



Directors' Report

for the financial year ended 30 June 2000

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 2000.

Principal activities

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

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

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

Outlook and business plan for new financial year

Looking ahead, Malaysia is poised to sustain the economic recovery and growth from the crisis of 1997, as a result of the economic stimulus package implemented by the Government, coupled with low inflation rates. In light of this, the Group is confident that its strong momentum for growth will continue into the new financial year and will further strengthen its position in the banking industry, and add value to its shareholders.

Furthermore, with the advent of the information technology revolution, the local economy is expected to move forward at an accelerated pace and new opportunities are expected to emerge in the marketplace. The Group is expected to leverage on these new technological advances especially in e-banking, m-banking and TV banking. The Group will also further invest in retraining its staff force and e-enabling its operations to meet these new challenges. In addition, the Group will continue to reach out to its customers and community through additional enhancements in service levels and active participation in community projects respectively.

The local financial industry is expected to face rigorous challenges ahead with the impending liberalisation of the financial landscape in Malaysia, coupled with the current consolidation of local financial institutions into 10 anchor groups. Nevertheless, the Group, back by its strong management team with in-depth experience in integration issues, is confident of achieving a smooth and efficient integration with its merger partners.

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 January 2000.

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.

Directors' *Report*

for the financial year ended 30 June 2000 (continued)

Financial results

	The Group RM'000	The Bank RM'000
Profit before taxation and zakat	465,708	313,182
Taxation	(127,913)	(91,254)
Zakat	(47)	-
Profit after taxation and zakat	337,748	221,928
Transfer to statutory reserve	(93,354)	(55,482)
Profit after transfer to statutory reserve	244,394	166,446
Retained profit brought forward	247,457	131,681
Profit available for distribution	491,851	298,127
Proposed dividend of 13.5% less tax	(56,101)	(56,101)
Retained profit carried forward	435,750	242,026

Dividends

A first and final dividend of 7.0% less income tax of 28% amounting to RM29,089,430 in respect of the year ended 30 June 1999 was paid on 15 November 1999.

The Directors propose a first and final dividend of 13.5% less income tax at 28% on the Bank's issued and paid-up share capital of RM577,173,514 amounting to RM56,101,266 for the current financial year.

Significant events during the financial year

- The Bank had established an Executive Share Option Scheme ("ESOS") for eligible executives and executive directors of the HLB Group.
- The Bank had, on 19 January 2000, entered into a Sale and Purchase Agreement for the proposed disposal of its entire 100% equity interest in HLB Unit Trust Management Bhd to HLG Capital Berhad ("HLG Capital") for a total cash consideration of RM11 million ("Proposal").
- On 18 February 2000, the Bank announced that it had obtained the approval of Bank Negara Malaysia to form a merger grouping with Wah Tat Bank Berhad ("WTB") and Credit Corporation (Malaysia) Berhad ("CCM") with HLB as the anchor bank. Subsequently, on 30 June 2000, the Bank announced that it had entered into the following:
 - A conditional sale and purchase agreement ("SPA") with Gadek Capital Berhad to acquire 291,250,000 ordinary shares of RM1.00 each representing the entire equity interest in CCM; and
 - A conditional SPA with the vendors of WTB to acquire 20,000,000 ordinary shares of RM1.00 each representing the entire equity interest in WTB.
- The Bank announced on 25 April 2000 that Visia Nominees Sdn Bhd, a wholly-owned subsidiary of Hong Leong Finance Berhad, would be wound-up voluntarily as the company had remained dormant and there were no plans to activate it.
- The Bank had, on 27 June 2000, proposed to implement a Proposed Bonus Issue of up to 607,366,103 new ordinary shares of RM1.00 each to be credited as fully paid-up on the basis of one (1) new ordinary share for every one (1) existing ordinary share held in the Bank. The proposal is pending shareholders' approval.



Directors' Report

for the financial year ended 30 June 2000 (continued)

Significant event subsequent to the balance sheet date

The Bank and HLG Capital announced on 16 August 2000 that they had mutually agreed not to proceed with the Proposal.

Share capital

During the financial year, the issued and fully paid-up share capital of the Bank was increased from RM577,171,232 to RM577,173,514 by way of an issue of 2,282 new ordinary shares of RM1.00 each from the exercise of 2,282 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
YBhg Dato' James Lim Cheng Poh
En Zulkiflee Hashim
Mr Kwek Leng Hai
Mr Kwek Leng Seng
YBhg Datuk Dr Hussein Awang
Mr Tan Keok Yin

In accordance with Article 114 of the Bank's Articles of Association, YBhg Tan Sri Quek Leng Chan and YBhg Datuk Dr Hussein Awang 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/options in the Bank and/or related corporations during the financial year ended 30 June 2000, as recorded in the Register of Directors' Shareholdings kept by the Bank under Section 134 of the Companies Act, 1965, are as follows:

Directors' **Report**

for the financial year ended 30 June 2000 (continued)

Directors' interests (continued)

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

	Nominal value per share/ Stock unit<	As at 1.7.1999	Acquired	Sold	As at 30.6.2000
RM					
Interests of					
YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	390,000	-	-	390,000
Hong Leong Credit Berhad	1.00	3,218,000	-	-	3,218,000
		496,000*	-	-	496,000*
					(See Note 1)
		-	400,000*	-	400,000*
Hong Leong Industries Berhad	0.50	256,000	840,000	-	1,096,000
		40,000*	-	-	40,000*
Malaysian Pacific Industries Berhad	0.50	53,500	-	-	53,500
Hong Leong Bank Berhad	1.00	20,000	-	-	20,000
Guolene Packaging Industries Berhad	1.00	36,000	-	-	36,000
Hume Industries (Malaysia) Berhad	1.00<	50,000	-	-	50,000
GuoNet Limited	USD1.00	-	1,200	-	1,200
Hume Cemboard Berhad	1.00	-	5,625,000	-	5,625,000
Interest of YBhg Dato' James Lim Cheng Poh in:					
Hong Leong Bank Berhad	1.00	9,000	-	-	9,000
		1,245*	-	-	1,245*
		-	400,000*	-	400,000*
Interests of Mr Kwek Leng Hai in:					
Hong Leong Company (Malaysia) Berhad	1.00	283,500	-	-	283,500
Hong Leong Credit Berhad	1.00	359,500	-	-	359,500
		85,000*	-	-	85,000*
Hong Leong Industries Berhad	0.50	163,200	-	-	163,200
		25,500*	-	-	25,500*
HLG Capital Berhad	1.00	500,000	-	-	500,000
Hong Leong Bank Berhad	1.00	1,977,850	-	-	1,977,850
Interest of YBhg Datuk Dr Hussein Awang in:					
Hong Leong Bank Berhad	1.00	50,000	-	-	50,000
Interests of Mr Kwek Leng Seng in:					
Hong Leong Company (Malaysia) Berhad	1.00	97,500	-	-	97,500
Hong Leong Bank Berhad	1.00	20,000	-	-	20,000
		1,245*	-	-	1,245*
Hong Leong Properties Berhad	0.50	-	400,000*	-	400,000*
Interest of Encik Zulkiflee Hashim in:					
Hong Leong Bank Berhad	1.00	-	240,000*	-	240,000*

Directors' Report

for the financial year ended 30 June 2000 (continued)

Shareholdings in which Directors have indirect interests Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*					
	Nominal value per share/ Stock unit< RM	As at 1.7.1999	Acquired	Sold	As at 30.6.2000
Interests of					
YBhg Tan Sri Quek Leng Chan in:					
Hong Leong Company (Malaysia) Berhad	1.00	7,487,100	-	-	7,487,100
Brisk & Kindle Property Limited	£1.00	120,000	-	-	120,000
Allied Precision Components Sdn Bhd	1.00	10	-	-	10
Hong Leong Fund Management Sdn Bhd	1.00	1,400,000	-	-	1,400,000
Beachline Holdings Sdn Bhd (in voluntary liquidation)	1.00	70,000	-	-	70,000
M & E Hexatech Sdn Bhd	1.00	1,300,000	700,000	-	2,000,000
GuoNet Limited	USD1.00	-	10,800	-	10,800
MEHY Sdn Bhd	1.00	650,000	-	-	650,000
Hong Leong Credit Berhad	1.00	336,998,645	167,000	-	337,165,645
		48,607,200*	-	-	48,607,200*
					(See Note 1)
Hong Leong Assurance Berhad	1.00	90,000,000	-	-	90,000,000
Bradstock Insurance Brokers Sdn Bhd	1.00	750,000	-	-	750,000
Bradstock Asia Insurance Brokers (L) Bhd	USD1.00	300,000	-	-	300,000
		1,500	-	-	1,500
		(preference)			(preference)
Bradstock Aurora Insurance Brokers Inc	P100	30,000	-	-	30,000
Bradstock Suntek Insurance Brokers Pte Ltd	S\$1.00	255,000	-	-	255,000
AutoWeb Sdn Bhd (formerly known as AutoWeb Berhad and Kumpulan Pinang Autoparts Holdings Berhad)	1.00	-	208,000	-	208,000
HLG Capital Berhad	1.00	92,590,545	-	-	92,590,545
HLG Futures Sdn Bhd	1.00	3,500,000	-	-	3,500,000
Hong Leong Bank Berhad	1.00	411,524,584	1,518,000	-	413,042,584
Hong Leong Properties Berhad	0.50	369,117,211	-	1,029,000	368,088,211
		34,322,420*	-	-	34,322,420*
Guoman Hotel & Resort Holdings Sdn Bhd	1.00	120,000,000	157,000,000	-	277,000,000
HLL-Guoco Vietnam Co Limited	^	5,000,592	-	-	5,000,592
Treacher Development Sdn Bhd	1.00	14,000,000	-	-	14,000,000
Hong Leong Industries Berhad	0.50	132,879,800	591,000	654,000	132,816,800
		36,863,296*	-	3,629,250*	33,234,046*
Hong Leong Yamaha Distributors Sdn Bhd	1.00	10,360,000	-	-	10,360,000
Hong Leong Yamaha Motor Sdn Bhd	1.00	17,352,872	-	-	17,352,872
Guocera Tile Industries (Meru) Sdn Bhd	1.00	17,920,000	-	-	17,920,000
Hong Leong Maruken Sdn Bhd	1.00	1,750,000	-	-	1,750,000
Guocera Tile Industries (Labuan) Sdn Bhd	1.00	13,090,001	-	-	13,090,001
Quayline Fairprice Sdn Bhd	1.00	9,600,000	-	-	9,600,000
HLI Vinyl Industries Sdn Bhd	1.00	3,500,000	-	-	3,500,000
RZA Logistic Sdn Bhd	1.00	4,515,000	4,025,000	-	8,540,000
Autonet Sdn Bhd	1.00	1,260,000	-	-	1,260,000

Directors' Report

for the financial year ended 30 June 2000 (continued)

Shareholdings in which Directors have indirect interests Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants/options*					
	Nominal value per share/ Stock unit< RM	As at 1.7.1999	Acquired	Sold	As at 30.6.2000
Interests of					
YBhg Tan Sri Quek Leng Chan in:					
Malaysian Pacific Industries Berhad	0.50	127,096,009	369,000	5,323,000	122,142,009
Carter Realty Sdn Bhd	1.00	7	-	-	7
Carsem (M) Sdn Bhd	1.00	42,000,000	-	-	42,000,000
Carsem Semiconductor Sdn Bhd	1.00	70,000,000	-	-	70,000,000
Guolene Packaging Industries Berhad	1.00	116,496,944	25,000	-	116,521,944
Guolene Industrial Paper Products Sdn Bhd	1,000.00	2,340	-	2,340	-
Guolene Plastic Films Sdn Bhd	1.00	9,350,002	-	-	9,350,002
Hume Industries (Malaysia) Berhad	1.00<	123,631,455	219,000	100,000	123,750,455
Hume Fibreboard Sdn Bhd	1.00	42,000,000	-	-	42,000,000
	-	-	37,700,000 (preference)	-	37,700,000 (preference)
Hume Cemboard Berhad	1.00	37,076,000	810,000	10,000	37,876,000
Hume Smallholders Industries Sdn Bhd	1.00	2,400,000	-	-	2,400,000
Nanyang Press Holdings Berhad	1.00	41,840,902	-	-	41,840,902
The China Press Berhad	1.00	4,234,201	-	-	4,234,201
Cittabella (Malaysia) Sdn Bhd	1.00	510,000	-	-	510,000
Nanyang Online Sdn Bhd	1.00	-	100	-	100
O.Y.L. Industries Bhd	1.00	84,868,828	-	-	84,868,828
O.Y.L.- Condair Industries Sdn Bhd	1.00	5,100,000	-	-	5,100,000
York (Malaysia) Sales & Service Sdn Bhd	1.00	700,000	-	-	700,000
O.Y.L. Steel Centre Sdn Bhd	1.00	3,750,000	-	-	3,750,000
AAF Manufacturing (M) Sdn Bhd	1.00	825,000	-	-	825,000
Wuhan McQuay Air-Conditioning & Refrigeration Co.Ltd	^	7,500,000	-	-	7,500,000
McQuay Air-conditioning Limited	HK\$1.00	2,265,000	-	-	2,265,000
O.Y.L. - J.M. Co. Ltd	NT\$10.00	1,800,000	-	-	1,800,000
P.T. O.Y.L. Sentra Manufacturing	Rp2,106,000 or USD1,000	1,200	-	-	1,200
Shanghai McQuay Air Conditioning Co., Ltd	^	248,500	-	-	248,500
Shenzhen McQuay Air Conditioning Co., Ltd	^	6,040,000	-	-	6,040,000
(formerly known as Shenzhen O.Y.L. Electrical Co., Ltd)					
AAF Korea Company Ltd	W5,000	68,400	-	-	68,400

Note:

^ Capital contribution in USD

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



Directors' Report

for the financial year ended 30 June 2000 (continued)

Directors' benefits

No Director of the Bank has since the end of the previous financial year received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the 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 arrangement during and at the end of the financial year which had the object of enabling the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate other than the share options granted pursuant to the ESOS.

Executive Share Option Scheme

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

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

- 1 Eligible executives are those executives who have served the Group for a period of at least one (1) year and have been confirmed in service on the date of offer and full time executive directors of the Group whose specific allotments had been approved by the Bank in a general meeting.
- 2 The aggregate number of shares to be issued under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Bank for the time being.
- 3 The ESOS shall be in force for a period of five (5) years commencing from 11 April 2000, subject however to any extension for a further period of five (5) years provided that the requisite approvals have been obtained for such extension.
- 4 The option price shall be the average of the mean market quotation of the shares of the Company as quoted on the Kuala Lumpur Stock Exchange for the five (5) market days preceding the date of offer, or at the par value of the shares of the Bank of RM1.00, whichever is higher.
- 5 A grantee may exercise up to 20% of the shares comprised in an option in any one year and the number of shares to be exercised shall be in multiples of and not less than 1,000 shares provided that if the grantee's balance of shares is less than 1,000 shares, the balance of shares must be exercised in a single tranche.
- 6 No executive shall be eligible to participate in more than one (1) employees' share option scheme implemented by the subsidiaries within the Group.

On 12 April 2000, options over 8,474,000 ordinary shares at RM7.40 per share were granted and remained unexercised as at 30 June 2000.

Other statutory information regarding the Group and the Bank

1 As at the end of the financial year

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

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

- (a) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts and financing or the amount of the provision for doubtful debts and financing inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the 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 the Bank misleading or inappropriate.
- (b) In the opinion of the Directors:
 - (i) the results of the operations of the Group and the Bank for the financial year ended 30 June 2000 are not likely to be substantially affected by any item, transaction or event of a material and unusual nature which had arisen in the interval between the end of the financial year and the date of this report; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Bank to meet their obligations as and when they fall due.

3 As at the date of this report

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



Directors' Report

for the financial year ended 30 June 2000 (continued)

Holding and ultimate holding companies

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

Auditors

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

On behalf of the Board of Directors

Dato' James Lim Cheng Poh

Zulkiflee Hashim

Kuala Lumpur
30 August 2000

Balance Sheets

as at 30 June 2000

	Note	The Group		The Bank	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Assets					
Cash and short-term funds	3	6,212,027	4,448,423	3,585,513	2,621,036
Deposits and placements with financial institutions	4	2,647,959	1,712,857	1,026,689	552,395
Dealing securities	5	2,515,531	899,337	2,256,370	841,889
Investment securities	6	1,158,183	1,804,387	543,239	935,278
Loans, advances and financing	7	15,763,845	14,691,758	10,072,517	9,181,693
Other assets	8	237,223	247,413	215,901	175,979
Statutory deposit with Bank Negara Malaysia	10	569,670	547,780	335,700	316,019
Investment in subsidiary companies	11	-	-	363,842	363,842
Fixed assets	12	183,693	187,049	106,385	106,552
Goodwill on consolidation		379	379	-	-
Total assets		29,288,510	24,539,383	18,506,156	15,094,683
Liabilities					
Deposits from customers	13	23,702,025	20,647,720	14,196,287	11,868,588
Deposits and placements of banks and other financial institutions	14	1,170,859	430,625	509,859	245,625
Obligations on securities sold under repurchase agreements		862,494	-	862,494	-
Bills and acceptances payable		740,819	886,974	740,819	886,974
Other liabilities	15	574,192	616,495	267,164	328,695
Subordinated bonds	16	200,000	200,000	200,000	200,000
Total liabilities		27,250,389	22,781,814	16,776,623	13,529,882
Share capital	17	577,173	577,171	577,173	577,171
Reserves	18	1,460,948	1,180,398	1,152,360	987,630
Shareholders' funds		2,038,121	1,757,569	1,729,533	1,564,801
Total liabilities and shareholders' funds		29,288,510	24,539,383	18,506,156	15,094,683
Commitments and contingencies	32	8,530,221	9,063,260	6,660,901	7,418,927

The above balance sheets are to be read in conjunction with the notes to the accounts on pages 27 to 63.

Income Statements

for the financial year ended 30 June 2000

	Note	The Group		The Bank	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest income	19	1,611,100	2,020,768	914,731	1,134,611
Interest expense	20	(805,135)	(1,378,611)	(443,023)	(706,716)
Net interest income		805,965	642,157	471,708	427,895
Income from Islamic Banking operations	41(k)	23,704	7,331	3,707	(495)
Loan and financing loss and provision	21	(238,803)	(413,467)	(135,257)	(254,903)
Non-interest income	22	590,866	236,021	340,158	172,497
		215,249	174,503	205,735	152,284
Net income		806,115	410,524	545,893	324,781
Overhead expenses	23	(340,407)	(284,686)	(232,711)	(187,341)
Profit before exceptional items		465,708	125,838	313,182	137,440
Exceptional items	26	-	(18,783)	-	(27,752)
Profit before taxation and zakat		465,708	107,055	313,182	109,688
Taxation	27	(127,913)	10,321	(91,254)	7,868
Zakat		(47)	(28)	-	-
Profit after taxation and zakat		337,748	117,348	221,928	117,556
Earnings per share (sen) basic	29	58.5	20.3	38.5	20.4
Proposed dividend per share					
13.5 sen (1999: 7.0 sen) less tax	30	9.7	5.0	9.7	5.0

The above income statements are to be read in conjunction with the notes to the accounts on pages 27 to 63.

Statements Of

Changes In Equity

for the financial year ended 30 June 2000

The Group	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger deficit RM'000	Exchange fluctuation reserve RM'000	Retained profit RM'000	Total RM'000
Balance as at 1 July 1998	577,171	529,459	376,890	(73,800)	43,166	223,127	1,676,013
Currency translation differences	-	-	-	-	(6,703)	-	(6,703)
Net gains and losses not recognised in the income statement	-	-	-	-	(6,703)	-	(6,703)
Net profit for the year	-	-	-	-	-	117,348	117,348
Dividend for 1999	-	-	-	-	-	(29,089)	(29,089)
Transfer to statutory reserve	-	-	63,929	-	-	(63,929)	-
Balance as at 1 July 1999	577,171	529,459	440,819	(73,800)	36,463	247,457	1,757,569
Currency translation differences	-	-	-	-	(1,108)	-	(1,108)
Net gains and losses not recognised in the income statement	-	-	-	-	(1,108)	-	(1,108)
Net profit for the year	-	-	-	-	-	337,748	337,748
Proposed dividend	-	-	-	-	-	(56,101)	(56,101)
Transfer to statutory reserve	-	-	93,354	-	-	(93,354)	-
Issue of share capital from warrants conversion	2	11	-	-	-	-	13
Balance as at 30 June 2000	577,173	529,470	534,173	(73,800)	35,355	435,750	2,038,121

The above statements of changes in equity are to be read in conjunction with the notes to the accounts on pages 27 to 63.

Statements Of

Changes In Equity for the financial year ended 30 June 2000 (continued)

The Bank	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Exchange fluctuation reserve RM'000	Retained profit RM'000	Total RM'000
Balance as at 1 July 1998	577,171	529,459	231,249	43,166	101,992	1,483,037
Currency translation differences	-	-	-	(6,703)	-	(6,703)
Net gains and losses not recognised in the income statement	-	-	-	(6,703)	-	(6,703)
Net profit for the year	-	-	-	-	117,556	117,556
Dividend for 1999	-	-	-	-	(29,089)	(29,089)
Transfer to statutory reserve	-	-	58,778	-	(58,778)	-
Balance as at 1 July 1999	577,171	529,459	290,027	36,463	131,681	1,564,801
Currency translation differences	-	-	-	(1,108)	-	(1,108)
Net gains and losses not recognised in the income statement	-	-	-	(1,108)	-	(1,108)
Net profit for the year	-	-	-	-	221,928	221,928
Proposed dividend	-	-	-	-	(56,101)	(56,101)
Transfer to statutory reserve	-	-	55,482	-	(55,482)	-
Issue of share capital from warrants conversion	2	11	-	-	-	13
Balance as at 30 June 2000	577,173	529,470	345,509	35,355	242,026	1,729,533

The above statements of changes in equity are to be read in conjunction with the notes to the accounts on pages 27 to 63.

Cash Flow Statements

for the financial year ended 30 June 2000

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash flows from operating activities				
Net profit before taxation	465,708	107,055	313,182	109,688
Adjustment for:				
Depreciation	32,911	32,577	23,963	23,189
Loss/(profit) on disposal of fixed assets	6	(567)	2	(554)
Fixed assets written off	523	775	236	112
Provision for bad and doubtful debts and financing	238,803	413,467	135,257	254,903
Provision for interest-in-suspense/income-in-suspense	181,591	197,810	104,728	90,693
Provision of staff retirement gratuities	1,665	1,981	1,168	1,189
Writeback of provision for diminution in value of dealing/investment securities	(1,478)	(913)	(1,305)	(291)
Investment income	(55,627)	(161,952)	(40,247)	(104,700)
Goodwill written off	-	18,783	-	-
Dividend income from subsidiaries	-	-	(58,550)	(18,575)
Provision for diminution in value of investment in subsidiaries	-	-	-	27,752
Operating profit before working capital changes	864,102	609,016	478,434	383,406
Increase in deposits and placements with financial institutions	(936,294)	(1,616,488)	(475,486)	(531,026)
Increase in loans, advances and financing	(1,499,907)	(278,783)	(1,138,235)	(311,417)
Increase in dealing securities	(1,616,523)	(424,913)	(1,414,810)	(368,863)
Decrease/(increase) in other assets	10,214	(29,919)	(15,920)	(36,077)
(Increase)/decrease in statutory deposit with Bank Negara Malaysia	(21,890)	956,420	(19,681)	528,666
Increase in deposits from customers	3,066,121	2,418,963	2,339,515	1,692,441
Increase/(decrease) in deposits and placements of banks and other financial institutions	741,650	(147,356)	265,650	(107,241)
Decrease in bills and acceptances payable	(146,127)	(98,336)	(146,127)	(98,336)
Increase/(decrease) in securities sold under repurchase agreements	862,494	(109,011)	862,494	(109,011)
(Decrease)/increase in other liabilities	(26,318)	(38,296)	(15,329)	890
Cash generated from operations	1,297,522	1,241,297	720,505	1,043,432
Payment of staff retirement gratuities	(2,276)	(1,883)	(1,300)	(1,251)
Income taxes and zakat paid	(170,302)	(82,703)	(148,794)	(22,758)
Net cash from operating activities	1,124,944	1,156,711	570,411	1,019,423

The above cash flow statements are to be read in conjunction with the notes to the accounts on pages 27 to 63.

Cash Flow Statements

for the financial year ended 30 June 2000 (continued)

Note	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash flows from investing activities				
Net disposal of investment securities	650,045	568,857	395,797	370,493
Purchase of property, plant and equipment	(47,242)	(33,324)	(39,454)	(27,992)
Proceeds from sale of equipment	17,124	722	15,386	575
Interest received on investment securities	50,204	150,411	35,066	93,547
Dividend received on investment securities	527	526	195	189
Dividend received from subsidiaries	-	-	19,074	-
Net cash from investing activities	670,658	687,192	426,064	436,812
Cash flows from financing activities				
Proceeds from issuance of share capital	13	-	13	-
Dividend paid	(29,089)	(20,778)	(29,089)	(20,778)
Net cash used in financing activities	(29,076)	(20,778)	(29,076)	(20,778)
Net increase in cash and cash equivalents	1,766,526	1,823,125	967,399	1,435,457
Effects of exchange rate changes	(2,922)	(24,507)	(2,922)	(24,507)
Cash and cash equivalents at the beginning of year	4,448,423	2,649,805	2,621,036	1,210,086
Cash and cash equivalents at the end of year	6,212,027	4,448,423	3,585,513	2,621,036

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The above cash flow statements are to be read in conjunction with the notes to the accounts on pages 27 to 63.



Notes To The Accounts

for the financial year ended 30 June 2000

1 Basis of preparation of the accounts

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

A listing of the Bank's principal subsidiaries is set out in Note 11.

(c) Recognition of interest income

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

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

2 Significant accounting policies (continued)

(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. Goodwill is stated at cost except where it is written off if, in the opinion of the Directors, it is permanently impaired.

(f) Provision for bad and doubtful debts and financing

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

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

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

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

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

2 Significant accounting policies (continued)

(h) Dealing securities

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

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

(i) Investment securities

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

Malaysian Government securities, Malaysian Government investment 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 the lower of cost and market value. Other investment securities are stated at cost and provision is made in the event of any permanent diminution in value.

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

(j) Investment in subsidiary companies

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

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

(k) 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 income statement as incurred.

(m) Bills and acceptances payable

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

(n) Derivative financial instruments

Derivative financial instruments ("derivatives") transactions undertaken include interest rate swaps, futures and similar instruments for trading and non-trading purposes. Derivatives that are classified as non-trading are held for the 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 income statement 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 income statement.

Gains and losses on instruments purchased or sold for trading purposes are taken to the income statement. Any such transactions outstanding as 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 income statement in the year they arise.

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

(p) Deferred taxation

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

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

2 Significant accounting policies (continued)

(q) Staff retirement gratuities

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

The cost and liability in respect of the defined contribution scheme will be determined by an actuarial valuation to be conducted once in every three years by a qualified actuary. The last valuation was carried out in June 1998.

(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.

(u) Cash and cash equivalents

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

3 Cash and short-term funds

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash and balances with banks and other financial institutions	263,499	275,786	185,635	206,276
Money at call and deposit placements maturing within one month	5,948,528	4,172,637	3,399,878	2,414,760
	6,212,027	4,448,423	3,585,513	2,621,036

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

4 Deposits and placements with financial institutions

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Licensed banks	434,589	443,447	204,589	241,280
Licensed finance companies	75,570	429,695	40,000	10,000
Other financial institutions	2,137,800	839,715	782,100	301,115
	2,647,959	1,712,857	1,026,689	552,395

5 Dealing securities

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Money market instruments				
Bank Negara Malaysia bills	49,540	-	49,540	-
Malaysian Government treasury bills	120,075	942	120,075	942
Malaysian Government securities	239,624	78,095	158,881	20,647
Cagamas bonds	180,644	14,939	180,644	14,939
Cagamas notes	169,711	99,352	169,711	99,352
Danamodal bonds	21,237	-	21,237	-
Bankers' acceptances and Islamic accepted bills	487,269	595,569	418,312	595,569
Negotiable instruments of deposit	945,097	-	945,097	-
Private debt securities	302,334	88,145	192,873	88,145
Quoted foreign currency bonds	-	7,187	-	7,187
Unquoted foreign currency bonds	-	15,108	-	15,108
	2,515,531	899,337	2,256,370	841,889

Market value of quoted securities:

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Malaysian Government securities	240,438	82,200	159,308	21,310
Cagamas bonds	180,665	14,939	180,665	14,939
Foreign currency bonds	-	7,431	-	7,431
	421,103	104,570	339,973	43,680

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

6 Investment securities

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Money market instruments				
Malaysian Government securities	9,519	109,174	7,973	52,856
Malaysian Government investment certificates	56,139	56,220	42,941	43,017
Other Government securities	167,973	180,864	167,973	180,864
Cagamas bonds	70,763	194,331	65,750	184,311
Danamodal bonds	106,771	231,486	36,351	85,380
Danaharta bonds	125,545	122,539	79,093	41,967
Negotiable instruments of deposit	6,252	290,233	6,252	230,233
Bankers' acceptances and Islamic accepted bills	293,551	292,502	-	-
	836,513	1,477,349	406,333	818,628
Quoted securities				
Shares quoted in Malaysia	8,658	1,601	2,661	1,272
Shares quoted outside Malaysia	1,249	1,249	1,249	1,249
Private debt securities	16,382	3,474	11,621	-
Foreign currency bonds	24,903	39,513	24,903	39,513
	887,705	1,523,186	446,767	860,662
Unquoted securities				
Shares	20,757	16,966	9,985	8,027
Private and Islamic debt securities	252,856	230,267	91,021	38,419
Foreign currency bonds	-	35,545	-	35,545
	1,161,318	1,805,964	547,773	942,653
Amortisation of premium less accretion of discounts	5,162	7,103	1,439	(1,191)
Provision for diminution in value of investment securities:				
- quoted investments	(5,975)	(3,553)	(5,973)	(3,379)
- unquoted investments	(2,322)	(5,127)	-	(2,805)
	1,158,183	1,804,387	543,239	935,278

(a) Market value of quoted securities:

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Malaysian Government securities	8,995	111,129	7,306	52,613
Other Government securities	168,151	179,324	168,151	179,324
Cagamas bonds	74,217	200,848	69,191	190,646
Shares quoted in Malaysia	10,634	1,586	4,625	1,431
Shares quoted outside Malaysia	1,102	1,102	1,102	1,102
Private debt securities	12,645	4,375	7,902	-
Foreign currency bonds	30,139	37,069	30,139	37,069
	305,883	535,433	288,416	462,185

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

6 Investment securities (continued)

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

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Maturing within:				
- one year	253,752	691,048	103,662	336,201
- one year to three years	297,733	290,528	239,403	269,395
- three years to five years	157,896	455,700	41,024	174,706
- over five years	127,132	40,073	22,244	38,326
	836,513	1,477,349	406,333	818,628

7 Loans, advances and financing

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Overdrafts	2,729,465	2,468,767	2,737,629	2,529,625
Term loans:				
- fixed rate	134,152	591,590	134,152	312,221
- floating rate	8,028,242	7,692,883	5,998,719	5,759,375
Hire purchase	4,390,202	3,997,581	-	-
Lease receivables	92,710	184,432	-	-
Credit/charge card receivables	463,319	176,653	463,251	176,653
Bills receivable	255,722	369,294	255,722	369,294
Trust receipts	406,217	335,481	406,217	335,481
Claims on customers under acceptance credits	1,040,671	779,119	1,040,671	779,119
Staff loans	108,015	103,256	69,690	65,003
Other loans	1,013,665	696,438	1,766	39,750
	18,662,380	17,395,494	11,107,817	10,366,521
Unearned interest and income	(835,331)	(670,147)	(14,018)	(5,177)
Gross loans, advances and financing	17,827,049	16,725,347	11,093,799	10,361,344
Loans sold to Cagamas	(823,256)	(919,698)	(407,678)	(527,476)
	17,003,793	15,805,649	10,686,121	9,833,868
Interest-in-suspense/income-in-suspense	(361,829)	(275,728)	(146,879)	(121,992)
Provision for bad and doubtful debts and financing:				
- specific	(561,895)	(534,463)	(276,544)	(332,037)
- general	(316,224)	(303,700)	(190,181)	(198,146)
	(1,239,948)	(1,113,891)	(613,604)	(652,175)
Total net loans, advances and financing	15,763,845	14,691,758	10,072,517	9,181,693

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

7 Loans, advances and financing (continued)

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

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Maturing within:				
- one year	7,781,353	6,998,503	6,227,795	5,934,625
- one year to three years	2,124,306	2,465,577	289,558	468,342
- three years to five years	2,186,784	2,118,641	554,638	377,678
- over five years	4,911,350	4,222,928	3,614,130	3,053,223
	17,003,793	15,805,649	10,686,121	9,833,868

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

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Agriculture	235,206	150,134	199,230	125,450
Mining and quarrying	57,160	68,264	28,604	30,317
Manufacturing	2,184,469	2,310,856	1,972,174	2,055,150
Electricity, gas and water	33,690	32,394	10,384	12,742
Construction	1,246,034	1,330,633	675,122	645,114
Real estate	114,730	136,800	26,154	85,587
Purchase of landed property:	4,340,259	3,638,031	3,165,428	2,667,830
- residential	2,793,673	2,247,171	1,820,022	1,469,093
- non-residential	1,546,586	1,390,860	1,345,406	1,198,737
General commerce	1,560,882	1,323,048	1,346,481	1,130,054
Transport, storage and communication	294,909	363,553	196,586	251,122
Finance, insurance and business services	892,452	927,664	899,387	990,842
Purchase of securities	939,857	815,837	523,766	594,234
Purchase of transport vehicles	2,794,581	2,425,785	4,867	5,066
Consumption credit	1,218,446	683,907	1,054,099	681,956
Others	1,091,118	1,598,743	583,839	558,404
	17,003,793	15,805,649	10,686,121	9,833,868

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

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	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest-in-suspense/income-in-suspense (IIS)				
As at beginning of the year	275,728	149,094	121,992	59,836
Provisions made during the year	253,174	274,204	156,957	139,942
Amount sold to Danaharta	(23,442)	(43,880)	(7,793)	(11,296)
Amount written back in respect of recoveries	(71,583)	(76,394)	(52,229)	(49,249)
Amount written off	(72,614)	(26,552)	(72,614)	(16,497)
Exchange difference	566	(744)	566	(744)
As at end of the year	361,829	275,728	146,879	121,992
Specific provisions (SP)				
As at beginning of the year	534,463	342,277	332,037	191,946
Provisions made during the year	285,121	430,179	188,097	263,696
Amount sold to Danaharta	(5,412)	(98,754)	(5,412)	(14,531)
Amount written back in respect of recoveries	(51,907)	(24,414)	(37,767)	(9,793)
Amount written off	(199,480)	(110,251)	(199,521)	(94,707)
Exchange difference	(890)	(4,574)	(890)	(4,574)
As at end of the year	561,895	534,463	276,544	332,037
General provision (GP)				
As at beginning of the year	303,700	292,422	198,146	193,526
Provisions made/(writeback) during the year	12,702	12,603	(7,787)	5,945
Exchange difference	(178)	(1,325)	(178)	(1,325)
As at end of the year	316,224	303,700	190,181	198,146
(as % of total loans including Cagamas loans less SP and IIS)	1.9%	1.9%	1.8%	2.0%

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

7 Loans, advances and financing (continued)

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

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
As at beginning of the year	2,085,005	1,660,514	990,452	666,107
Non-performing during the year	1,058,455	1,555,024	830,533	961,921
Accrued interest on existing non-performing loans and financing	164,754	158,933	148,212	139,942
Performing during the year	(635,206)	(608,930)	(411,897)	(386,963)
Amount sold to Danaharta	(128,200)	(271,438)	(52,457)	(76,471)
Recoveries	(316,614)	(276,236)	(218,607)	(205,712)
Amount written off	(270,724)	(132,862)	(270,724)	(108,372)
As at end of the year	1,957,470	2,085,005	1,015,512	990,452
Ratio of non-performing loans net of SP and IIS to total loans (including Cagamas loans)	6.1%	8.0%	5.5%	5.4%

8 Other assets

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Amount recoverable from Danaharta	19,134	7,982	18,324	6,968
Other debtors, deposits and prepayments	202,503	212,754	197,577	169,011
Deferred asset (Note 9)	15,586	26,677	-	-
	237,223	247,413	215,901	175,979
Amount recoverable from Danaharta:				
As at beginning of the year	7,982	-	6,968	-
Amount arising during the year	20,358	108,069	20,296	22,578
Provision made during the year	(9,206)	(100,087)	(8,940)	(15,610)
Amount recovered	-	-	-	-
Amount written off	-	-	-	-
As at end of the year	19,134	7,982	18,324	6,968

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.

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

9 Deferred asset (continued)

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 2000 RM'000	1999 RM'000
Unquoted shares, at cost:		
- in Malaysia	391,572	391,572
- outside Malaysia	11	11
Arising from translation of a foreign subsidiary	11	11
	391,594	391,594
Provision for permanent diminution in value	(27,752)	(27,752)
	363,842	363,842

The subsidiary companies of the Bank are as follows:

Name	Percentage of equity held		Principal activities
	2000	1999	
HLF and its subsidiary companies: *#	100	100	A licensed finance company
- Pelita Terang Sdn Bhd	100	100	Property development
- Visia Nominees Sdn Bhd	100	100	In voluntary liquidation
- HLF Credit (Perak) Berhad	100	100	Property investment holding
Hong Leong Leasing Sdn Bhd*	100	100	Factoring and money lending
HL Leasing Sdn Bhd	100	100	Dormant
HLB Realty Sdn Bhd	100	100	Real property investment
HLB Nominees (Tempatan) Sdn Bhd	100	100	Agent and nominee for Malaysian clients
HLB Nominees (Asing) Sdn Bhd	100	100	Agent and nominee for foreign clients
HL Bank Nominees (Singapore) Pte Ltd+	100	100	Agent and nominee for clients
HLB Unit Trust Management Bhd	100	100	Unit trust management
HLB Ventures Sdn Bhd	100	100	Investment activities

* Not audited by PricewaterhouseCoopers.

+ Audited by a member firm of PricewaterhouseCoopers International.

Subsidiary company consolidated under the merger method of accounting.

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

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

12 Fixed assets

The Group 2000	Freehold land RM'000	Buildings on freehold land RM'000	Leasehold land less than 50 years RM'000	Leasehold land 50 years or more RM'000	Buildings on leasehold land less than 50 years RM'000	Buildings on leasehold land 50 years or more RM'000
Cost						
As at beginning of the year	34,304	26,720	4,376	3,699	1,420	8,207
Additions	-	11,340	520	-	1,047	4,084
Disposals	(520)	(1,056)	(10)	-	(20)	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	33,784	37,004	4,886	3,699	2,447	12,291
Accumulated depreciation						
As at beginning of the year	-	3,543	1,503	326	251	1,647
Charge for the year	-	488	74	46	60	193
Disposals	-	-	(10)	-	(20)	-
Exchange fluctuation	-	-	-	-	-	-
As at end of the year	-	4,031	1,567	372	291	1,840
Net book value as at 30 June 2000	33,784	32,973	3,319	3,327	2,156	10,451

The Group 2000	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Cost					
As at beginning of the year	104,949	103,929	6,320	27,776	321,700
Additions	14,121	15,233	897	-	47,242
Disposals	(3,961)	(1,533)	(287)	(15,539)	(22,926)
Exchange fluctuation	(69)	(83)	(8)	-	(160)
As at end of the year	115,040	117,546	6,922	12,237	345,856
Accumulated depreciation					
As at beginning of the year	64,738	58,335	4,308	-	134,651
Charge for the year	12,985	18,130	935	-	32,911
Disposals	(3,494)	(1,464)	(285)	-	(5,273)
Exchange fluctuation	(66)	(55)	(5)	-	(126)
As at end of the year	74,163	74,946	4,953	-	162,163
Net book value as at 30 June 2000	40,877	42,600	1,969	12,237	183,693

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

12 Fixed assets (continued)

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 RM'000	Buildings on leasehold land 50 years or more RM'000
Cost						
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
Accumulated depreciation						
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
Net book value as at 30 June 1999	34,304	23,177	2,873	3,373	1,169	6,560

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
Cost					
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
Accumulated depreciation					
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
Net book value as at 30 June 1999	40,211	45,594	2,012	27,776	187,049

Notes To

The Accounts

for the financial year ended 30 June 2000 (continued)

12 Fixed assets (continued)

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

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

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

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 RM'000	Buildings on leasehold land 50 years or more RM'000
Cost						
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	-
Accumulated depreciation						
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	-
Net book value as at 30 June 1999	12,438	6,221	2,746	-	904	-

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
Cost					
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
Accumulated depreciation					
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
Net book value as at 30 June 1999	19,821	35,279	1,367	27,776	106,552

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

13 Deposits from customers

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Fixed deposits	18,796,571	16,837,345	10,223,756	8,783,197
Negotiable instruments of deposit	85,000	80,000	-	20,000
	18,881,571	16,917,345	10,223,756	8,803,197
Demand deposits	1,502,776	1,146,586	1,502,776	1,150,838
Savings deposits	3,161,273	2,541,739	2,312,077	1,865,733
Others	156,405	42,050	157,678	48,820
	23,702,025	20,647,720	14,196,287	11,868,588

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

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Due within:				
- six months	14,519,345	14,388,184	7,676,128	7,451,449
- six months to one year	3,946,045	2,237,512	2,462,804	1,210,164
- one year to three years	409,836	271,885	83,526	135,720
- three years to five years	6,345	19,764	1,298	5,864
	18,881,571	16,917,345	10,223,756	8,803,197

(b) The deposits are sourced from the following customers:

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Business enterprises	5,900,390	3,812,722	5,003,705	3,310,462
Individuals	14,677,818	13,552,080	7,609,239	6,633,738
Others	3,123,817	3,282,918	1,583,343	1,924,388
	23,702,025	20,647,720	14,196,287	11,868,588

14 Deposits and placements of banks and other financial institutions

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Licensed banks	584,859	285,625	309,859	245,625
Licensed finance companies	426,000	145,000	200,000	-
Other financial institutions	160,000	-	-	-
	1,170,859	430,625	509,859	245,625

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

15 Other liabilities

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Proposed dividend	56,101	29,089	56,101	29,089
Taxation	120,630	167,437	56,094	133,578
Zakat	47	28	-	-
Deferred taxation (Note 28)	4,470	24	4,446	-
Provision for staff retirement gratuities	10,597	11,209	5,169	5,302
Others	382,347	408,708	145,354	160,726
	574,192	616,495	267,164	328,695

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 the nominal value on maturity of the Bonds in year 2000. The Bonds which are unconverted 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 2000, 43,043,637 (1999: 43,041,355) warrants had been exercised.

17 Share capital

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Authorised				
Ordinary shares of RM1 each	1,100,000	1,100,000	1,100,000	1,100,000
Issued and fully paid				
As at beginning of the year	577,171	577,171	577,171	577,171
Issued upon exercise of warrants	2	-	2	-
As at end of the year	577,173	577,171	577,173	577,171

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

18 Reserves

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Distributable				
Retained profit	435,750	247,457	242,026	131,681
Non-distributable				
Share premium	529,470	529,459	529,470	529,459
Statutory reserve	534,173	440,819	345,509	290,027
Merger deficit	(73,800)	(73,800)	-	-
Exchange fluctuation reserve	35,355	36,463	35,355	36,463
	1,025,198	932,941	910,334	855,949
	1,460,948	1,180,398	1,152,360	987,630

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

The Bank has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account to frank the payment of dividends out of all its retained profit as at 30 June 2000.

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	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Loans and advances	1,424,644	1,737,556	815,831	977,336
Money at call and deposit placements				
with financial institutions	215,528	253,095	106,324	104,749
Dealing securities	59,077	51,333	52,117	41,506
Investment securities	50,204	150,411	35,066	93,547
Others	23,433	17,306	9,847	7,947
	1,772,886	2,209,701	1,019,185	1,225,085
Amortisation of premium less				
accretion of discounts	19,805	8,877	274	219
Net interest suspended	(181,591)	(197,810)	(104,728)	(90,693)
	(161,786)	(188,933)	(104,454)	(90,474)
	1,611,100	2,020,768	914,731	1,134,611

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

20 Interest expense

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Deposits and placements of banks and other financial institutions	51,200	71,526	40,332	30,429
Deposits from other customers	730,505	1,270,491	396,691	670,287
Others	23,430	36,594	6,000	6,000
	805,135	1,378,611	443,023	706,716

21 Loan and financing loss and provision

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Provision for bad and doubtful debts and financing:				
- SP (net)	233,214	405,765	150,330	253,903
- GP (net)	12,702	12,603	(7,787)	5,945
	245,916	418,368	142,543	259,848
Bad debts and financing:				
- written off	5,107	490	4,749	404
- recovered	(16,880)	(7,387)	(16,429)	(7,091)
	(11,773)	(6,897)	(11,680)	(6,687)
Provision on amounts recoverable from Danaharta:				
- provision for value impairment during the year	4,660	1,996	4,394	1,742
- written off on final settlement	-	-	-	-
- written back on final settlement	-	-	-	-
	4,660	1,996	4,394	1,742
	238,803	413,467	135,257	254,903

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

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

22 Non-interest income

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Fee income				
Commission	32,400	22,720	34,148	23,688
Service charges and fees	35,774	25,161	17,106	13,533
Guarantee fees	7,023	6,438	7,023	6,438
Underwriting fees	-	613	-	613
Other fee income	86,271	26,006	55,374	25,892
	161,468	80,938	113,651	70,164
Investment income				
Net profit from dealing securities	22,395	51,465	5,290	24,219
Gain from sale of investment securities	4,896	11,015	4,986	10,964
Gross dividends from:				
- investment securities	527	526	195	189
- subsidiary companies	-	-	58,550	18,575
Writeback for diminution in value of dealing/investment securities	1,478	913	1,305	291
	29,296	63,919	70,326	54,238
Other income				
Foreign exchange gain:				
- realised	18,676	24,102	18,676	24,102
- unrealised	308	(527)	308	(527)
Rental income	704	945	68	59
Gain on disposal of fixed assets	266	585	77	555
Other non-operating income	4,531	4,541	2,629	3,693
	24,485	29,646	21,758	27,882
	215,249	174,503	205,735	152,284

23 Overhead expenses

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Personnel costs	166,380	143,583	108,837	97,801
Establishment costs	89,965	82,661	64,411	60,050
Marketing expenses	34,853	22,365	13,232	3,633
Administration and general expenses	49,209	36,077	46,231	25,857
	340,407	284,686	232,711	187,341

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

23 Overhead expenses (continued)

The above expenditure includes the following statutory disclosures:

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Directors' remuneration (Note 25)	2,336	2,347	1,556	1,481
Rental of premises	29,169	29,785	20,053	20,616
Hire of equipment	2,390	2,000	2,375	1,988
Lease rental	470	1,321	470	1,321
Auditors' remuneration:				
- statutory audit fees	425	354	329	249
- other fees	20	24	15	14
Depreciation of fixed assets	32,911	32,577	23,963	23,189
Loss on disposal of fixed assets	272	18	79	1
Fixed assets written off	523	775	236	112
Amortisation of dealers' commission	14,638	14,281	-	-
	No.	No.	No.	No.
Number of employees at year end	4,214	3,993	2,644	2,469

24 Significant related party transactions and balances

	Parent company RM'000	Subsidiary companies RM'000	Other related companies RM'000
2000			
Income			
Interest on advances	-	4,946	-
Commitment fee	-	30	-
Commission on Group products/services sold	-	1,662	-
Rental income	-	9	-
	-	6,647	-
Expenditure			
Rental	-	1,423	7,451
Lease	-	-	-
Interest on deposits	-	82	2,799
	-	1,505	10,250
Amounts due from			
Overdrafts	-	8,164	-
Term loans	-	62,960	-
	-	71,124	-
Amounts due to			
Current account and fixed deposits	6,001	12,269	152,230

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

24 Significant related party transactions and balances (continued)

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

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	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Fees	629	765	282	308
Other remuneration	1,707	1,582	1,274	1,173
	2,336	2,347	1,556	1,481

The estimated cash value of benefits-in-kind of Directors for the Group amounted to RM48,850 (1999: RM63,250).

26 Exceptional items

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Provision for permanent diminution in the value of investment in subsidiary	-	-	-	27,752
Goodwill written off	-	18,783	-	-
	-	18,783	-	27,752

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

27 Taxation

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Malaysian income tax	139,460	125	87,330	2,806
Overseas tax	-	-	-	-
	139,460	125	87,330	2,806
Transfer to deferred taxation	4,446	5,813	4,446	8,581
	143,906	5,938	91,776	11,387
Over provision in respect of prior years	(15,993)	(16,259)	(522)	(19,255)
	127,913	(10,321)	91,254	(7,868)

(a) The Bank has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account to frank the payment of dividends out of all its retained profit as at 30 June 2000.

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

28 Deferred taxation

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
As at beginning of the year	24	(5,789)	-	(8,581)
Transfer from income statement	4,446	5,813	4,446	8,581
As at end of the year	4,470	24	4,446	-

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

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Interest-in-suspense	-	(17,575)	-	(17,575)
Excess of capital allowance over depreciation	15,996	20,139	15,911	20,054
Others	(32)	(2,479)	(32)	(2,479)
	15,964	85	15,879	-
Deferred tax liability at 28% (1999: 28%)	4,470	24	4,446	-

29 Earnings per share

The basic earnings per ordinary share have been calculated based on the profit after taxation of RM221,928,000 (1999: RM117,556,000) and RM337,748,000 (1999: RM117,348,000) of the Bank and the Group respectively and on the weighted average number of 577,171,599 (1999: 577,171,068) ordinary shares of RM1.00 each shares in issue during the financial year.

The dilution in earnings per share after taking into consideration the assumed conversion of 28,497,789 warrants and exercise of options over 8,474,000 shares under the ESOS scheme is not material.

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

30 Dividends

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Proposed final dividend of 13.5% (1999: 7.0%) less income tax at 28%	56,101	29,089	56,101	29,089

31 Closing foreign exchange rates

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

	The Bank	
	2000	1999
Brunei Dollar	2.2013	2.2343
Deutsche Mark	1.8606	2.0088
Euro	3.6391	3.9275
Singapore Dollar	2.2013	2.2343
U.S. Dollar	3.8000	3.8000

32 Commitments and contingencies

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies constitute the following:

	2000		1999	
	Principal RM'000	Credit equivalent RM'000	Principal RM'000	Credit equivalent RM'000
The Group				
Direct credit substitutes	153,732	153,732	135,138	135,138
Certain transaction-related contingent items	539,780	269,890	443,739	221,870
Short-term self-liquidating				
trade-related contingencies	552,472	110,494	394,736	78,947
Housing loans sold directly and				
indirectly to Cagamas Berhad	823,256	823,256	919,698	919,698
Other assets sold with recourse and				
commitments with certain drawdown	158,903	158,903	250,760	250,760
Irrevocable commitment to extend credit:				
- maturity more than one year	2,058,264	1,029,132	2,095,694	1,047,848
- maturity less than one year	2,913,976	-	2,741,543	-
Foreign exchange related contracts:				
- less than one year	804,147	14,163	1,932,571	36,808
- one year to less than five years	-	-	-	-
Interest rate related contracts:				
- less than one year	48,000	1,155	50,000	437
- one year to less than five years	468,400	14,701	90,400	4,948
Miscellaneous	9,291	-	8,981	-
	8,530,221	2,575,426	9,063,260	2,696,454

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

32 Commitments and contingencies (continued)

	2000		1999	
	Principal RM'000	Credit equivalent RM'000	Principal RM'000	Credit equivalent RM'000
The Bank				
Direct credit substitutes	151,678	151,678	133,240	133,240
Certain transaction-related contingent items	539,780	269,890	443,739	221,870
Short-term self-liquidating				
trade-related contingencies	552,472	110,494	394,736	78,947
Housing loans sold directly and				
indirectly to Cagamas Berhad	407,678	407,678	527,476	527,476
Other assets sold with recourse and				
commitments with certain drawdown	158,903	158,903	250,760	250,760
Irrevocable commitment to extend credit:				
- maturity more than one year	1,579,688	789,844	1,612,617	806,309
- maturity less than one year	2,295,864	-	2,074,407	-
Foreign exchange related contracts:				
- less than one year	804,147	14,163	1,932,571	36,808
- one year to less than five years	-	-	-	-
Interest rate related contracts:				
- less than one year	43,000	1,150	10,000	160
- one year to less than five years	118,400	7,704	30,400	2,736
Miscellaneous	9,291	-	8,981	-
	6,660,901	1,911,504	7,418,927	2,058,306

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	
	2000 RM'000	1999 RM'000
Foreign exchange related contracts:		
- forward contracts	804,147	1,932,571
Interest rate related contracts:		
- futures contracts	131,000	10,000
- single currency interest rate swaps	30,400	30,400

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

32 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 2000, the amount of contracts which were not hedged and hence, exposed to foreign exchange and interest rate market risk were RM32,181,728 (1999: RM18,745,080) and RM131,000,000 (1999: RM10,000,000) respectively.

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank has a gain position. As at 30 June 2000, the amount of credit risk, measured in terms of the cost to replace the profitable contracts, was RM961,420 (1999: RM432,256). The amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

33 Capital commitments

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

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Authorised and contracted for	30,261	15,918	28,462	15,338
Authorised but not contracted for	2,683	7,621	-	4,270
	32,944	23,539	28,462	19,608

34 Lease commitments

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

Year	RM'000
2001	936
2002	803
2003	822

35 Holding and ultimate holding companies

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

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

36 Capital adequacy

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

	2000 RM'000	The Bank 1999 RM'000
Tier-1 capital	1,729,533	1,564,801
Tier-2 capital	190,181	238,146
Total capital	1,919,714	1,802,947
Less: Investment in subsidiary companies	(363,842)	(363,842)
Capital base	1,555,872	1,439,105
Capital ratios		
Core capital ratio	13.18%	13.02%
Risk-weighted capital ratio	13.18%	13.02%

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

	2000 RM'000	The Bank 1999 RM'000
Tier-1 capital		
Paid up share capital	577,173	577,171
Share premium	529,470	529,459
Other reserves	622,890	458,171
Total tier-1 capital	1,729,533	1,564,801
Tier-2 capital		
Subordinated loans	-	40,000
General provision for bad and doubtful debts	190,181	198,146
Total tier-2 capital	190,181	238,146
Total capital	1,919,714	1,802,947
Less: Investment in subsidiary companies	(363,842)	(363,842)
Total capital base	1,555,872	1,439,105

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

	2000 RM'000	The Bank 1999 RM'000
0%	4,322,522	2,407,065
10%	626,100	492,853
20%	2,414,676	1,927,985
50%	2,867,443	2,685,339
100%	9,822,629	9,278,561
	20,053,370	16,791,803
Total risk-weighted assets	11,801,896	11,056,113



Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

37 Segmental reporting

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

38 Significant events during the financial year

- (a) The Bank had established an Executive Share Option Scheme for eligible executives and executive directors of the HLB Group.
- (b) The Bank had, on 19 January 2000, entered into a Sale and Purchase Agreement for the proposed disposal of its entire 100% equity interest in HLB Unit Trust Management Bhd to HLG Capital Berhad ("HLG Capital") for a total cash consideration of RM11 million ("Proposal").
- (c) On the 18 February 2000, the Bank announced that it had obtained the approval of Bank Negara Malaysia to form a merger grouping with Wah Tat Bank Berhad ("WTB") and Credit Corporation (Malaysia) Berhad ("CCM") with HLB as the anchor bank. Subsequently, on 30 June 2000, the Bank announced that it had entered into the following:
 - (i) A conditional sale and purchase agreement ("SPA") with Gadek Capital Berhad to acquire 291,250,000 ordinary shares of RM1.00 each representing the entire equity interest in CCM; and
 - (ii) A conditional SPA with the vendors of WTB to acquire 20,000,000 ordinary shares of RM1.00 each representing the entire equity interest in WTB.
- (d) The Bank announced on 25 April 2000 that Visia Nominees Sdn Bhd, a wholly-owned subsidiary of Hong Leong Finance Berhad, would be wound-up voluntarily as the company had remained dormant and there were no plans to activate it.
- (e) The Bank had, on 27 June 2000, proposed to implement a Proposed Bonus Issue of up to 607,366,103 new ordinary shares of RM1.00 each to be credited as fully paid-up on the basis of one (1) new ordinary share for every one (1) existing ordinary share held in the Bank. The proposal is pending shareholders' approval.

39 Significant event subsequent to the balance sheet date

The Bank and HLG Capital announced on 16 August 2000 that they had mutually agreed not to proceed with the Proposal.

40 General information

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

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

41 The Operations of Islamic Banking

Balance sheets as at 30 June 2000

	Note	The Group		The Bank	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Assets					
Cash and short-term funds	(a)	102,922	181,367	76,805	134,376
Dealing securities	(b)	211,946	406,657	211,946	406,657
Investment securities	(c)	379,407	278,693	72,658	43,017
Loans, advances and financing	(d)	413,071	119,019	11,636	2,212
Other assets	(e)	2,125	12,520	1,291	2,996
Fixed assets	(f)	236	272	-	-
Statutory deposit with Bank Negara Malaysia		29,424	13,727	-	-
Total assets		1,139,131	1,012,255	374,336	589,258
Liabilities and Islamic Banking funds					
Deposits from customers	(g)	879,602	857,111	315,766	497,100
Deposits and placements of banks and other financial institutions	(h)	121,000	40,000	-	-
Bills and acceptances payable		217	209	217	209
Other liabilities	(i)	107,349	91,290	49,183	85,096
Total liabilities		1,108,168	988,610	365,166	582,405
Islamic Banking funds	(j)	30,963	23,645	9,170	6,853
Total liabilities and Islamic Banking funds		1,139,131	1,012,255	374,336	589,258

Income statements for the financial year ended 30 June 2000

	Note	The Group		The Bank	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Income	(k)	23,704	7,331	3,707	(495)
Loan and financing loss and provision	(l)	(8,607)	(986)	(225)	-
Net income		15,097	6,345	3,482	(495)
Overhead expenses	(m)	(1,596)	(1,133)	(264)	(269)
Profit/(loss) before taxation and zakat		13,501	5,212	3,218	(764)
Taxation		(6,136)	-	(901)	-
Zakat		(47)	(28)	-	-
Profit/(loss) after taxation and zakat		7,318	5,184	2,317	(764)
Retained profit brought forward		13,645	8,461	1,853	2,617
Retained profit carried forward		20,963	13,645	4,170	1,853

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

41 The Operations of Islamic Banking (continued)

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
(a) Cash and short-term funds				
Cash and balances with banks and other financial institutions	12,972	15,487	8,405	576
Money at call and deposit placements maturing within one month	89,950	165,880	68,400	133,800
	102,922	181,367	76,805	134,376
(b) Dealing securities				
Bankers' acceptances and Islamic accepted bills	128,265	367,835	128,265	367,835
Islamic debt securities	83,681	38,822	83,681	38,822
	211,946	406,657	211,946	406,657
(c) Investment securities				
Money market instruments:				
- bankers' acceptances and Islamic accepted bills	293,551	222,472	-	-
- Malaysian Government investment certificates	56,139	56,221	42,941	43,017
	349,690	278,693	42,941	43,017
Unquoted securities:				
- Islamic debt securities	29,717	-	29,717	-
	379,407	278,693	72,658	43,017
The maturity structure of money market instruments held for investment is as follows:				
Maturity within:				
- one year	379,407	222,472	72,658	-
- one year to three years	-	56,221	-	43,017
	379,407	278,693	72,658	43,017

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

41 The Operations of Islamic Banking (continued)

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
(d) Loans, advances and financing				
Overdrafts	1	9	1	9
Term loans	23,631	8,669	23,631	5,750
Hire purchase	490,193	149,429	-	-
Staff financing	576	-	-	-
Other financing	53,262	-	-	-
	567,663	158,107	23,632	5,759
Unearned income	(143,349)	(36,665)	(11,760)	(3,547)
Gross loans, advances and financing	424,314	121,442	11,872	2,212
Income-in-suspense	(543)	(330)	(11)	-
Provision for bad and doubtful debts and financing:				
- specific	(130)	(12)	-	-
- general	(10,570)	(2,081)	(225)	-
Total net loans, advances and financing	413,071	119,019	11,636	2,212
(i) Loans, advances and financing analysed by concepts are as follows:				
Al-Ijarah Thumma Al-Bai'	388,232	117,914	-	-
Al-Manzil Bai' Bithaman Ajil	36,082	3,528	11,872	2,212
	424,314	121,442	11,872	2,212
(ii) The maturity structure of loans, advances and financing is as follows:				
Maturing within:				
- one year	5,022	1,840	-	-
- one year to three years	87,081	26,950	-	-
- three years to five years	229,520	85,116	231	-
- over five years	102,691	7,536	11,641	2,212
	424,314	121,442	11,872	2,212

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

41 The Operations of Islamic Banking (continued)

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
(d) Loans, advances and financing (continued)				
(iii) Loans, advances and financing analysed by their economic purposes are as follows:				
Agricultural	363	-	-	-
Mining and quarrying	48	-	-	-
Manufacturing	1,548	-	-	-
Electricity, gas & water	516	-	-	-
Construction	2,065	-	-	-
Real estate	12	-	-	-
Purchase of landed property:	35,318	3,666	11,872	2,212
- residential	34,618	3,515	11,872	2,212
- non-residential	700	151	-	-
General commerce	2,726	-	-	-
Transport, storage and communication	1,781	132	-	-
Finance, insurance & business	256	-	-	-
Purchase of transport vehicles	342,392	106,690	-	-
Consumption credit	1,090	39	-	-
Others	36,199	10,915	-	-
	424,314	121,442	11,872	2,212
(iv) Movements in the provision for bad and doubtful debts and financing and income-in-suspense accounts are as follows:				
Income-in-suspense (IIS)				
As at beginning of the year	330	82	-	-
Provisions made during the year	213	248	11	-
As at end of the year	543	330	11	-
Specific provision (SP)				
As at beginning of the year	12	12	-	-
Provisions made during the year	118	-	-	-
As at end of the year	130	12	-	-
General provision (GP)				
As at beginning of the year	2,081	1,095	-	-
Provisions made during the year	8,489	986	225	-
As at end of the year	10,570	2,081	225	-
(as % of total loans including Cagamas loans less SP and IIS)	2.5%	1.7%	1.9%	-

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

41 The Operations of Islamic Banking (continued)

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
(e) Other assets				
Other debtors, deposits and prepayments	2,125	12,520	1,291	2,996

	Office furniture, fittings, equipment and renovations RM'000	Computer equipment and software RM'000	Total RM'000
(f) Fixed assets			
The Group			
2000			
Cost			
As at beginning of the year	200	138	338
Additions	7	6	13
Disposals	-	-	-
Reclassification	8	(8)	-
As at end of the year	215	136	351
Accumulated depreciation			
As at beginning of the year	29	37	66
Charge for the year	21	28	49
Disposals	-	-	-
As at end of the year	50	65	115
Net book value as at 30 June 2000	165	71	236
1999			
Cost			
As at beginning of the year	191	138	329
Additions	9	-	9
Disposals	-	-	-
As at end of the year	200	138	338
Accumulated depreciation			
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
Net book value as at 30 June 1999	171	101	272

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

41 The Operations of Islamic Banking (continued)

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
(g) Deposits from customers				
Demand deposits	8,472	4,622	8,472	4,622
Savings deposits	146,444	102,384	19,510	11,522
General investment deposits	724,686	750,105	287,784	480,956
	879,602	857,111	315,766	497,100
(i) Maturity structure of investment deposits is as follows:				
Due within:				
- six months	587,972	662,654	172,400	413,137
- six months to one year	133,962	77,357	113,584	58,407
- one year to three years	2,513	10,024	1,581	9,412
- three years to five years	239	70	219	-
	724,686	750,105	287,784	480,956
(ii) The deposits are sourced from the following customers:				
Business enterprises	154,413	143,803	103,550	126,346
Individuals	381,517	404,802	48,070	164,624
Others	343,672	308,506	164,146	206,130
	879,602	857,111	315,766	497,100
(h) Deposits and placements of banks and other financial institutions				
Licensed banks	121,000	40,000	-	-
(i) Other liabilities				
Provision for taxation	6,136	-	901	-
Zakat	47	28	-	-
Other liabilities	101,166	91,262	48,282	85,096
	107,349	91,290	49,183	85,096
(j) Islamic Banking funds				
Funds allocated from Head Office	10,000	10,000	5,000	5,000
Retained profit	20,963	13,645	4,170	1,853
	30,963	23,645	9,170	6,853

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

41 The Operations of Islamic Banking (continued)

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
(k) Income from Islamic Banking operations				
Income derived from investment of depositors' funds and funds allocated from Head Office	54,561	37,416	15,917	13,529
Income attributable to depositors:				
- other customers	(31,005)	(29,718)	(12,101)	(13,547)
- banks and financial institutions	(219)	(563)	(219)	(563)
Income attributable to:				
- Group/Bank	23,337	7,135	3,597	(581)
- other Islamic Banking income	367	196	110	86
	23,704	7,331	3,707	(495)

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
2000				
Income from financing	40,988	1,292	13,952	432
Net profit from dealing securities	9,993	318	40	1
Gain from sales of investment securities	779	25	316	10
Gross dividend from investment securities	1,131	35	1,131	35
	52,891	1,670	15,439	478
Other Islamic Banking income	354	13	106	4
	53,245	1,683	15,545	482
1999				
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
	36,356	1,060	13,345	184
Other Islamic Banking income	191	5	85	1
	36,547	1,065	13,430	185

Notes To The Accounts

for the financial year ended 30 June 2000 (continued)

41 The Operations of Islamic Banking (continued)

	The Group		The Bank	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
(l) Loan and financing loss and provision				
Provision for bad and doubtful debts and financing:				
- SP	118	-	-	-
- GP	8,489	986	225	-
	8,607	986	225	-
(m) Overhead expenses				
Personnel costs	841	578	180	157
Establishment costs	230	223	13	34
Marketing expenses	520	196	35	2
Administration and general expenses	5	136	36	76
	1,596	1,133	264	269



Statement By Directors

Statutory Declaration

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

We, Dato' James Lim Cheng Poh and Zulkiflee Hashim, being two of the Directors of Hong Leong Bank Berhad, do hereby state that, in the opinion of the Directors, the accounts set out on pages 21 to 63 are drawn up so as to give a true and fair view of:

- (a) the state of affairs of the Group and the Bank as at 30 June 2000 and of the results of their operations for the year ended on that date; and
- (b) the cash flows of the Group and the Bank for the year then ended

in accordance with the applicable approved accounting standards in Malaysia and Bank Negara Malaysia Guidelines.

On behalf of the Board

Dato' James Lim Cheng Poh

Zulkiflee Hashim

Kuala Lumpur
30 August 2000

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 21 to 63 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)	SOON LEH HONG

Before me,

Teong Kian Meng
Commissioner for Oaths
30 August 2000



Auditors' Report

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

(Company no: 97141-X)

(Incorporated in Malaysia)

- 1 We have audited the accounts set out on pages 21 to 63. 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 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 have been prepared in accordance with the provisions of the Companies Act, 1965, the applicable approved accounting standards in Malaysia and Bank Negara Malaysia Guidelines so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts; and
 - (ii) the state of affairs of the Group and of the Bank as at 30 June 2000 and of the results and cash flows of the Group and Bank for the financial year ended on that date;
 - (b) the accounting and other records and the registers required by the Act to be kept by the Bank and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- 4 The names of subsidiary companies of which we have not acted as auditors are indicated in Note 11 to the accounts. We have considered the accounts of these subsidiaries and the auditors' reports thereon.
- 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 and did not include any comment made under subsection (3) of Section 174 of the Act.

PricewaterhouseCoopers

[AF: 1146]

Public Accountants

Dato' Ahmad Johan Bin Mohammad Raslan

[1867/9/00(J)]

Partner

Kuala Lumpur

30 August 2000

Properties held by the Group as at 30 June 2000

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	66	7,556
15-G-1, 15-1-1 & 15-2-1 15, Medan Kampung Relau Bayan Point 11900 Pulau Pinang	Freehold	Branch premises	9,968	1	2,527
42, Jalan Pending 93450 Kuching Sarawak	Leasehold - 999 years (31/12/2779)	Branch premises	4,425	18	2,778
133, 135 & 137 Jalan Kampong Nyabor 96000 Sibu Sarawak	Freehold	Branch premises	4,871	8	3,421
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	9	1,596
69, 70 & 71, Jalan Dato' Bandar Tunggal 70000 Seremban Negri Sembilan Darul Khusus	Freehold	Branch premises	6,000	Pre-war	1,607
26, Lorong Rahim Kajai 14 Taman Tun Dr Ismail 60000 Kuala Lumpur	Freehold	Branch premises	3,750	16	605
120-122, Jalan Mersing 86000 Kluang Johor Darul Takzim	Leasehold - 99 years (22/8/2063)	Branch premises	3,355	36	849
1A, Jalan Dato' Onn Jaafar 30300 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	6,742	66	1,428
100, Jalan Gurney 72100 Bahau Negri Sembilan Darul Khusus	Freehold	Branch premises	5,107	14	2,831
12, 14 & 16, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	4,174	9	4,163
6, Jalan Merdeka 96100 Sarikei Sarawak	Leasehold - 60 years (31/12/2029)	Branch premises	2,240	31	148

Note: *Land area (sq ft)

Other Information

Properties held by the Group as at 30 June 2000 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)
Vacant land at Jalan Peace Kuching, Lot 2081 Section 64 KTLD Sarawak	Leasehold - 99 years (31/12/2037)	Vacant land	22,172 (*)	n/a	49
63 & 65, Jalan SS 23/15 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	4,760	5	3,824
24, Medan Taming 2 Taman Taming Jaya 43300 Balakong Selangor Darul Ehsan	Freehold	Branch premises	3,037	5	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	13	1,533
Lot 35948 & 3595 Jalan Baru Pak Sabah 23000 Dungun Terengganu Darul Iman	Leasehold - 84 years (2/2/2079)	Branch premises	3,199	6	275
Sublot 1 & 2 on parent lot 2633 Bintulu Siwa District Bintulu Sarawak	Leasehold - 60 years (12/2/2056)	Branch premises	2,582	5	1,563
Lot 34, Industrial Land 47000 Sungai Buloh Selangor Darul Ehsan	Freehold	Warehouse	96,219 (*)	6	2,923
1540, Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman	Leasehold - 55 years (1/3/2028)	Branch premises	10,619	27	77
9A & 9B, Jalan Kampong Baru 08000 Sungai Petani Kedah Darul Aman	Freehold	Branch premises	9,320	7	1,051
31, Jalan Ibrahim 08000 Sungai Petani Kedah Darul Aman	Freehold	Branch premises	2,448	16	769
45, Jalan Burma 10500 Pulau Pinang	Freehold	Branch premises	14,277	22	2,535
33A-C, Lintang Angsana Bandar Baru Air Hitam 11500 Pulau Pinang	Leasehold - 83 years (8/4/2082)	Branch premises	4,394	5	574
452, Jalan Pinang 10000 Pulau Pinang	Freehold	Branch premises	2,874	4	1,334
33 & 34, Taman Usahaniaga Bukit Mertajam 14000 Pulau Pinang	Freehold	Branch premises	4,407	5	1,092

Note: *Land area (sq ft)

Other Information

Properties held by the Group as at 30 June 2000 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)
55-57, Jalan Yang Kalsom 30250 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	11,720	21	1,347
72 & 74, Jalan Kota 34000 Taiping Perak Darul Ridzuan	Freehold	Branch premises	6,574	16	548
27, Jalan Dewangsa 31000 Batu Gajah Perak Darul Ridzuan	Leasehold - 79 years (26/2/2078)	Branch premises	4,694	5	347
232, Jalan Bercham Taman Ria 31400 Ipoh Perak Darul Ridzuan	Leasehold - 93 years (23/11/2092)	Branch premises	2,540	5	335
75, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan	Freehold	Branch premises	1,900	3	722
80 & 82, Jalan Othman 1/14 46000 Petaling Jaya Selangor Darul Ehsan	Leasehold - 90 years (15/6/2089)	Branch premises	9,062	10	1,403
36, Jalan Midah 1 Taman Midah, Cheras 56000 Kuala Lumpur	Freehold	Branch premises	2,700	13	240
19, Jalan 54, Desa Jaya 52100 Kepong Selangor Darul Ehsan	Leasehold - 99 years (8/3/2081)	Branch premises	5,859	18	411
151, Jalan Genting Klang 53300 Kuala Lumpur	Freehold	Branch premises	4,290	21	329
17, Jalan SS 2/64 47300 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	6,624	7	1,312
55, Jalan Pasar 55100 Kuala Lumpur	Freehold	Branch premises	4,313	20	360
Lot 111 Jalan Mega Mendung Kompleks Bandar Off Jalan Klang Lama 58200 Kuala Lumpur	Freehold	Branch premises	4,978	20	600
161, Jalan Imbi 55100 Kuala Lumpur	Freehold	Branch premises	2,454	4	2,712
109, Jalan SS 21/37 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Freehold	Branch premises	6,446	4	1,854
114, Jalan Dato' Bandar Tunggal 70000 Seremban Negri Sembilan Darul Khusus	Freehold	Branch premises	8,798	24	541

Properties held by the Group as at 30 June 2000 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)
83-D & 83-G Jalan Munshi Abdullah 75100 Melaka	Freehold	Branch premises	4,263	4	178
8A-C, Jalan Station 80000 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	12,854	7	595
139, Jalan Muar 84900 Tangkak Johor Darul Takzim	Freehold	Branch premises	3,186	12	183
115, Jalan Genuang Bandar Baru 85000 Segamat Johor Darul Takzim	Freehold	Branch premises	5,460	15	455
35, Jalan Dedap 16 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	2,310	10	226
16, Jalan Jaafar 81900 Kota Tinggi Johor Darul Takzim	Leasehold - 99 years (3/9/2071)	Branch premises	5,700	28	321
109, Main Road 83700 Yong Peng Johor Darul Takzim	Freehold	Branch premises	2,740	12	222
31 & 32, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim	Freehold	Branch premises	8,932	8	597
103, Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim	Freehold	Branch premises	12,222	26	764
26, Jalan Mersing 80050 Johor Bahru Johor Darul Takzim	Freehold	Branch premises	7,040	16	1,566
21, Jalan Tun Razak 27600 Raub Pahang Darul Makmur	Freehold	Branch premises	4,480	14	457
1, Bentong Heights 28700 Bentong Pahang Darul Makmur	Freehold	Branch premises	5,432	32	47
36, Main Road Tanah Rata 39000 Cameron Highland Pahang Darul Makmur	Leasehold - 99 years (24/11/2039)	Branch premises	1,728	60	200
241, Lorong Tun Ismail 1 Off Jalan Bukit Ubi 25000 Kuantan Pahang Darul Makmur	Freehold	Branch premises	4,675	5	620

Properties held by the Group as at 30 June 2000 (continued)

Location	Tenure	Description of property held	Gross area (sq ft)	Approx. age (years)	Net book value (RM'000)
16A, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman	Leasehold - 99 years (3/9/2071)	Branch premises	2,125	3	1,532
TB426 Block J Lot 1 Bandar Sabindo 91008 Tawau Sabah	Leasehold - 99 years (31/12/2070)	Branch premises	6,384	25	445
U0391, Jalan Rampai WDT 131 87009 Labuan FT	Leasehold - 999 years (30/6/2902)	Branch premises	3,168	15	596
168, Jalan Putra 12 Pusat Perniagaan Putra Kilang Lama 09000 Kulim Kedah Darul Aman	Leasehold - 99 years (5/8/2095)	Branch premises	5,652	1	534
15-G-12A, Medan Kampung Relau Bayan Point Bandar Bayan Baru 11900 Pulau Pinang	Freehold	Branch premises	5,708	1	1,466
W-1-0, W-2-0 & W-1-1 Subang Square Business Centre Jalan SS15/4G 47500 Subang Jaya, Selangor Darul Ehsan	Freehold	Branch premises	4,545	1	1,908
2828-G-02 & 2828-1-02 Jalan Bagan Luar 12000 Butterworth Pulau Pinang	Freehold	Branch premises	12,173	1	3,259
Lot 568-G-17 & Lot 568-1-17 Kompleks Mutiara 3 1/2 Mile Jalan Ipoh 51200 Kuala Lumpur	Freehold	Branch premises	4,945	1	3,330
Plot No. 20 Jalan Bidor Raya 35500 Bidor, Perak Darul Ridzuan	Freehold	Branch premises	3,243	1	556
1, Persiaran Greentown 2 Greentown Business Centre 30450 Ipoh, Perak Darul Ridzuan	Leasehold - 99 years (21/11/2094)	Branch premises	7,870	-	2,404
Lot No. 39 & 40 Kompleks Munshi Abdullah 75100 Melaka	Leasehold - 99 years (24/2/2084)	Branch premises	5,988	1	1,642

Distribution Schedule Of Shareholders as at 24 August 2000

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 499	262	1.90	41,083	0.01
500 - 5,000	11,819	85.56	20,223,091	3.50
5,001 - 10,000	836	6.05	6,723,039	1.16
10,001 - 100,000	768	5.56	22,451,725	3.89
100,001 - 1,000,000	112	0.81	29,944,175	5.19
Above 1,000,000	17	0.12	497,790,684	86.25
	13,814	100.00	577,173,797	100.00

Twenty Largest Shareholders as at 24 August 2000

Name of Shareholders	No. of Shares	%
1 Hong Leong Credit Berhad	410,053,584	71.05
2 Employees Provident Fund Board	40,853,125	7.08
3 Kurnia Insurans (Malaysia) Berhad	12,456,000	2.16
4 Kurnia Damai Sdn Bhd	7,265,000	1.26
5 Permodalan Nasional Berhad	5,554,500	0.96
6 Siau Teng Chong	3,500,000	0.61
7 Hong Leong Assurance Berhad	2,989,000	0.52
8 The Government of Kuwait	2,464,000	0.43
9 Amanah Saham Malaysia	2,000,000	0.35
10 Kwek Leng Hai	1,977,850	0.34
11 BHLB Pacific Emerging Companies Growth Fund	1,499,000	0.26
12 Fidelity Funds Malaysia	1,355,000	0.23
13 GMO Emerging Markets Fund	1,330,000	0.23
14 Lembaga Tabung Angkatan Tentera	1,204,250	0.21
15 State Street Bank & Trust Funds for Employee Trusts	1,188,250	0.20
16 Seow Lun Hoo	1,060,875	0.18
17 Cheng Fu Zay	1,040,250	0.18
18 The Great Eastern Life Assurance Co Ltd	983,000	0.17
19 Amanah Saham Mara Berhad	862,000	0.15
20 DFA Emerging Markets Fund	831,000	0.14
	500,466,684	86.71

Other Information

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Bank as at 24 August 2000 are as follows:

Name of Shareholders	No. of Shares	%
Hong Leong Credit Berhad	413,042,584##	71.56
YBhg Tan Sri Quek Leng Chan	413,062,584*	71.56
HL Holdings Sdn Bhd	413,042,584***	71.56
Hong Leong Company (Malaysia) Berhad	413,042,584**	71.56
Kwek Holdings Pte Ltd	413,042,584***	71.56
Mr. Kwek Leng Beng	413,042,584***	71.56
Hong Realty (Private) Limited	413,042,584***	71.56
Hong Leong Investment Holdings Pte Ltd	413,042,584***	71.56
Guoline Overseas Limited	413,042,584**	71.56
Guoline Capital Assets Limited	413,042,584#	71.56
Guoco Group Limited	413,042,584**	71.56
Guoco Assets Sdn Bhd	413,042,584**	71.56
Assets Nominees (Tempatan) Sdn Bhd	410,053,584@	71.04
Employees Provident Fund Board	41,482,125	7.18
Kurnia Insurans (Malaysia) Berhad	12,456,000	2.16

* 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

Branch Network

Hong Leong Bank Berhad

HEAD OFFICE Level 2, Wisma Hong Leong 18, Jalan Perak 50450 Kuala Lumpur Tel: 03-21642828 Fax: 03-21641512	8 & 10, Jalan 3/50C Taman Setapak Indah Jaya Off Jalan Genting Kelang 53300 Kuala Lumpur Tel: 03-40239046 Fax: 03-40239041	174 & 174A, Jalan Besar 42800 Tanjung Sepat Kuala Langat Selangor Darul Ehsan Tel: 03-8572059 Fax: 03-8572257	63 & 65, SS 23/15 Taman SEA 47400 Petaling Jaya Selangor Darul Ehsan Tel: 03-7048024 Fax: 03-7044049
PENINSULAR MALAYSIA KL Main Level 1, Wisma Hong Leong 18, Jalan Perak 50450 Kuala Lumpur Tel: 03-21642525 Fax: 03-21641511	114 & 116, Jalan Cerdas Taman Connaught, Cheras 56000 Kuala Lumpur Tel: 03-91021499 Fax: 03-91021497	Wisma Amsteel Securities 1, Lintang Pekan Baru Off Jalan Meru 41050 Kelang Selangor Darul Ehsan Tel: 03-33437635 Fax: 03-33437621	12 & 14, Jalan PJS 11/28A Metro Bandar Sunway Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan Tel: 03-7375395 Fax: 03-7375397
147, Jalan Imbi 55100 Kuala Lumpur Tel: 03-2411402 Fax: 03-2411429	780 & 782, 4-1/2 Miles Jalan Ipoh 51200 Kuala Lumpur Tel: 03-62583799 Fax: 03-62583804	1 & 3, Jalan Sri Sarawak 17 Taman Sri Andalas 41200 Klang Selangor Darul Ehsan Tel: 03-33242545 Fax: 03-33242553	Ground & First Floor 5, Bangunan Hock Yee Hin Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel: 07-2222634 Fax: 07-2249317
34, 36 & 38, Jalan Petaling 50000 Kuala Lumpur Tel: 03-2323211 Fax: 03-2300492	2, Jalan Kinrara Taman Kinrara Jalan Puchong 58200 Kuala Lumpur Tel: 03-5752994 Fax: 03-5701635	Lot 127 & 129, Jalan Sultan 42700 Banting Selangor Darul Ehsan Tel: 03-8676757 Fax: 03-8676652	173 & 175, Jalan Sri Pelangi Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel: 07-3353614 Fax: 07-3342598
47 & 48, Jalan Chow Kit 50350 Kuala Lumpur Tel: 03-40433458 Fax: 03-40431914	2, Jalan 4/33 Pandan Indah 55100 Kuala Lumpur Tel: 03-42972253 Fax: 03-42975528	64, Jalan Stesen 45000 Kuala Selangor Selangor Darul Ehsan Tel: 03-8895957 Fax: 03-8895955	32 & 33, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel: 07-9312403 Fax: 07-9310212
30-34, Jalan Awan Hijau Oversea Union Garden Jalan Kelang Lama 58200 Kuala Lumpur Tel: 03-7836611 Fax: 03-7817324	160-1-1 & 160-1-2 Kompleks Maluri Jalan Jejaka Taman Maluri 55100 Kuala Lumpur Tel: 03-9821507 Fax: 03-9821549	76 & 78, Jalan SS 15/4D 47500 Subang Jaya Selangor Darul Ehsan Tel: 03-7329034 Fax: 03-7328764	64, Jalan Tenang T.S.T. No. 9 85300 Labis Johor Darul Takzim Tel: 07-9251200 Fax: 07-9251336
26, Lorong Rahim Kajai 14 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel: 03-77293716 Fax: 03-77286312	108 & 110, Jalan 1/14 46000 Petaling Jaya Selangor Darul Ehsan Tel: 03-77814259 Fax: 03-77816831	39 & 40, Lorong Memanda 9 68000 Ampang Selangor Darul Ehsan Tel: 03-4532449 Fax: 03-4532505	21, Jalan Ibrahim 81900 Kota Tinggi Johor Darul Takzim Tel: 07-8832020 Fax: 07-8835989
1, Jalan Ambong Kiri Dua Kepong Baru 52100 Kuala Lumpur Tel: 03-62574033 Fax: 03-62519717	3, Jalan Takal 15/21 Seksyen 15 40000 Shah Alam Selangor Darul Ehsan Tel: 03-55109021 Fax: 03-55105307	24, Medan Taming 2 Taman Taming Jaya 43300 Balakong Selangor Darul Ehsan Tel: 03-9615948 Fax: 03-9615951	120-122, Jalan Mersing 86000 Kluang Johor Darul Takzim Tel: 07-7732233 Fax: 07-7724170
31 & 33, Jalan 1/116B Kuchai Entrepreneurs Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel: 03-7826033 Fax: 03-7809324	59A, Jalan Welman 48000 Rawang Selangor Darul Ehsan Tel: 03-60910459 Fax: 03-60916206	11 & 13, Jalan M/J 1 Taman Majlis Jaya Jalan Sungai Chua 43000 Kajang Selangor Darul Ehsan Tel: 03-87376090 Fax: 03-87376517	49, Jalan Jenang 83000 Batu Pahat Johor Darul Takzim Tel: 07-4314435 Fax: 07-4311681
37, Jalan Telawi 3 Bangsar Baru 59100 Kuala Lumpur Tel: 03-22843709 Fax: 03-22844368			

Branch Network

Hong Leong Bank Berhad

17 & 18 Jalan Cempaka 81750 Masai Johor Darul Takzim Tel: 07-2526599 Fax: 07-2526378	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 14, Electra House Power Street 93000 Kuching Sarawak Tel: 082-240311 Fax: 082-415466
61-1, 61-2 & 61-3 Jalan Arab 82000 Muar Johor Darul Takzim Tel: 06-9515086 Fax: 06-9515215	5 & 6, Jalan Raya 09000 Kulim Kedah Darul Aman Tel: 04-4913606 Fax: 04-4913604	15-G-1, Bayan Point Medan Kampung Relau Bayan Point 11900 Pulau Pinang Tel: 04-6428643 Fax: 04-6428640	Lot 13 & 14 Olive Garden 7th Mile Bazaar Jalan Pensrisen 93250 Kuching Sarawak Tel: 082-611587 Fax: 082-613422
345, Jalan Ong Kim Wee 75300 Melaka Tel: 06-2842309 Fax: 06-2830153	Lot 3594 & 3595 Jalan Baru Pak Sabah 23000 Dungun Terengganu Darul Iman Tel: 09-8482766 Fax: 09-8484480	441-G-1, 441-G-2 & 441-G-3 Jalan Burmah 10350 Pulau Pinang Tel: 04-2288475 Fax: 04-2288472	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 A-G-2, Ground Floor 1, Persiaran Greentown 2 Greentown Business Centre 30450 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	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	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	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	19 & 20, Jalan Bidor Raya Off Jalan Persatuan 35500 Bidor Perak Darul Ridzuan Tel: 05-4341211 Fax: 05-4344313	SABAH & SARAWAK Lot 119, Jalan Gaya 88000 Kota Kinabalu Sabah Tel: 088-250811 Fax: 088-223261	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	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	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	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	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	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	SINGAPORE 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			

Branch Network

Hong Leong Finance Berhad

HEAD OFFICE Level 3A, Wisma Hong Leong 18, Jalan Perak 50450 Kuala Lumpur Tel: 03-21643939 Fax: 03-21642815	471, 3rd Mile Jalan Ipoh 51200 Kuala Lumpur Tel: 03-40444764 Fax: 03-40444606	45, Jalan USJ 10/1 Taipan Triangle UEP Subang Jaya 47620 Petaling Jaya Selangor Darul Ehsan Tel: 03-73672224 Fax: 03-73672230	83, Ground Floor Pusat Perniagaan NBC 1-1/2 Mile, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel: 03-3442985 Fax: 03-3443017
PENINSULAR MALAYSIA KL Main Level 1, Wisma Hong Leong 18, Jalan Perak 50450 Kuala Lumpur Tel: 03-21643939 Fax: 03-21642831	A54, Jalan Tuanku Empat Salak South Garden Off Jalan Sungei Besi 57100 Kuala Lumpur Tel: 03-7829063 Fax: 03-7829210	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
Ground Floor Hong Leong Building 117, Jalan Tun H S Lee 50000 Kuala Lumpur Tel: 03-2321511 Fax: 03-2017784	26, Persiaran Ara Kiri Lucky Garden, Bangsar 59100 Kuala Lumpur Tel: 03-2543914 Fax: 03-2543745	26, Jalan Tengku Ampuan Zabedah D9/D Section 9 40100 Shah Alam Selangor Darul Ehsan Tel: 03-5808086 Fax: 03-5808726	25, Jalan Bersatu 10 Taman Bersatu 48000 Rawang Selangor Darul Ehsan Tel: 03-60925705 Fax: 03-60925906
161, Jalan Imbi 55100 Kuala Lumpur Tel: 03-2417968 Fax: 03-2445008	11, Jalan Pandan Indah 4/1 Pandan Indah 55100 Kuala Lumpur Tel: 03-42973484 Fax: 03-42973479	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
55, Jalan Pasar 55100 Kuala Lumpur Tel: 03-2210841 Fax: 03-2225105	109, Jalan SS 21/37 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel: 03-77269822 Fax: 03-77264037	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
Lots G01A-G02A Tingkat Bawah Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel: 03-2019715 Fax: 03-2019712	80 & 82 Jalan Othman 1/14 46000 Petaling Jaya Selangor Darul Ehsan Tel: 03-77888888 Fax: 03-77821818	1G-3G, Jalan Wawasan 2/10 Bandar Baru Ampang 68000 Ampang Selangor Darul Ehsan Tel: 03-42910437 Fax: 03-42928006	1540, Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel: 04-7312037 Fax: 04-7311514
36, Jalan Midah 1 Taman Midah, Cheras 56000 Kuala Lumpur Tel: 03-9308912 Fax: 03-9310433	18, Ground Floor Jalan 14/14 46100 Petaling Jaya Selangor Darul Ehsan Tel: 03-7568490 Fax: 03-7550425	25, Jalan Theatre (SK 10/3) 43300 Seri Kembangan Selangor Darul Ehsan Tel: 03-89430795 Fax: 03-89430867	162, Jalan Tuanku Putera 09000 Kulim Kedah Darul Aman Tel: 04-4911122 Fax: 04-4912200
111, Jalan Mega Mendung Kompleks Bandar Off Jalan Klang Lama 58200 Kuala Lumpur Tel: 03-7814411 Fax: 03-7827811	17, Jalan SS 2/64 47300 Petaling Jaya Selangor Darul Ehsan Tel: 03-78759977 Fax: 03-78759254	20, Jalan Goh Hock Huat 41400 Klang Selangor Darul Ehsan Tel: 03-3428036 Fax: 03-3448872	45, Jalan Burma 10050 Pulau Pinang Tel: 04-2261234 Fax: 04-2262779
151, Jalan Genting Kelang Setapak 53300 Kuala Lumpur Tel: 03-40229102 Fax: 03-40228976	32, Jalan Yong Shook Lin 46200 Petaling Jaya Selangor Darul Ehsan Tel: 03-7581269 Fax: 03-7581032		33-C, Lebuhr Pantai 10300 Pulau Pinang Tel: 04-2615884 Fax: 04-2615828

Branch Network

Hong Leong Finance Berhad

288, Jalan Burma Pulau Tikus 10350 Pulau Pinang Tel: 04-2271308 Fax: 04-2277505	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
452 & 452A, Jalan Pinang 10000 Pulau Pinang Tel: 04-2266843 Fax: 04-2264264	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
17, Bishop Street 10200 Pulau Pinang Tel: 04-2621118 Fax: 04-2616644	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
15-G-124 Bayan Point Medan Kampung Relau 11900 Pulau Pinang Tel: 04-6427084 Fax: 04-6427081	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
33A-C, Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang Tel: 04-8269836 Fax: 04-8269843	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
19, Jalan Bertam 13200 Kepala Batas Seberang Prai Pulau Pinang Tel: 04-5754900 Fax: 04-5757688	72 & 74, Jalan Kota 34000 Taiping Perak Darul Ridzuan Tel: 05-8083915 Fax: 05-8089198	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
3634 & 3635 Jalan Bagan Luar 12000 Butterworth Pulau Pinang Tel: 04-3312277 Fax: 04-3322277	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
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	132, Jalan Raya 81000 Kulai Johor Darul Takzim Tel: 07-6632373 Fax: 07-6632336
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	21, Jalan Tun Razak 27600 Raub Pahang Darul Makmur Tel: 09-3554422 Fax: 09-3554455

Branch Network

Hong Leong Finance Berhad

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

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

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 SS 16/1
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: 03-41498558
Fax: 03-41498634

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 Bahru
Johor Darul Takzim
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

Carrefour Hypermarket
Mid Valley Megamall
Lot 7, Lower Ground
58000 Kuala Lumpur
Tel: 03-2834299
Fax: 03-2834375

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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-ninth Annual General Meeting of the Company to be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Friday, 20 October 2000 at 10.30 a.m. and at any adjournment thereof.

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

RESOLUTIONS	FOR	AGAINST
1. To receive the Accounts and Reports		
2. To declare a first and final dividend of 13.5% less tax		
3. To approve the payment of Directors' fee		
4. To re-elect the following as Directors: a) YBhg Tan Sri Quek Leng Chan b) YBhg Datuk Dr Hussein Awang		
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 of2000

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.