



Laporan Tahunan **2001**



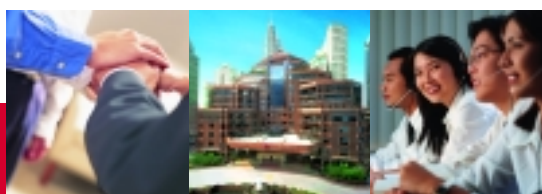
**2001** Annual Report



**Hong Leong Bank Berhad** (97141-X)  
A Member of the Hong Leong Group Malaysia

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# Corporate Information

## Directors

YBhg Tan Sri Quek Leng Chan  
(Chairman)

YBhg Dato' James Lim Cheng Poh  
(Senior Group Managing Director)

En Zulkiflee Hashim  
(Executive Director)

Mr Chew Peng Cheng  
(Executive Director)

Mr Kwek Leng Hai

Mr Kwek Leng Seng

YBhg Datuk Dr Hussein Awang  
Mr Tan Keok Yin

## Secretaries

Ms Ng Choi Foong

Ms Wong Seong Ch'o

## Auditors

Messrs PricewaterhouseCoopers  
Public Accountants  
11th Floor, Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur

## Registrars

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 6, Wisma Hong Leong  
18, Jalan Perak  
50450 Kuala Lumpur  
Tel: 03-2164 8228  
Fax: 03-2164 2503

# Directors' Profiles

## YBhg Tan Sri Quek Leng Chan

*Chairman/Non-Independent Director*

Aged 58, YBhg Tan Sri Quek Leng Chan, a Malaysian, qualified as a Barrister-at-Law from the 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.

YBhg Tan Sri Quek is the Chairman of Hong Leong Bank Berhad ("HLB") and was appointed to the Board of HLB on 3 January 1994. He is the Chairman of the Executive Share Option Scheme ("ESOS") Committee of HLB and a member of the Executive Committee and Board Credit Committee of HLB.

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 Industries Berhad ("HLI"), Hong Leong Credit Berhad ("HLC"), Hong Leong Properties Berhad ("HLPB"), Hume Industries (Malaysia) Berhad, Camerlin Group Berhad and Hume Cemboard Berhad.
- Executive Chairman of Tasek Corporation Berhad, a public listed company.
- Chairman of HLG Capital Berhad, a public listed company.
- Director of O.Y.L. Industries Bhd, a public listed company.
- Executive Chairman & Chief Executive Officer of Hong Leong Company (Malaysia) Berhad ("HLC(M)"), Executive Chairman of Guolene Packaging Industries Berhad, Chairman of Hong Leong Finance Berhad ("HLF") and Hong Leong Assurance Berhad ("HLA"), all of which are public companies.

YBhg Tan Sri Quek has a direct shareholding of 40,000 ordinary shares in HLB and is a deemed major shareholder of HLB and its subsidiaries by virtue of his interest in HLB.

YBhg Tan Sri Quek has attended all nine Board Meetings held during the financial year ended 30 June 2001.

He has no conflict of interest with HLB and has no convictions for offences within the past ten years.

## YBhg Dato' James Lim Cheng Poh

*Senior Group Managing Director/Non-Independent Director*

Aged 52, YBhg Dato' James Lim Cheng Poh, a Malaysian, holds a degree in Mining Engineering from the Camborne School of Mines (England), a Master Degree in Science (Engineering) from Queen's University (Canada) and a Master Degree in Business Administration from Harvard University (United States of America). He joined HLC as Managing Director in 1983 and became the Senior Group Managing Director on 1 September 1990. On 3 January 1994, he relinquished his position in HLC to assume the position of Senior Group Managing Director of HLB but remained as a director of HLC until June 2001. Prior to joining HLC, he was an Executive Director of Osborne & Chapel for 4 years.

YBhg Dato' is a member of the Share Transfer Committee, Executive Committee and ESOS Committee of HLB and a director of several public companies namely HLF, HLB Unit Trust Management Berhad and HLF Credit (Perak) Berhad. He has a direct shareholding of 18,490 ordinary shares of RM1.00 each in HLB and options to acquire 800,000 ordinary shares of RM1.00 each in HLB pursuant to the ESOS of HLB. He has no interest in the subsidiaries of HLB.

YBhg Dato' has attended all nine Board Meetings of HLB held during the financial year ended 30 June 2001.

YBhg Dato' has no family relationship with any other directors or major shareholders of HLB, no conflict of interest with HLB and has no convictions for offences within the past ten years.

# Directors' Profiles

## Zulkiflee Hashim

*Executive Non-Independent Director*

Aged 42, Encik Zulkiflee Hashim, a Malaysian, holds a Diploma in Credit Management. He started his career in the banking sector with Citibank NA and was its Vice President in 1990. From December 1991 to 1997, he was the Deputy Managing Director of Deutsche Bank Malaysia, responsible for Corporate Banking, International Trade Finance, Operations and Transaction Banking Services Department. Encik Zulkiflee was appointed Executive Director of HLB on 30 July 1998 and a member of the Share Transfer Committee and Executive Committee of HLB on 11 August 1999.

Apart from Wah Tat Bank Berhad ("WTB"), he does not hold directorship in any other public companies.

He has no shareholding in HLB other than option to acquire 480,000 ordinary shares of RM1.00 each in HLB pursuant to the ESOS.

Encik Zulkiflee has attended all nine Board Meetings held during the financial year ended 30 June 2001.

Encik Zulkiflee has no family relationship with any other directors or major shareholders of HLB, no conflict of interest with HLB and has no convictions for offences within the past ten years.

## Chew Peng Cheng

*Executive Non-Independent Director*

Aged 60, Mr Chew Peng Cheng, a Malaysian, qualified as a Barrister-at-Law from the Inner Temple, London. He was a Deputy Public Prosecutor, State Attorney General Chamber of Kuching from 1964 to 1965. Thereafter, he practised at Battenberg & Talma between 1965 to 1974. In 1966, he joined WTB as a Director/Secretary and was promoted to Managing Director/Chief Executive Director in 1975. He resigned from WTB on the completion of the acquisition of WTB by HLB and joined HLB as Executive Director on 13 June 2001. He also holds directorship in Chiang Chuan Berhad and several private limited companies.

Mr Chew has direct and indirect shareholding of 819,873 and 4,674,666 ordinary shares of RM1.00 each respectively in HLB.

Since his appointment as Executive Director of HLB on 13 June 2001, Mr Chew has attended the remaining Board Meeting convened for the financial year ended 30 June 2001.

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

## Kwek Leng Hai

*Non-Executive Non-Independent Director*

Aged 48, Mr Kwek Leng Hai, a Singaporean, is a qualified Chartered Accountant. He was the Managing Director of HLC from 1979 to 1982 and HLI from 1982 to 1985. In 1985, he was appointed as Chief Executive of Dao Heng Bank Limited ("DHB"), Hong Kong, a position he held until June 2001. At the same time, Mr Kwek was the Chief Executive of Overseas Trust Bank Limited, Hong Kong between 1993 and 2001 and the Managing Director of Guoco Group Limited ("GGL"), Hong Kong from 1992 to 1996. Presently, he is the President and Chief Executive Officer of GGL.

Mr Kwek was appointed to the Board of HLB on 3 January 1994. Apart from a direct shareholding of 3,955,700 ordinary shares of RM1.00 each in HLB, he has no interest in the shares of subsidiaries of HLB. He has attended all nine Board Meetings of HLB held during the financial year ended 30 June 2001.

Mr Kwek is also a director of two other public companies, i.e. HLF and HLC(M).

Mr Kwek is the brother of YBhg Tan Sri Quek Leng Chan, the Chairman of HLB and Mr Kwek Leng Seng, a director of HLB.

Mr Kwek has no conflict of interest with HLB and has no convictions for offences within the past ten years.

# Directors' Profiles

## Kwek Leng Seng

*Non-Executive Non-Independent Director*

Aged 43, Mr Kwek Leng Seng, a Singaporean, holds an Honours Degree in Law from the University of Buckingham, London. He is currently the Group Managing Director of HLPB, a position he held since end 1995. He joined Hong Leong Group Malaysia in 1987 as the Claims Manager and Director of HLA. Between 1990 to mid 1994, he assumed directorship and managerial positions in various subsidiaries of HLPB. In mid 1994, he became the Managing Director of HLG Securities Sdn Bhd and held the position until October 1995.

Mr Kwek was appointed to the Board of HLB on 3 January 1994 and is a non-executive non-independent member of the Audit Committee of HLB. Apart from a direct shareholding of 42,490 ordinary shares of RM1.00 each in HLB, he has no interest in the shares of subsidiaries of HLB. He has attended eight out of nine Board Meetings of HLB held during the financial year ended 30 June 2001.

Mr Kwek is currently the Group Managing Director of HLPB and a director of HLC, the holding company of HLB.

Mr Kwek is the brother of YBhg Tan Sri Quek Leng Chan, the Chairman of HLB and Mr Kwek Leng Hai, a director of HLB.

Mr Kwek has no conflict of interest with HLB and has no convictions for offences within the past ten years.

## YBhg Datuk Dr Hussein Awang

*Non-Executive Independent Director*

Aged 61, Datuk Dr Hussein Awang, a Malaysian, obtained a Bachelor of Medicine and Bachelor of Surgery Degree from the University of Melbourne in 1964. He was made a Fellow of the Royal Australasian College of Surgeons in 1972. YBhg Datuk is presently the Consultant Urological Surgeon at the Tawakal Specialist Centre, Kuala Lumpur, a position he has held since May 1984. He was the Senior Consultant Urological Surgeon and Head of Department of Urology, General Hospital, Kuala Lumpur from 1976 to May 1984. He was also Honorary Professor of Surgery (Urology), Department of Surgery, University Kebangsaan Malaysia, Kuala Lumpur from 1978 to May 1994. YBhg Datuk is a Foundation Fellow of the Academy of Science Malaysia.

YBhg Datuk was appointed as a Board and Audit Committee member of HLB on 18 August 1994. He has a direct shareholding of 100,000 ordinary shares of RM1.00 each in HLB.

His directorships in other public companies include KPJ Healthcare Bhd and Tasek Corporation Berhad.

During the financial year ended 30 June 2001, YBhg Datuk has attended all nine Board Meetings held.

YBhg Datuk has no family relationship with any other directors or major shareholders of HLB, no conflict of interest with HLB and has no convictions for offences within the past ten years.

## 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 HLB on 26 August 1994 and is the Chairman of the Audit Committee of HLB. His other directorships are as follows:

- independent non-executive Director and Audit Committee member of Malaysian Pacific Industries Berhad, a public listed company.
- independent non-executive Director of HLPB.
- independent non-executive Director and Audit Committee member of HLA and HLF.

Mr Tan has attended all nine Board Meetings of HLB held during the financial year ended 30 June 2001.

Mr Tan does not hold any shares in HLB, has no family relationship with any other directors or major shareholders of HLB, has no conflict of interest with HLB and has no convictions for any offences within the past ten years.

# Audit Committee Report

## Constitution

The Audit Committee ("AC") of Hong Leong Bank Berhad ("HLB" or "Bank") had been established since 18 August 1994.

## Composition

Mr Tan Keok Yin (*Chairman, Non-Executive Independent Director*)

YBhg Datuk Dr Hussein Awang (*Non-Executive Independent Director*)

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

## Secretary

The Secretary to the AC is Ms Ng Choi Foong who is the Joint Company Secretary of HLB.

## Meetings

During the financial year ended 30 June 2001, six committee meetings were held and the attendance of the members was as follows:

Member	Attendance
Mr Tan Keok Yin	6/6
YBhg Datuk Dr Hussein Awang	5/6
Mr Kwek Leng Seng	5/6

All meetings to review the quarterly results and annual financial statements are held prior to such quarterly results and annual financial statements being presented to the Board for approval.

Two members of the AC shall constitute a quorum.

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

## Activities

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

During the financial year, the AC reviewed the quarterly reports and financial statements of HLB and its subsidiaries ("the Group"). The AC 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 AC approved the annual internal audit plan of the Group, reviewed the internal auditors' audit findings and recommendations.

The AC also reviewed and recommended related party transactions for the approval of the Board.

## Authority

The AC is authorised by the Board to review any activity of the Bank 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 AC.

The AC is authorised by the Board to obtain independent legal or other professional advice if it considers 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 Bank's officers to the external auditors.
- To review the scope and results of the internal audit procedures.
- To review the financial statements of the Bank and the consolidated financial statements submitted to the AC by the Bank and thereafter to submit them to the directors of the Bank.
- To review any related party transactions that may arise within the Bank 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 AC 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 audit on operations, information technology system, credit, head office, branches, investigation and other assignments as directed.

# 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:

## Directors

### The Board

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

The Board of Directors comprises eight Directors, five of whom are non-executive. Of the five non-executive Directors, two are independent. The profiles of the members of the Board are provided in the Annual Report.

The Board met nine times during the financial year ended 30 June 2001.

### Supply of Information

To fulfil 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 years. The details of the retiring Directors are set out in the Annual Report.

## Directors' Remuneration

### Procedure

The fees of Directors, including non-executive Directors, are endorsed by the Board for approval by the shareholders of the Bank 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	118,065	1,923,606	2,041,671
Non-executive Directors	355,000	-	355,000

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	1	2
50,001 – 100,000	-	3
100,001 – 600,000	-	-
600,001 – 650,000	1	-
650,001 – 1,350,000	-	-
1,350,001 – 1,400,000	1	-



# Corporate Governance

## Accountability and Audit

The financial reporting and internal control system of the Group is overseen by the AC, which comprises two non-executive independent Directors and one non-executive non-independent Director. The primary responsibilities of the AC are set out in the AC Report.

The AC met six times during the financial year ended 30 June 2001.

The internal audit function reports directly to the AC and provides the Committee and management with an independent assessment of the adequacy of internal controls. Breaches and deficiencies identified are discussed at the AC to institute appropriate corrective and preventive actions.

### 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 Bank and the Group from the AC, which reviews the said statements with the assistance of the external auditors.

### Internal Controls

The Board has overall responsibility for maintaining a system of internal controls, which provides reasonable assessment of effective and efficient operations, internal controls and compliance with laws and regulations. This system provides reasonable but not absolute assurance against material misstatements, losses and frauds. The Board receives reports from the internal auditors who assess the system of internal controls of the Bank and its operating subsidiaries.

The risk management and compliance function, headed by risk officers appointed by the Bank, reporting to the AC, assists the Board to oversee the management of credit, compliance and other operational risks. In addition to internal controls, the Group has established a risk management framework with authority limits to manage these risks.

### Relationship with Auditors

The appointment of the external auditors is recommended by the AC, who determines the remuneration of the external auditors. The external auditors meet with the AC 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.

## 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 Bank as at the end of the financial year and of the results and cash flows of the Group and of the Bank 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 had used the appropriate accounting policies and applied them consistently. The Directors also consider that relevant approved accounting standards had been followed in the preparation of these financial statements.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Sixtieth Annual General Meeting of Hong Leong Bank Berhad ("the Company") will be held at the Theatre, Level 1, Wisma Hong Leong, 18, Jalan Perak, 50450 Kuala Lumpur on Wednesday, 24 October 2001 at 12.00 noon in order:

1. To receive and consider the audited financial statements for the year ended 30 June 2001 and the Directors' and Auditors' Reports thereon.
2. To declare a final dividend of 11.0% less tax for the year ended 30 June 2001 to be paid on 16 November 2001 to shareholders registered in the Record of Depositors on 1 November 2001.
3. To approve the payment of Directors' fees of RM231,479 to be divided amongst the Directors in such manner as the Directors may determine.
4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
  - (a) YBhg Dato' James Lim Cheng Poh
  - (b) Mr Tan Keok Yin
  - (c) Encik Zulkiflee Hashim
  - (d) Mr Chew Peng Cheng
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration.
6. As special business, to consider and, if thought fit, pass the following ordinary motion:

## Ordinary Resolution

### - 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 approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.";

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

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

- (a) shares transferred into the depositor's securities account before 12.30 p.m. on 1 November 2001 in respect of ordinary transfers; and
- (b) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

NG CHOI FOONG  
WONG SEONG CH'O  
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 6, 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 Note On Special Business**  
Ordinary Resolution - Resolution On 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 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.

# 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 60th Annual General Meeting of the Company

[Pursuant to Article 114 of the Company's Articles of Association](#)

YBhg Dato' James Lim Cheng Poh

Mr Tan Keok Yin

Encik Zulkiflee Hashim

[Pursuant to Article 93 of the Company's Articles of Association](#)

Mr Chew Peng Cheng

## 2. Details of attendance of Directors at Board Meetings

There were nine Board meetings held during the financial year ended 30 June 2001. Details of attendance of the Directors are set out in the Directors' Profiles appearing on pages 3 to 5 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:

Date of Meetings	Time
4 August 2000	2.30 p.m.
29 August 2000	12.00 noon
19 October 2000	2.30 p.m.
16 November 2000	2.30 p.m.
14 December 2000	2.30 p.m.
16 February 2001	10.00 a.m.
21 March 2001	2.30 p.m.
23 April 2001	2.30 p.m.
19 June 2001	3.30 p.m.

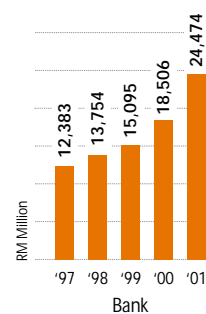
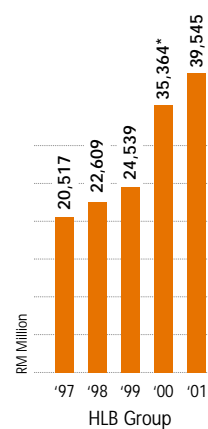
## 4. Further details of Directors who are standing for re-election

Details of Directors who are standing for re-election are set out in the Directors' Profiles appearing on pages 3 to 5 of the Annual Report.

# Financial Highlights

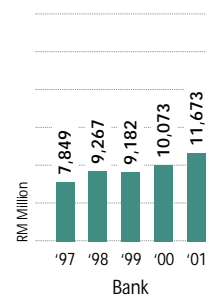
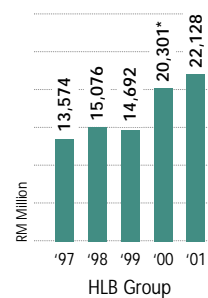
## Total assets

	June '97 RM Million	June '98 RM Million	June '99 RM Million	June '00 RM Million	June '01 RM Million
HLB Group	20,517	22,609	24,539	35,364*	39,545
Bank	12,383	13,754	15,095	18,506	24,474



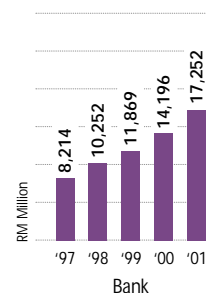
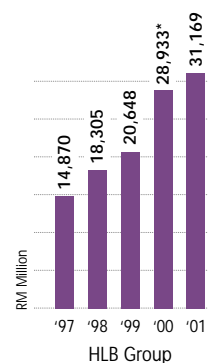
## Net loans

	June '97 RM Million	June '98 RM Million	June '99 RM Million	June '00 RM Million	June '01 RM Million
HLB Group	13,574	15,076	14,692	20,301*	22,128
Bank	7,849	9,267	9,182	10,073	11,673



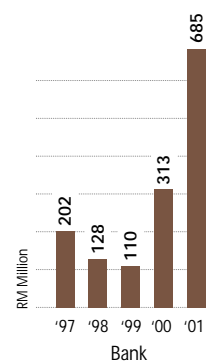
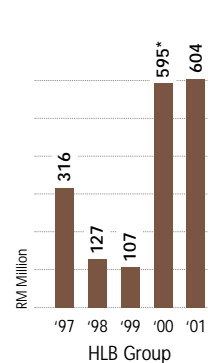
## Customer deposits

	June '97 RM Million	June '98 RM Million	June '99 RM Million	June '00 RM Million	June '01 RM Million
HLB Group	14,870	18,305	20,648	28,933*	31,169
Bank	8,214	10,252	11,869	14,196	17,252



## Pretax profit

	June '97 RM Million	June '98 RM Million	June '99 RM Million	June '00 RM Million	June '01 RM Million
HLB Group	316	127	107	595*	604
Bank	202	128	110	313	685



Note: \* Restated

# Chairman's Statement

The year just ended was an eventful year. We had to manage the growth and transformation of the merged Hong Leong Bank Berhad (HLB) Group towards becoming a "customer-centric one-stop financial service provider" in a slowing domestic and global economy.

## Highlights

We engineered a smooth merger of operations of HLB with Wah Tat Bank Berhad (WTB) and Hong Leong Finance Berhad (HLF) with Credit Corporation (Malaysia) Berhad (CCM).

On 1 January 2001, Day 1 of the takeover, all customers of HLB including those of the former WTB have seamless access to the banking services at the expanded network of domestic bank branches. The equivalent was also made available to all customers of HLF, including customers of the former CCM. A vital piece of our merger strategy was the assimilation of the staff members of WTB and CCM into the HLB Group and this was carried out successfully without retrenchment.

**The backroom integration of HLB and HLF neared completion during the financial year.**

Consumer banking, Islamic financing and treasury dealing teams are now shared within the HLB Group. Common support teams include accounting, financial reporting, treasury operations, information services, internal audit, branch support, and human resources management and development. The integration also involved automation of HLF's processes to enable it to ride on HLB's systems e.g. treasury operations, and the sharing of systems e.g. RENTAS interbank settlement.

At the same time, the products of HLB and HLF were unified under the *Hong Leong* brand. Further, product names were simplified and a new look for the marketing materials was introduced so as to bring clarity to our customers as well as help reinforce our identity with them. We also enhanced the Islamic financing version of the business loan with the *Hong Leong Tijarah Financing* which combines all the Islamic financing products including the new Islamic overdraft facility and Islamic trade finance products.

Meanwhile, the *Hong Leong One Account* was introduced to replace *Symphony*, HLB's all-in-one account. We have also



rationalised common products like HLB's *Prime Account* and HLF's *Golden Savers Account* under the *Hong Leong Senior Savers Account* while the *Hong Leong Junior Savings Account* takes care of HLB's and HLF's children's savings account.

To support this integrated view of our businesses as well as facilitate cross-sales opportunities, we streamlined the Group's organisation by appointing Chief Operating Officers to lead Business Banking Division and Consumer Banking Division (BBD and CBD respectively). We also set up a new department under CBD to specifically take charge of accelerating the growth of bancassurance. Further emphasising the importance of risk management and in preparation for the new Capital Accord, a new division - Integrated Risk Management - was set up with the mandate to oversee bankwide risks across HLB Group by a variety of segments including product lines, customers and channels.

**Concurrently, we greatly expanded our distribution channels - both physical and virtual - to serve customers across the nation.**

We have a network of 204 branches in Malaysia and 1 in Singapore, 5 priority banking centres, 7 in-stores, 6 self service banking centres, 200 Automated Teller Machines (ATMs) and phone banking. In addition, the Call Centre, our state-of-the-art telesales and marketing was relocated to a more conducive environment to increase productivity and effectiveness. This fully integrated Call Centre which was officially launched on 7 August 2001, provides not only 24-hour customer service, but also serves as an important channel for the HLB Group to market other products and services to our customers.

The latest virtual addition to our delivery channels is *ec-banking* which is being renamed *Hong Leong Online*, and is a vast improvement over the previous *bank@home*. Meanwhile, HLF augmented its internet offerings with online applications for share margin financing (SMF), credit cards and property loans at [www.hlf.com.my](http://www.hlf.com.my). This facility not only offers convenience anytime but also attractive interest rates, financing terms and a fast reply within 24 hours. In fact, the *Hibah Car Financing* is the first of its kind in Malaysia which offers 1% cash rewards, exclusively for those who apply online. HLF launched another first of its kind, *Click & Talk* programme at the MSN Malaysia website [www.msn.com.my](http://www.msn.com.my). The new service makes it easier for online customers to get assistance from our Customer Relationship Officers at the Call Centre while browsing at our website or MSN.

In addition, HLB Unit Trust Management Berhad (HUTM) launched the HLB Sectoral Funds. Named after business sectors such as Information and Technology, Finance, Consumer Products, Trading/Services and Construction, Infrastructure and Property, the HLB Sectoral Funds allowed investors to build their own portfolio of investments. Hence the tagline "you choose the sectors, we pick the stocks."

## Financial Performance

### Profitability

The HLB Group recorded an increase in pre-tax profit to RM603.5 million for the year ended 30 June 2001 from RM595.3 million in the previous year. This was due mainly to

We continued to lend to priority sectors and expanded Islamic financing business.

Amid the metamorphosis of the HLB Group, HLB achieved a domestic loans growth of 11% from December 1999 to December 2000 which would thus enable HLB to enjoy tax incentives granted in connection with loans growth exceeding 10%. HLB had also fulfilled its commitment to lend to Small- and Medium-Scale Enterprises (SMEs). In terms of developing our Islamic financing business, HLB met with the minimum requirement for Islamic deposits of 5% of total deposits whilst HLF exceeded the minimum requirements for both loans and deposits.

**Other highlights include the Principal Dealership which HLB has held since early 2000 and appointment by AMEX Bank as their "preferred Agent Bank" in Malaysia for all their incoming payments and trade-related business.**

higher business volume in the year under review. At after tax level, however, Group profit eased to RM394.2 million from RM449.4 million as the effective tax rate rose to 35%, a rate higher than the statutory tax rate due to the non-deductibility of certain expenses and provisions. We have yet to factor in the tax incentives granted for loans growth pending finalisation by the authorities. Group effective tax rate at 25% for the previous year was lower than the statutory rate due to a tax waiver enjoyed by WTB for the 6 months to December 1999 as well as utilisation of CCM's unabsorbed losses from prior years. The Group's earnings per share dipped to 28.1 sen for the year under review from 32.6 sen in the previous year.





Overhead expenses for the HLB Group rose to RM481.9 million in year ended 30 June 2001 from RM460.9 million a year ago. However, the Group maintained a firm grip on costs while balancing spending with revenue increases, as evidenced by the stable cost-to-income ratio which had hovered around 32-33% for the past 2 years despite the additional investment in information and communication technology (ICT) as well as merger-related charges.

HLB reported a substantially higher pre-tax profit of RM685.0 million for the year ended 30 June 2001, more than doubled the RM313.2 million for the previous year. The increase was partially due to higher volume of loans of 16% and deposits of 21%, which resulted in a higher net interest income. The Bank also recorded a higher non-interest income of RM558.0 million in the year as compared to RM205.7 million in the previous year, as a result of a commendable growth in its fee-based commissions and income and higher dividend received from its subsidiaries. In addition, HLB registered a net capital gain of RM87.9 million from a capital reduction exercise of its subsidiaries.

HLF, HLB's wholly-owned finance subsidiary recorded a pre-tax profit of RM338.0 million as compared to RM201.3 million in the previous year. This was achieved on the back of higher turnover as evidenced by higher business volume due to the integration of CCM into HLF's operations. HUTM, HLB's wholly-owned unit trust subsidiary, recorded a smaller pre-tax profit of RM3.8 million as compared to RM5.2 million a year ago as a result of lower sales volume which, in turn, was due mainly to the bearish sentiments in the local equity markets.

## Balance Sheet Strength

Group loans picked up by 6% to RM24.4 billion in the year with growth mainly from consumer financing. The Group's net non performing loans (NPL) ratio stood at 8.0% at 30 June 2001 compared to 6.0% last June as NPL for WTB and CCM, which were previously classified at 6 months, were streamlined to HLB Group's classification of 3 months.

Deposits from customers totaled RM31.2 billion at 30 June 2001, an increase of RM2.2 billion over the previous year end, of which 43% had been contributed by a growth in savings and demand deposits. The growth was attributed to the numerous campaigns to mobilise lower cost funds by leveraging on the Group's larger network. The Group's liquidity position remains strong with a net loan-to-deposit ratio of 71% at year end.

At 30 June 2001, the HLB Group's shareholders' funds strengthened to RM2.9 billion, higher than the minimum RM2.0 billion set by Bank Negara Malaysia (BNM) for domestic banking group. Risk weighted capital ratio (RWCR) remained strong at 13.2% at year end, from 12.3% a year ago.

## Building Blocks

We have made significant strides to position ourselves as the "customer-centric, one-stop financial service provider." And clearly, the building blocks which we had carefully established over the years are consistent with the objectives set out in the Financial Sector Masterplan, that is to develop a competitive, resilient and dynamic financial system that is able to cope with a fast changing competitive and technological landscape. We will constantly refine our processes and targets, taking into consideration the changing customer demands and evolving business practices. The work is never ending.

## ICT, The Business e-Nabler

Already, we have seen how ICT has transformed the way we do things at HLB Group and it will continue to be integral to the growth of the Group. While we channel tremendous resources into growing our business, we will keep on harnessing the incredible power of ICT to deliver services conveniently to our customers across multiple delivery platforms. With this in mind, common platforms are being built and, in the new year, we hope to be able to facilitate the selling of HLB Group products and services across all branches/outlets and channels.

Besides common systems, processes and operating guidelines would be aligned across the HLB Group from human resources and credit policies to service quality standards. Having implemented the *Financial Scorecard* and *Service Quality Index* at HLB's branches, we will be calibrating service and operational benchmarks to track the progress of improvement initiatives across the Group and ensure that performance standards are met. After all, "what you can't measure, you can't improve!"

## The Right People, Our True Competency

Some things do not change and one of them is that the right people are our top priority. Great business propositions, the best technology and an extensive distribution network; these would not work unless we have the right people to run the show - dynamic people who share our vision and are always stretching to become better.

The test to our management remains fostering an organisational culture that attracts, retains and motivates highly talented people. We are determined to earn the respect of our peers. We are thus grateful for the recognition accorded to our management in inviting them to represent the Group in committees for the promotion of Islamic banking products and benchmarking for the banking system and consumer protectionism as well as the Malayan

Commercial Banks' Association. We hope to be actively involved in these committees and contribute toward the development of a strong core of domestic banking institutions.

## The Value Of Customer

In our quest to build lifetime relationship with customers, we need to ensure that their experiences with the HLB Group are consistently positive. Our product and channel strategies are in place and we will be keeping these strategies current and relevant. Accordingly, we have been also working hard to develop a single view of our customers in order to deepen our understanding of their needs. And as I mentioned before, ICT is the business enabler which will help us with this single view.



## Investor Relations

We have been communicating with you in several ways. HLB reaches out to its shareholders through its distribution of the annual reports and at our annual general meetings. Investors can also access corporate information, e.g. announcements of results over the internet including our Investor Relations page at [www.hlb.com.my](http://www.hlb.com.my). In addition, investor relations are attended to by our Senior Group Managing Director and Group Financial Controller in meetings requested by equity research analysts and in roadshows and investors' conferences organised by local and international stockbrokers as well as the Kuala Lumpur Stock Exchange.

## A Word Of Thanks

On behalf of the Board, I wish to extend our sincere appreciation to our shareholders and our customers for their unflagging support. I would especially like to thank our people whose energy and commitment to the HLB Group is one of the cornerstones of our growth and has enhanced prime value in the HLB Group. My deep gratitude goes to BNM and other authorities for their guidance and support.

QUEK LENG CHAN  
Chairman

Kuala Lumpur  
10 September 2001



# Directors' Report

for the financial year ended 30 June 2001

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

## Principal activities

The Bank is principally engaged in all aspects of commercial banking business and in the provision of related services which also include Islamic Banking services.

The subsidiary companies are primarily engaged in licensed finance company business, leasing and hire purchase activities, real property investment, real property development, nominee services, unit trust management and investment activities including direct investment.

There have been no significant changes in the principal activities of the Bank and its subsidiary companies during the financial year.

## Outlook and business plan for new financial year

The Group is expected to face challenges ahead in light of the slowing economic activity and the further transformation of the financial landscape in Malaysia. Nevertheless, sharp focus will continue to be on delivering a positive banking experience to its customers and thereby ensure a lifelong customer relationship and strengthening its position in the financial services sector.

Towards this, the Group will continue to transform the way it does business, with emphasis on customer value management, operational efficiency and integrated risk management. In this respect, the Group is working towards a single systems platform which will facilitate cross-selling. The Group will further integrate its backroom teams and service channels and leverage on technology to improve as well as create service opportunities with its customers. As with previous years, the Group will maintain its prudent stance in the conduct of its business.

## Credit information rating

The Bank was first rated in 1995 by Rating Agency Malaysia Berhad and was accorded a long term rating of A1 and short term rating of P1. These ratings were reaffirmed in July 2001.

The long term rating indicates that the Bank is adjudged to offer adequate safety for timely repayment of financial obligations while in the short term, the Bank is adjudged to have a superior capacity to meet its financial obligations.

## Financial results

	The Group RM'000	The Bank RM'000
Profit before taxation and zakat	603,548	684,965
Taxation and zakat	(209,302)	(173,119)
Profit after taxation and zakat	394,246	511,846

## Dividend

A first and final dividend of 13.5% less income tax at 28% on 577,173,514 shares amounting to RM56,101,266 in respect of the year ended 30 June 2000 was paid on 17 November 2000.

Interim dividend of 2.5% less income tax at 28% on 1,428,064,834 shares amounting to RM25,705,165 in respect of the year ended 30 June 2001 was paid on 18 April 2001.

The Directors propose a final dividend of 11.0% less income tax at 28% on the Bank's issued and paid-up share capital of RM1,428,064,834 amounting to RM113,102,735 for the current financial year.

# Directors' Report

for the financial year ended 30 June 2001 (continued)

## Significant events during the financial year

- 1 The Bank completed a Bonus Issue on the basis of one (1) new ordinary share for every one (1) existing ordinary share held in the Bank on 6 November 2000 with the listing of a total of 577,582,885 new HLB shares.
- 2 The Bank completed the acquisition of 100% equity in Wah Tat Bank Berhad ("WTB") and Credit Corporation (Malaysia) Berhad ("CCM") on 26 December 2000 and 29 December 2000 respectively. The High Court of Malaya, had on 29 December 2000, granted Vesting Orders to effect the transfer of the banking business of WTB to the Bank and the transfer of the finance company business of CCM to Hong Leong Finance Berhad ("HLF"), a wholly-owned subsidiary of the Bank. The Vesting Orders had taken effect on 1 January 2001.

## Subsequent events subsequent to the balance sheet date

The Bank had, on 9 August 2001, announced the proposal to dispose of its 100% equity interest in HLB Unit Trust Management Berhad to HLG Capital Berhad, a 75% subsidiary of Hong Leong Credit Berhad, the holding company of the Bank, for a total cash consideration of RM11 million.

## Share capital

During the financial year, the issued and fully paid-up share capital of the Bank was increased from RM577,173,514 to RM1,428,064,834 by way of:

- 1 Issue of 409,371 new ordinary shares of RM1.00 each from the exercise of warrants at the exercise price of RM5.64 per share.
- 2 Issue of 49,565,732 new ordinary shares of RM1.00 each from the exercise of warrants at the exercise price of RM2.82 per share.
- 3 Bonus issue of 577,582,885 new ordinary shares of RM1.00 each.
- 4 Issue of 156,666,666 and 66,666,666 new ordinary shares of RM1.00 each to finance the acquisition of CCM and WTB respectively.

All the newly issued shares rank pari passu in all respects with the existing issued shares of the Bank.

## Reserves and provisions

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

## Directors

The Directors who served since the date of the last report are as follows:

YBhg Tan Sri Quek Leng Chan

YBhg Dato' James Lim Cheng Poh

En Zulkiflee Hashim

Mr Kwek Leng Hai

Mr Kwek Leng Seng

YBhg Datuk Dr Hussein Awang

Mr Tan Keok Yin

Mr Chew Peng Cheng (*appointed on 13 June 2001*)

In accordance with Article 114 of the Bank's Articles of Association, YBhg Dato' James Lim Cheng Poh, Mr Tan Keok Yin and Encik Zulkiflee Hashim retire by rotation from the Board and being eligible, offer themselves for re-election.

In accordance with Article 93 of the Bank's Articles of Association, Mr Chew Peng Cheng retires by rotation from the Board and being eligible, offers himself for re-election.

# Directors' Report

for the financial year ended 30 June 2001 (continued)

## Directors' interests

The Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares and/or stock units and/or warrants/options in the Bank and/or related corporations during the financial year ended 30 June 2001, as recorded in the Register of Directors' Shareholdings kept by the Bank under Section 134 of the Companies Act, 1965, are as follows:

Shareholdings in which Directors have direct interests					
Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*					
	Nominal value per share/stock unit<	As at 1.7.2000/ date of appointmentø	Acquired/ bonus issue~/ conversion of warrants to shares+	Sold/ conversion of warrants to shares+	As at 30.6.2001
<b>RM</b>					
<b>Interests of YBhg Tan Sri Quek Leng Chan in:</b>					
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*
					(See Note 1)
		400,000*	-	-	400,000*
Hong Leong Industries Berhad	0.50	1,096,000	1,089,000	-	2,185,000
		40,000*	-	-	40,000*
Malaysian Pacific Industries Berhad	0.50	53,500	-	-	53,500
Hong Leong Bank Berhad	1.00	20,000	20,000~	-	40,000
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
<b>Interest of YBhg Dato' James Lim Cheng Poh in:</b>					
Hong Leong Bank Berhad	1.00	9,000	9,000~	-	18,490
			490+		
		1,245*	1,245~	490+	2,000*
					(See Note 2)
		400,000*	400,000~	-	800,000*
<b>Interests of Mr Kwek Leng Hai in:</b>					
Hong Leong Company (Malaysia) Berhad	1.00	283,500	-	-	283,500
Hong Leong Credit Berhad	1.00	359,500	-	-	359,500
		85,000*	-	-	85,000*
Hong Leong Industries Berhad	0.50	163,200	-	-	163,200
		25,500*	-	-	25,500*
HLG Capital Berhad	1.00	500,000	-	-	500,000
Hong Leong Bank Berhad	1.00	1,977,850	1,977,850~	-	3,955,700
<b>Interest of YBhg Datuk Dr Hussein Awang in:</b>					
Hong Leong Bank Berhad	1.00	50,000	50,000~	-	100,000
<b>Interests of Mr Kwek Leng Seng in:</b>					
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+	Nil
Hong Leong Properties Berhad	0.50	400,000*	-	-	400,000*
<b>Interest of Encik Zulkiflee Hashim in:</b>					
Hong Leong Bank Berhad	1.00	240,000*	240,000~	-	480,000*
<b>Interest of Mr Chew Peng Cheng in:</b>					
Hong Leong Bank Berhad	1.00	819,873ø	-	-	819,873

# Directors' Report

for the financial year ended 30 June 2001 (continued)

Shareholdings in which Directors have indirect interests  
Number of ordinary shares/stock units/new shares to be issued  
arising from the exercise of warrants/options\*

	Nominal value per share/ stock unit<	As at 1.7.2000/ date of appointmentø	Acquired/ bonus issue~/ conversion of warrants to shares+	Sold/ conversion of warrants to shares+	As at 30.6.2001
<b>RM</b>					
<b>Interests of YBhg Tan Sri Quek Leng Chan in:</b>					
Hong Leong Company (Malaysia) Berhad	1.00	7,487,100	-	-	7,487,100
Brisk & Kindle Property Limited	£1.00	120,000	-	120,000	Nil
Allied Precision Components Sdn Bhd	1.00	10	-	10**	Nil
Hong Leong Fund Management Sdn Bhd	1.00	1,400,000	-	-	1,400,000
Beachline Holdings Sdn Bhd	1.00	70,000	-	70,000@	Nil
GuoNet Limited	USD1.00	10,800	-	-	10,800
MEHY Sdn Bhd	1.00	650,000	-	-	650,000
Hong Leong Credit Berhad	1.00	337,165,645	3,850,000	3,198,000	337,817,645
		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	-	-	1,500
		(preference)			(preference)
Bradstock Aurora Insurance Brokers Inc	P1.00	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	-	979,410,501
			413,100,584~		
Hong Leong Properties Berhad	0.50	368,088,211	-	11,714,000	356,374,211
		34,322,400*	-	-	34,322,400*
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	-	-	18,000,000
		685,940	-	-	685,940
		(preference)			(preference)
Hong Leong Industries Berhad	0.50	132,816,800	724,000	46,200	133,494,600
		33,234,046*	-	17,958,674*	15,275,372*
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

# Directors' Report

for the financial year ended 30 June 2001 (continued)

Shareholdings in which Directors have indirect interests  
Number of ordinary shares/stock units/new shares to be issued  
arising from the exercise of warrants/options\*

	Nominal value per share/ stock unit<	As at 1.7.2000/ date of appointmentø	Acquired/ bonus issue~/ conversion of warrants to shares+	Sold/ conversion of warrants to shares+	As at 30.6.2001
<b>RM</b>					
<b>Interests of YBhg Tan Sri Quek Leng Chan in:</b>					
Quayline Fairprice Sdn Bhd	1.00	9,600,000	-	-	9,600,000
RZA Logistic Sdn Bhd	1.00	8,540,000	-	-	8,540,000
Autonet Sdn Bhd	1.00	1,260,000	-	1,260,000	Nil
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	-	-	42,000,000
		37,700,000	-	-	37,700,000
		(preference)			(preference)
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	Nil
The China Press Berhad	1.00	4,234,201	-	4,234,201	Nil
Cittabella (Malaysia) Sdn Bhd	1.00	510,000	-	510,000	Nil
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@	Nil
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	1,200	-	-	1,200
Shanghai McQuay Air Conditioning Co., Ltd	^	248,500	101,500	-	350,000
Shenzhen McQuay Air Conditioning Co., Ltd	^	6,040,000	-	-	6,040,000

# Directors' Report

for the financial year ended 30 June 2001 (continued)

Shareholdings in which Directors have indirect interests Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*					
	Nominal value per share/ stock unit<	As at 1.7.2000/ date of appointmentø	Acquired/ bonus issue~/ conversion of warrants to shares+	Sold/ conversion of warrants to shares+	As at 30.6.2001
<b>RM</b>					
<b>Interests of YBhg Tan Sri Quek Leng Chan in:</b>					
AF Technology Ltd (formerly known as AAF Korea Company Ltd)	W5,000	107,455	54,270	-	161,725
McQuay Mediterranean LLC	#	88,500	-	-	88,500
OYL Way Electronic (Shenzhen) Co Ltd	^	200,000	-	-	200,000
McQuay Philippines Sales & Services Inc.	P1.00	20,000,000	-	-	20,000,000
<b>Interest of Mr Chew Peng Cheng in:</b>					
Hong Leong Bank Berhad	1.00	4,674,666ø	-	-	4,674,666

Note:

\*\* Company was struck off by the Registrar of Companies

@ Company was dissolved by members' voluntary liquidation

∞ Company ceased to be a related company during the year

^ Capital contribution in USD

# LLC interest in USD

Note 1 Subscription of Replacement warrants to replace warrants 1997/2001

Note 2 All outstanding HLB warrants not exercised had lapsed and become null and void on 20.12.2000 @ 5.00 p.m.

## Directors' benefits

No Director of the Bank has since the end of the previous financial year received or become entitled to receive a 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 Bank or of a related company) by reason of a contract made by the Bank 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 YBhg Tan Sri Quek Leng Chan, who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisition 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 Bank and its related corporations or corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interest.

There were no arrangement during and at the end of the financial year which had the object of enabling the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate other than the share options granted pursuant to the Executive Share Option Scheme ("ESOS").

# Directors' Report

for the financial year ended 30 June 2001 (continued)

## Executive Share Option Scheme

The shareholders of the Bank approved the implementation of the ESOS at the Extraordinary General Meeting held on 23 March 2000.

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 Group whose specific allotments had been approved by the Bank 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 Bank for the time being.
- 3 The ESOS shall be in force for a period of five (5) years commencing from 11 April 2000, 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 Bank of RM1.00, whichever is higher.
- 5 A grantee may exercise up to 20% of the 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 subsidiaries within the Group.

As at 30 June 2001, the following options were granted and remained unexercised:

- 1 On 12 April 2000, options over 16,547,000 ordinary shares of RM3.70 per share.
- 2 On 15 November 2000, options over 186,000 ordinary shares of RM3.44 per share.

## Other statutory information regarding the Group and the Bank

### 1 As at the end of the financial year

- (a) Before the income statements and balance sheets of the Group and the Bank 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 financing and the making of provision for doubtful debts and financing and had satisfied themselves that all known bad debts and financing had been written off and that adequate provision had been made for doubtful debts and financing; and
  - (ii) to ensure that any current assets, other than debts and financing, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and the Bank during the financial year had not been substantially affected by any item, transaction or event of a material and unusual nature.

# Directors' Report

for the financial year ended 30 June 2001 (continued)

## 2 From the end of the financial year to the date of this report

- (a) The Directors are not aware of any circumstances:
  - (i) which would render the amount written off for bad debts and financing or the amount of the provision for doubtful debts and financing inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements misleading; and
  - (iii) which had arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Bank misleading or inappropriate.
- (b) In the opinion of the Directors:
  - (i) the results of the operations of the Group and the Bank for the financial year ended 30 June 2001 are not likely to be substantially affected by any item, transaction or event of a material and unusual nature which had arisen in the interval between the end of the financial year and the date of this report; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and the Bank to meet their obligations as and when they fall due.

## 3 As at the date of this report

- (a) There are no charges on the assets of the Group and the Bank which had arisen since the end of the financial year to secure the liabilities of any other person.
- (b) There are no contingent liabilities which had arisen since the end of the financial year.
- (c) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

## Holding and ultimate holding companies

The Directors regard Hong Leong Credit Berhad and Hong Leong Company (Malaysia) Berhad, as the holding and ultimate holding companies respectively. Both companies are incorporated in Malaysia.

## Auditors

The auditors, Messrs PricewaterhouseCoopers, have expressed their willingness to continue in office.

On behalf of the Board of Directors,

Dato' James Lim Cheng Poh

Zulkiflee Hashim

Kuala Lumpur

10 September 2001



# Balance Sheets

as at 30 June 2001

	Note	The Group		The Bank	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Assets</b>					
Cash and short-term funds	3	6,846,759	6,599,096	4,926,632	3,585,513
Deposits and placements with financial institutions	4	2,568,600	2,830,219	1,622,100	1,026,689
Dealing securities	5	5,132,728	2,515,531	4,359,502	2,256,370
Investment securities	6	1,543,789	1,763,595	430,425	543,239
Loans, advances and financing	7	22,127,521	20,300,747	11,673,252	10,072,517
Other assets	8	277,566	361,732	235,805	215,901
Statutory deposit with Bank Negara Malaysia	10	808,110	778,165	373,500	335,700
Investment in subsidiary companies	11	-	-	700,841	363,842
Fixed assets	12	238,538	214,272	152,248	106,385
Goodwill on consolidation		-	379	-	-
<b>Total assets</b>		<b>39,543,611</b>	<b>35,363,736</b>	<b>24,474,305</b>	<b>18,506,156</b>
<b>Liabilities</b>					
Deposits from customers	13	31,168,735	28,933,065	17,251,650	14,196,287
Deposits and placements of banks and other financial institutions	14	2,512,032	1,417,245	2,151,332	509,859
Obligations on securities sold under repurchase agreements		1,081,141	862,494	1,081,141	862,494
Bills and acceptances payable		1,113,897	758,305	1,113,895	740,819
Other liabilities	15	765,414	663,678	411,946	267,164
Subordinated bonds	16	-	200,000	-	200,000
<b>Total liabilities</b>		<b>36,641,219</b>	<b>32,834,787</b>	<b>22,009,964</b>	<b>16,776,623</b>
Share capital	17	1,428,065	800,506	1,428,065	577,173
Reserves	18	1,474,327	1,728,443	1,036,276	1,152,360
Shareholders' funds		2,902,392	2,528,949	2,464,341	1,729,533
<b>Total liabilities and shareholders' funds</b>		<b>39,543,611</b>	<b>35,363,736</b>	<b>24,474,305</b>	<b>18,506,156</b>
Commitments and contingencies	32	11,466,160	9,248,467	9,281,194	6,660,901

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 30 to 67.

# Income Statements

for the financial year ended 30 June 2001

	Note	The Group		The Bank	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Interest income	19	2,272,634	2,167,797	1,078,532	914,731
Interest expense	20	(1,087,572)	(1,062,820)	(541,563)	(443,023)
Net interest income		1,185,062	1,104,977	536,969	471,708
Income from Islamic Banking operations	43(k)	67,553	29,376	4,310	3,707
Loan and financing loss and provision	21	(413,447)	(329,273)	(232,321)	(135,257)
		839,168	805,080	308,958	340,158
Net gain from capital reduction exercise in subsidiary companies	22	-	-	87,917	-
Non-interest income	23	246,283	251,056	557,994	205,735
		1,085,451	1,056,136	954,869	545,893
Overhead expenses	24	(481,903)	(460,881)	(269,904)	(232,711)
Profit before taxation and zakat		603,548	595,255	684,965	313,182
Taxation	27	(209,302)	(145,843)	(173,119)	(91,254)
Zakat		-	(47)	-	-
Profit after taxation and zakat		394,246	449,365	511,846	221,928
Earnings per share (sen):	29				
- basic		28.1	32.6	39.6	19.2
- fully diluted		28.0	32.6	39.5	19.2
Dividend per share (sen):	30				
- interim of 2.5 sen (2000: nil) less tax		1.8	-	1.8	-
- proposed final dividend of 11.0 sen (2000: 13.5 sen) less tax		7.9	9.7	7.9	9.7
		9.7	9.7	9.7	9.7

The above income statements are to be read in conjunction with the notes to the financial statements on pages 30 to 67.

# Statements Of Changes in Equity

for the financial year ended 30 June 2001

The Group	Share capital RM'000	Share premium RM'000	General reserve RM'000	Statutory reserve RM'000	Merger reserve/ (deficit) RM'000	Exchange fluctuation reserve RM'000	Retained profit RM'000	Total RM'000
Balance as at 1 July 1999	800,504	529,459	24,400	529,125	14,117	36,463	224,282	2,158,350
Currency translation differences	-	-	-	-	-	(1,108)	-	(1,108)
Net gains and losses not recognised in the income statement	-	-	-	-	-	(1,108)	-	(1,108)
Profit after taxation and zakat	-	-	-	-	-	-	449,365	449,365
Transfer to statutory reserve	-	-	-	120,504	-	-	(120,504)	-
Transfer to general reserve	-	-	3,000	-	-	-	(3,000)	-
Dividend:								
- pre-merger dividend paid to ex-shareholders of Wah Tat Bank Berhad ("WTB") and Credit Corporation (Malaysia) Berhad ("CCM")	-	-	-	-	-	-	(21,570)	(21,570)
- post-merger dividend	-	-	-	-	-	-	(56,101)	(56,101)
Issue of share capital from warrants conversion	2	11	-	-	-	-	-	13
Balance as at 1 July 2000	800,506	529,470	27,400	649,629	14,117	35,355	472,472	2,528,949
Currency translation differences	-	-	-	-	-	(3,649)	-	(3,649)
Net gains and losses not recognised in the income statement	-	-	-	-	-	(3,649)	-	(3,649)
Profit after taxation and zakat	-	-	-	-	-	-	394,246	394,246
Transfer to retained profit	-	-	(27,400)	-	-	-	27,400	-
Transfer to statutory reserve	-	-	-	250,649	-	-	(250,649)	-
Dividend:								
- pre-merger dividend paid to ex-shareholders of WTB and CCM	-	-	-	-	-	-	(20,432)	(20,432)
- post-merger dividend	-	-	-	-	-	-	(138,808)	(138,808)
Realisation of merger reserve due to capital reduction exercise of subsidiary companies	-	-	-	-	(87,917)	-	87,917	-
Issue upon exercise of warrants	49,976	92,110	-	-	-	-	-	142,086
Bonus issue	577,583	(531,370)	-	-	-	-	(46,213)	-
Balance as at 30 June 2001	1,428,065	90,210	-	900,278	(73,800)	31,706	525,933	2,902,392

# Statements Of Changes in Equity

for the financial year ended 30 June 2001 (continued)

The Bank	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profit RM'000	Total RM'000
Balance as at 1 July 1999	577,171	529,459	290,027	36,463	131,681	1,564,801
Currency translation differences	-	-	-	(1,108)	-	(1,108)
Net gains and losses not recognised in the income statement	-	-	-	(1,108)	-	(1,108)
Profit after taxation and zakat	-	-	-	-	221,928	221,928
Transfer to statutory reserve	-	-	55,482	-	(55,482)	-
Dividend	-	-	-	-	(56,101)	(56,101)
Issue of share capital from warrants conversion	2	11	-	-	-	13
Balance as at 1 July 2000	577,173	529,470	345,509	35,355	242,026	1,729,533
Currency translation differences	-	-	-	(3,649)	-	(3,649)
Net gains and losses not recognised in the income statement	-	-	-	(3,649)	-	(3,649)
Profit after taxation and zakat	-	-	-	-	511,846	511,846
Transfer to statutory reserve	-	-	255,923	-	(255,923)	-
Dividend:						
- interim	-	-	-	-	(25,705)	(25,705)
- proposed final	-	-	-	-	(113,103)	(113,103)
Issue of share capital from warrants conversion	49,976	92,110	-	-	-	142,086
Bonus issue	577,583	(531,370)	-	-	(46,213)	-
Issue of shares for acquisition of subsidiary companies	223,333	-	-	-	-	223,333
Balance as at 30 June 2001	1,428,065	90,210	601,432	31,706	312,928	2,464,341

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 30 to 67.

# Cash Flow Statements

for the financial year ended 30 June 2001

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	603,548	595,255	684,965	313,182
Adjustment for:				
Depreciation	38,943	40,726	23,214	23,963
(Profit)/loss on disposal of fixed assets	(605)	(95)	(32)	2
Fixed assets written off	1,024	523	13	236
Provision for bad and doubtful debts and financing	413,447	329,273	232,321	135,257
Provision for interest-in-suspense/income-in-suspense	216,132	199,683	109,959	104,728
Provision of staff retirement gratuities	2,775	2,305	1,590	1,168
Provision/(writeback) of diminution in value of dealing/investment securities	7,174	1,022	(15,348)	(1,305)
Investment income	(63,228)	(89,093)	(21,972)	(40,247)
Goodwill written off	379	-	-	-
Dividend income from subsidiary companies	-	-	(379,800)	(58,550)
Net gain from capital reduction exercise in subsidiary companies	-	-	(87,917)	-
Operating profit before working capital changes	1,219,589	1,079,599	546,993	478,434
Decrease/(increase) in deposits and placements with financial institutions	251,283	(1,088,804)	(589,747)	(475,486)
Increase in loans, advances and financing	(2,486,110)	(1,742,956)	(1,347,080)	(1,138,235)
Increase in dealing securities	(2,617,197)	(1,616,523)	(2,103,132)	(1,414,810)
Decrease/(increase) in other assets	83,959	(11,697)	22,094	(15,920)
Increase in statutory deposit with Bank Negara Malaysia	(29,945)	(25,946)	(10,523)	(19,681)
Increase in deposits from customers	2,272,616	3,349,796	2,229,513	2,339,515
Increase in deposits and placements of banks and other financial institutions	1,102,214	602,491	1,591,080	265,650
Increase/(decrease) in bills and acceptances payable	355,660	(139,107)	357,359	(146,127)
Increase in securities sold under repurchase agreements	218,647	862,494	218,647	862,494
Increase/(decrease) in other liabilities	(19,663)	3,175	(23,934)	(15,329)
Cash generated from operations	351,053	1,272,522	891,270	720,505
Payment of staff retirement gratuities	(3,479)	(2,916)	(1,840)	(1,300)
Income taxes and zakat paid	(143,644)	(177,222)	(56,577)	(148,794)
Net cash from operating activities	203,930	1,092,384	832,853	570,411

The above cash flow statements are to be read in conjunction with the notes to the financial statements on pages 30 to 67.

# Cash Flow Statements

for the financial year ended 30 June 2001 (continued)

	Note	The Group		The Bank	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Cash flows from investing activities</b>					
Net disposal of investment securities		211,204	726,325	122,297	395,797
Purchase of fixed assets		(66,964)	(50,307)	(54,540)	(39,454)
Proceeds from sale of equipment		3,193	17,844	66	15,386
Interest received on investment securities		51,337	73,580	19,774	35,066
Dividend received on investment securities		4,561	1,176	443	195
Dividend received from subsidiary companies		-	-	246,016	19,074
Investment in subsidiary company		-	-	(337,000)	-
Capital return on investment in subsidiary companies		-	-	311,250	-
Net cash from investing activities		203,331	768,618	308,306	426,064
<b>Cash flows from financing activities</b>					
Proceeds from issuance of share capital		142,086	13	142,086	13
Dividend paid		(102,238)	(50,659)	(81,806)	(29,089)
Repayment of subordinated bonds		(200,000)	(20,000)	(200,000)	-
Net cash used in financing activities		(160,152)	(70,646)	(139,720)	(29,076)
Net increase in cash and cash equivalents		247,109	1,790,356	1,001,439	967,399
Effects of exchange rate changes		554	(2,922)	554	(2,922)
Net cash and cash equivalents transferred from subsidiary company		-	-	339,126	-
Cash and cash equivalents at the beginning of year		6,599,096	4,811,662	3,585,513	2,621,036
Cash and cash equivalents at the end of year	3	6,846,759	6,599,096	4,926,632	3,585,513

The above cash flow statements are to be read in conjunction with the notes to the financial statements on pages 30 to 67.

# Notes To The Financial Statements

for the financial year ended 30 June 2001

## 1 Basis of preparation of the financial statements

The financial statements of the Group and of the Bank have been prepared in accordance with the applicable approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines and comply with provisions of the Companies Act, 1965. The financial statements incorporate those activities relating to Islamic Banking business which have been undertaken by the Group and the Bank. Islamic Banking business refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

## 2 Significant accounting policies

### (a) Accounting convention

The financial statements of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated.

### (b) Consolidation

The consolidated financial statements include the audited financial statements of the Bank and all its subsidiary companies made up to the end of the financial year. Inter-company transactions and balances are eliminated upon consolidation and the consolidated financial statements reflect external transactions only. The Bank adopts both the acquisition and merger methods of consolidation.

When the acquisition method is adopted, the excess of the cost of investment over the fair value of the net assets of the subsidiary companies at the date of acquisition is included in the consolidated financial statements as goodwill on consolidation. The results of subsidiary companies acquired or disposed during the financial year are included from the date of acquisition up to the date of disposal.

Acquisitions of subsidiary companies which meet the criteria for merger accounting under the Malaysian Accounting Standard 2, Accounting for Acquisitions and Mergers, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Bank's books is recorded as the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserve/deficit in accordance with the merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous financial year.

A listing of the Bank's subsidiary companies is set out in Note 11.

### (c) Recognition of interest income

Interest income is recognised on an accrual basis. Interest income on housing and term loan is recognised by reference to rest periods which are either monthly or yearly. The "rule of 78" method is applied in respect of income earned on hire purchase, block discounting and leasing.

Where an account is classified as non-performing, recognition of interest income is suspended until it is realised on a cash basis. Customers' accounts are classified as non-performing where repayments are in arrears for 3 months or more for loans and overdrafts, and after 3 months from maturity date for trade bills, bankers' acceptances and trust receipts.

The policy on suspension of interest is in general more stringent than that laid down in Bank Negara Malaysia's "Guidelines on the Classification of Non-performing Loans and Provision for Substandard, Bad and Doubtful Debts, BNM/GP3".

### (d) Recognition of fees and other income

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled.

Commitment fees and guarantee fees which are material are recognised as income based on time apportionment.

Dividend from dealing securities is recognised when received. Dividend from investment securities is recognised when declared. Dividend income from Malaysian Government investment certificates invested for the purpose of Islamic Banking business is recognised on a basis consistent with the principles of Syariah.

### (e) Goodwill on consolidation

Goodwill arising on consolidation represents the excess of the cost of investment over the fair value of the net assets of subsidiary companies at the date of acquisition. Goodwill is stated at cost except where it is written off if, in the opinion of the Directors, it is permanently impaired.

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## (f) Provision for bad and doubtful debts and financing

Specific provisions are made for doubtful debts and financing which have been individually reviewed and specifically identified as bad or doubtful.

A general provision based on a percentage of the loan and financing portfolio is also made to cover possible losses which are not specifically identified.

An uncollectible loan and financing or portion of a loan and financing classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgement of the management there is no prospect of recovery.

The policy on provision for bad and doubtful debts and financing is in general more stringent than that laid down in Bank Negara Malaysia's "Guidelines on the Classification of Non-performing Loans and Provision for Substandard, Bad and Doubtful Debts, BNM/GP3".

## (g) Repurchase agreements

Securities purchased under resale agreements are securities which the Bank had purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Bank had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and the obligations to repurchase the securities are reflected as a liability on the balance sheet.

## (h) Dealing securities

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term and are stated at the lower of cost and market value. Interest earned whilst holding dealing securities is reported as interest income. Dividend received is included separately in dividend income.

Transfers, if any, between dealing and investment securities are made at the lower of cost and market value.

## (i) Investment securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement pursuant to Section 38 of the Banking and Financial Institutions Act, 1989 and are usually held to maturity.

Malaysian Government securities, Malaysian Government investment issues, Cagamas bonds, other Government securities and bank guaranteed private debt securities held for investment are stated at cost adjusted for amortisation of premium or accretion of discount, where applicable, to maturity date. Other private debt securities are valued at the lower of cost and market value. Other investment securities are stated at cost and provision is made in the event of any permanent diminution in value.

Transfers, if any, between investment and dealing securities are made at the lower of carrying value and market value.

## (j) Investment in subsidiary companies

A subsidiary company is a company in which the Bank controls the composition of its board of directors or more than half of its voting power, or holds more than half of its issued ordinary share capital.

Investment in subsidiary companies are stated at cost and written down when the Directors consider that there is a permanent diminution in the value of such investments.

## (k) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Freehold land is not depreciated. Depreciation of other fixed assets is calculated to write off the cost of the fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates are:

	%
Buildings on freehold land	2
Short-term leasehold land - less than 50 years	Over the lease period
Long-term leasehold land - 50 years or more	Over the lease period
Leasehold buildings	Over the remaining period of the lease or 2% whichever is shorter
Office furniture, fittings, equipment and renovations	7 - 20
Computer equipment and software	20
Motor vehicles	20 - 25



# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

**(l) Assets under lease**

Assets under lease which in substance transfer the risks and benefits of ownership of the assets to the Bank are capitalised under fixed assets. The assets and the corresponding lease obligations are recorded at the lower of present value of the minimum lease payments or the fair value of the leased assets at the beginning of the lease terms. Such leased assets are subject to depreciation consistent with that for depreciable assets which are owned.

Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statement as incurred.

**(m) Bills and acceptances payable**

Bills and acceptances payable represent the Bank's own bills and acceptances rediscounted and outstanding in the market.

**(n) Derivative financial instruments**

*Trading*

The fair value of trading derivative financial instruments are included in the balance sheet and gains and losses on these instruments are taken directly to the income statement.

Foreign exchange and interest rate forwards, futures and forward purchases and sales of securities entered into for trading purposes are valued at prevailing market rates. Interest rate and currency swap agreements are valued at their net present value.

*Hedging*

Foreign exchange and interest rate forwards, futures and swaps entered into for hedging purposes are accounted for in a manner consistent with the accounting treatment of the hedged item. To qualify as a hedge, the swap, forward or futures position must be designated as a hedge and be effective in reducing the market risk of an existing asset, liability, firm commitment, or anticipated transaction where there is a high probability of the transaction occurring and the extent, term and nature of the exposure is capable of being estimated.

Where the hedged item ceases to exist, the corresponding derivative hedge contract is restated at fair value and any resulting unrecognised gains and losses are taken to the income statement.

**(o) Currency translations**

Transaction in foreign currencies are translated at rates prevailing on transaction dates. Individual foreign currency assets and liabilities are stated in the balance sheet at spot rates of exchange which closely approximate those ruling at the balance sheet date. All exchange gains and losses are recognised in the income statement in the year they arise.

The results of foreign branch and foreign subsidiary for the year are translated into Ringgit Malaysia at average exchange rates for the year and the balance sheets are translated at the rates of exchange ruling at the balance sheet date. Gains or losses arising on translation into Ringgit Malaysia are taken to an exchange fluctuation reserve.

**(p) Deferred taxation**

Provision is made by using the "liability" method for taxation deferred in respect of all material timing differences between accounting income and taxable income.

Timing differences that give rise to deferred tax benefits are not taken into account except where there is reasonable expectation of realisation.

**(q) Staff retirement gratuities**

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. The latest valuation for year 2001 is currently being carried out.

**(r) Foreclosed properties**

Foreclosed properties are stated at the lower of cost and net realisable value.

**(s) Dealers' commission**

Dealers' commission represent those amounts paid to dealers at the inception of the deals. Such expenditure are amortised over the period of the hire purchase loans using the "sum-of-digits" method.

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## (t) Amounts recoverable from Danaharta

This relates to the loans sold to Danaharta where the total consideration is received in two portions; upon the sale of the loans (initial consideration) and upon the recovery of the loans (final consideration). The final consideration amount represents the Group's predetermined share of the surplus over the initial consideration upon recovery of the loans.

The difference between the carrying value of the loans and initial consideration is recognised as "Amounts recoverable from Danaharta" within the "Other assets" component of the balance sheet. Provisions against these amounts are made to reflect the Directors' assessment of the realisable value of the final consideration as at the balance sheet date.

## (u) Cash and cash equivalents

Cash and cash equivalents are cash and short term funds held for the purpose of meeting short term commitments and readily convertible into cash without significant risk of changes in value.

## 3 Cash and short-term funds

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash and balances with banks and other financial institutions	364,626	306,668	262,749	185,635
Money at call and deposit placements maturing within one month	6,482,133	6,292,428	4,663,883	3,399,878
	6,846,759	6,599,096	4,926,632	3,585,513

## 4 Deposits and placements with financial institutions

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Licensed banks	2,128,700	484,589	1,182,200	204,589
Licensed finance companies	115,000	75,570	115,000	40,000
Other financial institutions	324,900	2,270,060	324,900	782,100
	2,568,600	2,830,219	1,622,100	1,026,689

## 5 Dealing securities

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Money market instruments</b>				
Bank Negara Malaysia bills	144,023	49,540	144,023	49,540
Malaysian Government treasury bills	55,773	120,075	55,773	120,075
Malaysian Government securities	680,411	239,624	347,390	158,881
Malaysian Government investment certificates	209,438	-	141,685	-
Cagamas bonds	180,219	180,644	153,851	180,644
Cagamas notes	203,941	169,711	203,941	169,711
Khazanah bonds	14,046	-	14,046	-
Danamodal bonds	213,251	21,237	102,907	21,237
Bankers' acceptances and Islamic accepted bills	1,305,080	487,269	1,214,560	418,312
Negotiable instruments of deposit	1,953,743	945,097	1,808,523	945,097
	4,959,925	2,213,197	4,186,699	2,063,497
<b>Unquoted securities</b>				
Private debt securities	172,803	302,334	172,803	192,873
	5,132,728	2,515,531	4,359,502	2,256,370

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 5 Dealing securities (continued)

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Market value of quoted securities:				
Malaysian Government securities	684,604	240,438	347,931	159,308
Cagamas bonds	180,219	180,665	153,851	180,665

## 6 Investment securities

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Money market instruments</b>				
Malaysian Government securities	5,760	249,681	5,013	7,973
Malaysian Government investment certificates	108,651	69,319	78,651	42,941
Other Government securities	109,525	167,973	109,525	167,973
Cagamas bonds	127,866	237,784	35,057	65,750
Cagamas notes	9,792	-	-	-
Danamodal bonds	124,960	122,460	18,841	36,351
Danaharta bonds	161,025	177,369	79,093	79,093
Negotiable instruments of deposit	70,593	6,252	5,592	6,252
Bankers' acceptances and Islamic accepted bills	477,485	316,085	-	-
	1,195,657	1,346,923	331,772	406,333
<b>Quoted securities</b>				
Shares quoted in Malaysia	100,127	20,826	2,641	2,661
Shares quoted outside Malaysia	1,249	1,249	1,249	1,249
Private debt securities	12,181	65,575	12,181	11,621
Foreign currency bonds	24,903	24,903	24,903	24,903
	1,334,117	1,459,476	372,746	446,767
<b>Unquoted securities</b>				
Shares	29,699	26,932	11,073	9,985
Private and Islamic debt securities	190,320	283,091	59,447	91,021
	1,554,136	1,769,499	443,266	547,773
Accretion of discount less amortisation of premium	34,979	8,997	1,046	1,439
Provision for diminution in value of investment securities:				
- quoted investments	(38,813)	(12,579)	(9,696)	(5,973)
- unquoted investments	(6,513)	(2,322)	(4,191)	-
	1,543,789	1,763,595	430,425	543,239

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 6 Investment securities (continued)

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
(a) Market value of quoted securities:				
Malaysian Government securities	6,195	249,512	5,356	7,306
Other Government securities	110,729	168,151	110,729	168,151
Cagamas bonds	131,020	241,362	36,406	69,191
Shares quoted in Malaysia	33,247	16,509	2,582	4,625
Shares quoted outside Malaysia	803	1,102	803	1,102
Private debt securities	4,918	42,487	4,918	7,902
Foreign currency bonds	24,016	30,139	24,016	30,139
(b) The maturity structure of money market instruments held for investment is as follows:				
Maturing within:				
- one year	703,818	368,404	101,158	103,662
- one year to three years	345,426	563,597	193,488	239,403
- three years to five years	145,666	267,299	37,126	41,024
- over five years	747	147,623	-	22,244
	1,195,657	1,346,923	331,772	406,333

## 7 Loans, advances and financing

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Overdrafts	3,133,854	2,995,695	3,141,447	2,737,629
Term loans:				
- fixed rate	307,864	134,152	135,080	134,152
- floating rate	9,723,091	9,789,414	6,712,540	5,998,719
Hire purchase	10,385,490	9,016,407	2,915	-
Lease receivables	84,183	149,122	-	-
Credit/charge card receivables	691,576	463,319	691,576	463,251
Bills receivable	340,500	262,718	340,500	255,722
Trust receipts	319,585	410,507	319,585	406,217
Claims on customers under acceptance credits	1,295,042	1,042,470	1,295,042	1,040,671
Staff loans	137,468	124,875	79,818	69,690
Other loans	107,787	403,275	3,201	1,766
	26,526,440	24,791,954	12,721,704	11,107,817
Unearned interest and income	(2,137,043)	(1,870,238)	(62,261)	(14,018)
Gross loans, advances and financing	24,389,397	22,921,716	12,659,443	11,093,799
Loans sold to Cagamas	(693,886)	(1,192,870)	(227,232)	(407,678)
	23,695,511	21,728,846	12,432,211	10,686,121
Interest-in-suspense/income-in-suspense	(475,916)	(411,508)	(203,030)	(146,879)
Provision for bad and doubtful debts and financing:				
- specific	(681,016)	(624,763)	(359,380)	(276,544)
- general	(411,058)	(391,828)	(196,549)	(190,181)
	(1,567,990)	(1,428,099)	(758,959)	(613,604)
Total net loans, advances and financing	22,127,521	20,300,747	11,673,252	10,072,517

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 7 Loans, advances and financing (continued)

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
(a) The maturity structure of loans, advances and financing is as follows:				
Maturing within:				
- one year	7,915,868	8,802,414	6,997,270	6,227,795
- one year to three years	2,695,934	3,174,091	363,774	289,558
- three years to five years	4,067,753	3,241,351	737,711	554,638
- over five years	9,015,956	6,510,990	4,333,456	3,614,130
	23,695,511	21,728,846	12,432,211	10,686,121
(b) Loans, advances and financing analysed by their economic purposes are as follows:				
Agriculture	225,845	263,796	196,045	199,230
Mining and quarrying	50,885	60,909	29,333	28,604
Manufacturing	2,290,261	2,291,523	2,101,639	1,972,174
Electricity, gas and water	30,862	38,506	9,278	10,384
Construction	1,543,088	1,541,359	835,967	675,122
Real estate	218,420	183,603	124,458	26,154
Purchase of landed property:	5,502,060	4,877,790	3,918,384	3,165,428
- residential	3,630,100	3,109,741	2,317,180	1,820,022
- non-residential	1,871,960	1,768,049	1,601,204	1,345,406
General commerce	1,680,653	1,797,041	1,507,982	1,346,481
Transport, storage and communication	352,718	434,573	192,717	196,586
Finance, insurance and business services	972,774	1,029,383	868,591	899,387
Purchase of securities	862,793	988,209	504,081	523,766
Purchase of transport vehicles	7,325,745	5,748,057	6,762	4,867
Consumption credit	1,450,760	1,227,827	1,448,645	1,054,099
Others	1,188,647	1,246,270	688,329	583,839
	23,695,511	21,728,846	12,432,211	10,686,121
(c) Movements in the provision for bad and doubtful debt and financing and interest-in-suspense/income-in-suspense accounts are as follows:				
<b>Interest-in-suspense/income-in-suspense (IIS)</b>				
As at beginning of the year	411,508	339,587	146,879	121,992
Provisions made during the year	285,558	296,773	168,639	156,957
Amount transferred from subsidiary company	-	-	16,251	-
Amount sold to Danaharta	-	(28,968)	-	(7,793)
Amount written back in respect of recoveries	(69,426)	(97,090)	(58,680)	(52,229)
Amount transferred to provision for diminution in value	(4,701)	(704)	(4,701)	(704)
Amount written off	(146,458)	(98,656)	(64,793)	(71,910)
Exchange difference	(565)	566	(565)	566
As at end of the year	475,916	411,508	203,030	146,879

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 7 Loans, advances and financing (continued)

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
(c) Movements in the provision for bad and doubtful debt and financing and interest-in-suspense/income-in-suspense accounts are as follows: (continued)				
<b>Specific provision (SP)</b>				
As at beginning of the year	624,763	643,719	276,544	332,037
Provisions made during the year	471,714	432,194	279,675	188,097
Amount transferred from subsidiary company	-	-	569	-
Amount transferred from GP	2,539	-	2,539	-
Amount sold to Danaharta	-	(5,412)	-	(5,412)
Amount written back in respect of recoveries	(91,389)	(141,592)	(40,495)	(37,767)
Amount transferred to provision for diminution in value	(20,931)	(3,539)	(20,931)	(3,539)
Amount written off	(304,515)	(299,717)	(137,356)	(195,982)
Exchange difference	(1,165)	(890)	(1,165)	(890)
As at end of the year	681,016	624,763	359,380	276,544
<b>General provision (GP)</b>				
As at beginning of the year	391,828	376,235	190,181	198,146
Provisions made/(writeback) during the year	22,351	15,771	(1,070)	(7,787)
Amount transferred from subsidiary company	-	-	10,559	-
Amount transferred to SP	(2,539)	-	(2,539)	-
Exchange difference	(582)	(178)	(582)	(178)
As at end of the year	411,058	391,828	196,549	190,181
(as % of total loans including Cagamas loans less SP and IIS)	1.8%	1.8%	1.6%	1.8%
(d) Movements in the non-performing loans and financing are as follows:				
As at beginning of the year	2,340,371	2,608,926	1,015,512	990,452
Non-performing during the year	2,501,003	1,503,626	1,401,264	830,533
Amount transferred from subsidiary company	-	-	77,981	-
Accrued interest on existing non-performing loans and financing	134,521	167,493	117,429	148,212
Performing during the year	(884,434)	(890,258)	(616,594)	(411,897)
Amount sold to Danaharta	-	(189,423)	-	(52,457)
Amount written back in respect of recoveries	(608,359)	(457,320)	(325,569)	(218,607)
Amount written off	(467,338)	(402,673)	(205,989)	(270,724)
As at end of the year	3,015,764	2,340,371	1,464,034	1,015,512
Ratio of non-performing loans net of SP and IIS to total loans (including Cagamas loans)	8.0%	6.0%	7.5%	5.5%

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 8 Other assets

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Amount recoverable from Danaharta	41,484	62,517	13,306	18,324
Foreclosed properties	3,642	2,278	3,642	-
Other debtors, deposits and prepayments	161,568	214,455	161,627	158,054
Interest receivable	68,506	66,896	57,230	39,523
Deferred asset (Note 9)	2,366	15,586	-	-
	277,566	361,732	235,805	215,901
Amount recoverable from Danaharta:				
As at beginning of the year	62,517	38,050	18,324	6,968
Amount arising during the year	-	48,075	-	20,296
Provision made during the year	(21,033)	(18,656)	(5,018)	(8,940)
Amount recovered	-	(4,952)	-	-
As at end of the year	41,484	62,517	13,306	18,324

## 9 Deferred asset

Hong Leong Finance Berhad ("HLF") participated in a scheme approved by the Minister of Finance and sanctioned by the High Court of Malaya whereby the assets and liabilities of Visia Finance Berhad ("Visia"), a licensed finance company incorporated in Malaysia, were taken over by HLF with effect from 1 January 1994. The takeover of the assets and liabilities of Visia is not expected to have any adverse effect on the results and financial position of the Group as it is financed by a soft loan from Bank Negara Malaysia.

The deficiency representing the excess of liabilities over the assets taken over from Visia pursuant to the abovementioned scheme is shown as a deferred asset and is to be reduced progressively by the net income derived from the utilisation of the soft loan placed by Bank Negara Malaysia and the net recoveries of non-performing loans of Visia.

## 10 Statutory deposit with Bank Negara Malaysia

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958, the amount of which is determined at set percentages of total eligible liabilities.

## 11 Investment in subsidiary companies

	The Bank	
	2001 RM'000	2000 RM'000
Unquoted shares, at cost:		
- in Malaysia	728,571	391,572
- outside Malaysia	11	11
Arising from translation of a foreign subsidiary company	11	11
	728,593	391,594
Provision for permanent diminution in value	(27,752)	(27,752)
	700,841	363,842

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 11 Investment in subsidiary companies (continued)

The subsidiary companies of the Bank are as follows:

Name	Percentage of equity held		Principal activities
	2001	2000	
HLF and its subsidiary companies: *#	100	100	A licensed finance company
- Pelita Terang Sdn Bhd	100	100	Property development
- Visia Nominees Sdn Bhd	100	100	In members' voluntary liquidation
- HLF Credit (Perak) Berhad	100	100	Property investment holding
Hong Leong Leasing Sdn Bhd*	100	100	Money lending
HL Leasing Sdn Bhd	100	100	Dormant
HLB Realty Sdn Bhd	100	100	Real property investment
HLB Nominees (Tempatan) Sdn Bhd	100	100	Agent and nominee for Malaysian clients
HLB Nominees (Asing) Sdn Bhd	100	100	Agent and nominee for foreign clients
HL Bank Nominees (Singapore) Pte Ltd+	100	100	Agent and nominee for clients
HLB Unit Trust Management Bhd	100	100	Unit trust management
HLB Ventures Sdn Bhd	100	100	Investment activities
Credit Corporation (Malaysia) Berhad ("CCM")#	100	-	Dormant
Wah Tat Bank Berhad ("WTB") and its subsidiary companies: #	100	-	Dormant
- Wah Tat Nominees (Tempatan) Sendirian Berhad*	100	-	Agent and nominee for Malaysian clients
- Wah Tat Nominees (Asing) Sendirian Berhad*	100	-	Agent and nominee for foreign clients
- Wah Tat Properties Sendirian Berhad*	100	-	Dormant
- Chew Geok Lin Finance Berhad	100	-	Dormant
- Chew Geok Lin Nominees (Tempatan) Sendirian Berhad*	100	-	Dormant
- Chew Geok Lin Nominees (Asing) Sendirian Berhad*	100	-	Dormant

\* Not audited by PricewaterhouseCoopers

+ Audited by a member firm of PricewaterhouseCoopers International

# Subsidiary company consolidated under the merger method of accounting.

All the subsidiary companies are incorporated in Malaysia with the exception of HL Bank Nominees (Singapore) Pte Ltd, which is incorporated in Singapore.



# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 12 Fixed assets

The Group 2001	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years RM'000	Leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000
<b>Cost</b>						
As at beginning of the year	35,809	37,369	5,271	7,421	2,683	18,542
Additions	553	260	-	-	-	-
Disposals	(1,501)	(351)	-	-	-	(101)
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	34,861	37,278	5,271	7,421	2,683	18,441
<b>Accumulated depreciation</b>						
As at beginning of the year	-	4,052	1,663	523	372	1,882
Charge for the year	-	563	70	41	45	233
Disposals	-	(96)	-	-	-	(18)
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	4,519	1,733	564	417	2,097
Net book value as at 30 June 2001	34,861	32,759	3,538	6,857	2,266	16,344

The Group 2001	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>					
As at beginning of the year	142,633	145,502	9,953	12,237	417,420
Additions	10,523	27,973	2,784	24,871	66,964
Disposals	(3,729)	(3,082)	(3,724)	-	(12,488)
Exchange fluctuation	(274)	(318)	(27)	-	(619)
As at end of the year	149,153	170,075	8,986	37,108	471,277
<b>Accumulated depreciation</b>					
As at beginning of the year	91,448	97,109	6,099	-	203,148
Charge for the year	16,718	19,862	1,411	-	38,943
Disposals	(4,224)	(3,215)	(1,323)	-	(8,876)
Exchange fluctuation	(233)	(220)	(23)	-	(476)
As at end of the year	103,709	113,536	6,164	-	232,739
Net book value as at 30 June 2001	45,444	56,539	2,822	37,108	238,538

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 12 Fixed assets (continued)

The Group 2000	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years RM'000	Leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000
<b>Cost</b>						
As at beginning of the year	36,329	27,085	4,815	7,421	1,656	14,142
Additions	-	11,340	520	-	1,047	4,710
Disposals	(520)	(1,056)	(64)	-	(20)	(310)
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	35,809	37,369	5,271	7,421	2,683	18,542
<b>Accumulated depreciation</b>						
As at beginning of the year	-	3,562	1,587	477	327	1,683
Charge for the year	-	490	86	46	65	218
Disposals	-	-	(10)	-	(20)	(19)
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	4,052	1,663	523	372	1,882
Net book value as at 30 June 2000	35,809	33,317	3,608	6,898	2,311	16,660

The Group 2000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>					
As at beginning of the year	132,587	131,351	10,645	27,776	393,807
Additions	15,690	15,901	1,099	-	50,307
Disposals	(5,575)	(1,667)	(1,783)	(15,539)	(26,534)
Exchange fluctuation	(69)	(83)	(8)	-	(160)
As at end of the year	142,633	145,502	9,953	12,237	417,420
<b>Accumulated depreciation</b>					
As at beginning of the year	77,720	80,155	5,299	-	170,810
Charge for the year	18,987	19,306	1,528	-	40,726
Disposals	(5,193)	(2,297)	(723)	-	(8,262)
Exchange fluctuation	(66)	(55)	(5)	-	(126)
As at end of the year	91,448	97,109	6,099	-	203,148
Net book value as at 30 June 2000	51,185	48,393	3,854	12,237	214,272

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 12 Fixed assets (continued)

The Bank 2001	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years RM'000	Leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000
<b>Cost</b>						
As at beginning of the year	12,438	18,305	2,915	-	1,009	2,433
Amount transferred from subsidiary company	2,025	365	385	3,722	236	6,150
Additions	423	-	-	-	-	-
Disposals	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	14,886	18,670	3,300	3,722	1,245	8,583
<b>Accumulated depreciation</b>						
As at beginning of the year	-	904	225	-	128	29
Amount transferred from subsidiary company	-	23	99	151	86	57
Charge for the year	-	190	58	-	20	48
Disposals	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	1,117	382	151	234	134
Net book value as at 30 June 2001	14,886	17,553	2,918	3,571	1,011	8,449

The Bank 2001	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>					
As at beginning of the year	73,549	82,372	4,839	12,237	210,097
Amount transferred from subsidiary company	8,768	6,349	210	-	28,210
Additions	5,397	22,638	1,211	24,871	54,540
Disposals	(504)	(488)	(196)	-	(1,188)
Exchange fluctuation	(274)	(318)	(27)	-	(619)
As at end of the year	86,936	110,553	6,037	37,108	291,040
<b>Accumulated depreciation</b>					
As at beginning of the year	51,155	47,475	3,796	-	103,712
Amount transferred from subsidiary company	7,315	5,568	184	-	13,483
Charge for the year	8,065	14,135	698	-	23,214
Disposals	(271)	(486)	(384)	-	(1,141)
Exchange fluctuation	(233)	(220)	(23)	-	(476)
As at end of the year	66,031	66,472	4,271	-	138,792
Net book value as at 30 June 2001	20,905	44,081	1,766	37,108	152,248

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 12 Fixed assets (continued)

The Bank 2000	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years RM'000	Leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000
<b>Cost</b>						
As at beginning of the year	12,438	6,985	2,915	-	1,009	-
Additions	-	11,320	-	-	-	2,433
Disposals	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	12,438	18,305	2,915	-	1,009	2,433
<b>Accumulated depreciation</b>						
As at beginning of the year	-	764	169	-	105	-
Charge for the year	-	140	56	-	23	29
Disposals	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	904	225	-	128	29
Net book value as at 30 June 2000	12,438	17,401	2,690	-	881	2,404

The Bank 2000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>					
As at beginning of the year	62,867	69,183	4,593	27,776	187,766
Additions	12,015	13,323	363	-	39,454
Disposals	(1,262)	(53)	(109)	(15,539)	(16,963)
Exchange fluctuation	(71)	(81)	(8)	-	(160)
As at end of the year	73,549	82,372	4,839	12,237	210,097
<b>Accumulated depreciation</b>					
As at beginning of the year	43,046	33,904	3,226	-	81,214
Charge for the year	9,368	13,664	683	-	23,963
Disposals	(1,193)	(38)	(108)	-	(1,339)
Exchange fluctuation	(66)	(55)	(5)	-	(126)
As at end of the year	51,155	47,475	3,796	-	103,712
Net book value as at 30 June 2000	22,394	34,897	1,043	12,237	106,385

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 13 Deposits from customers

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Fixed deposits	24,659,251	23,282,220	12,079,247	10,223,756
Negotiable instruments of deposit	403,000	518,000	50,000	-
	25,062,251	23,800,220	12,129,247	10,223,756
Demand deposits	1,962,512	1,589,109	1,962,512	1,502,776
Savings deposits	3,962,350	3,384,771	2,973,822	2,312,077
Others	181,622	158,965	186,069	157,678
	31,168,735	28,933,065	17,251,650	14,196,287
(a) The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:				
Due within:				
- six months	17,065,835	17,502,540	10,310,421	7,676,128
- six months to one year	5,373,012	5,329,094	1,633,652	2,462,804
- one year to three years	2,589,770	958,048	185,174	83,526
- three years to five years	33,634	10,538	-	1,298
	25,062,251	23,800,220	12,129,247	10,223,756
(b) The deposits are sourced from the following customers:				
Business enterprises	7,578,559	7,624,376	6,070,676	5,003,705
Individuals	18,140,292	16,822,959	9,665,123	7,609,239
Others	5,449,884	4,485,730	1,515,851	1,583,343
	31,168,735	28,933,065	17,251,650	14,196,287

## 14 Deposits and placements of banks and other financial institutions

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Licensed banks	1,878,982	778,732	1,663,282	309,859
Licensed finance companies	464,450	478,513	464,450	200,000
Other financial institutions	168,600	160,000	23,600	-
	2,512,032	1,417,245	2,151,332	509,859

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 15 Other liabilities

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Proposed dividend	113,103	56,101	113,103	56,101
Taxation	225,739	149,458	75,235	56,094
Zakat	21	47	-	-
Deferred taxation (Note 28)	2,872	13,470	2,783	4,446
Provision for staff retirement gratuities	9,890	10,597	5,196	5,169
Interest payable	185,760	148,071	75,760	63,879
Others	228,029	285,934	139,869	81,475
	765,414	663,678	411,946	267,164

## 16 Subordinated Bonds 1995/2000 with detachable warrants

The 3% Subordinated Bonds 1995/2000 ("Bonds") were issued at a nominal value of RM200,000,000 in denomination or multiples of RM1,000 and were issued with 70,500,000 detachable warrants on a bought deal basis. The Bonds which are constituted by a Trust Deed dated 19 December 1995 carried a coupon interest rate of 3% per annum payable annually in arrears on 20 December each year. The warrants were transferable and listed on the Kuala Lumpur Stock Exchange.

The Bonds have been fully redeemed in cash at the nominal value on the maturity date of 20 December 2000.

The warrants were constituted by a Deed Poll executed by the Bank on 19 December 1995 for the warrant holders. Each warrant gave the registered holder the right at any time during the exercise period from 29 February 1996 to 28 February 1999 to subscribe in cash for one (1) new ordinary share of RM1.00 of the Bank at an exercise price of RM5.85 per new ordinary share. The exercise price may be adjusted in accordance with the provisions contained in the said Deed Poll.

Arising from the Bank's 1997 Rights Issue:

- (a) the exercise price of RM5.85 was adjusted to RM5.64 on 16 June 1997; and
- (b) additional 1,041,426 new warrants were issued to warrant holders.

The subscription period of the Bank's outstanding warrants was extended for a further period of approximately 21 months from the expiry date of 28 February 1999 to 20 December 2000.

Pursuant to the Bank's 2000 Bonus Issue:

- (a) the exercise price of RM5.64 was further adjusted to RM2.82 per share on 12 October 2000; and
- (b) additional 28,088,418 new warrants were issued to warrant holders.

The warrants expired on 20 December 2000 coinciding with the maturity of the Bonds. As at 5.00 p.m. on 20 December 2000, a total of 93,018,740 (2000: 43,043,637) warrants had been exercised.

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 17 Share capital

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Ordinary shares of RM1.00 each</b>				
<b>Authorised:</b>				
As at beginning of the year	1,100,000	1,100,000	1,100,000	1,100,000
Increase during the year	1,900,000	-	1,900,000	-
As at end of the year	3,000,000	1,100,000	3,000,000	1,100,000
<b>Issued and fully paid:</b>				
As at beginning of the year	800,506	577,171	577,173	577,171
Issued upon exercise of warrants	49,976	2	49,976	2
Bonus issue	577,583	-	577,583	-
Issue of share for acquisition of subsidiary companies	-	223,333	223,333	-
As at end of the year	1,428,065	800,506	1,428,065	577,173

### Executive Share Option Scheme ("ESOS")

As at 30 June 2001, the following options pursuant to the ESOS of the Bank were granted and remained unexercised:

- (a) on 12 April 2000, options over 16,547,000 ordinary shares of RM3.70 per share; and
- (b) on 15 November 2000, options over 186,000 ordinary shares of RM3.44 per share.

The main features of the ESOS are set out in the Directors' Report appearing on page 22.

## 18 Reserves

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Distributable</b>				
Retained profit	525,933	472,472	312,928	242,026
General reserve	-	27,400	-	-
	525,933	499,872	312,928	242,026
<b>Non-distributable</b>				
Share premium	90,210	529,470	90,210	529,470
Statutory reserve	900,278	649,629	601,432	345,509
Merger (deficit)/reserve	(73,800)	14,117	-	-
Exchange fluctuation reserve	31,706	35,355	31,706	35,355
	948,394	1,228,571	723,348	910,334
	1,474,327	1,728,443	1,036,276	1,152,360

The statutory reserve is maintained in compliance with Section 36 of the Banking and Financial Institutions Act, 1989 and is not distributable as cash dividend.

The Bank has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account to frank the payment of dividends out of all its retained profit as at 30 June 2001.

Pursuant to the relief given under Section 60(4) of the Companies Act, 1965, the Bank has not recorded the share premium arising from the issuance of shares for the acquisition of HLF, CCM and WTB. As such, the investment in HLF, CCM and WTB have been recorded in the Bank's book at the nominal value of shares issued. The merger reserve represents the difference between the investment in the mentioned companies and the nominal value of shares acquired of the respective companies. During the year, as a result of the capital reduction exercise of CCM and WTB as disclosed in Note 22 to the financial statements, the merger difference due to WTB and CCM was realised and transferred to retained profit.

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 19 Interest income

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Loans and advances	1,996,259	1,942,928	881,558	815,831
Money at call and deposit placements with financial institutions	286,875	228,149	179,151	106,324
Dealing securities	115,176	59,077	100,428	52,117
Investment securities	51,337	73,580	19,774	35,066
Others	28,602	32,662	6,697	9,847
	2,478,249	2,336,396	1,187,608	1,019,185
Amortisation of premium less accretion of discounts	10,517	31,084	883	274
Net interest suspended	(216,132)	(199,683)	(109,959)	(104,728)
	(205,615)	(168,599)	(109,076)	(104,454)
	2,272,634	2,167,797	1,078,532	914,731

## 20 Interest expense

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Deposits and placements of banks and other financial institutions	104,939	63,560	84,760	40,332
Deposits from other customers	954,330	940,038	453,735	396,691
Others	28,303	59,222	3,068	6,000
	1,087,572	1,062,820	541,563	443,023

## 21 Loan and financing loss and provision

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Provision for bad and doubtful debts and financing:				
- specific provision (net)	380,325	290,602	239,180	150,330
- general provision (net)	22,351	15,771	(1,070)	(7,787)
	402,676	306,373	238,110	142,543
Bad debts and financing:				
- written off	14,692	32,576	1,625	4,749
- recovered	(24,954)	(22,857)	(12,432)	(16,429)
	(10,262)	9,719	(10,807)	(11,680)
Provision on amounts recoverable from Danaharta:				
- provision for value impairment during the year	21,033	14,110	5,018	4,394
- written back on final settlement	-	(929)	-	-
	21,033	13,181	5,018	4,394
	413,447	329,273	232,321	135,257

The policy of the Group is in general more stringent than those laid down by Bank Negara Malaysia's revised guidelines on the default period and provision requirements.



# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 22 Net gain from capital reduction exercise in subsidiary companies

The Bank accounted for WTB and CCM acquisition using merger accounting and the cost of investment is recorded at the nominal value of shares issued.

As part of the merger, the assets and liabilities of WTB and CCM were transferred to the Bank and HLF respectively and a capital reduction scheme was done to reduce WTB and CCM shareholders' funds.

The gain has arisen due to the capital reduction exercise of WTB and CCM where the return of capital to the Bank exceeded the cost of investments as recorded in the Bank's financial statements.

## 23 Non-interest income

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Fee income</b>				
Commission	43,238	35,212	41,419	34,148
Service charges and fees	20,768	36,817	15,856	17,106
Guarantee fees	6,168	7,023	6,168	7,023
Other fee income	89,091	86,273	63,637	55,374
	159,265	165,325	127,080	113,651
<b>Investment income</b>				
Net profit from dealing securities	35,959	22,395	13,633	5,290
Gain from sale of investment securities	7,330	14,337	1,755	4,986
Gross dividends from:				
- investment securities	4,561	1,176	443	195
- subsidiary companies	-	-	379,800	58,550
(Provision)/writeback for diminution in value of dealing/investment securities	(7,174)	(1,022)	15,348	1,305
	40,676	36,886	410,979	70,326
<b>Other income</b>				
Foreign exchange gain:				
- realised	17,007	19,309	16,481	18,676
- unrealised	647	308	647	308
Rental income	300	1,039	100	68
Gain on disposal of fixed assets	1,066	387	51	77
Other non-operating income	27,322	27,802	2,656	2,629
	46,342	48,845	19,935	21,758
	246,283	251,056	557,994	205,735

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 24 Overhead expenses

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Personnel costs	239,367	217,081	138,975	108,837
Establishment costs	109,581	109,467	66,017	64,411
Marketing expenses	71,278	73,774	17,062	13,232
Administration and general expenses	61,677	60,559	47,850	46,231
	481,903	460,881	269,904	232,711
The above expenditure includes the following statutory disclosures:				
Directors' remuneration (Note 26)	4,118	3,159	2,222	1,598
Rental of premises	34,896	35,259	20,522	20,053
Hire of equipment	2,774	2,928	2,695	2,375
Lease rental	514	613	241	470
Auditors' remuneration:				
- statutory audit fees	403	470	258	263
- other fees	20	227	20	227
Depreciation of fixed assets	38,943	40,726	23,214	23,963
Loss on disposal of fixed assets	461	292	19	79
Fixed assets written off	1,024	523	13	236
Goodwill written off	379	-	-	-
Amortisation of dealers' commission	54,918	52,496	-	-
Number of employees at year end (No.)	5,581	4,214	3,283	2,644

## 25 Significant related party transactions and balances

### (a) Related parties and relationship

The related parties of and their relationship with the Bank are as follows:

Related parties	Relationship
Hong Leong Company (Malaysia) Berhad	Ultimate holding company
Hong Leong Management School Sdn Bhd, Hong Leong Nominees Sdn Bhd, Hong Leong Management Co Sdn Bhd and Hong Leong Consultancy Service Sdn Bhd	Subsidiary companies of ultimate holding company
Hong Leong Credit Berhad	Holding company
Subsidiary companies of Hong Leong Credit Berhad as disclosed in its financial statements	Subsidiary companies of holding company
Hong Leong Industries Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies 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 Properties Berhad and subsidiary companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Subsidiary companies of the Bank as disclosed in Note 11	Subsidiary companies of the Bank

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 25 Significant related party transactions and balances (continued)

### (b) Related party transactions and balances

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These transactions were carried out on commercial terms and at market rates.

2001	Parent company RM'000	Subsidiary companies RM'000	Other related companies RM'000
<b>Income</b>			
Interest:			
- loans	-	3,272	-
- private debt securities	-	-	265
Commitment fee	-	35	-
Commission on Group products/services sold	-	1,716	831
Rental income	-	32	-
	-	5,055	1,096
<b>Expenditure</b>			
Rental and maintenance:	-	1,240	8,358
Insurance	-	-	2,614
Interest on deposits	4	169	382
Other miscellaneous expenses	16	-	1,764
	20	1,409	13,118
<b>Amounts due from</b>			
Overdraft	-	6,703	-
Term loans	-	63,156	-
Private debt securities	-	-	20,010
Others	-	53,721	499
	-	123,580	20,509
<b>Amounts due to</b>			
Current account and fixed deposits	13,314	2,530	415,735
Others	-	43,657	-
	13,314	46,187	415,735

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 25 Significant related party transactions and balances (continued)

2000	Parent company RM'000	Subsidiary companies RM'000	Other related companies RM'000
<b>Income</b>			
Interest on loans	-	4,946	-
Commitment fee	-	30	-
Commission on Group products/services sold	-	1,662	603
Rental income	-	9	-
	-	6,647	603
<b>Expenditure</b>			
Rental and maintenance	-	1,423	7,451
Insurance	-	-	1,422
Interest on deposits	-	82	2,799
Other miscellaneous expenses	13	-	1,000
	13	1,505	12,672
<b>Amounts due from</b>			
Overdrafts	-	8,164	-
Term loans	-	62,960	-
Others	-	39,920	292
	-	111,044	292
<b>Amounts due to</b>			
Current account and fixed deposits	6,001	12,269	152,230
	6,001	12,269	152,230

Transactions with other related parties are aggregated because these transactions are similar in nature and no single transaction with these parties is significant enough to warrant separate disclosure.

## 26 Directors' remuneration

Forms of remuneration in aggregate for all Directors charged to the profit for the year are as follows:

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Executive Directors:</b>				
- salary and other remuneration	1,548	1,476	1,110	1,052
- bonuses	1,014	366	833	282
- benefits-in-kind	66	49	42	42
<b>Non-Executive Directors:</b>				
- fees	530	490	237	222
- other remuneration	-	-	-	-
Remuneration paid to ex-Directors of CCM and WTB prior to merger	960	778	-	-
	4,118	3,159	2,222	1,598

The remuneration attributable to the CEO of the Bank, including benefits-in-kind during the year amounted to RM1,308,235 (2000: RM797,902).

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 27 Taxation

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Malaysian income tax	219,900	157,390	174,782	87,330
Overseas tax	-	-	-	-
	219,900	157,390	174,782	87,330
Transfer (from)/to deferred taxation	(10,598)	4,446	(1,663)	4,446
	209,302	161,836	173,119	91,776
Over provision in respect of prior years	-	(15,993)	-	(522)
	209,302	145,843	173,119	91,254

- (a) The Bank has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account to frank the payment of dividends out of all its retained profit as at 30 June 2001.
- (b) The effective tax rate for the Group for the financial year is higher than the statutory rate of taxation due to non-deductibility of certain expenses.
- (c) The effective tax rate for the Bank for the financial year is lower than the statutory rate of taxation due to non-assessability of certain income.

## 28 Deferred taxation

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
As at beginning of the year	13,470	9,024	4,446	-
Transfer (to)/from income statement	(10,598)	4,446	(1,663)	4,446
As at end of the year	2,872	13,470	2,783	4,446
The deferred taxation is in respect of the following timing differences:				
Excess of capital allowance over depreciation	21,410	49,925	21,093	15,911
Others	(11,153)	(1,818)	(11,153)	(32)
	10,257	48,107	9,940	15,879
Deferred tax liability at 28% (2000: 28%)	2,872	13,470	2,783	4,446

## 29 Earnings per share

### (a) Basic earnings per share ("EPS")

Basic EPS is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the year.

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Profit after taxation	394,246	449,365	511,846	221,928
Weighted average number of ordinary shares in issue ('000)	1,402,188	1,377,677	1,291,987	1,154,343
Basic EPS (sen)	28.1	32.6	39.6	19.2

The Group profit after taxation and weighted average number of ordinary shares in issue for the year ended 30 June 2000 have been restated to account for the merger principles applied and issuance of bonus shares in the year ended 30 June 2001. As such, basic EPS for the year ended 30 June 2000 had also been adjusted accordingly.

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 29 Earnings per share (continued)

### (b) Fully diluted EPS

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. In the financial year ended 30 June 2001, the Bank has one category of dilutive potential ordinary shares: ESOS granted to certain employees. A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Bank's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the profit after taxation.

For the financial year ended 30 June 2000, adjustment has been made to the weighted average number of ordinary shares for the assumed conversion of warrants. The warrants as detailed in Note 16 have since lapsed in this financial year. As such, potential ordinary shares that had lapsed during the financial year are included in the computation of diluted EPS only for the portion of the period during which they were outstanding.

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Profit after taxation	394,246	449,365	511,846	221,928
Weighted average number of ordinary shares in issue ('000):				
- during the year	1,402,188	1,377,677	1,291,987	1,154,343
- adjustment for:				
(i) warrants	3,740	1,572	3,740	1,572
(ii) share options	-	-	-	-
- for computation purpose of fully diluted earnings	1,405,928	1,379,249	1,295,727	1,155,915
Fully diluted EPS (sen)	28.0	32.6	39.5	19.2

## 30 Dividend

	The Group and The Bank	
	2001 RM'000	2000 RM'000
Interim dividend of 2.5% (2000: Nil) less income tax at 28%	25,705	-
Proposed final dividend of 11.0% (2000: 13.5%) less income tax at 28%	113,103	56,101
	138,808	56,101

## 31 Closing foreign exchange rates

Closing foreign exchange rates used by the Bank is as follows:

	The Bank	
	2001	2000
Brunei Dollar	2.0860	2.2013
Deutsche Mark	1.6428	1.8606
Euro	3.2146	3.6391
Singapore Dollar	2.0860	2.2013
U.S. Dollar	3.8000	3.8000

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 32 Commitments and contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions. These commitments and categories are also not secured over the assets of the Group.

The commitments and contingencies constitute the following:

	2001		2000	
	Principal RM'000	Credit equivalent RM'000	Principal RM'000	Credit equivalent RM'000
<b>The Group</b>				
Direct credit substitutes	170,443	170,443	164,692	164,692
Certain transaction-related contingent items	497,306	248,653	557,180	278,590
Short-term self-liquidating trade-related contingencies	475,721	95,144	555,742	111,148
Housing and hire purchase loans sold directly and indirectly to Cagamas Berhad	693,886	693,886	1,192,870	1,192,870
Other assets sold with recourse and commitments with certain drawdown	-	-	158,903	158,903
Irrevocable commitment to extend credit:				
- maturity more than one year	2,108,469	1,054,234	2,185,152	1,092,576
- maturity less than one year	4,727,183	-	3,085,500	-
Foreign exchange related contracts:				
- less than one year	2,095,190	47,672	818,207	14,163
- one year to less than five years	-	-	-	-
Interest rate related contracts:				
- less than one year	71,400	371	48,000	1,155
- one year to less than five years	623,000	11,698	468,400	14,701
Miscellaneous	3,562	-	13,821	-
	11,466,160	2,322,101	9,248,467	3,028,798
<b>The Bank</b>				
Direct credit substitutes	168,654	168,654	151,678	151,678
Certain transaction-related contingent items	497,306	248,653	539,780	269,890
Short-term self-liquidating trade-related contingencies	475,721	95,144	552,472	110,494
Housing loans sold directly and indirectly to Cagamas Berhad	227,232	227,232	407,678	407,678
Other assets sold with recourse and commitments with certain drawdown	-	-	158,903	158,903
Irrevocable commitment to extend credit:				
- maturity more than one year	1,523,593	761,797	1,579,688	789,844
- maturity less than one year	4,249,536	-	2,295,864	-
Foreign exchange related contracts:				
- less than one year	2,095,190	47,672	804,147	14,163
- one year to less than five years	-	-	-	-
Interest rate related contracts:				
- less than one year	11,400	371	43,000	1,150
- one year to less than five years	29,000	1,740	118,400	7,704
Miscellaneous	3,562	-	9,291	-
	9,281,194	1,551,263	6,660,901	1,911,504

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 32 Commitments and contingencies (continued)

The Group is contingently liable in respect of housing and hire purchase loans sold to Cagamas Berhad, under the condition that it undertakes to administer the loans on behalf of Cagamas Berhad and to buy back when the loans are regarded as defective based on prudent criteria.

Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

The foreign exchange and interest rate related contracts are made up as follows:

	The Bank	
	2001 RM'000	2000 RM'000
Foreign exchange related contracts:		
- forward contracts	2,095,190	804,147
Interest rate related contracts:		
- futures contracts	10,000	131,000
- single currency interest rate swaps	30,400	30,400

### Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 30 June 2001, the amount of contracts which were not hedged and hence, exposed to foreign exchange and interest rate market risk were RM149,211,908 (2000: RM32,181,728) and RM10,000,000 (2000: RM131,000,000) respectively.

### Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank has a gain position. As at 30 June 2001, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM3,135,561 (2000: RM961,420). The amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

## 33 Capital commitments

Capital expenditure approved by Directors but not provided for in the financial statements are as follows:

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Authorised and contracted for	26,600	33,221	18,921	28,462
Authorised but not contracted for	20,328	2,683	17,870	-
	46,928	35,904	36,791	28,462

The capital commitments are attributed to fixed assets.

## 34 Lease commitments

The Bank has lease commitments in respect of rented premises and hired equipment, all of which are classified as operating leases. A summary of the non-cancellable long-term commitments representing minimum rentals not adjusted for operating expenses which the Bank is obligated to pay are as follows:

Year	RM'000
Less than 1 year	1,578
More than 1 year but less than 5 years	5,270
More than 5 years	6,580



# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 35 Holding and ultimate holding companies

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

## 36 Capital adequacy

	The Bank	
	2001 RM'000	2000 RM'000
(a) The capital adequacy ratios of the Bank are as follows:		
Tier-1 capital	2,464,341	1,729,533
Tier-2 capital	196,549	190,181
Total capital	2,660,890	1,919,714
Less: Investment in subsidiary companies	(700,841)	(363,842)
Capital base	1,960,049	1,555,872
<b>Capital ratios</b>		
Core capital ratio	14.13%	13.18%
Risk-weighted capital ratio	14.13%	13.18%
(b) Components of Tier-1 and Tier-2 capital are as follows:		
<b>Tier-1 capital</b>		
Paid up share capital	1,428,065	577,173
Share premium	90,210	529,470
Other reserves	946,066	622,890
Total tier-1 capital	2,464,341	1,729,533
<b>Tier-2 capital</b>		
General provision for bad and doubtful debts	196,549	190,181
Total tier-2 capital	196,549	190,181
Total capital	2,660,890	1,919,714
Less: Investment in subsidiary companies	(700,841)	(363,842)
Total capital base	1,960,049	1,555,872
(c) Breakdown of risk-weighted assets in the various categories of risk-weights:		
0%	3,965,466	4,322,522
10%	772,267	626,100
20%	6,619,815	2,414,676
50%	2,997,299	2,867,443
100%	10,969,879	9,822,629
	25,324,726	20,053,370
Total risk-weighted assets	13,869,718	11,801,896

## 37 Segmental reporting

No segmental reporting has been prepared as the Group's activities are predominantly in banking and finance business, which is mainly carried out in Malaysia.

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 38 Acquisition of subsidiary companies

(a) During the financial year, the Bank acquired CCM and WTB which are accounted for under the merger principles. The results of the Group are presented as if the merger had been effected throughout the current and previous financial year.

(b) Details of net assets were as follows:

	CCM RM'000	WTB RM'000
Cash and short term funds	605,086	339,126
Deposits and placements with financial institutions	102,519	16,000
Investment securities	56,678	1,139
Loans, advances and financing	4,004,122	625,690
Other assets	44,650	7,484
Statutory deposit with Bank Negara Malaysia	181,880	27,277
Fixed assets	11,779	14,727
Deferred dealers' commission	58,351	-
Deposits from customers	(4,337,692)	(862,796)
Deposits and placements of banks and other financial institutions	(216,500)	(57,820)
Bills and acceptances payable	-	(15,786)
Other liabilities	(43,158)	(22,062)
Net assets	467,715	72,979

These acquisitions were financed via issuance of the Bank's shares as disclosed under Note 17.

(c) On 1 January 2001, these net assets of WTB and CCM were transferred to the Bank and HLF respectively.

## 39 Significant events during the financial year

(a) The Bank completed a Bonus Issue on the basis of one (1) new ordinary share for every one (1) existing ordinary share held in the Bank on 6 November 2000 with the listing of a total of 577,582,885 new HLB shares.

(b) The Bank completed the acquisition of 100% equity in WTB and CCM on 26 December 2000 and 29 December 2000 respectively. The High Court of Malaya, had on 29 December 2000, granted Vesting Orders to effect the transfer of the banking business of WTB to the Bank and the transfer of the finance company business of CCM to HLF, a wholly-owned subsidiary of the Bank. The Vesting Orders had taken effect on 1 January 2001.

## 40 Subsequent events after the financial year

The Bank had, on 9 August 2001, announced the proposal to dispose of its 100% equity interest in HLB Unit Trust Management Berhad to HLG Capital Berhad, a 75% subsidiary of Hong Leong Credit Berhad, the holding company of the Bank, for a total cash consideration of RM11 million.

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 41 Comparative figures

The adjusted comparative figures for the consolidated financial statements have been presented as if the Group had been in existence throughout the previous financial year and at the previous balance sheet date to comply with the merger accounting principles. The adjusted comparative consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement have been prepared on the same basis as above. The comparative figures of the adjusted consolidated financial statements have been adjusted as follows:

(a) Adjusted consolidated income statement for the year ended 30 June 2000:

	Consolidated income statement RM'000	Merger accounting adjustments RM'000	Adjusted consolidated income statement RM'000
Interest income	1,611,100	556,697	2,167,797
Interest expense	(805,135)	(257,685)	(1,062,820)
Net interest income	805,965	299,012	1,104,977
Income from Islamic Banking operations	23,704	5,672	29,376
Loan and financing loss and provision	(238,803)	(90,470)	(329,273)
	590,866	214,214	805,080
Non-interest income	215,249	35,807	251,056
	806,115	250,021	1,056,136
Overhead expenses	(340,407)	(120,474)	(460,881)
Profit before taxation and zakat	465,708	129,547	595,255
Taxation	(127,913)	(17,930)	(145,843)
Zakat	(47)	-	(47)
Profit after taxation and zakat	337,748	111,617	449,365

(b) Adjusted consolidated balance sheet for the year ended 30 June 2000:

	Consolidated balance sheet RM'000	Merger accounting adjustments RM'000	Adjusted consolidated balance sheet RM'000
<b>Assets</b>			
Cash and short-term funds	6,212,027	387,069	6,599,096
Deposits and placements with financial institutions	2,647,959	182,260	2,830,219
Dealing securities	2,515,531	-	2,515,531
Investment securities	1,158,183	605,412	1,763,595
Loans, advances and financing	15,763,845	4,536,902	20,300,747
Other assets	237,223	124,509	361,732
Statutory deposits with Bank Negara Malaysia	569,670	208,495	778,165
Fixed assets	183,693	30,579	214,272
Goodwill on consolidation	379	-	379
Total assets	29,288,510	6,075,226	35,363,736

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 41 Comparative figures (continued)

(b) Adjusted consolidated balance sheet for the year ended 30 June 2000 (continued):

	Consolidated balance sheet RM'000	Merger accounting adjustments RM'000	Adjusted consolidated balance sheet RM'000
<b>Liabilities</b>			
Deposits from customers	23,702,025	5,231,040	28,933,065
Deposits and placements of banks and other financial institutions	1,170,859	246,386	1,417,245
Obligations on securities sold under repurchase agreements	862,494	-	862,494
Bills and acceptances payable	740,819	17,486	758,305
Other liabilities	574,192	89,486	663,678
Subordinated bonds	200,000	-	200,000
<b>Total liabilities</b>	<b>27,250,389</b>	<b>5,584,398</b>	<b>32,834,787</b>
Share capital	577,173	223,333	800,506
Reserves	1,460,948	267,495	1,728,443
<b>Shareholders' funds</b>	<b>2,038,121</b>	<b>490,828</b>	<b>2,528,949</b>
<b>Total liabilities and shareholders' funds</b>	<b>29,288,510</b>	<b>6,075,226</b>	<b>35,363,736</b>
<b>Commitments and contingencies</b>	<b>8,530,221</b>	<b>718,246</b>	<b>9,248,467</b>

(c) Adjusted consolidated statement of changes in equity for the year ended 30 June 2000:

The Group	Share capital RM'000	Share premium RM'000	General reserve RM'000	Statutory reserve RM'000	Merger (deficit)/ reserve RM'000	Exchange fluctuation reserve RM'000	Retained profit RM'000	Total RM'000
Balance as at 1 July 1999	577,171	529,459	-	440,819	(73,800)	36,463	247,457	1,757,569
Merger accounting adjustments	223,333	-	24,400	88,306	87,917	-	(23,175)	400,781
Adjusted balance as at 1 July 1999	800,504	529,459	24,400	529,125	14,117	36,463	224,282	2,158,350
Currency translation differences	-	-	-	-	-	(1,108)	-	(1,108)
Net gains and losses not recognised in the income statement	-	-	-	-	-	(1,108)	-	(1,108)
Profit after taxation and zakat	-	-	-	-	-	-	337,748	337,748
Dividend	-	-	-	-	-	-	(56,101)	(56,101)
Transfer to statutory reserve	-	-	-	93,354	-	-	(93,354)	-
Issue of share capital from warrants conversion	2	11	-	-	-	-	-	13
	800,506	529,470	24,400	622,479	14,117	35,355	412,575	2,438,902
<b>Other merger accounting adjustments:</b>								
Profit after taxation and zakat	-	-	-	-	-	-	111,617	111,617
Dividend:								
- pre-merger dividend paid to ex-shareholders of WTB and CCM	-	-	-	-	-	-	(21,570)	(21,570)
Transfer to statutory reserve	-	-	-	27,150	-	-	(27,150)	-
Transfer to general reserve	-	-	3,000	-	-	-	(3,000)	-
Balance as at 30 June 2000	800,506	529,470	27,400	649,629	14,117	35,355	472,472	2,528,949

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 41 Comparative figures (continued)

(d) Adjusted consolidated cash flow statement for the year ended 30 June 2000:

	Consolidated cash flow statement RM'000	Merger accounting adjustments RM'000	Adjusted consolidated cash flow statement RM'000
<b>Cash flows from operating activities</b>			
Profit before taxation and zakat	465,708	129,547	595,255
Adjustment for:			
Depreciation	32,911	7,815	40,726
Loss/(profit) on disposal of fixed assets	6	(101)	(95)
Fixed assets written off	523	-	523
Provision for bad and doubtful debts and financing	238,803	90,470	329,273
Provision for interest-in-suspense/income-in-suspense	181,591	18,092	199,683
Provision of staff retirement gratuities	1,665	640	2,305
Provision/(writeback) of diminution in value of dealing/investment securities	(1,478)	2,500	1,022
Investment income	(55,627)	(33,466)	(89,093)
Operating profit before working capital changes	864,102	215,497	1,079,599
Increase in deposits and placements with financial institutions	(936,294)	(152,510)	(1,088,804)
Increase in loans, advances and financing	(1,499,907)	(243,049)	(1,742,956)
Increase in dealing securities	(1,616,523)	-	(1,616,523)
Decrease/(increase) in other assets	10,214	(21,911)	(11,697)
Increase in statutory deposit with Bank Negara Malaysia	(21,890)	(4,056)	(25,946)
Increase in deposits from customers	3,066,121	283,675	3,349,796
Increase in deposits and placements of banks and other financial institutions	741,650	(139,159)	602,491
Increase/(decrease) in bills and acceptances payable	(146,127)	7,020	(139,107)
Increase in securities sold under repurchase agreements	862,494	-	862,494
Increase/(decrease) in other liabilities	(26,318)	29,493	3,175
Cash generated from operations	1,297,522	(25,000)	1,272,522
Payment of staff retirement gratuities	(2,276)	(640)	(2,916)
Income taxes and zakat paid	(170,302)	(6,920)	(177,222)
Net cash from operating activities	1,124,944	(32,560)	1,092,384
<b>Cash flows from investing activities</b>			
Net disposal of investment securities	650,045	76,280	726,325
Purchase of fixed assets	(47,242)	(3,065)	(50,307)
Proceeds from sale of equipment	17,124	720	17,844
Interest received on investment securities	50,204	23,376	73,580
Dividend received on investment securities	527	649	1,176
Net cash from investing activities	670,658	97,960	768,618

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 41 Comparative figures (continued)

(d) Adjusted consolidated cash flow statement for the year ended 30 June 2000 (continued):

	Consolidated cash flow statement RM'000	Merger accounting adjustments RM'000	Adjusted consolidated cash flow statement RM'000
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital	13	-	13
Dividend paid	(29,089)	(21,570)	(50,659)
Repayment of subordinated bonds	-	(20,000)	(20,000)
Net cash used in financing activities	(29,076)	(41,570)	(70,646)
Net increase in cash and cash equivalents	1,766,526	23,830	1,790,356
Effects of exchange rate changes	(2,922)	-	(2,922)
Cash and cash equivalents at the beginning of year	4,448,423	363,239	4,811,662
Cash and cash equivalents at the end of year	6,212,027	387,069	6,599,096

## 42 General information

The Bank is a limited liability company that is domiciled in Malaysia.

## 43 The operations of Islamic Banking

Balance sheets as at 30 June 2001

	Note	The Group		The Bank	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Assets</b>					
Cash and short-term funds	(a)	102,465	105,279	51,033	76,805
Deposits with financial institutions		-	42,260	-	-
Dealing securities	(b)	622,725	211,946	622,725	211,946
Investment securities	(c)	586,136	392,587	78,651	72,658
Loans, advances and financing	(d)	1,098,533	506,956	80,901	11,636
Other assets	(e)	32,548	3,556	25,247	1,291
Fixed assets	(f)	201	236	-	-
Statutory deposit with Bank Negara Malaysia		46,493	33,210	-	-
<b>Total assets</b>		<b>2,489,101</b>	<b>1,296,030</b>	<b>858,557</b>	<b>374,336</b>
<b>Liabilities and Islamic Banking funds</b>					
Deposits from customers	(g)	1,830,226	1,022,562	645,101	315,766
Deposits and placements of banks and other financial institutions	(h)	268,850	121,000	123,850	-
Repos		46,244	-	46,244	-
Bills and acceptances payable		270	217	270	217
Other liabilities	(i)	252,745	109,838	17,175	49,183
<b>Total liabilities</b>		<b>2,398,335</b>	<b>1,253,617</b>	<b>832,640</b>	<b>365,166</b>
Islamic Banking funds	(j)	90,766	42,413	25,917	9,170
<b>Total liabilities and Islamic Banking funds</b>		<b>2,489,101</b>	<b>1,296,030</b>	<b>858,557</b>	<b>374,336</b>

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

Income statements for the financial year ended 30 June 2001

	Note	The Group		The Bank	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Income	(k)	67,553	29,376	4,310	3,707
Loan and financing loss and provision	(l)	(7,614)	(13,363)	(1,064)	(225)
Net income		59,939	16,013	3,246	3,482
Overhead expenses	(m)	(4,605)	(2,640)	(820)	(264)
Profit before taxation and zakat		55,334	13,373	2,426	3,218
Taxation		(16,981)	(6,136)	(679)	(901)
Zakat		-	(47)	-	-
Profit after taxation and zakat		38,353	7,190	1,747	2,317
Retained profit brought forward		22,413	15,223	4,170	1,853
Retained profit carried forward		60,766	22,413	5,917	4,170

		The Group		The Bank	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>(a) Cash and short-term funds</b>					
Cash and balances with banks and other financial institutions		18,182	15,329	-	8,405
Money at call and deposit placements maturing within one month		84,283	89,950	51,033	68,400
		102,465	105,279	51,033	76,805
<b>(b) Dealing securities</b>					
Malaysian Government investment certificates		110,070	-	110,070	-
Bankers' acceptances and Islamic accepted bills		419,130	128,265	419,130	128,265
Islamic debt securities		93,525	83,681	93,525	83,681
		622,725	211,946	622,725	211,946
<b>(c) Investment securities</b>					
Money market instruments:					
- bankers' acceptances and Islamic accepted bills		477,485	293,551	-	-
- Malaysian Government investment certificates		108,651	69,319	78,651	42,941
		586,136	362,870	78,651	42,941
Unquoted securities:					
- Islamic debt securities		-	29,717	-	29,717
		586,136	392,587	78,651	72,658
The maturity structure of money market instruments held for investment is as follows:					
Maturity within:					
- one year		477,485	392,587	-	72,658
- one year to three years		108,651	-	78,651	-
		586,136	392,587	78,651	72,658

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>(d) Loans, advances and financing</b>				
Overdrafts	17	1	17	1
Term loans	343,563	23,631	141,519	23,631
Hire purchase	1,183,309	490,193	-	-
Staff financing	1,122	576	-	-
Other financing	6,185	194,456	-	-
	1,534,196	708,857	141,536	23,632
Unearned income	(404,253)	(179,587)	(59,293)	(11,760)
Gross loans, advances and financing	1,129,943	529,270	82,243	11,872
Income-in-suspense	(3,977)	(2,144)	(53)	(11)
Provision for bad and doubtful debts and financing:				
- specific	(6,528)	(6,557)	(47)	-
- general	(20,905)	(13,613)	(1,242)	(225)
Total net loans, advances and financing	1,098,533	506,956	80,901	11,636
<b>(i) Loans, advances and financing analysed by concepts are as follows:</b>				
Al-Murabahah	176	87	-	-
Al-Ijarah Thumma Al-Bai'	937,454	392,296	-	-
Al-Manzil Bai' Bithaman Ajil	189,432	133,931	82,243	11,872
Al-Musyarakah	2,881	2,956	-	-
	1,129,943	529,270	82,243	11,872
<b>(ii) The maturity structure of loans, advances and financing is as follows:</b>				
Maturing within:				
- one year	21,643	11,360	216	-
- one year to three years	155,028	109,030	72	-
- three years to five years	442,621	272,808	1,109	231
- over five years	510,651	136,072	80,846	11,641
	1,129,943	529,270	82,243	11,872



# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>(d) Loans, advances and financing (continued)</b>				
(iii) Loans, advances and financing analysed by their economic purposes are as follows:				
Agriculture	126	363	-	-
Mining and quarrying	39	48	-	-
Manufacturing	2,564	3,632	-	-
Electricity, gas and water	353	717	-	-
Construction	2,557	4,726	-	-
Real estate	110	12	-	-
Purchase of landed property:	162,152	58,811	79,200	11,872
- residential	136,471	37,796	76,064	11,872
- non-residential	25,681	21,015	3,136	-
General commerce	3,328	9,731	-	-
Transport, storage and communication	5,118	5,553	-	-
Finance, insurance and business	7,032	1,416	-	-
Purchase of securities	20,156	20,917	-	-
Purchase of transport vehicles	912,306	384,438	-	-
Consumption credit	1,483	1,090	1,467	-
Others	12,619	37,816	1,576	-
	1,129,943	529,270	82,243	11,872
(iv) Movements in the provision for bad and doubtful debts and financing and income-in-suspense accounts are as follows:				
<b>Income-in-suspense (IIS)</b>				
As at beginning of the year	2,144	1,100	11	-
Provisions made during the year	2,899	1,321	42	11
Amount written back	(1,063)	(277)	-	-
Amount written off	(3)	-	-	-
As at end of the year	3,977	2,144	53	11
<b>Specific provision (SP)</b>				
As at beginning of the year	6,557	2,650	-	-
Provisions made during the year	361	4,011	47	-
Amount written back	(375)	(104)	-	-
Amount written off	(15)	-	-	-
As at end of the year	6,528	6,557	47	-
<b>General provision (GP)</b>				
As at beginning of the year	13,613	4,157	225	-
Provisions made during the year	7,292	9,456	1,017	225
As at end of the year	20,905	13,613	1,242	225
(as % of total loans including Cagamas loans less SP and IIS)	1.9%	2.6%	1.5%	1.9%
<b>(e) Other assets</b>				
Other debtors, deposits and prepayments	32,548	2,510	25,247	1,291
Deferred assets	-	1,046	-	-
	32,548	3,556	25,247	1,291

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

The Group	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Total RM'000
<b>(f) Fixed assets</b>			
<b>2001</b>			
<b>Cost</b>			
As at beginning of the year	215	136	351
Additions	11	8	19
As at end of the year	226	144	370
<b>Accumulated depreciation</b>			
As at beginning of the year	50	65	115
Charge for the year	22	32	54
As at end of the year	72	97	169
Net book value as at 30 June 2001	154	47	201
<b>2000</b>			
<b>Cost</b>			
As at beginning of the year	200	138	338
Additions	7	6	13
Reclassifications	8	(8)	-
As at end of the year	215	136	351
<b>Accumulated depreciation</b>			
As at beginning of the year	29	37	66
Charge for the year	21	28	49
As at end of the year	50	65	115
Net book value as at 30 June 2000	165	71	236

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>(g) Deposits from customers</b>				
Demand deposits	19,462	8,472	19,462	8,472
Savings deposits	192,864	148,125	35,428	19,510
General investment deposits	1,617,900	865,965	590,211	287,784
	1,830,226	1,022,562	645,101	315,766

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>(g) Deposits from customers (continued)</b>				
(i) Maturity structure of general investment deposits is as follows:				
Due within:				
- six months	1,324,234	710,012	511,850	172,400
- six months to one year	257,484	144,486	77,077	113,584
- one year to three years	35,893	11,228	1,284	1,581
- three years to five years	289	239	-	219
	1,617,900	865,965	590,211	287,784
(ii) The deposits are sourced from the following customers:				
Business enterprises	344,641	186,771	179,356	103,550
Individuals	322,646	384,698	49,247	48,070
Others	1,162,939	451,093	416,498	164,146
	1,830,226	1,022,562	645,101	315,766
<b>(h) Deposits and placements of banks and other financial institutions</b>				
Licensed banks	227,000	121,000	82,000	-
Licensed finance companies	18,250	-	18,250	-
Other financial institutions	23,600	-	23,600	-
	268,850	121,000	123,850	-
<b>(i) Other liabilities</b>				
Provision for taxation	22,216	6,136	679	901
Zakat	7	47	-	-
Other liabilities	230,522	103,655	16,496	48,282
	252,745	109,838	17,175	49,183
<b>(j) Islamic Banking funds</b>				
Funds allocated from Head Office	30,000	20,000	20,000	5,000
Retained profit	60,766	22,413	5,917	4,170
	90,766	42,413	25,917	9,170
<b>(k) Income from Islamic Banking operations</b>				
Income derived from investment of depositors' funds and funds allocated from Head Office	120,472	65,277	25,113	15,917
Income attributable to depositors:				
- other customers	(50,668)	(36,047)	(17,855)	(12,101)
- banks and financial institutions	(3,222)	(232)	(3,222)	(219)
Income attributable to:				
- Group/Bank	66,582	28,998	4,036	3,597
- other Islamic Banking income	971	378	274	110
	67,553	29,376	4,310	3,707

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

Details of income derived from investment of depositors' funds and funds allocated from Head Office are as follows:

	The Group		The Bank	
	Depositors' funds RM'000	IBF RM'000	Depositors' funds RM'000	IBF RM'000
<b>(k) Income from Islamic Banking operations (continued)</b>				
<b>2001</b>				
Income from financing	102,055	4,741	20,927	687
Net profit from dealing securities	9,170	412	145	5
Gain from sales of investment securities	3,247	106	3,243	106
Gross dividend from investment/dealing securities	661	80	-	-
	115,133	5,339	24,315	798
Other Islamic Banking income	930	41	266	8
	116,063	5,380	24,581	806
<b>2000</b>				
Income from financing	50,718	1,435	13,952	432
Net profit from dealing securities	9,993	318	40	1
Gain from sales of investment securities	780	25	316	10
Gross dividend from investment/dealing securities	1,707	301	1,131	35
	63,198	2,079	15,439	478
Other Islamic Banking income	365	13	106	4
	63,563	2,092	15,545	482
	The Group		The Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>(l) Loan and financing loss and provision</b>				
Provision for bad and doubtful debts and financing:				
- SP	(14)	3,907	47	-
- GP	7,292	9,456	1,017	225
- bad debts written off	336	-	-	-
	7,614	13,363	1,064	225
<b>(m) Overhead expenses</b>				
Personnel costs	1,590	1,274	467	180
Establishment costs	765	271	35	13
Marketing expenses	2,043	1,008	163	35
Administration and general expenses	207	87	155	36
	4,605	2,640	820	264

# Statement By Directors

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

We, Dato' James Lim Cheng Poh and Zulkiflee Hashim, being two of the Directors of Hong Leong Bank Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 24 to 67 are drawn up so as to give a true and fair view of:

- (a) the state of affairs of the Group and the Bank as at 30 June 2001 and of the results of their operations for the year ended on that date; and
- (b) the cash flows of the Group and the Bank for the year then ended

in accordance with the provisions of the Companies Act, 1965, the applicable approved accounting standards in Malaysia and Bank Negara Malaysia Guidelines.

On behalf of the Board of Directors

**Dato' James Lim Cheng Poh**

**Zulkiflee Hashim**

Kuala Lumpur

10 September 2001

# Statutory Declaration

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

I, Soon Leh Hong, being the officer primarily responsible for the financial management of Hong Leong Bank Berhad, do solemnly and sincerely declare that the financial statements set out on pages 24 to 67 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
the abovenamed SOON LEH HONG	)	
at Kuala Lumpur in Wilayah Persekutuan on	)	<b>SOON LEH HONG</b>

Before me,

**Teong Kian Meng**

Commissioner for Oaths

10 September 2001

# Auditors' Report

for the financial year ended 30 June 2001

## Report of the auditors to the members of Hong Leong Bank Berhad

(Company no: 97141-X)

(Incorporated in Malaysia)

- 1 We have audited the financial statements set out on pages 24 to 67. These financial statements are the responsibility of the Bank's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 In our opinion:
  - (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965, the applicable approved accounting standards in Malaysia and Bank Negara Malaysia Guidelines 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; and
    - (ii) the state of affairs of the Group and of the Bank as at 30 June 2001 and of the results and cash flows of the Group and Bank for the financial year ended on that date;
  - (b) the accounting and other records and the registers required by the Act to be kept by the Bank and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- 4 The names of subsidiary companies of which we have not acted as auditors are indicated in Note 11 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.
- 5 We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Bank 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.
- 6 The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

**PricewaterhouseCoopers**

(AF: 1146)

Public Accountants

**Tan Hock Hin**

(441/03/03 (I/PH))

Partner

Kuala Lumpur

10 September 2001

# Other Information

## 1 Properties held by the Group as at 30 June 2001

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)	Date of acquisition
1, Light Street Georgetown 10200 Pulau Pinang	Freehold	Branch premises	20,594	67	7,550	30/12/1986
15-G-1, 15-1-1 & 15-2-1 15, Medan Kampung Relau Bayan Point 11900 Pulau Pinang	Freehold	Branch premises	9,968	2	2,527	26/6/1997
42, Jalan Pending 93450 Kuching Sarawak	Leasehold - 999 years (31/12/2779)	Branch premises	4,425	19	2,709	27/12/1983
133, 135 & 137 Jalan Kampong Nyabor 96000 Sibul Sarawak	Freehold	Branch premises	4,871	9	3,389	28/12/1992
Jungle land at Sungai Lisut Rejang Sarawak Occupation Ticket 612 of 1931	Leasehold - 99 years (31/12/2026)	Jungle land	1,217,938 (*)	n/a	1	31/12/1938
25, Jalan Tun Ismail 25000 Kuantan Pahang Darul Makmur	Freehold	Branch premises	1,600	10	1,586	29/6/1996
69, 70 & 71, Jalan Dato' Bandar Tunggal 70000 Seremban Negri Sembilan Darul Khusus	Freehold	Branch premises	6,000	Pre-war	1,583	27/12/1994
26, Lorong Rahim Kajai 14 Taman Tun Dr Ismail 60000 Kuala Lumpur	Freehold	Branch premises	3,750	15	579	30/12/1986
120-122, Jalan Mersing 86000 Kluang Johor Darul Takzim	Leasehold - 99 years (22/8/2063)	Branch premises	3,355	35	833	31/5/1990
100, Jalan Gurney 72100 Bahau Negri Sembilan Darul Khusus	Freehold	Branch premises	5,107	15	2,793	1/7/1992
12, 14 & 16, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	4,174	10	4,126	25/6/1992
6, Jalan Merdeka 96100 Sarikei Sarawak	Leasehold - 60 years (31/12/2029)	Branch premises	2,240	32	143	18/10/1969
Vacant land at Jalan Peace Kuching, Lot 2081 Section 64 KTL, Sarawak	Leasehold - 99 years (31/12/2037)	Vacant land	22,172 (*)	n/a	49	31/12/1967
63 & 65, Jalan SS 23/15 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	4,760	6	3,824	28/4/1997
24, Medan Taming 2 Taman Taming Jaya 43300 Balakong Selangor Darul Ehsan	Freehold	Branch premises	3,037	5	1,314	28/4/1997
1, Jalan Takal 15/21 Seksyen 15 40000 Shah Alam Selangor Darul Ehsan	Leasehold - 99 years (29/6/2086)	Branch premises	2,625	14	1,501	26/6/1997

Note: \*Land area (sq ft)

# Other Information

## 1 Properties held by the Group as at 30 June 2001 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)	Date of acquisition
Lots 35948 & 3595 Jalan Baru Pak Sabah 23000 Dungun Terengganu Darul Iman	Leasehold - 84 years (2/2/2079)	Branch premises	3,199	7	270	26/6/1997
Sublot 1 & 2 on parent lot 2633 Bintulu Siwa District Bintulu, Sarawak	Leasehold - 60 years (12/2/2056)	Branch premises	2,582	6	1,530	26/6/1997
Lot 34, Industrial Land 47000 Sungai Buloh Selangor Darul Ehsan	Freehold	Warehouse	96,219 (*)	7	2,894	26/1/1995
1540, Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman	Leasehold - 55 years (28/2/2028)	Branch premises	10,619	26	74	30/6/1977
9A & 9B, Jalan Kampong Baru 08000 Sungai Petani Kedah Darul Aman	Freehold	Branch premises	9,320	8	1,036	1/1/1994
31, Jalan Ibrahim 08000 Sungai Petani Kedah Darul Aman	Freehold	Branch premises	2,448	17	756	1/7/1988
45, Jalan Burma 10500 Pulau Pinang	Freehold	Branch premises	14,277	23	2,496	24/11/1978
33A-C, Lintang Angsana Bandar Baru Air Hitam 11500 Pulau Pinang	Leasehold - 83 years (8/4/2082)	Branch premises	4,394	6	567	26/12/1995
452, Jalan Pinang 10000 Pulau Pinang	Freehold	Branch premises	2,874	5	1,314	1/12/1996
33 & 34, Taman Usahaniaga Bukit Mertajam 14000 Pulau Pinang	Freehold	Branch premises	4,407	6	1,076	26/3/1996
55-57, Jalan Yang Kalsom 30250 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	11,720	22	1,325	1/10/1984
72 & 74, Jalan Kota 34000 Taiping Perak Darul Ridzuan	Leasehold - 999 years (18/02/2880)	Branch premises	6,574	17	542	19/5/1995
27, Jalan Dewangsa 31000 Batu Gajah Perak Darul Ridzuan	Leasehold - 79 years (26/2/2078)	Branch premises	4,694	6	340	24/11/1995
232, Jalan Bercham Taman Ria 31400 Ipoh Perak Darul Ridzuan	Leasehold - 93 years (23/11/2092)	Branch premises	2,540	6	330	24/10/1995
75, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	1,900	4	711	15/6/1998
80 & 82, Jalan Othman 1/14 46000 Petaling Jaya Selangor Darul Ehsan	Leasehold - 90 years (15/6/2089)	Branch premises	9,062	11	1,387	1/6/1994
36, Jalan Midah 1 Taman Midah, Cheras 56000 Kuala Lumpur	Freehold	Branch premises	2,700	14	236	30/11/1984

Note: \*Land area (sq ft)



# Other Information

## 1 Properties held by the Group as at 30 June 2001 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)	Date of acquisition
19, Jalan 54, Desa Jaya 52100 Kepong Selangor Darul Ehsan	Leasehold - 99 years (8/3/2081)	Branch premises	5,859	19	406	29/11/1985
151, Jalan Genting Klang 53300 Kuala Lumpur	Freehold	Branch premises	4,290	22	323	30/1/1989
17, Jalan SS 2/64 47300 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	6,624	8	1,292	1/10/1994
55, Jalan Pasar 55100 Kuala Lumpur	Freehold	Branch premises	4,313	21	356	1/4/1980
Lot 111, Jalan Mega Mendung Kompleks Bandar Off Jalan Klang Lama 58200 Kuala Lumpur	Leasehold - 99 years (11/10/2076)	Branch premises	4,978	21	589	31/7/1988
161, Jalan Imbi 55100 Kuala Lumpur	Freehold	Branch premises	2,454	5	2,695	14/2/1996
109, Jalan SS 21/37 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	6,446	5	1,828	23/9/1996
114, Jalan Dato' Bandar Tunggal 70000 Seremban Negri Sembilan Darul Khusus	Freehold	Branch premises	8,798	25	531	18/7/1978
83-D & 83-G Jalan Munshi Abdullah 75100 Melaka	Freehold	Branch premises	4,263	5	174	30/6/1977
8A-C, Jalan Station 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	12,854	8	581	22/10/1977
139, Jalan Muar 84900 Tangkak Johor Darul Takzim	Freehold	Branch premises	3,186	13	182	19/8/1988
115, Jalan Genuang Bandar Baru 85000 Segamat Johor Darul Takzim	Freehold	Branch premises	5,460	16	447	21/3/1986
35, Jalan Dedap 16 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	2,310	11	222	27/4/1989
16, Jalan Jaafar 81900 Kota Tinggi Johor Darul Takzim	Leasehold - 99 years (3/9/2071)	Branch premises	5,700	29	317	31/10/1987
109, Main Road 83700 Yong Peng Johor Darul Takzim	Freehold	Branch premises	2,740	13	221	1/9/1988
31 & 32, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim	Freehold	Branch premises	8,932	9	588	5/3/1996

# Other Information

## 1 Properties held by the Group as at 30 June 2001 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)	Date of acquisition
103, Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim	Freehold	Branch premises	12,222	27	751	30/6/1977
26, Jalan Mersing 80050 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	7,040	17	1,544	22/5/1995
21, Jalan Tun Razak 27600 Raub Pahang Darul Makmur	Freehold	Branch premises	4,480	15	453	26/6/1986
1, Bentong Heights 28700 Bentong Pahang Darul Makmur	Freehold	Branch premises	5,432	33	45	30/6/1977
36, Main Road Tanah Rata 39000 Cameron Highland Pahang Darul Makmur	Leasehold - 99 years (24/11/2039)	Branch premises	1,728	61	193	30/8/1982
241, Lorong Tun Ismail 1 Off Jalan Bukit Ubi 25000 Kuantan Pahang Darul Makmur	Freehold	Branch premises	4,675	6	611	16/6/1995
16A, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman	Leasehold - 99 years (31/8/2003)	Branch premises	2,125	4	1,500	15/6/1998
TB426 Block J Lot 1 Bandar Sabindo 91008 Tawau Sabah	Leasehold - 99 years (31/12/2070)	Branch premises	6,384	26	439	14/12/1989
U0391, Jalan Rampai WDT 131 87009 Labuan FT	Leasehold - 999 years (30/6/2902)	Branch premises	3,168	16	588	28/8/1985
168, Jalan Putra 12 Pusat Perniagaan Putra Kilang Lama 09000 Kulim Kedah Darul Aman	Leasehold - 99 years (5/8/2095)	Branch premises	5,652	2	528	30/7/1998
15-G-12A, Medan Kampung Relau Bayan Point Bandar Bayan Baru 11900 Pulau Pinang	Freehold	Branch premises	5,708	2	1,466	15/7/1999
W-1-0, W-2-0 & W-1-1 Subang Square Business Centre Jalan SS15/4G 47500 Subang Jaya Selangor Darul Ehsan	Freehold	Branch premises	4,545	2	1,908	18/12/1999
2828-G-02 & 2828-1-02 Jalan Bagan Luar 12000 Butterworth Pulau Pinang	Freehold	Branch premises	12,173	2	3,259	18/12/1999
Lots 568-G-17 & 568-1-17 Kompleks Mutiara 3 1/2 Mile Jalan Ipoh 51200 Kuala Lumpur	Freehold	Branch premises	4,945	2	3,330	23/11/1999
Plot No 20, Jalan Bidor Raya 35500 Bidor Perak Darul Ridzuan	Freehold	Branch premises	3,243	2	556	23/11/1999

# Other Information

## 1 Properties held by the Group as at 30 June 2001 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)	Date of acquisition
1, Persiaran Greentown 2 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan	Leasehold - 99 years (21/11/2094)	Branch premises	7,870	1	2,356	23/11/1999
Lots 39 & 40 Kompleks Munshi Abdullah 75100 Melaka	Leasehold - 99 years (24/2/2084)	Branch premises	5,988	2	1,615	31/5/1991
Lots 17 & 18, Mukim Serdang Daerah Bandar Baharu Kedah Darul Aman	Freehold	Branch premises	5,840	-	423	20/9/2000
133 & 135, Jalan Gopeng 31900 Kampar Perak Darul Ridzuan	Freehold	Branch premises	4,700	-	387	13/12/2000
15, Bank Road 96007 Sibul Sarawak	Leasehold - 99 years (31/12/2033)	Branch premises	1,817	33	180	4/4/1968
65-67, Jalan Tun HS Lee 50000 Kuala Lumpur	Freehold	Branch premises	2,223	5	5,095	14/10/1996
34, Jalan Yong Shook Lin 46200 Petaling Jaya Selangor Darul Ehsan	Leasehold - 99 years (09/09/2059)	Branch premises	1,875	8	689	26/11/1993
8, Jalan Carpenter Street 93000 Kuching Sarawak	Leasehold - 837 years (31/12/2775)	Branch premises	1,860	32	158	25/8/1969
64, Jalan Tun Mustapha 87007 Labuan Sarawak	Leasehold - 999 years (31/12/2775)	Branch premises	1,370	10	655	30/5/1991
21, Jalan Abang Galau 97000 Bintulu Sarawak	Freehold	Branch premises	1,440	26	382	28/6/1991
18, Old Street 96008 Sibul Sarawak	Leasehold - 900 years (29/08/2816)	Branch premises	3,624	11	273	15/11/1990
44, Jalan Dato' Lee Fong Yee 70000 Seremban Negri Sembilan Darul Khusus	Freehold	Branch premises	2,400	6	613	8/11/1995
486, Jalan Pudu 55100 Kuala Lumpur	Freehold	Branch premises	2,396	4	1,441	22/8/1997
Lot 3088, Lanang Road Sibu Town District Sarawak	Leasehold - 60 years (31/12/2028)	Godown	3,210	33	39	25/11/1968
Island Road Sibu Lot 454, Block 5 Sibu Town District Sarawak	Leasehold - 60 years (30/11/2055)	Vacant shoplot	10,587	5	1,335	26/2/1996
Parcel 37 Section 50 Kuching Town Land District Sarawak	Leasehold - 800 years (31/5/2737)	Vacant shoplot	17,082	2	556	13/7/1999

# Other Information

## 2 Analysis of Shareholdings as at 30 August 2001

Authorised share capital	:	RM3,000,000,000
Issued & paid-up capital	:	RM1,428,064,834
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights		
- on show of hands	:	1 vote
- on a poll	:	1 vote for each share held

### Distribution Schedule of Shareholdings

Size of holdings	No. of shareholders	%	No. of shares	%
Less than 1,000	602	3.73	216,575	0.01
1,000 - 10,000	13,514	83.81	45,108,987	3.16
10,001 - 100,000	1,723	10.68	50,372,342	3.53
100,001 - less than 5% of issued shares	283	1.76	286,144,496	20.04
5% and above of issued shares	3	0.02	1,046,222,434	73.26
	16,125	100.00	1,428,064,834	100.00

### Thirty Largest Shareholders

Name of shareholders	No. of shares	%
1. Assets Nominees (Tempatan) Sdn Bhd - <i>Hong Leong Credit Berhad</i>	826,140,168	57.85
2. Hong Leong Credit Berhad	122,833,332	8.60
3. Employees Provident Fund Board	97,248,934	6.81
4. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. - <i>Koperasi Polis Diraja Malaysia Berhad</i>	62,666,666	4.39
5. Kurnia Insurans (Malaysia) Berhad	24,912,000	1.74
6. Kurnia Damai Sdn. Bhd.	14,530,000	1.02
7. Hong Leong Assurance Berhad	14,252,000	1.00
8. Malaysia Nominees (Tempatan) Sendirian Berhad - <i>Great Eastern Life Assurance (Malaysia) Berhad</i>	8,833,000	0.62
9. Hong Leong Fund Management Sdn Bhd - <i>Hong Leong Assurance Bhd</i>	8,056,000	0.56
10. Permodalan Nasional Berhad	7,464,514	0.52
11. HLG Nominee (Tempatan) Sdn Bhd - <i>Chew Brothers Development Corporation Sdn Bhd</i>	4,659,385	0.33
12. HSBC Nominees (Asing) Sdn Bhd - <i>Kwek Leng Hai</i>	3,935,000	0.28
13. Seow Voon Ping	3,360,000	0.23
14. SBBAM Nominees (Tempatan) Sdn. Bhd. - <i>Employees Provident Fund Board</i>	3,120,000	0.22
15. HLG Nominee (Tempatan) Sdn Bhd - <i>HLG Capital Markets Sdn Bhd</i>	3,000,001	0.21
16. HSBC Nominees (Asing) Sdn Bhd - <i>GMO Emerging Markets Fund</i>	2,884,000	0.20
17. ABN Amro Nominees (Tempatan) Sdn Bhd - <i>Employees Provident Fund Board</i>	2,700,000	0.19
18. Hong Leong Fund Management Sdn Bhd - <i>Hong Leong Equities Sdn Bhd</i>	2,600,000	0.18
19. HLG Nominee (Tempatan) Sdn Bhd - <i>Twinplex Sdn. Bhd.</i>	2,400,000	0.17
20. HSBC Nominees (Asing) Sdn Bhd - <i>Fidelity Funds Malaysia</i>	2,310,000	0.16
21. Universal Trustee (Malaysia) Berhad - <i>BHLB Pacific Emerging Companies Growth Fund</i>	2,157,000	0.15
22. Affin-UOB Nominees (Tempatan) Sdn Bhd - <i>Siau Teng Chong</i>	2,130,000	0.15
23. RHB Merchant Nominees (Tempatan) Sdn Bhd - <i>Seow Lun Hoo</i>	2,121,750	0.15
24. Mayban Nominees (Tempatan) Sdn Bhd - <i>Kumpulan Wang Simpanan Pekerja</i>	2,100,000	0.15
25. Arab-Malaysian Nominees (Tempatan) Sdn Bhd - <i>Pacific Pearl Fund</i>	2,065,000	0.14
26. Low Poh Weng	1,920,000	0.13
27. Chew Peng Ann @ Choo Sing	1,832,553	0.13
28. Pacific & Orient Insurance Co Berhad	1,750,000	0.12
29. Lembaga Tabung Angkatan Tentera	1,697,000	0.12
30. Chase Malaysia Nominees (Asing) Sdn Bhd - <i>DFA Emerging Markets Fund</i>	1,662,000	0.12
	1,237,340,303	86.64

# Other Information

for the financial year ended 30 June 2001 (continued)

## 2 Analysis of Shareholdings as at 30 August 2001 (continued)

### Substantial Shareholders

	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Hong Leong Credit Berhad	948,973,500	66.45	27,908,001#	1.95
Hong Leong Company (Malaysia) Berhad	-	-	977,910,501*	68.48
YBhg Tan Sri Quek Leng Chan	40,000	0.003	977,910,501**	68.48
HL Holdings Sdn Bhd	-	-	977,910,501**	68.48
Kwek Holdings Pte. Ltd.	-	-	977,910,501**	68.48
Kwek Leng Beng	-	-	977,910,501**	68.48
Hong Realty (Private ) Limited	-	-	977,910,501**	68.48
Hong Leong Investment Holdings Pte. Ltd.	-	-	977,910,501**	68.48
Guoco Assets Sdn Bhd	-	-	976,881,501***	68.40
Guoco Group Limited	-	-	976,881,501***	68.40
Guoline Overseas Limited	-	-	976,881,501***	68.40
Guoline Capital Assets Limited	-	-	976,881,501***	68.40
Employees Provident Fund Board	109,233,934	7.65	-	-

\* Deemed interest through subsidiary and Hong Leong Credit Berhad

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

\*\*\* Deemed interest through Hong Leong Credit Berhad

# Deemed interest through subsidiaries

## 3 Directors' Interest 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 Director's Report on pages 16 to 23 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 except as for the changes set out below:

	Direct		Indirect	
	No.	%	No.	%
YBhg Tan Sri Quek Leng Chan				
Hong Leong Assurance Berhad	-	-	100,000,000	100.00
Hong Leong Credit Berhad	5,196,000	0.99	399,762,843	76.60
	420,000*	-		
	521,269*#	-	51,083,381*#	-
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 Hai				
Hong Leong Credit Berhad	420,000	0.08	-	-
	89,333***	-	-	-

Note

# Replacement warrants

\*\*\* 1997/2001 Warrants

# Branch Network

## HONG LEONG BANK BERHAD

### HEAD OFFICE

Level 2, Wisma Hong Leong  
18, Jalan Perak  
50450 Kuala Lumpur  
Tel: 03-21642828  
Fax: 03-21641512

### PENINSULAR MALAYSIA

KL Main  
Level 1, Wisma Hong Leong  
18, Jalan Perak  
50450 Kuala Lumpur  
Tel: 03-21642525  
Fax: 03-21641511

147, Jalan Imbi  
55100 Kuala Lumpur  
Tel: 03-41411402  
Fax: 03-41411429

34, 36 & 38, Jalan Petaling  
50000 Kuala Lumpur  
Tel: 03-2323211  
Fax: 03-2300492

65-67, Jalan Tun HS Lee  
50000 Kuala Lumpur  
Tel: 03-20704822  
Fax: 03-20704862

47 & 48, Jalan Chow Kit  
50350 Kuala Lumpur  
Tel: 03-40433458  
Fax: 03-40431914

Lots 568-G-17 & 568-1-17  
Kompleks Mutiara  
3 1/2 Mile, Jalan Ipoh  
51200 Kuala Lumpur  
Tel: 03-62583799  
Fax: 03-62583804

1, Jalan Ambong Kiri Dua  
Kepong Baru  
52100 Kuala Lumpur  
Tel: 03-62574033  
Fax: 03-62519717

23 & 24, Jalan KIP 1  
Taman Perindustrian KIP  
52200 Kuala Lumpur  
Tel: 03-62776310  
Fax: 03-62722687

8 & 10, Jalan 3/50C  
Taman Setapak Indah Jaya  
Off Jalan Genting Kelang  
53300 Kuala Lumpur  
Tel: 03-40239046  
Fax: 03-40239041

180-0-7 & 180-0-8  
Wisma Mahkota  
Taman Maluri, Cheras  
53700 Kuala Lumpur  
Tel: 03-9821507  
Fax: 03-9821549

2, Jalan 4/33  
Pandan Indah  
55100 Kuala Lumpur  
Tel: 03-42972253  
Fax: 03-42972258

486, Jalan Pudu  
55100 Kuala Lumpur  
Tel: 03-92222697  
Fax: 03-92214630

114 & 116, Jalan Cerdas  
Taman Connaught, Cheras  
56000 Kuala Lumpur  
Tel: 03-91021499  
Fax: 03-91021497

2, Jalan Kinrara  
Taman Kinrara  
Jalan Puchong  
58200 Kuala Lumpur  
Tel: 03-80752994  
Fax: 03-80701635

31 & 33, Jalan 1/116B  
Kuchai Entrepreneurs Park  
Off Jalan Kuchai Lama  
58200 Kuala Lumpur  
Tel: 03-79826033  
Fax: 03-79809324

30-34, Jalan Awan Hijau  
Oversea Union Garden  
Jalan Kelang Lama  
58200 Kuala Lumpur  
Tel: 03-79836611  
Fax: 03-79817324

37, Jalan Telawi 3  
Bangsar Baru  
59100 Kuala Lumpur  
Tel: 03-22833710  
Fax: 03-22843349

26, Lorong Rahim Kajai 14  
Taman Tun Dr Ismail  
60000 Kuala Lumpur  
Tel: 03-77293716  
Fax: 03-77286312

39 & 40  
Lorong Memanda 9  
68000 Ampang  
Selangor Darul Ehsan  
Tel: 03-42532449  
Fax: 03-42532505

3, Jalan Takal 15/21  
Seksyen 15  
40000 Shah Alam  
Selangor Darul Ehsan  
Tel: 03-55109021  
Fax: 03-55105307

Wisma Amsteel Securities  
1, Lintang Pekan Baru  
Off Jalan Meru  
41050 Kelang  
Selangor Darul Ehsan  
Tel: 03-33437677  
Fax: 03-33437621

1 & 3, Jalan Sri Sarawak 17  
Taman Sri Andalas  
41200 Klang  
Selangor Darul Ehsan  
Tel: 03-33242545  
Fax: 03-3242553

36, Jalan Dato' Shahbudin 30  
Taman Sentosa  
41200 Kelang  
Selangor Darul Ehsan  
Tel: 03-51611602  
Fax: 03-51611919

31, Leboh Gopeng  
Off Jalan Goh Hock Huat  
41400 Kelang  
Selangor Darul Ehsan  
Tel: 03-33436911  
Fax: 03-33435406

Lots 127 & 129, Jalan Sultan  
42700 Banting  
Selangor Darul Ehsan  
Tel: 03-31876757  
Fax: 03-31876652

174 & 174A, Jalan Besar  
Kuala Langat  
42800 Tanjung Sepat  
Selangor Darul Ehsan  
Tel: 03-31972059  
Fax: 03-31972257

11 & 13, Jalan M/J 1  
Taman Majlis Jaya  
Jalan Sungai Chua  
43000 Kajang  
Selangor Darul Ehsan  
Tel: 03-87376090  
Fax: 03-87376517

24, Medan Taming 2  
Taman Taming Jaya  
43300 Balakong  
Selangor Darul Ehsan  
Tel: 03-9615948  
Fax: 03-9615951

64, Jalan Stesen  
45000 Kuala Selangor  
Selangor Darul Ehsan  
Tel: 03-32895957  
Fax: 03-32895955

15 & 16  
Jalan Menteri Besar 2  
New Sekinchan  
Business Centre  
45400 Sekinchan  
Selangor Darul Ehsan  
Tel: 03-8816351  
Fax: 03-8816303

108 & 110, Jalan 1/14  
46000 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-77814259  
Fax: 03-77816831

12 & 14, Jalan PJS 11/28A  
Metro Bandar Sunway  
Bandar Sunway  
46150 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-56375395  
Fax: 03-56375397

34, Jalan Yong Shook Lin  
Petaling Jaya  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-79555630  
Fax: 03-79555650

18 & 20, Jalan 20/16A  
Taman Paramount  
46300 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-78765115  
Fax: 03-78764836

63 & 65, SS 23/15  
Taman SEA  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7048024  
Fax: 03-7044049

W-1-0, W-2-0 & W-1-1  
Subang Square  
Business Centre  
Jalan SS 15/4G  
47500 Subang Jaya  
Selangor Darul Ehsan  
Tel: 03-56329034  
Fax: 03-56328764

59A, Jalan Welman  
48000 Rawang  
Selangor Darul Ehsan  
Tel: 03-60910459  
Fax: 03-60916206

39 & 41, Jalan SJ 17  
Taman Selayang Jaya  
68100 Batu Caves  
Selangor Darul Ehsan  
Tel: 03-61206803  
Fax: 03-61206797

# Branch Network

## HONG LEONG BANK BERHAD

40 & 42, Jalan Bukit Lagi  
01000 Kangar  
Perlis Indera Kayangan  
Tel: 04-9771888  
Fax: 04-9772888

24, 26 & 28  
Jalan Teluk Wanjah  
05200 Alor Setar  
Kedah Darul Aman  
Tel: 04-7315269  
Fax: 04-7314582

10A, Jalan Kampong Baru  
08000 Sungai Petani  
Kedah Darul Aman  
Tel: 04-4236117  
Fax: 04-4236121

62 & 63, Jalan Bayu Satu  
09000 Kulim  
Kedah Darul Aman  
Tel: 04-4913606  
Fax: 04-4913604

1 & 2, Jalan Raya  
09800 Serdang  
Kedah Darul Aman  
Tel: 04-4076919  
Fax: 04-4076921

1, Light Street  
10200 Georgetown  
Pulau Pinang  
Tel: 04-2615022  
Fax: 04-2626360

441-G-1, 441-G-2, 441-G-3  
Jalan Burmah  
10350 Pulau Pinang  
Tel: 04-2288475  
Fax: 04-2288472

15-G-1, Bayan Point  
Medan Kampung Relau  
Bayan Point  
11900 Pulau Pinang  
Tel: 04-6428643  
Fax: 04-6428640

2828-G-02 & 2828-1-02  
Jalan Bagan Luar  
12000 Butterworth  
Pulau Pinang  
Tel: 04-3315659  
Fax: 04-3312145

9 & 10, Jalan Todak 2  
Pusat Bandar Seberang Jaya  
13700 Prai  
Pulau Pinang  
Tel: 04-3972097  
Fax: 04-3972094

4 & 6, Lorong Usahaniaga 1  
Taman Usahaniaga  
14000 Bukit Mertajam  
Pulau Pinang  
Tel: 04-5370452  
Fax: 04-5370454

N-20, Jalan Bidor Raya  
Off Jalan Persatuan  
35500 Bidor  
Perak Darul Ridzuan  
Tel: 05-4341211  
Fax: 05-4344313

Ground Floor, Lot-A-G-2  
1, Persiaran Greentown 2  
Greentown Business Centre  
30450 Ipoh  
Perak Darul Aman  
Tel: 05-2530044  
Fax: 05-2542358

17, Jalan Persiaran  
Kledang Timur 21  
Bandar Baru Menglembu  
31450 Ipoh  
Perak Darul Ridzuan  
Tel: 05-2829367  
Fax: 05-2829372

28, Medan Silibin  
30100 Ipoh  
Perak Darul Ridzuan  
Tel: 05-5266333  
Fax: 05-5264333

16 & 17  
Taman Sitiawan Maju  
Jalan Lumut  
32000 Sitiawan  
Perak Darul Ridzuan  
Tel: 05-6922316  
Fax: 05-6922320

41, Jalan Taiping  
34200 Parit Buntar  
Perak Darul Ridzuan  
Tel: 05-7164688  
Fax: 05-7163648

53, 55 & 57  
Jalan Stesen  
34000 Taiping  
Perak Darul Ridzuan  
Tel: 05-8065229  
Fax: 05-8065631

364, 364A & 364B  
Taman Melaka Raya  
75000 Melaka  
Tel: 06-2816518  
Fax: 06-2816517

345, Jalan Ong Kim Wee  
75300 Melaka  
Tel: 06-2842309  
Fax: 06-2830153

100, Jalan Gurney  
72100 Bahau  
Negri Sembilan Darul Khusus  
Tel: 06-4541413  
Fax: 06-4545358

69, 70 & 71  
Jalan Dato' Bandar Tunggal  
70000 Seremban  
Negri Sembilan Darul Khusus  
Tel: 06-7628699  
Fax: 06-7638288

12-16, Jalan Wong Ah Fook  
80000 Johor Bahru  
Johor Darul Takzim  
Tel: 07-2228311  
Fax: 07-2249317

37, Jalan Harimau Tarum  
Taman Century  
80250 Johor Bahru  
Johor Darul Takzim  
Tel: 07-3332519  
Fax: 07-3315559

173 & 175, Jalan Sri Pelangi  
Taman Pelangi  
80400 Johor Bahru  
Johor Darul Takzim  
Tel: 07-3353614  
Fax: 07-3342598

17 & 18, Jalan Cempaka  
81750 Masai  
Johor Darul Takzim  
Tel: 07-2526599  
Fax: 07-2526378

2 & 2-01, Jalan Permas 10/7  
Bandar Baru Permas Jaya  
81750 Johor Bahru  
Johor Darul Takzim  
Tel: 07-3867065  
Fax: 07-3880762

21, Jalan Ibrahim  
81900 Kota Tinggi  
Johor Darul Takzim  
Tel: 07-8832020  
Fax: 07-8835989

892, Jalan Bakek  
82000 Pontian Kecil  
Johor Darul Takzim  
Tel: 07-6876641  
Fax: 07-6876561

49, Jalan Jenang  
83000 Batu Pahat  
Johor Darul Takzim  
Tel: 07-4314435  
Fax: 07-4311681

61-1, 61-2 & 61-3  
Jalan Arab  
84000 Muar  
Johor Darul Takzim  
Tel: 06-9515086  
Fax: 06-9515215

32 & 33, Jalan Genuang  
85000 Segamat  
Johor Darul Takzim  
Tel: 07-9312403  
Fax: 07-9310212

64, Jalan Tenang, TST 9  
85300 Labis  
Johor Darul Takzim  
Tel: 07-9251200  
Fax: 07-9251336

120-122, Jalan Mersing  
86000 Kluang  
Johor Darul Takzim  
Tel: 07-7732233  
Fax: 07-7724170

25, Jalan Tun Ismail  
25000 Kuantan  
Pahang Darul Makmur  
Tel: 09-5157288  
Fax: 09-5157130

A125 & A127, Jalan Air Putih  
25300 Kuantan  
Pahang Darul Makmur  
Tel: 09-5683277  
Fax: 09-5684359

59 & 60, Jalan Temerloh  
Locked Bag 9  
28409 Mentakab  
Pahang Darul Makmur  
Tel: 09-2772953  
Fax: 09-2772995

61, Jalan Sultan Ismail  
20200 Kuala Terengganu  
Terengganu Darul Iman  
Tel: 09-6244458  
Fax: 09-6244261

Lots 3594 & 3595  
Jalan Baru Pak Sabah  
23000 Dungun  
Terengganu Darul Iman  
Tel: 09-8482766  
Fax: 09-8484480

# Branch Network

## HONG LEONG BANK BERHAD

### SABAH & SARAWAK

Lots 38 & 39  
Lazenda Fase II  
87007 Labuan  
Federal Territory  
Tel: 087-423290  
Fax: 087-423289

Lot 119, Jalan Gaya  
88000 Kota Kinabalu  
Sabah  
Tel: 088-250811  
Fax: 088-223261

Ground Floor, 5 & 6  
Lorong Lintas Plaza 1  
Lintas Plaza  
88300 Kota Kinabalu  
Sabah  
Tel: 088-318806  
Fax: 088-316226

TB 254C, Wisma Tai & Tai  
Jalan Dunlop  
91100 Tawau  
Sabah  
Tel: 089-770393  
Fax: 089-770403

Lot 14, Electra House  
Power Street  
93000 Kuching  
Sarawak  
Tel: 082-240311  
Fax: 082-415466

177, Jalan Pandungan  
PO Box 3055  
93100 Kuching  
Sarawak  
Tel: 082-428489  
Fax: 082-421219

296-297, Central Park  
Commercial Centre  
3rd Mile Rock Road  
93200 Kuching  
Sarawak  
Tel: 082-236300  
Fax: 082-230120

Lots 13 & 14, Olive Garden  
7th Mile Bazaar  
Jalan Pensrisen  
93250 Kuching  
Sarawak  
Tel: 082-250717  
Fax: 082-613422

42, Jalan Pending  
93450 Kuching  
Sarawak  
Tel: 082-336666  
Fax: 082-336912

8, Carpenter Street  
93634 Kuching  
Sarawak  
Tel: 082-424488  
Fax: 082-427916

175, Serian Bazaar  
94700 Serian  
Sarawak  
Tel: 082-874877  
Fax: 082-874828

5E, Sabu Road  
PO Box 106  
95007 Sri Aman  
Sarawak  
Tel: 083-320459  
Fax: 083-320460

Lot 124, Saratok Bazaar  
PO Box 71  
95407 Saratok  
Sarawak  
Tel: 083-436011  
Fax: 083-436012

Sublot 6, Lot 538  
Jalan Lee Kai Teng  
PO Box 34  
95700 Betong  
Sarawak  
Tel: 083-472278  
Fax: 083-472326

18, Old Street  
96008 Sibu  
Sarawak  
Tel: 084-336653  
Fax: 084-316833

133, 135 & 137  
Jalan Kampung Nyabor  
96000 Sibu  
Sarawak  
Tel: 084-332698  
Fax: 084-312081

15, Bank Road  
96007 Sibu  
Sarawak  
Tel: 084-336733  
Fax: 084-325836

63-64, Jalan Masjid  
96100 Sarikei  
Sarawak  
Tel: 084-652422  
Fax: 084-652555

6, Jalan Merdeka  
96100 Sarikei  
Sarawak  
Tel: 084-651461  
Fax: 084-652784

722, Jalan Masjid  
96400 Mukah  
Sarawak  
Tel: 084-871726  
Fax: 084-871737

26 & 27, Wharf Road  
96500 Bintangor  
Sarawak  
Tel: 084-693049  
Fax: 084-693689

Lot 492, Jalan Penghulu Atan  
Mukim Bandar Kapit  
PO Box 322  
96807 Kapit  
Sarawak  
Tel: 084-798667  
Fax: 084-796780

Lots 3073 & 3074  
Jalan Abang Galau  
97000 Bintulu  
Sarawak  
Tel: 086-332393  
Fax: 086-332433

Lots 1090 & 1091  
Jalan Merpati  
98007 Miri  
Sarawak  
Tel: 085-412132  
Fax: 085-419095

Ground Floor, 43A  
Jalan Buangsiol  
98700 Limbang  
Sarawak  
Tel: 085-214451  
Fax: 085-214452

11, Jalan Dato'  
Pgn Hj Matussin  
PO Box 46  
98850 Lawas  
Sarawak  
Tel: 085-285255  
Fax: 085-285596

### SINGAPORE

20, Collyer Quay  
Unit 01-02 & 02-02  
Tung Centre  
049319 Singapore  
Tel: 02-5352466  
Fax: 02-5339540



# Branch Network

## HONG LEONG FINANCE BERHAD

### HEAD OFFICE

Level 3A, Wisma Hong Leong  
18, Jalan Perak  
50450 Kuala Lumpur  
Tel: 03-21643939  
Fax: 03-21642815

### PENINSULAR MALAYSIA KL Main

Level 1, Wisma Hong Leong  
18, Jalan Perak  
50450 Kuala Lumpur  
Tel: 03-21643939  
Fax: 03-21642831

Ground Floor  
Hong Leong Building  
117, Jalan Tun HS Lee  
50000 Kuala Lumpur  
Tel: 03-2321511  
Fax: 03-2017784

Lots G01A-G02A  
Ground Floor, Wisma HLA  
Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel: 03-2019715  
Fax: 03-2019712

4th Floor, Menara Bank  
Pembangunan  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03-26916688  
Fax: 03-26987850

471, 3rd Mile, Jalan Ipoh  
51200 Kuala Lumpur  
Tel: 03-40444764  
Fax: 03-40444606

151, Jalan Genting Kelang  
Setapak  
53300 Kuala Lumpur  
Tel: 03-40229102  
Fax: 03-40228976

55, Jalan Pasar  
55100 Kuala Lumpur  
Tel: 03-92210813  
Fax: 03-92225105

161, Jalan Imbi  
55100 Kuala Lumpur  
Tel: 03-2417968  
Fax: 03-2445008

11, Jalan Pandan Indah 4/1  
Pandan Indah  
55100 Kuala Lumpur  
Tel: 03-42973484  
Fax: 03-42973479

36, Jalan Midah 1  
Taman Midah, Cheras  
56000 Kuala Lumpur  
Tel: 03-91308912  
Fax: 03-91310433

159 & 161, Jalan Sarjana  
Taman Connaught  
56000 Cheras  
Kuala Lumpur  
Tel: 03-91324133  
Fax: 03-91323122

A54, Jalan Tuanku Empat  
Salak South Garden  
Off Jalan Sungei Besi  
57100 Kuala Lumpur  
Tel: 03-7829063  
Fax: 03-7829210

111, Jalan Mega Mendung  
Kompleks Bandar  
Off Jalan Kelang Lama  
58200 Kuala Lumpur  
Tel: 03-7814411  
Fax: 03-7827811

26, Persiaran Ara Kiri  
Lucky Garden, Bangsar  
59100 Kuala Lumpur  
Tel: 03-2543914  
Fax: 03-2543745

26, Jalan Tengku Ampuan  
Zabedah D9/D  
Section 9  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel: 03-58808086  
Fax: 03-58808726

Ground Floor, 83  
Pusat Perniagaan NBC  
1 1/2 Mile, Jalan Meru  
41050 Kelang  
Selangor Darul Ehsan  
Tel: 03-33442985  
Fax: 03-33443017

20, Jalan Goh Hock Huat  
41400 Kelang  
Selangor Darul Ehsan  
Tel: 03-33428036  
Fax: 03-33448872

30, Persiaran Tun Abdul Aziz  
43000 Kajang  
Selangor Darul Ehsan  
Tel: 03-87363277  
Fax: 03-87368133

11 & 11A, Jalan Jeloh Tiga  
Off Jalan Bukit  
43000 Kajang  
Selangor Darul Ehsan  
Tel: 03-87372329  
Fax: 03-87361023

25, Jalan Theatre (SK 10/3)  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Tel: 03-89430745  
Fax: 03-89430867

Lot 9, Jalan 227C  
46000 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-79681120  
Fax: 03-79600706

80 & 82  
Jalan Othman (1/14)  
46000 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-77888888  
Fax: 03-77821818

Ground Floor, 18  
Jalan 14/14  
46100 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-79568490  
Fax: 03-79550425

32, Jalan Yong Shook Lin  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-79581269  
Fax: 03-79581032

19A & 19B  
Jalan Petaling Utama II  
Taman Petaling Utama  
Batu 7, Jalan Kelang Lama  
46700 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-77851470  
Fax: 03-77851476

Mezzanine Floor  
Wisma MCIS, Jalan Barat  
PO Box 120  
46710 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-79553188  
Fax: 03-79551588

3, Jalan Kenari Satu  
Bandar Puchong Jaya  
47100 Puchong  
Selangor Darul Ehsan  
Tel: 03-58828882  
Fax: 03-58829911

17, Jalan SS 2/64  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-78759977  
Fax: 03-78759254

109, Jalan SS 21/37  
47400 Damansara Utama  
Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-77269822  
Fax: 03-77264037

45, Jalan USJ 10/1  
Taipan Triangle  
UEP Subang Jaya  
47620 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-56367225  
Fax: 03-56367230

25, Jalan Bersatu 10  
Taman Bersatu  
48000 Rawang  
Selangor Darul Ehsan  
Tel: 03-60925705  
Fax: 03-60925906

19, Jalan 54, Desa Jaya  
52100 Kepong  
Selangor Darul Ehsan  
Tel: 03-62763701  
Fax: 03-62766164

1G-3G, Jalan Wawasan 2/10  
Bandar Baru Ampang  
68000 Ampang  
Selangor Darul Ehsan  
Tel: 03-42910437  
Fax: 03-42928006

8, Jalan SG 1/2  
Taman Sri Gombak  
68100 Batu Caves  
Selangor Darul Ehsan  
Tel: 03-61842492  
Fax: 03-61852689

1540, Jalan Sultan Badlishah  
05000 Alor Setar  
Kedah Darul Aman  
Tel: 04-7312037  
Fax: 04-7311514

40, Jalan Putera  
05100 Alor Setar  
Kedah Darul Aman  
Tel: 04-7314197  
Fax: 04-7336577

9A & 9B  
Jalan Kampong Baru  
08000 Sungei Petani  
Kedah Darul Aman  
Tel: 04-4210680  
Fax: 04-4226012

C57, Jalan Permatang  
Gedong  
Taman Sejati Indah  
08000 Sungei Petani  
Kedah Darul Aman  
Tel: 04-4313328  
Fax: 04-4313361

162, Jalan Tunku Putra  
09000 Kulim  
Kedah Darul Aman  
Tel: 04-4911122  
Fax: 04-4912200

# Branch Network

## HONG LEONG FINANCE BERHAD

452 & 452A, Jalan Pinang 10000 Pulau Pinang Tel: 04-2266843 Fax: 04-2264264	50, Jalan Todak 4 Pusat Bandar Seberang Jaya 13700 Seberang Jaya Seberang Prai Pulau Pinang Tel: 04-3972499 Fax: 04-3972588	62, Jalan Pasar 36000 Teluk Intan Perak Darul Ridzuan Tel: 05-6233639 Fax: 05-6233642	35, Jalan Dedap 16 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel: 07-3546320 Fax: 07-3552311
45, Jalan Burma 10050 Pulau Pinang Tel: 04-2261234 Fax: 04-2262779	19 & 21 Lorong Usahaniaga 1 Taman Usahaniaga 14000 Bukit Mertajam Pulau Pinang Tel: 04-5376988 Fax: 04-5372988	150 & 152 Kompleks Munshi Abdullah Jalan Munshi Abdullah 75100 Melaka Tel: 06-2921212 Fax: 06-2838624	132, Jalan Raya 81000 Kulai Johor Darul Takzim Tel: 07-6632373 Fax: 07-6632336
17, Bishop Street 10200 Pulau Pinang Tel: 04-2621118 Fax: 04-2616644	75, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel: 05-2554482 Fax: 05-2547335	G03 & G04, Peringgit Poin Jalan Raja Batu Hampar 75320 Melaka Tel: 06-2818229 Fax: 06-2818226	80A-B, Jalan Padi Satu Bandar Baru UDA 81200 Tampoi Johor Darul Takzim Tel: 07-2354221 Fax: 07-2354163
41-G-1, Jalan Cantonment 10250 Pulau Pinang Tel: 04-2291201 Fax: 04-2291239	55-57, Jalan Yang Kalsom 30250 Ipoh Perak Darul Ridzuan Tel: 05-2425290 Fax: 05-2542323	114, Jalan Dato' Bandar Tunggal 70000 Seremban Negri Sembilan Darul Khusus Tel: 06-7633558 Fax: 06-7622741	16, Jalan Jaafar 81900 Kota Tinggi Johor Darul Takzim Tel: 07-8834553 Fax: 07-8832860
33, Lebuhr Pantai 10300 Pulau Pinang Tel: 04-2615884 Fax: 04-2615828	232, Jalan Bercham Taman Ria 31400 Ipoh Perak Darul Ridzuan Tel: 05-5495161 Fax: 05-5495158	1278, Jalan Rasah 70300 Seremban Negri Sembilan Darul Khusus Tel: 06-7615789 Fax: 06-7615801	891, Jalan Bakek 82000 Pontian Johor Darul Takzim Tel: 07-6879670 Fax: 07-6879673
288, Jalan Burma Pulau Tikus 10350 Pulau Pinang Tel: 04-2271308 Fax: 04-2277505	31A-C, Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang Tel: 04-8269836 Fax: 04-8269843	9267, Jalan T/S 2/1H Taman Semarak 2 71800 Nilai Negri Sembilan Darul Khusus Tel: 06-7991752 Fax: 06-7991755	31 & 32, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel: 07-4334818 Fax: 07-4317071
15-G-12A, Bayan Point Medan Kampung Relau 11900 Pulau Pinang Tel: 04-6427084 Fax: 04-6427081	579 & 579A Jalan Pasir Puteh 31650 Ipoh Perak Darul Ridzuan Tel: 05-3228989 Fax: 05-3229641	112, Jalan Yam Tuan Raden 72000 Kuala Pilah Negri Sembilan Darul Khusus Tel: 06-4816922 Fax: 06-4813284	103, Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim Tel: 07-4320555 Fax: 07-4310641
3634 & 3635 Jalan Bagan Luar 12000 Butterworth Pulau Pinang Tel: 04-3312277 Fax: 04-3322277	27, Jalan Dewangsa 31000 Batu Gajah Perak Darul Ridzuan Tel: 05-3653192 Fax: 05-3653190	8A-C, Jalan Station 80000 Johor Bahru Johor Darul Takzim Tel: 07-2228462 Fax: 07-2763085	109, Main Road 83700 Yong Peng Johor Darul Takzim Tel: 07-4672350 Fax: 07-4674185
19, Jalan Bertam 13200 Kepala Batas Seberang Prai Pulau Pinang Tel: 04-5754900 Fax: 04-5757688	133 & 135, Jalan Gopeng 31900 Kampar Perak Darul Ridzuan Tel: 05-4665050 Fax: 05-4665191	87 & 89, Jalan Perisai Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel: 07-3331278 Fax: 07-3338790	45, Jalan Maharani 84000 Muar Johor Darul Takzim Tel: 06-9518780 Fax: 06-9524780
2752 & 2753 Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel: 04-3978018 Fax: 04-3977851	72 & 74, Jalan Kota 34000 Taiping Perak Darul Ridzuan Tel: 05-8083915 Fax: 05-8089198	Lots 103 & 105, Jalan Damai Taman Seri Setia 80300 Johor Bahru Johor Darul Takzim Tel: 07-2227211 Fax: 07-2229211	139, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel: 06-9781994 Fax: 06-9784684

# Branch Network

## HONG LEONG FINANCE BERHAD

115, Jalan Genuang  
Bandar Baru  
85000 Segamat  
Johor Darul Takzim  
Tel: 07-9318191  
Fax: 07-9317863

55, Jalan Genuang Kampong  
85000 Segamat  
Johor Darul Takzim  
Tel: 07-9310630  
Fax: 07-9311359

26, Jalan Mersing  
86000 Kluang  
Johor Darul Takzim  
Tel: 07-7722078  
Fax: 07-7731836

241, Lorong Tun Ismail 1  
Off Jalan Bukit Ubi  
25000 Kuantan  
Pahang Darul Makmur  
Tel: 09-5159550  
Fax: 09-5159557

21, Jalan Tun Razak  
27600 Raub  
Pahang Darul Makmur  
Tel: 09-3554422  
Fax: 09-3554455

F107, Jalan Kuantan  
28000 Temerloh  
Pahang Darul Makmur  
Tel: 09-2967492  
Fax: 09-2967553

1, Bentong Heights  
28700 Bentong  
Pahang Darul Makmur  
Tel: 09-2221080  
Fax: 09-2223592

36, Main Road  
Tanah Rata  
39000 Cameron Highlands  
Pahang Darul Makmur  
Tel: 05-4911941  
Fax: 05-4911158

16A, Jalan Sultan Ismail  
20200 Kuala Terengganu  
Terengganu Darul Iman  
Tel: 09-6223290  
Fax: 09-6227390

Ground Floor  
116, Jalan Pejabat  
20200 Kuala Terengganu  
Terengganu Darul Iman  
Tel: 09-6243412  
Fax: 09-6243381

Ground Floor, K-524  
Jalan Sulaiman  
24000 Kemaman  
Terengganu Darul Iman  
Tel: 09-8593266  
Fax: 09-8593407

**Sabah & Sarawak**  
U0391, Jalan Rampai  
87032 Labuan  
Federal Territory  
Tel: 087-412625  
Fax: 087-413930

136, Jalan Gaya  
88000 Kota Kinabalu  
Sabah  
Tel: 088-263688  
Fax: 088-269688

19, Jalan Haji Saman  
88821 Kota Kinabalu  
Sabah  
Tel: 088-235699  
Fax: 088-218386

Block B, Hiong Tiong  
Industrial Centre  
7, Jalan Tuaran (11.2 km)  
88815 Inanam  
Sabah  
Tel: 088-436624  
Fax: 088-437302

Lot 95, Block 13  
Bandar Pasaraya  
Phase 11, Mile 4  
North Road  
90009 Sandakan  
Sabah  
Tel: 089-226911  
Fax: 089-226910

Ground Floor  
Wisma Sandaraya  
Humphrey Street  
PO Box 1956  
90722 Sandakan  
Sabah  
Tel: 089-275699  
Fax: 089-275499

TB 426, Block J  
Lot 1, Bandar Sabindo  
91000 Tawau  
Sabah  
Tel: 089-762892  
Fax: 089-763630

Lots 561 & 562  
Jalan Datuk Wee  
Kheng Chiang  
Off Jalan Padungan  
93100 Kuching  
Sarawak  
Tel: 082-235660  
Fax: 082-235527

Lots 309-310-311  
Section 50, Jalan Abell  
P O Box 471  
93100 Kuching  
Sarawak  
Tel: 082-240801  
Fax: 082-424523

Lot 933, Jalan Permaisuri  
Block 9, MCLD  
98000 Miri  
Sarawak  
Tel: 085-426811  
Fax: 085-426812

Lot 12A, Kingsway  
98000 Miri  
Sarawak  
Tel: 085-435029  
Fax: 085-414755

### *in-store*

Carrefour  
Mid-Valley Megamall  
Lot 7, Lower Ground Floor  
Mid-Valley City Megamall  
58000 Kuala Lumpur  
Tel: 03-22834299  
Fax: 03-22834375

Carrefour Sri Petaling  
Ground Floor, Endah Parade  
Bandar Baru Seri Petaling  
57000 Kuala Lumpur  
Tel: 03-95432090  
Fax: 03-95432092

Carrefour Wangsa Maju  
Ground Floor, 6, Jalan 8/27A  
Section 5, Wangsa Maju  
53300 Kuala Lumpur  
Tel: 03-41498558  
Fax: 03-41498634

Carrefour Subang Jaya  
Ground Floor, 3  
Jalan SS 16/1  
47500 Subang Jaya  
Selangor Darul Ehsan  
Tel: 03-56321715  
Fax: 03-56321719

Carrefour Seberang Jaya  
Ground Floor, 2929  
Jalan Kelisa Emas 1  
Off Jalan Tun Hussein Onn  
13700 Seberang Jaya  
Seberang Prai  
Pulau Pinang  
Tel: 04-3977640  
Fax: 04-3977669

Giant Cash & Carry Sdn Bhd  
Lot 33 (Inner Mall)  
3, Jalan Masai Lama  
Mukim Plentong  
81750 Johor Bahru  
Johor Darul Takzim  
Tel: 07-3529854  
Fax: 07-3529857

Carrefour Pandan  
Ground Floor, Lot 138  
Batu 7 1/2  
Jalan Kota Tinggi  
81100 Pandan  
Johor Bahru  
Johor Darul Takzim  
Tel: 07-3536603  
Fax: 07-3536735



# Hong Leong Bank Berhad

(97141 - X)

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

## FORM OF PROXY

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member / members of HONG LEONG BANK 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 Sixtieth Annual General Meeting of the Company to be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 24 October 2001 at 12.00 noon 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 11.0% less tax		
3. To approve the payment of Directors' fee		
4. To re-elect the following as Directors: a) YBhg Dato' James Lim Cheng Poh b) Mr Tan Keok Yin c) Encik Zulkiflee Hashim d) Mr Chew Peng Cheng		
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors and authorise the Directors to fix their remuneration		
6. As special business, to approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965		

Dated this ..... day of .....2001

Number of shares held

Signature of Member(s)

### Notes:

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