

# directors' report

for the financial year ended 30 June 1999

The Directors have pleasure in presenting their report together with the audited accounts of the Group and of the Bank for the financial year ended 30 June 1999.

## principal activities

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

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

## outlook and business plan for new financial year

Since the introduction of various measures by the Government to stimulate economic recovery, confidence and stability have actually returned to Malaysia in the second half of 1998. In anticipation of better economic condition, the Group will move into the new financial year with strong momentum and is expected to benefit from the following initiatives implemented in the year just ended:

- investing in information technology to extend our reach to new and existing customers (via new delivery channels, call centres, in-store and various self service terminals).
- upgrading quality in credit, operations and risk management.
- continued development of new products, repackaging of our products and services, and also cross selling of a wide range of financial services products to establish lifetime relationships with new and existing customers.
- retraining our people to meet the challenges of the new millennium.

## 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 December 1998.

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	The Bank
	RM'000	RM'000
Profit before taxation and zakat	107,055	109,688
Taxation	10,321	7,868
Zakat	(28)	-
Profit after taxation and zakat	117,348	117,556
Transfer to statutory reserve	(63,929)	(58,778)
Profit after transfer to statutory reserve	53,419	58,778
Retained profit brought forward	223,127	101,992
Profit available for distribution	276,546	160,770
Proposed dividend of 7% less tax	(29,089)	(29,089)
Retained profit carried forward	247,457	131,681

## dividends

A first and final dividend of 5.0% less income tax of 28% amounting to RM20,778,155 in respect of the year ended 30 June 1998 was paid on 12 November 1998.

The Directors propose a first and final dividend of 7.0% less income tax at 28% on the Bank's issued and paid-up share capital of RM577,171,232 amounting to RM29,089,430 for the current financial year.

## significant events during the financial year

During the financial year:

- (a) The parties to the proposed acquisition of Bolton Finance Berhad had mutually agreed not to proceed with the said acquisition.
- (b) The subscription period of the Bank's outstanding warrants has been extended for a further period of approximately 21 months from the existing expiry date of 28 February 1999 to 20 December 2000.
- (c) Both subsidiary companies of the Bank, Hong Leong Leasing Sdn Bhd and HL Leasing Sdn Bhd had ceased funding new businesses and had transferred its leasing and industrial hire purchase portfolio to another subsidiary company, Hong Leong Finance Berhad on 1 July 1998 and 29 June 1999 respectively.

## significant event subsequent to the balance sheet date

The Bank had received a letter from Bank Negara Malaysia stating that approval is granted for the shareholders of the Bank and Hong Leong Finance Berhad to commence merger negotiations with Bank of Commerce (M) Berhad.

## share capital

During the financial year, the issued and fully paid-up share capital of the Bank was increased from RM577,170,975 to RM577,171,232 by way of an issue of 257 new ordinary shares of RM1.00 each from the exercise of 257 warrants at the exercise price of RM5.64 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 accounts.

## directors

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

YBhg Tan Sri Quek Leng Chan  
Mr 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 Seow Lun Hoo (resigned on 30 July 1999)

In accordance with Article 114 of the Bank's Articles of Association, Mr Kwek Leng Hai and Mr Kwek Leng Seng retire by rotation from the Board and being eligible, offer themselves for re-election.

## 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 in the Bank and/or related corporations during the financial year ended 30 June 1999, 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*					
	Nominal value per share/ Stock unit< RM	At 1.7.1998	Bought	Sold	At 30.6.1999
<b>Interests of YBhg Tan Sri Quek Leng Chan in:</b>					
Hong Leong Company (Malaysia) Berhad	1.00	390,000	-	-	390,000
Hong Leong Credit Berhad	1.00	3,218,000	-	-	3,218,000
		496,000*	-	-	496,000*
Hong Leong Industries Berhad	0.50	256,000	-	-	256,000
		40,000*	-	-	40,000*
Malaysian Pacific Industries Berhad	0.50	53,500	-	-	53,500
Hong Leong Bank Berhad	1.00	20,000	-	-	20,000
Guolene Packaging Industries Berhad	1.00	36,000	-	-	36,000
Hume Industries (Malaysia) Berhad	1.00<	50,000	-	-	50,000
<b>Interest of Mr James Lim Cheng Poh in:</b>					
Hong Leong Bank Berhad	1.00	9,000	-	-	9,000
		1,245*	-	-	1,245*
<b>Interests of Mr Seow Lun Hoo in:</b>					
Hong Leong Credit Berhad	1.00	1,086,000	-	-	1,086,000
		66,060*	-	-	66,060*
Hong Leong Bank Berhad	1.00	1,060,875	-	-	1,060,875
		16,608*	-	-	16,608*
HLG Capital Berhad	1.00	25,000	-	-	25,000
<b>Interests of Mr Kwek Leng Hai in:</b>					
Hong Leong Company (Malaysia) Berhad	1.00	283,500	-	-	283,500
Hong Leong Credit Bhd	1.00	359,500	-	-	359,500
		85,000*	-	-	85,000*
Hong Leong Industries Berhad	0.50	163,200	-	-	163,200
		25,500*	-	-	25,500*
HLG Capital Berhad	1.00	500,000	-	-	500,000
Hong Leong Bank Berhad	1.00	1,977,850	-	-	1,977,850
<b>Interests of Mr Kwek Leng Seng in:</b>					
Hong Leong Company (Malaysia) Berhad	1.00	97,500	-	-	97,500
Hong Leong Bank Berhad	1.00	20,000	-	-	20,000
		1,245*	-	-	1,245*

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

	Nominal value per share/ Stock unit<	At 1.7.1998	Bought	Sold	At 30.6.1999
	RM				
<b>Interests of YBhg Tan Sri Quek Leng Chan in:</b>					
Hong Leong Company (Malaysia) Berhad	1.00	7,487,100	-	-	7,487,100
Brisk & Kindle Property Limited	£1.00	120,000	-	-	120,000
Allied Precision Components Sdn Bhd	1.00	10	-	-	10
Hong Leong Fund Management Sdn Bhd	1.00	1,400,000	-	-	1,400,000
Beachline Holdings Sdn Bhd	1.00	70,000	-	-	70,000
M & E Hexatech Sdn Bhd	1.00	1,300,000	-	-	1,300,000
MEHY Sdn Bhd	1.00	650,000	-	-	650,000
Hong Leong Credit Berhad	1.00	339,880,645	11,273,000	14,155,000	336,998,645
		48,697,200*	-	90,000*	48,607,200*
Hong Leong Assurance Berhad	1.00	90,000,000	-	-	90,000,000
Bradstock Insurance Brokers Sdn Bhd	1.00	750,000	-	-	750,000
Bradstock Asia Insurance Brokers (L) Bhd	USD1.00	300,000	-	-	300,000
		1,500	-	-	1,500
		(preference)			(preference)
Bradstock Aurora Insurance Brokers Inc	P100	1,600	28,400	-	30,000
Bradstock Suntek Insurance Brokers Pte Ltd	S\$1.00	255,000	-	-	255,000
HLG Capital Berhad	1.00	98,302,545	-	5,712,000	92,590,545
HLG Futures Sdn Bhd	1.00	3,500,000	-	-	3,500,000
Hong Leong Bank Berhad	1.00	414,915,584	1,320,000	4,661,000	411,574,584
Hong Leong Properties Berhad	0.50	369,091,211	26,000	-	369,117,211
		35,401,420*	-	1,079,000	34,322,420*
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	120,000,000	-	-	120,000,000
HLL-Guoco Vietnam Co Limited	^	5,000,592	-	-	5,000,592
Treacher Development Sdn Bhd	1.00	14,000,000	-	-	14,000,000
Guoland Sdn Bhd	1.00	701	299	-	1,000
Hong Leong Industries Berhad	0.50	138,139,800	7,037,000	12,297,000	132,879,800
		36,893,296*	-	30,000*	36,863,296
Hong Leong Yamaha Distributors Sdn Bhd	1.00	10,360,000	-	-	10,360,000
Hong Leong Yamaha Motor Sdn Bhd	1.00	17,352,872	-	-	17,352,872
Guocera Tile Industries (Meru) Sdn Bhd	1.00	17,920,000	-	-	17,920,000
Hong Leong Maruken Sdn Bhd	1.00	1,750,000	-	-	1,750,000
Guocera Tile Industries (Labuan) Sdn Bhd	1.00	13,090,001	-	-	13,090,001
Quayline Fairprice Sdn Bhd	1.00	9,600,000	-	-	9,600,000
HLI Vinyl Industries Sdn Bhd	1.00	3,500,000	-	-	3,500,000
Akoko Sdn Bhd	1.00	2,400,000	-	2,400,000	-
RZA Logistic Sdn Bhd	1.00	4,515,000	-	-	4,515,000

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

	Nominal value per share/ Stock unit< RM	At 1.7.1998	Bought	Sold	At 30.6.1999
<b>Interests of YBhg Tan Sri Quek Leng Chan in:</b>					
Autonet Sdn Bhd	1.00	1,260,000	-	-	1,260,000
Malaysian Pacific Industries Berhad	0.50	126,609,547	998,462	512,000	127,096,009
Carter Realty Sdn Bhd	1.00	7	-	-	7
Carsem (M) Sdn Bhd	1.00	10,500,000	31,500,000	-	42,000,000
Carsem Semiconductor Sdn Bhd	1.00	28,000,000	42,000,000	-	70,000,000
Guolene Packaging Industries Berhad	1.00	115,458,278	1,038,666	-	116,496,944
Guolene Industrial Paper Products Sdn Bhd	1,000.00	2,340	-	-	2,340
Guolene Plastic Films Sdn Bhd	1.00	9,350,002	-	-	9,350,002
Hume Industries (Malaysia) Berhad	1.00<	123,531,455	248,000	148,000	123,631,455
The Asia Engineering Industries (Malaysia) Sdn Bhd (in voluntary liquidation)	1.00	102,000	-	-	102,000
Hume Fibreboard Sdn Bhd	1.00	42,000,000	-	-	42,000,000
Hume Cemboard Berhad	1.00	37,076,000	-	-	37,076,000
Hume Smallholders Industries Sdn Bhd	1.00	2,400,000	-	-	2,400,000
C.I. Holdings Berhad	1.00	33,584,335	-	-	33,584,335
C.I. Building Industries Sdn Bhd (formerly known as Hume Redland Industries Sdn Bhd)	1.00	49,700,002	-	-	49,700,002
C.I. Readymix Sdn Bhd (formerly known as Hume Redland Readymix Sdn Bhd)	1.00	6,306,306	-	-	6,306,306
C.I. Damansara Quarry Sdn Bhd (formerly known as Hume Damansara Quarry Sdn Bhd)	1.00	65,000	-	-	65,000
Nanyang Press Holdings Berhad (formerly known as Nanyang Press (Malaya) Berhad)	1.00	41,840,902	-	-	41,840,902
The China Press Berhad	1.00	4,234,201	-	-	4,234,201
Cittabella (Malaysia) Sdn Bhd	1.00	510,000	-	-	510,000
O.Y.L. Industries Bhd	1.00	84,868,828	-	-	84,868,828
O.Y.L.- Condair Industries Sdn Bhd	1.00	5,100,000	-	-	5,100,000
York (Malaysia) Sales & Service Sdn Bhd	1.00	700,000	-	-	700,000
O.Y.L. Steel Centre Sdn Bhd	1.00	3,750,000	-	-	3,750,000
AAF Manufacturing (M) Sdn Bhd	1.00	825,000	-	-	825,000
McQuay Asia (Hong Kong) Limited	HK\$1.00	44,696,250	-	-	44,696,250
Wuhan McQuay Air-Conditioning & Refrigeration Co Ltd	^	2,500,000	5,000,000	-	7,500,000

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

	Nominal value per share/ Stock unit<	At 1.7.1998	Bought	Sold	At 30.6.1999
	RM				
<b>Interests of YBhg Tan Sri Quek Leng Chan in:</b>					
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				
Shanghai McQuay					
Air Conditioning Co., Ltd	^	248,500	-	-	248,500
Shenzhen O.Y.L. Electrical Co., Ltd	^	6,040,000	-	-	6,040,000
AAF Korea Company Ltd	W5,000	68,400	-	-	68,400

Note:

^ Capital contribution in USD

## 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 accounts or the fixed salary of a full-time employee of the Bank or of a related company) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for YBhg Tan Sri Quek Leng Chan, who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisition and/or disposal of stocks and shares, stocks in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or the provision of construction contracts, leases, tenancy, dealership and distributorship agreements; and/or the provision of treasury functions, advances and the conduct of normal trading, insurance, investment, stockbroking and/or other businesses between the Bank and its related corporations or corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interest.

There were no arrangements 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 statutory information regarding the Group and the Bank

### (I) As at the end of the financial year

- (a) Before the profit and loss accounts and balance sheets of the Group and of 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 of the Bank during the financial year had not been substantially affected by any item, transaction or event of a material and unusual nature.

### (II) 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 accounts misleading; and
  - (iii) which had arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.
- (b) In the opinion of the Directors:
  - (i) the results of the operations of the Group and of the Bank for the financial year ended 30 June 1999 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 of the Bank to meet their obligations as and when they fall due.

### (III) As at the date of this report

- (a) There are no charges on the assets of the Group and of 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 accounts which would render any amount stated in the accounts misleading.

## year 2000 ("Y2K") compliance

The Bank and its subsidiaries had completed Y2K testing of its systems as of 23 July 1999 and are Y2K ready. The Group is expected to operate without disruptions into Year 2000.

The exposure to the Group arising from the non-compliance of its critical third parties would include disruptions to its transaction processing, treasury operations, inter-bank settlement operations, payment systems, banking operations and customer services. While the exposure is of varying degrees, the key is to have a contingency plan that can work towards minimising such risk exposures to the business.

The Group had put in place business resumption contingency plans ("BRCP") which cover the business and operational areas, to address such exposure. Testing of these plans will continue into the 3rd and 4th quarter 1999. Such tests are of an iterative nature and will be continuously enhanced. The BRCP developed had been independently reviewed by the Internal Audit Department of the respective companies within the Group. The Bank has a Y2K Crossover Plan in place to ensure that it will move smoothly through to Year 2000 and these include generating trial balance reports, customer and accounting records both in hard and soft copies as references and records. A Y2K Command Centre, comprising senior management of the respective companies, is set up to oversee the Y2K Crossover Plan and to manage all contingencies. The subsidiaries of Bank have similar plans and command centres to ensure a smooth transition into the new millennium.

The Group's estimated total cost for the Y2K project remains at RM16 million and will not affect the liquidity or financial performance of the Group.

## 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

**James Lim Cheng Poh**

**Zulkiflee Hashim**

Kuala Lumpur  
8 September 1999



## balance sheets as at 30 June 1999

		The Group		The Bank	
	Notes	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>assets</b>					
Cash and short-term funds	3	4,448,423	2,649,805	2,621,036	1,210,086
Deposits and placements					
with financial institutions	4	1,712,857	97,385	552,395	22,385
Dealing securities	5	899,337	474,459	841,889	473,061
Investment securities	6	1,804,387	2,377,251	935,278	1,310,451
Loans, advances and financing	7	14,691,758	15,075,812	9,181,693	9,267,432
Other assets	8	247,413	222,906	175,979	132,210
Statutory deposit with					
Bank Negara Malaysia	10	547,780	1,504,200	316,019	844,685
Investment in subsidiary					
companies	11	-	-	363,842	391,596
Fixed assets	12	187,049	187,775	106,552	102,425
Goodwill on consolidation		379	19,162	-	-
<b>Total assets</b>		<b>24,539,383</b>	<b>22,608,755</b>	<b>15,094,683</b>	<b>13,754,331</b>
<b>liabilities</b>					
Deposits from customers	13	20,647,720	18,304,956	11,868,588	10,252,346
Deposits and placements					
of banks and other					
financial institutions	14	430,625	587,780	245,625	362,665
Obligations on securities sold					
under repurchase agreements		-	110,016	-	110,016
Bills and acceptances					
payable		886,974	985,424	886,974	985,424
Other liabilities	15	616,495	744,566	328,695	360,843
Subordinated bonds	16	200,000	200,000	200,000	200,000
<b>Total liabilities</b>		<b>22,781,814</b>	<b>20,932,742</b>	<b>13,529,882</b>	<b>12,271,294</b>
Share capital	17	577,171	577,171	577,171	577,171
Reserves	18	1,180,398	1,098,842	987,630	905,866
<b>Shareholders' funds</b>		<b>1,757,569</b>	<b>1,676,013</b>	<b>1,564,801</b>	<b>1,483,037</b>
<b>Total liabilities and</b>					
<b>    shareholders' funds</b>		<b>24,539,383</b>	<b>22,608,755</b>	<b>15,094,683</b>	<b>13,754,331</b>
<b>Commitments and</b>					
<b>    contingencies</b>	31	<b>9,063,260</b>	<b>8,309,883</b>	<b>7,418,927</b>	<b>6,964,433</b>

The above balance sheets are to be read in conjunction with the notes to the accounts on pages 24 to 56.

## profit and loss accounts for the financial year ended 30 June 1999

		The Group		The Bank	
	Notes	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Interest income	19	2,020,768	2,122,708	1,134,611	1,181,055
Interest expense	20	(1,378,611)	(1,452,049)	(706,716)	(736,225)
Net interest income		642,157	670,659	427,895	444,830
Income from Islamic Banking operations	39(k)	7,331	8,549	(495)	2,078
Loan and financing loss and provision	21	(413,467)	(369,985)	(254,903)	(239,280)
		236,021	309,223	172,497	207,628
Non-interest income	22	174,503	126,134	152,284	107,748
Net income		410,524	435,357	324,781	315,376
Overhead expenses	23	(284,686)	(308,352)	(187,341)	(187,680)
Profit before exceptional items		125,838	127,005	137,440	127,696
Exceptional items	26	(18,783)	-	(27,752)	-
Profit before taxation and zakat		107,055	127,005	109,688	127,696
Taxation	27	10,321	(85,519)	7,868	(67,790)
Zakat		(28)	(16)	-	(3)
Profit after taxation and zakat		117,348	41,470	117,556	59,903
Transfer to statutory reserve	18	(63,929)	(30,922)	(58,778)	(29,952)
Profit after transfer to statutory reserve		53,419	10,548	58,778	29,951
Retained profit brought forward		223,127	233,357	101,992	92,819
Profit available for distribution		276,546	243,905	160,770	122,770
Proposed final dividend of 7.0% (1998: 5.0%) less tax	29	(29,089)	(20,778)	(29,089)	(20,778)
Retained profit carried forward		247,457	223,127	131,681	101,992
Earnings per share (sen) basic	30	20.3	7.3	20.4	10.5

The above profit and loss accounts are to be read in conjunction with the notes to the accounts on pages 24 to 56.

## consolidated cash flow statements for the financial year ended 30 June 1999

	1999 RM'000	1998 RM'000
<b>Cash flows from/(used in) operating activities</b>		
Net profit before taxation and zakat	107,055	127,005
Adjustment for:		
Depreciation	32,577	28,798
(Profit)/loss on disposal of fixed assets	(567)	314
Fixed assets written off	775	376
Provision for bad and doubtful debts and financing	413,467	369,985
Provision for interest-in-suspense/income-in-suspense	197,810	86,973
Provision for staff retirement gratuities	1,981	1,980
(Writeback)/provision for diminution in value of dealing/ investment securities	(913)	6,386
Goodwill written off	18,783	-
Investment income	(161,952)	(140,991)
Operating profit before working capital changes	609,016	480,826
(Increase)/decrease in deposits and placements with financial institutions	(1,616,488)	771,498
(Increase)/decrease in loans, advances and financing	(278,783)	(1,754,738)
(Increase)/decrease in dealing securities	(424,913)	22,971
(Increase)/decrease in other assets	(29,919)	(21,206)
(Increase)/decrease in statutory deposit with Bank Negara Malaysia	956,420	292,980
Increase/(decrease) in deposits from customers	2,418,963	3,163,811
Increase/(decrease) in deposits and placements of banks and other financial institutions	(147,356)	(1,087,497)
Increase/(decrease) in bills and acceptances payable	(98,336)	(315,218)
Increase/(decrease) in securities sold under repurchase agreements	(109,011)	(16,668)
Increase/(decrease) in other liabilities	(38,296)	(487,434)
Cash generated from operation	1,241,297	1,049,325
Payment of staff retirement gratuities	(1,883)	(1,964)
Income taxes and zakat paid	(82,703)	(52,173)
<b>Net cash from operating activities</b>	<b>1,156,711</b>	<b>995,188</b>

consolidated cash flow statements for the financial year ended 30 June 1999  
(continued)

	1999 RM'000	1998 RM'000
<b>Cash flows from investing activities</b>		
Net disposal/(purchase) of investment securities	568,857	(785,511)
Purchase of property, plant and equipment	(33,324)	(50,254)
Proceeds from sale of equipment	722	1,443
Interest received on investment securities	150,411	137,346
Dividend received on investment securities	526	637
<b>Net cash from/(used in) investing activities</b>	<b>687,192</b>	<b>(696,339)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	-	384,789
Dividend paid	(20,778)	(26,935)
<b>Net cash (used in)/generated from financing activities</b>	<b>(20,778)</b>	<b>357,854</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,823,125</b>	<b>656,703</b>
<b>Effects of exchange rate changes</b>	<b>(24,507)</b>	<b>76,456</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,649,805</b>	<b>1,916,646</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>4,448,423</b>	<b>2,649,805</b>

	1999 RM'000	1998 RM'000
<b>Analysis of cash and cash equivalents</b>		
Cash and short-term funds	4,448,423	2,649,805

The above consolidated cash flow statements are to be read in conjunction with the notes to the accounts on pages 24 to 56.

## notes to the accounts for the financial year ended 30 June 1999

### 1 Basis of preparation of the accounts

The accounts of the Group and of the Bank have been prepared in accordance with applicable approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines and comply with the provisions of the Companies Act, 1965. The accounts 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 accounts of the Group and of the Bank have been prepared under the historical cost convention.

#### (b) Consolidation

The consolidated accounts include the audited accounts 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 accounts 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 accounts as goodwill on consolidation. The results of subsidiary companies acquired or disposed during the financial year are included from the date of acquisition up to the date of disposal.

Acquisitions of subsidiary companies which meet the criteria for merger accounting under the Malaysian Accounting Standard 2, Accounting for Acquisitions and Mergers, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Bank's books is recorded as the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserves/deficits in accordance with the merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of the subsidiary companies being merged are included for the full financial year.

#### (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 one month from maturity date for trade bills, bankers' acceptances and trust receipts.

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

#### (e) Goodwill on consolidation

Goodwill arising on consolidation represents the excess of the cost of investment over the fair value of the net assets of subsidiary companies at the date of acquisition.

## 2 Significant accounting policies (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.

With effect from 31 December 1997, the default period has been revised from 6 months to 3 months and 50% provision has been made on defaulted non-performing loans for 6 months but less than 12 months as against defaulted non-performing loans for 12 months but less than 24 months previously and 100% provision on defaulted non-performing loans for 12 months and above as against defaulted non-performing loans for 24 months and above previously.

The policy on provision for bad and doubtful debts and financing is 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.

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

### (i) Investment securities

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

Malaysian Government securities, Malaysian Government investment issues, Cagamas bonds, other Government securities and bank guaranteed private 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 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) 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

## 2 Significant accounting policies (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 profit and loss account 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

Transactions are undertaken in derivative financial instruments ("derivatives") which include interest rate swaps, futures and similar instruments for trading and non-trading purposes. Derivatives that are classified as non-trading are held for purpose of hedging exposures relating to the Bank's Asset and Liability Management.

Gains and losses arising from specific hedging transactions are released to the profit and loss account over the same period as the income or expense generated by the underlying transactions. Where a transaction originally entered into as a hedge no longer represents a hedge, its value is restated and any change in value is taken to the profit and loss accounts.

Gains and losses on instruments purchased or sold for trading purposes are taken to the profit and loss account. Any such transactions outstanding at the balance sheet date are stated at market value.

### (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 profit and loss account in the year they arise.

The accounts of foreign branch and foreign subsidiary are converted into Ringgit Malaysia 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 except where it is reasonably expected that the tax effects of such deferrals will continue in the foreseeable future.

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.

This present scheme replaces the previous scheme which was based on defined benefits, on 1 January 1999. The benefits accrued to eligible executives up to 31 December 1998 based on the previous scheme were credited to the respective executives' accounts under the present scheme.

The cost and liability in respect of the previous defined benefits scheme were determined by an actuarial valuation based on the accrued benefits valuation method conducted in June 1998. The cost and liability in respect of the present defined contribution scheme will be determined by an actuarial valuation to be conducted once in every three years by a qualified actuary.

The change in scheme did not have a material effect on the financial results of the Group.

### (r) Foreclosed properties

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

### (s) Dealers' commission

Dealers' commission are amortised over the period of the hire purchase loans using the "sum-of-digits" method.

### (t) Amounts recoverable from Danaharta

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

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

### 3 Cash and short-term funds

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Cash and balances with banks and other financial institutions	275,786	252,576	206,276	188,193
Money at call and deposit placements maturing within one month	4,172,637	2,397,229	2,414,760	1,021,893
	4,448,423	2,649,805	2,621,036	1,210,086

### 4 Deposits and placements with financial institutions

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Licensed banks	443,447	17,306	241,280	17,306
Licensed finance companies	429,695	75,000	10,000	-
Other financial institutions	839,715	5,079	301,115	5,079
	1,712,857	97,385	552,395	22,385

### 5 Dealing securities

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Money market instruments:</b>				
Malaysian Government treasury bills	942	9,138	942	9,138
Malaysian Government securities	78,095	128	20,647	128
Cagamas bonds	14,939	4	14,939	4
Cagamas notes	99,352	9,303	99,352	9,303
Bankers' acceptances and Islamic accepted bills	595,569	424,920	595,569	423,522
Private debt securities	88,145	30,966	88,145	30,966
Quoted foreign currency bonds	7,187	-	7,187	-
Unquoted foreign currency bonds	15,108	-	15,108	-
	899,337	474,459	841,889	473,061

#### Market value of quoted securities:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Malaysian Government securities	82,200	128	21,310	128
Cagamas bonds	14,939	4	14,939	4
Quoted foreign currency bonds	7,431	-	7,431	-
	104,570	132	43,680	132



## 6 Investment securities

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Money market instruments:</b>				
Malaysian Government treasury bills	-	10,000	-	10,000
Malaysian Government securities	109,174	309,292	52,856	130,881
Malaysian Government investment certificates	56,220	3,572	43,017	3,512
Other Government securities	180,864	159,969	180,864	159,969
Cagamas bonds	194,331	683,071	184,311	482,161
Cagamas notes	-	135,000	-	135,000
Danamodal bonds	231,486	-	85,380	-
Danaharta bonds	122,539	-	41,967	-
Negotiable instruments of deposit	290,233	521,466	230,233	321,466
Bankers' acceptances and Islamic accepted bills	292,502	338,987	-	-
	1,477,349	2,161,357	818,628	1,242,989
<b>Quoted securities:</b>				
Shares quoted in Malaysia	1,601	2,515	1,272	1,272
Shares quoted outside Malaysia	1,249	1,249	1,249	1,249
Private debt securities	3,474	-	-	-
Foreign currency bonds	39,513	-	39,513	-
<b>Unquoted securities:</b>				
Shares	16,966	11,838	8,027	4,732
Private and Islamic debt securities	230,267	179,260	38,419	32,849
Foreign currency bonds	35,545	38,724	35,545	38,724
	1,805,964	2,394,943	942,653	1,321,815
Amortisation of premium less accretion of discounts	7,103	(5,190)	(1,191)	(1,980)
Provision for diminution in value of investment securities:				
- quoted investments	(3,553)	(796)	(3,379)	-
- unquoted investments	(5,127)	(11,706)	(2,805)	(9,384)
	1,804,387	2,377,251	935,278	1,310,451

## (a) Market value of quoted securities:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Malaysian Government securities	111,129	289,894	52,613	121,394
Other Government securities	179,324	154,862	179,324	154,862
Cagamas bonds	200,848	663,558	190,646	470,685
Shares quoted in Malaysia	1,586	1,554	1,431	1,224
Shares quoted outside Malaysia	1,102	1,830	1,102	1,830
Private debt securities	4,375	3,793	-	-
Quoted foreign currency bonds	37,069	-	37,069	-
	535,433	1,115,491	462,185	749,995

## 6 Investment securities (continued)

(b) The maturity structure of money market instruments held for investment is as follows:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Maturing within:				
- one year	691,048	1,689,887	336,201	967,638
- one year to three years	290,528	128,121	269,395	60,916
- three years to five years	455,700	239,805	174,706	154,291
- over five years	40,073	103,544	38,326	60,144
	<b>1,477,349</b>	<b>2,161,357</b>	<b>818,628</b>	<b>1,242,989</b>

## 7 Loans, advances and financing

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Overdrafts	2,468,767	2,475,115	2,529,625	2,475,115
Term loans:				
- fixed rate	591,590	326,673	312,221	310,846
- floating rate	7,692,883	7,619,926	5,759,375	5,529,129
Hire purchase	3,997,581	4,216,729	-	-
Lease receivables	184,432	291,763	-	-
Credit/charge card receivables	176,653	155,237	176,653	155,237
Bills receivable	369,294	311,685	369,294	311,685
Trust receipts	335,481	356,389	335,481	356,389
Claims on customers under acceptance credits	779,119	867,538	779,119	867,538
Staff loans	103,256	82,251	65,003	51,716
Other loans	696,438	694,501	39,750	4,519
	<b>17,395,494</b>	<b>17,397,807</b>	<b>10,366,521</b>	<b>10,062,174</b>
Unearned interest and income	(670,147)	(737,843)	(5,177)	(9,374)
Gross loans, advances and financing	<b>16,725,347</b>	<b>16,659,964</b>	<b>10,361,344</b>	<b>10,052,800</b>
Loans sold to Cagamas	(919,698)	(800,359)	(527,476)	(340,060)
	<b>15,805,649</b>	<b>15,859,605</b>	<b>9,833,868</b>	<b>9,712,740</b>
Interest-in-suspense/income-in-suspense	(275,728)	(149,094)	(121,992)	(59,836)
Provision for bad and doubtful debts and financing:				
- specific	(534,463)	(342,277)	(332,037)	(191,946)
- general	(303,700)	(292,422)	(198,146)	(193,526)
	<b>(1,113,891)</b>	<b>(783,793)</b>	<b>(652,175)</b>	<b>(445,308)</b>
Total net loans, advances and financing	<b>14,691,758</b>	<b>15,075,812</b>	<b>9,181,693</b>	<b>9,267,432</b>

## 7 Loans, advances and financing (continued)

(a) The maturity structure of loans, advances and financing is as follows:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Maturing within:				
- one year	6,998,503	6,365,604	5,934,625	5,965,301
- one year to three years	2,465,577	2,253,623	468,342	426,057
- three years to five years	2,118,641	2,607,263	377,678	325,535
- over five years	4,222,928	4,633,115	3,053,223	2,995,847
	15,805,649	15,859,605	9,833,868	9,712,740

(b) Loans, advances and financing analysed by their economic purposes are as follows:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Agriculture	150,134	180,979	125,450	146,270
Mining and quarrying	68,264	80,552	30,317	30,216
Manufacturing	2,310,856	2,582,673	2,055,150	2,120,417
Electricity, gas and water	32,394	25,677	12,742	4,969
Construction	1,330,633	1,453,711	645,114	697,180
Real estate	136,800	120,931	85,587	30,175
Purchase of landed property:	3,638,031	3,490,715	2,667,830	2,616,619
- residential	2,247,171	2,154,881	1,469,093	1,453,967
- non-residential	1,390,860	1,335,834	1,198,737	1,162,652
General commerce	1,323,048	1,342,032	1,130,054	1,064,438
Transport, storage and communication	363,553	421,365	251,122	254,339
Finance, insurance and business services	927,664	1,087,080	990,842	1,038,852
Purchase of securities	815,837	890,521	594,234	683,843
Purchase of transport vehicles	2,425,785	2,637,206	5,066	5,272
Consumption credit	683,907	515,538	681,956	496,382
Others	1,598,743	1,030,625	558,404	523,768
	15,805,649	15,859,605	9,833,868	9,712,740

## 7 Loans, advances and financing (continued)

(c) Movements in the provision for bad and doubtful debts and financing and interest-in-suspense/income-in-suspense accounts are as follows:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Interest-in-suspense/income-in-suspense (IIS)</b>				
As at beginning of the year	149,094	81,439	59,836	44,880
Provisions made during the year	274,204	128,725	139,942	57,342
Amount sold to Danaharta	(43,880)	-	(11,296)	-
Amount written back in respect of recoveries	(76,394)	(33,491)	(49,249)	(22,484)
Amount written off	(26,552)	(28,218)	(16,497)	(20,541)
Exchange difference	(744)	639	(744)	639
As at end of the year	275,728	149,094	121,992	59,836
<b>Specific provision (SP)</b>				
As at beginning of the year	342,277	90,673	191,946	24,421
Provisions made during the year	430,179	295,130	263,696	175,742
Amount sold to Danaharta	(98,754)	-	(14,531)	-
Amount written back in respect of recoveries	(21,414)	(14,278)	(9,793)	(2,568)
Amount written off	(110,251)	(30,115)	(94,707)	(6,516)
Exchange difference	(4,574)	867	(4,574)	867
As at end of the year	534,463	342,277	332,037	191,946
<b>General provision (GP)</b>				
As at beginning of the year	292,422	200,932	193,526	124,383
Provisions made during the year	12,603	89,075	5,945	66,728
Exchange difference	(1,325)	2,415	(1,325)	2,415
As at end of the year	303,700	292,422	198,146	193,526
(as % of total loans including Cagamas loans less SP and IIS)	1.9%	1.8%	2.0%	2.0%

(d) Movements in the non-performing loans and financing are as follows:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
As at beginning of the year	1,660,514	390,734	666,107	175,047
Non-performing during the year	1,555,024	1,665,366	961,921	795,030
Accrued interest on existing non-performing loans and financing	158,933	66,402	139,942	57,022
Performing during the year	(608,930)	(175,422)	(386,963)	(135,886)
Amount sold to Danaharta	(271,438)	-	(76,471)	-
Recoveries	(276,236)	(236,830)	(205,712)	(197,931)
Amount written off	(132,862)	(49,736)	(108,372)	(27,175)
As at end of the year	2,085,005	1,660,514	990,452	666,107
Ratio of non-performing loans net of SP and IIS to total loans (including Cagamas loans)	8.0%	7.4%	5.4%	4.5%

## 8 Other assets

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Amount recoverable from Danaharta	7,982	-	6,968	-
Other debtors, deposits and prepayments	212,754	177,922	169,011	123,629
Deferred taxation (Note 28)	-	5,789	-	8,581
Deferred asset (Note 9)	26,677	39,195	-	-
	<b>247,413</b>	<b>222,906</b>	<b>175,979</b>	<b>132,210</b>
<b>Amount recoverable from Danaharta</b>				
As at beginning of the year	-	-	-	-
Amount arising during the year	108,069	-	22,578	-
Provision made during the year	(100,087)	-	(15,610)	-
Amount recovered	-	-	-	-
Amount written off	-	-	-	-
As at end of the year	<b>7,982</b>	<b>-</b>	<b>6,968</b>	<b>-</b>

## 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	1999 RM'000	1998 RM'000
Unquoted shares, at cost:		
- in Malaysia	391,572	391,572
- outside Malaysia	11	11
Arising from translation of a foreign subsidiary	11	13
	391,594	391,596
Provision for permanent diminution in value	(27,752)	-
	363,842	391,596

Name	Percentage of equity held		Principal activities
	1999	1998	
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	Agent and nominee services
- HLF Credit (Perak) Berhad	100	100	Property investment holding and money lending
Hong Leong Leasing Sdn Bhd*	100	100	Factoring and money lending
HL Leasing Sdn Bhd	100	100	Leasing business
HLB Realty Sdn Bhd	100	100	Real property investment
HLB Nominees (Tempatan) Sdn Bhd	100	100	Agent and nominee for Malaysian clients
HLB Nominees (Asing) Sdn Bhd	100	100	Agent and nominee for foreign clients
HL Bank Nominees (Singapore) Pte Ltd+	100	100	Agent and nominee for clients
HLB Unit Trust Management Bhd	100	100	Unit trust management
HLB Ventures Sdn Bhd	100	100	Investment activities

\* 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.

## 12 Fixed assets

The Group 1999	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 or more RM'000	Buildings on leasehold land 50 years or more RM'000
<b>Cost</b>						
As at beginning of the year	33,809	25,174	4,376	3,699	1,471	7,662
Additions	495	1,569	-	-	9	545
Disposals	-	(23)	-	-	(60)	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	34,304	26,720	4,376	3,699	1,420	8,207
<b>Accumulated depreciation</b>						
As at beginning of the year	-	3,037	1,441	300	243	1,484
Charge for the year	-	507	62	26	29	163
Disposals	-	(1)	-	-	(21)	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	3,543	1,503	326	251	1,647
<b>Net book value as at 30 June 1999</b>	<b>34,304</b>	<b>23,177</b>	<b>2,873</b>	<b>3,373</b>	<b>1,169</b>	<b>6,560</b>

The Group 1999	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>					
As at beginning of the year	101,494	96,489	6,512	13,368	294,054
Additions	5,920	9,851	527	14,408	33,324
Disposals	(2,041)	(1,932)	(656)	-	(4,712)
Exchange fluctuation	(424)	(479)	(63)	-	(966)
As at end of the year	104,949	103,929	6,320	27,776	321,700
<b>Accumulated depreciation</b>					
As at beginning of the year	53,602	42,416	3,756	-	106,279
Charge for the year	12,754	17,941	1,095	-	32,577
Disposals	(1,389)	(1,881)	(505)	-	(3,797)
Exchange fluctuation	(229)	(141)	(38)	-	(408)
As at end of the year	64,738	58,335	4,308	-	134,651
<b>Net book value as at 30 June 1999</b>	<b>40,211</b>	<b>45,594</b>	<b>2,012</b>	<b>27,776</b>	<b>187,049</b>

## 12 Fixed assets (continued)

The Group 1998	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 or more RM'000	Buildings on leasehold land 50 years or more RM'000
<b>Cost</b>						
As at beginning of the year	32,879	22,550	4,376	3,699	1,471	7,662
Additions	930	2,624	-	-	-	-
Disposals	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	33,809	25,174	4,376	3,699	1,471	7,662
<b>Accumulated depreciation</b>						
As at beginning of the year	-	2,589	1,379	256	215	1,332
Charge for the year	-	448	62	44	28	152
Disposals	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	3,037	1,441	300	243	1,484
<b>Net book value as at 30 June 1998</b>	<b>33,809</b>	<b>22,137</b>	<b>2,935</b>	<b>3,399</b>	<b>1,228</b>	<b>6,178</b>

The Group 1998	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>					
As at beginning of the year	89,522	63,680	6,089	14,402	246,330
Additions	12,823	32,532	1,223	121	50,253
Disposals	(2,120)	(292)	(1,015)	(1,155)	(4,582)
Exchange fluctuation	1,269	569	215	-	2,053
As at end of the year	101,494	96,489	6,512	13,368	294,054
<b>Accumulated depreciation</b>					
As at beginning of the year	42,636	27,734	2,802	-	78,943
Charge for the year	12,173	14,581	1,310	-	28,798
Disposals	(1,771)	(195)	(483)	-	(2,449)
Exchange fluctuation	564	296	127	-	987
As at end of the year	53,602	42,416	3,756	-	106,279
<b>Net book value as at 30 June 1998</b>	<b>47,892</b>	<b>54,073</b>	<b>2,756</b>	<b>13,368</b>	<b>187,775</b>



## 12 Fixed assets (continued)

The Bank 1999	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 or more RM'000	Buildings on leasehold land 50 years or more RM'000
<b>Cost</b>						
As at beginning of the year	12,438	6,427	2,915	-	1,069	-
Additions	-	558	-	-	-	-
Disposals	-	-	-	-	(60)	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	12,438	6,985	2,915	-	1,009	-
<b>Accumulated depreciation</b>						
As at beginning of the year	-	633	111	-	105	-
Charge for the year	-	131	58	-	21	-
Disposals	-	-	-	-	(21)	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	764	169	-	105	-
<b>Net book value as at 30 June 1999</b>	<b>12,438</b>	<b>6,221</b>	<b>2,746</b>	<b>-</b>	<b>904</b>	<b>-</b>

The Bank 1999	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>					
As at beginning of the year	58,476	61,858	4,730	13,368	161,281
Additions	4,818	7,811	397	14,408	27,992
Disposals	(3)	(7)	(471)	-	(541)
Exchange fluctuation	(424)	(479)	(63)	-	(966)
As at end of the year	62,867	69,183	4,593	27,776	187,766
<b>Accumulated depreciation</b>					
As at beginning of the year	34,002	21,201	2,804	-	58,856
Charge for the year	9,274	12,846	859	-	23,189
Disposals	(1)	(2)	(399)	-	(423)
Exchange fluctuation	(229)	(141)	(38)	-	(408)
As at end of the year	43,046	33,904	3,226	-	81,214
<b>Net book value as at 30 June 1999</b>	<b>19,821</b>	<b>35,279</b>	<b>1,367</b>	<b>27,776</b>	<b>106,552</b>

## 12 Fixed assets (continued)

The Bank 1998	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 or more RM'000	Buildings on leasehold land 50 years or more RM'000
<b>Cost</b>						
As at beginning of the year	12,438	6,427	2,915	-	1,069	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	12,438	6,427	2,915	-	1,069	-
<b>Accumulated depreciation</b>						
As at beginning of the year	-	505	53	-	84	-
Charge for the year	-	128	58	-	21	-
Disposals	-	-	-	-	-	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	633	111	-	105	-
<b>Net book value as at 30 June 1998</b>	<b>12,438</b>	<b>5,794</b>	<b>2,804</b>	<b>-</b>	<b>964</b>	<b>-</b>

The Bank 1998	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>					
As at beginning of the year	49,894	34,606	4,291	13,545	125,185
Additions	8,119	26,719	962	-	35,800
Disposals	(806)	(36)	(738)	(177)	(1,757)
Exchange fluctuation	1,269	569	215	-	2,053
As at end of the year	58,476	61,858	4,730	13,368	161,281
<b>Accumulated depreciation</b>					
As at beginning of the year	25,509	12,078	2,067	-	40,296
Charge for the year	8,763	8,849	1,064	-	18,883
Disposals	(834)	(22)	(454)	-	(1,310)
Exchange fluctuation	564	296	127	-	987
As at end of the year	34,002	21,201	2,804	-	58,856
<b>Net book value as at 30 June 1998</b>	<b>24,474</b>	<b>40,657</b>	<b>1,926</b>	<b>13,368</b>	<b>102,425</b>

## 13 Deposits from customers

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Fixed deposits	16,837,345	15,365,063	8,783,197	7,728,817
Negotiable instruments of deposit	80,000	484,000	20,000	444,000
	16,917,345	15,849,063	8,803,197	8,172,817
Demand deposits	1,146,586	1,365,173	1,150,838	1,365,968
Savings deposits	2,541,739	1,085,550	1,865,733	708,391
Others	42,050	5,170	48,820	5,170
	20,647,720	18,304,956	11,868,588	10,252,346

The maturity structure of fixed deposits and negotiable instruments of deposit is as follows:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Due within:				
- six months	14,388,184	13,312,948	7,451,449	6,895,897
- six months to one year	2,237,512	2,013,482	1,210,164	1,095,340
- one year to three years	271,885	507,665	135,720	177,946
- three years to five years	19,764	14,968	5,864	3,634
	16,917,345	15,849,063	8,803,197	8,172,817

The deposits are from the following customers:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Business enterprises	3,812,722	3,787,033	3,310,462	3,108,512
Individuals	13,552,080	11,891,540	6,633,738	5,505,568
Others	3,282,918	2,626,383	1,924,388	1,638,266
	20,647,720	18,304,956	11,868,588	10,252,346

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

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Licensed banks	285,625	437,780	245,625	357,665
Licensed finance companies	145,000	5,000	-	5,000
Other financial institutions	-	145,000	-	-
	430,625	587,780	245,625	362,665

## 15 Other liabilities

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Proposed dividend	29,089	20,778	29,089	20,778
Taxation	167,437	266,262	133,578	175,467
Zakat	28	16	-	3
Deferred taxation (Note 28)	24	-	-	-
Provision for staff retirement gratuities	11,209	11,125	5,302	5,378
Other liabilities	408,708	446,385	160,726	159,217
	616,495	744,566	328,695	360,843

## 16 Subordinated Bonds 1995/2000 with detachable warrants

The 3% Subordinated Bonds 1995/2000 ("The Bonds") were issued at a nominal value of RM200,000,000 in denomination or multiples of RM1,000 and were issued with 70,500,000 detachable warrants on a bought deal basis. The warrants are transferable and listed on the Kuala Lumpur Stock Exchange.

The Bonds are constituted by a Trust Deed dated 19 December 1995 and are redeemable in cash at nominal value on maturity of the Bonds in year 2000. The Bonds which are unconvertible carry a coupon interest rate of 3% per annum payable annually in arrears on 20 December each year. The Bank and/or its subsidiary companies may at any time purchase the Bonds by way of tender or private treaty. All Bonds purchased shall be cancelled.

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

Arising from the Bank's Rights Issue:

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

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

As at 30 June 1999, 43,041,355 (1998: 43,041,098) warrants had been exercised.

## 17 Share capital

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Authorised:</b>				
Ordinary shares of RM1 each	1,100,000	1,100,000	1,100,000	1,100,000
<b>Issued and fully paid:</b>				
As at beginning of the year	577,171	513,039	577,171	513,039
Issued upon exercise of warrants	-	2	-	2
Rights issue - 8:1	-	64,130	-	64,130
As at end of the year	577,171	577,171	577,171	577,171

## 18 Reserves

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Distributable</b>				
Retained profit	247,457	223,127	131,681	101,992
<b>Non-distributable</b>				
Share premium	529,459	529,459	529,459	529,459
Statutory reserve	440,819	376,890	290,027	231,249
Merger deficit	(73,800)	(73,800)	-	-
Exchange fluctuation reserve	36,463	43,166	36,463	43,166
	932,941	875,715	855,949	803,874
	1,180,398	1,098,842	987,630	905,866
<b>Share premium</b>				
As at beginning of the year	529,459	208,802	529,459	208,802
Arising from the issue of shares upon exercise of warrants	-	8	-	8
Arising from the rights issue	-	320,649	-	320,649
As at end of the year	529,459	529,459	529,459	529,459
<b>Statutory reserve</b>				
As at beginning of the year	376,890	345,968	231,249	201,297
Transfer from profit and loss account	63,929	30,922	58,778	29,952
As at end of the year	440,819	376,890	290,027	231,249
<b>Exchange fluctuation reserve</b>				
As at beginning of the year	43,166	7,755	43,166	7,755
Arising from translation of net assets of foreign subsidiary and foreign branch	(6,703)	35,411	(6,703)	35,411
As at end of the year	36,463	43,166	36,463	43,166

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 to frank the payment of dividends out of all its retained profit as at 30 June 1999.

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 issue of 192,000,000 new ordinary shares for the acquisition of HLF. As such, the investment in HLF has been recorded in the Bank's book at the nominal value of shares issued.

The merger deficit represents the excess of investment in HLF over the nominal value of shares acquired in HLF.

## 19 Interest income

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Loans and advances	1,737,556	1,856,586	977,336	1,017,958
Money at call and deposit placements with financial institutions	253,095	159,934	104,749	76,670
Dealing securities	51,333	42,552	41,506	42,548
Investment securities	150,411	137,346	93,547	71,508
Others	17,306	14,403	7,947	7,025
	2,209,701	2,210,821	1,225,085	1,215,709
Amortisation of premium less accretion of discounts	8,877	(1,140)	219	204
Net interest suspended	(197,810)	(86,973)	(90,693)	(34,858)
	(188,933)	(88,113)	(90,474)	(34,654)
	2,020,768	2,122,708	1,134,611	1,181,055

## 20 Interest expense

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Deposits and placements of banks and other financial institutions	71,526	159,497	30,429	87,213
Deposits from other customers	1,270,491	1,253,414	670,287	643,012
Others	36,594	39,138	6,000	6,000
	1,378,611	1,452,049	706,716	736,225

## 21 Loan and financing loss and provision

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Provision for bad and doubtful debts and financing:				
- SP (net)	405,765	281,692	253,903	173,174
- GP	12,603	89,075	5,945	66,728
	418,368	370,767	259,848	239,902
Bad debts and financing:				
- written off	490	33	404	13
- recovered	(7,387)	(815)	(7,091)	(635)
	(6,897)	(782)	(6,687)	(622)
Provision on amounts recoverable from Danaharta:				
- provision for value impairment during the year	1,996	-	1,742	-
- written off on final settlement	-	-	-	-
- written back on final settlement	-	-	-	-
	1,996	-	1,742	-
	413,467	369,985	254,903	239,280

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

## 22 Non-interest income

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Fee income</b>				
Commission	22,720	27,919	23,688	25,732
Service charges and fees	25,161	23,882	13,533	12,605
Guarantee fees	6,438	5,437	6,438	5,437
Underwriting fees	613	620	613	620
Other fee income	26,006	25,045	25,892	25,037
	80,938	82,903	70,164	69,431
<b>Investment income</b>				
Net profit from dealing securities	51,465	8,803	24,219	7,792
Gain from sale of investment securities	11,015	3,008	10,964	3,053
Gross dividends from:				
- investment securities	526	637	189	238
- subsidiary companies	-	-	18,575	-
Writeback/(provision) for diminution in value of dealing/investment securities	913	(6,386)	291	(5,636)
	63,919	6,062	54,238	5,447
<b>Other income</b>				
Foreign exchange gain	23,575	30,249	23,575	30,249
Rental income	945	633	59	63
Gain on disposal of fixed assets	585	249	555	155
Other non-operating income	4,541	6,038	3,693	2,403
	29,646	37,169	27,882	32,870
	174,503	126,134	152,284	107,748

## 23 Overhead expenses

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Personnel costs	143,583	163,801	97,801	104,835
Establishment costs	82,661	76,471	60,050	53,745
Marketing expenses	22,365	33,081	3,633	6,813
Administration and general expensess	36,077	34,999	25,857	22,287
	284,686	308,352	187,341	187,680

## 23 Overhead expenses (continued)

The above expenditure includes the following statutory disclosures:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Directors' remuneration (Note 25)	2,347	2,084	1,481	1,069
Rental of premises	29,785	28,172	20,616	18,872
Hire of equipment	2,000	1,776	1,988	1,776
Lease rental	1,321	1,709	1,321	1,709
Auditors' remuneration:				
- statutory audit fees	354	362	249	257
- other fees	24	38	14	14
Depreciation of fixed assets	32,577	28,798	23,189	18,883
Loss on disposal of fixed assets	18	563	1	554
Fixed assets written off	775	376	112	179
Amortisation of dealers' commission	14,281	20,563	-	-

## 24 Significant related party transactions and balances

	Parent company RM'000	Subsidiary companies RM'000	Other related companies RM'000
<b>1999</b>			
<b>Income</b>			
Interest on advances	-	13,381	-
Commitment fee	-	25	-
Commission	-	990	-
Rental income	-	17	-
	-	14,413	-
<b>Expenditure</b>			
Rental	-	1,058	8,393
Lease	-	6	-
Interest on fixed deposits	-	-	1,936
	-	1,064	10,329
<b>Amounts due from</b>			
Overdrafts	-	-	-
Term loans	-	148,458	-
	-	148,458	-
<b>Amounts due to</b>			
Current account and fixed deposits	318	4,252	179,285



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

	Parent company RM'000	Subsidiary companies RM'000	Other related companies RM'000
<b>1998</b>			
<b>Income</b>			
Interest on advances	-	15,094	-
Commission received	-	300	-
Rental income	-	14	-
	-	15,408	-
<b>Expenditure</b>			
Rental	-	1,343	7,721
Interest on fixed deposits	143	157	12,095
	143	1,500	19,816
<b>Amounts due from</b>			
Overdrafts	-	7,933	-
Term loans	-	170,055	-
	-	177,988	-
<b>Amounts due to</b>			
Current account and fixed deposits	465	1,540	203,654

## 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	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Fees	765	752	308	280
Other remuneration	1,582	1,332	1,173	789
	2,347	2,084	1,481	1,069

The estimated cash value of benefits-in-kind of Directors for the Group amounted to RM63,250 (1998: RM42,250).

## 26 Exceptional items

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Provision for permanent diminution in the value of investment in subsidiary	-	-	27,752	-
Goodwill written off	18,783	-	-	-
	18,783	-	27,752	-

## 27 Taxation

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Malaysian income tax	125	96,616	2,806	71,497
Overseas tax	-	-	-	-
Transfer from/(to) deferred taxation	125 5,813	96,616 (9,724)	2,806 8,581	71,497 (3,707)
Under/(over) provision in respect of prior years	5,938 (16,259)	86,892 (1,373)	11,387 (19,255)	67,790 -
	(10,321)	85,519	(7,868)	67,790

(a) In accordance with Income Tax (Amendment) Bill, 1999, assessment of income tax based on income received in the preceding year has been changed to tax income received in the current year, beginning from the year of assessment 2000, and that tax on income earned in 1999 will be waived. In view of this, no provision for taxation is required in respect of the Bank's earnings (except for dividend income) for the year ended 30 June 1999.

(b) The Bank has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of all its retained profit as at 30 June 1999.

## 28 Deferred taxation

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
As at beginning of the year	(5,789)	3,935	(8,581)	(4,874)
Transfer (to)/from profit and loss account	5,813	(9,724)	8,581	(3,707)
As at end of the year	24	(5,789)	-	(8,581)

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

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Interest-in-suspense	(4,921)	(13,567)	(4,921)	(13,567)
Excess of capital allowance over depreciation	5,639	8,558	5,615	5,766
Leasing	-	-	-	-
Others	(694)	(780)	(694)	(780)
	24	(5,789)	-	(8,581)

## 29 Dividends

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Proposed final dividend of 7.0% (1998: 5.0%) less income tax at 28% (1998: 28%)	29,089	20,778	29,089	20,778

## 30 Earnings per share

The basic earnings per ordinary share have been calculated based on the profit after taxation of RM117,556,000 (1998: RM59,903,000) and RM117,348,000 (1998: RM41,470,000) of the Bank and the Group respectively and on the weighted average number of 577,171,068 (1998: 571,899,725) ordinary shares of RM1 each shares in issue during the financial year. The fully diluted earnings per share after taking into consideration the assumed conversion of 28,500,071 warrants during the year is not material.

## 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.

The commitments and contingencies constitute the following:

	1999		1998	
The Group	Principal RM'000	Credit equivalent RM'000	Principal RM'000	Credit equivalent RM'000
Direct credit substitutes	135,138	135,138	246,936	246,936
Certain transaction-related contingent items	443,739	221,870	431,671	215,836
Short-term self-liquidating trade-related contingencies	394,736	78,947	399,030	79,806
Housing loans sold directly and indirectly to Cagamas Berhad	919,698	919,698	800,359	800,359
Other assets sold with recourse and commitments with certain drawdown	250,760	250,760	115,287	115,287
Irrevocable commitment to extend credit:				
- maturity more than one year	2,095,694	1,047,848	2,246,021	1,123,011
- maturity less than one year	2,741,543	-	2,317,417	-
Foreign exchange related contracts:				
- less than one year	1,932,571	36,808	1,731,177	36,170
- one year to less than five years	-	-	-	-
Interest rate related contracts:				
- less than one year	50,000	437	12,000	1,160
- one year to less than five years	90,400	4,948	-	-
Miscellaneous	8,981	-	9,985	-
	9,063,260	2,696,454	8,309,883	2,618,565

### 31 Commitments and contingencies (continued)

The Bank	1999		1998	
	Principal RM'000	Credit equivalent RM'000	Principal RM'000	Credit equivalent RM'000
Direct credit substitutes	133,240	133,240	226,359	226,359
Certain transaction-related contingent items	443,739	221,870	431,671	215,836
Short-term self-liquidating trade-related contingencies	394,736	78,947	399,030	79,806
Housing loans sold directly and indirectly to Cagamas Berhad	527,476	527,476	340,060	340,060
Other assets sold with recourse and commitments with certain drawdown	250,760	250,760	115,287	115,287
Irrevocable commitment to extend credit:				
- maturity more than one year	1,612,617	806,309	1,756,735	878,368
- maturity less than one year	2,074,407	-	1,944,129	-
Foreign exchange related contracts:				
- less than one year	1,932,571	36,808	1,731,177	36,170
- one year to less than five years	-	-	-	-
Interest rate related contracts:				
- less than one year	10,000	160	10,000	160
- one year to less than five years	30,400	2,736	-	-
Miscellaneous	8,981	-	9,985	-
	<b>7,418,927</b>	<b>2,058,306</b>	<b>6,964,433</b>	<b>1,892,046</b>

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

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

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

The Bank	1999 RM'000	1998 RM'000
Foreign exchange related contracts:		
- forward contracts	1,932,571	1,731,177
Interest rate related contracts:		
- futures contracts	10,000	10,000
- single currency interest rate swaps	30,400	-

## 31 Commitments and contingencies (continued)

### 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 1999, the amount of contracts which were not hedged and hence, exposed to foreign exchange and interest rate market risk were RM18,745,080 (1998: RM2,680,000) and RM10,000,000 (1998: Nil) 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 1999, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM432,256 (1998: RM2,825,000). 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 accounts are as follows:

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Authorised and contracted for	15,918	10,714	15,338	9,775
Authorised but not contracted for	7,621	18,000	4,270	9,032
	<b>23,539</b>	<b>28,714</b>	<b>19,608</b>	<b>18,807</b>

## 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
2000	3,740
2001	913
2002	877

## 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	1999 RM'000	1998 RM'000
Tier-1 capital	1,564,801	1,483,037
Tier-2 capital	238,146	273,526
Total capital	1,802,947	1,756,563
Less: Investment in subsidiary companies	(363,842)	(391,596)
Capital base	1,439,105	1,364,967
<b>Capital ratios</b>		
Core capital ratio	13.02%	12.90%
Risk-weighted capital ratio	13.02%	12.90%

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

The Bank	1999 RM'000	1998 RM'000
<b>Tier-1 capital</b>		
Paid up share capital	577,171	577,171
Share premium	529,459	529,459
Other reserves	458,171	376,407
Total tier-1 capital	1,564,801	1,483,037
<b>Tier-2 capital</b>		
Subordinated loans	40,000	80,000
General provision for bad and doubtful debts	198,146	193,526
Total tier-2 capital	238,146	273,526
Total capital	1,802,947	1,756,563
Less: Investment in subsidiary companies	(363,842)	(391,596)
Total capital base	1,439,105	1,364,967

### 35 Capital adequacy (*continued*)

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

The Bank	1999 RM'000	1998 RM'000
0%	2,407,065	4,048,722
10%	492,853	626,123
20%	1,927,985	2,055,319
50%	2,685,339	3,492,237
100%	9,278,561	8,346,281
	16,791,803	18,568,682

### 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 events during the financial year

During the financial year:

- (a) The parties to the proposed acquisition of Bolton Finance Berhad had mutually agreed not to proceed with the said acquisition.
- (b) The subscription period of the Bank's outstanding warrants has been extended for a further period of approximately 21 months from the existing expiry date of 28 February 1999 to 20 December 2000.
- (c) Both subsidiary companies of the Bank, Hong Leong Leasing Sdn Bhd and HL Leasing Sdn Bhd had ceased funding new businesses and had transferred its leasing and industrial hire purchase portfolio to another subsidiary company, HLF on 1 July 1998 and 29 June 1999 respectively.

### 38 Significant event subsequent to the balance sheet date

The Bank had received a letter from Bank Negara Malaysia stating that approval is granted for the shareholders of the Bank and HLF to commence merger negotiations with Bank of Commerce (M) Berhad.

## 39 The Operations of Islamic Banking

Balance sheets as at 30 June 1999

		The Group		The Bank	
	Note	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>Assets</b>					
Cash and short-term funds	(a)	181,367	15,074	134,376	10,888
Dealing securities	(b)	406,657	15,294	406,657	15,294
Investment securities	(c)	278,693	107,985	43,017	3,512
Loans, advances and financing	(d)	119,019	66,692	2,212	360
Other assets	(e)	12,520	27,001	2,996	16,435
Fixed assets	(f)	272	311	-	-
Statutory deposit with Bank Negara Malaysia		13,727	-	-	-
<b>Total assets</b>		<b>1,012,255</b>	<b>232,357</b>	<b>589,258</b>	<b>46,489</b>
<b>Liabilities and Islamic Banking funds</b>					
Deposits from customers	(g)	857,111	156,730	497,100	24,289
Deposits and placements of banks and other financial institutions	(h)	40,000	26,915	-	-
Bills and acceptances payable		209	306	209	306
Other liabilities	(i)	91,290	31,945	85,096	14,277
<b>Total liabilities</b>		<b>988,610</b>	<b>215,896</b>	<b>582,405</b>	<b>38,872</b>
Islamic Banking funds	(j)	23,645	16,461	6,853	7,617
<b>Total liabilities and Islamic Banking funds</b>		<b>1,012,255</b>	<b>232,357</b>	<b>589,258</b>	<b>46,489</b>

Profit and loss accounts for the financial year ended 30 June 1999

		The Group		The Bank	
	Note	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Income	(k)	7,331	8,549	(495)	2,078
Loan and financing loss and provision	(l)	(986)	(923)	-	-
<b>Net income</b>		<b>6,345</b>	<b>7,626</b>	<b>(495)</b>	<b>2,078</b>
Overhead expenses	(m)	(1,133)	(1,281)	(269)	(377)
<b>(Loss)/profit before zakat</b>		<b>5,212</b>	<b>6,345</b>	<b>(764)</b>	<b>1,701</b>
Zakat		(28)	(16)	-	(3)
<b>(Loss)/profit after zakat</b>		<b>5,184</b>	<b>6,329</b>	<b>(764)</b>	<b>1,698</b>
Retained profit brought forward		8,461	2,132	2,617	919
<b>Retained profit carried forward</b>		<b>13,645</b>	<b>8,461</b>	<b>1,853</b>	<b>2,617</b>



### 39 The Operations of Islamic Banking (continued)

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>(a) Cash and short-term funds</b>				
Cash and balances with banks and other financial institutions	15,487	15,074	576	10,888
Money at call and deposit placements maturing within one month	165,880	-	133,800	-
	181,367	15,074	134,376	10,888
<b>(b) Dealing securities</b>				
Bankers' acceptances and Islamic accepted bills	367,835	15,294	367,835	15,294
Islamic debt securities	38,822	-	38,822	-
	406,657	15,294	406,657	15,294
<b>(c) Investment securities</b>				
<b>Money market instruments:</b>				
- bankers' acceptances and Islamic accepted bills	222,472	104,413	-	-
- Malaysian Government investment certificates	56,221	3,572	43,017	3,512
	278,693	107,985	43,017	3,512
The maturity structure of money market instruments held for investment is as follows:				
Maturing within:				
- one year	222,472	107,985	-	3,512
- one year to three years	56,221	-	43,017	-
	278,693	107,985	43,017	3,512
<b>(d) Loans, advances and financing</b>				
Overdrafts	9	1	9	1
Term loans	8,669	747	5,750	747
Hire purchase	149,429	85,383	-	-
	158,107	86,131	5,759	748
Unearned income	(36,665)	(18,250)	(3,547)	(388)
Gross loans, advances and financing	121,442	67,881	2,212	360
Income-in-suspense	(330)	(82)	-	-
Provision for bad and doubtful debts and financing:				
- specific	(12)	(12)	-	-
- general	(2,081)	(1,095)	-	-
Total net loans, advances and financing	119,019	66,692	2,212	360

### 39 The Operations of Islamic Banking (continued)

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>(d) Loans, advances and financing (continued)</b>				
(i) Loans, advances and financing analysed by concepts are as follows:				
- Al-Mudharabah	-	1	-	1
- Al-Ijarah Thumma Al-Bai'	117,914	67,521	-	-
- Al-Manzil Bai' Bithaman Ajil	3,528	359	2,212	359
	<b>121,442</b>	<b>67,881</b>	<b>2,212</b>	<b>360</b>
(ii) The maturity structure of loans, advances and financing is as follows:				
Maturing within:				
- one year	1,840	603	-	1
- one year to three years	26,950	8,157	-	-
- three years to five years	85,116	50,213	-	-
- over five years	7,536	8,908	2,212	359
	<b>121,442</b>	<b>67,881</b>	<b>2,212</b>	<b>360</b>
(iii) Loans, advances and financing analysed by their economic purposes are as follows:				
Purchase of landed property:				
- residential	3,515	156	2,212	156
- non-residential	151	204	-	204
Transport, storage and communication	132	194	-	-
Purchase of transport vehicles	106,690	67,301	-	-
Consumption credit	39	4	-	-
Others	10,915	22	-	-
	<b>121,442</b>	<b>67,881</b>	<b>2,212</b>	<b>360</b>
(iv) Movements in the provision for bad and doubtful debts and financing and income-in-suspense accounts are as follows:				
<b>IIS</b>				
As at beginning of the year	82	-	-	-
Provisions made during the year	248	82	-	-
As at end of the year	<b>330</b>	<b>82</b>	<b>-</b>	<b>-</b>
<b>SP</b>				
As at beginning of the year	12	-	-	-
Provisions made during the year	-	12	-	-
As at end of the year	<b>12</b>	<b>12</b>	<b>-</b>	<b>-</b>
<b>GP</b>				
As at beginning of the year	1,095	184	-	-
Provisions made during the year	986	911	-	-
As at end of the year	<b>2,081</b>	<b>1,095</b>	<b>-</b>	<b>-</b>
(as % of total loans including Cagamas loans less SP and IIS)	<b>1.7%</b>	<b>1.6%</b>	<b>-</b>	<b>-</b>
<b>(e) Other assets</b>				
Other debtors, deposits and prepayments	<b>12,520</b>	<b>27,001</b>	<b>2,996</b>	<b>16,435</b>

### 39 The Operations of Islamic Banking (continued)

	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Total RM'000
<b>(f) Fixed assets</b>			
<b>1999</b>			
<b>The Group</b>			
<b>Cost</b>			
As at beginning of the year	191	138	329
Additions	9	-	9
Disposals	-	-	-
As at end of the year	200	138	338
<b>Accumulated depreciation</b>			
As at beginning of the year	9	9	18
Charge for the year	20	28	48
Disposals	-	-	-
As at end of the year	29	37	66
<b>Net book value as at 30 June 1999</b>	<b>171</b>	<b>101</b>	<b>272</b>
<b>1998</b>			
<b>The Group</b>			
<b>Cost</b>			
As at beginning of the year	-	-	-
Additions	191	138	329
Disposals	-	-	-
As at end of the year	191	138	329
<b>Accumulated depreciation</b>			
As at beginning of the year	-	-	-
Charge for the year	9	9	18
Disposals	-	-	-
As at end of the year	9	9	18
<b>Net book value as at 30 June 1998</b>	<b>182</b>	<b>129</b>	<b>311</b>

### 39 The Operations of Islamic Banking (continued)

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>(g) Deposits from customers</b>				
Demand deposits	4,622	1,719	4,622	1,719
Savings deposits	102,384	44,801	11,522	3,420
General investment deposits	750,105	110,210	480,956	19,150
	857,111	156,730	497,100	24,289
(i) Maturity structure of investment deposits is as follows:				
Due within:				
- six months	662,654	100,965	413,137	15,487
- six months to one year	77,357	7,963	58,407	3,481
- one year to three years	10,024	1,077	9,412	2
- three years to five years	70	205	-	180
	750,105	110,210	480,956	19,150
(ii) The deposits are sourced from the following customers:				
Business enterprises	143,803	14,634	126,346	6,639
Individuals	404,802	61,276	164,624	6,405
Others	308,506	80,820	206,130	11,245
	857,111	156,730	497,100	24,289
<b>(h) Deposits and placements of banks and other financial institutions</b>				
Licensed banks	40,000	26,915	-	-
<b>(i) Other liabilities</b>				
Zakat	28	16	-	3
Other liabilities	91,262	31,929	85,096	14,274
	91,290	31,945	85,096	14,277
<b>(j) Islamic Banking funds</b>				
Funds allocated from Head Office	10,000	8,000	5,000	5,000
Retained profit	13,645	8,461	1,853	2,617
	23,645	16,461	6,853	7,617
<b>(k) Income from Islamic Banking operations</b>				
Income derived from investment of depositors' funds and funds allocated from Head Office	37,416	18,535	13,529	2,590
Income attributable to depositors:				
- other customers	(29,718)	(9,849)	(13,547)	(302)
- banks and financial institutions	(563)	(237)	(563)	(237)
Income attributable to:				
- Group/Bank	7,135	8,449	(581)	2,051
- other Islamic Banking income	196	100	86	27
	7,331	8,549	(495)	2,078

### 39 The Operations of Islamic Banking (continued)

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

	The Group		The Bank	
	Depositors' funds RM'000	IBF RM'000	Depositors' funds RM'000	IBF RM'000
<b>(k) Income from Islamic Banking operations (continued)</b>				
<b>1999</b>				
Income from financing	32,029	948	11,163	154
Net profit from dealing securities	2,082	65	584	8
Gain from sales of investment securities	2,245	47	1,598	22
Other Islamic Banking income	191	5	85	1
	<b>36,547</b>	<b>1,065</b>	<b>13,430</b>	<b>185</b>
<b>1998</b>				
Income from financing	8,381	575	1,760	212
Net profit from dealing securities	8,495	466	-	-
Gain from sales of investment securities	552	66	552	66
Other Islamic Banking income	93	7	24	3
	<b>17,521</b>	<b>1,114</b>	<b>2,336</b>	<b>281</b>

	The Group		The Bank	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
<b>(l) Loan and financing loss and provision</b>				
Provision for bad and doubtful debts and financing:				
- SP	-	12	-	-
- GP	986	911	-	-
	<b>986</b>	<b>923</b>	<b>-</b>	<b>-</b>
<b>(m) Overhead expenses</b>				
Personnel costs	578	624	157	168
Establishment costs	223	204	34	39
Marketing expenses	196	355	2	163
Administration and general expenses	136	98	76	7
	<b>1,133</b>	<b>1,281</b>	<b>269</b>	<b>377</b>

## Statement by Directors pursuant to Section 169 (15) of the Companies Act, 1965

We, 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 accounts set out on pages 20 to 56 are drawn up so as to give a true and fair view of:

- (a) the state of affairs of the Group and of the Bank as at 30 June 1999 and of the results of their operations for the year ended on that date; and
  - (b) the cash flows of the Group for the year then ended
- in accordance with the applicable approved accounting standards in Malaysia.

On behalf of the Board

**James Lim Cheng Poh**

**Zulkiflee Hashim**

Kuala Lumpur  
8 September 1999

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

I, Soon Leh Hong, being the officer primarily responsible for the financial management of Hong Leong Bank Berhad, do solemnly and sincerely declare that the accounts set out on pages 20 to 56 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
the abovenamed SOON LEH HONG at	)	
Kuala Lumpur in Wilayah Persekutuan	)	
on 8 September 1999	)	<b>Soon Leh Hong</b>

Before me,

**Teong Kian Meng**  
Commissioner for Oaths  
8 September 1999

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

(Incorporated in Malaysia)

1. We have audited the accounts set out on pages 20 to 56. These accounts are the responsibility of the Bank's Directors. Our responsibility is to express an opinion on these accounts based on our audit.
2. We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting to the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion:
  - (a) the accounts give a true and fair view of the state of affairs of the Group and of the Bank as at 30 June 1999 and of the results of the Group and the Bank and cash flows of the Group for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia, Bank Negara Malaysia Guidelines and comply with the Companies Act, 1965; and
  - (b) the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
4. We have considered the accounts and the auditors' reports of the subsidiary companies of which we have not acted as auditors, which are indicated in note 11 to the accounts.
5. We are satisfied that the accounts of the subsidiary companies that have been consolidated with the accounts of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.
6. The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification or include any adverse comment made under subsection (3) of Section 174 of the Act.

**PricewaterhouseCoopers**

[AF: 1146]

Public Accountants

**Tan Hock Hin**

[441/3/01(J/PH)]

Partner

Kuala Lumpur

8 September 1999

## other information

### Properties held by the Group as at 30 June 1999

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)
1, Light Street Georgetown 10200 Pulau Pinang	Freehold	Branch premises	20,594	65	7,564
15-G-1, 15-1-1 & 15-2-1 15, Medan Kampung Relau Bayan Point 11900 Pulau Pinang	Freehold	Branch premises	9,968	-	2,592
42, Jalan Pending 93450 Kuching Sarawak	Leasehold - 999 years (31/12/2779)	Branch premises	4,425	17	2,847
133, 135 & 137 Jalan Kampong Nyabor 96000 Sibul Sarawak	Freehold	Branch premises	4,871	7	3,453
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
25, Jalan Tun Ismail 25000 Kuantan Pahang Darul Makmur	Freehold	Branch premises	1,600	8	1,608
69, 70 & 71, Jalan Dato' Bandar Tunggal 70000 Seremban Negri Sembilan Darul Khusus	Freehold	Branch premises	6,000	Pre-war	1,633
26, Lorong Rahim Kajai 14 Taman Tun Dr Ismail 60000 Kuala Lumpur	Freehold	Branch premises	3,750	15	601
120-122, Jalan Mersing 86000 Kluang Johor Darul Takzim	Leasehold - 99 years (22/8/2063)	Branch premises	3,355	35	866
1A, Jalan Dato' Onn Jaafar 30300 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	6,742	65	1,435
100, Jalan Gurney 72100 Bahau Negeri Sembilan Darul Khusus	Freehold	Branch premises	5,107	13	2,870
12, 14 & 16, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	4,174	8	4,201

Note: \*Land area (sq ft)



## other information

### Properties held by the Group as at 30 June 1999 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)
6, Jalan Merdeka 96100 Sarikei Sarawak	Leasehold - 60 years (31/12/2029)	Branch premises	2,240	30	153
Vacant land at Jalan Peace Kuching, Lot 2081 Section 64 KTLD Sarawak	Leasehold - 99 years (31/12/2037)	Vacant land	22,172 (*)	n/a	50
63 & 65, Jalan SS 23/15 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	4,760	4	3,824
24, Medan Taming 2 Taman Taming Jaya 43300 Balakong Selangor Darul Ehsan	Freehold	Branch premises	3,037	4	1,314
1, Jalan Takal 15/21 Seksyen 15 40000 Shah Alam Selangor Darul Ehsan	Leasehold - 99 years (29/6/2086)	Branch premises	2,625	12	1,566
Lot 35948 & 3595 Jalan Baru Pak Sabah 23000 Dungun Terengganu Darul Iman	Leasehold - 84 years (2/2/2079)	Branch premises	3,199	5	281
Sublot 1 & 2 on parent lot 2633 Bintulu Siwa District Bintulu Sarawak	Leasehold - 60 years (12/2/2056)	Branch premises	2,582	4	1,597
Lot 34, Industrial Land 47000 Sungai Buloh Selangor Darul Ehsan	Freehold	Warehouse	96,219 (*)	5	2,954
1540, Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman	Leasehold - 55 years (1/3/2028)	Branch premises	10,619	26	80
9A & 9B, Jalan Kampong Baru 08000 Sungai Petani Kedah Darul Aman	Freehold	Branch premises	9,320	6	1,069
31, Jalan Ibrahim 08000 Sungai Petani Kedah Darul Aman	Freehold	Branch premises	2,448	15	781

Note: \*Land area (sq ft)

## other information

### Properties held by the Group as at 30 June 1999 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)
45, Jalan Burma 10500 Pulau Pinang	Freehold	Branch premises	14,277	21	2,556
33A-C, Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang	Leasehold - 83 years (8/4/2082)	Branch premises	4,394	4	586
452, Jalan Pinang 10000 Pulau Pinang	Freehold	Branch premises	2,874	3	1,352
33 & 34 Taman Usahaniaga Bukit Mertajam 14000 Pulau Pinang	Freehold	Branch premises	4,407	4	1,107
55-57, Jalan Yang Kalsom 30250 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	11,720	20	1,368
72 & 74, Jalan Kota 34000 Taiping Perak Darul Ridzuan	Freehold	Branch premises	6,574	15	556
27, Jalan Dewangsa 31000 Batu Gajah Perak Darul Ridzuan	Leasehold - 79 years (26/2/2078)	Branch premises	4,694	4	353
232, Jalan Bercham Taman Ria 31400 Ipoh Perak Darul Ridzuan	Leasehold - 93 years (23/11/2092)	Branch premises	2,540	4	341
75, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	1,900	2	732
80 & 82, Jalan Othman 1/14 46000 Petaling Jaya Selangor Darul Ehsan	Leasehold - 90 years (15/6/2089)	Branch premises	9,062	9	1,433
36, Jalan Midah 1 Taman Midah, Cheras 56000 Kuala Lumpur	Freehold	Branch premises	2,700	12	243
19, Jalan 54 Desa Jaya 52100 Kepong Selangor Darul Ehsan	Leasehold - 99 years (8/3/2081)	Branch premises	5,859	17	418
151, Jalan Genting Klang 53300 Kuala Lumpur	Freehold	Branch premises	4,290	20	334

Note: \*Land area (sq ft)

## other information

### Properties held by the Group as at 30 June 1999 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)
17, Jalan SS 2/64 47300 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	6,624	6	1,331
55, Jalan Pasar 55100 Kuala Lumpur	Freehold	Branch premises	4,313	19	363
Lot 111 Jalan Mega Mendung Kompleks Bandar Off Jalan Klang Lama 58200 Kuala Lumpur	Freehold	Branch premises	4,978	19	611
161, Jalan Imbi 55100 Kuala Lumpur	Freehold	Branch premises	2,454	3	2,728
109, Jalan SS 21/37 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	6,446	3	1,880
114, Jalan Dato' Bandar Tunggal 70000 Seremban Negri Sembilan Darul Khusus	Freehold	Branch premises	8,798	23	551
83-D & 83-G Jalan Munshi Abdullah 75100 Melaka	Freehold	Branch premises	4,263	3	278
8A-C, Jalan Station 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	12,854	6	608
139, Jalan Muar 84900 Tangkak Johor Darul Takzim	Freehold	Branch premises	3,186	11	184
115, Jalan Genuang Bandar Baru 85000 Segamat Johor Darul Takzim	Freehold	Branch premises	5,460	14	463
35, Jalan Dedap 16 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	2,310	9	228
16, Jalan Jaafar 81900 Kota Tinggi Johor Darul Takzim	Leasehold - 99 years (3/9/2071)	Branch premises	5,700	27	328
109, Main Road 83700 Yong Peng Johor Darul Takzim	Freehold	Branch premises	2,740	11	224

## other information

### Properties held by the Group as at 30 June 1999 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)
31 & 32, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim	Freehold	Branch premises	8,932	7	606
103, Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim	Freehold	Branch premises	12,222	25	777
26, Jalan Mersing 80050 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	7,040	15	1,589
21, Jalan Tun Razak 27600 Raub Pahang Darul Makmur	Freehold	Branch premises	4,480	13	461
1, Bentong Heights 28700 Bentong Pahang Darul Makmur	Freehold	Branch premises	5,432	31	47
36, Main Road Tanah Rata 39000 Cameron Highland Pahang Darul Makmur	Leasehold - 99 years (24/11/2039)	Branch premises	1,728	59	206
241, Lorong Tun Ismail 1 Off Jalan Bukit Ubi 25000 Kuantan Pahang Darul Makmur	Freehold	Branch premises	4,675	4	629
16A, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman	Leasehold - 99 years (3/9/2071)	Branch premises	2,125	2	1,553
TB426 Block J Lot 1 Bandar Sabindo 91008 Tawau Sabah	Leasehold - 99 years (31/12/2070)	Branch premises	6,384	24	456
U0391, Jalan Rampai WDT 131 87009 Labuan FT	Leasehold - 999 years (30/6/2902)	Branch premises	3,168	14	601
Lot 44 & 45 Pusat Perniagaan Putra 09000 Kulim Kedah Darul Aman	Leasehold - 99 years (5/8/2095)	Branch premises	5,652	-	544
15-G-12A, Medan Kampung Relau Bayan Point Bandar Bayan Baru 11900 Pulau Pinang	Freehold	Branch premises	5,708	-	1,482

## other information

### Distribution Schedule Of Shareholders as at 30 August 1999

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 499	219	1.42	34,562	0.01
500 - 5,000	13,264	86.15	22,966,786	3.98
5,001 - 10,000	971	6.31	7,805,801	1.35
10,001 - 100,000	813	5.28	21,698,149	3.76
100,001 - 1,000,000	109	0.71	27,701,475	4.80
Above 1,000,000	20	0.13	496,964,459	86.10
	15,396	100.00	577,171,232	100.00

### Twenty Largest Shareholders as at 30 August 1999

Name of Shareholders	No. of Shares	%
1. Hong Leong Credit Berhad	410,053,584	71.05
2. The Great Eastern Life Assurance Co Ltd	28,342,000	4.91
3. Kurnia Insurans (Malaysia) Berhad	12,750,000	2.21
4. Employees Provident Fund Board	11,964,125	2.07
5. Sekim Amanah Saham Bumiputra	7,447,500	1.29
6. Kurnia Damai Sdn Bhd	7,265,000	1.26
7. Siau Teng Chong	3,873,125	0.67
8. BHLB Pacific Emerging Companies Growth Fund	2,506,000	0.43
9. Kwek Leng Hai	1,977,850	0.34
10. Amanah Saham Sarawak	1,687,500	0.29
11. Ann Joo Corporation Sdn Bhd	1,561,000	0.27
12. Hong Leong Assurance Berhad	1,471,000	0.26
13. Cheng Fu Zay	1,405,250	0.24
14. Amanah Saham Mara Berhad	1,388,000	0.24
15. Dato' Lim Suh Hua @ Lim Yak Hua	1,199,750	0.21
16. State Street Bank & Trust Funds for Employee Trusts	1,188,250	0.21
17. Lembaga Tabung Angkatan Tentera	1,158,750	0.20
18. Yong Ma. Teresa Alava	1,110,000	0.19
19. Chin Pek Soo Holdings Sdn Bhd	1,080,000	0.19
20. Seow Lun Hoo	1,060,875	0.18
	500,489,559	86.71

## other information

### Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Bank as at 30 August 1999 are as follows:

Name of Shareholders	No. of Shares	%
Hong Leong Credit Berhad	411,574,584##	71.31
YBhg Tan Sri Quek Leng Chan	411,594,584*	71.31
HL Holdings Sdn Bhd	411,574,584***	71.31
Hong Leong Company (Malaysia) Berhad	411,574,584**	71.31
Kwek Holdings Pte Ltd	411,574,584***	71.31
Kwek Leng Beng	411,574,584***	71.31
Hong Realty (Private) Limited	411,574,584***	71.31
Hong Leong Investment Holdings Pte Ltd	411,574,584***	71.31
Guoline Overseas Limited	411,574,584**	71.31
Guoline Capital Assets Limited	411,574,584#	71.31
Guoco Group Limited	411,574,584**	71.31
Guoco Assets Sdn Bhd	411,574,584**	71.31
Assets Nominees (Tempatan) Sdn Bhd	410,053,584@	71.00
The Great Eastern Life Assurance Co Ltd	28,342,000	4.91
Malaysia Nominees (Asing) Sdn Bhd	27,953,000@	4.84
Oversea-Chinese Banking Corporation Limited	22,710,000@@	3.93
Mayban Securities Nominees (Tempatan) Sdn Bhd	13,274,100@	2.30
Kurnia Insurans (Malaysia) Berhad	12,750,000	2.21
Employees Provident Fund Board	11,980,125	2.07

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

\*\* Deemed interest through Hong Leong Credit Berhad

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

# Deemed interest through Guoline Overseas Limited

## Direct and deemed interest through a subsidiary

@ Held as bare trustees for various beneficial owners. Beneficial owners with interests in 2% or more in the Bank and disclosed to the Bank have been listed above as substantial shareholders

@@ Deemed interest

## branch network

### Hong Leong Bank Berhad

#### HEAD OFFICE

Level 2, Wisma Hong Leong  
18, Jalan Perak  
50450 Kuala Lumpur  
Tel: 03-2642828  
Fax: 03-2641512

#### PENINSULAR MALAYSIA

##### KL Main

Level 1, Wisma Hong Leong  
18, Jalan Perak  
50450 Kuala Lumpur  
Tel: 03-2642525  
Fax: 03-2641511

147, Jalan Imbi  
55100 Kuala Lumpur  
Tel: 03-2411402  
Fax: 03-2411429

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

47 & 48, Jalan Chow Kit  
50350 Kuala Lumpur  
Tel: 03-4433458  
Fax: 03-4431914

30-34, Jalan Awan Hijau  
Oversea Union Garden  
Jalan Kelang Lama  
58200 Kuala Lumpur  
Tel: 03-7836611  
Fax: 03-7817324

26, Lorong Rahim Kajai 14  
Taman Tun Dr Ismail  
60000 Kuala Lumpur  
Tel: 03-7193716  
Fax: 03-7186312

1, Jalan Ambong Kiri Dua  
Kepong Baru  
52100 Kuala Lumpur  
Tel: 03-6274033  
Fax: 03-6219717

179, Jalan Besar  
Salak South  
57100 Kuala Lumpur  
Tel: 03-7826033  
Fax: 03-7809324

37, Jalan Telawi 3  
Bangsar Baru  
59100 Kuala Lumpur  
Tel: 03-2843709  
Fax: 03-2844368

8 & 10, Jalan 3/50C  
Taman Setapak Indah Jaya  
Off Jalan Genting Kelang  
53300 Kuala Lumpur  
Tel: 03-4239046  
Fax: 03-4239041

114 & 116, Jalan Cerdas  
Taman Connaught, Cheras  
56000 Kuala Lumpur  
Tel: 03-9121499  
Fax: 03-9121497

780 & 782, 4-1/2 Miles  
Jalan Ipoh  
51200 Kuala Lumpur  
Tel: 03-6263799  
Fax: 03-6263804

2, Jalan Kinrara  
Taman Kinrara  
Jalan Puchong  
58200 Kuala Lumpur  
Tel: 03-5752994  
Fax: 03-5701635

Tingkat Bawah &  
Mezannine  
2, Jalan 4/33  
Pandan Indah  
55100 Kuala Lumpur  
Tel: 03-4972253  
Fax: 03-4972258

160-1-1 & 160-1-2  
Kompleks Maluri  
Jalan Jejaka  
Taman Maluri  
55100 Kuala Lumpur  
Tel: 03-9821507  
Fax: 03-9821549

108 & 110, Jalan 1/14  
46000 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7914259  
Fax: 03-7916831

3, Jalan Takal 15/21  
Seksyen 15  
40000 Shah Alam  
Selangor Darul Ehsan  
Tel: 03-5509021  
Fax: 03-5505307

59A, Jalan Welman  
48000 Rawang  
Selangor Darul Ehsan  
Tel: 03-6910459  
Fax: 03-6916206

Wisma Amsteel Securities  
1, Lintang Pekan Baru  
Off Jalan Meru  
41050 Kelang  
Selangor Darul Ehsan  
Tel: 03-3437677  
Fax: 03-3437621

1 & 3, Jalan Sri Sarawak 17  
Taman Sri Andalas  
41200 Klang  
Selangor Darul Ehsan  
Tel: 03-3242545  
Fax: 03-3242553

Lot 127 & 129, Jalan Sultan  
42700 Banting  
Selangor Darul Ehsan  
Tel: 03-8676757  
Fax: 03-8676652

64, Jalan Stesen  
45000 Kuala Selangor  
Selangor Darul Ehsan  
Tel: 03-8895957  
Fax: 03-8895955

76 & 78, Jalan SS 15/4D  
47500 Subang Jaya  
Selangor Darul Ehsan  
Tel: 03-7329034  
Fax: 03-7328764

39 & 40, Lorong Memanda 9  
68000 Ampang  
Selangor Darul Ehsan  
Tel: 03-4532449  
Fax: 03-4532505

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

11 & 13, Jalan M/J 1  
Taman Majlis Jaya  
Jalan Sungai Chua  
43000 Kajang  
Selangor Darul Ehsan  
Tel: 03-8376090  
Fax: 03-8376517

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

12 & 14, Jalan PJS 11/28A  
Metro Bandar Sunway  
Bandar Sunway  
46150 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7375395  
Fax: 03-7375397

Ground & First Floor  
5, Bangunan Hock Yee Hin  
Jalan Wong Ah Fook  
80000 Johor Bahru  
Johor Darul Takzim  
Tel: 07-2222634  
Fax: 07-2249317

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

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

64, Jalan Tenang, T.S.T. No. 9  
85300 Labis  
Johor Darul Takzim  
Tel: 07-9251200  
Fax: 07-9251336

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

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

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

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

## branch network

### Hong Leong Bank Berhad

61-1, 61-2 & 61-3 Jalan Arab 82000 Muar Johor Darul Takzim Tel: 06-9515086 Fax: 06-9515215	17, Jalan Jambatan 34950 Bandar Baharu Kedah Darul Aman Tel: 05-7168204 Fax: 05-7168203	2828-G-02 & 2828-1-02 Jalan Bagan Luar 12000 Butterworth Tel: 04-3315659 Fax: 04-3312145	Lot 13 & 14 Olive Garden 7th Mile Bazaar Jalan Pensrissen 93250 Kuching Sarawak Tel: 082-611587 Fax: 082-613422
345, Jalan Ong Kim Wee 75300 Melaka Tel: 06-2842309 Fax: 06-2830153	5 & 6, Jalan Raya 09000 Kulim Kedah Darul Aman Tel: 04-4913606 Fax: 04-4913604	15-G-1, Medan Kampung Relau Bayan Point 11900 Pulau Pinang Tel: 04-6428643 Fax: 04-6428640	133, 135 & 137 Jalan Kampung Nyabor 96000 Sibu Sarawak Tel: 084-332698 Fax: 084-312081
69, 70 & 71 Jalan Dato' Bandar Tunggal 70000 Seremban Negri Sembilan Darul Khusus Tel: 06-7628699 Fax: 06-7638288	Lot 3594 & 3595 Jalan Baru Pak Sabah 23000 Dungun Terengganu Darul Iman Tel: 09-8484325 Fax: 09-8484480	441-G-1, 441-G-2 & 441-G-3 Jalan Burmah 10250 Pulau Pinang Tel: 04-2288475 Fax: 04-2288472	6, Jalan Merdeka 96100 Sarikei Sarawak Tel: 084-651461 Fax: 084-652784
100, Jalan Gurney 72100 Bahau Negri Sembilan Darul Khusus Tel: 06-4541413 Fax: 06-4545358	1-A, Jalan Dato' Onn Jaafar 30300 Ipoh Perak Darul Ridzuan Tel: 05-2530044 Fax: 05-2542358	4 & 6, Lorong Usahaniaga 1 Taman Usahaniaga 14000 Bukit Mertajam Pulau Pinang Tel: 04-5370452 Fax: 04-5370454	26 & 27, Wharf Road 96500 Bintangor Sarawak Tel: 084-693049 Fax: 084-693689
59 & 60, Jalan Temerloh Locked Bag No. 9 28409 Mentakab Pahang Darul Makmur Tel: 09-2772953 Fax: 09-2772995	17, Jalan Persiaran Kledang Timur 21 Bandar Baru Menglembu 31450 Ipoh Perak Darul Ridzuan Tel: 05-2829367 Fax: 05-2829372	9 & 10, Jalan Todak 2 Pusat Bandar Seberang Jaya 13700 Prai Tel: 04-3972097 Fax: 04-3972094	Lot 3073 & 3074 Jalan Abang Galau 97000 Bintulu Sarawak Tel: 086-332393 Fax: 086-332433
25, Jalan Tun Ismail 25000 Kuantan Pahang Darul Makmur Tel: 09-5157288 Fax: 09-5157130	19 & 20, Jalan Bidor Raya Off Jalan Persatuan 35500 Bidor Perak Darul Ridzuan Tel: 05-4341211 Fax: 05-4344313	<b>SABAH &amp; SARAWAK</b> Lot 119, Jalan Gaya 88000 Kota Kinabalu Sabah Tel: 088-250811 Fax: 088-223261	Lot 1090 & 1091 Jalan Merpati 98007 Miri Sarawak Tel: 085-412132 Fax: 085-419095
61, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel: 09-6244458 Fax: 09-6244261	41, Jalan Taiping 34200 Parit Buntar Perak Darul Ridzuan Tel: 05-7164688 Fax: 05-7163648	Lot 38 & 39 Lazenda Fase II 87007 Labuan Tel: 087-423290 Fax: 087-423289	175, Serian Bazaar 94700 Serian Sarawak Tel: 082-874877 Fax: 082-874828
24, 26 & 28, Jalan Teluk Wanjah 05200 Alor Setar Kedah Darul Aman Tel: 04-7315269 Fax: 04-7314582	16 & 17, Taman Sitiawan Maju Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel: 05-6922316 Fax: 05-6922320	TB 254C, Wisma Tai & Tai Jalan Dunlop 91100 Tawau Sabah Tel: 089-770393 Fax: 089-770403	<b>SINGAPORE</b> HL Bank 20, Collyer Quay Unit #01-02 & 02-02 Tung Centre Singapore 049319 Tel: 02-5352466 Fax: 02-5339340
10A, Jalan Kampong Baru 08000 Sungai Petani Kedah Darul Aman Tel: 04-4236117 Fax: 04-4236121	1, Light Street Georgetown 10200 Pulau Pinang Tel: 04-2615022 Fax: 04-2626360	42, Jalan Pending 93450 Kuching Sarawak Tel: 082-336666 Fax: 082-336912	
		Lot 14, Electra House Power Street 93000 Kuching Sarawak Tel: 082-240311 Fax: 082-415466	



## branch network

### Hong Leong Finance Berhad

#### HEAD OFFICE

Level 3A, Wisma Hong  
Leong  
18, Jalan Perak  
50450 Kuala Lumpur  
Tel: 03-2643939  
Fax: 03-2642815

151, Jalan Genting Kelang  
Setapak  
53300 Kuala Lumpur  
Tel: 03-4229102  
Fax: 03-4228976

17, Jalan SS 2/64  
47300 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7759977  
Fax: 03-7759254

25, Jalan Theatre (SK 10/3)  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Tel: 03-9430795  
Fax: 03-9430867

#### PENINSULAR MALAYSIA

##### KL Main

Level 1, Wisma Hong  
Leong  
18, Jalan Perak  
50450 Kuala Lumpur  
Tel: 03-2643939  
Fax: 03-2642831

471, 3rd Mile Jalan Ipoh  
51200 Kuala Lumpur  
Tel: 03-4444764  
Fax: 03-4444606

32, Jalan Yong Shook Lin  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7581269  
Fax: 03-7581032

20, Jalan Goh Hock Huat  
41400 Klang  
Selangor Darul Ehsan  
Tel: 03-3428036  
Fax: 03-3448872

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

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

45, Jalan USJ 10/1  
Taipan Triangle  
UEP Subang Jaya  
47620 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7367224  
Fax: 03-7367230

83, Ground Floor,  
Pusat Perniagaan NBC  
1-1/2 Mile, Jalan Meru  
41050 Klang  
Selangor Darul Ehsan  
Tel: 03-3442985  
Fax: 03-3443017

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

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

3, Jalan Kenari Satu  
Bandar Puchong Jaya  
47100 Puchong  
Selangor Darul Ehsan  
Tel: 03-4328882  
Fax: 03-4329911

30, Persiaran Tun Abdul Aziz  
43000 Kajang  
Selangor Darul Ehsan  
Tel: 03-8363277  
Fax: 03-8368133

55, Jalan Pasar  
55100 Kuala Lumpur  
Tel: 03-2210841  
Fax: 03-2225105

11, Jalan Pandan Indah 4/1  
Pandan Indah  
55100 Kuala Lumpur  
Tel: 03-4973484  
Fax: 03-4973479

26, Jalan Tengku Ampuan  
Zabedah D9/D, Section 9  
40100 Shah Alam  
Selangor Darul Ehsan  
Tel: 03-5808086  
Fax: 03-5808726

25, Jalan Bersatu 10  
Taman Bersatu  
48000 Rawang  
Selangor Darul Ehsan  
Tel: 03-6925705  
Fax: 03-6925906

Lots G01A-G02A  
Tingkat Bawah  
Wisma HLA  
Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel: 03-2019715  
Fax: 03-2019712

109, Jalan SS 21/37  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7163967  
Fax: 03-7164037

19, Jalan 54, Desa Jaya  
52100 Kepong  
Selangor Darul Ehsan  
Tel: 03-6363701  
Fax: 03-6366164

9A & 9B, Jalan Kampong  
Baru  
08000 Sungei Petani  
Kedah Darul Aman  
Tel: 04-4213795  
Fax: 04-4226012

36, Jalan Midah 1  
Taman Midah, Cheras  
56000 Kuala Lumpur  
Tel: 03-9308912  
Fax: 03-9310433

80 & 82, Jalan Othman  
(1/14)  
46000 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7988888  
Fax: 03-7917175

8, Jalan SG 1/ 2  
Taman Sri Gombak  
68100 Batu Caves  
Selangor Darul Ehsan  
Tel: 03-6842492  
Fax: 03-6852689

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

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

Ground Floor, 18,  
Jalan 14/14  
46100 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7568490  
Fax: 03-7550425

1G-3G, Jalan Wawasan 2/10  
Bandar Baru Ampang  
68000 Ampang  
Selangor Darul Ehsan  
Tel: 03-4910437  
Fax: 03-4928006

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

## branch network

### Hong Leong Finance Berhad

162, Jalan Tuanku Putera 09000 Kulim Kedah Darul Aman Tel: 04-4911122 Fax: 04-4912200	19 & 21, Lorong Usahaniaga 1 Taman Usahaniaga 14000 Bukit Mertajam Pulau Pinang Tel: 04-5308734 Fax: 04-5372988	27, Jalan Dewangsa 31000 Batu Gajah Perak Darul Ridzuan Tel: 05-3653191 Fax: 05-3653190	115, Jalan Genuang Bandar Baru 85000 Segamat Johor Darul Takzim Tel: 07-9318191 Fax: 07-9317863
45, Jalan Burma 10050 Pulau Pinang Tel: 04-2261234 Fax: 04-2262779	2752 & 2753, Jalan Chain Ferry Taman Inderwasih 13600 Prai Pulau Pinang Tel: 04-3978018 Fax: 04-3977851	114, Jalan Dato' Bandar Tunggal 70000 Seremban Negri Sembilan Darul Khusus Tel: 06-7633558 Fax: 06-7622741	35, Jalan Dedap 16 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel: 07-3546320 Fax: 07-3552311
33-C, Lebuhr Pantai 10300 Pulau Pinang Tel: 04-2615884 Fax: 04-2615828	55-57, Jalan Yang Kalsom 30250 Ipoh Perak Darul Ridzuan Tel: 05-2425290 Fax: 05-2542323	112, Jalan Yam Tuan Raden 72000 Kuala Pilah Negri Sembilan Darul Khusus Tel: 06-4816922 Fax: 06-4813284	16, Jalan Jaafar 81900 Kota Tinggi Johor Darul Takzim Tel: 07-8834553 Fax: 07-8832860
288, Jalan Burma Pulau Tikus 10350 Pulau Pinang Tel: 04-2271308 Fax: 04-2277505	75, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel: 05-2554482 Fax: 05-2547335	9267, Jalan T/S 2/1H Taman Semarak 2 71800 Nilai Negri Sembilan Darul Khusus Tel: 06-7991752 Fax: 06-7991755	109, Main Road 83700 Yong Peng Johor Darul Takzim Tel: 07-4672350 Fax: 07-4674185
452 & 452A, Jalan Pinang 10000 Pulau Pinang Tel: 04-2266843 Fax: 04-2264264	232, Jalan Bercham Taman Ria 31400 Ipoh Perak Darul Ridzuan Tel: 05-5495161 Fax: 05-5495158	83-D, Jalan Munshi Abdullah 75100 Melaka Tel: 06-2825631 Fax: 06-2838624	31 & 32, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel: 07-4314515 Fax: 07-4317071
17, Bishop Street 10200 Pulau Pinang Tel: 04-2621118 Fax: 04-2616644	62, Jalan Pasar 36000 Teluk Intan Perak Darul Ridzuan Tel: 05-6233639 Fax: 05-6233642	8A-C, Jalan Station 80000 Johor Bahru Johor Darul Takzim Tel: 07-2220272 Fax: 07-2248909	103, Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim Tel: 07-4320555 Fax: 07-4310641
15-G-124 Bayan Point Medan Kampung Relau 11900 Pulau Pinang Tel: 04-6427084 Fax: 04-6427081	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	891, Jalan Bakek 82000 Pontian Johor Darul Takzim Tel: 07-6879670 Fax: 07-6879673
33A-C, Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang Tel: 04-8269836 Fax: 04-8269843	72 & 74, Jalan Kota 34000 Taiping Perak Darul Ridzuan Tel: 05-8083915 Fax: 05-8089198	26, Jalan Mersing 86000 Kluang Johor Darul Takzim Tel: 07-7722078 Fax: 07-7731836	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	30 & 32, Jalan Temenggong Pusat Bandar Baru 34200 Parit Buntar Perak Darul Ridzuan Tel: 05-7168299 Fax: 05-7168311	139, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel: 06-9781994 Fax: 06-9784684	80A-B, Jalan Padi Satu Bandar Baru UDA 81200 Tampoi Johor Darul Takzim Tel: 07-2354221 Fax: 07-2354163
3634 & 3635, Jalan Bagan Luar 12000 Butterworth Pulau Pinang Tel: 04-3312277 Fax: 04-3322277			

## branch network

### Hong Leong Finance Berhad

132, Jalan Raya  
81000 Kulai  
Johor Darul Takzim  
Tel: 07-6632373  
Fax: 07-6632336

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

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

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

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

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

#### SABAH & SARAWAK

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

TB 426, Block J, Lot 1  
Bandar Sabindo  
91008 Tawau  
Sabah  
Tel: 089-762892  
Fax: 089-763630

Lot 95, Bandar Pasaraya  
Mile 4, North Road  
90000 Sandakan  
Sabah  
Tel: 089-226912  
Fax: 089-226910

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

U0391, Jalan Rampai  
W.D.T. 131  
87009 Labuan  
Federal Territory  
Tel: 087-412625  
Fax: 087-413930

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

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

### *in-store*

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

Carrefour Hypermarket  
3, Jalan SS16/1  
47500 Subang Jaya  
Selangor Darul Ehsan  
Tel: 03-7321715  
Fax: 03-7321719

Carrefour Hypermarket  
6, Jalan 8/27A  
Section 5, Wangsa Maju  
53300 Kuala Lumpur  
Tel: 03-4118558  
Fax: 03-4118634

Carrefour Hypermarket  
Endah Parade  
LG & GF  
Bandar Baru Sri Petaling  
57000 Kuala Lumpur  
Tel: 03-5832090  
Fax: 03-5832092

Carrefour Hypermarket  
Lot 138, Batu 7 1/2  
Jalan Kota Tinggi,  
81100 Pandan  
Johor Bharu  
Tel: 07-3536603  
Fax: 07-3536735

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



# 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 Fifty-eighth Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 20 October 1999 at 12.00 noon and at any adjournment thereof.

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

RESOLUTIONS	FOR	AGAINST
1. To receive the Accounts and Reports		
2. To declare a first and final dividend of 7% less tax		
3. To approve the payment of Directors' fee		
4. To re-elect the following as Directors: i) Mr Kwek Leng Hai ii) Mr Kwek Leng Seng		
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors and authorise the Directors to fix their remuneration		
6. As special business, to approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965		

Dated this ..... day of .....1999

Number of shares held

Signature of Member(s)

### Notes:

- 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.
- 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.
- A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 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.
- 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.
- All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 5, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.