bhd and its subsidiary:	Malaysia	**100**	100	Investment holding
* Bedford Land Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment property holding and letting of investment property
Bedford Damansara Heights Development Sdn Bhd and its subsidiary:	Malaysia	**100**	100	Letting of investment property
*Promakmur Development Sdn Bhd	Malaysia	**100**	–	Property development
HL Bandar Sdn Bhd	Malaysia	**100**	100	Letting of investment property
Interlot (M) Sdn Bhd	Malaysia	**–**	100	Struck off by the Registrar of Companies ("ROC")
Resource Properties Sdn Bhd	Malaysia	**100**	100	In voluntary liquidation
Bedford Excel Venture Sdn Bhd	Malaysia	**100**	100	In voluntary liquidation
HLP Equities Sdn Bhd (formerly known as BLV Teochew Restaurant Co Sdn Bhd)	Malaysia	**100**	100	Investment holding, property trading and trading in securities
Bedford Leisure Ventures Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding, property trading and provision of management services
BLV Cantonese Restaurant Co Sdn Bhd	Malaysia	**100**	100	Restaurant operations (ceased operations during the year) and property trading
BLV Entertainment Sdn Bhd	Malaysia	**100**	100	In voluntary liquidation
Noble Image Sdn Bhd	Malaysia	**100**	100	Property trading
+*Guobena Sdn Bhd and its subsidiaries:	Malaysia	**100**	100	Investment holding and construction
* Guobena Development Sdn Bhd	Malaysia	**100**	100	Property investment
Guobena Properties Sdn Bhd	Malaysia	**–**	100	Struck off by ROC
BLV Fashions Sdn Bhd	Malaysia	**100**	100	Property investment
* Aspirasi Etika Sdn Bhd	Malaysia	**–**	100	Struck off by ROC
*HLL Overseas Limited and its subsidiary:	Jersey, Channel Islands	**100**	100	Investment holding and trading in securities
* Bedford Enterprises (S) Pte Ltd	Singapore	**100**	100	In voluntary liquidation
*Hong Leong Real Estate Management Sdn Bhd	Malaysia	**100**	100	Provision of management services

* Not audited by Ernst & Young or its associates
\+ Subsidiaries consolidated under merger method of accounting

28. SUBSIDIARY AND ASSOCIATED COMPANIES (continued)

The associated companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2000 %	Effective Equity Interest 1999 %	Principal Activities
Vintage Heights Sdn Bhd	Malaysia	**40**	40	Property development and operation of an oil palm estate
* Sim-Lian Guobena JV Pte Ltd	Singapore	**50**	50	Construction
Positive Properties Sdn Bhd	Malaysia	**50**	50	Property investment
* Oriland Sdn Bhd and its subsidiaries:	Malaysia	**50**	50	Investment holding and property investment
* Orione Sdn Bhd	Malaysia	**50**	50	Property investment
* Oritwo Sdn Bhd	Malaysia	**50**	50	Property investment
* Orithree Sdn Bhd	Malaysia	**50**	50	Property investment
* Orifour Sdn Bhd	Malaysia	**50**	50	Property investment
* Orifive Sdn Bhd	Malaysia	**50**	50	Property investment
* Orisix Sdn Bhd	Malaysia	**50**	50	Property investment
* Oriseven Sdn Bhd	Malaysia	**50**	50	Property investment
* Orieight Sdn Bhd	Malaysia	**50**	50	Property investment
* Orinine Sdn Bhd	Malaysia	**50**	50	Property investment
Continental Estates Sdn Bhd	Malaysia	**50**	50	Property development and operation of an oil palm estate
* Luck Hock Venture Holdings, Inc.	Philippines	**28**	28	Property investment
* Fasidon Holdings Pte Ltd	Singapore	**20**	20	Property development
Putrajaya Properties Sdn Bhd and its subsidiaries:	Malaysia	**50**	50	Investment holding
Sabna Development Sdn Bhd	Malaysia	**50**	50	Property development
HLP Bina Sdn Bhd	Malaysia	**50**	50	Construction

* Not audited by Ernst & Young or its associates

29. JOINT VENTURES

The details of joint ventures are as follows:

Name of joint venture	Country of Establishment	Interest 2000 %	Interest 1999 %	Principal Activities
Guobena Sdn Bhd – Hexatech Sdn Bhd	Malaysia	**60**	60	Electrical installations
Guobena Sdn Bhd – Siah Brothers Pte Ltd	Singapore	**50**	50	Construction
Guobena Sdn Bhd – Dayang Construction Engineering Pte Ltd	Singapore	**60**	60	Construction and electrical works

30. SEGMENT INFORMATION

	Revenue		(Loss)/Profit before tax	
	2000	1999	**2000**	1999
	RM'000	RM'000	**RM'000**	RM'000
a. Analysis of revenue and (loss)/profit before tax by activity:				
Property investment and development	**221,078**	280,693	**(8,752)**	28,873
Plantation	**–**	–	**6,788**	7,273
Hotels	**27,715**	14,346	**(83,627)**	(18,116)
Others	**6,962**	10,169	**(731)**	6,395
	255,755	305,208	**(86,322)**	24,425
b. Analysis of revenue and (loss)/profit before tax by geographical market:				
Malaysia	**230,287**	295,414	**(56,107)**	49,221
Singapore	**20,289**	3,549	**3,412**	(15,199)
Others	**5,179**	6,245	**(33,627)**	(9,597)
	255,755	305,208	**(86,322)**	24,425

	Net Funds Employed	
	2000	1999
	RM'000	RM'000
c. Analysis of net funds employed by activity:		
Property investment and development	**477,929**	462,583
Plantation	**179,447**	171,156
Hotels	**21,867**	101,482
Others	**(1,827)**	12,563
	677,416	747,784
d. Analysis of net funds employed by geographical market:		
Malaysia	**583,208**	674,463
Singapore	**15,617**	30,154
Others	**78,591**	43,167
	677,416	747,784

31. SIGNIFICANT RELATED COMPANY/PARTY TRANSACTIONS

	2000	1999
	RM'000	RM'000
Progress billings issued to a company connected with certain Directors	**2,963**	61,500
Purchases of building materials from related companies	**4,582**	22,265
Management fees paid to related companies	**2,046**	2,614

All other significant related company/party transactions have been disclosed in notes 20, 21 and 22 to the financial statements.

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

32. SIGNIFICANT EVENTS DURING THE YEAR

During the year, the Group increased its equity interest in various wholly-owned subsidiary companies by way of subscription of new ordinary shares of RM1.00 each at subscription price of RM1.00 per share, details are as follows:

i) Subscription for 60 million new ordinary shares, representing 37.5% of the enlarged issued and paid-up share capital of Kiapeng Development SdnBhd on 15 August 1999;

ii) Subscription for 70 million and 39.9 million new ordinary shares, representing in total 39.7% of the enlarged issued and paid-up share capital of Guoman Hotel & Resort Holdings Sdn Bhd on 1 September 1999 and 1 January 2000 respectively; and

iii) Subscription for 30 million new ordinary shares, representing 37.5% of the enlarged issued and paid-up share capital in PD Resort Sdn Bhd on 1 August 1999.

On 11 October 1999, Bedford Damansara Heights Development Sdn Bhd ("BDHD"), an indirect wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement with Gerbang Ayu Development Sdn Bhd ("GAD") for the acquisition of land in Mukim Rawang for a total cash consideration of RM54.0 million ("the Proposed Acquisition of Land"). Pursuant to an agreement dated 8 August 2000 entered into between GAD, BDHD and Kota Selatan Indah Sdn Bhd ("KSI"), a wholly-owned subsidiary of BDHD, GAD had agreed that KSI become the party to the aforesaid sale and purchase agreement in substitution of BDHD for the Proposed Acquisition of Land. The relevant approvals had been obtained.

On 31 May 2000, Promakmur Development Sdn Bhd, a wholly-owned subsidiary of BDHD, had entered into a sale and purchase agreement for the proposed acquisition of land in Mukim Rawang from Pura Development Sdn Bhd and Rawang Project Sdn Bhd for a total cash consideration of RM164.3 million. Concurrently, an agreement was also entered into for the Group to dispose of 50% of its interest in BDHD to Hong Bee Land Sdn Bhd and its associates for a total cash consideration of RM92.4 million. The said proposed acquisition of land and the proposed disposal of shares are pending the relevant approvals.

At the year end, the Group recognised an impairment loss of RM53,374,000 to its hotel assets due to the unfavourable market conditions in the hotel industry in countries where the Group has hotel operations. Effects of the impairment are shown in Notes 4 and 21 to the financial statements.

33. COMPARATIVE FIGURES

Certain comparative figures are reclassified to conform with current year's presentation.

STATEMENT BY DIRECTORS

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

We, Kwek Leng Seng and Tan Ming Huat, being two of the Directors of HONG LEONG PROPERTIES BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 24 to 49 are drawn up in accordance with approved accounting standards in Malaysia so as to give a true and fair view of:

(i) the state of affairs of the Group and of the Company at 30 June 2000 and of the results of the business of the Group and of the Company for the year ended on that date; and

(ii) the cash flows of the Group for the year ended 30 June 2000.

On behalf of the Board,

KWEK LENG SENG

TAN MING HUAT

Kuala Lumpur
22 August 2000

STATUTORY DECLARATION

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

I, Chan Wan Leong, being the Officer primarily responsible for the financial management of HONG LEONG PROPERTIES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 24 to 49 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Chan Wan Leong) **CHAN WAN LEONG**
at Kuala Lumpur in the Federal Territory)
on 22 August 2000)

Before me,

TEONG KIAN MENG
Pesuruhjaya Sumpah
Commissioner for Oaths

REPORT OF THE AUDITORS

To the Members of Hong Leong Properties Berhad

We have audited the financial statements set out on pages 24 to 49. 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 approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that 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.

In our opinion:

(a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards so as to give a true and fair view of:

  (i) the state of affairs of the Group and of the Company at 30 June 2000 and of the results of the Group and of the Company and the consolidated cash flows of the Group 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.

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

We have considered the financial statements and the auditors' report of the subsidiary companies of which we have not acted as auditors, as indicated in Note 28 to the financial statements, being financial statements which are included in the consolidated financial statements.

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

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

ERNST & YOUNG
AF: 0039
Public Accountants

THOMAS ARUNDEL ANDREW SCOTT
1060/3/02(J/PH)
Partner

Kuala Lumpur
22 August 2000

OTHER INFORMATION

PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2000

Tenure	Location	Approximate Net Lettable/ Land* Area (sq. ft.)	Approximate Age (Years)	Net Book Value (RM'000)
Freehold	**Bangunan Hong Leong** Land with a 16-storey office building at No. 117 Jalan Tun H.S. Lee, 50000 Kuala Lumpur Fair Value: RM37,864,375	92,561	25	37,864
Freehold	**Wisma Semantan** Land with office building (9 and 21-storey tower blocks) at No. 12, Jalan Gelenggang, Damansara Heights, 50490 Kuala Lumpur Fair Value: RM138,431,200	346,078	8	92,561
Freehold	**Wisma Hong Leong** Land with a 11-storey office building at No. 18, Jalan Perak, 50450 Kuala Lumpur Fair Value: RM182,952,000	332,640	6	123,545
Freehold	Land with a 4-storey office building at Lot No. 107, Jalan Pahang Barat, Off Jalan Pahang, 53000 Kuala Lumpur	6,400	7	842
Freehold	**Menara C & D** Two 10-storey office tower blocks at Persiaran MPAJ, Jalan Pandan Utama, Pandan Indah, 55100 Kuala Lumpur Fair Value: RM56,976,000	356,100	3	56,976
Freehold	**Wisma KiaPeng** Land with a 32-storey office building at No. 3, Jalan Kia Peng, 50450 Kuala Lumpur Fair Value: RM225,500,000	410,000	–	191,963
Freehold	**3 KiaPeng** Land with construction of condominiums in progress at Lots 379 & 380, Section 57, Jalan Kia Peng, 50450 Kuala Lumpur	453,100	–	180,189

PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2000 (continued)

Tenure	Location	Approximate Net Lettable/ Land* Area (sq. ft.)	Approximate Age (Years)	Net Book Value (RM'000)
Freehold	**Menara Milenium** Land with a 25-storey office building and a 4-storey annex block at No. 8, Jalan Damanlela, 50490 Kuala Lumpur Fair Value: RM228,396,800	570,992	1	192,486
Freehold	Vacant land in the vicinity of the Damansara Town Centre, Kuala Lumpur	19.1 acres*	–	314,979
Freehold	Vacant land at Lot 29, Section 90, Town of Kuala Lumpur	1.4 acres*	–	22,661
Leasehold Expiry date: 10/10/2087	**Hyatt Regency Johor Bahru** Land with a 406 room hotel at Lots 17869 & 17870, Jalan Sg. Gelam, Off Jalan Sg. Chat, District of Johor Bahru, Johor Darul Takzim	6.4 acres*	6	77,140
Freehold	**Guoman Port Dickson** Land with a 256 room hotel resort & 9-hole golf course at No. 1837, Mukim of Pasir Panjang, District of Port Dickson, Negeri Sembilan Darul Khusus	57.3 acres*	5	53,140
Leasehold Expiry date: 19/7/2023	**Guoman Hanoi** Land with a 151 room hotel at 83A, Ly Thuong Kiet St., Hanoi, Vietnam	0.7 acres*	4	31,272
Freehold	**Precinct 8, Putrajaya** Land with development in progress within Putrajaya Federal Administrative Centre, Selangor Darul Ehsan	273.8 acres*	–	242,198

PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2000 (continued)

Tenure	Location	Approximate Net Lettable/ Land* Area (sq. ft.)	Approximate Age (Years)	Net Book Value (RM'000)
Freehold	**Bukit Rahman Putra** Balance land with mixed development in progress in Mukim of Sg. Buloh, Selangor Darul Ehsan	75.6 acres*	–	69,705
Freehold	Vacant land in Mukim of Sg. Buloh, Selangor Darul Ehsan	9.0 acres*	–	13,673
Freehold	Vacant land at Lot 322, Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan	11.7 acres*	–	11,784
Freehold	Vacant land at No. 1837, Mukim of Pasir Panjang, District of Port Dickson, Negeri Sembilan Darul Khusus	14.5 acres*	–	10,470
Freehold	**Pantai Sepang Putra** Land with development in progress at Mukim and District of Sepang, Selangor Darul Ehsan	7,100 acres*	–	219,449
Freehold	Vacant land at Mukim Jasin, Melaka Darul Amin	5,887 acres*	–	469,430
Freehold	Vacant land at Lot 13, Mukim of Kuala Kuantan, Pahang Darul Makmur	448.0 acres*	–	30,155
Leasehold Expiry date: 17/4/2085	**Sri Sentosa** Balance land at Mukim of Petaling, Kuala Lumpur	1.4 acres*	–	1,100
Freehold	Vacant land at Lot 3059, Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan	7.5 acres*	–	8,275

DISTRIBUTION SCHEDULE OF SHAREHOLDERS AS AT 30 AUGUST 2000

Size of Holdings			No. of Shareholders	%	No. of Shares	%
1	–	499	62	0.21	3,993	0.00
500	–	5,000	21,186	70.82	51,457,466	7.35
5,001	–	10,000	4,289	14.34	37,352,467	5.33
10,001	–	100,000	4,108	13.73	117,202,969	16.73
100,001	–	1,000,000	249	0.83	56,240,523	8.03
Above		1,000,000	20	0.07	438,201,000	62.56
			29,914	100.00	700,458,418	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 30 AUGUST 2000

	Names of Shareholders	No. of Shares	%
1.	Hong Leong Credit Berhad	313,837,938	44.80
2.	Employees Provident Fund Board	41,316,000	5.90
3.	Hong Leong Equities (Hong Kong) Limited	29,386,000	4.20
4.	Nanyang Press Holdings Berhad	11,513,000	1.64
5.	Chut Nyak Isham Bin Nyak Ariff	9,474,657	1.35
6.	Hume Plastics (Malaysia) Sdn Bhd	8,005,273	1.14
7.	OYL (BVI) Limited	4,852,000	0.69
8.	Bearson Holdings Corp	4,171,000	0.60
9.	Extra Wealth Ltd	2,500,000	0.36
10.	Webs Index Fund Inc	1,998,000	0.29
11.	The Central Depository (Pte) Limited	1,941,132	0.28
12.	State Street Bank & Trust Funds for Employee Trusts	1,815,500	0.26
13.	Pertubuhan Keselamatan Sosial	1,754,000	0.25
14.	Hsiong William	1,663,000	0.24
15.	Sow Thiam Poh	1,638,000	0.23
16.	Dato' Kadar Shah Bin Dato' Sulaiman	1,540,000	0.22
17.	Suleiman Bin Babjan	1,349,000	0.19
18.	SYY Pte Ltd	1,260,000	0.18
19.	California State Teachers Retirement System	1,253,000	0.18
20.	Tan Chwee Huat	1,000,000	0.14
		442,267,500	63.14

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 August 2000 are as follows:

Names of Shareholders	No. of Shares	%
Hong Leong Company (Malaysia) Berhad	368,088,211	52.54*A
Tan Sri Quek Leng Chan	368,088,211	52.54*B
HL Holdings Sdn Bhd	368,088,211	52.54*B
Kwek Leng Beng	368,088,211	52.54*B
Kwek Holdings Pte Ltd	368,088,211	52.54*B
Hong Realty (Private) Limited	368,088,211	52.54*B
Hong Leong Investment Holdings Pte Ltd	368,088,211	52.54*B
Hume Industries (Malaysia) Berhad	24,571,273	3.50*C
Hong Leong Equities (Hong Kong) Limited	29,386,000	4.20
Hong Leong Credit Berhad	343,223,938	49.00*D
Guoco Assets Sdn Bhd	343,223,938	49.00*E
Guoco Group Limited	343,223,938	49.00*E
Guoline Overseas Limited	343,223,938	49.00*E
Guoline Capital Assets Limited	343,223,938	49.00*E
Assets Nominees (Tempatan) Sdn Bhd	333,356,211	47.59*F
Assets Nominees (Asing) Sdn Bhd	34,439,000	4.92*F
HDM Nominees (Asing) Sdn Bhd	30,702,000	4.38*F
Employees Provident Fund Board	41,772,000	5.96

*A Deemed interest through Hong Leong Credit Berhad and subsidiary and associated companies

*B Deemed interest through Hong Leong Company (Malaysia) Berhad

*C Deemed interest through subsidiary companies

*D Direct interest and deemed interest through Hong Leong Equities (Hong Kong) Limited

*E Deemed interest through Hong Leong Credit Berhad

*F Held as bare trustee for various beneficial owners. Beneficial owners with interests in 2% or more in the Company and disclosed to the Company have been listed above as substantial shareholders.

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

FORM OF PROXY

I/We _____

of _____

being a member/members of HONG LEONG PROPERTIES BERHAD, hereby appoint

_____

of _____

or failing him/her _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Seventy-sixth Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Friday, 20 October 2000 at 9.30 a.m. and at any adjournment thereof.

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

RESOLUTIONS	FOR	AGAINST
1. To receive the Financial Statements and Reports		
2. To approve the payment of Directors' fees		
3. To re-elect YBhg Tan Sri Quek Leng Chan as a Director pursuant to the Company's Articles of Association		
4. To re-elect YBhg Tan Sri Abdul Aziz bin Zain as a Director pursuant to Section 129 of the Companies Act, 1965		
5. To re-appoint Messrs Ernst & Young as Auditors and authorise the Directors to fix their remuneration		
6. As special business, to approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965		
7. As special business, to approve the ordinary resolution pursuant to the proposed purchase of own shares by the Company		

Dated this _____ day of _____ 2000

_____ Number of shares held

_____ Signature of Member(s)

NOTES

1. If you wish to appoint other person(s) to be your proxy, delete the words "the Chairman of the meeting" and insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid.
5. In the case where the member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.