

Laporan Tahunan 2002 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

YBhg Datuk Roger Tan Kim Hock

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' PROFILE

YBhg Tan Sri Quek Leng Chan

Chairman/Non-Independent Director

Aged 59, Tan Sri Quek Leng Chan, a Malaysian, qualified as a Barrister-at-Law from Middle Temple, United Kingdom. He has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

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.

He is the Chairman & Chief Executive Officer ("CEO") of Hong Leong Company (Malaysia) Berhad ("HLCo"), Executive Chairman of Hong Leong Industries Berhad ("HLI"), Hong Leong Credit Berhad ("HLC"), Hong Leong Properties Berhad ("HLPB"), Hume Industries (Malaysia) Berhad ("HIMB"), Hume Cemboard Berhad, Camerlin Group Berhad and Tasek Corporation Berhad ("TCB"), Chairman of HLG Capital Berhad ("HLG"), Hong Leong Finance Berhad ("HLF") and Hong Leong Assurance Berhad ("HLA") and a Director of O.Y.L. Industries Bhd.

Tan Sri Quek has attended all nine (9) Board Meetings held during the financial year ended 30 June 2002.

He has no conflict of interest with HLB and has no convictions for offences within the past ten (10) years.

YBhg Dato' James Lim Cheng Poh

Senior Group Managing Director/Non-Independent Director

Aged 53, Dato' James Lim Cheng Poh, a Malaysian, holds a degree in Mining Engineering from 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.

Dato' is a member of the Share Transfer Committee, Executive Committee and ESOS Committee of HLB. He is also a director of HLF and HLG Unit Trust Bhd (formerly known as HLB Unit Trust Management Berhad).

Dato' has attended all nine (9) Board Meetings of HLB held during the financial year ended 30 June 2002.

Dato' has no family relationship with other directors or major shareholders of HLB, no conflict of interest with HLB and has no convictions for offences within the past ten (10) years.

Zulkiflee Hashim

Executive Non-Independent Director

Aged 43, 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.

Encik Zulkiflee is a director of WTB Corporation Berhad (formerly known as Wah Tat Bank Bhd) ("WTB") and HLF Credit (Perak) Berhad, both public companies.

Encik Zulkiflee has attended all nine (9) Board Meetings held during the financial year ended 30 June 2002.

Encik Zulkiflee has no family relationship with other directors or major shareholders of HLB, no conflict of interest with HLB and has no convictions for offences within the past ten (10) years.

DIRECTORS' PROFILE

(continued)

Chew Peng Cheng

Executive Non-Independent Director

Aged 61, Mr Chew Peng Cheng, a Malaysian, qualified as a Barrister-at-Law from 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 attended all nine (9) Board Meetings held during the financial year ended 30 June 2002.

Mr Chew has no family relationship with other directors or major shareholders of HLB, no conflict of interest with HLB and has no convictions for offences within the past ten (10) years.

Kwek Leng Hai

Non-Executive Non-Independent Director

Aged 49, 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 & CEO of GGL.

Mr Kwek was appointed to the Board of HLB on 3 January 1994 and has attended all nine (9) Board Meetings of HLB held during the financial year ended 30 June 2002.

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 (10) years.

DIRECTORS' PROFILE

(continued)

Kwek Leng Seng

Non-Executive Non-Independent Director

Aged 44, Mr Kwek Leng Seng, a Singaporean, holds an Honours Degree in Law from 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 Board Audit & Risk Management Committee ("ARMC") of HLB. He has attended all nine (9) Board Meetings of HLB held during the financial year ended 30 June 2002.

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 (10) years.

YBhg Datuk Dr Hussein Awang

Non-Executive Independent Director

Aged 62, 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. Datuk is presently the Consultant Urological Surgeon at 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. Datuk is a Foundation Fellow of the Academy of Science Malaysia.

Datuk was appointed as a Board and ARMC member of HLB on 18 August 1994.

His directorships in other public companies include KPJ Healthcare Bhd and TCB.

During the financial year ended 30 June 2002, YBhg Datuk has attended all nine (9) Board Meetings held.

Datuk has no family relationship with other directors or major shareholders of HLB, no conflict of interest with HLB and has no convictions for offences within the past ten (10) years.

DIRECTORS' PROFILE

(continued)

Tan Keok Yin

Non-Executive Independent Director

Aged 58, Mr Tan Keok Yin, a Malaysian, graduated with a Bachelor of Arts (Honours) degree in Economics from the University of Malaya in 1966. He also completed an Executive Program in Management at the University of California, Berkeley in 1984 and a Program in International Boards and Directors at the Swedish Academy of Directors, Stockholm in 1995. He started his career with Bank Negara Malaysia ("BNM") in 1966 and served in various capacities in the Economics and Investments Departments and the Penang Branch of BNM for eleven (11) years. In 1977 he joined the Federation of Malaysian Manufacturers ("FMM") as Deputy Director and assumed the position of CEO in 1981 till 1999. As CEO of FMM he represented the organisation on various Government boards and committees and internationally at the World Economic Forum ("WEF") East Asian Conference and ASEAN Chambers of Commerce and Industry on trade and industrial cooperation. He also served as a Management Board member of EAN International located in Brussels, which develops and promotes the commercial usage of the EAN - UCC bar codes and product numbering system in over 98 countries and regions.

Mr. Tan was appointed to the Board of HLB on 26 August 1994 and is the Chairman of ARMC of HLB. His other directorships are as follows:

- Independent non-executive Director and ARMC member of Malaysian Pacific Industries Berhad, a public listed company.
- Independent non-executive Director of HLPB.
- Independent non-executive Director and ARMC member of HLA.
- Independent non-executive Director and was appointed Chairman of ARMC of HLF in June 2002.

Mr Tan has attended all nine (9) Board Meetings of HLB during the financial year ended 30 June 2002.

Mr Tan has no family relationship with 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 (10) years.

YBhg Datuk Roger Tan Kim Hock

Non-Executive Non-Independent Director

Aged 55, Datuk Roger Tan Kim Hock, a Malaysian, obtained his Bachelor of Law degree from London School of Economics and qualified as a Barrister-at-Law from Gray's Inn, United Kingdom. He was in legal practice between 1972 and 1976. He joined Hong Leong Property Management Co Sdn Bhd in 1976 as the General Manager of the Property Division and went on to become the Managing Director of HLI in 1985. In 1988, he joined HLG Securities Sdn Bhd as the CEO; a position he held till 1993. Thereafter, he left to assume the post of President & CEO of HIMB until June 2001. On 1 July 2001, Datuk Roger Tan joined HLC as its President & CEO.

Datuk Roger Tan was appointed to the Board of HLB on 28 November 2001 and has attended all five (5) Board Meetings of HLB during his office as director for the financial year ended 30 June 2002.

Datuk Roger Tan is also a director of HLC, HLG, HLA, HLF and HLPB.

Datuk Roger Tan has no family relationship with other directors or major shareholders of HLB, has no conflict of interest with HLB and no convictions for offences within the past ten (10) years.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Constitution

The Board Audit Committee of Hong Leong Bank Berhad ("HLB" or "the Bank") has been established since 18 August 1994. During the financial year ended 30 June 2002, the Board Audit Committee has been re-designated as the Board Audit & Risk Management Committee ("the Committee").

Composition

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

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

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

Secretary

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

Terms of Reference

The terms of reference of the Committee have been revised to conform to the Listing Requirements of the Kuala Lumpur Stock Exchange.

- To nominate and recommend for the approval of the Board of Directors ("Board"), a person or persons as external auditor(s).
- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the Group's officers to the external auditors.
- To review the quarterly reports and annual financial statements of the Bank and of the Group prior to the approval by the Board.
- To review the adequacy of the internal audit scope and plan, functions and resources of the internal audit department.
- To review the report and findings of the internal audit department including any findings of internal investigations and the management's response thereto.
- To review and report to the Board measures taken to:
 - (a) Identify and examine principal risks faced by the Bank.
 - (b) Implement appropriate systems and internal controls to manage these risks.
- To evaluate and recommend to the Board, risk management policies and strategies proposed by management.
- To oversee and monitor implementation of the Risk Management framework and activities adopted by the Bank.
- To review any related party transactions that may arise within the Bank or the Group.
- Other functions as may be agreed to by the Committee and the Board.

Authority

The Committee is authorised by the Board to review any activity of HLB and its subsidiaries ("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 Committee.

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

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

(continued)

Meetings

The Committee meets at least nine (9) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The heads of finance and internal audit divisions, the Chief Risk Officer and external auditors are invited to attend Committee meetings. At least once a year, the Committee will have a separate session with the external auditors without the presence of executive directors.

Two (2) members of the Committee, who shall be independent and non-executive, shall constitute a quorum.

After each Committee meeting, the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

Activities

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

The Committee met ten (10) times during the financial year ended 30 June 2002. Mr Tan Keok Yin and YBhg Datuk Dr Hussein Awang attended all meetings held during the financial year while Mr Kwek Leng Seng attended nine (9) meetings during the financial year.

The Committee reviewed the quarterly reports and annual financial statements of the Group. The Committee met with the external auditors and discussed the nature and scope of the audit, considered significant changes in accounting and auditing issues, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards. The Committee also reviewed the internal auditor's audit findings and recommendations as well as Bank Negara Malaysia's Examination Reports on the Bank Group.

In addition, the Committee reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.

The Committee reviewed and approved various related party transactions carried out by the Group.

Internal Audit

During the financial year ended 30 June 2002, the internal audit department carried out its duties covering audit on operations, information technology systems, credit, head office, branches, loan centres, business centres, 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 Board of Directors ("Board") has reviewed the manner in which the Malaysian Code on Corporate Governance ("the Code") is applied in the Group as set out below. The Board is pleased to report compliance of the Group with the Best Practices set out in Part 2 of the Code except where otherwise stated.

A Directors

1 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.

2 Board Balance

The Board comprises nine (9) directors, six (6) of whom are non-executives. Of the six (6) non-executive directors, two (2) are independent. The profiles of the members of the Board are provided in the Annual Report.

The Board is of the view that the current Board composition fairly reflects the investment of shareholders in the Bank.

The Board met nine (9) times during the financial year ended 30 June 2002.

The Board has identified Mr Tan Keok Yin, the Chairman of the Board Audit & Risk Management Committee, as the Independent Non-Executive Director of the Board to whom concerns may be conveyed.

3 Supply of Information

All Board members are supplied with information on a timely manner. Board reports are circulated prior to Board meetings and the reports provide, amongst others, financial and corporation information, significant operational, financial and corporate issues, performance of the Bank and of the Group and management proposals which require the approval of the Board.

All directors have access to the advice and services of the Company Secretaries as well as to independent professional advice, including the internal auditors.

4 Appointments to the Board

The Bank does not have a Nomination Committee as all new nominations received are assessed and approved by the entire Board in line with its policy of ensuring nominees are persons of sufficient calibre and experience.

The process of assessing the directors is an on-going responsibility of the entire Board.

The Bank does not have a formal training programme for new directors. However, to assist the directors in discharging their duties, the Bank has developed a Directors' Manual and each new director will be given a copy at the point of his appointment. The Directors' Manual highlights, amongst others, the major duties and responsibilities of a director vis-à-vis various laws, regulations and guidelines governing the same. The new director will be given briefing on the business of the Group and regulatory issues. Directors of the Bank will also be updated from time to time of any new or changes to companies and securities legislations, rules and regulations.

During the financial year just ended, all directors have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia ("RIIAM"), an affiliate company of the Kuala Lumpur Stock Exchange. Subsequently, all directors are required to attend the Continuous Education Programme conducted by RIIAM.

5 Re-election

All directors are required to submit themselves for re-election every three (3) years.

B Directors' Remuneration

1 Level and make-up of Remuneration

The Bank does not have a Remuneration Committee.

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual business plan and budget.

For non-executive directors, the level of remuneration reflects the level of responsibilities undertaken by them.

2 Procedure

The remuneration packages of all executives of the Group including executive directors are laid out in the Group's Human Resources Manual which is reviewed from time to time to align with market/industry practices.

The fees of directors, including non-executive directors, are recommended and endorsed by the Board for approval by the shareholders of the Bank at its Annual General Meeting ("AGM").

3 Disclosure

The aggregate remuneration of directors (including those who are executive directors of subsidiaries) for the financial year ended 30 June 2002 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	177,842	2,823,728	3,001,570
Non-Executive Directors	449,998	-	449,998

The number of directors whose remuneration fall into the following bands is as follows:

Range of Remuneration (RM)	Executive	Non-Executive
50,000 and below	-	1
50,001 – 100,000	-	3
100,001 – 150,000	-	2
150,001 – 400,000	-	-
400,001 – 450,000	1	-
450,001 – 600,000	-	-
600,001 – 650,000	1	-
650,001 – 1,950,000	-	-
1,950,001 – 2,000,000	1	-

C Shareholders

1 Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circular to shareholders and quarterly financial reports and the various announcements made during the year, through which shareholders can have an overview of the Group's performance and operation.

2 AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

D Accountability and Audit

The Board Audit Committee was established on 18 August 1994. The Board Audit Committee had been re-designated as the Board Audit & Risk Management Committee ("the Audit & Risk Committee") on 10 January 2002. The financial reporting and internal control system of the Group is overseen by the Audit & Risk Committee which comprises all non-executive directors. The primary responsibilities of the Audit & Risk Committee are set out in the Audit & Risk Committee Report.

The Audit & Risk Committee met ten (10) times during the financial year ended 30 June 2002. Mr Tan Keok Yin and YBhg Datuk Dr Hussein Awang attended all the meetings held during the financial year while Mr Kwek Leng Seng attended nine (9) meetings during the financial year.

The Head of Internal Audit reports directly to the Audit & Risk Committee and provides the Audit & Risk Committee and management with an independent assessment of the adequacy of risk management practices. Significant breaches and deficiencies identified are discussed at the Audit & Risk Committee and the relevant management meetings where appropriate actions are taken.

1 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 from the Audit & Risk Committee which assesses the financial statements with the assistance of the External Auditors.

2 Internal Control

The Board has overall responsibility for maintaining a system of internal controls which covers financial and operational controls and risk management. This system provides reasonable but not absolute assurance against material misstatements, losses and fraud.

Following the re-designation of the Board Audit Committee mentioned above, the Audit & Risk Committee is also entrusted with the responsibility of identifying and communicating to the Board critical risks the Group faces, changes to the Group's risk profile and management's action plans to manage the risks.

3 Relationship with Auditors

The appointment of external auditors is recommended by the Audit & Risk Committee which determines the remuneration of the external auditors. The external auditors meet with the Audit & Risk Committee to:

- Present the scope of the audit before the commencement of audit; and
- Review the results of the audit as well as the management letter after the conclusion of the audit.

E Statement On Internal Control

The Board, recognising its responsibilities in promoting good corporate governance and ensuring sound internal controls and risk management practices, has set up a Board Audit & Risk Management Committee on 10 January 2002. The Board has also put in place an Integrated Risk Management Framework to assist it in:

- Identifying the significant risks faced by the Bank Group in the business environment, as well as evaluating the impact of such risks;
- Developing and approving the necessary controls and measures to manage these risks; and
- Monitoring the adequacy and effectiveness of such controls and measures.

The Audit & Risk Committee, assisted by the Internal Audit Division, oversees and reports to the Board on the proper functioning of the Integrated Risk Management Framework, as part of its responsibilities of monitoring compliance with the business objectives, policies, reporting standards and control procedures of the Group.

The controls instituted by the Group's operating units and built into the risk management framework are not intended to eliminate all risks of failure to achieve business objectives but are designed to ensure all relevant and significant risks have been identified and managed as part of the management and decision-making process throughout the Group. As with all such frameworks, controls, by their nature, can only provide reasonable, but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

E Statement On Internal Control (continued)

The risk management framework is embedded in the management and decision-making process through the following structures:

- Key strategies to achieve the Bank Group's business plans and budget as approved by the Board, are tracked and reviewed by the operating divisions/departments to monitor achievement of these business plans and budgets.
- The various divisional and departmental heads of the Bank Group operate their respective units within the policies, functional, financial and operating reporting standards and control procedures developed by the Group. Such reporting standards and control procedures are supplemented on an ongoing basis by operating procedures, policies and action plans developed by the operating units to manage and monitor risks impacting the Bank Group and to suit the regulatory and business environment in which they operate.
- Where feasible and necessary, relevant group resources are focused to manage common risks on an integrated and Group-wide basis, using common tools, procedures and control systems as appropriate.

In January 2002 the Chief Risk Officer ("CRO") of the Group was identified as custodian of the Integrated Risk Management Framework. The CRO is responsible to:

- Evaluate all identified risks for their continuing relevance in the business environment and inclusion in the Integrated Risk Management Framework;
- Oversee and monitor the implementation of appropriate systems and risk management controls to manage these risks ;
- Assess the adequacy of action plans and control systems developed to manage these risks;
- Monitor the performance of management in executing the action plans and operating the control systems; and
- Regularly report to the Audit & Risk Committee and the Board on the state of internal controls and the efficacy of management of risks throughout the Group.

In discharging the above responsibilities, the CRO is guided by but not limited to the questions raised in the Appendix to the *Statement of Internal Control - Guidance for Directors of Public Listed Companies* and he reports regularly to the Audit & Risk Committee and the Board on risk matters. The Board receives regular reports on significant risk areas e.g. market risks, credit risks and operational risks.

As a licensed banking institution, the business of the Group entails management of risks common to all financial intermediaries. The more significant risks of this nature are set out below:

- Credit risk - Exposure to a loss arising from the failure of a customer or a counterparty to honour debts or settlement of a security on purchase or on maturity.
- Interest rate risk - Exposure to loss arising from an unfavorable movement in interest rates, resulting in mismatch between income and expense between assets and liabilities.
- Market risk - Exposure to cash or opportunity loss from an unfavorable movement in equity prices and foreign exchange rates.
- Liquidity risk - Possibility of an inability to meet cash obligations at acceptable rates.
- Operational risk - Exposure to loss resulting from failure of operational procedures and/or control systems.
- Product risk - Possibility of products incurring financial or opportunity loss attributed to poor reception by customers, mispricing, poor product features and/or timing of entrant of the products.

F Directors' Responsibility In Financial Reporting

The 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 flow of the Group and of the Bank for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Bank for the financial year ended 30 June 2002, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view 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 Sixty-First Annual General Meeting of Hong Leong Bank Berhad ("the Bank") will be held at the Theatrette, Level 1, Wisma Hong Leong, 18, Jalan Perak, 50450 Kuala Lumpur on Tuesday, 22 October 2002 at 3.00 p.m. in order:

1. To receive and consider the audited financial statements for the year ended 30 June 2002 and the Directors' and Auditors' Reports thereon.
2. To declare a final dividend of 7.5% less tax for the year ended 30 June 2002 to be paid on 12 November 2002 to shareholders registered in the Record of Depositors on 30 October 2002.
3. To approve the payment of Directors' fees of RM363,562 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 Bank's Articles of Association:
 - (a) YBhg Tan Sri Quek Leng Chan
 - (b) Mr Kwek Leng Hai
 - (c) Mr Kwek Leng Seng
 - (d) YBhg Datuk Roger Tan Kim Hock
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Bank and authorise the Directors to fix their remuneration.
6. As special business, to consider and, if thought fit, pass the following motions:

(a) 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 Bank, 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 Bank 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 Bank.";

(b) Special Resolution

- Proposed Amendment To The Articles Of Association Of The Bank

"**THAT** the following Article be and is hereby approved and adopted as Article 165 of the Bank's Articles of Association:

EFFECT OF THE LISTING REQUIREMENTS

165. (1) Notwithstanding anything contained in these Articles, if the Listing Requirements prohibit an act being done, the act shall not be done.
- (2) Nothing contained in these Articles prevents an act being done that the Listing Requirements require to be done.
- (3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (4) If the Listing Requirements require these Articles to contain a provision and they do not contain such a provision, these Articles are deemed to contain that provision, subject to Bank Negara Malaysia's ("BNM") approval being obtained.
- (5) If the Listing Requirements require these Articles not to contain a provision and they contain such a provision, these Articles are deemed not to contain that provision, subject to BNM's approval being obtained.
- (6) If any provision of these Articles is or becomes inconsistent with the Listing Requirements, these Articles are deemed not to contain that provision to the extent of the inconsistency, subject to BNM's approval being obtained.
- (7) For the purpose of these Articles, unless the context otherwise requires, the Listing Requirements means the Listing Requirements of the Exchange including any amendments to the Listing Requirements that may be made from time to time."

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

NOTICE OF ANNUAL GENERAL MEETING

(continued)

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 30 October 2002 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

30 September 2002

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy may but need not be a member of the Bank and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Bank. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds.
2. The Form of Proxy must be deposited at the Registered Office of the Bank at Level 6, Wisma Hong Leong, 18, Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time and date of the meeting or adjourned meeting.
3. **Explanatory Note On Special Business**
 - (a) **Ordinary Resolution - Resolution On Authority To Directors To Issue Shares**

In line with the Bank's plan for expansion/diversification, the Bank is actively looking into prospective areas so as to broaden the operating base and earning potential of the Bank. 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 Bank up to an amount not exceeding in total 10% of the issued share capital of the Bank for the time being for such purposes as they consider would be in the interest of the Bank. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Bank.
 - (b) **Special Resolution - Resolution On Proposed Amendment To The Articles of Association Of The Bank**

This proposed amendment is to bring the Articles of Association of the Bank to be in line with the requirements of the Kuala Lumpur Stock Exchange.

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 Sixty-First Annual General Meeting of the Bank

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

YBhg Tan Sri Quek Leng Chan

Mr Kwek Leng Hai

Mr Kwek Leng Seng

Pursuant to Article 92 of the Bank's Articles of Association

YBhg Datuk Roger Tan Kim Hock

2 Details of attendance of Directors at Board Meetings

There were nine (9) Board Meetings held during the financial year ended 30 June 2002. Details of attendance of the Directors are set out in the Directors' Profiles appearing on pages 3 to 6 of the Annual Report.

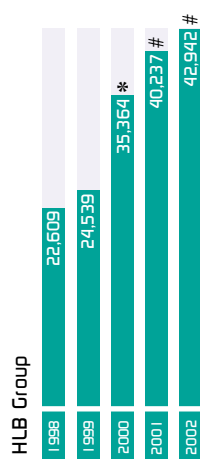
3 Place, Date and Time of Annual General Meeting

The Sixty-First Annual General Meeting of the Bank will be held at the Theatre Level 1, Wisma Hong Leong, 18, Jalan Perak, 50450 Kuala Lumpur on Tuesday, 22 October 2002 at 3.00 p.m.

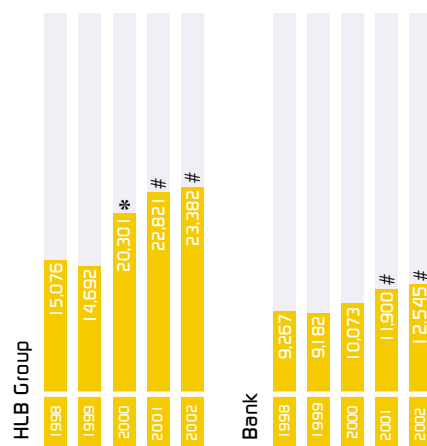
4 Further details of individuals who are standing for election

No individual is seeking election at the forthcoming Sixty-First Annual General Meeting of the Bank.

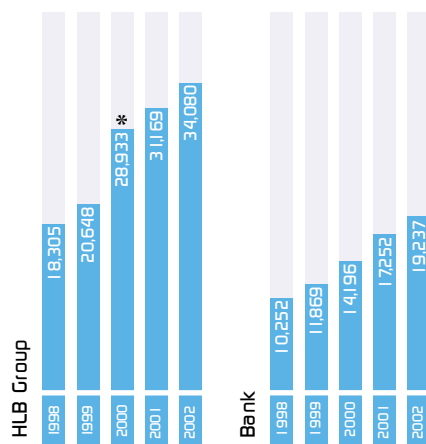
FINANCIAL HIGHLIGHTS



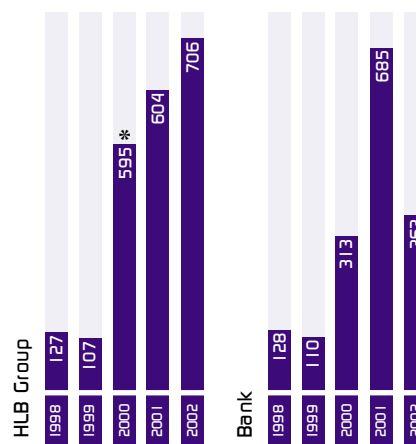
TOTAL ASSETS IN MILLION



NET LOANS IN MILLION



CUSTOMER DEPOSITS IN MILLION



PRE-TAX PROFIT IN MILLION

	June 98 RM Million	June 99 RM Million	June 00 RM Million	June 01 RM Million	June 02 RM Million
TOTAL ASSETS					
HLB Group	22,609	24,539	35,364 *	40,237 #	42,942 #
Bank	13,754	15,095	18,506	24,702 #	26,449 #
NET LOANS					
HLB Group	15,076	14,692	20,301 *	22,821 #	23,382 #
Bank	9,267	9,182	10,073	11,900 #	12,545 #
CUSTOMER DEPOSITS					
HLB Group	18,305	20,648	28,933 *	31,169	34,080
Bank	10,252	11,869	14,196	17,252	19,237
PRE-TAX PROFIT					
HLB Group	127	107	595 *	604	706
Bank	128	110	313	685	363

* Restated

Includes loans sold to Cagamas

FINANCIAL PERFORMANCE

Profitability

Amidst the considerable challenges in the economy, HLB Group achieved double-digit profit growth for the year ended 30 June 2002. Pre-tax profit increased by 17.0% to RM706.2 million, from RM603.5 million in the previous year. Significantly, the increase in profit resulted from an increase in non-interest income and Islamic banking (24.2% and 63.9% respectively) whilst operating expenses were contained at RM502.6 million (4.3% increase) despite the increase in business volume and the opening / relocation of 12 new branches and 3 **in-stores** during the year. As a result, operating expenses were maintained at 32.3% of income, the same level as the previous year. Group after tax profit rose by 27.6% to RM503.0 million for the year just ended as a result of lower effective tax rate of 28.8% compared to 34.7% in the previous year due to utilisation of tax incentives granted for achieving loan growth targets. Earnings per share advanced to 35.2 sen from 28.1 sen in the previous year.

The commercial bank, HLB, registered a pre-tax profit of RM362.5 million, compared to RM685.0 million last year. The large decrease in profits was primarily due to exceptional dividends received last year from WTB Corporation Berhad (formerly known as Wah Tat Bank Bhd) and Credit Corporation (Malaysia) Bhd amounting to RM257.4 million after the completion of the merger. However, excluding dividends from subsidiaries, capital gain from the sale of a subsidiary and net gain from capital reduction exercise in subsidiaries, normal operating profit surged by 40.2% to RM304.6 million for the year under review. Loan loss and provisions continued to trend down during the year to RM174.3 million from RM232.3 million previously. HLB managed to record a higher net interest income of RM572.5 million despite the tightening of net interest margin, an improvement of RM29.2 million over the previous year.

In the meantime, the proposed final dividends from subsidiaries will only be recorded in HLB's books in the financial year ending 30 June 2003 due to the change in statutory reporting requirements prescribed in MASB 19 where such dividend can only be recognised upon shareholders' approval at the Annual General Meeting.

The finance subsidiary, Hong Leong Finance Berhad ("HLF"), recorded an increase in pre-tax profit of RM65.6 million or 19.4% to RM403.6 million for the year ended 30 June 2002.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the report on the performance of Hong Leong Bank Berhad ("HLB") Group for the year ended 30 June 2002.

This was achieved as a result of increase in net interest income of RM91.2 million or 17.7% due mainly to the business growth as well as favourable rates on HLF's loans.

Group Balance Sheet

Gross loans reached RM25.1 billion at end June 2002, a growth of RM0.7 billion or 2.9% over the previous financial year. The Group's net non-performing loans ratio stood at 7.6% as at 30 June 2002 compared to 8.0% last June. Deposits from customers increased by 9.3% to RM34.1 billion as at 30 June 2002. The faster pace of deposit growth has resulted in a drop to the loan-to-deposit ratio of 73.6%, compared to 78.5% in the last financial year. As at 30 June 2002, HLB Group's shareholders' funds increased to RM3.4 billion while risk weighted capital ratio ("RWCR") improved to 14.7% from 13.7% a year ago. Net tangible assets per share increased from RM2.11 last year to RM2.37 this financial year.

THE YEAR'S HIGHLIGHTS

HLB Group's efforts this past year were focused on expanding our core businesses and strengthening our brand. Considerable thought and resources were also accorded towards transforming the HLB Group going forward in the 21st century.

Our core businesses

• Consumer banking

During the year, extensive programmes were implemented to grow our credit cards business. The areas of emphasis were on active promotion of card acquisition and usage. Key acquisition activities included "MasterCard 2002 FIFA World Cup" and the "AMEX Tag Heuer" promotions. As for existing cardmembers, we launched "Save1DD" and "Dine and Save" campaigns, "Free Bag Redemption" and many other promotions via the quarterly newsletter. HLB also enhanced its loyalty programme for its credit cardholders

with Malaysia Airlines Systems' **Frequent Flyer Programme, Enrich** where the bonus points collected from retail spending can be converted to **Enrich** points. In April 2002, HLB received the prestigious global "American Express 2001 GNS Exceptional Marketing Award" in the New Product Development category for the **Hong Leong American Express** credit cards. This award recognises HLB's innovative and successful marketing strategies in an increasingly competitive environment. Through these various campaigns, we were able to improve our card base by 15.9%.

Following this milestone, we recently launched the **Hong Leong Platinum American Express** credit card. HLB is the first American Express global network partner to offer such Platinum credit cards in Asia-Pacific and Australia. While we expanded our card business, measures were also put in place during the year to improve asset quality. Among these measures were the implementation of score card on card acquisition and installing a fraud management system in early 2002 to mitigate credit card frauds.

In hire purchase ("HP"), HLB has through the years built a strong franchise in Malaysia with car dealers and distributors in the provision of HP financing. HLB continued to organise the annual regional autofairs, which has been successful in attracting customers and strengthening the relationship with car dealers. Other campaigns such as the "Car Loan Contest" also proved to be successful in increasing our business.

During the year, we launched "Zero Moving Cost", which is a refinancing package for housing loan. The mortgage loans market has been extremely competitive in the past year. In order to further improve our market share in this sector, we recently launched a new mortgage loan package which offers the lowest first year mortgage rate of 2.38% per annum. We expect to receive strong response from the public.

These and other initiatives were prominently featured at all our branches and **in-stores** as well as marketed through alternative channels like the **Hong Leong Call Centre** and the internet including **Hong Leong Online**.

• Business banking

HLB remained committed to meeting the needs of our business customers. These customers want the convenience of a "one-stop" solution to their financial requirements besides having access to traditional banking products. With this in mind, we launched the **Hong Leong Business Loan**. Specially designed for our business customers, this

comprehensive package offers a full range of financial products to help our customers in asset acquisition, factory expansion, trade financing and working capital requirements. Our commitment is further evidenced by our continuing efforts to enhance our products in search of the best financial solutions for our business customers.

• Islamic Banking

Campaigns aimed at advancing our Islamic Banking business were carried out including one held from 26 October to 15 November 2001, in conjunction with the Islamic Banking and Takaful Week organised by Bank Negara Malaysia ("BNM"). In addition, we have been working on other Islamic Banking products such as the **Hong Leong Mudharabah Savings Account** and **Islamic Invest Link** which we expect to launch in the coming months.

• HL Bank Singapore

We are shifting our focus for the Singapore branch from the traditional lending business to more fee-based businesses as we believe that there is greater potential for growth in this area. We are especially keen to promote unit trust products and grow the share margin financing business, by offering customers trading opportunities in several major Asian markets. We will also be active in investment banking business such as share placement and corporate advisory. Several IPOs and advisory mandates have been given to us which would place us as one of the more active investment bankers in Singapore. In the meantime, the branch's Treasury Department recently rolled out Dual Currency Deposits and reactivated the margin trading desk with 24-hour capabilities. We have had encouraging response on these products from our customers.

Cross-selling

Cross-selling as you are aware, is another key business area which we have been pursuing in order to provide our customers with other non-banking products and also to diversify



our revenue base. We are fortunate in this respect that we are able to tap on the companies within the Hong Leong Group for products and services to complement our own catalogue. For example, we continued to market the unit trust funds of HLG Unit Trust Bhd (previously our subsidiary known as HLB Unit Trust Management Berhad until its divestment in June 2002). The HLB Group has also been distributing products of Hong Leong Assurance Berhad ("HLA") like HLA's Venture series – these are investment and protection plans which cater to individuals' needs at the different stages of their life journey.

e-Banking, m-Banking

HLB Group has long relied on the use of information and communications technology ("ICT") to serve our customers better and improve productivity and operational efficiency. ICT has also enabled the expansion of our electronics distribution channels, such as phone banking, *Hong Leong Call Centre* and our e-banking service - *Hong Leong Online*.

The *Hong Leong Call Centre* which was launched in August 2001, plays an increasingly important part in the HLB Group's operations in its dual role as a customer service provider and as a telemarketing unit. *Hong Leong Online* was first introduced to the retail customers for their banking convenience. Due to its encouraging results, it was later extended to the business customers in late 2001. We recently started to offer mobile banking or m-banking for our Klang Valley customers. With this service, customers are able to check their account balances and perform payments via their Maxis mobile phones anytime anywhere. We will roll out m-banking progressively over the coming months to our customers in other regions.

HLB is also one of the local banks to move into the MEPS Payment Multipurpose Card ("PMPC") which supports ATM, Debit e-POS and e-Purse (MEPS Cash) functionalities, and also the ATM application for MyKad (Government Multipurpose Card), to facilitate withdrawals from ATMs using MyKad. To ensure successful application of the MEPS PMPC Cards, HLB has strategic partnership with INS Giant Systems Berhad ("IGS") to act as issuer of MEPS Debit e-POS cards (*HL-IGS BankCard*) to IGS members. The *HL-IGS BankCard* will allow members to enjoy rebates at more than 3,000 participating IGS merchant outlets.



Fulfilling Our Responsibility to the Community

HLB Group aims to help improve the welfare of the community at large and its community projects range from smaller-scale efforts to intensive nationwide endeavours. Recognising that knowledge enables individuals and societies to prepare for their future, our commitment to this important area is apparent in our education bonus awards to top achievers in UPSR, PMR and SPM and our continued sponsorship of the National Varsityes' Debate for the third consecutive year. Besides these, seminars were jointly organised with various Chambers of Commerce across the nation as well as with the Federation of Malaysian Manufacturers. We have been involved in organising talks and seminars to raise awareness and educate the public on a multitude of subjects, including health, income taxes, corporate risk management and entrepreneurship. Our people also participated in diverse community activities such as 'gotong-royong' and town-cleaning campaigns, participation in charity runs, collection drives for the aged and underprivileged, blood donation drives and many others. In addition, donations were made to a host of charities and non-profit organisations, including the National Society for the Deaf in Selangor and the Federal Territory, the National Leprosy Control Centre, Tabung Kebajikan Pelajar Kolej Tunku Kurshiah, and numerous orphanages as well as old folks' homes.

Integrating the backrooms of HLB and HLF

The year saw the merger of the remaining support functions of HLB and HLF, including credit management, human resources, internal audit and information services departments. We have also successfully migrated HLF's backroom systems to a hardware platform and software system that is common to HLB. In addition, attention was directed towards aligning and streamlining processes and products of HLB and HLF. In doing so, HLB Group was able to further save costs and improve efficiency and productivity. More significantly, these measures will pave the way for the full integration of the two organisations into a single entity in the near future.

Transforming into a Sales and Service Organisation

With the main issues of backroom integration of HLB and HLF taken care of, we turned our focus to designing the next stage of our development. This requires us to embrace a fresh approach to expand our relationships with customers and to enhance our focus on products.

In order to provide better and more complete services to our customers, the branches were reorganised into more focused consumer sales outlets offering a range of products and services. Business customers will now be serviced by 17 Business Centres located throughout the country. Product groups were also formed, where we continuously develop and enhance our products to meet the ever changing needs of our customers. Each product owner is given sales targets and bottom line responsibility. In order to compete effectively, they must ensure that their products are relevant and price competitive. Suitable training programmes are provided to the sales personnel to help us achieve our objective. This focused approach will benefit our customers in the long term.

GOING FORWARD

BNM recently announced the integration of bank and finance companies to create a single financial institution offering all banking products and services. In preparation for this integration, we are now in the final stages of preparing for the integration of branches and front line functions. Barring unforeseen circumstances, we expect to fully complete our integration with HLF before the end of the 2002/03 financial year.



We are in the final stages of achieving the "Single View Of Customer", a key deliverable in our Customer Relationship Management ("CRM") programme. This customer insight will enable the HLB Group to develop more focused strategies and CRM-led initiatives to increase value for our customers besides increasing our share of customer's wallet. This will add impetus to our cross-selling programme. Going forward, the CRM roadmap in 2002/03 will include the implementation of a Communication Management solution for managing marketing campaigns as well as better view and management of customer profitability.

DIVIDENDS

An interim dividend of 3.5% per share less income tax at 28% was paid on 12 March 2002. The directors are pleased to propose a final dividend of 7.5% per share less income tax at 28% to be paid upon shareholders' approval at the AGM to be held on 22 October 2002.

A NOTE OF APPRECIATION

My deepest appreciation goes to our customers and shareholders for their unwavering support. We are very grateful that you have continued to place your trust in us. I would also like to extend my sincere gratitude to our management team. Our successes would never have been possible without them. Finally, I would like to thank BNM and other authorities for their continued support and guidance.

Quek Leng Chan

12 September 2002



DIRECTORS' REPORT

for the financial year ended 30 June 2002

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 2002.

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 and nominee services.

There have been no significant changes in the principal activities of the Bank and its subsidiary companies during the financial year other than the disposal of unit trust management business as disclosed in Note 37 in the financial statements.

Outlook and business plan for new financial year

The Group expects the banking industry will continue to be competitive with lower margins in the financial year ahead. In view of this current financial landscape, the Group will further increase its focus on customer-relationship driven philosophy in running its businesses, through the continuous building of mutually beneficial lifelong relationship. To this end, the Group will endeavour to custom-make its products to suit the customer's financial services needs. In addition, the Group will also strengthen its delivery channels to provide greater convenience and accessibility to its customers to perform their financial transactions.

The Group will also continue to maximise its shareholders' value in order to ensure that its investors continue to enjoy good returns on their investments. The Group will implement its business strategies to enhance its revenues as well as maintaining strict control on its operating expenses to further improve its return on equity.

As in prior years, the Group will maintain its prudent credit and risk management control procedures as well as ensure that good corporate governance is practised throughout the organisation.

Credit information rating

The Bank was first rated in 1995 by Rating Agency Malaysia Berhad and was accorded a long term rating 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	706,152	362,520
Taxation	(203,150)	(99,752)
Profit after taxation	503,002	262,768

Dividends

A final dividend of 11% less income tax at 28% on 1,428,064,834 shares amounting to RM113,102,735 in respect of the year ended 30 June 2001 was paid on 16 November 2001.

An interim dividend of 3.5% less income tax at 28% on 1,428,354,834 shares amounting to RM35,994,542 in respect of the year ended 30 June 2002 was paid on 12 March 2002.

The Directors propose a final dividend of 7.5% less income tax at 28% on the Bank's issued and paid-up share capital of RM1,433,211,434 amounting to RM77,393,417 for the current financial year.

DIRECTORS' REPORT

for the financial year ended 30 June 2002 (continued)

Significant event during the financial year

The Bank completed the disposal of its entire equity interest of 100% in HLG Unit Trust Bhd (formerly known as HLB Unit Trust Management Bhd) to HLG Capital Berhad, a 75% subsidiary of Hong Leong Credit Berhad, the holding company of the Bank for a total cash consideration of RM11,000,000 on 14 June 2002.

Issue of share capital

During the financial year, the issued and fully paid-up share capital of the Bank was increased from RM1,428,064,834 to RM1,433,211,434 by way of:

- 1 Issue of 5,105,600 new ordinary shares of RM1.00 each from the exercise of options pursuant to the Bank's Executive Share Option Scheme ("ESOS") at the exercise price of RM3.70 per share.
- 2 Issue of 41,000 new ordinary shares of RM1.00 each from the exercise of options pursuant to the Bank's ESOS at the exercise price of RM3.44 per share.

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

YBhg Datuk Roger Tan Kim Hock (*appointed on 28 November 2001*)

In accordance with Article 113 of the Bank's Articles of Association, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Hai and Mr Kwek Leng Seng retire by rotation from the Board and being eligible, offer themselves for re-election.

In accordance with Article 92 of the Bank's Article of Association, YBhg Datuk Roger Tan Kim Hock retires by rotation from the Board and being eligible, offers himself for re-election.

DIRECTORS' REPORT

for the financial year ended 30 June 2002 (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/irredeemable convertible unsecured loan stocks in the Bank and/or related corporations during the financial year ended 30 June 2002, 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/irredeemable convertible unsecured loan stocks*					
	Nominal value per share/ Stock unit <	As at 1.7.2001/ Date of Appointment	Acquired/ Rights Issue@/ Conversion of Replacement Warrants to shares+	Sold/ Conversion of Replacement Warrants to shares+	As at 30.6.2002
RM					
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	390,000	-	-	390,000
Hong Leong Credit Berhad	1.00	4,451,000	745,000@	-	5,717,000
			521,000+		
		496,000*	25,269~	521,000+	269*
					(See Note 1)
		400,000*	20,000~	-	420,000*
Hong Leong Industries Berhad	0.50	2,185,000	-	917,000	1,268,000
		40,000*	-	-	40,000*
Malaysian Pacific Industries Berhad	0.50	53,500	-	-	53,500
Hong Leong Bank Berhad	1.00	40,000	-	-	40,000
Guolene Packaging Industries Berhad	1.00	36,000	-	36,000	Nil
Hume Industries (Malaysia) Berhad	1.00<	50,000	1,000	-	51,000
GuoNet Limited	USD1.00	1,200	-	-	1,200
Hume Cemboard Berhad	1.00	5,625,000	2,606,400	-	8,231,400
Interest of YBhg Dato' James Lim Cheng Poh in:					
Hong Leong Bank Berhad	1.00	18,490	480,000	-	498,490
		800,000*	-	480,000	320,000*
Interests of Mr Kwek Leng Hai in:					
Hong Leong Company (Malaysia) Berhad	1.00	283,500	117,000	-	400,500
Hong Leong Credit Berhad	1.00	359,500	60,500@	-	420,000
		85,000*	4,333~	-	89,333*
Hong Leong Industries Berhad	0.50	163,200	-	-	163,200
		25,500*	-	-	25,500*
		-	165,000*	-	165,000*
HLG Capital Berhad	1.00	500,000	-	-	500,000
Hong Leong Bank Berhad	1.00	3,955,700	-	-	3,955,700

DIRECTORS' REPORT

for the financial year ended 30 June 2002 (continued)

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/irredeemable convertible unsecured loan stocks*

	Nominal value per share/ Stock unit<	As at 1.7.2001/ Date of Appointmentø	Acquired/ Rights Issue@/ Conversion of Replacement Warrants to shares+	Sold/ Conversion of Replacement Warrants to shares+	As at 30.6.2002
RM					
Interest of YBhg Datuk Dr Hussein Awang in:					
Hong Leong Bank Berhad	1.00	100,000	-	45,000	55,000
Interests of Mr Kwek Leng Seng in:					
Hong Leong Company (Malaysia) Berhad	1.00	97,500	-	-	97,500
Hong Leong Bank Berhad	1.00	42,490	-	-	42,490
Hong Leong Properties Berhad	0.50	400,000*	-	-	400,000*
Hong Leong Credit Berhad	1.00	-	117,000	-	117,000
Interest of Encik Zulkiflee Hashim in:					
Hong Leong Bank Berhad	1.00	-	222,000	222,000	Nil
		480,000*	-	222,000	258,000*
Interest of Mr Chew Peng Cheng in:					
Hong Leong Bank Berhad	1.00	819,873	-	-	819,873
Interest of YBhg Datuk Roger Tan Kim Hock in:					
HLG Capital Berhad	1.00	2,291,666ø	-	-	2,291,666
Hume Industries (Malaysia) Berhad	1.00<	181,000ø	-	-	181,000

DIRECTORS' REPORT

for the financial year ended 30 June 2002 (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/irredeemable convertible unsecured loan stocks*

	Nominal value per share/ Stock unit<	As at 1.7.2001/ Date of Appointmentø	Acquired/ Rights Issue@/ Conversion of Replacement Warrants to shares+	Sold/ Conversion of Replacement Warrants to shares+	As at 30.6.2002
RM					
Interests of YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	7,487,100	-	-	7,487,100
Hong Leong Fund Management Sdn Bhd	1.00	1,400,000	-	-	1,400,000
GuoNet Limited	USD1.00	10,800	-	-	10,800
MEHY Sdn Bhd	1.00	650,000	-	-	650,000
Hong Leong Credit Berhad	1.00	337,817,645	5,511,000	679,200	451,828,024
			58,095,198@		
			51,083,381+		
		48,607,200*	2,476,181~	51,083,381+	Nil
Hong Leong Assurance Berhad	1.00	90,000,000	10,000,000	-	150,000,000
			50,000,000@		
BIB Insurance Brokers Sdn Bhd (formerly known as Bradstock Insurance Brokers Sdn Bhd)	1.00	750,000	-	750,000	Nil
BIB Asia (L) Berhad (formerly known as Bradstock Asia Insurance Brokers (L) Bhd)	USD1.00	300,000	-	300,000∞	Nil
		1,500	-	1,500∞	Nil
		(Preference)		(Preference)	
Bradstock Aurora Insurance Brokers Inc	P100	30,000	-	30,000∞	Nil
Bradstock Suntek Insurance Brokers Pte Ltd	\$S1.00	255,000	-	255,000∞	Nil
HLG Capital Berhad	1.00	92,590,545	-	-	92,590,545
HLG Futures Sdn Bhd	1.00	3,500,000	1,500,000	-	5,000,000
Hong Leong Bank Berhad	1.00	979,410,501	-	18,609,001	960,801,500
Hong Leong Properties Berhad	0.50	356,374,211	-	3,802,000	352,572,211
		34,322,420*	-	-	34,322,420*
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	277,000,00	-	-	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	133,494,600	-	2,923,600	130,571,000
		15,275,372*	24,156,612	-	39,431,984*
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
(in members' voluntary liquidation)					

DIRECTORS' REPORT

for the financial year ended 30 June 2002 (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/irredeemable convertible unsecured loan stocks*

	Nominal value per share/ Stock unit<	As at 1.7.2001/ Date of Appointmentø	Acquired/ Rights Issue@/ Conversion of Replacement Warrants to shares+	Sold/ Conversion of Replacement Warrants to shares+	As at 30.6.2002
RM					
Interests of YBhg Tan Sri Quek Leng Chan in (cont'd):					
Guocera Tile Industries (Labuan) Sdn Bhd	1.00	13,090,001	-	-	13,090,001
Quayline Fairprice Sdn Bhd	1.00	9,600,000	-	-	9,600,000
RZA Logistic Sdn Bhd	1.00	8,540,000	330,000	-	8,870,000
Malaysian Pacific Industries Berhad	0.50	123,520,009	-	581,000	122,939,009
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	116,638,610	23,112,090	-	139,750,700
Guolene Plastic Films Sdn Bhd	1.00	9,350,002	-	-	9,350,002
Hume Industries (Malaysia) Berhad	1.00<	139,616,855	28,463,000	3,284,831	164,795,024
Hume Fibreboard Sdn Bhd	1.00	42,000,000	18,000,000	-	60,000,000
		37,700,000	-	-	37,700,000
		(Preference)			(Preference)
Hume Cemboard Berhad	1.00	39,884,000	2,646,000	-	42,530,000
O.Y.L. Industries Bhd	1.00	84,919,828	-	7,600	84,912,228
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
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	1,200	-	-	1,200
	Or USD1,000				
Shenzhen McQuay Air Conditioning Co., Ltd	^	6,040,000	-	-	6,040,000
AF Technology Ltd	W5,000	161,725	-	161,725	Nil
McQuay Mediterranean LLC	#	88,500	-	-	88,500
OYL Way Electronic (Shenzhen) Co Ltd	^	200,000	-	-	200,000
McQuay Philippines Sales & Service Inc.	P1.00	20,000,000	-	-	20,000,000

Interest of Mr Chew Peng Cheng in:

Hong Leong Bank Berhad	1.00	4,674,666	-	-	4,674,666
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Note:

^ Capital contribution in USD.

LLC interest in USD.

∞ Company ceased to be a related company during the year.

~ Adjustment arising from the Rights Issue

Note 1 All outstanding Hong Leong Credit Berhad Replacement Warrants not exercised had lapsed and become null and void on 27 December 2001 at 5.00 p.m..

DIRECTORS' REPORT

for the financial year ended 30 June 2002 (continued)

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:

- (a) 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; and
- (b) Mr Chew Peng Cheng who may be deemed to derive a benefit by virtue of the tenancies/leases between the Bank and its related companies with companies in which Mr Chew Peng Cheng has interests.

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 ESOS.

Executive Share Option Scheme ("ESOS")

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 Bank 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.

The movement during the year in the number of options over the shares of the Bank are as follows:

	Options over ordinary shares of RM3.70 per share	Options over ordinary shares of RM3.44 per share
At 1 July 2001	16,547,000	186,000
Lapsed	(2,273,000)	(14,000)
Exercised	(5,105,600)	(41,000)
At 30 June 2002	9,168,400	131,000

DIRECTORS' REPORT

for the financial year ended 30 June 2002 (continued)

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.

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 2002 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 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
15 August 2002

BALANCE SHEETS

as at 30 June 2002

	Note	The Group		The Bank	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Assets					
Cash and short-term funds	3	8,388,426	6,846,759	5,653,019	4,926,632
Deposits and placements with financial institutions	4	3,983,147	2,568,600	2,373,347	1,622,100
Dealing securities	5	4,275,148	5,132,728	3,786,352	4,359,502
Investment securities	6	1,414,741	1,543,789	518,772	430,425
Loans, advances and financing	7	23,382,297	22,821,407	12,544,988	11,900,484
Other assets	8	432,164	277,566	340,423	235,805
Statutory deposit with Bank Negara Malaysia	10	826,824	808,110	375,350	373,500
Investment in subsidiary companies	11	-	-	698,841	700,841
Fixed assets	12	239,662	238,538	157,588	152,248
Total assets		42,942,409	40,237,497	26,448,680	24,701,537
Liabilities					
Deposits from customers	13	34,080,017	31,168,735	19,237,072	17,251,650
Deposits and placements of banks and other financial institutions	14	1,220,772	2,512,032	913,092	2,151,332
Obligations on securities sold under repurchase agreements		1,947,244	1,081,141	1,947,244	1,081,141
Bills and acceptances payable		1,399,146	1,113,897	1,399,144	1,113,895
Amount due to Cagamas		322,757	693,886	30,054	227,232
Other liabilities	15	582,350	652,311	210,236	298,843
Total liabilities		39,552,286	37,222,002	23,736,842	22,124,093
Share capital	16	1,433,211	1,428,065	1,433,211	1,428,065
Reserves	17	1,956,912	1,587,430	1,278,627	1,149,379
Shareholders' funds		3,390,123	3,015,495	2,711,838	2,577,444
Total liabilities and shareholders' funds		42,942,409	40,237,497	26,448,680	24,701,537
Commitments and contingencies	31	12,420,583	10,772,274	10,297,946	9,053,962

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 34 to 74.

INCOME STATEMENTS

for the financial year ended 30 June 2002

	Note	The Group		The Bank	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Interest income	18	2,255,866	2,345,481	1,141,043	1,102,556
Interest expense	19	(1,079,849)	(1,129,574)	(568,571)	(559,271)
Net interest income		1,176,017	1,215,907	572,472	543,285
Income from Islamic Banking operations	43(k)	110,729	67,553	8,579	4,310
Loan and financing loss and provision	20	(350,724)	(413,447)	(174,347)	(232,321)
		936,022	870,013	406,704	315,274
Net gain from capital reduction exercise in subsidiary companies	21	-	-	-	87,917
Non-interest income	22	272,687	215,438	252,379	551,678
		1,208,709	1,085,451	659,083	954,869
Overhead expenses	23	(502,557)	(481,903)	(296,563)	(269,904)
Profit before taxation		706,152	603,548	362,520	684,965
Taxation	26	(203,150)	(209,302)	(99,752)	(173,119)
Profit after taxation		503,002	394,246	262,768	511,846
Earnings per share (sen):	28				
- basic		35.2	28.1	18.4	39.6
- fully diluted		35.2	28.0	18.4	39.5
Dividend per share (sen):					
- interim dividend of 3.5 sen (2001: 2.5 sen) less tax		2.5	1.8	2.5	1.8
- proposed final dividend of 7.5 sen (2001: 11.0 sen) less tax		5.4	7.9	5.4	7.9
		7.9	9.7	7.9	9.7

The above income statements are to be read in conjunction with the notes to the financial statements on pages 34 to 74.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2002

The Group	Note	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 2000:									
- as previously reported		800,506	529,470	27,400	649,629	14,117	35,355	472,472	2,528,949
- prior year adjustment		-	-	-	-	-	-	56,101	56,101
- as restated		800,506	529,470	27,400	649,629	14,117	35,355	528,573	2,585,050
Currency translation differences		-	-	-	-	-	(3,649)	-	(3,649)
Net gains and losses not recognised									
in the income statement		-	-	-	-	-	(3,649)	-	(3,649)
Profit after taxation		-	-	-	-	-	-	394,246	394,246
Transfer to retained profit		-	-	(27,400)	-	-	-	27,400	-
Transfer to statutory reserve		-	-	-	250,649	-	-	(250,649)	-
Pre-merger dividends paid to ex-shareholders of WTB and CCM		-	-	-	-	-	-	(20,432)	(20,432)
Dividends paid:									
- final dividend for year ended 30 June 2000	29	-	-	-	-	-	-	(56,101)	(56,101)
- interim dividend for year ended 30 June 2001	29	-	-	-	-	-	-	(25,705)	(25,705)
Realisation of merger reserve due to capital reduction exercise of subsidiary companies		-	-	-	-	(87,917)	-	87,917	-
Issued 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	639,036	3,015,495
Balance as at 1 July 2001:									
- as previously reported		1,428,065	90,210	-	900,278	(73,800)	31,706	525,933	2,902,392
- prior year adjustment		-	-	-	-	-	-	113,103	113,103
- as restated		1,428,065	90,210	-	900,278	(73,800)	31,706	639,036	3,015,495
Currency translation differences		-	-	-	-	-	1,692	-	1,692
Net gains and losses not recognised									
in the income statement		-	-	-	-	-	1,692	-	1,692
Profit after taxation		-	-	-	-	-	-	503,002	503,002
Transfer to statutory reserve		-	-	-	275,698	-	-	(275,698)	-
Dividends paid:									
- final dividend for year ended 30 June 2001	29	-	-	-	-	-	-	(113,103)	(113,103)
- interim dividend for year ended 30 June 2002	29	-	-	-	-	-	-	(35,995)	(35,995)
Issued upon exercise of share options		5,146	13,886	-	-	-	-	-	19,032
Balance as at 30 June 2002		1,433,211	104,096	-	1,175,976	(73,800)	33,398	717,242	3,390,123

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 34 to 74.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 June 2002 (continued)

The Bank	Note	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 2000:							
- as previously reported		577,173	529,470	345,509	35,355	242,026	1,729,533
- prior year adjustment		-	-	-	-	56,101	56,101
- as restated		577,173	529,470	345,509	35,355	298,127	1,785,634
Currency translation differences		-	-	-	(3,649)	-	(3,649)
Net gains and losses not recognised in the income statement		-	-	-	(3,649)	-	(3,649)
Profit after taxation		-	-	-	-	511,846	511,846
Transfer to statutory reserve		-	-	255,923	-	(255,923)	-
Dividends paid:							
- final dividend for year ended 30 June 2000	29	-	-	-	-	(56,101)	(56,101)
- interim dividend for year ended 30 June 2001	29	-	-	-	-	(25,705)	(25,705)
Issued upon exercise of warrants		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	426,031	2,577,444
Balance as at 1 July 2001:							
- as previously reported		1,428,065	90,210	601,432	31,706	312,928	2,464,341
- prior year adjustment		-	-	-	-	113,103	113,103
- as restated		1,428,065	90,210	601,432	31,706	426,031	2,577,444
Currency translation differences		-	-	-	1,692	-	1,692
Net gains and losses not recognised in the income statement		-	-	-	1,692	-	1,692
Profit after taxation		-	-	-	-	262,768	262,768
Transfer to statutory reserve		-	-	131,384	-	(131,384)	-
Dividends paid:							
- final dividend for year ended 30 June 2001	29	-	-	-	-	(113,103)	(113,103)
- interim dividend for year ended 30 June 2002	29	-	-	-	-	(35,995)	(35,995)
Issued upon exercise of share options		5,146	13,886	-	-	-	19,032
Balance as at 30 June 2002		1,433,211	104,096	732,816	33,398	408,317	2,711,838

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements on pages 34 to 74.

CASH FLOW STATEMENTS

for the financial year ended 30 June 2002

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash flows from operating activities				
Profit before taxation	706,152	603,548	362,520	684,965
Adjustment for:				
Depreciation	39,828	38,943	27,350	23,214
Net profit on disposal of fixed assets	(824)	(1,018)	(231)	(32)
Fixed assets written off	399	1,024	2	13
Provision for bad and doubtful debts and financing	350,724	413,447	174,347	232,321
Provision for interest-in-suspense/ income-in-suspense	214,303	216,132	101,334	109,959
Provision of staff retirement gratuities	1,551	2,775	459	1,590
Accretion of discount less amortisation of premium	(9,539)	(10,517)	(928)	(883)
(Writeback)/provision of diminution in value of investment securities	(26,030)	7,174	(10,009)	(15,348)
Investment income	(19,248)	(63,228)	(19,601)	(21,972)
Goodwill written off	-	379	-	-
Dividend income from subsidiary companies	-	-	(48,900)	(379,800)
Gain on disposal of subsidiary company	(5,210)	-	(9,000)	-
Net gain from capital reduction exercise in subsidiary companies	-	-	-	(87,917)
Operating profit before working capital changes	1,252,106	1,208,659	577,343	546,110
(Increase)/decrease in deposits and placements with financial institutions	(1,401,375)	251,283	(738,075)	(589,747)
Increase in loans, advances and financing	(1,106,999)	(1,987,126)	(901,267)	(1,166,634)
(Increase)/decrease in dealing securities	857,580	(2,617,197)	573,150	(2,103,132)
(Increase)/decrease in other assets	(164,144)	83,959	(181,003)	22,093
Increase in statutory deposit with Bank Negara Malaysia	(18,714)	(29,945)	(1,850)	(10,523)
Increase in deposits from customers	2,882,441	2,272,616	1,956,581	2,229,513
Increase/(decrease) in deposits and placements of banks and other financial institutions	(1,295,115)	1,102,214	(1,242,095)	1,591,080
Increase in bills and acceptances payable	285,210	355,660	285,210	357,359
Increase in securities sold under repurchase agreements	866,103	218,647	866,103	218,647
Decrease in amount due to Cagamas	(371,129)	(498,984)	(197,178)	(180,446)
Increase/(decrease) in other liabilities	71,430	(19,663)	(26,094)	(23,934)
Cash generated from operations	1,857,394	340,123	970,825	890,386
Payment of staff retirement gratuities	(3,413)	(3,479)	(2,097)	(1,840)
Income taxes and zakat paid	(328,864)	(143,097)	(147,953)	(56,484)
Net cash from operating activities	1,525,117	193,547	820,775	832,062

The above cash flow statements are to be read in conjunction with the notes to the financial statements on pages 34 to 74.

CASH FLOW STATEMENTS

for the financial year ended 30 June 2002 (continued)

	Note	The Group		The Bank	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash flows from investing activities					
Net disposal/(purchase) of investment securities		161,332	221,721	(67,634)	123,180
Purchase of fixed assets		(67,570)	(66,964)	(55,912)	(54,540)
Proceeds from sale of equipment		24,584	3,606	23,501	66
Interest received on investment securities		23,773	51,337	14,986	19,774
Dividend received on investment securities		3,729	4,014	277	350
Dividend received from subsidiary companies		-	-	110,556	246,016
Investment in subsidiary company		-	-	-	(336,999)
Capital return on investment in subsidiary companies		-	-	-	311,250
Proceeds from disposal of subsidiary company		1,864	-	11,000	-
Net cash from investing activities		147,712	213,714	36,774	309,097
Cash flows from financing activities					
Proceeds from issuance of share capital		19,032	142,086	19,032	142,086
Dividend paid		(149,098)	(102,238)	(149,098)	(81,806)
Repayment of subordinated bonds		-	(200,000)	-	(200,000)
Net cash used in financing activities		(130,066)	(160,152)	(130,066)	(139,720)
Net increase in cash and cash equivalents		1,542,763	247,109	727,483	1,001,439
Effects of exchange rate changes		(1,096)	554	(1,096)	554
Net cash and cash equivalents transferred from WTB		-	-	-	339,126
Cash and cash equivalents at the beginning of year		6,846,759	6,599,096	4,926,632	3,585,513
Cash and cash equivalents at the end of year	3	8,388,426	6,846,759	5,653,019	4,926,632

The above cash flow statements are to be read in conjunction with the notes to the financial statements on pages 34 to 74.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002

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 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 have previously met 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 current applicable approved accounting standard for business combinations is MASB 21 Business Combinations. This standard is effective for accounting period commencing 1 July 2001. As allowed under the standard, the provisions of the standard are applied prospectively, and no retrospective changes have been made.

A listing of the Bank's subsidiaries 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.

Dividends from dealing and investment securities are recognised when received. Dividends from subsidiary companies are recognised when the rights to receive payment are established. 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 2002 (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. Dividends received are 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 certificates, Cagamas bonds, other Government securities and bank guaranteed private debts 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 2002 (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 2001.

(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 2002 (continued)

(t) Amounts due to Cagamas Berhad ("Cagamas")

In the normal course of banking operations, the Bank sells loans to Cagamas. The Bank is liable in respect of the loans sold directly with full recourse to Cagamas under the condition that the Bank undertakes to administer the loans on behalf of Cagamas and to buy back any loans which are regarded as defective. Such financing transactions and the obligation to buy back the loans are reflected as a liability on the balance sheet. Interest income received from the loans and subsequently paid to Cagamas are recognised on a gross basis as "interest income" and "interest expense" in the income statement.

The Bank's treatment on loans sold to Cagamas is in conformity with Bank Negara Malaysia's Circular on "Accounting Treatment for Loans Sold to Cagamas with Recourse".

(u) 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.

(v) Provisions

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

(w) 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	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash and balances with banks and other financial institutions	494,907	364,626	374,390	262,749
Money at call and deposit placements maturing within one month	7,893,519	6,482,133	5,278,629	4,663,883
	8,388,426	6,846,759	5,653,019	4,926,632

4 Deposits and placements with financial institutions

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Licensed banks	443,447	2,128,700	388,447	1,182,200
Licensed finance companies	80,600	115,000	30,000	115,000
Other financial institutions	3,459,100	324,900	1,954,900	324,900
	3,983,147	2,568,600	2,373,347	1,622,100

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

5 Dealing securities

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Money market instruments				
Bank Negara Malaysia bills	309,668	144,023	309,668	144,023
Malaysian Government treasury bills	41,232	55,773	41,232	55,773
Malaysian Government securities	264,711	680,411	212,523	347,390
Malaysian Government investment certificates	135,230	209,438	135,230	141,685
Cagamas bonds	20,138	180,219	20,138	153,851
Cagamas notes	139,165	203,941	139,165	203,941
Khazanah bonds	13,277	14,046	13,277	14,046
Danamodal bonds	189,073	213,251	85,158	102,907
Bankers' acceptances and Islamic accepted bills	690,991	1,305,080	506,541	1,214,560
Negotiable instruments of deposit	2,223,425	1,953,743	2,093,425	1,808,523
	4,026,910	4,959,925	3,556,357	4,186,699
Unquoted securities				
Private debt securities	248,238	172,803	229,995	172,803
	4,275,148	5,132,728	3,786,352	4,359,502
Market value of quoted securities:				
Malaysian Government securities	264,711	684,604	212,523	347,391
Cagamas bonds	20,138	180,219	20,138	153,851

6 Investment securities

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Money market instruments				
Malaysian Government securities	5,548	5,760	5,013	5,013
Malaysian Government investment certificates	158,650	108,651	78,651	78,651
Other Government securities	132,957	109,525	132,957	109,525
Cagamas bonds	80,543	127,866	36,711	35,057
Cagamas notes	-	9,792	-	-
Danamodal bonds	68,569	124,960	18,841	18,841
Danaharta bonds	133,019	161,025	93,114	79,093
Negotiable instruments of deposit	5,742	70,593	5,742	5,592
Bankers' acceptances and Islamic accepted bills	503,295	477,485	-	-
	1,088,323	1,195,657	371,029	331,772

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

6 Investment securities (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Quoted securities				
Shares quoted in Malaysia	36,539	58,104	2,724	2,641
Loan stocks quoted in Malaysia	45,918	42,023	-	-
Shares quoted outside Malaysia	1,249	1,249	1,249	1,249
Private debt securities	38,001	12,181	38,001	12,181
Foreign currency bonds	15,358	24,903	15,358	24,903
	1,225,388	1,334,117	428,361	372,746
Unquoted securities				
Shares	28,345	29,699	11,397	11,073
Loan stocks quoted in Malaysia	33,548	-	-	-
Private and Islamic debt securities	138,671	190,320	86,277	59,447
	1,425,952	1,554,136	526,035	443,266
Accretion of discount less amortisation of premium	12,087	34,979	630	1,046
Provision for diminution in value of investment securities:				
- quoted investments	(15,963)	(38,813)	(7,740)	(9,696)
- unquoted investments	(7,335)	(6,513)	(153)	(4,191)
	1,414,741	1,543,789	518,772	430,425
(a) Market value of quoted securities:				
Malaysian Government securities	5,834	6,195	5,222	5,356
Other Government securities	134,350	110,729	134,350	110,729
Cagamas bonds	81,057	131,020	36,967	36,406
Shares quoted in Malaysia	29,899	13,916	2,502	2,582
Loan stocks quoted in Malaysia	34,548	19,331	-	-
Shares quoted outside Malaysia	1,064	803	1,064	803
Private debt securities	31,275	4,918	31,275	4,918
Foreign currency bonds	15,358	24,016	15,358	24,016
(b) The maturity structure of money market instruments held for investment is as follows:				
Maturing within:				
- one year	628,219	703,818	119,480	101,158
- one year to three years	459,569	345,426	251,549	193,488
- three years to five years	535	145,666	-	37,126
- over five years	-	747	-	-
	1,088,323	1,195,657	371,029	331,772

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

7 Loans, advances and financing

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Overdrafts	3,299,489	3,133,854	3,304,127	3,141,447
Term loans:				
- fixed rate	235,443	307,864	123,683	135,080
- floating rate	10,073,341	9,723,091	7,094,768	6,712,540
Hire purchase	10,479,641	10,385,490	894	2,915
Lease receivables	50,345	84,183	-	-
Credit/charge card receivables	762,055	691,576	762,055	691,576
Bills receivable	293,581	340,500	293,581	340,500
Trust receipts	332,240	319,585	332,240	319,585
Claims on customers under acceptance credits	1,567,874	1,295,042	1,567,874	1,295,042
Staff loans	136,819	137,468	83,827	79,818
Other loans	57,782	107,787	11,855	3,201
	27,288,610	26,526,440	13,574,904	12,721,704
Unearned interest and income	(2,202,627)	(2,137,043)	(196,775)	(62,261)
Gross loans, advances and financing	25,085,983	24,389,397	13,378,129	12,659,443
Interest-in-suspense/income-in-suspense	(577,890)	(475,916)	(251,909)	(203,030)
Provision for bad and doubtful debts and financing:				
- specific	(743,032)	(681,016)	(381,561)	(359,380)
- general	(382,764)	(411,058)	(199,671)	(196,549)
	(1,703,686)	(1,567,990)	(833,141)	(758,959)
Total net loans, advances and financing	23,382,297	22,821,407	12,544,988	11,900,484
(a) The maturity structure of loans, advances and financing is as follows:				
Maturing within:				
- one year	9,244,610	7,916,268	7,491,828	6,997,670
- one year to three years	2,325,754	2,700,544	438,617	368,384
- three years to five years	4,747,414	4,080,476	874,139	750,434
- over five years	8,768,205	9,692,109	4,573,545	4,542,955
	25,085,983	24,389,397	13,378,129	12,659,443

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

7 Loans, advances and financing (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(b) Loans, advances and financing analysed by their economic purposes are as follows:				
Agriculture	219,901	225,845	196,383	196,045
Mining and quarrying	48,900	50,885	28,936	29,333
Manufacturing	2,291,383	2,290,261	2,132,372	2,101,639
Electricity, gas and water	134,867	30,862	109,500	9,278
Construction	1,390,837	1,543,088	750,120	835,967
Real estate	206,471	218,420	110,308	124,458
Purchase of landed property:	5,839,978	6,195,946	4,252,213	4,145,616
- residential	4,071,172	4,323,986	2,737,942	2,544,412
- non-residential	1,768,806	1,871,960	1,514,271	1,601,204
General commerce	1,706,325	1,680,653	1,567,117	1,507,982
Transport, storage and communication	329,735	352,718	209,632	192,717
Finance, insurance and business services	880,207	972,774	806,402	868,591
Purchase of securities	929,356	862,793	572,253	504,081
Purchase of transport vehicles	8,099,333	7,325,745	7,105	6,762
Consumption credit	1,718,902	1,450,760	1,717,120	1,448,645
Others	1,289,788	1,188,647	918,668	688,329
	25,085,983	24,389,397	13,378,129	12,659,443
(c) Movements in the provision for bad and doubtful debts and financing and interest-in-suspense/ income-in-suspense accounts are as follows:				
Interest-in-suspense/ income-in-suspense (IIS)				
As at beginning of the year	475,916	411,508	203,030	146,879
Provisions made during the year	319,686	285,558	167,559	168,639
Amount transferred from subsidiary company	-	-	-	16,251
Amount written back in respect of recoveries	(105,383)	(69,426)	(66,225)	(58,680)
Amount transferred to provision for diminution in value	(449)	(4,701)	(449)	(4,701)
Amount written off	(112,463)	(146,458)	(52,589)	(64,793)
Exchange difference	583	(565)	583	(565)
As at end of the year	577,890	475,916	251,909	203,030

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

7 Loans, advances and financing (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(c) Movements in the provision for bad and doubtful debts and financing and interest-in-suspense/income -in-suspense accounts are as follows: (continued)				
Specific provision (SP)				
As at beginning of the year	681,016	624,763	359,380	276,544
Provisions made during the year	511,041	471,714	240,951	279,675
Amount transferred from subsidiary company	-	-	-	569
Amount transferred from GP	31,159	2,539	-	2,539
Amount written back in respect of recoveries	(157,700)	(91,389)	(58,811)	(40,495)
Amount transferred to provision for diminution in value	(1,235)	(20,931)	(1,235)	(20,931)
Amount written off	(322,945)	(304,515)	(160,420)	(137,356)
Exchange difference	1,696	(1,165)	1,696	(1,165)
As at end of the year	743,032	681,016	381,561	359,380
General provision (GP)				
As at beginning of the year	411,058	391,828	196,549	190,181
Provisions made/(write back) during the year	2,601	22,351	2,858	(1,070)
Amount transferred from subsidiary company	-	-	-	10,559
Amount transferred to SP	(31,159)	(2,539)	-	(2,539)
Exchange difference	264	(582)	264	(582)
As at end of the year	382,764	411,058	199,671	196,549
(as % of total loans less SP and IIS)	1.6%	1.8%	1.6%	1.6%
(d) Movements in the non-performing loans and financing are as follows:				
As at beginning of the year	3,015,764	2,340,371	1,464,034	1,015,512
Non-performing during the year	2,293,651	2,501,003	983,166	1,401,264
Amount transferred from subsidiary company	-	-	-	77,981
Accrued interest on existing non-performing loans and financing	153,531	134,521	135,526	117,429
Performing during the year	(1,236,779)	(884,434)	(600,859)	(616,594)
Amount written back in respect of recoveries	(654,622)	(608,359)	(291,796)	(325,569)
Amount written off	(436,187)	(465,323)	(213,120)	(203,974)
Exchange difference	3,075	(2,015)	3,075	(2,015)
As at end of the year	3,138,433	3,015,764	1,480,026	1,464,034
Ratio of non-performing loans net of SP and IIS to total loans	7.6%	8.0%	6.6%	7.5%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

8 Other assets

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Amount recoverable from Danaharta	22,314	41,484	7,251	13,306
Foreclosed properties	3,551	3,642	3,551	3,642
Other debtors, deposits and prepayments	339,591	161,568	274,213	161,627
Interest receivable	65,305	68,506	55,408	57,230
Deferred asset (Note 9)	1,403	2,366	-	-
	432,164	277,566	340,423	235,805
Amount recoverable from Danaharta				
As at beginning of the year	41,484	62,517	13,306	18,324
Provisions made during the year	(16,909)	(21,033)	(4,214)	(5,018)
Written back on final settlement	425	-	425	-
Amount recovered	(2,686)	-	(2,266)	-
As at end of the year	22,314	41,484	7,251	13,306

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	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost:	726,571	728,571
- in Malaysia	11	11
- outside Malaysia	11	11
Arising from translation of a foreign subsidiary company	726,593	728,593
Provision for permanent diminution in value	(27,752)	(27,752)
	698,841	700,841
As at beginning of the year	700,841	363,842
Addition during the year	-	336,999
Disposal during the year	(2,000)	-
As at end of the year	698,841	700,841

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

11 Investment in subsidiary companies (continued)

The Bank disposed a subsidiary during the year as disclosed in Note 37 to the financial statements.

The subsidiary companies of the Bank are as follows:

Name	Percentage of equity held		Principal activities
	2002	2001	
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) Bhd	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
HLG Unit Trust Bhd (formerly known as HLB Unit Trust Management Bhd)	-	100	Unit trust management
HLB Ventures Sdn Bhd	100	100	Dormant
Credit Corporation (Malaysia) Berhad ("CCM")#	100	100	Dormant
WTB Corporation Berhad ("WTB") (formerly known as Wah Tat Bank Berhad) and its subsidiary companies: #	100	100	Dormant
- Wah Tat Nominees (Tempatan) Sendirian Berhad*	100	100	Agent and nominee for Malaysian clients
- Wah Tat Nominees (Asing) Sendirian Berhad*	100	100	Agent and nominee for foreign clients
- Wah Tat Properties Sendirian Berhad*	100	100	Dormant
- Chew Geok Lin Finance Berhad	100	100	Dormant
- Chew Geok Lin Nominees (Tempatan) Sendirian Berhad*	100	100	Dormant
- Chew Geok Lin Nominees (Asing) Sendirian Berhad*	100	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 2002 (continued)

12 Fixed assets

The Group 2002	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
Cost						
As at beginning of the year	34,861	37,278	5,271	7,421	2,683	18,441
Additions	-	-	-	-	-	-
Disposals	(406)	(257)	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	34,455	37,021	5,271	7,421	2,683	18,441
Accumulated depreciation						
As at beginning of the year	-	4,482	1,733	601	417	2,097
Charge for the year	-	499	61	92	48	249
Disposals	-	(62)	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	4,919	1,794	693	465	2,346
Net book value as at 30 June 2002	34,455	32,102	3,477	6,728	2,218	16,095

The Group 2002	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
Cost					
As at beginning of the year	149,153	170,075	8,986	37,108	471,277
Additions	19,162	47,610	190	608	67,570
Disposals	(2,332)	(1,454)	(831)	(22,737)	(28,017)
Disposal of subsidiary	(2,164)	(1,645)	(4)	(608)	(4,421)
Exchange fluctuation	166	186	16	-	368
As at end of the year	163,985	214,772	8,357	14,371	506,777
Accumulated depreciation					
As at beginning of the year	103,709	113,536	6,164	-	232,739
Charge for the year	14,015	23,961	903	-	39,828
Disposals	(1,891)	(1,368)	(537)	-	(3,858)
Disposal of subsidiary	(679)	(1,230)	(3)	-	(1,912)
Exchange fluctuation	147	155	16	-	318
As at end of the year	115,301	135,054	6,543	-	267,115
Net book value as at 30 June 2002	48,684	79,718	1,814	14,371	239,662

* Renovation works are partially financed under finance lease.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

12 Fixed assets (continued)

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
Cost						
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
Accumulated depreciation						
As at beginning of the year	-	4,052	1,663	523	372	1,882
Charge for the year	-	526	70	78	45	233
Disposals	-	(96)	-	-	-	(18)
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	4,482	1,733	601	417	2,097
Net book value as at 30 June 2001	34,861	32,796	3,538	6,820	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
Cost					
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
Accumulated depreciation					
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 2002 (continued)

12 Fixed assets (continued)

The Bank 2002	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
Cost						
As at beginning of the year	14,886	18,670	3,300	3,722	1,245	8,583
Additions	-	-	-	-	-	-
Disposals	(287)	(120)	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	14,599	18,550	3,300	3,722	1,245	8,583
Accumulated depreciation						
As at beginning of the year	-	1,080	382	188	234	134
Charge for the year	-	139	58	71	23	76
Disposals	-	(27)	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	1,192	440	259	257	210
Net book value as at 30 June 2002	14,599	17,358	2,860	3,463	988	8,373

The Bank 2002	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
Cost					
As at beginning of the year	86,936	110,553	6,037	37,108	291,040
Additions	16,263	39,459	190	-	55,912
Disposals	(371)	(210)	(202)	(22,737)	(23,927)
Exchange fluctuation	166	186	16	-	368
As at end of the year	102,994	149,988	6,041	14,371	323,393
Accumulated depreciation					
As at beginning of the year	66,031	66,472	4,271	-	138,792
Charge for the year	8,764	17,663	556	-	27,350
Disposals	(375)	(140)	(113)	-	(655)
Exchange fluctuation	147	155	16	-	318
As at end of the year	74,567	84,150	4,730	-	165,805
Net book value as at 30 June 2002	28,427	65,838	1,311	14,371	157,588

* Renovation works are partially financed under finance lease.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (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
Cost						
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
Accumulated depreciation						
As at beginning of the year	-	904	225	-	128	29
Amount transferred from subsidiary company	-	23	99	151	86	57
Charge for the year	-	153	58	37	20	48
Disposals	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	1,080	382	188	234	134
Net book value as at 30 June 2001	14,886	17,590	2,918	3,534	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
Cost					
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
Accumulated depreciation					
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 2002 (continued)

13 Deposits from customers

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Fixed deposits	25,670,347	24,659,251	12,548,506	12,079,247
Negotiable instruments of deposit	1,205,000	403,000	495,000	50,000
	26,875,347	25,062,251	13,043,506	12,129,247
Demand deposits	2,479,835	1,962,512	2,481,365	1,962,512
Savings deposits	4,567,303	3,962,350	3,554,669	2,973,822
Others	157,532	181,622	157,532	186,069
	34,080,017	31,168,735	19,237,072	17,251,650
(a) The maturity structure of fixed deposits and negotiable instruments of deposit are as follows:				
Due within:				
- six months	21,207,990	17,065,835	10,470,181	10,310,421
- six months to one year	5,292,604	5,373,012	2,434,920	1,633,652
- one year to three years	373,209	2,589,770	138,405	185,174
- three years to five years	1,544	33,634	-	-
	26,875,347	25,062,251	13,043,506	12,129,247
(b) The deposits are sourced from the following customers:				
Business enterprises	7,823,115	7,578,559	5,811,849	6,070,676
Individuals	20,653,899	18,140,292	11,848,219	9,665,123
Others	5,603,003	5,449,884	1,577,004	1,515,851
	34,080,017	31,168,735	19,237,072	17,251,650

14 Deposits and placements of banks and other financial institutions

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Licensed banks	776,692	1,878,982	646,692	1,663,282
Licensed finance companies	234,080	464,450	201,400	464,450
Other financial institutions	210,000	168,600	65,000	23,600
	1,220,772	2,512,032	913,092	2,151,332

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

15 Other liabilities

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Taxation	109,280	225,739	14,085	75,235
Zakat	7	21	-	-
Deferred taxation (Note 27)	2,701	2,872	2,701	2,783
Provision for staff retirement gratuities	7,948	9,890	3,560	5,196
Interest payable	195,185	185,760	86,172	75,760
Others	267,229	228,029	103,718	139,869
	582,350	652,311	210,236	298,843

16 Share capital

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Ordinary shares of RM1 each				
Authorised				
As at beginning of the year	3,000,000	1,100,000	3,000,000	1,100,000
Increase during the year	-	1,900,000	-	1,900,000
As at end of the year	3,000,000	3,000,000	3,000,000	3,000,000
Issued and fully paid				
As at beginning of the year	1,428,065	800,506	1,428,065	577,173
Issued upon exercise of warrants	-	49,976	-	49,976
Issued upon exercise of share options	5,146	-	5,146	-
Bonus issue	-	577,583	-	577,583
Issue of shares for acquisition of subsidiary companies	-	-	-	223,333
As at end of the year	1,433,211	1,428,065	1,433,211	1,428,065

Executive Share Option Scheme ("ESOS")

During the financial year, the following options pursuant to the ESOS of the Bank were exercised as follows:

- (a) options over 5,105,600 ordinary shares of RM3.70 per share; and
- (b) options over 41,000 ordinary shares of RM3.44 per share.

The main features of the ESOS are disclosed in the Director's report on page 26.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

17 Reserves

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Distributable				
Retained profit	717,242	639,036	408,317	426,031
Non-distributable				
Share premium	104,096	90,210	104,096	90,210
Statutory reserve	1,175,976	900,278	732,816	601,432
Merger deficit	(73,800)	(73,800)	-	-
Exchange fluctuation reserve	33,398	31,706	33,398	31,706
	1,239,670	948,394	870,310	723,348
	1,956,912	1,587,430	1,278,627	1,149,379

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 2002.

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 in the previous financial years. As such, the investment in HLF, CCM and WTB have been recorded in the Bank's books at the nominal value of shares issued. The merger deficit represents difference between the investment in the mentioned companies and the nominal value of shares acquired of the respective companies.

18 Interest income

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Loans and advances	2,003,127	2,069,106	918,127	905,582
Money at call and deposit placements with financial institutions	248,030	286,875	168,166	179,151
Dealing securities	156,432	115,176	133,875	100,428
Investment securities	23,773	51,337	14,986	19,774
Others	29,268	28,602	6,295	6,697
	2,460,630	2,551,096	1,241,449	1,211,632
Accretion of discounts less amortisation of premium	9,539	10,517	928	883
Net interest suspended	(214,303)	(216,132)	(101,334)	(109,959)
	(204,764)	(205,615)	(100,406)	(109,076)
	2,255,866	2,345,481	1,141,043	1,102,556

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

19 Interest expense

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Deposits and placements of banks and other financial institutions	122,703	146,941	82,714	102,468
Deposits from other customers	932,789	954,330	485,175	453,735
Others	24,357	28,303	682	3,068
	1,079,849	1,129,574	568,571	559,271

20 Loan and financing loss and provision

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Provision for bad and doubtful debts and financing:				
- specific provision (net)	353,341	380,325	182,140	239,180
- general provision (net)	2,601	22,351	2,858	(1,070)
	355,942	402,676	184,998	238,110
Bad debts and financing:				
- written off	5,094	14,692	2,673	1,625
- recovered	(26,796)	(24,954)	(17,113)	(12,432)
	(21,702)	(10,262)	(14,440)	(10,807)
Provision on amounts recoverable from Danaharta:				
- provision for value impairment during the year	16,909	21,033	4,214	5,018
- written back on final settlement	(425)	-	(425)	-
	16,484	21,033	3,789	5,018
	350,724	413,447	174,347	232,321

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.

21 Net gain from capital reduction exercise in subsidiary companies

In the previous financial year, the Bank accounted for the acquisition of WTB and CCM using merger accounting in accordance with the then applicable approved accounting standard and the cost of investment is recorded at the nominal value of shares issued.

As part of the merger, assets and liabilities of WTB and CCM were transferred to the Bank and HLF respectively and a capital reduction scheme was carried out to reduce WTB and CCM paid-up capital.

The gain which has been recognised in the previous financial year arose 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 books.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

22 Non-interest income

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Fee income				
Commissions	47,655	43,238	46,301	41,419
Service charges and fees	29,839	20,768	17,546	15,856
Guarantee fees	7,920	6,168	7,920	6,168
Other fee income	77,908	58,246	74,814	57,321
	163,322	128,420	146,581	120,764
Investment income				
Net profit from dealing securities	47,708	35,959	10,888	13,633
(Loss)/gain from sale of investment securities	(8,818)	7,330	4,243	1,755
Gross dividends from:				
- investment securities	4,293	4,561	372	443
- subsidiary companies	-	-	48,900	379,800
Writeback /(provision) for diminution in value of investment securities	26,030	(7,174)	10,009	15,348
Gain on disposal of subsidiary company (Note 38)	5,210	-	9,000	-
	74,423	40,676	83,412	410,979
Other income				
Foreign exchange gain/(loss):				
- realised	24,492	17,007	24,492	16,481
- unrealised	(2,987)	647	(2,987)	647
Rental income	29	300	42	100
Gain on disposal of fixed assets	851	1,066	248	51
Other non-operating income	12,557	27,322	591	2,656
	34,942	46,342	22,386	19,935
	272,687	215,438	252,379	551,678

23 Overhead expenses

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Personnel costs	253,048	239,367	150,306	138,975
Establishment costs	116,113	109,581	76,071	66,017
Marketing expenses	78,538	71,278	25,500	17,062
Administration and general expenses	54,858	61,677	44,686	47,850
	502,557	481,903	296,563	269,904

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

23 Overhead expenses (continued)

The above expenditure includes the following statutory disclosures:

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Directors' remuneration (Note 25)	4,279	4,118	3,285	2,222
Rental of premises	34,479	34,896	21,649	20,522
Hire of equipment	2,792	2,774	2,750	2,695
Operating lease rental	274	514	260	241
Interest on finance lease	-	-	263	-
Auditors' remuneration:				
- statutory audit fees	379	403	259	258
- other fees	20	20	20	20
Depreciation of fixed assets	39,828	38,943	27,350	23,214
Loss on disposal of fixed assets	27	48	17	19
Fixed assets written off	399	1,024	2	13
Goodwill written off	-	379	-	-
Amortisation of dealers' commission	45,420	54,918	-	-
Number of employees at year end	5,661	5,581	3,406	3,283

24 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 its subsidiary and associated companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Hume Industries (Malaysia) Berhad and its subsidiary and associated companies as disclosed in its financial statements	Subsidiary companies of ultimate holding company
Hong Leong Properties Berhad and its subsidiary and associated 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
Rajang Plaza Sdn Bhd, Zenith Mint Enterprise Sdn Bhd, Chew H Hua Realty Sdn Bhd, Geok Kheng Holdings Sdn Bhd and Zenith Mint Cinema Sdn Bhd	Connected persons to Mr Chew Peng Cheng, Executive Director

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

24 Significant related party transactions and balances (continued)

(b) Related party transactions and balances

A number of banking transactions were entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and at market rates.

2002	Parent company RM'000	Subsidiary companies RM'000	Other related companies RM'000
Income			
Interest:			
- loans	-	3,543	-
- private debt securities	-	-	1,485
- interbank placement	-	1	-
Commitment fee	-	29	-
Commission on Group products/services sold	-	1,357	1,251
Rental income	-	22	-
	-	4,952	2,736
Expenditure			
Rental and maintenance	-	1,240	9,490
Insurance	-	-	2,984
Interest on deposits	31	225	368
Lease interest	-	276	-
Other miscellaneous expenses	8	-	1,433
	39	1,741	14,275
Amounts due from			
Overdraft	-	4,638	-
Term loans	-	75,360	-
Interbank placement	-	2,500	-
Private debt securities	-	-	23,253
Others	-	9,297	205
	-	91,795	23,458
Amounts due to			
Current account and fixed deposits	1,190	5,971	273,425
Leasing facility	-	5,237	-
Interbank borrowing	-	1,400	-
Repurchase agreements	-	-	231,661
Others	-	23,376	-
	1,190	35,984	505,086
Foreign exchange related contracts			
Forward contracts	-	1,063	-
Interest rate related contract			
Interest rate swaps	-	380,000	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

24 Significant related party transactions and balances (continued)

(b) Related party transactions and balances (continued)

2001	Parent company RM'000	Subsidiary companies RM'000	Other related companies RM'000
Income			
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
Expenditure			
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
Amounts due from			
Overdraft	-	6,703	-
Term loans	-	63,156	-
Private debt securities	-	-	20,010
Repurchase agreements	40,003	1,095	168,952
Others	-	53,721	499
	40,003	124,675	189,461
Amounts due to			
Current account and fixed deposits	13,314	2,530	415,735
Others	-	43,657	-
	13,314	46,187	415,735
Foreign exchange related contracts			
Forward contracts	-	392	-

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

25 Directors' remuneration

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

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Executive Directors:				
- salary and other remuneration	2,210	1,548	1,739	1,110
- bonuses	1,377	1,014	1,196	833
- benefits-in-kind	64	66	36	42
Non-Executive Directors:				
- fees	628	530	314	237
Remuneration paid to ex-Directors of CCM and WTB prior to merger	-	960	-	-
	4,279	4,118	3,285	2,222

The remuneration attributable to the Chief Executive Officer of the Group and Bank, including benefits-in-kind during the year amounted to RM1,930,587 (2001: RM1,308,235).

26 Taxation

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Malaysian income tax	222,169	219,900	103,034	174,782
Overprovision in prior years	(18,937)	-	(3,200)	-
Transfer from deferred taxation	(82)	(10,598)	(82)	(1,663)
	203,150	209,302	99,752	173,119

The effective tax rates for the Group and the Bank for the financial year are higher than the statutory rate of taxation due to non-deductibility of certain expenses.

27 Deferred taxation

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
As at beginning of the year	2,872	13,470	2,783	4,446
Amount transferred due to disposal of subsidiary company	(89)	-	-	-
Transfer to income statement	(82)	(10,598)	(82)	(1,663)
As at end of the year	2,701	2,872	2,701	2,783

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

27 Deferred taxation (continued)

The deferred taxation is in respect of the following timing differences:

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Excess of capital allowance over depreciation	15,749	21,410	15,749	21,093
Others	(6,100)	(11,153)	(6,100)	(11,153)
	9,649	10,257	9,649	9,940
Deferred tax liability at 28% (2001: 28%)	2,701	2,872	2,701	2,783

28 Earnings per share

(a) Basic earnings per share

Basic earnings per share 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	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Profit after taxation	503,002	394,246	262,768	511,846
Weighted average number of ordinary shares in issue ('000)	1,428,995	1,402,188	1,428,995	1,291,987
Basic earnings per share (sen)	35.2	28.1	18.4	39.6

(b) Fully diluted earnings per share

For the diluted earnings per share, 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 2002, the Bank has one category of dilutive potential ordinary shares: Executive Share Option Scheme 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 subscriptions 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 2001, adjustment had been made to the weighted average number of ordinary shares for the assumed conversion of warrants which were attached to subordinated bonds (matured on 20 December 2000). Therefore, potential ordinary shares that had lapsed during the financial year were included in the computation of diluted earnings per share only for the portion of the period during which they were outstanding. No such adjustments have been made for financial year ended 30 June 2002 given that the warrants have matured on 20 December 2000.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

28 Earnings per share (continued)

(b) Fully diluted earnings per share (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Profit after taxation	503,002	394,246	262,768	511,846
Weighted average number of ordinary shares in issue:				
- during the year ('000)	1,428,995	1,402,188	1,428,995	1,291,987
- adjustment for ('000):				
(i) warrants	-	3,740	-	3,740
(ii) share options	812	-	812	-
- for computation purpose of fully diluted earnings	1,429,807	1,405,928	1,429,807	1,295,727
Fully diluted earnings per share (sen)	35.2	28.0	18.4	39.5

29 Dividends

	The Group and The Bank	
	2002 RM'000	2001 RM'000
Interim dividend paid of 3.5% (2001: 2.5%) less income tax at 28%	35,995	25,705
Final dividend paid of 11.0% (2001: 13.5%) less income tax at 28%	113,103	56,101
	149,098	81,806

A final gross dividend in respect of the financial year ended 30 June 2002 of 7.5 sen (2001: 11.0 sen) amounting to RM77,393,417 (2001: RM113,102,735) will be proposed for shareholders' approval. The proposed final dividend will be reflected in the next financial year ending 30 June 2003 when approved by shareholders. This represents a change in accounting treatment from that of prior years as explained in Note 39.

30 Closing foreign exchange rates

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

	The Bank	
	2002	2001
Brunei Dollar	2.1565	2.0860
Deutsche Mark	1.7146	1.6428
Euro	3.7713	3.2146
Singapore Dollar	2.1565	2.0860
U.S. Dollar	3.8000	3.8000

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

31 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 contingencies are also not secured over the assets of the Group.

The commitments and contingencies constitute the following:

	2002		2001	
	Principal RM'000	Credit equivalent RM'000	Principal RM'000	Credit equivalent RM'000
The Group				
Direct credit substitutes	195,988	195,988	170,443	170,443
Certain transaction-related contingent items	491,178	245,589	497,306	248,653
Short-term self-liquidating				
trade-related contingencies	478,025	95,605	475,721	95,144
Obligations under underwriting agreement	17,467	8,734	-	-
Irrevocable commitment to extend credit:				
- maturity more than one year	2,888,864	1,444,432	2,108,469	1,054,234
- maturity less than one year	4,989,249	-	4,727,183	-
Foreign exchange related contracts:				
- less than one year	1,308,314	20,312	2,095,190	47,672
Interest rate related contracts:				
- less than one year	461,680	6,883	71,400	371
- one year to less than five years	1,589,000	30,215	623,000	11,698
Miscellaneous	818	-	3,562	-
	12,420,583	2,047,758	10,772,274	1,628,215
The Bank				
Direct credit substitutes	191,313	191,313	168,654	168,654
Certain transaction-related contingent items	491,178	245,589	497,306	248,653
Short-term self-liquidating				
trade-related contingencies	478,025	95,605	475,721	95,144
Obligations under underwriting agreement	17,467	8,734	-	-
Irrevocable commitment to extend credit:				
- maturity more than one year	2,131,910	1,065,955	1,523,593	761,797
- maturity less than one year	4,542,241	-	4,249,536	-
Foreign exchange related contracts:				
- less than one year	1,308,314	20,312	2,095,190	47,672
Interest rate related contracts:				
- less than one year	171,680	6,883	11,400	371
- one year to less than five years	965,000	20,200	29,000	1,740
Miscellaneous	818	-	3,562	-
	10,297,946	1,654,591	9,053,962	1,324,031

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

31 Commitments and contingencies (continued)

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	
	2002 RM'000	2001 RM'000
Foreign exchange related contracts:		
- forward contracts	1,308,314	2,095,190
Interest rate related contracts:		
- futures contracts	232,680	10,00
- interest rate swaps	904,000	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 2002, the amount of contracts which were not hedged and hence, exposed to foreign exchange and interest rate market risk were RM23,301,366 (2001: RM149,211,908) and RM307,680,000 (2001: RM10,000,000) 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 2002, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM7,513,685 (2001: RM3,135,561). The amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

32 Capital commitments

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

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Authorised and contracted for	28,945	26,600	16,066	18,921
Authorised but not contracted for	23,595	20,328	11,444	17,870
	52,540	46,928	27,510	36,791

The capital commitments are attributed to fixed assets.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

33 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
Not later than one year	2,930
Later than one year and not later than five years	4,233

During the financial year, the Bank has also entered into a finance lease with Hong Leong Leasing Sdn Bhd to finance renovation works of branches.

The finance lease arrangement is as follows:

	RM'000
Minimum lease payments:	
- not later than one year	3,541
- later than one year and not later than five years	2,066
	5,607
Future finance charges on finance leases	(370)
Present value of finance lease liabilities	5,237
Present value of finance lease liabilities:	
- not later than one year	3,226
- later than one year and not later than five years	2,011
	5,237

34 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.

35 Capital adequacy

(a) The capital adequacy ratios of the Bank are as follows:

	The Bank	
	2002 RM'000	2001 RM'000
Tier-1 capital	2,711,838	2,577,444
Tier-2 capital	199,671	196,549
Total capital	2,911,509	2,773,993
Less: Investment in subsidiary companies	(698,841)	(700,841)
Capital base	2,212,668	2,073,152
Capital ratios		
Core capital ratio	15.20%	14.95%
Risk-weighted capital ratio	15.20%	14.95%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

35 Capital adequacy (continued)

(b) Components of Tier-1 and Tier-2 capital are as follows:

	The Bank	
	2002 RM'000	2001 RM'000
Tier-1 capital		
Paid-up share capital	1,433,211	1,428,065
Share premium	104,096	90,210
Other reserves	1,174,531	1,059,169
Total tier-1 capital	2,711,838	2,577,444
Tier-2 capital		
General provision for bad and doubtful debts	199,671	196,549
Total tier-2 capital	199,671	196,549
Total capital	2,911,509	2,773,993
Less: Investment in subsidiary companies	(698,841)	(700,841)
Total capital base	2,212,668	2,073,152

(c) Breakdown of risk-weighted assets in the various categories of risk-weights:

	The Bank	
	2002 RM'000	2001 RM'000
0%	7,975,996	3,965,466
10%	259,022	772,267
20%	4,109,131	6,619,815
50%	2,660,561	2,997,299
100%	12,375,500	10,969,879
	27,380,210	25,324,726
Total risk-weighted assets	14,553,509	13,869,718

36 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.

37 Significant event during the financial year

The Bank completed the disposal of its entire equity interest of 100% in HLG Unit Trust Bhd (formerly known as HLB Unit Trust Management Bhd) to HLG Capital Berhad, a 75% subsidiary of Hong Leong Credit Berhad, the holding company of the Bank, for a total cash consideration of RM11,000,000 on 14 June 2002.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

38 Effect of disposal of subsidiary company on the financial statements

HLG Unit Trust Bhd (formerly known as HLB Unit Trust Management Bhd), was disposed on 14 June 2002 to HLG Capital Berhad for net proceeds of RM11,000,000 as disclosed in Note 37 to the financial statement.

(a) Effect of disposal on the Bank's financial statements

The disposal gave rise to a gain of RM9,000,000 in the financial statements of the Bank in this financial year end.

(b) Effect of disposal on the Group's financial statements

(i) The effects of the disposal on the results of the Group for the current period to the date of disposal was as follows:

	Period ended 14.6.2002 RM'000	Year ended 30.6.2001 RM'000
Interest income	193	226
Non interest income	9,899	10,436
	10,092	10,662
Overhead expenses	(7,593)	(6,890)
Profit before taxation	2,499	3,772
Taxation	(909)	(1,169)
Profit after taxation	1,590	2,603

(ii) The effect of the disposal on the financial position of the Group was as follows:

	At date of disposal RM'000	30.6.2001 RM'000
Cash and short term funds	5,285	3,151
Deposits and placements with financial institutions	3,851	4,770
Other assets	6,596	1,822
Fixed assets	2,508	2,646
Other liabilities	(12,450)	(7,325)
Net assets	5,790	5,064
Net disposal proceeds	11,000	
Gain on disposal	5,210	
Cash flow effect		
Total proceeds from disposal – cash consideration	11,000	
Cash and cash equivalents of subsidiary company disposed	(9,136)	
Net cash inflow on company disposal	1,864	

There were no disposals in the prior year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

39 Prior year adjustment

During the period, the Group and the Bank changed its accounting policy with respect to the recognition of liabilities for proposed dividends in compliance with MASB 19: Events After the Balance Sheet Date. The effect on dividends is as follows:

In previous years, final dividends were accrued as a liability when proposed by Directors after balance sheet date. The Group and the Bank has changed this accounting policy to be in accordance with MASB 19, whereby dividends proposed or declared after balance sheet date are not recognised as a liability at the balance sheet date.

In addition, MASB 20 Provisions, Contingent Liabilities and Contingent Assets, defines a liability as a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits. The proposed dividends which is subject to approval by shareholders does not fulfill the definition of a liability. Therefore, final dividends are now accrued as a liability after approval by shareholders at the Annual General Meeting.

This change in accounting policy has been accounted for retrospectively as follows:

	As previously reported RM'000	Effect of change in policy RM'000	As restated RM'000
The Group			
At 1 July 2000			
Retained profit	472,472	56,101	528,573
At 30 June 2001			
Retained profit	525,933	113,103	639,036
Proposed dividend	113,103	(113,103)	-
The Bank			
At 1 July 2000			
Retained profit	242,026	56,101	298,127
At 30 June 2001			
Retained profit	312,928	113,103	426,031
Proposed dividend	113,103	(113,103)	-
Core capital ratio	14.13%	0.82%	14.95%
Risk-weighted capital ratio	14.13%	0.82%	14.95%

40 Subsequent events after the financial year

On 7 August 2002, HLB proposed to amend the Bye-Laws of ESOS and to extend the duration of the scheme for an additional period of five years to expire on 10 April 2010. The proposal is pending approval of the relevant authorities and shareholders.

41 General information

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 July 2002.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

42 Comparative figures

Based on Bank Negara Malaysia's circular dated 31 July 2001 on accounting treatment for loans sold to Cagamas with recourse, loans sold to Cagamas with recourse will no longer be deducted from gross loans, advances and financing. Proceeds from the sale of the loans are to be reclassified as liability on the balance sheet.

At 30 June 2001	As previously reported RM'000	Reclassification RM'000	As restated RM'000
The Group			
Balance sheet			
Total net loans, advances and financing	22,127,521	693,886	22,821,407
Amount due to Cagamas	-	693,886	693,886
Income statement			
Interest income - loans and advances	1,996,259	72,847	2,069,106
Interest expense - deposits and placements			
of banks and other financial institutions	104,939	42,002	146,941
Non interest income - other fee income	89,091	(30,845)	58,246
Commitments and contingencies			
Housing and hire purchase sold directly and indirectly to Cagamas	693,886	(693,886)	-
Cashflow statement			
(Increase)/decrease in operating assets - loans, advances and financing	(2,486,110)	498,984	(1,987,126)
Increase/(decrease) in operating liabilities - amount due to Cagamas	-	(498,984)	(498,984)
The Bank			
Balance sheet			
Total net loans, advances and financing	11,673,252	227,232	11,900,484
Amount due to Cagamas	-	227,232	227,232
Income statement			
Interest income - loans and advances	881,558	24,024	905,582
Interest expense - deposits and placements			
of banks and other financial institutions	84,760	17,708	102,468
Non interest income - other fee income	63,637	(6,316)	57,321
Commitments and contingencies			
Housing loans sold directly and indirectly to Cagamas	227,232	(227,232)	-
Cashflow statement			
(Increase)/decrease in operating assets - loans, advances and financing	(1,347,080)	180,446	(1,166,634)
Increase/(decrease) in operating liabilities - amount due to Cagamas	-	(180,446)	(180,446)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

43 The operations of Islamic Banking

Balance sheets as at 30 June 2002

	Note	The Group		The Bank	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Assets					
Cash and short-term funds	(a)	311,073	102,465	161,699	51,033
Deposits with finance company		30,000	-	30,000	-
Dealing securities	(b)	685,575	622,725	685,575	622,725
Investment securities	(c)	667,670	586,136	84,375	78,651
Loans, advances and financing	(d)	1,682,525	1,098,533	245,205	80,901
Other assets	(e)	114,587	32,548	67,187	25,247
Fixed assets	(f)	195	201	-	-
Statutory deposit with Bank Negara Malaysia		51,788	46,493	-	-
Total assets		3,543,413	2,489,101	1,274,041	858,557
Liabilities and Islamic Banking funds					
Deposits from customers	(g)	2,808,852	1,830,226	1,022,809	645,101
Deposits and placements of banks and other financial institutions	(h)	4,080	268,850	-	123,850
Obligations on securities sold under repurchase agreements		187,683	46,244	187,683	46,244
Bills and acceptances payable		529	270	529	270
Other liabilities	(i)	331,014	252,745	15,995	17,175
Total liabilities		3,332,158	2,398,335	1,227,016	832,640
Islamic Banking funds	(j)	211,255	90,766	47,025	25,917
Total liabilities and Islamic Banking funds		3,543,413	2,489,101	1,274,041	858,557

Income statements for the financial year ended 30 June 2002

	Note	The Group		The Bank	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Income	(k)	110,729	67,553	8,579	4,310
Loan and financing loss and provision	(l)	(30,164)	(7,614)	(2,460)	(1,064)
Net income		80,565	59,939	6,119	3,246
Overhead expenses	(m)	(4,671)	(4,605)	(878)	(820)
Profit before taxation		75,894	55,334	5,241	2,426
Taxation		(28,375)	(16,981)	(1,633)	(679)
Profit after taxation		47,519	38,353	3,608	1,747
Retained profit brought forward		60,766	22,413	5,917	4,170
Retained profit carried forward		108,285	60,766	9,525	5,917

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

43 The operations of Islamic Banking (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(a) Cash and short-term funds				
Cash and balances with banks and other financial institutions	40,153	18,182	17,189	-
Money at call and deposit placements maturing within one month	270,920	84,283	144,510	51,033
	311,073	102,465	161,699	51,033
(b) Dealing securities				
Bank Negara Malaysia negotiable notes	5,840	-	5,840	-
Malaysian Government investment certificates	126,080	110,070	126,080	110,070
Bankers' acceptances and Islamic accepted bills	459,863	419,130	459,863	419,130
Islamic debt securities	85,296	93,525	85,296	93,525
Khazanah bonds	8,496	-	8,496	-
	685,575	622,725	685,575	622,725
(c) Investment securities				
Money market instruments				
Bankers' acceptances and Islamic accepted bills	503,295	477,485	-	-
Malaysian Government investment certificates	158,651	108,651	78,651	78,651
	661,946	586,136	78,651	78,651
Unquoted securities				
Islamic debt securities	5,724	-	5,724	-
	667,670	586,136	84,375	78,651
The maturity structure of money market instruments held for investment is as follows:				
Maturity within:				
- one year	503,295	477,485	78,651	-
- one year to three years	158,651	108,651	-	78,651
	661,946	586,136	78,651	78,651

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

43 The operations of Islamic Banking (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(d) Loans, advances and financing				
Overdrafts	1,321	17	1,321	17
Term loans	721,807	343,563	441,211	141,519
Hire purchase	1,676,821	1,183,309	-	-
Staff financing	629	1,122	-	-
Other financing	5,992	6,185	9	-
	2,406,570	1,534,196	442,541	141,536
Unearned income	(660,062)	(404,253)	(193,399)	(59,293)
Gross loans, advances and financing	1,746,508	1,129,943	249,142	82,243
Income-in-suspense	(7,070)	(3,977)	(188)	(53)
Provision for bad and doubtful debts and financing:				
- specific	(8,727)	(6,528)	(16)	(47)
- general	(48,186)	(20,905)	(3,733)	(1,242)
Total net loans, advances and financing	1,682,525	1,098,533	245,205	80,901
(i) Loans, advances and financing analysed by concepts are as follows:				
Al-Murabahah	87	176	-	-
Al-Ijarah Thumma Al-Bai'	1,348,756	937,454	-	-
Al-Manzil Bai' Bithaman Ajil	394,783	189,432	249,142	82,243
Al-Musyarakah	2,882	2,881	-	-
	1,746,508	1,129,943	249,142	82,243
(ii) The maturity structure of loans, advances and financing is as follows:				
Maturing within:				
- one year	38,843	21,643	6,373	216
- one year to three years	221,766	155,028	11,986	72
- three years to five years	575,785	442,621	36,960	1,109
- over five years	910,114	510,651	193,823	80,846
	1,746,508	1,129,943	249,142	82,243

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

43 The operations of Islamic Banking (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(d) Loans, advances and financing (continued)				
(iii) Loans, advances and financing analysed by their economic purposes are as follows:				
Agricultural	4,247	126	4,217	-
Mining and quarrying	13	39	-	-
Manufacturing	32,391	2,564	30,265	-
Electricity, gas and water	641	353	524	-
Construction	6,678	2,557	5,400	-
Real estate	10,102	110	10,038	-
Purchase of landed property:	262,297	162,152	134,213	79,200
- residential	215,426	136,471	111,076	76,064
- non-residential	46,871	25,681	23,137	3,136
General commerce	15,245	3,328	12,699	-
Transport, storage and communication	33,049	5,118	27,271	-
Finance, insurance and business	13,300	7,032	8,321	-
Purchase of securities	16,243	20,156	-	-
Purchase of transport vehicles	1,321,253	912,306	-	-
Consumption credit	3,425	1,483	3,407	1,467
Others	27,624	12,619	12,787	1,576
	1,746,508	1,129,943	249,142	82,243
(iv) Movements in the provision for bad and doubtful debts and financing and income-in-suspense accounts are as follows:				
Income-in-suspense (IIS)				
As at beginning of the year	3,977	2,144	53	11
Provisions made during the year	8,429	2,899	135	42
Amount written back	(4,279)	(1,063)	-	-
Amount written off	(1,057)	(3)	-	-
As at end of the year	7,070	3,977	188	53
Specific provision (SP)				
As at beginning of the year	6,528	6,557	47	-
Provisions made during the year	8,664	361	11	47
Amount written back	(5,781)	(375)	(42)	-
Amount written off	(684)	(15)	-	-
As at end of the year	8,727	6,528	16	47
General provision (GP)				
As at beginning of the year	20,905	13,613	1,242	225
Provisions made during the year	27,281	7,292	2,491	1,017
As at end of the year	48,186	20,905	3,733	1,242
(as % of total loans less SP and IIS)	2.8%	1.9%	1.5%	1.5%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

43 The operations of Islamic Banking (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(d) Loans, advances and financing (continued)				
(v) Movements in the non-performing loans and financing are as follows:				
As at beginning of the year	43,827	25,128	1,201	363
Non-performing during the year	56,794	23,318	8,251	2,989
Accrued interest on existing non-performing loans and financing	62	-	62	-
Performing during the year	(18,136)	(2,936)	(6,369)	(1,692)
Amount written back in respect of recoveries	(4,623)	(1,683)	(1,156)	(459)
Amount written off	(2,380)	-	-	-
As at end of the year	75,544	43,827	1,989	1,201
Ratio of non-performing loans net of SP and IIS to total loans	3.5%	3.0%	0.7%	1.3%
(e) Other assets				
Other debtors, deposits and prepayments	114,587	32,548	67,187	25,247

The Group	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Total RM'000
(f) Fixed assets			
2002			
Cost			
As at beginning of the year	226	144	370
Additions	42	39	81
As at end of the year	268	183	451
Accumulated depreciation			
As at beginning of the year	72	97	169
Charge for the year	39	48	87
As at end of the year	111	145	256
Net book value as at 30 June 2002	157	38	195
2001			
Cost			
As at beginning of the year	215	136	351
Additions	11	8	19
As at end of the year	226	144	370
Accumulated depreciation			
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

43 The operations of Islamic Banking (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(g) Deposits from customers				
General investment deposits	2,471,481	1,617,900	856,117	590,211
Demand deposits	56,443	19,462	56,443	19,462
Savings deposits	280,836	192,864	110,157	35,428
Others	92	-	92	-
	2,808,852	1,830,226	1,022,809	645,101
(i) Maturity structure of general investment deposits is as follows:				
Due within:				
- six months	2,202,732	1,324,234	736,782	511,850
- six months to one year	245,825	257,484	119,335	77,077
- one year to three years	22,485	35,893	-	1,284
- three years to five years	439	289	-	-
	2,471,481	1,617,900	856,117	590,211
(ii) The deposits are sourced from the following customers:				
Business enterprises	638,571	344,641	230,185	179,356
Individuals	458,601	322,646	122,711	49,247
Others	1,711,680	1,162,939	669,913	416,498
	2,808,852	1,830,226	1,022,809	645,101
(h) Deposits and placements of banks and other financial institutions				
Licensed banks	-	227,000	-	82,000
Licensed finance companies	4,080	18,250	-	18,250
Other financial institutions	-	23,600	-	23,600
	4,080	268,850	-	123,850
(i) Other liabilities				
Provision for taxation	28,375	22,216	1,633	679
Zakat	7	7	-	-
Other liabilities	302,632	230,522	14,362	16,496
	331,014	252,745	15,995	17,175
(j) Islamic Banking funds				
Funds allocated from Head Office	102,970	30,000	37,500	20,000
Retained profit	108,285	60,766	9,525	5,917
	211,255	90,766	47,025	25,917

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

43 The operations of Islamic Banking (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(k) Income from Islamic Banking operations				
Income derived from investment of depositors' funds and funds allocated from Head Office	194,488	120,472	42,750	25,113
Income attributable to depositors:				
- other customers	(81,610)	(50,668)	(30,543)	(17,855)
- banks and financial institutions	(4,541)	(3,222)	(4,541)	(3,222)
Income attributable to:				
- Group/Bank	108,337	66,582	7,666	4,036
- other Islamic Banking income	2,392	971	913	274
	110,729	67,553	8,579	4,310

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
2002				
Income from financing	160,716	12,444	38,608	1,775
Net profit from dealing securities	17,648	1,757	425	20
Gain from sales of investment securities	2,966	136	2,966	136
Provision for diminution in value of investment securities	(1,127)	(53)	(1,127)	(53)
Gross dividend from investment/dealing securities	1	-	-	-
	180,204	14,284	40,872	1,878
Other Islamic Banking income	2,216	176	874	39
	182,420	14,460	41,746	1,917
2001				
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2002 (continued)

43 The operations of Islamic Banking (continued)

	The Group		The Bank	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(l) Loan and financing loss and provision				
Provision for bad and doubtful debts and financing:				
- SP	2,883	(14)	(31)	47
- GP	27,281	7,292	2,491	1,017
- Bad debts written off	-	336	-	-
	30,164	7,614	2,460	1,064
(m) Overhead expenses				
Personnel costs	1,104	1,590	457	467
Establishment costs	223	765	23	35
Marketing expenses	3,592	2,043	247	163
Administration and general expenses	(248)	207	151	155
	4,671	4,605	878	820

(n) Capital adequacy

(i) The capital adequacy ratios of the Islamic Banking operations of the Bank are as follows:

	The Bank	
	2002 RM'000	2001 RM'000
Tier-1 capital	47,025	25,917
Tier-2 capital	3,733	1,242
Capital base	50,758	27,159
Capital ratios		
Core capital ratio	9.44%	7.90%
Risk-weighted capital ratio	10.18%	8.28%

(ii) Components of Tier-1 and Tier-2 capital are as follows:

Tier-1 capital		
Islamic Banking Fund	47,025	25,917
Total Tier-1 capital	47,025	25,917
Tier-2 capital		
General provision for bad and doubtful debts	3,733	1,242
Total Tier-2 capital	3,733	1,242
Total capital base	50,758	27,159
(iii) Breakdown of risk-weighted assets in the various categories of risk-weights:		
0%	302,458	186,753
10%	-	-
20%	588,563	472,130
50%	123,419	58,370
100%	318,970	204,407
	1,333,410	921,660
Total risk-weighted assets	498,392	328,018

STATEMENT BY DIRECTORS

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 28 to 74 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 2002 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

15 August 2002

STATUTORY DECLARATION

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

I, Lim Boon Soon, 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 28 to 74 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 LIM BOON SOON at)	
Kuala Lumpur in Wilayah Persekutuan)	
on 15 August 2002)	LIM BOON SOON

Before me,

Teong Kian Meng
Commissioner for Oaths
15 August 2002

AUDITORS REPORT

Report of the Auditors to the members of Hong Leong Bank Berhad

(Company no: 97141-X)
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 28 to 74.

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.

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.

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 2002 and of the results and cash flows of the Group and Bank for the financial year ended on that date; and
- (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.

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 subsidiaries and the auditors' reports thereon.

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.

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)

Chartered Accountants

Mohammad Faiz Bin Mohammad Azmi

(2025/03/04 (J))

Partner

Kuala Lumpur

15 August 2002

OTHER INFORMATION

1 Material Contract

There were no material contracts (not being contracts entered into the ordinary course of business) which had been entered into by the Bank and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 20, Part A, Appendix 9C of the Listing Requirements of the Kuala Lumpur Stock Exchange.

2 Analysis of Shareholdings as at 30 August 2002

Authorised share capital	:	RM3,000,000,000
Issued & paid-up capital	:	RM1,434,329,434
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	604	4.30	204,839	0.01
1,000 - 10,000	11,609	82.69	37,244,556	2.60
10,001 - 100,000	1,422	10.13	41,629,384	2.90
100,001 - less than 5% of issued shares	403	2.87	406,277,155	28.33
5% and above of issued shares	2	0.01	948,973,500	66.16
	14,040	100.00	1,434,329,434	100.00

Thirty Largest Shareholders

Name of shareholders	No. of shares	%
1. Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Credit Berhad	826,140,168	57.60
2. Hong Leong Credit Berhad	122,833,332	8.56
3. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. - Koperasi Polis Diraja Malaysia Berhad	50,000,666	3.49
4. Kurnia Insurans (Malaysia) Berhad	25,562,000	1.78
5. HSBC Nominees (Asing) Sdn Bhd - Emerging Markets Growth Fund	24,190,000	1.69
6. Employees Provident Fund Board	23,202,934	1.62
7. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	22,137,000	1.54
8. Kurnia Damai Sdn. Bhd.	11,880,000	0.83
9. Hong Leong Assurance Berhad	7,228,000	0.50
10. UOBM Nominees (Asing) Sdn Bhd - The Genesis Group Trust Employee Benefit Plans	7,120,000	0.50
11. HSBC Nominees (Asing) Sdn Bhd - Capital International Emerging Markets Investment Fund	5,416,000	0.38
12. HSBC Nominees (Asing) Sdn Bhd - New Asia Fund	5,369,000	0.37
13. HSBC Nominees (Asing) Sdn Bhd - Fleming Flagship Asian Opportunities Fund	4,677,000	0.33
14. HLG Nominee (Tempatan) Sdn Bhd - Chew Brothers Development Corporation Sdn Bhd	4,659,385	0.32
15. HSBC Nominees (Asing) Sdn Bhd - Kwek Leng Hai	3,935,000	0.27
16. HSBC Nominees (Asing) Sdn Bhd - Newton Oriental Fund	3,909,000	0.27
17. Cartaban Nominees (Asing) Sdn Bhd - Mellon Newton Universal Growth Funds Limited	2,944,000	0.21
18. HSBC Nominees (Asing) Sdn Bhd - Deka Team Emerging Markets	2,676,000	0.19
19. HSBC Nominees (Asing) Sdn Bhd - General Motors Employees Global Group Pension Trust	2,654,000	0.19
20. Hong Leong Fund Management Sdn Bhd - Hong Leong Equities Sdn Bhd	2,600,000	0.18
21. HSBC Nominees (Asing) Sdn Bhd - International Common Trust Fund	2,533,000	0.18
22. HSBC Nominees (Asing) Sdn Bhd - Emerging Market Equity Fund	2,414,000	0.17
23. SBBAM Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	2,350,000	0.16

OTHER INFORMATION

(continued)

2 Analysis of Shareholdings as at 30 August 2002 (continued)

Thirty Largest Shareholders (continued)

Name of shareholders	No. of shares	%
24. Low Poh Weng	2,300,000	0.16
25. HSBC Nominees (Asing) Sdn Bhd - Schroder International Selection Fund	2,214,000	0.15
26. Universal Trustee (Malaysia) Berhad - BHLB Pacific Emerging Companies Growth Fund	2,157,000	0.15
27. Citicorp Nominees (Tempatan) Sdn Bhd - ING Insurance Berhad	2,150,000	0.15
28. HSBC Nominees (Asing) Sdn Bhd - The State Teachers Retirement System Of Ohio	2,137,000	0.15
29. HSBC Nominees (Asing) Sdn Bhd - Fidelity Funds Asean	2,077,000	0.14
30. HSBC Nominees (Tempatan) Sdn Bhd - Employees Provident Fund	2,005,000	0.14
	1,181,470,485	82.37

Substantial Shareholders

	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
Hong Leong Credit Berhad	948,973,500	66.16	11,828,000#	0.82
Hong Leong Company (Malaysia) Berhad	-	-	960,801,500*	66.98
YBhg Tan Sri Quek Leng Chan	40,000	0.002	960,801,500**	66.98
HL Holdings Sdn Bhd	-	-	960,801,500**	66.98
Kwek Holdings Pte. Ltd.	-	-	960,801,500**	66.98
Kwek Leng Beng	-	-	960,801,500**	66.98
Hong Realty (Private) Limited	-	-	960,801,500**	66.98
Hong Leong Investment Holdings Pte. Ltd.	-	-	960,801,500**	66.98
Guoco Assets Sdn Bhd	-	-	960,801,500*	66.98
Guoline Overseas Limited	-	-	960,801,500*	66.98
Guoco Group Limited	-	-	960,801,500*	66.98
Guoline Capital Assets Limited	-	-	960,801,500*	66.98

Notes

* Deemed interest through Hong Leong Credit Berhad

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

Deemed interest through subsidiaries

OTHER INFORMATION

(continued)

3 Properties held by the Group as at 30 June 2002

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	68	7,543	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	3	2,267	26/6/1997
42, Jalan Pending 93450 Kuching Sarawak	Leasehold - 999 years (31/12/2779)	Branch premises	4,425	20	2,638	27/12/1983
133, 135 & 137 Jalan Kampong Nyabor 96000 Sibu Sarawak	Freehold	Branch premises	4,871	10	3,357	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	11	1,578	29/6/1996
69, 70 & 71 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus	Freehold	Branch premises	6,000	Pre-war	1,557	27/12/1994
26, Lorong Rahim Kajai 14 Taman Tun Dr Ismail 60000 Kuala Lumpur	Freehold	Branch premises	3,750	16	573	30/12/1986
120-122, Jalan Mersing 86000 Kluang Johor Darul Takzim	Leasehold - 99 years (22/8/2063)	Branch premises	3,355	36	815	31/5/1990
100, Jalan Gurney 72100 Bahau Negeri Sembilan Darul Khusus	Freehold	Branch premises	5,107	16	2,755	1/7/1992
12, 14 & 16, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	4,174	11	4,088	25/6/1992
6, Jalan Merdeka 96100 Sarikei Sarawak	Leasehold - 60 years (31/12/2029)	Branch premises	2,240	33	138	18/10/1969
Vacant land at Jalan Peace Kuching, Lot 2081 Section 64 KTL D, Sarawak	Leasehold - 99 years (31/12/2037)	Vacant land	22,172 (*)	n/a	46	31/12/1967
63 & 65, Jalan SS 23/15 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	4,760	7	3,824	28/4/1997
24, Medan Taming 2 Taman Taming Jaya 43300 Balakong Selangor Darul Ehsan	Freehold	Branch premises	3,037	6	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	15	1,468	26/6/1997

Note: * Land area (sq ft)

OTHER INFORMATION

(continued)

3 Properties held by the Group as at 30 June 2002 (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	8	264	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	7	1,497	26/6/1997
Lot 34, Industrial Land 47000 Sungai Buloh Selangor Darul Ehsan	Freehold	Warehouse	96,219 (*)	8	2,864	26/1/1995
1540, Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman	Leasehold - 55 years (28/2/2028)	Branch premises	10,619	27	72	30/6/1977
9A & 9B Jalan Kampong Baru 08000 Sungai Petani Kedah Darul Aman	Freehold	Branch premises	9,320	9	1,022	1/1/1994
31, Jalan Ibrahim 08000 Sungai Petani Kedah Darul Aman	Freehold	Branch premises	2,448	18	745	1/7/1988
45, Jalan Burma 10500 Pulau Pinang	Freehold	Branch premises	14,277	24	2,459	24/11/1978
33A-C, Lintang Angsana Bandar Baru Air Hitam 11500 Pulau Pinang	Leasehold - 83 years (8/4/2082)	Branch premises	4,394	7	562	26/12/1995
452, Jalan Pinang 10000 Pulau Pinang	Freehold	Branch premises	2,874	6	1,296	1/12/1996
33 & 34, Taman Usahaniaga Bukit Mertajam 14000 Pulau Pinang	Freehold	Branch premises	4,407	7	1,063	26/3/1996
55-57, Jalan Yang Kalsom 30250 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	11,720	23	1,305	1/10/1984
72 & 74, Jalan Kota 34000 Taiping Perak Darul Ridzuan	Leasehold - 999 years (18/02/2880)	Branch premises	6,574	18	536	19/5/1995
27, Jalan Dewangsa 31000 Batu Gajah Perak Darul Ridzuan	Leasehold - 79 years (26/2/2078)	Branch premises	4,694	7	335	24/11/1995
232, Jalan Bercham Taman Ria 31400 Ipoh Perak Darul Ridzuan	Leasehold - 93 years (23/11/2092)	Branch premises	2,540	7	325	24/10/1995
75, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	1,900	5	702	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	12	1,371	1/6/1994
36, Jalan Midah 1 Taman Midah, Cheras 56000 Kuala Lumpur	Freehold	Branch premises	2,700	15	234	30/11/1984

Note: * Land area (sq ft)

OTHER INFORMATION

(continued)

3 Properties held by the Group as at 30 June 2002 (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	20	401	29/11/1985
151, Jalan Genting Klang 53300 Kuala Lumpur	Freehold	Branch premises	4,290	23	319	30/1/1989
17, Jalan SS 2/64 47300 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	6,624	9	1,274	1/10/1994
55, Jalan Pasar 55100 Kuala Lumpur	Freehold	Branch premises	4,313	22	353	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	22	579	31/7/1988
161, Jalan Imbi 55100 Kuala Lumpur	Freehold	Branch premises	2,454	6	2,680	14/2/1996
109, Jalan SS 21/37 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	6,446	6	1,802	23/9/1996
114, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus	Freehold	Branch premises	8,798	26	522	18/7/1978
83-D & 83-G Jalan Munshi Abdullah 75100 Melaka	Freehold	Branch premises	4,263	6	171	30/6/1977
8A-C, Jalan Station 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	12,854	9	568	22/10/1977
139, Jalan Muar 84900 Tangkak Johor Darul Takzim	Freehold	Branch premises	3,186	14	181	19/8/1988
115, Jalan Genuang Bandar Baru 85000 Segamat Johor Darul Takzim	Freehold	Branch premises	5,460	17	441	21/3/1986
16, Jalan Jaafar 81900 Kota Tinggi Johor Darul Takzim	Leasehold - 99 years (3/9/2071)	Branch premises	5,700	30	313	31/10/1987
109, Main Road 83700 Yong Peng Johor Darul Takzim	Freehold	Branch premises	2,740	14	220	1/9/1988
31 & 32, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim	Freehold	Branch premises	8,932	10	580	5/3/1996
103, Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim	Freehold	Branch premises	12,222	28	738	30/6/1977

OTHER INFORMATION

(continued)

3 Properties held by the Group as at 30 June 2002 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)	Date of acquisition
26, Jalan Mersing 80050 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	7,040	18	1,522	22/5/1995
21, Jalan Tun Razak 27600 Raub Pahang Darul Makmur	Freehold	Branch premises	4,480	16	451	26/6/1986
1, Bentong Heights 28700 Bentong Pahang Darul Makmur	Freehold	Branch premises	5,432	34	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	62	188	30/8/1982
241, Lorong Tun Ismail 1 Off Jalan Bukit Ubi 25000 Kuantan Pahang Darul Makmur	Freehold	Branch premises	4,675	7	602	16/6/1995
16A, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman	Leasehold - 99 years (31/8/2003)	Branch premises	2,125	5	1,469	15/6/1998
TB426 Block J Lot 1 Bandar Sabindo 91008 Tawau Sabah	Leasehold - 99 years (31/12/2070)	Branch premises	6,384	27	434	14/12/1989
U0391, Jalan Rampai WDT 131 87009 Labuan FT	Leasehold - 999 years (30/6/2902)	Branch premises	3,168	17	582	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	3	523	30/7/1998
15-G-12A Medan Kampung Relau Bayan Point Bandar Bayan Baru 11900 Pulau Pinang	Freehold	Branch premises	5,708	3	1,426	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	3	1,908	18/12/1999
2828-G-02 & 2828-1-02 Jalan Bagan Luar 12000 Butterworth Pulau Pinang	Freehold	Branch premises	12,173	3	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	3	3,330	23/11/1999
Plot No 20, Jalan Bidor Raya 35500 Bidor Perak Darul Ridzuan	Freehold	Branch premises	3,243	3	556	23/11/1999

OTHER INFORMATION

(continued)

3 Properties held by the Group as at 30 June 2002 (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	2	2,307	23/11/1999
Lots 39 & 40 Kompleks Munshi Abdullah 75100 Melaka	Leasehold - 99 years (24/2/2084)	Branch premises	5,988	3	1,687	31/5/1991
Lots 17 & 18, Mukim Serdang Daerah Bandar Baharu Kedah Darul Aman	Freehold	Branch premises	5,840	1	423	20/9/2000
133 & 135, Jalan Gopeng 31900 Kampar Perak Darul Ridzuan	Freehold	Branch premises	4,700	1	382	13/12/2000
15, Bank Road 96007 Sibu Sarawak	Leasehold - 99 years (31/12/2033)	Branch premises	1,817	34	117	4/4/1968
65-67, Jalan Tun H.S. Lee 50000 Kuala Lumpur	Freehold	Branch premises	2,223	6	5,084	14/10/1996
34, Jalan Yong Shook Lin 46200 Petaling Jaya Selangor Darul Ehsan	Leasehold - 99 years (09/09/2059)	Branch premises	1,875	9	672	26/11/1993
8, Jalan Carpenter Street 93000 Kuching Sarawak	Leasehold - 837 years (31/12/2775)	Branch premises	1,860	33	156	25/8/1969
64, Jalan Tun Mustapha 87007 Labuan Sarawak	Leasehold - 999 years (31/12/2775)	Branch premises	1,370	11	653	30/5/1991
18, Old Street 96008 Sibu Sarawak	Leasehold - 900 years (29/08/2816)	Branch premises	3,624	12	1,273	15/11/1990
44, Jalan Dato' Lee Fong Yee 70000 Seremban Negeri Sembilan Darul Khusus	Freehold	Branch premises	2,400	7	613	8/11/1995
486, Jalan Pudu 55100 Kuala Lumpur	Freehold	Branch premises	2,396	5	1,441	22/8/1997
Lot 3088, Lanang Road Sibu Town District Sarawak	Leasehold - 60 years (31/12/2028)	Godown	3,210	34	38	25/11/1968
Island Road Sibu Lot 454, Block 5 Sibu Town District Sarawak	Leasehold - 60 years (30/11/2055)	Vacant shoplot	10,587	6	1,335	26/2/1996
Parcel 37 Section 50 Kuching Town Land District Sarawak	Leasehold - 800 years (31/5/2737)	Vacant shoplot	17,082	3	556	13/7/1999

OTHER INFORMATION

(continued)

4 Directors' Interest as at 30 August 2002

Subsequent to the financial year end, there is no change as at 30 August 2002 to the Director's interest in the ordinary shares and/or stock units and/or warrants/options/irredeemable convertible unsecured loan stocks of the Bank and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Director's Report on pages 20 to 27 as recorded in the Register of Directors' Shareholdings kept by the Bank under Section 134 of the Companies Act, 1965 except as for the changes set out below:

	No. of shares	Ordinary shares/stock units/warrants*		No. of shares	%
		Direct	Indirect		
YBhg Tan Sri Quek Leng Chan					
Hong Leong Credit Berhad	10,290,600	0.99	813,290,454	78.27	
Hume Industries (Malaysia) Berhad	51,000	0.02	165,176,024	66.25	
Hume Cemboard Berhad	8,231,400	13.33	42,710,000	69.17	
Mr Kwek Leng Hai					
Hong Leong Credit Berhad	756,000	0.07	-	-	
	160,800*	-	-	-	
Mr Kwek Leng Seng					
Hong Leong Credit Berhad	210,600	0.02	-	-	

BRANCH NETWORK

as at 30 June 2002

Hong Leong Bank Berhad

HEAD OFFICE

Level 2, Wisma Hong Leong
18, Jalan Perak
50450 Kuala Lumpur
Wilayah Persekutuan
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: 03-21411402
Fax: 03-21411429

34, 36 & 38, Jalan Petaling
50000 Kuala Lumpur
Tel: 03-20723211
Fax: 03-20700492

65 - 67, Jalan Tun H.S. 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 Selangor Darul Ehsan
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

6, Jalan Kenanga
55200 Kuala Lumpur
Tel: 03-92221498
Fax: 03-92221507

180-0-7 & 180-0-8
Wisma Mahkota
Taman Maluri, Cheras
53700 Kuala Lumpur
Tel: 03-92821507
Fax: 03-92821549

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

1-GM, Jalan Perdana 4/6
Pandan Perdana
55300 Kuala Lumpur
Tel: 03-92878735
Fax: 03-92877630

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

91, Lorong Memanda 1
Ampang Point
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

169, Jalan Teluk Pulau
41100 Klang
Selangor Darul Ehsan
Tel: 03-33721000
Fax: 03-33727111

1 & 3, Jalan Sri Sarawak 17
Taman Sri Andalas
41200 Klang
Selangor Darul Ehsan
Tel: 03-33242545
Fax: 03-33242553

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

31, Leboh Gopeng
Off Jalan Goh Hock Huat
41400 Klang
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
42800 Tanjung Sepat
Kuala Langat
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: 03-89615948
Fax: 03-89615951

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

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

Ground Floor
26 & 28, SS2/63
47300 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-78769646
Fax: 03-78769846

63 & 65, SS23/15
Taman SEA
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-78048024
Fax: 03-78044049

BRANCH NETWORK

as at 30 June 2002 (continued)

Hong Leong Bank Berhad

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

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

294 & 296
Jalan Jelutong
11600 Pulau Pinang
Tel: 04-2813188
Fax: 04-2812148

15-G-1, Bayan Point
Medan Kampung Relau
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 Ridzuan
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, Jalan Lumut
Taman Sitiawan Maju
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
Negeri Sembilan Darul Khusus
Tel: 06-4541413
Fax: 06-4545358

69, 70 & 71, Jalan Dato'
Bandar Tunggal
70000 Seremban
Negeri 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

6 & 8, Jalan Nakhoda 12 (*)
Taman Ungku Tun Aminah
81300 Skudai
Johor Darul Takzim
Tel: 07-5566681
Fax: 07-5566682

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

685, Jalan Taib
82000 Pontian
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

70, Jalan Segamat
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

Note: * Opened after 30 June 2002

BRANCH NETWORK

as at 30 June 2002 (continued)

Hong Leong Bank Berhad

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 No 9
28409 Mentakab
Pahang Darul Makmur
Tel: 09-2772953
Fax: 09-2772995

PT 226 & 227 (*)
Jalan Kebun Sultan
15350 Kota Bharu
Kelantan Darul Naim
Tel: 09-7476996
Fax: 09-7473799

116, Jalan Pejabat
20000 Kuala Terengganu
Terengganu Darul Iman
Tel: 09-6244458
Fax: 09-6244261

Lots 35948 & 3595
Jalan Baru Pak Sabah
23000 Dungun
Terengganu Darul Iman
Tel: 09-8482766
Fax: 09-8484480

SABAH & SARAWAK
64, Jalan Tun Mustapha
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

Lots 1, 2 & 3, Block 18
Mile 4, North Road
Bandar Indah
90722 Sandakan
Sabah
Tel: 089-229545
Fax: 089-212731

Ground & 1st Floor
Lot 1, Block 35
Fajar Commercial Complex
Jalan Lembaga
91013 Tawau
Sabah
Tel: 089-770393
Fax: 089-770403

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

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 Pensrissen
93250 Kuching
Sarawak
Tel: 082-250717
Fax: 082-613422

155C, Jalan Satok
93400 Kuching
Sarawak
Tel: 082-233437
Fax: 082-253529

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

8, Carpenter Street
PO Box 1672
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, Chew Geok Lin Street
PO Box 1461
96000 Sibu
Sarawak
Tel: 084-336653
Fax: 084-316833

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

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

722, Jalan Masjid
PO Box 19
96400 Mukah
Sarawak
Tel: 084-871726
Fax: 084-871737

8-10, Lorong Maju
PO Box 279
96508 Bintangor
Sarawak
Tel: 084-693049
Fax: 084-693689

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
Singapore 049319
Tel: 02-65352466
Fax: 02-65339340

in-store

L2-K2, 1st Floor
Mines Shopping Fair
Jalan Dulang, Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan
Tel: 03-89433250
Fax: 03-89433257

Note: * Opened after 30 June 2002

BRANCH NETWORK

as at 30 June 2002 (continued)

Hong Leong Finance Berhad

HEAD OFFICE

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

PENINSULAR MALAYSIA KL Main

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

Ground Floor
Hong Leong Building
117, Jalan Tun H.S. Lee
50000 Kuala Lumpur
Tel: 03-20721511
Fax: 03-20317784

Lots G01A-G02A
Ground Floor, Wisma MPL
Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-20319715
Fax: 03-20319712

4th Floor, Menara Bank
Pembangunan
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-26916608
Fax: 03-26913629

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: 03-92228813
Fax: 03-92225105

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: 03-79829063
Fax: 03-79829210

111, Jalan Mega Mendung
Kompleks Bandar
Off Jalan Kelang Lama
58200 Kuala Lumpur
Tel: 03-79814411
Fax: 03-79827811

26, Persiaran Ara Kiri
Lucky Garden, Bangsar
59100 Kuala Lumpur
Tel: 03-20943914
Fax: 03-20943745

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

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

20, Jalan Goh Hock Huat
41400 Klang
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

25, Jalan Theatre (SK 10/3)
43300 Seri Kembangan
Selangor Darul Ehsan
Tel: 03-89430795
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

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

17, Jalan SS2/64
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: 03-62744675

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: 04-4205200
Fax: 04-4226012

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

452 & 452A, Jalan Pinang
10000 Pulau Pinang
Tel: 04-2266843
Fax: 04-2264264

45, Jalan Burma
10050 Pulau Pinang
Tel: 04-2103500
Fax: 04-2262779

33, Lebuhr Pantai
10300 Pulau Pinang
Tel: 04-2615884
Fax: 04-2615828

288, Jalan Burma
Pulau Tikus
10350 Pulau Pinang
Tel: 04-2271308
Fax: 04-2277505

BRANCH NETWORK

as at 30 June 2002 (continued)

Hong Leong Finance Berhad

98-G-15, Prima Tanjung Jln Fettes, Tanjung Tokong 10470 Pulau Pinang Tel: 04-8904188 Fax: 04-8998644	232, Jalan Bercham Taman Ria 31400 Ipoh Perak Darul Ridzuan Tel: 05-5495161 Fax: 05-5495158	9267, Jalan T/S 2/1H Taman Semarak 2 71800 Nilai Negeri Sembilan Darul Khusus Tel: 06-7991752 Fax: 06-7991755	31 & 32, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel: 07-4314515 Fax: 07-4317071
33A, B & C, Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang Tel: 04-8269836 Fax: 04-8269843	579 & 579A, Jalan Pasir Puteh 31650 Ipoh Perak Darul Ridzuan Tel: 05-3228989 Fax: 05-3229641	112, Jalan Yam Tuan Raden 72000 Kuala Pilah Negeri Sembilan Darul Khusus Tel: 06-4816922 Fax: 06-4813284	103, Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim Tel: 07-4320555 Fax: 07-4310641
15-G-12A, Bayan Point Medan Kampung Relau 11900 Pulau Pinang Tel: 04-6427084 Fax: 04-6427081	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
3634 & 3635 Jalan Bagan Luar 12000 Butterworth Pulau Pinang Tel: 04-3312277 Fax: 04-3322277	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
19, Jalan Bertam 13200 Kepala Batas Seberang Prai Pulau Pinang Tel: 04-5754900 Fax: 04-5757688	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
2752 & 2753 Jalan Chain Ferry Taman Inderawasih 13700 Prai Pulau Pinang Tel: 04-3978018 Fax: 04-3977851	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	115, Jalan Genuang Bandar Baru 85000 Segamat Johor Darul Takzim Tel: 07-9318191 Fax: 07-9317863
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	26, Jalan Mersing 86000 Kluang Johor Darul Takzim Tel: 07-7722078 Fax: 07-7731836
1781, Jalan Nibong Tebal Taman Panchor Indah 14300 Nibong Tebal Pulau Pinang Tel: 04-5942880 Fax: 04-5942886	8, 8-1, Jalan PPM2 Malim Business Park Balai Panjang 75250 Melaka Tel: 06-3343137 Fax: 06-3343067	80A-B, Jalan Padi Satu Bandar Baru UDA 81200 Tampoi Johor Darul Takzim Tel: 07-2354221 Fax: 07-2354163	241, Lorong Tun Ismail 1 Off Jalan Bukit Ubi 25000 Kuantan Pahang Darul Makmur Tel: 09-5159550 Fax: 09-5159557
75, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel: 05-2554482 Fax: 05-2547335	114, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel: 06-7633558, 7634329 Fax: 06-7629640	16, Jalan Jaafar 81900 Kota Tinggi Johor Darul Takzim Tel: 07-8834553 Fax: 07-8832860	21, Jalan Tun Razak 27600 Raub Pahang Darul Makmur Tel: 09-3554422 Fax: 09-3554455
55-57, Jalan Yang Kalsom 30250 Ipoh Perak Darul Ridzuan Tel: 05-2425289 Fax: 05-2542323	1278, Jalan Rasah 70300 Seremban Negeri Sembilan Darul Khusus Tel: 06-7615789 Fax: 06-7615801	891, Jalan Bakek 82000 Pontian Johor Darul Takzim Tel: 07-6879670 Fax: 07-6879673	F107, Jalan Kuantan 28000 Temerloh Pahang Darul Makmur Tel: 09-2967492 Fax: 09-2967553

BRANCH NETWORK

as at 30 June 2002 (continued)

Hong Leong Finance Berhad

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

SABAH & SARAWAK
U0391, Jalan Rampai
PO Box 82266
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
PO Box 11989
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 II
Mile 4, North Road
90009 Sandakan
Sabah
Tel: 089-226911
Fax: 089-226910

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
93110 Kuching
Sarawak
Tel: 082-240801
Fax: 082-424523

Lot 933, Jalan Permaisuri
Block 9, M C L D
98000 Miri
Sarawak
Tel: 085-426811
Fax: 085-426812

69, Jalan Tuanku Osman
96000 Sibul
Sarawak
Tel: 084-314531
Fax: 084-338260

in-store

Carrefour Mid-Valley Megamall
Lot 7, Lower Ground Floor
Megamall Mid-Valley City
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

ProJET Kajang
Lot 1939 (1st Floor)
ProJET Petrol Convenience Store
18 1/4 Mile, Jalan Semenyih
43500 Semenyih
Selangor Darul Ehsan
Tel: 03-87244594
Fax: 03-87244595

Jaya Jusco Klang
Lot G50, Jaya Jusco Bukit Raja
Jusco Shopping Centre
Persiaran Bukit Raja 2
Bandar Baru Klang
41150 Klang
Selangor Darul Ehsan
Tel: 03-33442562
Fax: 03-33442702

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 Sixty-First Annual General Meeting of the Bank to be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Tuesday, 22 October 2002 at 3.00pm 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 7.5% less tax		
3. To approve the payment of Directors' fee		
4. To re-elect the following as Directors: (a) YBhg Tan Sri Quek Leng Chan (b) Mr Kwek Leng Hai (c) Mr Kwek Leng Seng (d) YBhg Datuk Roger Tan Kim Hock		
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors and authorise the Directors to fix their remuneration		
6. (a) As special business, to approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965 (b) As special business, to approve the special resolution in connection with amendment to Articles of Association		

Dated this day of2002

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 Bank and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Bank.
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 Bank 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.

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