

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiary companies and associated companies are as stated in Note 2 to the financial statements. There have been no significant changes in the nature of these activities during the year.

RESULTS

	<i>Group RM'000</i>	<i>Company RM'000</i>
Net profit for the year	196,335	87,081
Retained profits brought forward	519,243	329,285
Profits available for appropriation	715,578	416,366
Appropriation:		
Dividends	(42,763)	(42,763)
Retained profits at end of year	672,815	373,603

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- (i) a final dividend of 8% less tax and 3% tax exempt amounting to RM9,834,694.32 on 15 November 1999 in respect of the previous financial year; and
- (ii) an interim dividend of 10% tax exempt amounting to RM11,246,200.00 on 21 March 2000 in respect of the financial year ended 30 June 2000.

The directors propose a final dividend of 25% less tax and 10% tax exempt amounting to RM31,517,066.00 on the Company's issued and paid-up share capital of 225,123,900 ordinary shares of RM0.50 each in respect of the financial year ended 30 June 2000.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:-

YBhg Tan Sri Quek Leng Chan
 Mr Kwek Leng San
 Mr Ron Lim Kim Chai
 YAM Tunku Dara Tunku Tan Sri Naquiah bt Tuanku Ja'afar
 Encik Ahmad Johari bin Tun Abdul Razak
 Dr Agoes Salim
 Mr David Edward Comley
 Mr Chuah Chuan Thye
 Mr Adrian Charles Missenden (Resigned on 8-1-2000)

In accordance with Article 109 of the Company's Articles of Association, YBhg Tan Sri Quek Leng Chan and YAM Tunku Dara Tunku Tan Sri Naquiah bt Tuanku Ja'afar retire by rotation from the Board and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

No director holding office at the end of the financial year had any beneficial interest in the ordinary shares and/or stock units and/or warrants/options of the Company and/or its related corporations during the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965, except as follows:-

	Nominal value per share/ stock unit< RM	At 1-7-1999	Acquired	Sold/ Options Exercised	At 30-6-2000
<i>Number of or <i>dinar y</i> shares/stock units/new shares to be issued arising from the exercise of war rants/options*</i>					
<i>Shareholdings in which Directors have direct interests</i>					
Interests of					
YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	390,000	-	-	390,000
Hong Leong Credit Berhad	1.00	3,218,000	-	-	3,218,000
	-	496,000*	-	-	496,000*
				(See Note 1)	
	-	-	400,000*	-	400,000*
Hong Leong Industries Berhad	0.50	256,000	840,000	-	1,096,000
	-	40,000*	-	-	40,000*
Malaysian Pacific Industries Berhad	0.50	53,500	-	-	53,500
Hong Leong Bank Berhad	1.00	20,000	-	-	20,000
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

	Nominal value per share/ stock unit< RM	At 1-7-1999	Acquired	Sold/ Options Exercised	At 30-6-2000
<i>Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*</i>					
<i>Shareholdings in which Directors have direct interests</i>					
Interest of					
En Ahmad Johari bin Tun Abdul Razak in:					
Hong Leong Industries Berhad	0.50	17,600	-	-	17,600
Interest of					
Dr Agoes Salim in:					
Hong Leong Industries Berhad	0.50	48,000	-	-	48,000
Interests of					
Mr Kwek Leng San in:					
Hong Leong Company (Malaysia) Berhad	1.00	97,500	-	-	97,500
Hong Leong Industries Berhad	0.50	1,550,000	-	-	1,550,000
	-	-	400,000*	-	400,000*
Malaysian Pacific Industries Berhad	0.50	315,000	-	6,000	309,000
HLG Capital Berhad	1.00	119,000	-	-	119,000
Interest of					
Mr David Edward Comley in:					
Malaysian Pacific Industries Berhad	0.50	170,000	87,000	-	257,000
	-	-	400,000*	-	400,000*
Interests of					
Mr Chuah Chuan Thye in:					
Malaysian Pacific Industries Berhad	0.50	3,700	-	3,700	-
Guolene Packaging Industries Berhad	1.00	3,000	-	-	3,000
Interests of					
Mr Ron Lim Kim Chai in:					
Hong Leong Industries Berhad	0.50	-	50,000	-	50,000
	-	-	400,000*	50,000*	350,000*

		Number of or <i>dinar y shares/stock units/new shares to be issued arising from the exercise of warrants/options*</i>			
	Nominal value per share/stock unit < RM	At 1-7-1999	Acquired	Sold/Options Exercised	At 30-6-2000
<i>Shareholdings in which Directors have indirect interests</i>					
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	7,487,100	-	-	7,487,100
Brisk & Kindle Property Limited	£1.00	120,000	-	-	120,000
Allied Precision Components Sdn Bhd	1.00	10	-	-	10
Hong Leong Fund Management Sdn Bhd	1.00	1,400,000	-	-	1,400,000
Beachline Holdings Sdn Bhd (In voluntary liquidation)	1.00	70,000	-	-	70,000
M & E Hexatech Sdn Bhd	1.00	1,300,000	700,000	-	2,000,000
GuoNet Limited	USD1.00	-	10,800	-	10,800
MEHY Sdn Bhd	1.00	650,000	-	-	650,000
Hong Leong Credit Berhad	1.00	336,998,645	167,000	-	337,165,645
	-	48,607,200*	-	-	48,607,200* (See Note 1)
Hong Leong Assurance Berhad	1.00	90,000,000	-	-	90,000,000
Bradstock Insurance Brokers Sdn Bhd	1.00	750,000	-	-	750,000
Bradstock Asia Insurance Brokers (L) Bhd	USD1.00	300,000	-	-	300,000
	-	1,500 (preference)	-	-	1,500 (preference)
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	-	208,000
HLG Capital Berhad	1.00	92,590,545	-	-	92,590,545
HLG Futures Sdn Bhd	1.00	3,500,000	-	-	3,500,000
Hong Leong Bank Berhad	1.00	411,524,584	1,518,000	-	413,042,584
Hong Leong Properties Berhad	0.50	369,117,211	-	1,029,000	368,088,211
	-	34,322,420*	-	-	34,322,420*
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	120,000,000	157,000,000	-	277,000,000
HLL-Guoco Vietnam Co Limited	^	5,000,592	-	-	5,000,592
Treacher Development Sdn Bhd	1.00	14,000,000	-	-	14,000,000

		Number of or dinar y shares/stock units/new shares to be issued arising from the exercise of war rants/options*			
	Nominal value per share/ stock unit< RM	At 1-7-1999	Acquired	Sold/ Options Exercised	At 30-6-2000
Shareholdings in which Directors have indirect interests					
Interests of					
YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Industries Berhad	0.50	132,879,800	591,000	654,000	132,816,800
	-	36,863,296*	-	3,629,250*	33,234,046*
Hong Leong Yamaha Distributors Sdn Bhd	1.00	10,360,000	-	-	10,360,000
Hong Leong Yamaha Motor Sdn Bhd	1.00	17,352,872	-	-	17,352,872
Guocera Tile Industries (Meru) Sdn Bhd	1.00	17,920,000	-	-	17,920,000
Hong Leong Maruken Sdn Bhd	1.00	1,750,000	-	-	1,750,000
Guocera Tile Industries (Labuan) Sdn Bhd	1.00	13,090,001	-	-	13,090,001
Quayline Fairprice Sdn Bhd	1.00	9,600,000	-	-	9,600,000
HLI Vinyl Industries Sdn Bhd	1.00	3,500,000	-	-	3,500,000
RZA Logistics Sdn Bhd	1.00	4,515,000	4,025,000	-	8,540,000
Autonet Sdn Bhd	1.00	1,260,000	-	-	1,260,000
Malaysian Pacific Industries Berhad	0.50	127,096,009	369,000	5,323,000	122,142,009
Carter Realty Sdn Bhd	1.00	7	-	-	7
Carsem (M) Sdn Bhd	1.00	42,000,000	-	-	42,000,000
Carsem Semiconductor Sdn Bhd	1.00	70,000,000	-	-	70,000,000
Guolene Packaging Industries Berhad	1.00	116,496,944	25,000	-	116,521,944
Guolene Industrial Paper Products Sdn Bhd	1,000.00	2,340	-	2,340	-
Guolene Plastic Films Sdn Bhd	1.00	9,350,002	-	-	9,350,002
Hume Industries (Malaysia) Berhad	1.00<	123,631,455	219,000	100,000	123,750,455
Hume Fibreboard Sdn Bhd	1.00	42,000,000	-	-	42,000,000
	-	-	37,700,000 (preference)	-	37,700,000 (preference)
Hume Cemboard Berhad	1.00	37,076,000	810,000	10,000	37,876,000
Hume Smallholders Industries Sdn Bhd	1.00	2,400,000	-	-	2,400,000
Nanyang Press Holdings Berhad	1.00	41,840,902	-	-	41,840,902
The China Press Berhad	1.00	4,234,201	-	-	4,234,201
Cittabella (Malaysia) Sdn Bhd	1.00	510,000	-	-	510,000
Nanyang Online Sdn Bhd	1.00	-	100	-	100
O.Y.L. Industries Bhd	1.00	84,868,828	-	-	84,868,828
O.Y.L. - Condair Industries Sdn Bhd	1.00	5,100,000	-	-	5,100,000

		Number of or dinar y shares/stock units/new shares to be issued arising from the exercise of war rants/options*			
	Nominal value per share/ stock unit< RM	At 1-7-1999	Acquired	Sold/ Options Exercised	At 30-6-2000
<i>Shareholdings in which Directors have indirect interests</i>					
Interests of YBhg Tan Sri Quek Leng Chan in:					
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	Rp2,106,000.00	1,200	-	-	1,200
	or USD1,000.00				
Shanghai McQuay Air Conditioning Co, Ltd	^	248,500	-	-	248,500
Shenzhen McQuay Air Conditioning Co, Ltd	^	6,040,000	-	-	6,040,000
AAF Korea Company Ltd	W5000.00	68,400	-	-	68,400
Interests of Mr Chuah Chuan Thye in:					
Hong Leong Company (Malaysia) Berhad	1.00	154,650	-	-	154,650
Hong Leong Credit Berhad	1.00	4,400,833	-	-	4,400,833
	-	677,897*	-	-	677,897*
					(See Note 1)
Hong Leong Industries Berhad	0.50	2,168,800	-	170,000	1,998,800
	-	338,875*	-	47,000*	291,875*
Hume Cemboard Berhad	1.00	10,000	-	-	10,000
Interest of Dr Agoes Salim in:					
Hong Leong Industries Berhad	0.50	896,000	-	-	896,000
	-	140,000*	-	-	140,000*

Legend:

^ Capital contribution in USD

Note 1: Subscription of Replacement Warrants to replace Warrants 1997/2001

DIRECTORS' BENEFITS

No director of the Company has since the end of the previous financial year 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 shown in the financial statements or the fixed salary of a full-time employee of the Company or of related companies) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for 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 and the conduct of normal trading, insurance, investment, stockbroking and/or other businesses between the Company and its related corporations or corporations in which Tan Sri Quek Leng Chan is deemed to have interest and Mr Chuah Chuan Thye who may be deemed to derive a benefit in respect of those trading transactions, contracts and agreements between companies in the Hong Leong Industries Berhad Group and corporations in which Mr Chuah Chuan Thye is deemed to have interest.

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.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

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

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

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

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

	<i>Offer Date</i>	<i>Balance at 1-7-1999</i>	<i>No of unissued ordinary shares of RM0.50 each under the ESOS</i>				<i>Balance at 30-6-2000</i>
			<i>Options Granted</i>	<i>Options Lapsed</i>	<i>Options Exercised</i>		
Option price of RM8.83	28-12-1999	-	5,535,000	(150,400)	(587,200)		4,797,400
Option price of RM15.64	17-04-2000	-	739,000	-	-		739,000
			6,274,000	(150,400)	(587,200)		5,536,400

SHARE CAPITAL

During the financial year, the issued and paid-up capital of the Company was increased from RM112,268,200 to RM112,561,950 by way of:-

- an issue of 587,200 new ordinary shares of RM0.50 each at an option price of RM8.83 per ordinary share pursuant to the ESOS of the Company; and
- an issue of 300 new ordinary shares of RM0.50 each from the exercise of 300 warrants at the exercise price of RM8.00 per share.

The new shares issued rank pari passu in all respects with the existing issued ordinary shares of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that:-

- all known bad debts have been written off and adequate provision made for doubtful debts; and
- all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the directors are not aware of any circumstances:-

- that would render 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; or
- that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- 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; or
- not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report there does not exist:-

- any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or
- any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 30 June 2000 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs Ling Kam Hoong & Co, have indicated their willingness to accept re-appointment.

On behalf of the Board,

KWEK LENG SAN

RON LIM KIM CHAI

Kuala Lumpur
21 August 2000

			Group		Company
	Notes	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
PROPERTY, PLANT AND EQUIPMENT	3	1,603,896	1,554,966	724	1,046
INVESTMENTS	4	1,120,465	1,071,362	2,124,502	2,021,022
INTANGIBLE ASSETS	5	468,732	468,990	-	-
CURRENT ASSETS					
Inventories	6	239,570	223,696	-	-
Debtors	7	705,193	645,168	152,229	173,798
Short term investments	4	4,917	7,560	-	-
Deposits, cash and bank balances	8	447,096	323,210	76	82
		1,396,776	1,199,634	152,305	173,880
CURRENT LIABILITIES					
Creditors	9	813,535	806,304	398,790	482,207
Borrowings	10	573,541	920,567	248,626	325,722
Proposed dividend		31,517	9,835	31,517	9,835
Taxation		69,348	34,231	-	-
		1,487,941	1,770,937	678,933	817,764
NET CURRENT LIABILITIES		(91,165)	(571,303)	(526,628)	(643,884)
		3,101,928	2,524,015	1,598,598	1,378,184
SHARE CAPITAL AND RESERVES					
Share capital	11	112,562	112,268	112,562	112,268
Reserves		979,866	825,980	666,903	617,691
		1,092,428	938,248	779,465	729,959
MINORITY SHAREHOLDERS' INTERESTS		696,067	535,092	-	-
LONG TERM AND DEFERRED LIABILITIES					
Borrowings	10	497,400	491,447	175,309	137,800
Deferred taxation	13	29,976	33,111	-	-
Retirement benefits		17,863	16,315	630	623
Euroconvertible Bonds	14	268,194	259,802	268,194	259,802
Redeemable Bonds	15	500,000	250,000	375,000	250,000
		1,313,433	1,050,675	819,133	648,225
		3,101,928	2,524,015	1,598,598	1,378,184

The notes on pages 33 to 54 form part of these financial statements.

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2000

	Notes	The Group 2000 RM'000	1999 RM'000	The Company 2000 RM'000	1999 RM'000
REVENUE	1(m)	2,613,834	1,957,964	145,719	65,129
OPERATING PROFIT	16	548,410	187,019	191,649	77,044
Net financing costs	17	(116,653)	(121,330)	(80,387)	(85,926)
Exceptional items	18	85,259	(107,546)	(20,181)	(88,457)
Share of losses of associated companies		(3,939)	(32,714)	-	-
PROFIT/(LOSS) BEFORE TAXATION		513,077	(74,571)	91,081	(97,339)
Taxation	19	(40,176)	11,454	(4,000)	3,305
PROFIT/(LOSS) AFTER TAXATION		472,901	(63,117)	87,081	(94,034)
Less: Minority interests		(276,566)	(78,993)	-	-
NET PROFIT/(LOSS) FOR THE YEAR		196,335	(142,110)	87,081	(94,034)
Basic earnings/(loss) per ordinary share (sen)	20	87.4	(63.3)		
Diluted earnings per ordinary share (sen)	20	84.3	-		
Dividends per share (sen)	21	19.0	7.4		

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2000

	Share Capital RM'000	Share Premium* RM'000	Revaluation Reserve* RM'000	Exchange Equalisation Reserve* RM'000	Distributable Reserve RM'000	Others* RM'000	Retained Profits RM'000	Total RM'000
Group								
At 1 July 1998	112,268	284,463	948	7,397	5,506	30,593	677,924	1,119,099
Net loss for the year	-	-	-	-	-	-	(142,110)	(142,110)
Dividends	-	-	-	-	-	-	(16,571)	(16,571)
Foreign currency translation differences	-	-	-	(22,170)	-	-	-	(22,170)
At 30 June 1999	112,268	284,463	948	(14,773)	5,506	30,593	519,243	938,248
Net profit for the year	-	-	-	-	-	-	196,335	196,335
Dividends	-	-	-	-	-	-	(42,763)	(42,763)
Disposal of sub-subsidiaries	-	-	-	-	-	(1,182)	-	(1,182)
Foreign currency translation differences	-	-	-	(3,398)	-	-	-	(3,398)
Conversion of warrants	1	2	-	-	-	-	-	3
Exercise of ESOS	293	4,892	-	-	-	-	-	5,185
At 30 June 2000	112,562	289,357	948	(18,171)	5,506	29,411	672,815	1,092,428
	(Note 11)						(Note 12)	
Company								
At 1 July 1998	112,268	284,463	-	-	-	3,943	439,890	840,564
Net profit for the year	-	-	-	-	-	-	(94,034)	(94,034)
Dividends	-	-	-	-	-	-	(16,571)	(16,571)
At 30 June 1999	112,268	284,463	-	-	-	3,943	329,285	729,959
Net profit for the year	-	-	-	-	-	-	87,081	87,081
Dividends	-	-	-	-	-	-	(42,763)	(42,763)
Conversion of warrants	1	2	-	-	-	-	-	3
Exercise of ESOS	293	4,892	-	-	-	-	-	5,185
At 30 June 2000	112,562	289,357	-	-	-	3,943	373,603	779,465
	(Note 11)							

*Non Distributable

The notes on pages 33 to 54 form part of these financial statements.

GROUP CASH FLOW STATEMENT

FOR YEAR ENDED 30 JUNE 2000

	2000 RM'000	1999 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Group profit/(loss) before taxation	513,077	(74,571)
Adjustments for:-		
Gain on disposal of shares in subsidiary	(182,344)	-
Loss retained in associated companies	3,939	32,714
Depreciation and amortisation of property, plant and equipment	247,917	226,874
Loss/(Gain) on disposal of plant and equipment	3,245	(7,099)
Plant and equipment written off	59,669	15,711
Provision for retirement benefits	3,929	1,787
Translation loss	(1,174)	(13,522)
Interest income	(27,345)	(28,256)
Interest expenses	143,998	149,586
(Gain)/Loss on disposal of investment	(14,714)	5,562
Gain on disposal of subsidiaries	(9,860)	(1,513)
Investment written off	19,615	115
Write back provision for diminution in investment	2,643	(16,548)
Provision for EuroConvertible Bond Put Premiums	20,181	9,981
Provision for bad and doubtful debts	607	4,125
Provision for obsolete inventories	1,799	4,925
Other non-cash item	25,095	29,594
Operating profit before working capital changes	810,277	339,465
Decrease/(Increase) in working capital:		
Inventories	(35,730)	59,906
Debtors	(181,376)	68,872
Creditors	70,773	26,316
Cash generated from operations	663,944	494,559
Income taxes paid	(13,219)	(24,794)
Net interest paid	(116,653)	(121,330)
Retirement benefits paid	(1,865)	(3,666)
Net cash generated from operating activities	532,207	344,769

	2000 RM'000	1999 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from associated companies	4,908	744
Purchase of plant and equipment	(454,341)	(228,363)
Proceeds from disposal of plant and equipment	17,917	35,007
Proceeds from disposal of shares in subsidiary	229,115	-
Proceeds from disposal of investment	206	13,345
Proceeds from disposal of associated company	47,668	-
Proceeds from disposal of subsidiary	32,135	9,947
Purchase of subsidiary	-	(59)
Additional equity investment in subsidiaries	(13)	(4,728)
Purchase of investments	(76,287)	(203,306)
Investment in associated companies	(41,137)	(7,730)
Shares buy back by subsidiary	(68,569)	(15,131)
Net cash used in investing activities	(308,398)	(400,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to:		
- shareholders	(21,081)	(18,187)
- minority shareholders	(92,038)	(38,338)
Net proceeds from borrowings	22,274	16,557
Proceeds from new issue of shares	5,188	-
Proceeds from shares issued to minority shareholders	8,872	-
Net cash used in financing activities	(76,785)	(39,968)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	147,024	(95,473)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	136,134	231,607
CASH AND CASH EQUIVALENTS AT END OF YEAR	283,158	136,134

GROUP CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2000

	2000 RM'000	1999 RM'000
CASH AND CASH EQUIVALENTS COMPRISE:-		
Deposits with licensed banks	169,442	116,433
Other corporations	47,500	19,002
Cash and bank balances	230,154	187,775
Bank overdrafts	(163,938)	(187,076)
	283,158	136,134
ANALYSIS OF THE DISPOSAL OF SUBSIDIARIES		
Investment in associated company	-	232
Property, plant and equipment	73,893	12,041
Intangible assets	212	-
Current assets	47,798	10,287
Current liabilities	(56,290)	(10,140)
Long term liabilities	(44,919)	(9,146)
Net assets disposed	20,694	3,274
Gain on disposal	9,860	1,513
Consideration received in cash	30,554	4,787
Cash and cash equivalent disposed	1,581	5,160
Cash flow on disposal, net of cash disposed	32,135	9,947

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and the Company are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment and in compliance with applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies as listed under Note 2.

In respect of the subsidiaries acquired or disposed of during the year, the results of the subsidiaries have been included in the Group financial statements from their dates of acquisition or to their effective dates of disposal respectively.

All significant inter-company balances and transactions are eliminated on consolidation.

(c) Associated companies

An associated company is a company not being a subsidiary, in which the Group has a substantial and long term equity interest and where the Group is in a position to exercise significant influence in its management through Board representation.

(d) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost/valuation less depreciation and impairment losses.

Certain freehold and leasehold properties and plant and equipment of certain subsidiary companies were revalued by the Directors based upon an independent professional valuation determined on the open market value basis as disclosed in Note 3 to the financial statements.

Additions to land and buildings and plant and equipment subsequent to the latest valuation are stated at cost in the financial statements.

The Group adopts the transitional provisions of Malaysian Accounting Standards Board's application of International Accounting Standard (IAS) No. 16 - Property, Plant and Equipment under which the Group retains the carrying amount of these Group assets which have been previously revalued and continue implementing the depreciation policy with regards thereto. These assets will be written down to their recoverable amounts in accordance with generally accepted accounting principles and the valuations thereof will not be updated.

Depreciation of property, plant and equipment

Freehold land and capital work-in-progress are not amortised. Other properties, plant and equipment are amortised or depreciated on the straight line basis over their estimated useful lives.

The principal annual rates of depreciation used are as follows:-

Leasehold land	Over period of lease
Buildings	2 - 5%
Building improvements	10%
Plant and equipment and motor vehicles	10 - 50%

(e) Intangible assets

i) Goodwill

Goodwill arising on consolidation, representing the excess of the cost of investment over the fair value of the net assets of the subsidiaries at acquisition dates is carried forward at cost less the previous amounts written off. Goodwill is written off when there has been a permanent impairment in its value.

ii) Deferred expenditure

Preliminary and pre-operating expenses are stated at cost and represents expenses incurred prior to the commencement of operations.

iii) Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed to the income statement as incurred.

Expenditure on development activities, for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is expensed to the income statement as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Capitalised development expenditure is amortised over a period of ten years on a straight line basis.

(f) Investments

Long term investments are stated at cost. A provision is made when the directors are of the view that there is a permanent diminution or impairment in the value of an investment.

Short term investments are marked on an investment portfolio basis.

(g) Inventories

Raw materials, consumables, work-in-progress and finished goods are valued at the lower of cost mainly determined by the weighted average basis and net realisable value. For work-in-progress and finished goods, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

(h) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is reasonable expectation of realisation in the near future.

(i) Retirement benefits - Executive staff

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 years by a qualified actuary. The last valuation was carried out in June 1998.

(j) Foreign currencies

Foreign currency transactions are converted into Malaysian Ringgit at the rates of exchange approximating to those ruling at the dates of the transactions or by reference to forward contracted exchange rates. Assets and liabilities in foreign currencies at balance sheet date are converted into Malaysian Ringgit at rates of exchange approximate to those ruling at the balance sheet date or by reference to forward contracted exchange rates. Profits or losses on foreign exchange arising from translation of short term monetary items are dealt with in the income statements.

Exchange differences on long term foreign currency term loans relating to imported machinery of certain completed capital projects was capitalised into plant and machinery.

The assets and liabilities of the foreign subsidiaries have been translated into Malaysian Ringgit at rates of exchange approximating those ruling on 30 June 2000 and the results of their operations have been translated at the average rates of exchange applicable for the year. Unrealised translation gains or losses arising therefrom are carried to Exchange Fluctuation Reserve.

The closing rates used in translation are as follows:-

USD	RM3.80
HK\$	RM0.50
S\$	RM2.20
DM	RM1.85

(k) Bond issue expenses and put premium

Expenditure attributable to the issue of Redeemable Bonds and EuroConvertible Bonds ("ECB") is amortised over the tenure of the Bonds.

Effective January 1999, additional provision is made for the contingency of a put premium of 20.3% of the principal amount of the ECB in progressive instalments until date on which the rights to the put premium may be exercised, on or nearest to 25 October 2001. Upon expiry of the rights to exercise the rights to the put premium, the amount of the provision made for put premium for any and each of the unexercised rights shall be credited back to the income statement.

(l) Capitalisation of interest

Interest on borrowed funds utilised to acquire assets that require a substantial period of time to construct and complete for their intended use is capitalised as part of the cost of the assets up to the date the assets are ready for use.

(m) Revenue

This represents the management fees and investment income of the Company. In respect of the Group, this comprises the invoiced value of goods sold less returns, income from contracts and services rendered, lease rental, profit on sale of trading investments and investment income, after eliminating inter-company transactions.

NOTES TO THE FINANCIAL STATEMENTS

2. COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their country of incorporation and the effective interest of Hong Leong Industries Berhad are shown below:-

<i>Name of Company</i>	<i>Countr y of Incorporation</i>	<i>Effective interest</i>		<i>Principal activities</i>
		<i>2000 %</i>	<i>1999 %</i>	
Subsidiary companies				
Guocera Tile Industries (Kluang) Sdn Bhd	Malaysia	100	100	Manufacture of ceramic tiles.
Guocera Tile Industries (Kapar) Sdn Bhd	Malaysia	100	100	Manufacture of mosaic and ceramic tiles.
Guocera Tile Industries (Meru) Sdn Bhd	Malaysia	64	64	Manufacture of ceramic tiles.
* Guocera Tile Industries (Labuan) Sdn Bhd	Malaysia	70	70	Manufacture of ceramic tiles.
Guocera Marketing Sdn Bhd	Malaysia	100	100	Distribution of ceramic tiles.
•*Guocera Marketing Singapore Pte Ltd	Singapore	100	100	Distribution of ceramic tiles.
Ceramic Research Company Sdn Bhd	Malaysia	100	100	Research and development of ceramic tiles and related products.
Hong Leong Marketing Co Berhad	Malaysia	100	100	Distribution of building materials.
Hong Leong Yamaha Distributors Sdn Bhd	Malaysia	74	74	Distribution of motorcycles and spare parts.
Hong Leong Yamaha Motor Sdn Bhd	Malaysia	69.4	69.4	Assembly of motorcycles and investment holding.
• Allied Auto Parts Sdn Bhd	Malaysia	69.4	69.4	Dormant.
* MZ Motorrad- und Zweiradwerk GmbH	Germany	100	100	Manufacture and distribution of motorcycles.
* Malaysian Pacific Industries Berhad	Malaysia	60.1	61.4	Investment holding.
•*Carsem (M) Sdn Bhd	Malaysia	42.1	42.7	Manufacture and sale of semiconductor devices and electronic components.
•*Carsem Semiconductor Sdn Bhd	Malaysia	42.1	42.7	Manufacture and sale of semiconductor devices and electronic components.
•*Carter Realty Sdn Bhd	Malaysia	42.1	42.7	Investment holding.
•*Signal Technology Sdn. Berhad	Malaysia	42.1	42.7	In members' voluntary liquidation.
•*Carsem Inc	USA	42.1	42.7	Marketing of semiconductor devices and electronic components.
•*Dynacraft Industries Sdn Bhd	Malaysia	60.1	61.4	Manufacture and sales of leadframes.

Name of Company	Countr y of Incorporation	Effective interest		Principal activities
		2000 %	1999 %	
Subsidiary companies				
•* Dyna-Craft Industries, Inc	USA	60.1	61.4	Manufacture and sales of leadframes.
•* Dyna-Craft Marketing, Inc	USA	60.1	61.4	Marketing of leadframes.
•* MPI (BVI) Limited	British Virgin Islands	60.1	61.4	Investment trading
* Classic Products Sdn Bhd	Malaysia	60.1	-	Dormant.
Carsem Advanced Technologies Sdn Bhd	Malaysia	60.1	-	Dormant.
* Guolene Packaging Industries Berhad	Malaysia	75.6	75.6	Investment holding.
•* Guolene Packaging & Printing Sdn Bhd	Malaysia	75.6	75.6	Manufacture and sale of duplex board boxes and flexible packaging materials.
•* Guolene Woven Products (Melaka) Sdn Bhd	Malaysia	75.6	75.6	Manufacture and sale of polypropylene and polyethylene woven bags and fabrics.
•* Guolene Plastic Films Sdn Bhd	Malaysia	51.4	51.4	Manufacture and sale of high and low density polyethylene and biaxially oriented polypropylene products.
•* Packaging Research Centre Sdn Bhd	Malaysia	75.6	75.6	Research and development on packaging products.
• Joint Steel Works Sdn Bhd	Malaysia	75.6	75.6	Investment holding.
• Guolene Plastic Products Sdn Bhd	Malaysia	75.6	75.6	Ceased operations.
•* Guolene Paper Products Sdn Bhd	Malaysia	75.6	75.6	Ceased operations.
•* Guolene Packaging & Printing (Duplex) Sdn Bhd	Malaysia	75.6	75.6	Dormant.
•* Guolene Metal Can Sdn Bhd	Malaysia	-	75.6	Manufacture and sale of tin cans.
•* Guolene Industrial Paper Products Sdn Bhd	Malaysia	-	39.3	Manufacture and sale of industrial paper products.
* MPI Property Sdn Bhd	Malaysia	100	100	Investment holding.
•* MPI Polyester Industries Sdn Bhd	Malaysia	100	100	Manufacture of polyester resin.
•* MPI Paper Mill Sdn Bhd	Malaysia	100	100	Dormant.
Hong Leong Equipment Sdn Bhd	Malaysia	100	100	Sale of heavy equipment and spare parts and the provision of after-sales services.

NOTES TO THE FINANCIAL STATEMENTS

Name of Company	Countr y of Incorporation	Effective interest		Principal activities
		2000 %	1999 %	
Subsidiary companies				
Megah Court Condominium Development Sdn Bhd	Malaysia	100	100	Property management.
Taman Terang Sdn Bhd	Malaysia	100	100	Investment holding and property management.
HLI Management Co Sdn Bhd	Malaysia	100	100	Provision of management services.
* HLI Trading Limited	Hong Kong	100	100	Investment trading.
* Guotrade (Malaysia) Sdn Bhd	Malaysia	100	100	Investment holding.
* HLI Overseas Limited	Jersey, Channel Islands	100	100	Investment holding.
* HLI Holdings Inc	Philippines	100	100	Investment holding.
* Kingcycle Sdn Bhd	Malaysia	100	100	Dormant
* RZA Logistics Sdn Bhd	Malaysia	59.1	59.1	Dormant.
Hong Leong Maruken Sdn Bhd	Malaysia	70	70	Dormant.
Associated companies				
* Camerlin Group Berhad	Malaysia	28.9	26	Investment holding and rental of properties.
* Hicom-Yamaha Manufacturing Malaysia Sdn Bhd	Malaysia	30	30	Manufacture and assembly of motorcycle engines.
HL Yamaha Motor Research Centre Sdn Bhd	Malaysia	49	49	Provision of research and development services.
* Yamaha Motor Vietnam Co Ltd	Vietnam	24	24	Manufacture and assemble motorcycles, spare parts and components, and to provide maintenance and repair service for motorcycles.
* Jiangxi Hongdu HongLeong Motor Co Ltd	China	30	30	Manufacture and sale of motor- cycles, engines and related parts.
* Guolene Paper Products (Kuching) Sdn Bhd	Malaysia	37.8	37.8	Manufacture and sale of corrugated fibreboard cartons.
* HLLS Holdings Bhd	Malaysia	35	35	Shipbuilding and ship repairing.
* Picop Holdings Inc	Philippines	40	40	Investment holding.
Brisk Steel Products Sdn Bhd	Malaysia	-	50	Manufacture of steel products.

The financial year-end of the associated companies are co-terminous with the Company except for the following:-

<i>Name of Company</i>	<i>Financial year -end</i>
Hicom-Yamaha Manufacturing Malaysia Sdn Bhd	31 March
HLLS Holdings Bhd	31 December
+ Camerlin Group Berhad	31 December
+ Jiangxi Hongdu HongLeong Motor Co Ltd	31 December
+ Southern Iron & Steel Centre Sdn Bhd	31 December
+ Yamaha Motor Vietnam Co Ltd	31 December

+ Group share of profit is based on last audited financial statements for the year to 31 December and latest management accounts available.

The investment in these subsidiaries and associated companies have not been consolidated or equity accounted for in the Group financial statements as they are immaterial to the Group or have been written off:-

<i>Name of Company</i>	<i>Countr y of Incorporation</i>	<i>Effective interest</i>		<i>Principal activities</i>
		<i>2000 %</i>	<i>1999 %</i>	
Quayline Fairprice Sdn Bhd	Malaysia	60	60	Dormant.
* Quayline Company Pte Ltd	Singapore	100	100	Dormant.
HLI Vinyl Industries Sdn Bhd	Malaysia	70	70	Dormant.
• * HLI Holdings Limited	Jersey, Channel Islands	100	100	Dormant.
• * Jadipack Industries Sdn Bhd	Malaysia	75.6	75.6	In members' voluntary liquidation.
• * Ramus Holdings Plc	United Kingdom	100	100	In creditors' voluntary liquidation.
• HLE Manufacturing Sdn Bhd	Malaysia	-	100	Struck off by the Registrar of Companies ("ROC")
Allied Parts & Components Sdn Bhd	Malaysia	-	100	Struck off by ROC.
* Svens Auto Sdn Bhd	Malaysia	-	100	Struck off by ROC
Guotrade Holdings Sdn Bhd	Malaysia	100	100	Dormant.
* Southern Iron & Steel Centre Sdn Bhd	Malaysia	36	36	Dormant.
• Kasih Sayang Realty Sdn Bhd	Malaysia	100	100	Dormant.
* Autonet Sdn Bhd	Malaysia	70	70	Distribution and servicing of auto vehicles.
Jasa Court Sdn Bhd	Malaysia	100	100	In member's voluntary liquidation.
Mai Kah Corporation Sdn Bhd	Malaysia	100	100	In member's voluntary liquidation.

* The financial statements of these subsidiaries and associated companies are not audited by the auditors of the Company.

• Sub-subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	<i>Freehold Land, Improvements & Buildings RM'000</i>	<i>Long Leasehold Land, Improvements & Buildings RM'000</i>	<i>Short Leasehold Land, Improvements & Buildings RM'000</i>	<i>Plant Equipment & Plant Held For Operating Lease RM'000</i>	<i>Capital Work-In-Progress RM'000</i>	<i>Total RM'000</i>
Group Cost/Valuation						
At 1-7-1999						
- valuation	2,406	21,988	4,366	7,622	-	36,382
- cost	280,417	183,584	782	1,964,399	38,652	2,467,834
Translation differences	(394)	-	-	(1,414)	(1,814)	(3,622)
Additions	6,902	10,992	-	418,881	17,566	454,341
Disposals						
- cost	(28,444)	-	-	(153,061)	(2,425)	(183,930)
Written off	-	-	-	(90,162)	-	(90,162)
At 30-6-2000	260,887	216,564	5,148	2,146,265	51,979	2,680,843
Accumulated Depreciation						
At 1-7-1999	29,615	41,875	1,864	875,896	-	949,250
Translation differences	(14)	-	-	(850)	-	(864)
Additions	5,688	7,286	11	234,932	-	247,917
Disposals	(4,597)	-	-	(84,266)	-	(88,863)
Written off	-	-	-	(30,493)	-	(30,493)
At 30-6-2000	30,692	49,161	1,875	995,219	-	1,076,947
Net Book Value						
At 30-6-2000	230,195	167,403	3,273	1,151,046	51,979	1,603,896
Net Book Value						
At 30-6-1999	253,208	163,697	3,284	1,096,125	38,652	1,554,966
Depreciation charge for the year ended 30-6-1999	6,058	11,816	11	208,989	-	226,874

	<i>Equipment & Motor Vehicles RM'000</i>
Company Cost	
At 1-7-1999	2,713
Additions	29
Transfers	(364)
Disposals	(8)
Written off	(64)
At 30-6-2000	2,306
Accumulated Depreciation	
At 1-7-1999	1,667
Charge for the year	153
Transfers	(195)
Disposals	(5)
Written off	(38)
At 30-6-2000	1,582
Net Book Value	
At 30-6-2000	724
Net Book Value	
At 30-6-1999	1,046
Depreciation charge for the year ended 30-6-1999	366

Details of independent professional valuations of fixed assets of the Group at 30 June 2000 are as follows:-

<i>Group Year of Valuation</i>	<i>Description of Property</i>	<i>Landed Properties RM'000</i>	<i>Plant & Machinery RM'000</i>
1990	Long leasehold land and buildings	6,196	-
	Plant and equipment	-	5,378
1985	Freehold land	655	-
	Long leasehold land and buildings	1,127	-
	Plant and equipment	-	1,380
1984	Long leasehold land and buildings	1,087	-
1983	Long leasehold land and buildings	13,578	-
1982	Freehold land	1,415	-
1981	Short leasehold land and buildings	4,366	-
1980	Freehold land and buildings	336	-
	Plant and equipment	-	864
		28,760	7,622

The valuation were made on the open market value basis with the exception of the certain plant and equipment of subsidiary companies stated at valuation of RM864,000.00 which were determined on the replacement value basis.

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Long term:-				
Subsidiaries				
At cost:				
- Malaysian quoted shares	-	-	607,111	607,111
- Unquoted shares	-	-	569,907	534,569
	-	-	1,177,018	1,141,680
Associated companies				
At cost:				
- Malaysian quoted shares	511,250	493,695	472,080	446,753
- Unquoted shares	31,606	47,247	29,515	22,316
Share of capital reserve	2,625	7,974	-	-
Share of retained profits	7,252	29,244	-	-
	552,733	578,160	501,595	469,069
Other investments				
At cost:				
- Malaysian quoted related company	67,101	67,114	-	-
- Foreign quoted shares	14,402	14,402	-	-
- Unquoted shares	446,264	410,637	445,491	409,875
Unquoted convertible preferred stock/loan stock	1,045	1,049	398	398
Unquoted floating rate note	38,920	-	-	-
	567,732	493,202	445,889	410,273
	1,120,465	1,071,362	2,124,502	2,021,022
Short term:-				
At cost:				
- Malaysian quoted shares	1,848	1,848	-	-
Add: Unrealised gain	3,069	5,712	-	-
	4,917	7,560	-	-

	<i>Group</i>		<i>Company</i>	
	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>
Market value of quoted securities:-				
Long term:				
- Subsidiary company	-	-	4,663,049	1,267,393
- Associated company	314,660	208,119	277,002	177,300
- Related company	64,181	60,358	-	-
- Foreign quoted shares	9,063	12,104	-	-
Short term:				
- Malaysian quoted shares	4,917	7,560	-	-

The Company has unquoted investments in Malaysian Newsprint Industries Sdn Bhd ("MNI") and Laras Perkasa Sdn Bhd ("LPSB") amounting to RM363,028,067 (1999: RM326,670,156) and RM82,212,588 (1999: RM81,224,209) respectively. These investments represent 33.65% (1999: 33.65%) and 30% (1999: 30%) equity interests in the respective investees. MNI is principally engaged in the production of newsprint and related paper products and LPSB is the power generation facility to complement the activity of MNI.

The Board of Directors have decided that the investments in MNI and LPSB should not be treated as investment in associated companies but should be treated as ordinary unquoted investments in the financial statements as the Board deemed these investments not to be permanent in nature.

5. INTANGIBLE ASSETS

	<i>Goodwill</i> <i>RM'000</i>	<i>Deferred</i> <i>Expenditure</i> <i>RM'000</i>	<i>Development</i> <i>Expenditure</i> <i>RM'000</i>	<i>Total</i> <i>RM'000</i>
<i>Group</i> <i>2000</i>				
Cost				
At 1 July 1999	452,808	16,182	-	468,990
Goodwill arising from changes in equity interest in subsidiaries	2,259	-	-	2,259
Relating to disposal of sub-subsidiaries	(3,414)	-	-	(3,414)
Addition/reclassified	-	-	6,386	6,386
Reclassification to development expenditure	-	(12,299)	12,299	-
Written off during the year	-	(3,883)	-	(3,883)
Amortisation	-	-	(1,606)	(1,606)
At 30 June 2000	451,653	-	17,079	468,732

NOTES TO THE FINANCIAL STATEMENTS

	Goodwill RM'000	Defer red Expenditur e RM'000	Development Expenditur e RM'000	Total RM'000
Group 1999				
At 1 July 1998	448,592	18,925	-	467,517
Goodwill arising from changes in equity interest in subsidiary	4,216	-	-	4,216
Addition	-	979	-	979
Charge to income statement	-	(3,426)	-	(3,426)
Subsidiaries struck off/ disposed off	-	(296)	-	(296)
At 30 June 1999	452,808	16,182	-	468,990

6. INVENTORIES

	Group 2000 RM'000	Group 1999 RM'000
Raw materials and consumables	111,575	111,869
Work-in-progress	30,120	34,726
Finished goods	116,597	94,024
	258,292	240,619
Less: Provision for inventories obsolescence	(18,722)	(16,923)
	239,570	223,696

7. DEBTORS

	Group 2000 RM'000	Group 1999 RM'000	Company 2000 RM'000	Company 1999 RM'000
Trade debtors	428,040	408,278	-	-
Less: Provision for doubtful debts	(22,014)	(21,407)	-	-
	406,026	386,871	-	-
Amount due from:				
- subsidiaries	-	-	19,021	70,617
- related companies	72,521	74,322	304	1,605
- associated companies	12,071	27,953	-	-
Other debtors, deposits and prepayments	214,575	156,022	74,617	78,405
Dividends receivable	-	-	58,287	23,171
	705,193	645,168	152,229	173,798

The amounts owing by subsidiaries are unsecured, have no fixed terms of repayment and are interest free (1999: interest at 9.7% to 13.5%).

8. DEPOSITS, CASH AND BANK BALANCES

	<i>Group</i>		<i>Company</i>	
	<i>2000 RM'000</i>	<i>1999 RM'000</i>	<i>2000 RM'000</i>	<i>1999 RM'000</i>
Deposits held with:-				
Licensed financial institutions	169,442	116,433	-	-
Other corporations	47,500	19,002	-	-
Cash and bank balances	230,154	187,775	76	82
	447,096	323,210	76	82

Included in the Group's and Company's deposits, cash and bank balances are the following balances with related party arising from normal business transactions:-

	<i>Group</i>		<i>Company</i>	
	<i>2000 RM'000</i>	<i>1999 RM'000</i>	<i>2000 RM'000</i>	<i>1999 RM'000</i>
Deposits with licensed financial institutions	4,350	1,447	-	-
Cash and bank balances	34,283	2,343	73	78

9. CREDITORS

	<i>Group</i>		<i>Company</i>	
	<i>2000 RM'000</i>	<i>1999 RM'000</i>	<i>2000 RM'000</i>	<i>1999 RM'000</i>
Trade creditors	180,822	160,324	-	-
Bankers acceptances				
-unsecured	369,297	390,799	-	-
Amount due to				
-subsidaries	-	-	344,251	415,068
-related companies	8,124	10,091	233	231
-associated companies	557	238	-	-
Other creditors and accrued liabilities	254,735	244,852	54,306	66,908
	813,535	806,304	398,790	482,207

Interest charged on bankers acceptances during the year range from 3.1% to 5.0% (1999: 2.9% to 13.5%). The amounts due to subsidiaries were unsecured and have no fixed terms of repayment with interest charged range from 4.0% to 8.3% (1999: 6.4% to 9.0%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

10. BORROWINGS

	<i>Group</i>		<i>Company</i>	
	<i>2000 RM'000</i>	<i>1999 RM'000</i>	<i>2000 RM'000</i>	<i>1999 RM'000</i>
Short term:-				
Term loans (unsecured)				
- bank loans	370,643	733,491	96,999	161,199
- other loans	38,960	-	10,000	-
Bank overdrafts (unsecured)	163,938	187,076	141,627	164,523
	573,541	920,567	248,626	325,722
Long term:-				
Term loans (unsecured)				
- bank loans	801,043	736,994	205,308	114,000
- other loans	67,000	77,000	67,000	77,000
	868,043	813,994	272,308	191,000
Portion repayable within 12 months	(370,643)	(322,547)	(96,999)	(53,200)
Portion repayable after 12 months	497,400	491,447	175,309	137,800

The bank facilities bear interest from 3.8% to 8.5% (1999: 3.6% to 14.3%) per annum.

The term loans are repayable in varying instalments and at various dates during the years 2000 to 2004. Included in term loans are foreign currency term loans amounting to RM480.8 million (1999: RM598.5 million).

11. SHARE CAPITAL

	<i>Group and Company</i>	
	<i>Number of Shares</i>	<i>RM</i>
AUTHORISED:-		
600,000,000 ordinary shares of 50 sen each	600,000,000	300,000,000
ISSUED AND FULLY PAID:-		
At beginning of year	224,536,400	112,268,200
Add: Share issues		
- Conversion of warrants	300	150
- Exercise of Executive Share Option Scheme	587,200	293,600
At end of the year	225,123,900	112,561,950

12. RETAINED PROFITS

	Group	
	2000 RM'000	1999 RM'000
Retained profits at end of year comprise:-		
Holding Company	373,603	329,285
Subsidiary Companies	291,960	160,715
Associated Companies	7,252	29,243
	672,815	519,243

Subject to the agreement of the Inland Revenue Board, the Company has sufficient tax exempt credit and tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of all its retained profits at 30 June 2000.

13. DEFERRED TAXATION

	Group	
	2000 RM'000	1999 RM'000
Balance at 1 July	33,111	22,183
Subsidiaries disposed off	(723)	-
Transfer from/(to) income statements	(2,412)	10,928
Balance at 30 June	29,976	33,111

14. EUROCONVERTIBLE BONDS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Zero Coupon EuroConvertible Bonds due 2006 ("ECB") -US\$73,480,000	279,224	279,224	279,224	279,224
Unexpired portion of prepaid discount on issue of ECB	(11,030)	(19,422)	(11,030)	(19,422)
	268,194	259,802	268,194	259,802

During the financial year ended 30 June 1997, the Company issued US\$73.48 million nominal amount of unsecured Zero Coupon EuroConvertible Bonds due 2006 at 85% nominal value.

Each ECB entitled the holder to convert into fully paid ordinary shares of RM0.50 at an initial conversion price of RM8.20 per share and at a fixed rate of exchange on conversion of RM2.50508: US\$1.00 during the conversion period commencing 11 March 1997 to 25 September 2006.

The ECB are redeemable by the Bondholder(s) at their principal amount (face value) on or about 25 October 2006.

In addition, the Company will, at the option of the Bondholder(s), redeem such ECB on the nearest half-year date following on or nearest to 25 October 2001 at 120.3% of its principal amount in accordance with condition 7(C) of the ECB, in which event the Company will be liable to pay an additional sum of approximately RM56,682,472 based on the current year end exchange rate for which an accumulated provision of RM30,160,810 has been made in the financial statements. The balance which is to be adjusted by future fluctuations in the exchange rate is to be provided in subsequent financial years until 25 October 2001.

The ECB are listed and quoted on the Luxembourg Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS

15. REDEEMABLE BONDS

	<i>Group</i>		<i>Company</i>	
	<i>2000 RM'000</i>	<i>1999 RM'000</i>	<i>2000 RM'000</i>	<i>1999 RM'000</i>
These consist of:-				
(i) 4.5% Unsecured Redeemable Bonds 1997/2001	250,000	250,000	250,000	250,000
(ii) 8.5% Unsecured Redeemable Bonds 1999/2004	250,000	-	125,000	-
	500,000	250,000	375,000	250,000

- (i) The RM250,000,000.00 4.5% Unsecured Redeemable Bond 1997/2001 (1997/2001 Bonds) was issued with 35,083,500 detachable warrants on a "bought deal" basis at 100% nominal amount. The warrants are listed on the Kuala Lumpur Stock Exchange. The 1997/2001 Bonds are redeemable in cash at nominal amount on maturity of the bonds in 2001.

The warrants were constituted by a Deed Poll dated 22 October 1996 and Supplemental Deed Poll dated 5 May 1997 and second Supplemental Deed Poll dated 15 June 1999. Each warrant gives the registered holder the right at any time during the exercise period to subscribe in cash for one new ordinary share of RM0.50 each at an exercise price of RM8.00 per new share.

As at 30 June 2000, 2,300 warrants had been exercised.

At an Extraordinary General Meeting and Adjourned Warrantholders' Meeting held on 19 May 2000 and 14 June 2000 respectively, the shareholders and warrant holders of the Company had approved the extension of the subscription period of its outstanding warrants for a further period of 5 years from the existing expiry date of 13 November 2001 to 13 November 2006, subject to the condition that the warrants are deemed not to be "in-the-money" for each of the 30 market days up to 13 August 2001.

- (ii) During the financial year, the Company together with its subsidiary, Malaysian Pacific Industries Berhad ("MPI"), each issued RM125,000,000 nominal amount of 8.5% Unsecured Redeemable Bond 1999/2004 (1999/2004 Bonds) which has a maturity date for repayment in cash at its nominal amount in December 2004.

16. OPERATING PROFIT

	<i>Group</i>		<i>Company</i>	
	<i>2000 RM'000</i>	<i>1999 RM'000</i>	<i>2000 RM'000</i>	<i>1999 RM'000</i>
Revenue	2,613,834	1,957,964	145,719	65,129
Cost of sales	(1,857,977)	(1,487,906)	-	-
Gross profit	755,857	470,058	145,719	65,129
Distribution costs	(64,068)	(71,176)	-	-
Administration expenses	(134,069)	(193,916)	(4,894)	(4,423)
Other operating expenses	(54,760)	(41,797)	-	-
Other operating income	45,450	23,850	50,824	16,338
Operating income	548,410	187,019	191,649	77,044

Operating profit is arrived at after:-

	<i>Group</i>		<i>Company</i>	
	<i>2000 RM'000</i>	<i>1999 RM'000</i>	<i>2000 RM'000</i>	<i>1999 RM'000</i>
Crediting:-				
Gross dividend income				
- Investment quoted in Malaysia	478	361	-	-
- Associated companies quoted in Malaysia	-	-	4,306	3,546
- prior year over provision	-	-	-	(4,137)
- Subsidiaries quoted in Malaysia	-	-	71,739	23,913
- Unquoted subsidiaries	-	-	65,691	41,270
- Others	4,123	772	3,467	13
Rental income	2,964	2,508	-	-
Gain/(Loss) on disposal of investment	14,714	(5,562)	20,966	-
Gain/(Loss) on disposal of subsidiaries	9,860	1,513	-	(3,593)
And charging:-				
Auditors' remuneration	590	599	42	38
Depreciation and amortisation of property, plant and equipment	247,917	226,874	153	366
Directors' fee:				
- current year	594	777	320	320
- prior year over provision	(15)	(41)	-	-
Directors' emoluments	3,323	3,518	1,306	1,345
Unquoted investment written off	452	115	1,260	12
Lease rental	580	564	-	-
Office rental	3,690	5,005	-	-
Bad and doubtful debts	607	4,125	-	-
Plant and equipment written off	754	15,711	27	-
Loss/(Gain) on disposal of plant and equipment	3,245	(7,099)	-	-
Provision/(Write back) for diminution in value of investment	2,643	(16,548)	-	-
Loss/(Gain) on foreign exchange	1,521	(3,508)	(153)	(143)

NOTES TO THE FINANCIAL STATEMENTS

And after taking into financial statements the following significant related parties transactions:-

	<i>Group</i>		<i>Company</i>	
	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>
Interest expenses	-	-	22,714	46,622
Office rental	624	990	250	368
Interest income	(11,777)	(15,644)	(466)	(229)
Rental income	(240)	(42)	-	-
Waiver of loan	-	-	(30,994)	(18,941)
Management fee received from subsidiaries	-	-	(516)	(524)
Management and professional fees	11,875	11,922	-	251
Insurance premium	4,842	9,081	-	-
Purchases	88,775	31,179	-	-
Sales	(36,157)	(73,323)	-	-

The above related parties transactions have entered into in the normal course of business on commercial terms.

17.NET FINANCING COSTS

	<i>Group</i>		<i>Company</i>	
	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>
Interest payable:				
Bank overdrafts	607	1,234	-	-
Related company interest	-	-	22,714	46,622
Term loans	48,964	47,177	6,930	17,777
Others	94,427	101,175	51,253	21,831
	143,998	149,586	80,897	86,230
Less:				
Interest receivable	(15,093)	(12,594)	(44)	(75)
Related company interest	(11,777)	(15,644)	(466)	(229)
Other interest	(475)	(18)	-	-
	116,653	121,330	80,387	85,926

18. EXCEPTIONAL ITEMS

Comprise:-

	<i>Group</i>		<i>Company</i>	
	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>
Loss on cancellation of forward currency contracts	-	(62,676)	-	-
Realised exchange loss on loan repayments	(49,456)	(48,411)	-	(9,187)
Translation gain on foreign currency borrowings	-	43,844	-	8,300
Translation loss written back on realisation	50,630	58,214	-	10,947
Translation loss on EuroConvertible Bond	-	(88,536)	-	(88,536)
Provision for EuroConvertible Bond Put Premiums	(20,181)	(9,981)	(20,181)	(9,981)
Plant and equipment written off	(58,915)	-	-	-
Investment in associated company written off	(19,163)	-	-	-
Gain on disposal of share in subsidiary	182,344	-	-	-
	85,259	(107,546)	(20,181)	(88,457)

19. TAXATION

The taxation charge for the year consists of the following:-

	<i>Group</i>		<i>Company</i>	
	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>	<i>1999</i> <i>RM'000</i>
Current taxation				
- Malaysia	52,793	(14,067)	4,000	-
Deferred taxation	(1,595)	11,905	-	-
Share of associated companies' taxation	32	(3,126)	-	-
	51,230	(5,288)	4,000	-
(Over)/Under provision of prior years' tax:				
- Taxation	(10,237)	(5,189)	-	(3,305)
- Deferred taxation	(817)	(977)	-	-
	40,176	(11,454)	4,000	(3,305)

- (i) The Group's effective tax rate is lower than the statutory tax rate due to pioneer status and reinvestment allowances granted to certain subsidiaries and capital gain on disposals of investments which is not subject to taxation.

The Company's taxation charge is low due to tax exempt dividends from certain subsidiaries.

- (ii) The Group's tax recoverable credit in the previous year was in relation to tax deducted at source for dividend income.

NOTES TO THE FINANCIAL STATEMENTS

20.EARNINGS/(LOSS) PER ORDINARY SHARE

The basic earnings per ordinary share is calculated by dividing the Group profit of RM196,335,000 (1999: loss of RM142,110,000) after taxation and minority shareholders' interests by the weighted average number of ordinary shares during the financial year of 224,739,556 (1999: 224,536,400).

The diluted earnings per share is calculated by dividing the earnings of RM196,335,000 by the diluted weighted average number of 232,972,596 ordinary shares that would be in issue on 1 July 1999 had all the dilutive options been exercised at that date.

No comparative figure for diluted earnings per share was shown as the result was anti-dilutive.

21.DIVIDENDS

	<i>Group and Company</i> 2000 RM'000	1999 RM'000
Ordinary		
Interim		
- 10% tax exempt (1999: 6% tax exempt)	11,246	6,736
Final proposed		
- 25% less tax and 10% tax exempt (1999: 8% less tax and 3% tax exempt)	31,517	9,835
	42,763	16,571

22.HOLDING COMPANY

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

23.COMMITMENTS

	<i>Group</i> 2000 RM'000	1999 RM'000
Capital commitments		
Authorised and contracted for	233,859	66,899
Authorised but not contracted for	93,095	91,794
Operating lease commitments:		
Expiring within one year	1,645	777
Expiring between one to five years	5,611	3,088
Expiring after five years	47,000	47,697
	54,256	51,562

24. SEGMENTAL REPORT

	Turnover RM'000	Profit Before Tax RM'000	Total Assets RM'000
2000			
Semiconductor	1,526,157	518,622	2,196,732
Motorcycles	292,303	(18,817)	304,942
Building materials	454,459	5,090	485,804
Packaging	224,988	15,108	222,523
Investment holdings and others	115,927	(2,987)	1,379,868
	2,613,834	517,016	4,589,869
Share of losses of associated companies	-	(3,939)	-
	2,613,834	513,077	4,589,869
1999			
Semiconductor	971,705	144,136	1,728,958
Motorcycles	246,638	(9,064)	302,735
Building materials	408,349	25,799	506,030
Packaging	220,176	(7,630)	326,494
Investment holdings and others	95,517	(167,962)	1,430,735
	1,942,385	(14,721)	4,294,952
Share of losses of associated companies	-	(32,714)	-
Discontinued operations	15,579	(27,136)	-
	1,957,964	(74,571)	4,294,952

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

25. EMPLOYEES INFORMATION

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Staff cost	333,765	280,068	1,414	914

The number of employees of the Group and the Company at the end of the year was 14,428 (1999: 13,117) and 19 (1999: 22) respectively.

26. SIGNIFICANT EVENTS DURING THE YEAR

During the financial year:-

- (a) the Company's 75.6% owned subsidiary, Guolene Packaging Industries Berhad, disposed of 2,340 ordinary shares of RM1,000/- each fully paid, representing 52% equity interest in Guolene Industrial Paper Products Sdn Bhd to Frantschach Packaging Aktiengesellschaft, for a total consideration of RM11,534,628/-.
- (b) the Company issued RM125 million of 8.5% fixed rate 5-year Unsecured Redeemable Bonds 1999/2004 to underwriters/primary subscribers.
- (c) the Company disposed of 1,712,329 ordinary shares of RM1/- each fully paid, representing 50% equity interest in Brisk Steel Products Sdn Bhd to Southern Steel Berhad, for a total cash consideration of RM22,500,000/-.
- (d) the Company's wholly-owned subsidiary, Taman Terang Sdn Bhd, placed out 5,000,000 Malaysian Pacific Industries Berhad ("MPI") shares of RM0.50 each fully paid, representing 2.47% equity interest in MPI to various institutional investors, for a total cash consideration of RM230,000,000/-, equivalent to RM46/- per MPI share.
- (e) the Company and its wholly-owned subsidiary, HLI Trading Limited, disposed of through a stockbroker, a total 3,272,000 Camerlin Group Berhad ("CGB") shares of RM1/- each fully paid, representing 1.17% equity interest in CGB, for a total cash consideration of RM25,347,866/- at market prices ranging from RM7.40 to RM8.45 per CGB share.
- (f) the Company's wholly-owned subsidiary, Jasa Court Sdn Bhd (formerly known as Hong Leong Realty Sdn Bhd), has been put under voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965.
- (g) Guolene Packaging Industries Berhad, disposed of 32,250,000 ordinary shares of RM1/- each fully paid, representing 100% equity interest in Guolene Metal Can Sdn Bhd to Kian Joo Can Factory Berhad, for a total cash consideration of RM13.75 million.

27. SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

- (a) the Company's wholly-owned subsidiary, Mai Kah Corporation Sdn Bhd, has been put under voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965.
- (b) the Company's subsidiary, HLYM (BVI) Ltd, was dissolved pursuant to the International Business Companies Act Cap 291 of the British Virgin Islands.

28. COMPARATIVE FIGURES

Following the adoption of MASB Standards in the preparation of this set of financial statements, the presentation and classification of certain items in the financial statements have been amended. Accordingly, comparative amounts for those items have been reclassified to ensure comparability with the current financial year.

STATEMENT BY DIRECTORS

We, Kwek Leng San and Ron Lim Kim Chai, being two of the directors of HONG LEONG INDUSTRIES BERHAD state that in the opinion of the directors, the financial statements set out on pages 27 to 54 are drawn up in compliance with applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 June 2000 and of the results of the business of the Group and of the Company and the cash flows of the Group for the year ended on that date.

On behalf of the Board,

KWEK LENG SAN

RON LIM KIM CHAI

Kuala Lumpur
21 August 2000

STATUTORY DECLARATION

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

I, Soon Seong Keat, being the officer primarily responsible for the financial management of HONG LEONG INDUSTRIES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 27 to 54 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 Soon Seong Keat)	SOON SEONG KEAT
at Kuala Lumpur in the Federal)	
Territory on 21 August 2000)	

Before me

TEONG KIAN MENG
Pesuruhjaya Sumpah
Commissioner for Oaths

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements set out on pages 27 to 54 of HONG LEONG INDUSTRIES BERHAD. The preparation of the financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain all the information and explanation, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements which have been prepared under the historical cost convention, as modified by the revaluation of certain assets, are 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 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; and
 - (ii) the state of affairs of the Group and of the Company at 30 June 2000 and of the results of the operations of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The names of the subsidiaries of which we have not acted as auditors are indicated on pages 36 to 39. We have considered the financial statements of the subsidiaries and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiaries 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 audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Act.

LING KAM HOONG & CO
AF: 0106
PUBLIC ACCOUNTANTS, MALAYSIA

LING KAM HOONG
161/5/02 (J/PH)

Kuala Lumpur
21 August 2000

Properties Held By The Group As At 30 June 2000

Tenure	Location	Description/ Existing Use	Approximate Area (sq. ft.)	Approximate Age of Building (Years)	Net Book Value (RM'000)
Freehold	5 1/2 miles, Jln Kapar, Rantau Panjang, 42100 Klang, Selangor Darul Ehsan	3 lots of land with factory buildings	659,464	9 - 31	23,119
Freehold	5 1/2 miles Jln. Meru, 41050 Klang, Selangor Darul Ehsan	4 lots of land with factory buildings	871,326	19	23,179
Freehold	201, Jln. Mengkibol, 86000 Kluang, Johor Darul Takzim	1 lot of land with factory buildings (Lot 5198)	261,633	15	6,236
Freehold	201, Jln. Mengkibol, 86000 Kluang, Johor Darul Takzim	1 lot of land with factory buildings (Lot 364)	1,061,775	10	6,945
Freehold	201, Jln Mengkibol, 86000 Kluang, Johor Darul Takzim	4 lots of land with factory buildings (Lot 1541-1544)	747,108	7	23,200
Freehold	201, Jln Megkibol, 86000 Kluang Johor Darul Takzim	1 lot of vacant industrial land (Lot 2213)	256,187	-	259
Leasehold (31-12-2043)	Ranca-Ranca Industrial Estate, Labuan	2 lots of land with factory buildings	457,790	16	4,118
Freehold	201 Jalan Mengkibol, 86000 Kluang Johor Darul Takzim	2 lots of land with warehouse (Lot 1538-1539)	907,790	5	16,076
Leasehold (4-10-2082)	No. 367 A & B Jalan Melaka Raya 4, Taman Melaka Raya, 75000 Melaka	3-storey mid terraced shop office	1,399	17	191
Leasehold (11-6-2071)	Lot 14/70, Jln. Utas 40000 Shah Alam, Selangor Darul Ehsan	1 lot of land with factory buildings	455,986	19	13,426
Freehold	Lot 57, Persiaran Bukit Rahman Putra 3 47000 Sungai Buloh	1 lot of land with factory buildings	1,577,277	4	54,319
Freehold	PF 70, Alte Marienberger Strasse 30 - 35, 09401 Zschopau-Hohndorf, Germany	1 lot of freehold land with factory building, office building and store	826,464	5 - 19	4,022

Properties Held By The Group As At 30 June 2000

Tenure	Location	Description/ Existing Use	Approximate Area (sq. ft.)	Approximate Age of Building (Years)	Net Book Value (RM'000)
Leasehold (20-04-2074)	Lot No. 69877, H.S.(D) K.A. 1083/75, Mukim Ulu Kinta, Ipoh, Perak Darul Ridzuan	1 lot of leasehold land with factory building and office building	158,297	4 - 25	14,076
Leasehold (15-8-2081)	P.T. 2013, H.S.(D) K.A. 5600/82, Daerah Kinta, Ipoh, Perak Darul Ridzuan	1 lot of leasehold land with factory building and office building	64,469	2 - 12	6,692
Leasehold (23-5-2082)	Lot No. 108394 H.S.(D) K.A. 1576/83, Daerah Kinta, Ipoh, Perak Darul Ridzuan	1 lot of leasehold land with factory building and office building	19,849	4 - 12	2,418
Leasehold (8-5-2039)	P.T. 15652 & 15653, Daerah Kinta, Mukim Ulu Kinta, Ipoh, Perak Darul Ridzuan	2 lots of leasehold land with factory building and office building	74,862	6	9,930
Leasehold (29-10-2091)	Lot 52986 Kawasan Perindustrian Taman Meru Jelapang, Perak Darul Ridzuan	1 lot of leasehold land with factory building	1,344,579	9	39,365
Freehold	194 Goodview Drive, Apollo Pennsylvania, USA	1 lot of leasehold land with factory building, office building and store	22,700	40	5,643
Leasehold (2031)	Lot 2367, Geran No. 2742B Mukim 12, Bayan Lepas, Pulau Pinang	1 lot of leasehold land with factory building, office building and store	257,000	7	26,158
Freehold	4060 Norbatrol Ave, Murrysville, Pennsylvania, U.S.A.	1 lot of freehold land with factory building, office building and store	51,000	36	2,740
Leasehold (2058)	Lot 8, Geran No. 5017 Mukim 12, Bayan Lepas Technoplex, Pulau Pinang	1 lot of leasehold land with factory building, office building and store	105,000	2	17,294
Leasehold (8-5-2078)	Daerah Kinta Mukim Hulu Kinta Perak Darul Ridzuan	8 lots of leasehold land	61,676	-	1,367
Leasehold (2039)	P.T 15651, H.S.(D) K. 2880/79, Daerah Kinta, Mukim Ulu Kinta, Ipoh, Perak Darul Ridzuan	1 lot of vacant industrial leasehold land	24,092	-	996

Properties Held By The Group As At 30 June 2000

Tenure	Location	Description/ Existing Use	Approximate Area (sq. ft.)	Approximate Age of Building (Years)	Net Book Value (RM'000)
Freehold	P.T. Nos. 5035, 5037 & 5127, Mukim Damansara, District of Petaling, Selangor Darul Ehsan	3 lots of freehold land with factory building, office building and store	620,616	7 - 11	10,391
Leasehold (5-9-2074)	Lot 3, No. H.S. (M) 3767, Mukim Batu Batu Caves Industrial Estate Selangor Darul Ehsan	1 lot of leasehold land with factory building	43,479	25	1,104
Leasehold (1-4-2041)	Lot No. P.T. 52, H.S.(D) 1939 Daerah Seberang Prai, Penang	1 lot of leasehold land with factory building, office building and store	55,234	11	780
Leasehold (31-10-2035)	Lots 295-297, H.S.(D) 133, Mukim No. 1, Kawasan Perusahaan Prai, Prai Industrial Complex, Penang	1 lot of leasehold land with factory building, office building and store	130,244	11	1,838
Leasehold (4-1-2082) (30-10-2077)	Plots 75 & 76, 83 - 85, Kawasan Perindustrian Peringkat III, Mukim Bukit Katil, State of Melaka	5 lots of leasehold land with factory building, office building and store	390,959	16 - 17	5,312
Freehold	No. D127, Ground Floor, Block D Tanjung Biru Condominium, Port Dickson Negeri Sembilan Darul Khusus	1 unit condominium for staff use	840	16	113
Leasehold (30-6-2071)	P.T.A 2/01/407, Kawasan Perindustrian Peringkat III, Mukim Bukit Katil State of Melaka	1 lot of leasehold land with factory building, office building and store	203,481	23	3,641
Freehold	No, D128, Ground Floor, Block D Tanjung Biru Condominium, Port Dickson Negeri Sembilan Darul Khusus	1 unit condominium for staff use	840	16	128

Properties Held By The Group As At 30 June 2000

Tenure	Location	Description/ Existing Use	Approximate Area (sq. ft.)	Approximate Age of Building (Years)	Net Book Value (RM'000)
-	Lots 5078 & 5079, Jalan Jenjarom 28/39 Seksyen 28 40000 Shah Alam, Selangor Darul Ehsan	Factory building, office building and store	-	8	6,746
Freehold	Lots 5078 & 5079 Jalan Jenjarom 28/39, Seksyen 28 40000 Shah Alam, Selangor Darul Ehsan	1 lot of freehold land with factory building	233,024	6	8,340
Leasehold (19-4-2075)	Lot 223, Jalan Utas 15/7 Shah Alam Industrial Estate 40702 Shah Alam Selangor Darul Ehsan	1 lot of industrial land with building	261,360	18	8,592
Freehold	Lot 6018, Batu 6, Jalan Bukit Kemuning 42450 Klang, Selangor Darul Ehsan	1 lot of land with factory buildings	130,679	7	1,975
Freehold	Lot 5038, 5 1/2 miles, Jalan Meru 41050 Klang, Selangor Darul Ehsan	1 lot of land with stockyard and office building	132,030	5	3,326
Leasehold (24-2-2097)	Section 7, Phase 1A Pulau Indah Industrial Park, West Port	1 lot of vacant Industrial land	871,200	-	13,207
Freehold	Lot No. 1, Jalan Gunggun 28/30, Seksyen 28, 40000 Shah Alam, Selangor Darul Ehsan	7 lots of freehold land with factory building, office and store	640,332	4	32,814

DISTRIBUTION SCHEDULE OF SHAREHOLDERS AS AT 30 AUGUST 2000

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 499	73	1.98	14,079	0.01
500 - 5,000	2,677	72.67	5,230,501	2.32
5,001 - 10,000	320	8.69	2,623,400	1.17
10,001 - 100,000	441	11.97	14,410,143	6.40
100,001 - 1,000,000	135	3.66	45,938,177	20.41
Above 1,000,000	38	1.03	156,842,200	69.69
	3,684	100.00	225,058,500	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 30 AUGUST 2000

Name of Shareholders	No. of Shares	%
1 Hong Leong Company (Malaysia) Berhad	127,813,200	56.79
2 Employees Provident Fund Board	10,442,000	4.64
3 Hong Leong Assurance Berhad	4,923,600	2.19
4 Overseas Assurance Corporation (Malaysia) Berhad	3,955,000	1.76
5 The Government of Kuwait	3,000,000	1.33
6 YBhg Tan Sri Quek Leng Chan	2,185,000	0.97
7 Hong Bee Hardware Company Sdn Bhd	1,770,000	0.79
8 Mr Kwek Leng San	1,550,000	0.69
9 Universities Superannuation Scheme Limited	1,490,000	0.66
10 Prudential Assurance Malaysia Berhad	1,432,000	0.64
11 BHLB Pacific High Growth Fund	1,320,000	0.59
12 Clerical Medical Investment Group Limited	1,261,400	0.56
13 Kay Hian Pte Ltd	1,244,000	0.55
14 RHB Mudharabah Fund	1,242,000	0.55
15 Stichting Shell Pensioenfond	1,086,600	0.48
16 Kuala Lumpur Growth Fund	1,078,000	0.48
17 Amanah Smallcap Fund Berhad	1,050,000	0.47
18 Grandeur Holdings Sdn Bhd	1,022,000	0.45
19 Perbadanan Nasional Berhad	1,010,000	0.45
20 Amanah Saham Bank Simpanan Nasional	1,000,000	0.44
	169,874,800	75.48

SUBSTANTIAL SHAREHOLDERS

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

Name of Shareholders	No. of shares	%
1. YBhg Tan Sri Quek Leng Chan	135,710,800	60.36 *
2. Hong Leong Company (Malaysia) Berhad	133,525,800	59.39 **
3. HL Holdings Sdn Bhd	133,525,800	59.39 #
4. Hong Realty (Private) Limited	133,525,800	59.39 #
5. Hong Leong Investment Holdings Pte. Ltd.	133,525,800	59.39 #
6. Kwek Holdings Pte Ltd	133,525,800	59.39 #
7. Mr Kwek Leng Beng	133,525,800	59.39 #
8. Hong Leong Assurance Berhad	4,923,600	2.19
9. Hong Leong Credit Berhad	5,123,600	2.28 ##
10. Guoco Group Limited	5,123,600	2.28 @
11. Guoco Assets Sdn Bhd	5,123,600	2.28 @
12. Guoline Overseas Limited	5,123,600	2.28 @
13. Guoline Capital Assets Limited	5,123,600	2.28 @@
14. Assets Nominees (Tempatan) Sdn Bhd	23,451,725	10.43 ^
15. Chase Malaysia Nominees (Asing) Sdn Bhd	4,572,800	2.03 ^
16. DB (M) Nominee (Tempatan) Sdn Bhd	18,883,000	8.40 ^
17. Cartaban Nominees (Asing) Sdn Bhd	4,778,818	2.13 ^
18. HLG Nominee (Asing) Sdn Bhd	16,381,529	7.29 ^
19. Citicorp Nominees (Asing) Sdn Bhd	10,256,060	4.56 ^
20. Citicorp Nominees (Tempatan) Sdn Bhd	4,623,500	2.06 ^
21. Dresea Nominees Pte Ltd	7,000,000	3.11 ^
22. Mayban Nominees (Tempatan) Sdn Bhd	5,470,300	2.43 ^
23. HSBC Nominees (Asing) Sdn Bhd	8,605,800	3.83 ^
24. Employees Provident Fund Board	10,597,000	4.71

* Direct and deemed interests through Hong Leong Company (Malaysia) Berhad

** Direct and deemed interests through subsidiary companies

Deemed interest through Hong Leong Company (Malaysia) Berhad

Deemed interest through Hong Leong Assurance Berhad

@ Deemed interest through Hong Leong Credit Berhad

@@ Deemed interest through Guoline Overseas Limited

^ Held as bare trustee for various beneficial owners. Beneficial owners with interests in 2% or more in the Company and disclosed to the Company have been listed above as Substantial Shareholders



Hong Leong Industries Berhad

(5486-P)
A Member of the Hong Leong Group Malaysia
(Incorporated in Malaysia)

FORM OF PROXY

I/We _____
of _____
being a member/members of HONG LEONG INDUSTRIES 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 on my/our behalf at the Thirty-seventh Annual General Meeting of the Company to be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Thursday, 19 October 2000 at 11.15a.m. and at any adjournment thereof.

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

RESOLUTIONS	FOR	AGAINST
1. To receive the Financial Statements and Reports		
2. To declare a Final Dividend of 10% tax exempt and 25% less tax		
3. To approve the payment of Directors' fees		
4. To re-elect the following as Directors: (a) YBhg Tan Sri Quek Leng Chan; and (b) YAM Tunku Dara Tunku Tan Sri Naquiah bt Tuanku Ja'afar		
5. To re-appoint Messrs Ling Kam Hoong & Co 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; and (b) Authority To Directors On Purchase Of The Company's Own Shares		

Dated this day of 2000

Number of shares held

Signature of Member(s)

Notes:

1. 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.
2. 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.
3. 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.
4. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
5. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.