Contents

CORPORATE

1 Company Profile

2 Corporate Information

3 Directors' Profile

7 Audit Committee Report

8 Corporate Governance

10 Notice of Annual General Meeting

12 Statement Accompanying Notice of Annual General Meeting

13 Five-Year Financial Highlights

14 Chairman's Statement

FINANCIAL

Directors' Report 22

Balance Sheets 33

Income Statements 35

Statements of Changes in Equity 36

Cash Flow Statements 37

Notes to the Financial Statements 40

Statement by Directors 69

Statutory Declaration 69

Report of the Auditors 70

Other Information 71

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 & 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 over the years, the Group is well positioned to face the challenges and seize the opportunities that will arise in the coming years.

Corporate Information

DIRECTORS

YBhg Tan Sri Quek Leng Chan
(Executive Chairman)

Mr Kwek Leng Seng
(Group Managing Director)

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

YBhg Tan Sri Asmat bin Kamaludin

YBhg Dato' Ong Joo Theam

YBhg Datuk Roger Tan Kim Hock

Mr Tan Ming Huat

Mr Tan Keok Yin

Mr Chew Kong Seng

SECRETARIES

Mr Lee Eu Kong

Ms Lim Yew Yoke

AUDITORS

Messrs Ernst & Young

Room 401, 4th Floor

Kompleks Antarabangsa

PO Box 10068

50704 Kuala Lumpur

Tel: 03 - 2144 2333

REGISTRAR

Hong Leong Nominees Sendirian Berhad

Level 5, Wisma Hong Leong

18 Jalan Perak

50450 Kuala Lumpur

Tel : 03 - 2164 1818

Fax : 03 - 2164 3703

REGISTERED OFFICE

Level 10, Wisma Hong Leong

18 Jalan Perak

50450 Kuala Lumpur

Tel : 03 - 2164 1818

Fax : 03 - 2164 2476

Directors' Profile

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

Aged 58, Tan Sri Quek Leng Chan, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom in 1962. He has extensive business experience of 37 years in various business sectors, including financial services, manufacturing and real estate.

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

His other directorships in public companies are as follows:

- Executive Chairman of several public listed companies in the Hong Leong Group Malaysia, namely Hong Leong Credit Berhad, Hong Leong Industries Berhad, Hume Industries (Malaysia) Berhad, Camerlin Group Berhad and Hume Cemboard Berhad.
- Executive Chairman of Tasek Corporation Berhad, a public listed company.
- Chairman of Hong Leong Bank Berhad and HLG Capital Berhad, both public listed companies.
- Director of O.Y.L. Industries Bhd, a public listed company.
- Executive Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad, Executive Chairman of Guolene Packaging Industries Berhad, Chairman of Hong Leong Finance Berhad and Hong Leong Assurance Berhad, all of which are public companies.

Tan Sri Quek is a deemed major shareholder of HLPB and its subsidiaries by virtue of his interest in the holding company. He has no direct shareholding in HLPB.

Tan Sri Quek attended all the Board meetings held during the financial year ended 30 June 2001.

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

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

Aged 43, Mr Kwek Leng Seng, a Singaporean, graduated from the University of Buckingham, London with an Honours degree in Law (LLB(Hons)) in 1982. He joined the Hong Leong Group Malaysia as the Claims Manager and Director of Hong Leong Assurance Berhad in 1987. Between 1990 to mid 1994, he assumed directorships and managerial positions in the various subsidiaries of Hong Leong Properties Berhad ("HLPB"). He was the Managing Director of HLG Securities Sdn Bhd from mid 1994 to October 1995.

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

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

Mr Kwek does not hold any shares in HLPB.

He attended all the Board meetings held during the financial year ended 30 June 2001.

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

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

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

(Non-Executive Independent Director)

Aged 78, Tan Sri Dato' (Dr) Abdul Aziz bin Zain, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom in 1954. He has been conferred an Honorary Doctorate Degree in Laws from the Anglia Polytechnic University, United Kingdom, an Honorary Doctorate of Science from the University Sains Malaysia and an Honorary Doctorate (honoris causa) Degree in Laws from the International Islamic University Malaysia. Between 1940 to 1963, Tan Sri Dato' (Dr) Abdul Aziz held various appointments in the judiciary of Malaysia. From 1964 to 1965, he was seconded to Brunei as Attorney General. Between 1965 and 1971, he was a Judge of the High Court of Malaya and a Federal Judge, Supreme Court Malaysia.

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

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

Tan Sri Dato' (Dr) Abdul Aziz has a direct shareholding of 3,400 ordinary shares in HLPB. He attended two (2) out of four (4) Board meetings of HLPB held during the financial year ended 30 June 2001.

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

YBhg Tan Sri Asmat bin Kamaludin

(Non-Executive Non-Independent Director)

Aged 57, Tan Sri Asmat bin Kamaludin, a Malaysian, graduated from the University of Malaya with a Bachelor of Arts (Economics) (Honours) degree in 1966. He also holds a Diploma in European Economic Integration from the University of Amsterdam. Tan Sri Asmat has vast experience of over 35 years in various capacities in the public service and his last post in the public service was as the Secretary General of the Ministry of International Trade & Industry Malaysia, a position he held since May 1992. In the last five years prior to his retirement in February this year, Tan Sri Asmat served as a board member of Malaysia Technology Development Corporation, Multimedia Development Corporation, Malaysian Trade Development Corporation, Permodalan Nasional Berhad, Small and Medium Industries Development Corporation and Perbadanan Johor.

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

His other directorships in public companies are as follows:

- Non-Executive Chairman of UMW Holdings Berhad and Matsushita Electric Company (Malaysia) Berhad; both public listed companies.
- Non-Executive Vice Chairman of YTL Cement Berhad, a public listed company.
- Non-Executive Director of Malaysian Pacific Industries Berhad, Carlsberg Brewery Malaysia Bhd, Shangri-La Hotels Malaysia Bhd, Lion Land Berhad and Commerce Asset-Holdings Berhad, all of which are public listed companies.

He attended two (2) out of four (4) Board meetings of HLPB held during the financial year ended 30 June 2001 as he was appointed to HLPB in February 2001.

Tan Sri Asmat does not hold any shares in HLPB, has no family relationship with other directors or major shareholders of HLPB, has no conflict of interests with HLPB and has no convictions for offences within the past 10 years.

YBhg Dato' Ong Joo Theam

(Non-Executive Non-Independent Director)

Aged 52, Dato' Ong Joo Theam, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom in February 1972 and the Malaysian Bar in September 1972. He is an advocate and solicitor and has been in legal practice for 28 years.

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

Dato' Ong has a direct shareholding of 13,000 ordinary shares in HLPB.

He attended all the Board meetings of HLPB held during the financial year ended 30 June 2001.

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

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

Aged 54, Datuk Roger Tan Kim Hock, a Malaysian, obtained his Bachelor of Law degree from the London School of Economics and qualified as a Barrister-at-Law from Gray's Inn, United Kingdom in 1971. He was in legal practice between 1972 and 1976. He joined Hong Leong Property Management Co Sdn Bhd in 1976 as the General Manager of the Property Division and was later promoted as the Managing Director of Hong Leong Industries Berhad. In 1988, he joined HLG Securities Sdn Bhd as the Chief Executive Officer before he left in 1993 to assume the post of President & Chief Executive Officer of Hume Industries (Malaysia) Berhad ("HIMB") until end of June 2001. He is currently the President and Chief Executive Officer of Hong Leong Credit Berhad and a director of HLG Capital Berhad ("HLG"), both public listed companies.

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

Datuk Roger Tan has not attended any Board meetings of HLPB held during the financial year ended 30 June 2001 as he was appointed to HLPB in July 2001.

Datuk Roger Tan does not hold any shares in HLPB but has interests in related corporations as follows:-

- 2,291,666 ordinary shares of RM1.00 each in HLG, representing 1.86% of the issued and paid-up share capital of HLG; and
- 181,000 ordinary stock units of RM1.00 each in HIMB, representing 0.07% of the issued and paid-up share capital of HIMB.

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

Mr Tan Ming Huat
(Executive Non-Independent Director)

Aged 50, Mr Tan Ming Huat, a Malaysian, graduated with a Bachelor's Degree in Civil Engineering from the University of Malaya in 1977. After graduation, he worked in Jabatan Kerja Raya (JKR) as Engineer for 2 years. He has 22 years of experience in the property development sector with the Hong Leong Group Malaysia. He joined Hong Leong Group Malaysia in 1979 as Site Engineer in the property division and was promoted to Project Engineer in 1981. He was subsequently promoted to Chief Manager (Project) in 1982. Between 1984 and 1991, he assumed the position of General Manager. In 1992, he was promoted to Senior General Manager. In 1996, he assumed his present position of Chief Operating Officer of HLPB and is currently in charge of the Property Development and Property Investment Divisions.

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

Mr Tan has a direct shareholding of 40,000 ordinary shares in HLPB.

He attended all the Board meetings held during the financial year ended 30 June 2001.

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

Mr Tan Keok Yin
(Non-Executive Independent Director)

Aged 57, Mr Tan Keok Yin, a Malaysian, graduated from the University of Malaya with a Bachelor of Arts (Economics) (Honours) degree in 1966. He also holds a Certificate in Executive Programme from the Berkeley Business School, University of California in 1984 and a Certificate in International Boards and Directors Programme from the Swedish Academy of Directors in 1995. He started his career with Bank Negara Malaysia ("BNM") in 1966, during which he served in the Economic and Investments Departments and the Penang Branch of BNM. In August 1977, he joined the Federation of Malaysian Manufacturers ("FMM") as Deputy Director and was the Chief Executive Officer of FMM from 1981 to 1999.

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

- Non-executive independent director and Audit Committee member of Malaysian Pacific Industries Berhad and Hong Leong Bank Berhad ("HLB"), both public listed companies. He is also the Chairman of the Audit Committee of HLB.

- Non-executive independent director and Audit Committee member of Hong Leong Assurance Berhad and Hong Leong Finance Berhad, both public companies.

Mr Tan has not attended any Board meetings of HLPB during the financial year ended 30 June 2001 as he was appointed to HLPB in September 2001.

Mr Tan does not hold any shares in HLPB. He does not sit on any Committees of HLPB.

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

Mr Chew Kong Seng
(Non-Executive Independent Director)

Aged 63, Mr Chew Kong Seng @ Chew Kong Huat, a Malaysian, is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants.

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

Mr Chew is also a director of the following public companies:

- Director and Audit Committee member of Petronas Gas Berhad and Jaya Jusco Stores Berhad, both public listed companies.

- Director and Audit Committee Chairman of Petronas Dagangan Berhad and Industrial Concrete Products Berhad, both public listed companies.

- Director of Great Wall Plastic Industries Berhad, a public listed company.

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

Mr Chew has not attended any Board meetings of HLPB held during the financial year ended 30 June 2001 as he was appointed to HLPB in September 2001.

Mr Chew does not hold any shares in HLPB, has no family relationship with any other directors or major shareholders of HLPB, has no conflict of interests with HLPB and has no convictions for offences within the past 10 years.

Audit Committee Report

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

COMPOSITION
YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain (Chairman, Non-Executive Independent Director)
YBhg Dato' Ong Joo Theam (Non-Executive Non-Independent Director)
Mr Kwek Leng Seng (Executive Non-Independent Director)

SECRETARY
The Secretary to the Audit Committee is Mr Lee Eu Kong who is the Joint Company Secretary of HLPB.

MEETINGS AND MINUTES
During the financial year ended 30 June 2001, three (3) committee meetings were held and all the meetings were attended by all the Audit Committee members. The quarterly results and annual financial statements are reviewed by the Audit Committee prior to such quarterly results and annual financial statements being presented to the Board for approval.

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

After each Audit Committee meeting, the Audit Committee reported to and updated the Board on significant issues and concerns discussed during the Audit Committee meetings and where appropriate, made the necessary recommendations to the Board.

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

During the financial year, the Audit Committee reviewed the quarterly reports and financial statements of HLPB and its subsidiaries ("the Group"). The Audit Committee had also met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response and discussed recent developments on accounting and auditing standards issued by the Malaysian Accounting Standards Board. In addition, the Audit Committee approved the annual internal audit plan of the Group and reviewed the internal auditor's audit findings and recommendations.

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

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

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

TERMS OF REFERENCE
- To review, with the external auditors, the audit plan.
- To review, with the external auditors, the evaluation of the system of internal accounting controls and audit findings.
- To review, with the external auditors, the audit report.
- To review the assistance given by the Company's officers to the external auditors.
- To review the scope and results of the internal audit procedures.
- 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.
- To review any related party transactions that may arise within the Company or the Group.
- To nominate and recommend for the Board of Directors' approval, a person or persons as auditor(s).
- Other functions as may be agreed to by the Audit Committee and the Board of Directors.

INTERNAL AUDIT
During the financial year ended 30 June 2001, the internal audit department carried out its duties in accordance with its annual audit plan covering business audit, system audit, fixed assets audit and operational and financial audit.

Corporate Governance

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

Finance Committee on Corporate Governance

The manner in which the Corporate Governance framework is applied is summarised as follows:

A DIRECTORS

The Board

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

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

The Board met four (4) times during the financial year ended 30 June 2001.

Supply of Information

To fulfill the responsibilities set out above, all Directors have access to the advice and services of the Company Secretaries as well as to independent professional advice, including the internal auditors.

Re-election

All directors are required to submit themselves for re-election every three (3) years. The details of the retiring Directors are set out in the Annual Report.

B DIRECTORS' REMUNERATION

Procedure

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

Disclosure

The aggregate remuneration of Directors for the financial year ended 30 June 2001 are as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	127,000	636,725	763,725
Non-Executive Directors	82,247	35,000	117,247

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

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

C ACCOUNTABILITY AND AUDIT

The financial reporting and internal control system of the Group is overseen by the Audit Committee, which comprises two (2) non-executive directors. The primary responsibilities of the Audit Committee are set out in the Audit Committee Report.

The Audit Committee met three (3) times during the financial year ended 30 June 2001.

Financial Reporting
The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements of the Company and of the Group from the Audit Committee which reviews the said statements with the assistance of the external auditors.

Internal Control
The Board has overall responsibility for maintaining a system of internal controls, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations. This system provides reasonable but not absolute assurance against material misstatements, losses and fraud.

Relationship with Auditors
The appointment of external auditors are recommended by the Audit Committee which determines the renumeration of the external auditors. The external auditors meet with the Audit Committee to:

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

D DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

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

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2001, the Group has used the appropriate accounting policies and applied them consistently. The Directors also consider that relevant approved accounting standards have been followed in the preparation of these financial statements.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Seventy-seventh 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 Wednesday, 24 October 2001 at 10.00 a.m. in order:

1. To receive and consider the audited financial statements for the year ended 30 June 2001 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees of RM182,247 to be divided amongst the Directors in such manner as the Directors may determine.

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

   (a) YBhg Dato' Ong Joo Theam
   (b) YBhg Tan Sri Asmat bin Kamaludin
   (c) YBhg Datuk Roger Tan Kim Hock
   (d) Mr Tan Keok Yin
   (e) Mr Chew Kong Seng

4. To approve the following motion:-

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

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

6. As special businesses, to consider and, if thought fit, pass with or without any modification, the following ordinary motions:-

   Ordinary Resolution 1
   - Authority To Directors To Issue Shares

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

   Ordinary Resolution 2
   - Authority To Directors On Purchase Of The Company's Own Shares

   "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 and/or held 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 2001, the audited retained profits and share premium of the Company were RM99.1 million and RM35.1 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 as treasury shares; 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, 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."

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

By Order of the Board

LEE EU KONG
LIM YEW YOKE
Secretaries

Kuala Lumpur
2 October 2001

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. Pursuant to paragraph 7.22 of the Listing Requirements of the Kuala Lumpur Stock Exchange, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

2. The Form of Proxy must be deposited at the Registered Office of the Company at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

3. Explanatory Notes On Special Businesses

(a) Ordinary Resolution 1

- Authority To Directors To Issue Shares

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.

(b) Ordinary Resolution 2

- Authority To Directors On Purchase Of The Company's Own Shares

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 is despatched together with the Company's 2001 Annual Report.

Statement Accompanying
Notice Of Annual General Meeting

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

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 77TH ANNUAL GENERAL MEETING OF THE COMPANY

Pursuant to Article 108 of the Company's Articles of Association

YBhg Dato' Ong Joo Theam

Pursuant to Article 113 of the Company's Articles of Association

YBhg Tan Sri Asmat bin Kamaludin
YBhg Datuk Roger Tan Kim Hock
Mr Tan Keok Yin
Mr Chew Kong Seng

Pursuant to Section 129 of the Companies Act, 1965

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

2. DETAIL OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

There were four (4) Board meetings held during the financial year ended 30 June 2001. Details of attendance of the Directors are set out in the Directors' Profile appearing on pages 3 to 6 of the Annual Report.

3. PLACE, DATE AND TIME OF BOARD MEETINGS

All Board meetings during the financial year ended 30 June 2001 were held at Level 11, Wisma Hong Leong, 18, Jalan Perak, 50450 Kuala Lumpur. The date and time of the Board meetings held were as follows:-

Dates of Meetings	**Time**
22 August 2000	11.00 a.m
24 October 2000	11.00 a.m
8 February 2001	12.10 p.m
25 April 2001	12.00 noon

4. FURTHER DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION

Details of Directors who are standing for re-electoin are set out in the Directors' Profile appearing on pages 3 to 6 of the Annual Report.

Five-Year Financial Highlights

YEAR ENDED (RM Million)	June 1997	June 1998	June 1999	June 2000	**June 2001**
Turnover	626.8	481.7	305.2	255.8	**330.7**
Pre-tax profit/(loss)	200.3	67.6	24.4	(86.3)	**11.4**
Profit/(loss) attributable to shareholders	171.7	47.5	34.9	(57.7)	**7.6**
Net tangible assets	698.1	738.5	747.8	677.4	**686.8**
Net earnings per share (sen)	23.6	6.8	5.0	(8.2)	**1.1**

Chairman's Statement

On behalf of the Board of Directors, I present the Annual Report and Financial Statements of Hong Leong Properties Berhad Group for the financial year ended 30 June 2001.

OVERVIEW

The property market remained soft during the period under review, stemming in part from increasing concern over the strength of the economy and the effects of a global slowdown. Comparatively, the residential sector showed the most promise where there was sustained demand for landed properties in established locations that were competitively priced. The office-building sector remained sluggish due to the current oversupply situation of office space; only prime office buildings experienced marginal increases in occupancy rates while rental rates remained competitive.

FINANCIAL HIGHLIGHTS

Our turnover increased from RM255.8 million in the previous financial year to RM330.7 million in the financial year under review, an increase of 29.3%. The increase in turnover was mainly attributed to the sale of 50% of our interest in Bedford Damansara Heights Development Sdn. Bhd.

An improvement was also recorded in our profit before tax and minority interest which stood at RM11.4 million for the year ended 30 June 2001, compared to the loss before tax and minority interest of RM86.3 million achieved in the previous corresponding period as a result of a write down of our hotel assets to market value.

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

Our net tangible assets increased to RM686.8 million as at 30 June 2001, from RM677.4 million in the previous year.

STRATEGIES AHEAD

Our planned asset transformation strategies 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, we have been actively marketing the low yielding land bank as well as our investment properties, and we expect further disposals in the coming year so as to realign our asset portfolio as well as generate cash flow for new investment opportunities.

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. In essence, we are using information technology to elevate our business to an e-enabled organisation with our interactive website, MyStorey.com, which is a fully equipped, intelligent, virtual marketing office that empowers our customers with direct access to all our products.

While MyStorey.com will e-enable our business processes, our 'Online Lifestyle' concept will equip our future developments, where practicable, with high-speed, secure, always-connected Internet access 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.

In our **Property Development Division**, we continue to be market driven with our activities focused on affordable housing. This is very much evident in our latest integrated 'high-tech' township development in Rawang, aptly called the Emerald. The Emerald is a beautiful 1,000 acre self-contained township that will be the first of our townships to embody the Online Lifestyle concept. Once completed, secure gated communities will be multi-media system ready, featuring renovation free dwellings for its residents. Our first launch of affordable bungalow units at end-March, priced from RM238,888 onwards, has been fully taken up and

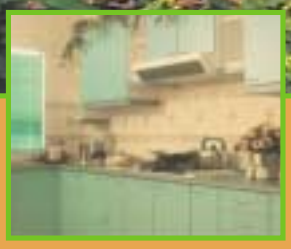
Right: Emerald, the "hight-tech" township development in Rawang

PROPERTY DEVELOPMENT

emerald
online lifestyle



Gated Community



Renovation Free Concept



High Speed Internet Access

mystorey.com

Online Security | Online Banking | Online Shopping | Online Entertainment | Online Groceries | Online Education | Online Reservation


PANTAI SEPANG PUTRA
City by the Sea

subsequent launches of bungalow units have also been well received. Considering the current soft property market conditions, we are pleased with the response and are confident that the sales can be sustained.

As for our Pantai Sepang Putra integrated township project, the first of the bungalows units were handed over to our purchasers in October last year. Subsequent handovers have witnessed the 1,500 acre Lake District, being the first phase of Pantai Sepang Putra, come to life. We are also enjoying continuing sales of our Orchard and Homestead lots, which had been designed to provide the ideal weekend retreat for the entire family. In the mean time, we are proceeding with plans to develop the 400 acre University Precinct in tandem with the development of the New Era College that is adjacent to it. Concurrently, feasibility studies are also being carried out for the development of a Silver Hair community in the northwest region of the Lake District. We are confident that with the progress made to date, Pantai Sepang Putra will offer our residents a lifestyle that combines ideal living, working and recreational environments.

Our Precinct 8 township located within the Putrajaya Federal Administrative Centre is now a thriving township with its residents enjoying the many benefits of a world-class development. Precinct 8 offers everything required for today's lifestyle - elegant yet functionally designed homes with high-tech features, natural garden-like environment, a unique lakeside promenade, smart schools and superior infrastructure. In short, Precinct 8 is 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, 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. Investors have responded well to our prestigious development and despite the current soft property market conditions, we are pleased with our sales progress to date.

Our **Property Investment Division** performed well as compared to market, with our office buildings achieving occupancies ranging from 73 to 91 percent and rental rates ranging from RM2.40 to RM8.00 per square foot. In large part, this was aided by our emphasis on stringent maintenance practices as well as ensuring a high quality tenant profile for all our buildings.



3 KiaPeng, prestigious residential development

Apart from our emphasis on asset maintenance and tenant profile, our emphasis on impressive yet functional designs for our office buildings has, yet again, won for us the FIABCI Award of Distinction for Office Development. First awarded to Wisma Hong Leong in 1996, FIABCI has now presented the 2001 award to the awe inspiring Menara Milenium located atop Damansara Heights. This highly regarded international award is one of the many reasons why our office buildings are sought after business addresses in this competitive market. With our existing portfolio of prime office buildings as well as in line with our asset transformation strategies, 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 new investment opportunities.



Precinct 8, Putrajaya

Left: Homestead at Pantai Sepang Putra

PROPERTY INVESTMENT





Wisma Hong Leong

The **Construction Division** is competing in an increasingly difficult market where a smaller number of contracts are being awarded at lower margins. Our area of specialization has always been in the residential and commercial building sectors while the current market focus is on infrastructure works. Against this scenario, we have experienced a reduction in our contract volume over the past year as well as a reduced contribution in terms of profit from this division as compared to previous years. Consequently, we are currently focusing our efforts on our property development and investment divisions.

Our **Hotel and Resort Division** comprises two city hotels and one resort hotel, located in Johor Bahru, Hanoi and Port Dickson, respectively. 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 with market. Meanwhile, our resort hotel achieved a reasonable occupancy this past year and continues to command its fair market share in Port Dickson. As in previous years, we will continue to place great emphasis on streamlining operations and multi-tasking while maintaining efficient service levels and competitive key industry indicators in terms of productivity, efficiency, occupancy and room rates.

PROSPECTS

The prospects for the broad property market in the coming year is likely to remain cautious amidst an uncertain economic outlook. Landed properties will continue to command the greatest interest, particularly for projects in preferred locations and developed by established developers, aided by competitive housing loan packages in the market and low interest rates. Meanwhile, office building in choice locations and good management will continue to receive good support while buildings in secondary areas will possibly face reduced occupancies and rental rates.



Wisma Semantan

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.

Left: Menara Milenium, awarded the 2001 FIABCI Award of Distinction for Office Development

HOTEL AND RESORT





Hyatt Regency Johor Bahru

CORPORATE DEVELOPMENTS

On 31 May 2000, we announced the proposed acquisition of a piece of freehold land measuring 800 acres from Pura Development Sdn. Bhd. and Rawang Project Sdn. Bhd. for a total cash consideration of RM164.3 million. Concurrently, we announced the proposed disposal of 50% of our interest in our wholly-owned subsidiary, Bedford Damansara Heights Development Sdn. Bhd. to Hong Bee Land Sdn. Bhd. for a total cash consideration of RM92.4 million. Approval from the Foreign Investment Committee was obtained on 30 April 2001 and both agreements were completed on 28 May 2001.

DIVIDEND

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.

Guoman Port Dickson

DIRECTORATE

On behalf of the Board, I warmly welcome the following new Board members: YBhg Tan Sri Asmat bin Kamaludin, YBhg Datuk Roger Tan Kim Hock, Mr Tan Keok Yin and Mr Chew Kong Seng.

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
26 September 2001



Guoman Hanoi

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 30 June 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit for the year	7,602	13,932

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.

DIVIDEND

During the year, the Company paid 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.

EXECUTIVE SHARE OPTION SCHEME ("ESOS") (continued)

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 1.7.2000	Options Granted	Options Lapsed	Options Exercised	At 30.6.2001
Option price of RM1.42	2,319,000	-	381,000	-	1,938,000
Option price of RM1.76	105,000	-	14,000	-	91,000
Option price of RM0.89	-	39,000	-	-	39,000
	2,424,000	39,000	395,000	-	2,068,000

DIRECTORS

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

YBhg Tan Sri Quek Leng Chan	(Executive Chairman)
Mr Kwek Leng Seng	(Group Managing Director)
YBhg Tan Sri Dato' (Dr) Abdul Aziz bin Zain	
YBhg Dato' Ong Joo Theam	
Mr Tan Ming Huat	
YBhg Tan Sri Asmat bin Kamaludin	(Appointed on 2.2.2001)
YBhg Datuk Roger Tan Kim Hock	(Appointed on 1.7.2001)

In accordance with Article 108 of the Company's Articles of Association, YBhg Dato' Ong Joo Theam retires by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 113 of the Company's Articles of Association, YBhg Tan Sri Asmat bin Kamaludin and YBhg Datuk Roger Tan Kim Hock retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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

DIRECTORS' INTERESTS

The holdings in the ordinary shares and/or stock units and/or warrants/options of the Company and its related corporations (other than wholly-owned subsidiary companies) of those who were Directors as at 30 June 2001 are as follows:

		No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*			
	Nominal value per share/ stock unit < RM	At 1.7.2000	Acquired/ Bonus Issues~/ Conversion of warrants to shares +	Sold/ Conversion of warrants to shares +	At 30.6.2001
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	1,233,000	-	4,451,000
		496,000 *#	-	-	496,000 *#
		400,000 *	-	-	400,000 *
Hong Leong Industries Berhad	0.50	1,096,000	1,089,000	-	2,185,000
		40,000 *	-	-	40,000 *
Hong Leong Bank Berhad	1.00	20,000	20,000 ~	-	40,000
Malaysian Pacific Industries Berhad	0.50	53,500	-	-	53,500
Guolene Packaging Industries Berhad	1.00	36,000	-	-	36,000
Hume Industries (Malaysia) Berhad	1.00 <	50,000	-	-	50,000
GuoNet Limited	USD1.00	1,200	-	-	1,200
Hume Cemboard Berhad	1.00	5,625,000	-	-	5,625,000

DIRECTORS' INTERESTS (continued)

	No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*				
	Nominal value per share/ stock unit < RM	At 1.7.2000	Acquired/ Bonus Issues~/ Conversion of warrants to shares +	Sold/ Conversion of warrants to shares +	At 30.6.2001
Shareholdings in which Directors have direct interests					
INTERESTS OF MR KWEK LENG SENG IN:					
Hong Leong Company (Malaysia) Berhad	1.00	97,500	-	-	97,500
Hong Leong Bank Berhad	1.00	20,000	20,000 ~	-	42,490
			2,490 +		
		1,245 *	1,245 ~	2,490 +	-
Hong Leong Properties Berhad	0.50	400,000 *	-	-	400,000 *
INTEREST OF YBHG TAN SRI DATO' (DR) ABDUL AZIZ BIN ZAIN IN:					
Hong Leong Properties Berhad	0.50	3,400	-	-	3,400
		800 *	-	-	800 *
INTERESTS OF YBHG DATO' ONG JOO THEAM IN:					
Hong Leong Properties Berhad	0.50	13,000	-	-	13,000
Hong Leong Credit Berhad	1.00	2,500	-	-	2,500
		5,000 *#	-	-	5,000 *#
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

DIRECTORS' INTERESTS (continued)

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 2001 are as follows:

		No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*			
	Nominal value per share/ stock unit < RM	At 1.7.2000	Acquired/ Bonus Issues~/ Conversion of warrants to shares +	Sold/ Conversion of warrants to shares +	At 30.6.2001
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 α	-
Hong Leong Fund Management Sdn. Bhd.	1.00	1,400,000	-	-	1,400,000
Beachline Holdings Sdn. Bhd.	1.00	70,000	-	70,000 @	-
MEHY Sdn. Bhd.	1.00	650,000	-	-	650,000
GuoNet Limited	USD1.00	10,800	-	-	10,800
Hong Leong Credit Berhad	1.00	337,165,645 48,607,200 *#	3,850,000 -	3,198,000 -	337,817,645 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 USD1.00	300,000 1,500 (preference)	- -	- -	300,000 1,500 (preference)

DIRECTORS' INTERESTS (continued)

	No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*				
	Nominal value per share/ stock unit < RM	At 1.7.2000	Acquired/ Bonus Issues~/ Conversion of warrants to shares +	Sold/ Conversion of warrants to shares +	At 30.6.2001
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.	1.00	208,000	200,000	-	408,000
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	413,042,584	153,267,333 413,100,584 ~	-	979,410,501
Hong Leong Properties Berhad	0.50	368,088,211 34,322,420 *	- -	11,714,000 -	356,374,211 34,322,420 *
Guoman Hotel & Resort Holdings Sdn. Bhd.	1.00	277,000,000	-	-	277,000,000
HLL-Guoco Vietnam Co Limited	^	5,000,592	-	-	5,000,592
Treacher Development Sdn. Bhd.	1.00	14,000,000	-	-	14,000,000
JB Parade Sdn. Bhd.	1.00	18,000,000 685,940 (preference)	- -	- -	18,000,000 685,940 (preference)
Hong Leong Industries Berhad	0.50	132,816,800 33,234,046 *	724,000 -	46,200 17,958,674 *	133,494,600 15,275,372 *
Hong Leong Yamaha Distributors Sdn. Bhd.	1.00	10,360,000	-	-	10,360,000

DIRECTORS' INTERESTS (continued)

	No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*				
	Nominal value per share/ stock unit < RM	At 1.7.2000	Acquired/ Bonus Issues~/ Conversion of warrants to shares +	Sold/ Conversion of warrants to shares +	At 30.6.2001
Shareholdings in which Director has indirect interests					
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
RZA Logistics Sdn. Bhd.	1.00	8,540,000	-	-	8,540,000
Autonet Sdn. Bhd.	1.00	1,260,000	-	1,260,000	-
Malaysian Pacific Industries Berhad	0.50	122,142,009	2,193,000	815,000	123,520,009
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	116,521,944	116,666	-	116,638,610
Guolene Plastic Films Sdn. Bhd.	1.00	9,350,002	-	-	9,350,002
Hume Industries (Malaysia) Berhad	1.00<	123,750,455	15,910,000	43,600	139,616,855
Hume Fibreboard Sdn. Bhd.	1.00	42,000,000 37,700,000 (preference)	- -	- -	42,000,000 37,700,000 (preference)

DIRECTORS' INTERESTS (continued)

	No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*				
	Nominal value per share/ stock unit < RM	At 1.7.2000	Acquired/ Bonus Issues~/ Conversion of warrants to shares +	Sold/ Conversion of warrants to shares +	At 30.6.2001
Shareholdings in which Director has indirect interests					
Hume Cemboard Berhad	1.00	37,876,000	2,008,000	-	39,884,000
Hume Wood Resources Sdn. Bhd. (formerly known as Hume Smallholders Industries Sdn. Bhd.)	1.00	2,400,000	1,600,000	-	4,000,000
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	2,499,900	1,875,000	625,000 △
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

DIRECTORS' INTERESTS (continued)

	No. of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*				
	Nominal value per share/ stock unit < RM	At 1.7.2000	Acquired/ Bonus Issues~/ Conversion of warrants to shares +	Sold/ Conversion of warrants to shares +	At 30.6.2001
Shareholdings in which Director has indirect interests					
Shanghai McQuay Air-Conditioning Co., Ltd.	^	248,500	101,500	-	350,000
Shenzhen McQuay Air-Conditioning Co., Ltd.	^	6,040,000	-	-	6,040,000
AF Technology Ltd. (formerly known as AAF Korea Company Ltd.)	W5,000	107,455	54,270	-	161,725
McQuay Meditteranean LLC	# #	88,500	-	-	88,500
OYL Way Electronic (Shenzen) Co. Ltd.	^	200,000	-	-	200,000
McQuay Philippines Sales & Service Inc.	P1.00	20,000,000	-	-	20,000,000

^ Capital contribution in USD
# Subscription of Replacement Warrants to replace Warrants 1997/2001
α Company was struck off by the Registrar of Companies
@ Company was dissolved by members' voluntary liquidation
# # LLC interest in USD
△ Company ceased to be a related company during the financial year

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENT DURING THE YEAR

As disclosed in the previous year's financial statements, the Group entered into an agreement to dispose of 50% of its equity interest in a wholly-owned subsidiary company, Bedford Damansara Heights Development Sdn. Bhd. ("BDHD"), for a total cash consideration of RM92.4 million giving rise to a gain on disposal of RM20.7 million. The relevant approvals for the disposal have been obtained during the year.

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.

OTHER STATUTORY INFORMATION (continued)

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

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

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

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

(f) In the opinion of the Directors:

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

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

AUDITORS

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

On behalf of the Board,

KWEK LENG SENG

TAN MING HUAT

Kuala Lumpur
28 August 2001

Balance Sheets

AT 30 JUNE 2001

	Note	GROUP 2001 RM'000	GROUP 2000 RM'000	COMPANY 2001 RM'000	COMPANY 2000 RM'000
PROPERTY, PLANT AND EQUIPMENT	4	**198,744**	210,148	**171**	222
INVESTMENT PROPERTIES	5	**370,456**	455,548	**-**	-
LAND HELD FOR DEVELOPMENT	6	**65,947**	64,497	**-**	-
SUBSIDIARY COMPANIES	7	**-**	-	**580,357**	580,557
ASSOCIATED COMPANY	8	**1,181**	1,149	**-**	-
JOINT VENTURES	9	**523,347**	428,870	**56,000**	56,000
CURRENT ASSETS					
Stocks	10	**2,056**	2,087	**-**	-
Amount due from contract customers	11	**1,639**	408	**-**	-
Investments	12	**13,089**	17,236	**-**	-
Development properties	13	**177,254**	199,320	**-**	-
Trade and other debtors	14	**236,626**	253,014	**269,601**	253,432
Tax recoverable		**-**	-	**4,845**	2,116
Cash and cash equivalents	16	**11,595**	81,701	**293**	75,495
		442,259	553,766	**274,739**	331,043
CURRENT LIABILITIES					
Trade and other creditors	17	**154,130**	182,520	**25,992**	82,707
Amount due to contract customers	11	**12,452**	2,277	**-**	-
Short term borrowings	18	**134,151**	124,137	**64,653**	64,382
Taxation		**1,814**	12,760	**-**	-
		302,547	321,694	**90,645**	147,089
NET CURRENT ASSETS		**139,712**	232,072	**184,094**	183,954
		1,299,387	1,392,284	**820,622**	820,733

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

	Note	GROUP		COMPANY	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
FINANCED BY:					
SHARE CAPITAL	19	**350,229**	350,229	**350,229**	350,229
RESERVES	20	**336,539**	327,187	**202,393**	193,504
		686,768	677,416	**552,622**	543,733
MINORITY INTERESTS		**58,797**	51,241	**-**	-
		745,565	728,657	**552,622**	543,733
DEFERRED AND LONG TERM LIABILITIES					
Hire purchase creditor	21	**18**	-	**-**	-
Borrowings	22	**551,236**	504,488	**268,000**	127,000
Redeemable Bank Guaranteed Bonds	23	**-**	150,000	**-**	150,000
Deferred taxation	24	**2,568**	9,139	**-**	-
		553,822	663,627	**268,000**	277,000
		1,299,387	1,392,284	**820,622**	820,733

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

Income Statements

FOR THE YEAR ENDED 30 JUNE 2001

	Note	GROUP 2001 RM'000	GROUP 2000 RM'000	COMPANY 2001 RM'000	COMPANY 2000 RM'000
REVENUE	25	**330,712**	255,755	**25,318**	45,465
OPERATING PROFIT/(LOSS)	26	**45,066**	(53,084)	**39,209**	63,174
FINANCE COSTS	27	**(45,578)**	(40,868)	**(25,196)**	(28,737)
		(512)	(93,952)	**14,013**	34,437
ASSOCIATED COMPANY		**35**	40	**-**	-
JOINT VENTURES		**11,833**	7,590	**-**	-
PROFIT/(LOSS) BEFORE TAXATION		**11,356**	(86,322)	**14,013**	34,437
TAXATION	28	**1,514**	(4,595)	**(81)**	(10,384)
PROFIT/(LOSS) AFTER TAXATION		**12,870**	(90,917)	**13,932**	24,053
MINORITY INTERESTS		**(5,268)**	33,174	**-**	-
PROFIT/(LOSS) FOR THE YEAR		**7,602**	(57,743)	**13,932**	24,053
EARNINGS/(LOSS) PER SHARE	29	**1 sen**	(8) sen		
DIVIDEND PER SHARE	30	**1 sen**	1 sen		

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

Statements Of Changes In Equity

FOR THE YEAR ENDED 30 JUNE 2001

GROUP	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Reserve on consolidation RM'000	Retained profit RM'000	Total RM'000
At 1 July 1999	350,229	35,089	3,926	2,888	355,652	747,784
Arising from translation of foreign subsidiary companies	-	-	(2,705)	-	-	(2,705)
Goodwill written off	-	-	-	(2,888)	(1,989)	(4,877)
Net losses not recognised in the income statement	-	-	(2,705)	(2,888)	(1,989)	(7,582)
Loss for the year	-	-	-	-	(57,743)	(57,743)
Dividend	-	-	-	-	(5,043)	(5,043)
At 30 June 2000	350,229	35,089	1,221	-	290,877	677,416
Arising from translation of foreign subsidiary companies	-	-	6,793	-	-	6,793
Net gain not recognised in the income statement	-	-	6,793	-	-	6,793
Profit for the year	-	-	-	-	7,602	7,602
Dividend	-	-	-	-	(5,043)	(5,043)
At 30 June 2001	**350,229**	**35,089**	**8,014**	**-**	**293,436**	**686,768**

COMPANY	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Retained profit RM'000	Total RM'000
At 1 July 1999	350,229	35,089	68,219	71,186	524,723
Profit for the year	-	-	-	24,053	24,053
Dividend	-	-	-	(5,043)	(5,043)
At 30 June 2000	350,229	35,089	68,219	90,196	543,733
Profit for the year	-	-	-	13,932	13,932
Dividend	-	-	-	(5,043)	(5,043)
At 30 June 2001	**350,229**	**35,089**	**68,219**	**99,085**	**552,622**

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

Cash Flow Statements

FOR THE YEAR ENDED 30 JUNE 2001

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation and minority interests	**11,356**	(86,322)	**14,013**	34,437
Adjustments for:				
Depreciation of property, plant and equipment	**8,847**	11,931	**72**	68
Property, plant and equipment written off	**-**	5,029	**-**	-
Provision for diminution in value of investment	**4,407**	-	**200**	1,700
Provision for doubtful debts	**41**	-	**-**	-
Interest expense	**45,578**	40,868	**25,196**	28,737
Loss arising from impairment of hotel assets	**-**	53,374	**-**	-
Write down on investment property	**-**	34,597	**-**	-
Share of profit in associated company	**(35)**	(40)	**-**	-
Share of profit in joint ventures	**(11,833)**	(7,590)	**-**	-
Gain on disposals of subsidiary companies	**(20,685)**	-	**-**	-
Gain on disposal of property, plant and equipment	**(515)**	(434)	**-**	-
Gain on liquidation of subsidiary companies	**-**	-	**-**	(4,956)
Dividend income	**(111)**	-	**(25,318)**	(45,465)
Interest income	**(4,734)**	(7,106)	**(16,918)**	(20,711)
Operating profit/(loss) before working capital changes	**32,316**	44,307	**(2,755)**	(6,190)
Working capital changes:				
Stocks	**31**	(1,215)	**-**	-
Investments	**(260)**	2,240	**-**	-
Debtors	**11,944**	90,288	**2,564**	4,305
Development properties	**22,066**	(20,067)	**-**	-
Creditors	**72,805**	(69,630)	**(3,084)**	366
Joint venture balances	**48,996**	-	**14,286**	9,051
Inter company balances	**(37,088)**	(93)	**(86,650)**	51,332
Land held for development	**(222,425)**	(13,704)	**-**	-
Cash (used in)/generated from operations	**(71,615)**	32,126	**(75,639)**	58,864
Exchange fluctuation adjustment	**6,793**	(4,499)	**-**	-
Interest paid	**(45,578)**	(40,868)	**(25,196)**	(28,737)
Interest received	**4,734**	7,106	**16,918**	20,711
Tax refunded/(paid)	**(7,868)**	(4,760)	**4,279**	(38)
Net cash (used in)/generated from operating activities	**(113,534)**	(10,895)	**(79,638)**	50,800

	Note	GROUP 2001 RM'000	GROUP 2000 RM'000	COMPANY 2001 RM'000	COMPANY 2000 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of additional investments in subsidiary companies		**-**	-	**-**	(109,900)
Dividends received from					
- subsidiary companies		**-**	-	**18,229**	31,122
- joint ventures		**2,132**	9,005	**-**	1,613
Other dividend received		**80**	-	**-**	-
Proceeds from disposal of property, plant and equipment		**1,450**	543	**7**	-
Acquisition of property, plant and equipment	(a)	**(1,816)**	(2,940)	**(28)**	-
Disposals of subsidiary companies, net of cash disposed	(b)	**91,077**	**-**	**-**	**-**
Acquisition of subsidiary companies, net of cash acquired		**-**	(3,587)	**-**	-
Proceeds from liquidation of subsidiary companies		**-**	-	**-**	5,156
Acquisition of additional interest in joint ventures		**(21,204)**	(46,390)	**-**	-
Net cash generated from/(used in) investing activities		**71,719**	(43,369)	**18,208**	(72,009)
CASH FLOWS FROM FINANCING ACTIVITIES					
Bank borrowings drawdown		**15,563**	84,071	**15,000**	51,000
Deposit with licensed banks		**19,946**	(20,565)	**20,565**	(20,565)
Dividends paid		**(5,043)**	(10,086)	**(5,043)**	(10,086)
Repayment of bank borrowings		**(40,252)**	(10,330)	**(29,000)**	-
Repayment of hire purchase		**(10)**	-	**-**	-
Net cash (used in)/generated from financing activities		**(9,796)**	43,090	**1,522**	20,349
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(51,611)**	(11,174)	**(59,908)**	(860)
CASH AND CASH EQUIVALENTS: AT 1 JULY		**52,322**	63,496	**54,548**	55,408
AT 30 JUNE	(c)	**711**	52,322	**(5,360)**	54,548

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

	GROUP		COMPANY	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Hire purchase creditor	**46**	-	**-**	-
Purchase by way of cash	**1,816**	2,940	**28**	-
Transfer from investment properties	**-**	29,619	**-**	-
Arising from acquisition of subsidiary companies	**-**	77,140	**-**	-
	1,862	109,699	**28**	-

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

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

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

	GROUP		COMPANY	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Deposits with licensed banks	**5,996**	78,476	**-**	75,295
Less : Amount charged in favour of/ pledged to a financial institution for banking facilities granted	**(619)**	(20,565)	**-**	(20,565)
	5,377	57,911	**-**	54,730
Cash and bank balances	**5,599**	3,225	**293**	200
Bank overdrafts	**(10,265)**	(8,814)	**(5,653)**	(382)
	711	52,322	**(5,360)**	54,548

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

Notes To The Financial Statements

30 JUNE 2001

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 ("MASB").

2. GENERAL

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

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

The principal activity of the Company is investment holding.

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

The financial statements are expressed in Ringgit Malaysia.

The number of employees at 30 June 2001 for the Group is 634 (2000: 637) and for the Company is 6 (2000: 6).

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

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

The Group financial statements incorporate the financial statements of the Company and its subsidiary companies. Subsidiary companies are consolidated on the acquisition method of accounting except for certain subsidiary companies, as disclosed in Note 34 to the financial statements, which are consolidated on the merger method of accounting.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Associated Companies

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

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

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

(c) Joint Ventures

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

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

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

(d) Foreign Currencies

(i) Transactions in foreign currencies

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

(ii) Translation of foreign currency financial statements

The revenues and expenses of foreign operations are translated into Ringgit Malaysia at average exchange rates applicable throughout the year.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign Currencies (continued)

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

Foreign currency	2001 RM	2000 RM
1 US Dollar	3.80	3.80
1 Peso	0.08	0.11
1 Sterling Pound	5.40	5.76
1 Singapore Dollar	2.08	2.19

(e) Property, Plant and Equipment and Depreciation

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

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

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

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

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) Hire Purchase

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

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

(g) Investment Properties

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

(h) Land Held for Development

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Stocks

(i) Property Stocks

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.

(ii) Others

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

(j) Amount due from Contract Customers

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

(k) Development Properties

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

(l) Capitalisation of Borrowing Costs

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

(m) Investments

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade Debtors

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

(o) Deferred Taxation

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

(p) Provisions

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

(q) Cash and Cash Equivalents

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

(r) Revenue Recognition

(i) Construction contracts

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

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

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

(ii) Development properties

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

(iii) Property stocks

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue Recognition (continued)

(iv) Dividend income

Dividend income arising from investments in subsidiary companies, associated companies, long term investments and short term investments are recognised on an accrual basis.

(v) Rental income

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

(vi) Interest income

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

(s) Derivative Financial Instruments

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

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

(t) Retirement Benefits

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

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

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land and buildings RM'000	Long leasehold land and buildings RM'000	Short leasehold land and buildings RM'000	Building service plant, equipment, furniture and fittings and renovation RM'000	Motor vehicles RM'000	Operating assets RM'000	Total 2001 RM'000	Total 2000 RM'000
At 1 July, net of accumulated depreciation and impairment losses	53,143	77,137	26,780	51,795	443	850	**210,148**	170,892
Exchange adjustments	-	-	-	(6)	-	-	**(6)**	-
Additions	-	-	-	1,593	269	-	**1,862**	109,699
Disposals	(826)	-	-	(109)	-	-	**(935)**	(5,138)
Reclassification to investment property	-	-	-	(1,027)	-	-	**(1,027)**	-
Arising from disposals of subsidiary companies	-	-	-	(2,451)	-	-	**(2,451)**	-
Depreciation	(15)	-	(903)	(7,661)	(268)	-	**(8,847)**	(11,931)
Impairment losses	-	-	-	-	-	-	**-**	(53,374)
At 30 June, net of accumulated depreciation and impairment losses	52,302	77,137	25,877	42,134	444	850	**198,744**	210,148
Property, plant and equipment								
At cost	65,968	77,137	60,482	100,332	2,789	850	**307,558**	318,917
Accumulated depreciation	(4,419)	-	(5,876)	(42,849)	(2,296)	-	**(55,440)**	(55,395)
Impairment losses recognised in year ended 30 June 2000	(9,247)	-	(28,729)	(15,349)	(49)	-	**(53,374)**	(53,374)
Net carrying amount	52,302	77,137	25,877	42,134	444	850	**198,744**	210,148

4. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Renovation RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total 2001 RM'000	Total 2000 RM'000
At 1 July, net of accumulated depreciation	4	111	76	31	**222**	290
Additions	-	22	-	6	**28**	-
Disposals	-	(7)	-	-	**(7)**	-
Depreciation	(1)	(23)	(16)	(32)	**(72)**	(68)
At 30 June, net of accumulated depreciation	3	103	60	5	**171**	222
Property, plant and equipment						
At cost	8	241	162	156	**567**	555
Accumulated depreciation	(5)	(138)	(102)	(151)	**(396)**	(333)
Net carrying amount	3	103	60	5	**171**	222

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

The Directors, in the financial year ended 30 June 2000, reassessed the hotel assets of the Group to determine if the carrying amounts were impaired on account of the unfavourable market conditions for the hotel industry. The Directors were of the opinion that the yields that the Group's hotel assets generated were significantly below the desired rate of return for the capital investments in these hotel assets. 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 recoverable amounts of these hotel assets of RM81,048,000. In arriving at the recoverable amounts, the discount rates used by the Group were between 8.5% and 9%, which approximated the costs of borrowing of the hotel operations at that time. No impairment losses had been made for the current financial year ended 30 June 2001 as the Directors are of the opinion that the carrying amounts of these hotel assets approximate the recoverable amounts.

5. INVESTMENT PROPERTIES

	GROUP 2001 RM'000	GROUP 2000 RM'000
Freehold land and buildings		
- at cost	**314,450**	399,542
- at written down value	**56,006**	56,006
	370,456	455,548
Fair value of investment properties, estimated by the Directors	**517,886**	641,724

Investment properties stated at cost include interest capitalised during the year of RM Nil (2000: RM1,543,000).

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

6. LAND HELD FOR DEVELOPMENT

	GROUP	
	2001	**2000**
	RM'000	**RM'000**
At cost:		
Freehold land	**42,479**	42,479
Development expenditure	**23,468**	22,018
	65,947	64,497

Development expenditure includes interest capitalised for the year of RM1,133,000 (2000: RM1,093,000).

7. SUBSIDIARY COMPANIES

	COMPANY	
	2001	**2000**
	RM'000	**RM'000**
Unquoted shares at cost	**587,026**	587,026
Provision for diminution in value	**(6,669)**	(6,469)
	580,357	580,557

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

8. ASSOCIATED COMPANY

	GROUP	
	2001	**2000**
	RM'000	**RM'000**
Unquoted shares at cost	**6**	6
Share of post acquisition reserves	**1,175**	1,143
	1,181	1,149
Represented by:		
Share of net assets of associated company	**1,181**	1,149

During the year, certain associated companies have been reclassified as joint ventures as explained in Note 9 to the financial statements.

8. ASSOCIATED COMPANY (continued)

Details of the associated company are as follows:

Name of company	Country of incorporation	Effective equity interest 2001 %	Effective equity interest 2000 %	Principal activity
Luck Hock Venture Holdings, Inc.	Philippines	**28**	28	Dormant

9. JOINT VENTURES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Investment at cost	**478,838**	399,134	**56,000**	56,000
Share of post acquisition reserves	**44,509**	29,736	**-**	-
	523,347	428,870	**56,000**	56,000

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

	2001 RM'000	2000 RM'000
Long term assets	**696,077**	618,090
Current assets	**239,873**	241,999
Long term liabilities	**(135,060)**	(148,412)
Current liabilities	**(277,543)**	(282,807)
Net assets	**523,347**	428,870
Revenue	**165,850**	215,250
Expenses	**(161,088)**	(213,225)
	4,762	2,025

Certain joint ventures were previously accounted for by the Group as investments in associated companies. In accordance with the transitional provisions provided in MASB Standard 16, Financial Reporting of Interests in Joint Ventures, the Group, which has joint control over these companies, ceased to account the investments as investments in associated companies. Accordingly, these investments have been reclassified as interests in joint ventures and applied the effects of the change retrospectively.

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

10. STOCKS

	GROUP	
	2001	2000
	RM'000	RM'000
At cost:		
Property stocks	**1,175**	1,069
Food and beverage	**423**	515
Others	**278**	503
	1,876	2,087
At net realisable value:		
Others	**180**	-
	2,056	2,087

11. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	GROUP	
	2001	2000
	RM'000	RM'000
Contract cost incurred todate	**606,187**	757,390
Attributable profit	**66,246**	114,726
Progress payments received and receivable	**(683,246)**	(873,985)
Amount due from contract customers	**1,639**	408
Amount due to contract customers	**(12,452)**	(2,277)
Contract revenue recognised as revenue	**86,384**	123,841
Contract costs recognised as cost of sales	**81,158**	114,416

12. INVESTMENTS

	GROUP	
	2001	2000
	RM'000	RM'000
Quoted shares in Malaysia at cost	**27,752**	27,663
Provision for diminution in value	**(14,834)**	(10,427)
	12,918	17,236
Unquoted shares in Malaysia at cost	**171**	-
	13,089	17,236
Market value of quoted shares	**12,918**	25,646

13. DEVELOPMENT PROPERTIES

	GROUP	
	2001	**2000**
	RM'000	**RM'000**
At cost:		
Land	**34,182**	34,260
Development expenditure	**199,498**	199,339
	233,680	233,599
Attributable profit	**14,126**	1,132
	247,806	234,731
Progress payments received and receivable	**(70,552)**	(35,411)
	177,254	199,320

Development expenditure includes interest capitalised for the year of RM Nil (2000: RM2,425,000).

14. TRADE AND OTHER DEBTORS

	GROUP		COMPANY	
	2001	**2000**	**2001**	**2000**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade debtors	**71,265**	71,145	**-**	-
Provision for doubtful debts	**(86)**	(45)	**-**	-
	71,179	71,100	**-**	-
Subsidiary companies (Note 7)	**-**	-	**268,757**	248,408
Joint ventures (Note 9)	**72,900**	109,764	**-**	1,613
Related companies (Note 15)	**39,989**	793	**47**	49
Other debtors	**52,558**	71,357	**797**	3,362
	236,626	253,014	**269,601**	253,432

Included in trade debtors is retention sum of RM17,465,000 (2000: RM11,020,000).

Amounts due from subsidiary companies of RM268,757,405 (2000: RM207,742,583) bear interest at rates ranging from 3% to 8.8% (2000: 5.3% to 8.3%) per annum, are unsecured and have no fixed terms of repayment.

Amounts due from joint ventures of RM3,000,000 (2000: RM Nil) bear interest at 8% per annum. All other amounts are unsecured, interest free and have no fixed terms of repayment.

15. HOLDING AND RELATED COMPANIES

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

Hong Leong Credit Berhad no longer regards the Company as a subsidiary company as it considers that it no longer exercises control over the Company's Board of Directors. The Company is now regarded as an associated company of Hong Leong Credit Berhad.

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

Amount due from a related company of RM39,150,834 (2000: RM Nil) and amount due to a related company of RM3,022,191 (2000: RM Nil) bear interest at rates ranging from 7.8% to 8.7% and 6% per annum respectively. All other amounts due from/(to) related companies are interest free, unsecured and have no fixed terms of repayment.

16. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Deposits placed with licensed banks	**5,996**	78,476	**-**	75,295
Cash and bank balances	**5,599**	3,225	**293**	200
	11,595	81,701	**293**	75,495
Of which amounts placed with a related company				
- deposits	**3,296**	6,911	**-**	3,730
- bank balances	**4,049**	2,523	**184**	22

Included in deposits with licensed banks of the Group for the current year is an amount of RM619,000 charged in favour of certain gaurantors as a continuing security for the repayment of a subsidiary company's guaranteed revolving underwriting facility.

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

17. TRADE AND OTHER CREDITORS

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade creditors	**69,098**	118,384	**-**	-
Subsidiary companies (Note 7)	**-**	-	**8,662**	77,999
Joint ventures (Note 9)	**19,891**	7,759	**12,673**	-
Related companies (Note 15)	**4,883**	2,775	**3,186**	153
Hire purchase creditor (Note 21)	**18**	-	-	-
Other creditors	**60,240**	53,602	**1,471**	4,555
	154,130	182,520	**25,992**	82,707

Amounts due to subsidiary companies bear interest at rates ranging from 3% to 8.8% (2000: 5.26% to 9%) per annum, are unsecured and have no fixed terms of repayment.

Amounts due to joint ventures of the Group and Company of RM12,673,000 (2000: RM Nil) bear interest at 5.16% to 6.75% per annum. All other amounts are unsecured, interest free and have no fixed terms of repayment.

18. SHORT TERM BORROWINGS

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Secured				
Term loans (Note 22)	**39,252**	6,252	**20,000**	-
Bank overdrafts	**540**	6,063	**-**	-
	39,792	12,315	**20,000**	-
Unsecured				
Bank overdrafts	**9,725**	2,751	**5,653**	382
Revolving credits	**75,634**	60,071	**30,000**	35,000
Other loans				
- short term borrowings	**-**	20,000	**-**	-
- long term borrowings repayable within 12 months (Note 22)	**9,000**	9,000	**9,000**	9,000
Redeemable Bank Guaranteed Bonds (Note 23)	**-**	20,000	**-**	20,000
	94,359	111,822	**44,653**	64,382
	134,151	124,137	**64,653**	64,382

The secured bank overdrafts of the Group are secured by a second legal charge over the long leasehold land and a second fixed and floating charge over the assets of a subsidiary company. These short term borrowings bear interest at 4.3% to 9.05% (2000: 4.2% to 9.5%) per annum.

19. SHARE CAPITAL

	GROUP AND COMPANY	
	2001	2000
	RM'000	RM'000
Authorised:		
3,000,000,000 ordinary shares of RM0.50 each	**1,500,000**	1,500,000
Issued and fully paid:		
700,458,418 ordinary shares of RM0.50 each	**350,229**	350,229

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

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

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

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

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

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

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

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

20. RESERVES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Non-distributable:				
Share premium	**35,089**	35,089	**35,089**	35,089
Exchange reserve	**8,014**	1,221	**-**	-
Merger reserve	**-**	-	**68,219**	68,219
	43,103	36,310	**103,308**	103,308
Distributable:				
Retained profit	**293,436**	290,877	**99,085**	90,196
	336,539	327,187	**202,393**	193,504

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.

21. HIRE PURCHASE CREDITOR

	GROUP	
	2001 RM'000	2000 RM'000
At 30 June	**36**	-
Amount repayable within 12 months (Note 17)	**(18)**	-
Amount repayable within 1 year after balance sheet date	**18**	-

22. LONG TERM BORROWINGS

	GROUP		COMPANY	
	2001	2000	2001	2000
	RM'000	RM'000	RM'000	RM'000
Term loans				
- secured	**362,488**	118,740	**250,000**	-
- unsecured	**20,000**	-	**20,000**	-
	382,488	118,740	**270,000**	-
Other loans - unsecured	**27,000**	36,000	**27,000**	36,000
Guaranteed revolving underwriting facility ("GRUF") - secured	**190,000**	365,000	**-**	100,000
	599,488	519,740	**297,000**	136,000
Less: Amounts repayable within 12 months (Note 18)				
- term loans - secured	**(39,252)**	(6,252)	**(20,000)**	-
- other loans - unsecured	**(9,000)**	(9,000)	**(9,000)**	(9,000)
	551,236	504,488	**268,000**	127,000
The borrowings outstanding are repayable as follows:				
1 year after balance sheet date	**48,252**	15,252	**29,000**	9,000
More than 1 year but not later than 2 years	**158,236**	50,252	**126,000**	29,000
More than 2 years but not later than 5 years	**393,000**	178,236	**142,000**	98,000
More than 5 years	**-**	276,000	**-**	-
	599,488	519,740	**297,000**	136,000

The term loans are secured on a freehold land and building, long leasehold land and building, and investment properties, as stated in Notes 4 and 5 to the financial statements, fixed and floating charges on assets of certain subsidiary companies and proceeds arising from the exercise of the warrants as disclosed in Note 23 to the financial statements from time to time up to a cumulative sum of not less than RM150 million. The term loans are repayable over the period from 1997-2005 and bear interest at 4.5% to 7.55% (2000: 4.8% to 8.0%) per annum.

Other loans bear interest at 4.35% to 4.7% (2000: 4.35% to 5.15%) per annum. They are repayable over 5 equal annual instalments from 1999 to 2004.

The Company's GRUF expired on 20 June 2001 and was converted into a 3-year secured syndicated term loan during the year. The Group's GRUF bears interest at rates ranging from 2.75% to 5.87% (2000: 2.86% to 6.6%) per annum.

23. REDEEMABLE BANK GUARANTEED BONDS

	GROUP AND COMPANY	
	2001 RM'000	2000 RM'000
3.75% Redeemable Bank Guaranteed Bonds 1995/2001 with detachable warrants	-	170,000
Less: Amount repayable within 12 months (Note 18)	-	(20,000)
Amount repayable within 2 years but not later than 5 years	-	150,000

The RM170,000,000 nominal amount of 3.75% Redeemable Bank Guaranteed Bonds 1995/2000 ("Bonds"), which expired in October 2000, were constituted by a Trust Deed dated 2 October 1995 made by the Company, the Guarantors and the Trustee for the holders of the Bonds. The Company repaid RM20,000,000 of the Bonds by way of cash during the year and the balance were refinanced by a 3-year secured syndicated term loan.

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 holders 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.

24. DEFERRED TAXATION

	GROUP	
	2001 RM'000	2000 RM'000
At 1 July	**9,139**	15,123
Transfer to retained profit (Note 28)	**(5,596)**	(5,984)
Disposals of subsidiary companies	**(975)**	-
At 30 June	**2,568**	9,139

25. REVENUE

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Contract revenue	**86,384**	123,841	**-**	-
Sale of properties	**68,828**	56,051	**-**	-
Rental of properties	**47,189**	41,186	**-**	-
Room rental	**35,257**	27,715	**-**	-
Others	**654**	2,311	**-**	-
Proceeds from disposals of subsidiary companies	**92,400**	-	**-**	-
Proceeds from disposals of investments	**-**	4,651	**-**	-
Dividends received	**-**	-	**25,318**	45,465
	330,712	255,755	**25,318**	45,465

The proceeds from disposal of subsidiary companies have been included as part of revenue as the disposal is deemed to be a disposal of the Group's investment property.

26. OPERATING PROFIT/(LOSS)

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue	**330,712**	255,755	**25,318**	45,465
Cost of sales	**(226,497)**	(178,075)	**-**	-
Gross profit	**104,215**	77,680	**25,318**	45,465
Other operating income	**10,725**	14,638	**16,918**	25,667
Distribution costs and marketing expenditure	**(1,571)**	(730)	**-**	-
Administration expenses	**(15,921)**	(25,903)	**(144)**	(412)
Building expenses	**(15,921)**	(15,062)	**-**	-
Other operating expenses	**(36,461)**	(103,707)	**(2,883)**	(7,546)
	45,066	(53,084)	**39,209**	63,174
Operating profit is arrived at after charging:				
Auditors' remuneration	**191**	214	**50**	50
Depreciation	**8,847**	11,931	**72**	68
Directors' fees	**209**	202	**182**	172
Directors' emoluments	**672**	671	**672**	671
Exceptional items				
- impairment of hotel assets	**-**	53,374	**-**	-
- write down on investment property	**-**	34,597	**-**	-
Property, plant and equipment written off	**-**	5,029	**-**	-
Bad debts written off	**121**	72	**-**	-
Provision for doubtful debts	**41**	-	**-**	-

26. OPERATING PROFIT/(LOSS) (continued)

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Operating profit is arrived at after charging:				
Provision for diminution in value of investment in subsidiary companies	**-**	-	**200**	1,700
Provision for diminution in value of short term investments	**4,407**	-	**-**	-
Inter company balances written off	**-**	-	**1,987**	4,614
Office rental	**30**	211	**-**	-
Retrenchment cost	**868**	426	**-**	-
Staff costs				
- current year	**12,308**	9,666	**324**	276
- overprovision in prior years	**(573)**	-	**(346)**	-
and after crediting:				
Gain on disposals of subsidiary companies	**20,685**	-	**-**	-
Gain on disposal of property, plant and equipment	**515**	434	**-**	-
Gain on liquidation of subsidiary companies	**-**	-	**-**	4,956
Interest income				
- subsidiary companies	**-**	-	**15,198**	13,604
- related companies	**3,393**	5,164	**1,287**	5,626
- others	**1,341**	1,942	**433**	1,481
Gross dividends from				
- subsidiary companies	**-**	-	**25,318**	43,225
- joint venture	**-**	-	**-**	2,240
- short term investment	**111**	-	**-**	-
Gain on disposal of short term investments	**-**	2,419	**-**	-

27. FINANCE COSTS

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Interest expense				
- loans	**37,363**	27,300	**15,095**	7,058
- bonds	**1,786**	7,069	**1,786**	7,069
- subsidiary companies	**-**	-	**2,510**	8,667
- related companies	**110**	-	**22**	-
- joint ventures	**-**	-	**68**	-
- others	**6,319**	6,499	**5,715**	5,943
	45,578	40,868	**25,196**	28,737

28. TAXATION

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Malaysian taxation based on results for the year				
Current	**824**	9,005	**4,759**	10,384
Joint ventures	**7,071**	5,565	**-**	-
Deferred (Note 24)	**(5,596)**	(5,984)	**-**	-
	2,299	8,586	**4,759**	10,384
Overprovision in prior years	**(3,813)**	(3,991)	**(4,678)**	-
	(1,514)	4,595	**81**	10,384

Group

The Group's effective tax rate is lower than the statutory tax rate applicable mainly due to utilisation of unabsorbed tax losses and unabsorbed capital allowances by certain subsidiary companies.

The Group has a potential deferred tax benefit not recognised in the consolidated financial statements of approximately RM68 million (2000: RM71 million) arising from unabsorbed tax losses, investment 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.

29. EARNINGS PER SHARE

(i) Basic earnings per share

The calculation of the basic earnings per share for the Group is based on profit attributable to ordinary shareholders of RM7,602,000 (2000: loss after taxation and minority interests of RM57,743,000) on a weighted average of 700,458,418 (2000: 700,458,418) number of ordinary shares in issue during the year.

(ii) Diluted earnings per share

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

30. DIVIDEND

	GROUP AND COMPANY	
	2001 RM'000	2000 RM'000
Interim of 2% (2000: 2%) less 28% income tax	**5,043**	5,043

31. CONTINGENT LIABILITIES

	COMPANY	
	2001 RM'000	2000 RM'000
Unsecured guarantees given to financial institutions for credit facilities granted to subsidiary companies	**25,000**	25,200

32. COMMITMENTS

	GROUP	
	2001 RM'000	2000 RM'000
Commitment for development of investment properties		
- approved and contracted for	**5,055**	5,237
- approved but not contracted for	**3,638**	3,853
Commitment for acquisition of land	**-**	46,500
	8,693	55,590

33. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2001, the Company had an interest rate swap agreement in place with a notional amount of RM70,000,000 (2000: RM70,000,000) whereby it receives a floating rate equal to KLIBOR and pays a fixed rate of interest of 5.38% to 5.8% (2000: 5.38% to 5.8%) per annum on the notional amount. The swap is being used to partly hedge the Company's floating rate bank borrowings from exposure to increasing interest rates.

34. SUBSIDIARY COMPANIES

The subsidiary companies are as follows:

Name of company	Country of incorporation	Effective equity interest 2001 %	Effective equity interest 2000 %	Principal activities
Bedford Equities Sdn. Bhd.	Malaysia	**100**	100	Ceased operations (to be wound up under members' voluntary liquidation)
Bedford Realty Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
Guoman Hotel & Resort Holdings Sdn. Bhd. and its subsidiaries:	Malaysia	**70**	70	Investment holding

34. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Effective equity interest 2001	Effective equity interest 2000	Principal activities
		%	%	
+*PD Resort Sdn. Bhd.	Malaysia	**70**	70	Property investment and development and hotel operations
Kiapeng Development Sdn. Bhd.	Malaysia	**70**	70	Property development and letting of investment property
* Guoman Hotels Limited and its subsidiaries:	Bermuda	**70**	70	Investment holding
* Guoman (Hanoi) Limited and its subsidiary:	Jersey, Channel Islands	**70**	70	Investment holding
* HLL-Guoco Vietnam Co. Limited	Vietnam	**52**	52	Hotel operations
* Guoman Philippines, Inc.	Philippines	**70**	70	Investment holding
JB Parade Sdn. Bhd. and its subsidiary:	Malaysia	**42**	42	Investment holding and hotel business
JB Parade Condominium Sdn. Bhd.	Malaysia	**42**	42	Property development
Bedford Credit & Leasing Sdn. Berhad	Malaysia	**100**	100	In members' voluntary liquidation
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 construction and provision of construction management services
Rasa Makmur Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation

34. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Effective equity interest 2001	Effective equity interest 2000	Principal activities
		%	%	
+ Bedford Condos Sdn. Bhd.	Malaysia	-	100	Dissolved by members' voluntary liquidation
+ Bedford Industrial Development Sdn. Bhd.	Malaysia	**100**	100	Property development
+*Pembinaan Sri Jati Sdn. Berhad and its subsidiary:	Malaysia	**100**	100	Investment holding and property development
* Treacher Development Sdn. Bhd.	Malaysia	**70**	70	Property development
+*Bedford Ferringhi Resort (Penang) Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
* Evergreen Direction Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
* Guoland Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
Hong Leong Real Estate Holdings Sdn. Bhd. and its subsidiary:	Malaysia	**100**	100	Investment holding
* Bedford Land Sdn. Bhd. and its subsidiary:	Malaysia	**100**	100	Investment property holding and letting of investment property
HL Bandar Sdn. Bhd.	Malaysia	**100**	100	Letting of investment property
Resource Properties Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
Bedford Excel Venture Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
HLP Equities Sdn Bhd	Malaysia	**100**	100	Investment holding

34. SUBSIDIARY COMPANIES (continued)

Name of company	Country of incorporation	Effective equity interest 2001	Effective equity interest 2000	Principal activities
		%	%	
Bedford Leisure Ventures Sdn. Bhd. and its subsidiaries:	Malaysia	**100**	100	Ceased operations (to be wound up under members' voluntary liquidation)
BLV Cantonese Restaurant Co. Sdn. Bhd.	Malaysia	**100**	100	Ceased operations (to be wound up under members' voluntary liquidation)
BLV Entertainment Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
Noble Image Sdn. Bhd.	Malaysia	**100**	100	In members' voluntary liquidation
+*Koru Bena Sdn. Bhd. (formerly known as Guobena Sdn. Bhd.) and its subsidiaries:	Malaysia	**100**	100	Investment holding and construction
* Guobena Development Sdn. Bhd.	Malaysia	**100**	100	Property investment
BLV Fashions Sdn. Bhd.	Malaysia	**100**	100	Property investment
* HLL Overseas Limited and its subsidiary:	Jersey, Channel Islands	**100**	100	Investment holding and trading in securities
* Bedford Enterprises (S) Pte. Ltd.	Singapore	**-**	100	Dissolved by members' 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

35. JOINT VENTURES

The joint ventures are as follows:

Name of joint venture	Country of establishment	Interest 2001	Interest 2000	Principal activities
		%	%	
* 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
Guobena - Hexatech JV	Malaysia	**60**	60	Electrical installations
Guobena - Siah Brothers Joint Venture	Singapore	**50**	50	Construction
Guobena - Dayang J.V.	Singapore	**60**	60	Construction and electrical works
* Vintage Heights Sdn. Bhd.	Malaysia	**40**	40	Property development and operation of an oil palm estate
* Sim Lian-Guobena JV Pte. Ltd.	Singapore	**50**	50	Construction
* Positive Properties Sdn. Bhd.	Malaysia	**50**	50	Property investment
* Oriland Sdn. Bhd. and its subsidiaries:	Malaysia	**50**	50	Investment holding and property investment
* Orione Sdn. Bhd.	Malaysia	**50**	50	Property investment
* Oritwo Sdn. Bhd.	Malaysia	**50**	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

35. JOINT VENTURES (continued)

Name of joint venture	Country of establishment	Interest 2001	Interest 2000	Principal activities
		%	%	
* 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
Bedford Damansara Heights Development Sdn. Bhd. and its subsidiaries:	Malaysia	**50**	100	Investment holding and letting of investment property
Promakmur Development Sdn. Bhd.	Malaysia	**50**	100	Property development
Kota Selatan Indah Sdn. Bhd.	Malaysia	**50**	-	Property development

* These companies were reclassified from investments in associated companies as explained in Note 9 to the financial statements.

36. SEGMENTAL INFORMATION

Set out below is information of the Group by industry:

	Revenue		Profit/(Loss) before tax		Total Assets Employed	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Analysis of revenue, profit/(loss) before tax and total assets employed by activity:						
Property investment and development	**295,455**	223,389	**21,679**	(11,233)	**1,231,988**	1,341,814
Plantation	**-**	-	**4,682**	6,788	**184,229**	179,447
Hotels	**35,257**	27,715	**(10,598)**	(83,627)	**172,799**	175,481
Others	**-**	4,651	**(4,407)**	1,750	**12,918**	17,236
	330,712	255,755	**11,356**	(86,322)	**1,601,934**	1,713,978

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

37. SIGNIFICANT RELATED PARTY/COMPANY TRANSACTIONS

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

(a) Related parties

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

Related parties	Relationships
Hong Leong Credit Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Hong Leong Management Co Sdn. Bhd. and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Hong Leong Nominees Sendirian Berhad	Subsidiary company of ultimate holding company
M&E Hexatech Sdn. Bhd. and subsidiary company as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Hong Leong Property Management Co Sdn. Bhd. and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Guoman International Sdn. Bhd.	Subsidiary company of ultimate holding company
Hume Industries (Malaysia) Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Hong Leong Industries Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Dao Heng Bank Limited	Company in which certain Directors have interests
HLP Bina Sdn. Bhd.	Joint venture in which certain Directors have interests
Vintage Heights Sdn. Bhd.	Joint venture in which certain Directors have interests

37. SIGNIFICANT RELATED PARTY/COMPANY TRANSACTIONS (continued)

(b) Transactions

	GROUP 2001 RM'000
Rental income received	**25,838**
Property management and marketing fees paid	**3,380**
Purchase of materials	**2,888**
Hotel room rental received	**485**
Insurance premium paid	**991**
Progress billings received	**17,686**
Hotel management services fees paid	**694**

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

(c) Amount outstanding

	GROUP 2001 RM'000
With companies in which Directors have interests:	
Amount due to in respect of:	
- property management and marketing services	**1,084**
- insurance services	**33**
Amount due from in respect of:	
- property management and marketing services	**28**

38. DISPOSALS OF SUBSIDIARY COMPANIES

On 28 May 2001, the Group disposed of 50% equity interest in the following subsidiary companies:

a) Bedford Damansara Heights Development Sdn. Bhd.;
b) Promakmur Development Sdn. Bhd.; and
c) Kota Selatan Indah Sdn. Bhd.

The subsidiary companies contributed RM4,232,000 (2000: RM5,078,000) to the consolidated net profit for the year ended 30 June 2001 and RM4,189,000 for the period to 28 May 2001. The effects of the disposals are disclosed in the notes to the consolidated cash flow statement.

39. COMPARATIVE FIGURES

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

The material reclassifications for the year are the comparative figures for associated companies and joint ventures which have been explained in Note 9 to the financial statements.

Comparative information for related party disclosure is not presented as this is the first reporting period in which the Group applies the requirements of MASB Standard 8, Related Party Disclosures.

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 33 to 68 are drawn up in accordance with approved accounting standards in Malaysia so as to give a true and fair view of:

(i) the financial position of the Group and of the Company at 30 June 2001 and of the results of the business of the Group and of the Company for the year ended on that date; and

(ii) the cash flows of the Group and of the Company for the year ended 30 June 2001.

On behalf of the Board,

KWEK LENG SENG

TAN MING HUAT

Kuala Lumpur
28 August 2001

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 33 to 68 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed CHAN WAN LEONG
at Kuala Lumpur in the Federal
Territory on 28 August 2001

CHAN WAN LEONG

Before me,

TEONG KIAN MENG
Pesuruhjaya Sumpah
Commissioner for Oaths

Report Of The Auditors

TO THE MEMBERS OF
HONG LEONG PROPERTIES BERHAD

We have audited the financial statements set out on pages 33 to 68. 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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

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

    (i) the financial position of the Group and of the Company at 30 June 2001 and of the results and cashflows of the Group and of the Company for the year then ended; and

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

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

We have considered the financial statements and the Auditors' Reports of the subsidiary companies for which we have not acted as auditors, as indicated in Note 34 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
1060/03/02(J/PH)
Partner

Kuala Lumpur
28 August 2001

Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2001

Tenure	Location	Approximate Net Lettable/ Land* Area *(sq. ft.)*	Approximate Age of Building *(Years)*	Net Book Value *(RM'000)*	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	**Bangunan Hong Leong** Land with a 16-storey office building at No. 117 Jalan Tun H.S. Lee, 50000 Kuala Lumpur Fair Value: RM37,605,000	92,561	26	37,604	7/12/92
Freehold	**Wisma Semantan** Land with office building (9 and 21-storey tower blocks) at No. 12, Jalan Gelenggang, Damansara Heights, 50490 Kuala Lumpur Fair Value: RM148,813,540	346,078	9	132,948	*25/5/01 **9/3/93
Freehold	**Wisma Hong Leong** Land with a 11-storey office building at No. 18, Jalan Perak 50450 Kuala Lumpur Fair Value: RM189,604,800	332,640	7	121,334	**4/5/94
Freehold	**Menara Pandan C & D** Two 10-storey office tower blocks at Persiaran MPAJ Jalan Pandan Utama, Pandan Indah, 55100 Kuala Lumpur Fair Value: RM56,976,000	356,100	4	56,976	**19/1/98
Freehold	**Wisma KiaPeng** Land with a 32-storey office building at No. 3, Jalan Kia Peng, 50450 Kuala Lumpur Fair Value: RM233,700,000	410,000	1	189,162	**9/7/99
Freehold	**Menara Milenium** Land with a 25-storey office building and a 4-storey annex block at No. 8, Jalan Damanlela, 50490 Kuala Lumpur Fair Value: RM246,697,450	573,715	2	203,650	**30/9/99

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2001 (continued)

Tenure	Location	Approximate Net Lettable/ Land* Area *(sq. ft.)*	Approximate Age of Building *(Years)*	Net Book Value *(RM'000)*	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	Vacant land in the vicinity of the Damansara Town Centre, Kuala Lumpur	16.9 acres *	-	289,091	9/11/1994
Freehold	Vacant land at Lot 29, Section 90,Town of Kuala Lumpur	1.4 acres *	-	23,068	24/11/93
Leasehold Expiry Date: 10/10/2087	**Hyatt Regency Johor Bahru** Land with a 406 room hotel at Lots17869 & 17870, Jalan Sg. Gelam, Off Jalan Sg. Chat District of Johor Bahru, Johor Darul Takzim	6.4 acres *	7	77,986	**23/8/1994
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 *	6	51,012	**7/8/96
Leasehold Expiry Date: 19/7/2023	**Guoman Hanoi** Land with 151 room hotel at 83A, Ly Thuong Kiet St., Hanoi, Vietnam	0.7 acres *	5	27,623	**18/9/97
Freehold	**Precinct 8, Putrajaya** Land with development in progress within Putrajaya Federal Administrative Centre, Selangor Darul Ehsan	137.4 acres *	-	242,198	5/5/97
Freehold	**Bukit Rahman Putra** Balance land with mixed development in progress in Mukim of Sg. Buloh, Selangor Darul Ehsan	74.1 acres *	-	78,891	2/3/93
Freehold	Vacant land in Mukim of Sg. Buloh, Selangor Darul Ehsan	9.0 acres *	-	13,679	21/1/97

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2001 (continued)

Tenure	Location	Approximate Net Lettable/ Land* Area *(sq. ft.)*	Approximate Age of Building *(Years)*	Net Book Value *(RM'000)*	Date of Acquisition/ *Date of Revaluation/ **Date Certificate of Fitness obtained
Freehold	Vacant land at Lot 322 Mukim of Hulu Kelang, District of Gombak, Selangor Darul Ehsan	11.7 acres *	-	11,940	12/7/90
Freehold	Vacant land at No. 1837 Mukim of Pasir Panjang, District of Port Dickson, Negeri Sembilan Darul Khusus	14.5 acres *	-	10,470	26/3/84
Freehold	**Pantai Sepang Putra** Land with development in progress at Mukim of Sepang, Districts of Sepang & Kuala Langat, Selangor Darul Ehsan	6,779 acres *	-	239,701	27/3/92
Freehold	Vacant land at Mukim of Jasin, Melaka Darul Amin	5,877 acres *	-	358,722	22/5/96
Freehold	Vacant land at Lot 13, Mukim of Kuala Kuantan, Pahang Darul Makmur	448.0 acres *	-	31,412	24/11/95
Leasehold Expiry Date: 17/4/2085	**Sri Sentosa** Balance land at Mukim of Petaling, Kuala Lumpur	1.4 acres *	-	1,124	5/5/92
Freehold	Vacant land at Lot 3059, Mukim of Hulu Kelang, Districts of Gombak, Selangor Darul Ehsan	7.5 acres *	-	8,336	15/6/90
Freehold	Vacant land at Mukim of Rawang, Districts of Gombak and Ulu Selangor, Selangor Darul Ehsan	229.6 acres *	-	57,308	11/10/99
Freehold	**Emerald** Land with development in progress at Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	798.9 acres *	-	163,302	31/5/00

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2001

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

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 1,000	40	0.13	6,057	0.00
1,000 - 10,000	25,078	85.26	87,984,124	12.56
10,001 - 100,000	4,029	13.70	113,872,426	16.26
100,001 - less than 5% of issued shares	264	0.90	145,644,873	20.79
5% and above of issued shares	2	0.01	352,950,938	50.39
	29,413	100.00	700,458,418	100.00

THIRTY LARGEST SHAREHOLDERS	No. of Shares	%
1. Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Credit Berhad	313,837,938	44.80
2. Employees Provident Fund Board	39,113,000	5.58
3. Assets Nominees (Asing) Sdn Bhd - Hong Leong Equities (Hong Kong) Limited	29,386,000	4.20
4. Assets Nominees (Tempatan) Sdn Bhd - Nanyang Press Holdings Berhad	11,513,000	1.64
5. Assets Nominees (Tempatan) Sdn Bhd - Hume Plastics (Malaysia) Sdn Berhad	8,005,273	1.14
6. HLG Nominee (Tempatan) Sdn Bhd - Chut Nyak Isham Bin Nyak Ariff	7,205,000	1.03
7. Assets Nominees (Asing) Sdn Bhd - OYL (BVI) Limited	4,852,000	0.69
8. JB Nominees (Asing) Sdn Bhd - Bearson Holding Corp	4,171,000	0.60
9. AM Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	3,922,000	0.56
10. HSBC Nominees (Asing) Sdn Bhd - Extra Wealth Ltd	2,345,000	0.34
11. Malaysia British Assurance Berhad	2,051,000	0.29
12. Chut Nyak Isham Bin Nyak Ariff	2,019,657	0.29
13. The Central Depository (Pte) Limited	1,941,132	0.28

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2001 (continued)

THIRTY LARGEST SHAREHOLDERS (continued)	No. of shares	%
14. AM Nominees (Tempatan) Sdn Bhd - Pertubuhan Keselamatan Sosial	1,821,000	0.26
15. Mayban Securities Nominees (Asing) Sdn Bhd - Hsiong William	1,663,000	0.24
16. Citicorp Nominees (Tempatan) Sdn Bhd - Dato' Kadar Shah Bin Dato' Sulaiman	1,540,000	0.22
17. Suleiman Bin Babjan	1,292,000	0.19
18. HDM Nominees (Asing) Sdn Bhd - SYY Pte Ltd	1,260,000	0.18
19. Cartaban Nominees (Asing) Sdn Bhd - California State Teachers Retirement System	1,253,000	0.18
20. Citicorp Nominees (Asing) Sdn Bhd - Stichting Gemeenschappelijk Indirect Vastgoedfonds	1,062,000	0.15
21. HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley Capital (Luxembourg) SA	1,053,000	0.15
22. Mayban Securities Nominees (Tempatan) Sdn Bhd - Sow Thiam Poh	1,019,000	0.15
23. Cartaban Nominees (Asing) Sdn Bhd - State Street Bank & Trust Funds For Employee Trust	1,007,000	0.14
24. Mayban Nominees (Tempatan) Sdn Bhd - Yeap Gek @ Yeap Poh Chim	1,001,000	0.14
25. Kenanga Nominees (Asing) Sdn Bhd - Tan Chwee Huat	1,000,000	0.14
26. HSBC Nominees (Asing) Sdn Bhd - MSCI Equity Index Fund Malaysia	937,000	0.13
27. Citicorp Nominees (Asing) Sdn Bhd - Stichting Bedrijfspensioenfonds Voor De Metaalindustrie	789,000	0.11
28. Cartaban Nominees (Asing) Sdn Bhd - IFC Emerging Markets Fund-Malaysia	720,100	0.10
29. Mayban Securities Nominees (Asing) Sdn Bhd - Tung Yu-Lien Margaret	691,000	0.10
30. Cartaban Nominees (Asing) Sdn Bhd - Malaysia MSCI Index Common Trust Fund	662,915	0.10
	449,133,015	64.12

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2001 (continued)

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 August 2001 are as follows:

	Direct		Deemed		
Names of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	
Hong Leong Company (Malaysia) Berhad	-	-	356,374,211	50.87	*A
Tan Sri Quek Leng Chan	-	-	356,374,211	50.87	*B
HL Holdings Sdn Bhd	-	-	356,374,211	50.87	*B
Kwek Leng Beng	-	-	356,374,211	50.87	*B
Kwek Holdings Pte Ltd	-	-	356,374,211	50.87	*B
Hong Realty (Private) Limited	-	-	356,374,211	50.87	*B
Hong Leong Investment Holdings Pte Ltd	-	-	356,374,211	50.87	*B
Hong Leong Credit Berhad	313,837,938	44.80	29,386,000	4.20	*C
Guoco Assets Sdn Bhd	-	-	343,223,938	49.00	*D
Guoco Group Limited	-	-	343,223,938	49.00	*D
Guoline Overseas Limited	-	-	343,223,938	49.00	*D
Guoline Capital Assets Limited	-	-	343,223,938	49.00	*D
Employees Provident Fund Board	43,035,000	6.14	-	-	

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

3. ANALYSIS OF WARRANTHOLDINGS AS AT 30 AUGUST 2001

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

DISTRIBUTION SCHEDULE OF 1995/2005 WARRANTHOLDERS

Size of Holdings	**No. of 1995/2005 Warrantholders**	**%**	**No. of 1995/2005 Warrants**	**%**
Less than 1,000	1,608	25.00	708,580	1.01
1,000 - 10,000	4,182	65.01	13,607,179	19.43
10,001 - 100,000	620	9.64	16,644,480	23.76
100,001 - less than 5% of issued 1995/2005 warrants	22	0.34	7,698,290	10.99
5% and above of issued 1995/2005 warrants	1	0.01	31,383,793	44.81
	6,433	100.00	70,042,322	100.00

3. ANALYSIS OF WARRANTHOLDINGS AS AT 30 AUGUST 2001 (continued)

THIRTY LARGEST 1995/2005 WARRANTHOLDERS	No. of 1995/2005 Warrants	%
1. Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Credit Berhad	31,383,793	44.81
2. Assets Nominees (Asing) Sdn Bhd - Hong Leong Equities (Hong Kong) Limited	2,938,600	4.19
3. Chut Nyak Isham Bin Nyak Ariff	869,866	1.24
4. Suleiman Bin Babjan	648,000	0.93
5 Lee Ah Meng	366,000	0.52
6. Menteri Kewangan Malaysia - Section 29 (SICDA)	343,724	0.49
7. HDM Nominees (Asing) Sdn Bhd - Tan Ah Tee	341,000	0.49
8. Tang Kee Hiong	300,000	0.43
9. Gun Bee Leh @ Gan Hwee Peng	228,000	0.33
10. RHB Nominee (Asing) Sdn Bhd - Kripalson International Ltd	152,000	0.22
11. Mayban Securities Nominees (Asing) Sdn Bhd - Yeo Chiu Beng	150,000	0.21
12. RHB Nominee (Asing) Sdn Bhd - Chai Foo Ngee	132,000	0.19
13. Straits Nominees (Asing) Sdn Bhd - Chan Kok Khoon	130,000	0.19
14. HDM Nominees (Asing) Sdn Bhd - Tan Siew Sey	117,000	0.17
15. HDM Nominees (Asing) Sdn Bhd - Loo Beng Khay	115,000	0.16
16. HDM Nominees (Asing) Sdn Bhd - Chan Eng Kiat	115,000	0.16
17. The Central Depository (Pte) Limited	112,800	0.16
18. Straits Nominees (Asing) Sdn Bhd - Tan Hye Ter	111,000	0.16
19. HDM Nominees (Asing) Sdn Bhd - Chee Lye Sing	110,000	0.16
20. Kenanga Nominees (Asing) Sdn Bhd - Conifers Investment Pte Ltd	109,700	0.16
21. Kadar Shah Bin Sulaiman	103,600	0.15
22. AllianceGroup Nominees (Tempatan) Sdn Bhd - Gan Wah Loon	103,000	0.15
23. Eng Nominees (Asing) Sdn Bhd - Yeap Lam Kang	102,000	0.15

3. ANALYSIS OF WARRANTHOLDINGS AS AT 30 AUGUST 2001 (continued)

THIRTY LARGEST 1995/2005 WARRANTHOLDERS (continued)	No. of 1995/2005 Warrants	%
24. Citicorp Nominees (Tempatan) Sdn Bhd - Dato' Kadar Shah Bin Dato' Sulaiman	100,000	0.14
25. Hii Kiong Hua	100,000	0.14
26. Ke-Zan Nominees (Asing) Sdn Bhd - Heng Kia Hong	100,000	0.14
27. Straits Nominees (Asing) Sdn Bhd - Tan Chin Seng	100,000	0.14
28. TCL Nominees (Asing) Sdn Bhd - Lina @ Sie Giok Nie	100,000	0.14
29. TCL Nominees (Asing) Sdn Bhd - Wang Hee Eng	100,000	0.14
30. Thong & Kay Hian Nominees (Asing) Sdn Bhd - Ong Choon Toh	100,000	0.14
	39,782,083	56.80

4. DIRECTORS' INTERESTS AS AT 30 AUGUST 2001

Subsequent to the financial year end, there is no change as at 30 August 2001 to the Directors' interests in the ordinary shares and/or stock units and/or warrants/options of the Company and/or its related corporations (other than wholly-owned subsidiary companies), appearing in the Directors' Report on pages 22 to 32, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 except for the changes set out below:

	Ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*			
	Direct Interest		Deemed Interest	
	No.	%	No.	%
YBhg Tan Sri Quek Leng Chan				
Hong Leong Assurance Berhad	-	-	100,000,000	100
Hong Leong Credit Berhad	5,196,000	0.99	399,762,843	76.60
	420,000 *	N/A	-	-
	521,269 *#	N/A	51,083,381*#	N/A
Hong Leong Bank Berhad	40,000	0.003	977,910,501	68.48
Hume Industries (Malaysia) Berhad	50,000	0.02	140,402,855	57.73
Hume Cemboard Berhad	5,625,000	9.20	39,930,000	65.32
Mr Kwek Leng Seng				
Hong Leong Credit Berhad	117,000	0.02	-	-
Dato' Ong Joo Theam				
Hong Leong Credit Berhad	12,500	0.002	-	-
	5,255 *#	N/A		
Mr Tan Ming Huat				
Hong Leong Credit Berhad	20,000	0.004	-	-

Replacement warrants
N/A Not Applicable

Hong Leong Properties Berhad *(300-K)*

A Member of the Hong Leong Group Malaysia
(Incorporated in Malaysia)

Form Of Proxy

I/We .....

of .....

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

.....

of ....

or failing him/her .....

of ....

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Seventy-seventh Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 24 October 2001 at 10.00 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 the following as Directors pursuant to the Company's Articles of Association:- a) YBhg Dato' Ong Joo Theam b) YBhg Tan Sri Asmat bin Kamaludin c) YBhg Datuk Roger Tan Kim Hock d) Mr Tan Keok Yin e) Mr Chew Kong Seng		
4.	To re-elect YBhg Tan Sri Dato' (Dr) 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 businesses, to approve the following ordinary resolutions:- (a) Authority To Directors To Issue Shares (b) Authority To Directors On Purchase Of The Company's Own Shares		

Dated this ..... day of 2001

....

Number of shares held Signature of Member

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. Pursuant to paragraph 7.22 of the Listing Requirements of the Kuala Lumpur Stock Exchange, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. 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.
6. 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.
7. 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.