



General Announcement

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Main Market Company	
New Announcement	
Submitting Investment Bank/Advisor (if applicable)	CIMB INVESTMENT BANK BERHAD
Submitting Secretarial Firm (if applicable)	
* Company name	HONG LEONG BANK BERHAD
* Stock name	HLBANK
* Stock code	5819
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Type *	Announcement
Subject *:	HONG LEONG BANK BERHAD ("HLBB") I. PROPOSED ACQUISITION OF THE ENTIRE ASSETS AND LIABILITIES OF EON CAPITAL BERHAD ("EON CAP"); AND II. PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW ORDINARY SHARES OF RM1.00 EACH IN HLBB ("HLBB SHARES") TO RAISE GROSS PROCEEDS OF UP TO RM1,600 MILLION

Note: If the announcement is a long announcement, please summarize the announcement in the contents and enter the details of the announcement in the Announcement Details or attached the full details of the announcement as attachment.

Contents *:-

(This field is to be used for the summary of the announcement)

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Announcement Details :-

(This field is for the details of the announcement, if applicable)

We refer to our announcements dated 30 March 2010, 1 April 2010 and 2 April 2010 on the offer by HLBB to acquire the entire assets and liabilities of EON Cap.

On behalf of the Board of Directors of HLBB, CIMB Investment Bank Berhad wishes to announce the following:

- (i) details on the proposed acquisition of the entire assets and liabilities of EON Cap ("**Proposed Acquisition**");
- (ii) that HLBB proposes to undertake a renounceable rights issue of new HLBB Shares to the entitled shareholders of HLBB to raise gross proceeds of up to RM1,600 million ("**Proposed Rights Issue**"); and
- (iii) HLBB had today made an application to Bank Negara Malaysia on the Proposed Acquisition and Proposed


Rights Issue.

The Proposed Acquisition and Proposed Rights Issue are collectively referred to as the "**Proposals**".

Please refer to the enclosed attachment for full details of the announcement.

This announcement is dated 23 April 2010.

Attachment(s):- (please attach the attachments here)

 [HLBB Ann 23 April 2010.pdf](#)

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement:

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HONG LEONG BANK BERHAD (“HLBB”)

- I. PROPOSED ACQUISITION OF THE ENTIRE ASSETS AND LIABILITIES OF EON CAPITAL BERHAD (“EON CAP”); AND
 - II. PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW ORDINARY SHARES OF RM1.00 EACH IN HLBB (“HLBB SHARES”) TO RAISE GROSS PROCEEDS OF UP TO RM1,600 MILLION
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1. INTRODUCTION

We refer to our announcements dated 30 March 2010, 1 April 2010 and 2 April 2010 on the offer by HLBB to acquire the entire assets and liabilities of EON Cap (“**Offer**”).

On behalf of the Board of Directors (“**Board**”) of HLBB, CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce the following:

- (i) details on the proposed acquisition of the entire assets and liabilities of EON Cap (“**Proposed Acquisition**”);
- (ii) that HLBB proposes to undertake a renounceable rights issue of new HLBB Shares (“**Rights Shares**”) to the entitled shareholders of HLBB (“**Entitled Shareholders**”) to raise gross proceeds of up to RM1,600 million (“**Proposed Rights Issue**”); and
- (iii) HLBB had today made an application to Bank Negara Malaysia (“**BNM**”) on the Proposed Acquisition and Proposed Rights Issue.

The Proposed Acquisition and Proposed Rights Issue are collectively referred to as the “**Proposals**”.

2. DETAILS OF THE PROPOSALS

2.1 PROPOSED ACQUISITION

2.1.1 Details of the Proposed Acquisition

The Proposed Acquisition involves HLBB acquiring the entire assets and liabilities of EON Cap at RM5,060,423,743.60 (“**Offer Price**”) to be satisfied fully in cash.

2.1.2 Basis of arriving at the Offer Price

The Offer Price was arrived at after taking into consideration the following:

- (i) EON Cap’s audited consolidated net assets (“**NA**”) and net tangible assets (“**NTA**”) of RM3,553.5 million and RM3,337.2 million as at 31 December 2009, respectively;
- (ii) EON Cap’s audited consolidated profit after taxation (“**PAT**”) of RM341.1 million for the financial year ended (“**FYE**”) 31 December 2009; and
- (iii) the historical market price of EON Cap shares prior to the first announcement made by HLBB relating to the potential acquisition on 17 December 2009.

2.1.3 Salient terms of the Offer

The salient terms of the Offer are as follows:

2.1.3.1 The Offer is subject to and conditional upon the following:

- (i) HLBB being satisfied with the results of the due diligence on the EON Cap and its subsidiaries ("**EON Cap Group**").

In the event that the results of the due diligence disclose:

- (a) any adverse effect on the financial position or profits of the EON Cap Group; and/or
- (b) any contingent liability of the EON Cap Group (excluding normal banking facilities given in the ordinary course of banking business to EON Bank Berhad ("**EON Bank**")'s customers in accordance with EON Bank's existing credit policies, and in respect of which there is full legal recourse against such customers, but including financial guarantees/standby letters of credit in respect of third party loans),

which, when compared with the announced results for the FYE 31 December 2009, in aggregate amounts to RM100 million or more, then HLBB has the option to:

- (a) adjust the Offer Price by the entire amount of the adverse effect and/or contingent liability; or
- (b) withdraw the Offer.

In the event of dispute with respect to the quantum of the adverse effect and/or the contingent liability, the matter shall be referred to an independent auditor acceptable to both HLBB and EON Cap. The decision of the auditor shall be final and binding, and the auditor shall act as an expert and not as an arbitrator;

- (ii) EON Cap shall not declare, make or pay any dividends or other distributions or return capital ("**Distributions**") to EON Cap shareholders from 1 April 2010 ("**Offer Date**") until the date of completion of the transfer of the entire assets and liabilities of EON Cap to HLBB ("**Completion Date**") (the period from the Offer Date until the Completion Date is known as the "**Said Period**"). If EON Cap declares, makes or pays any Distributions during the Said Period, then any such Distributions shall be deducted from the Offer Price;
- (iii) since the latest announced results for the FYE 31 December 2009 to the Completion Date, no contingent liability has arisen and no adverse change has occurred in respect of the financial position or profits of the EON Cap Group which, in aggregate, would be considered as material. For this purpose, "material" means RM100 million or more;

- (iv) from the Offer Date until the Completion Date, EON Cap Group may continue to carry on its respective businesses and operations that are in the ordinary course of business, provided that no member within the EON Cap Group ("**Group Member**") commits to any capital expenditure, or acquires any assets or disposes of any of its assets, or creates any security interest over any of its assets, which in aggregate amounts to RM10 million or more (or such other aggregate amount as may be mutually agreed between HLBB and EON Cap);
- (v) from the Offer Date until the Completion Date, no Group Member has entered into any commitment or contract or undertaken any obligation outside the ordinary course of its business;
- (vi) from the Offer Date until the Completion Date, no Group Member has entered into any agreement to invest or made any new investment or entered into any joint venture or partnership unless any of such agreement, new investment, joint venture or partnership has been approved by the Minister of Finance ("**MoF**"), BNM and/or any other relevant regulatory authority and unless they do not exceed in aggregate RM30 million or more;
- (vii) from the Offer Date until the Completion Date, no Group Member has issued any shares, warrants, options, rights to purchase or subscribe for shares in any of the Group Members or securities which are convertible into or exchangeable for shares in any of the Group Members; and
- (viii) EON Cap is the legal and beneficial owner of the assets of the EON Cap Group and all the shares in EON Bank are free and clear of any encumbrances.

HLBB is entitled at its sole option to waive any of the above conditions.

2.1.3.2 The Proposed Acquisition is subject to the approval of the shareholders of HLBB and EON Cap and the approvals of the following authorities on terms and conditions acceptable to HLBB:

- (i) BNM / MoF;
- (ii) the Securities Commission ("**SC**"); and
- (iii) any other authorities or parties, where required.

HLBB acknowledges that EON Cap may only accept the Offer upon the approval of MoF, such approval to be applied for through BNM.

2.1.3.3 The Board of EON Cap is to confirm to HLBB on or before 5 April 2010 that EON Cap is agreeable to the following:

- (i) EON Cap and HLBB will each submit their respective application to the MoF and other relevant authorities for approval of the Offer based on the Offer Price, on or before 19 April 2010 or such extended date as HLBB and EON Cap may mutually agree to from time to time. HLBB has agreed to extend the said date to 23 April 2010;

- (ii) EON Cap and HLBB will issue and despatch their respective notice of general meeting and shareholders' circular in respect of the Offer based on the Offer Price and terms and conditions of the Offer on or before 30 April 2010, or such extended date as HLBB and EON Cap may mutually agree to from time to time, such general meeting to be held not later than 14 clear days from the date of despatch of the notice of general meeting; and
- (iii) EON Cap and HLBB shall act in good faith and use their best endeavours to implement the processes and to obtain the approvals set out in paragraphs (i) and (ii) above.

On 2 April 2010, EON Cap confirmed to HLBB to, amongst others, submit applications to the MoF and other relevant regulatory authorities for approval of the Offer and to table the Offer for consideration and approval by EON Cap's shareholders, in accordance with the terms of the Offer.

2.1.3.4 HLBB is entitled to withdraw the Offer or not complete the Proposed Acquisition in the event:

- (i) any of the conditions outlined in paragraph 2.1.3.3 above is not implemented or complied with;
- (ii) there is any variation or introduction of any statute, regulation, order, guideline, law or requirement of any regulatory authority in Malaysia or there is any court order or action which affects the Offer or its implementation or which requires the Offer to be amended or which imposes an additional obligation on HLBB with respect to the Offer or its implementation other than as provided in the letter of Offer dated 1 April 2010 ("**Offer Letter**");
- (iii) during the period commencing from the Offer Date to the date HLBB receives the last of all relevant approvals for the sale and purchase of the assets and liabilities on terms and conditions acceptable to HLBB ("**Relevant Approvals**") or the date on which HLBB receives written notification from EON Cap of any final rejection of any Relevant Approvals after all relevant appeals have been exhausted, whichever is the earlier, EON Cap directly or indirectly initiates, solicits, or entertains, any discussion, negotiation, agreement or arrangement, or otherwise deals in any way, with any person other than HLBB for the sale, disposal or transfer of the assets and the liabilities of EON Cap Group or any part thereof or any shares of EON Cap or of EON Bank, or any merger or amalgamation of EON Cap or of EON Bank or any of their businesses;
- (iv) EON Cap's shareholders' approval is not obtained in respect of the Offer based on the Offer Price and the terms and conditions stated in the Offer Letter within the period stipulated; or
- (v) the Completion Date is later than 31 May 2010 or such other extended date as HLBB may agree.

2.1.4 Liabilities to be assumed

HLBB will acquire all debts and liabilities of EON Cap Group which are disclosed in the latest available accounts of EON Cap as at the Completion Date pursuant to the Proposed Acquisition.

2.1.5 Source of funding

The Offer Price will be funded through internally generated funds.

Subsequently, HLBB intends to strengthen its balance sheet and reinforce its capital by undertaking various capital raising exercises as follows:

- (i) up to RM1,600 million through the Proposed Rights Issue; and
- (ii) up to RM1,800 million through the issuance of capital qualifying securities.

2.1.6 Additional financial commitment required from HLBB in putting EON Cap's business on-stream

The Board of HLBB does not expect to incur any additional material financial commitment to put EON Cap's business on-stream as it is already an on-going business concern.

2.2 PROPOSED RIGHTS ISSUE

2.2.1 Basis and Quantum

HLBB proposes to undertake the Proposed Rights Issue to raise gross proceeds of up to RM1,600 million ("**Intended Gross Proceeds**"). The entitlement basis for the Proposed Rights Issue ("**Entitlement Basis**") and the issue price for the Rights Shares ("**Issue Price**") have not been fixed at this juncture to provide flexibility to the Board of HLBB in respect of the pricing of the Rights Shares and the number of Rights Shares to be issued.

Notwithstanding the above, the Intended Gross Proceeds have been determined upfront to provide clarity to HLBB's shareholders with respect to the capital outlay required to fully subscribe for their respective entitlements under the Proposed Rights Issue, which can be approximated by multiplying the Intended Gross Proceeds with their respective percentage shareholdings in HLBB.

For illustration purposes only, based on HLBB's 1,499,013,334 HLBB Shares in issue as at 15 April 2010 (after excluding 81,093,700 treasury shares held by HLBB), the capital outlay required from an Entitled Shareholder holding 100 HLBB Shares who wishes to fully subscribe for his entitlement is approximately RM107. The actual capital outlay required by shareholders to fully subscribe for their entitlements under the Proposed Rights Issue will depend on the issued and paid up share capital of HLBB as at the entitlement date after taking into consideration any shares bought back by HLBB.

The Issue Price will be fixed, and accordingly the Entitlement Basis will be determined, by the Board of HLBB and announced closer to the implementation of the Proposed Rights Issue, after taking into consideration, amongst others, the then prevailing market conditions and market price of HLBB Shares, HLBB's issued and paid up share capital as at the entitlement date as well as the resultant theoretical ex-rights price ("**TERP**") of HLBB Shares. The Issue Price shall in no event be lower than the par value of HLBB Shares of RM1.00 (in compliance with regulatory requirements). The Entitlement Basis and the corresponding number of Rights Shares to be issued can only be determined in conjunction with the fixing of the Issue Price such that approximately RM1,600 million gross proceeds is raised. It is the intention of the Board of HLBB to fix an Entitlement Basis which will minimise the occurrence of odd lots and fractional entitlements.

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part.

The Rights Shares will be provisionally allocated to the Entitled Shareholders. Fractional entitlements under the Proposed Rights Issue, if any, will be dealt with in such manner as the Board of HLBB in its absolute discretion deems fit and in the best interest of HLBB and its shareholders.

The Rights Shares which are not taken up or validly taken up by the Entitled Shareholders shall be made available for the excess applications by the Entitled Shareholders and/or their renouncee(s). It is the intention of the Board of HLBB to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board of HLBB and announced later.

2.2.2 Ranking of the Rights Shares

The Rights Shares shall, upon allotment and issuance, rank equally in all respects with the then existing HLBB Shares, except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is before the allotment date of the Rights Shares.

2.2.3 Shareholders' undertaking and minimum subscription level

HLBB intends to seek from Hong Leong Financial Group Berhad ("**HLFG**"), a major shareholder of HLBB, an undertaking to subscribe in full and/or procure the subscription in full of its entitlement under the Proposed Rights Issue. As at 15 April 2010, HLFG holds directly 951,573,500 HLBB Shares, representing 63.48% equity interest in HLBB.

Based on HLFG's shareholdings in HLBB as at 15 April 2010, HLFG's subscription amount will be approximately RM1,016 million.

HLFG's entitlement for the Rights Shares shall represent the minimum subscription level ("**Minimum Subscription Level**") for the Proposed Rights Issue. In view of the undertaking that HLBB intends to seek from HLFG, HLBB does not intend to enter into any underwriting arrangement with respect to the Proposed Rights Issue.

2.2.4 Proposed use of proceeds raised from the Proposed Rights Issue

The Intended Gross Proceeds, after paying for all expenses in relation to the Proposed Rights Issue, are proposed to be used for working capital and general corporate purposes within a period of 12 months.

The actual gross proceeds to be raised cannot be determined at this juncture as it would depend on the final Issue Price, the number of Rights Shares to be issued and the subscription level for the Rights Shares. However, such proceeds are expected to be at least approximately RM1,016 million.

The Proposed Rights Issue is conditional upon the Proposed Acquisition but not vice versa.

3. BACKGROUND INFORMATION ON EON CAP

EON Cap was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 5 December 1997. It was subsequently converted into a public company on 22 January 2002. It commenced its operations as an investment holding company on 2 December 2002 upon the acquisition of EON Bank and its subsidiaries, and subsequently assumed the listing status of Kedah Cement Holdings Berhad and listed on the Main Board of Bursa Malaysia Securities Berhad on 23 December 2002 pursuant to a scheme of arrangement.

The authorised share capital of EON Cap is RM2,000 million comprising 2,000 million EON Cap shares of which approximately 693.2 million EON Cap shares have been issued and fully paid-up as at 15 April 2010.

EON Cap is principally an investment holding company, whilst its subsidiaries are principally involved in banking and finance business, Islamic banking business, investment banking, stock broking business and nominee and custodian services in Malaysia.

EON Cap Group operates through four business lines: consumer banking, group business and investment banking, Islamic banking and treasury.

The consumer banking business provides financing for hire purchase, housing, credit cards, other personal loans, deposits, bancassurance, unit trust, and internet banking services to individual customers.

The group business and investment banking provides a range of commercial and corporate lending as well as investment banking services and products to the corporate and small and medium sized enterprises (“**SME**”) customers. The range of products and services includes lending, trade finance and specialised funding schemes as well as the full range of debt and equity capital market products. The capital market products include structured financing, origination, underwriting and distribution of debt and equity securities, mergers and acquisitions, debt restructurings, corporate advisory, Islamic capital market products and project advisory as well as stockbroking related services.

The Islamic banking business, offers the full range of consumer, SME, commercial and corporate banking services and investment banking products and services that are Shariah compliant.

The treasury undertakes trading in currencies, interest rates, debt securities, credit spreads and other treasury related products and services across every market segment including consumer, SME, corporate and inter-bank markets.

The latest audited consolidated NA, NTA and PAT of EON Cap for the FYE 31 December 2009 were RM3,553.5 million, RM3,337.2 million and RM341.1 million, respectively.

Further details on the EON Cap Group are set out in the Appendix.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Acquisition

The Proposed Acquisition will result in the merger of HLBB and EON Bank that would lead to the creation of a stronger domestic financial institutions group to support Malaysia's economic growth and transformation in line with the vision and objectives of BNM's Financial Sector Masterplan.

The combination of the two banking entities is expected to give rise to, amongst others, the following:

- (i) the Proposed Acquisition will allow a stronger merged entity to attain greater scale and size which are crucial to remain competitive in the fast changing banking and financial services landscape;
- (ii) customers and clients of the merged bank will benefit from a larger distribution network, complementary strengths in products and services and more innovative and competitive range of financial offerings;
- (iii) larger and more diversified funding base offering greater financial flexibility to support future growth opportunities of the enlarged bank;
- (iv) potential synergies from enhanced operational efficiency by leveraging on the best practices of both entities and from larger distribution network and cross-selling to an extended client base; and
- (v) the merged entity will have access to a wider and deeper pool of talents and skill sets.

4.2 Proposed Rights Issue

The Proposed Rights Issue is undertaken with the following objectives:

- (i) to enable HLBB to raise funds to further bolster the capital base of HLBB for future growth; and
- (ii) to allow all HLBB shareholders to participate in an equity offering on a pro-rata basis to avoid dilution of interest and to acquire new HLBB Shares at a discount to prevailing market prices.

Based on the above and after taking into consideration the other options available, the Board is of the view that the Proposed Rights Issue is in the best interest of HLBB and its shareholders.

5. RISK FACTORS

The businesses of the EON Cap Group and HLBB and its subsidiaries (“**HLBB Group**”) are similar given that they are both involved in the financial services industry. In this respect, the Proposed Acquisition would not materially expose HLBB to significant general and operational business risks which are not already faced by the HLBB Group. However, the Proposed Acquisition may expose the HLBB Group to the following key risk factors (which may not be exhaustive):

(i) Acquisition risk

HLBB is only permitted to conduct a limited high level due diligence review of the assets and liabilities of EON Cap. Therefore HLBB may become subject to unknown liabilities as a result of the Proposed Acquisition, which may have a material adverse effect on the financial and operating conditions of the enlarged HLBB Group.

Further, there can be no assurance that the anticipated benefits or synergies derived from the Proposed Acquisition will be realised.

(ii) Integration risk

Upon completion of the Proposed Acquisition, the existing business functions, systems and personnel of the EON Cap Group may be integrated into those of HLBB Group. There is no assurance that:

- (i) the accounting and risk management policies of the EON Cap Group is similar to those of the HLBB Group and that the financial reporting and internal control procedures, business processes, policies and systems of both HLBB Group and EON Cap Group can be integrated and unified successfully and without any material provision having to be made;
- (ii) there are no disruptions to key business processes and impact of business continuity, which includes reconciliation of customers and accounts;
- (iii) the key employees of both HLBB Group and EON Cap Group will remain with the enlarged HLBB Group after the Proposed Acquisition, and that possible differences between business cultures and practices of the two banks can be addressed;
- (iv) management of both HLBB Group and EON Cap Group will remain focused on ongoing business concerns during the implementation of the Proposed Acquisition and integration of the HLBB Group and EON Cap Group;
- (v) there will not be an increase in customer attrition for the enlarged HLBB Group following the completion of the Proposed Acquisition; and
- (vi) HLBB will be able to realise the anticipated benefits from the Proposed Acquisition, and if realised, ability to realise them in a timely manner, as well as ability to manage the costs of integration to the extent that is lower than anticipated;
- (vii) other integration related issues

which may result in the HLBB Group not being able to fully realise the anticipated benefits and value from the Proposed Acquisition and which accordingly may have a material adverse effect on the financial and operating conditions of the enlarged HLBB Group.

6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

The Malaysian economy is projected to grow by 4.5% to 5.5% in 2010, underpinned by strengthening domestic demand and an improving external environment. While the public sector will remain supportive, growth is expected to be driven by greater private sector activity and robust external demand from the regional countries. The underlying strong macroeconomic fundamentals, the healthy private sector financial position and the strong financial system will provide support to a private sector-led recovery. A supportive monetary environment, including continued access to competitive financing will remain in place to foster recovery in the private sector activity.

The main contribution to growth in 2010 would come from the expected strengthening in domestic demand, driven mainly by the private sector. Favourable domestic conditions, including the improvements in the labour market, rising disposable incomes and sustained consumer confidence, will support the further expansion in private consumption. In line with strengthening external demand and increasing domestic activity, private investment is expected to gradually recover in 2010. In addition, higher capital spending by the non-financial public enterprises and the accelerated implementation of the remaining projects under the second stimulus package, will further reinforce domestic demand. The recovery in the global economy will provide a further impetus to growth in 2010, particularly from the more robust expansion in the regional economies. Given the relatively large external sector in the economy, the strengthening of external demand will have positive spill-over effects on the broader economy, in terms of employment, production and overall sentiments, thus supporting greater private consumption and investment.

The projected growth of the Malaysian economy of between 4.5% and 5.5% in 2010 is based on the expectation of a gradual and uneven global economic recovery. It is recognised that the global economy is still facing several downside risks. These risks, mainly in the advanced economies, include the effect on recovery once fiscal spending begins to diminish, the still weak and fragile financial system, the continued de-leveraging process amongst the private sector and the fiscal stress in some large advanced economies pose considerable uncertainties to the outlook for the global economy. Under these circumstances, domestic demand will be a key factor in driving growth in 2010. In this environment, policies will remain supportive of growth, in particular to ensure that private sector activity strengthens further and that the recovery is firmly established.

The finance sub-sector is expected to register higher growth, mainly supported by the finance segment, which would benefit from increased bank lending and higher fee income as the economic recovery gathers momentum.

(Source: BNM Annual Report 2009 issued on 24 March 2010)

7. FINANCIAL EFFECTS OF THE PROPOSALS

Where applicable, the proforma effects of the Proposed Rights Issue in this Section 7 are illustrated based on the following assumption ("**Assumption**"):

The Issue Price for the Proposed Rights Issue is assumed to be fixed at RM8.70 being the 5-day volume weighted average market price of HLBB Shares up to 22 April 2010. This will result in the issuance of up to 183.9 million Rights Shares such that the Intended Gross Proceeds of RM1,600 million is raised. In the case where only HFLG subscribes for its full entitlement for the Rights Shares, the Proposed Rights Issue will result in the issuance of 116.7 million new Rights Shares.

The Proposed Rights Issue is being illustrated in the following scenarios:

Scenario 1	Scenario 2
<i>Assuming only HLFG subscribes for its entitlement in full under the Proposed Rights Issue</i>	<i>Assuming full subscription by the shareholders of HLBB of their respective entitlement under the Proposed Rights Issue</i>

On behalf of the Board of HLBB, we wish to emphasise that the proforma effects in this Section 7 are illustrated based on the Assumption and should not be regarded as an indication or reference to the final Issue Price or that the final Issue Price will not be at a discount to the market price prior to the implementation of the Proposed Rights Issue or the Entitlement Basis of the Proposed Rights Issue which will be determined by the Board of HLBB and announced closer to the implementation of the Proposed Rights Issue.

7.1 Issued and paid-up share capital

The Proposed Acquisition will not have any effect on the issued and paid-up share capital of HLBB.

Based on the Assumption, the effects of the Proposed Rights Issue on the issued and paid-up share capital of HLBB as at 15 April 2010 are as follows:

	Scenario 1		Scenario 2	
	No. of HLBB Shares million	RM million	No. of HLBB Shares million	RM million
Issued and paid-up ordinary share capital as at 15 April 2010	1,580.1	1,580.1	1,580.1	1,580.1
Less: Treasury shares	(81.1)	(81.1)	(81.1)	(81.1)
	1,499.0	1,499.0	1,499.0	1,499.0
To be issued pursuant to the Proposed Rights Issue	116.7	116.7	183.9	183.9
Enlarged issued and paid-up share capital	1,615.7	1,615.7	1,682.9	1,682.9

7.2 Substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the shareholdings of HLBB's substantial shareholders.

Under Scenario 2, save for the proportionate increase in the total number of HLBB Shares held by each substantial shareholder of HLBB following the Proposed Rights Issue, the Proposed Rights Issue will not have any effect on the shareholdings of HLBB's substantial shareholders.

The effects of the Proposed Rights Issue under Scenario 1 on the shareholdings of HLBB's substantial shareholders as at 15 April 2010 are as follows:

Name	----- As at 15 April 2010 -----				----- After the Proposed Rights Issue -----			
	-----Direct-----		-----Indirect-----		-----Direct-----		-----Indirect-----	
	No. of HLBB Shares held (000)	%	No. of HLBB Shares held (000)	%	No. of HLBB Shares held (000)	%	No. of HLBB Shares held (000)	%
HLFG	951,574	63.48	11,832	0.79 ^(a)	1,068,318	66.12	11,832	0.73 ^(a)
Hong Leong Company (Malaysia) Berhad ("HLCM")	-	-	965,605	64.42 ^(a)	-	-	1,082,350	66.99 ^(a)
HL Holdings Sdn Bhd	-	-	965,605	64.42 ^(b)	-	-	1,082,350	66.99 ^(b)
Tan Sri Quek Leng Chan	-	-	965,745	64.43 ^(c)	-	-	1,082,490	67.00 ^(c)
Hong Realty (Private) Limited	-	-	965,705	64.42 ^(d)	-	-	1,082,450	66.99 ^(d)
Hong Leong Investment Holdings Pte Ltd	-	-	965,705	64.42 ^(d)	-	-	1,082,450	66.99 ^(d)
Kwek Holdings Pte Ltd	-	-	965,705	64.42 ^(d)	-	-	1,082,450	66.99 ^(d)
Kwek Leng Beng	-	-	965,705	64.42 ^(d)	-	-	1,082,450	66.99 ^(d)
Davos Investment Holdings Private Limited	-	-	965,705	64.42 ^(d)	-	-	1,082,450	66.99 ^(d)
Kwek Leng Kee	203	0.01	965,705	64.42 ^(d)	203	0.01	1,082,450	66.99 ^(d)
Quek Leng Chye	-	-	965,705	64.42 ^(d)	-	-	1,082,450	66.99 ^(d)
Guoco Assets Sdn Bhd	-	-	963,405	64.27 ^(e)	-	-	1,080,150	66.85 ^(e)
GuoLine Overseas Limited	-	-	965,605	64.42 ^(f)	-	-	1,082,350	66.99 ^(f)
Guoco Group Limited	-	-	965,605	64.42 ^(f)	-	-	1,082,350	66.99 ^(f)
GuoLine Capital Assets Limited	-	-	965,605	64.42 ^(f)	-	-	1,082,350	66.99 ^(f)
Employees Provident Fund Board	180,835	12.06	16,932	1.13 ^(g)	180,835	11.19	16,932	1.05 ^(g)

Notes:

- (a) Held through subsidiaries
 (b) Held through HLCM
 (c) Held through HLCM and companies in which the substantial shareholder has interest
 (d) Held through HLCM and a company in which the substantial shareholder has interest
 (e) Held through HLFM
 (f) Held through HLFM and another subsidiary
 (g) Held through fund managers, i.e. AmlInvestment Management Sdn Bhd, HwangDBS Investment Management Bhd, Nomura Asset Management Malaysia Sdn Bhd, BNP Paribas Asset Management Malaysia Sdn Bhd and Franklin Templeton Asset Management (Malaysia) Sdn Bhd, as registered holders.

7.3 NA per share

The Proposed Acquisition is not expected to have any material effect on the audited consolidated NA per share of HLBB.

Based on the Assumption, HLBB's latest audited consolidated balance sheet as at 30 June 2009 and the assumption that the Proposed Rights Issue has been completed on 30 June 2009, the proforma effects of the Proposed Rights Issue on HLBB's consolidated NA per share is set out below:

	Audited as at 30	Adjusted for	After Proposed Rights Issue	
	June 2009	the share buy back ⁽¹⁾	Scenario 1	Scenario 2
	RM mil	RM mil	RM mil	RM mil
Share capital	1,580.1	1,580.1	1,696.8 ⁽²⁾	1,764.0 ⁽²⁾
Share premium	539.7	539.9	1,438.9 ⁽³⁾	1,956.0 ⁽³⁾
Statutory reserve	1,860.8	1,860.8	1,860.8	1,860.8
Fair value reserve	(26.7)	(26.7)	(26.7)	(26.7)
Share options reserve	13.0	13.0	13.0	13.0
Exchange fluctuation reserve	37.1	37.1	37.1	37.1
Retained profit	2,429.0	2,429.0	2,429.0	2,429.0
Treasury shares	(699.1)	(694.6)	(694.6)	(694.6)
Minority interest	43.0	43.0	43.0	43.0
Shareholders' funds/NA	5,776.9	5,781.6	6,797.3	7,381.6
Number of HLBB Shares in circulation (million) ⁽⁴⁾	1,499.0	1,499.0	1,615.7	1,682.9
Consolidated NA per HLBB Share ⁽⁵⁾ (RM)	3.85	3.86	4.18	4.36

Notes:

- ⁽¹⁾ Adjusted for the share buy back undertaken/treasury shares sold by HLBB up to 15 April 2010.
- ⁽²⁾ The number of new HLBB Shares to be issued is dependent on the Issue Price and Entitlement Basis for the Proposed Rights Issue. The difference between the amount raised and the total number of HLBB Shares issued under the Proposed Rights Issue will be reflected in the share premium account of HLBB.
- ⁽³⁾ The proforma effects illustrated above have not taken into consideration any expenses in relation to the Proposed Rights Issue, which may be deducted against the share premium account arising from the issuance of the Rights Shares.
- ⁽⁴⁾ After deducting 81.1 million treasury shares held by HLBB.
- ⁽⁵⁾ The consolidated NA per HLBB Share is computed based on the shareholders' funds (excluding minority interest) divided by the number of HLBB Shares in circulation.

7.4 Earnings and earnings per share (“EPS”)

The Proposed Acquisition and Proposed Rights Issue are not expected to have any material effects on the consolidated earnings of HLBB for the FYE 30 June 2010 as they are only expected to be completed by the fourth quarter of FYE 30 June 2010 and the first quarter of FYE 30 June 2011, respectively.

Going forward, the effects of the Proposals on HLBB’s consolidated earnings and EPS will depend on the successful integration of the assets and liabilities of EON Cap into HLBB, future performance of the enlarged HLBB, funding cost associated with any borrowings taken by HLBB after the completion of the Proposed Acquisition, the number of HLBB Shares to be issued under the Proposals, and the realisation of any synergies arising from the Proposed Acquisition.

8. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) BNM / MoF for the Proposals;
- (ii) the SC for the transfer/disposal of business/advisory licenses pursuant to the Proposed Acquisition, if any;
- (iii) shareholders of HLBB at an extraordinary general meeting (“EGM”) to be convened for the Proposals;
- (iv) shareholders of EON Cap at an EGM to be convened for the Proposed Acquisition;
- (v) Bursa Securities for the listing of and quotation for the new HLBB Shares to be issued pursuant to the Proposed Rights Issue; and
- (vi) any other relevant authorities and/or parties, where required.

HLBB had today made an application to BNM on the Proposals.

Barring any unforeseen circumstances, the applications to the other relevant regulatory authorities in relation to the Proposals are expected to be made within 1 month from the date of this announcement.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the Directors and major shareholders of HLBB and/or persons connected to them have any interest, direct or indirect, in the Proposals, other than their respective entitlements under the Proposed Rights Issue as shareholders of HLBB (where applicable), which shall also be made available to all other shareholders of HLBB.

10. DIRECTORS’ STATEMENT

The Board of HLBB, after having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interests of HLBB and its shareholders.

11. PERCENTAGE RATIO APPLICABLE TO THE PROPOSED ACQUISITION PURSUANT TO PARAGRAPH 10.02(G) OF THE LISTING REQUIREMENTS

Pursuant to paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio that is applicable to HLBB pursuant the Proposed Acquisition is 85%.

12. ADVISERS

CIMB has been appointed as the Principal Adviser and Joint Financial Adviser to HLBB for the Proposed Acquisition and Principal Adviser and Financial Adviser to HLBB for the Proposed Rights Issue.

RBS Asia Advisers (Malaysia) Sdn Bhd has been appointed as the Joint Financial Adviser to HLBB for the Proposed Acquisition.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposed Acquisition is expected to be completed by the fourth quarter of FYE 30 June 2010 and the Proposed Rights Issue is expected to complete by the first quarter of FYE 30 June 2011.

This announcement is dated 23 April 2010.

FURTHER INFORMATION ON THE EON CAP GROUP

Summary of EON Cap's financial information based on its audited financial statements for the past 3 FYE 31 December 2007 to 2009

	-----FYE 31 December (Audited) -----		
	2009	2008	2007
	RM mil	RM mil	Restated RM mil
Net income	1,435.1	1,404.0	1,333.7
Other operating expenses	(837.8)	(744.0)	(589.3)
Operating profit	597.3	660.0	744.4
Other expenses	(175.4)	(452.4)	(465.6)
Profit before taxation and zakat	421.9	207.6	278.8
Taxation and zakat	(80.8)	(73.8)	(61.7)
Net profit	341.1	133.8	217.1
Paid up capital	693.2	693.2	693.2
NA / shareholders' funds	3,553.5	3,204.6	3,190.6
NTA	3,337.2	2,995.1	2,960.0
Gross EPS (RM)	0.61	0.30	0.40
Net EPS (RM)	0.49	0.19	0.31
NA / Share (RM)	5.13	4.62	4.60

Commentaries:

(i) FYE 31 December 2009 ("FYE 2009")

For FYE 2009, the EON Cap Group recorded a profit before taxation and zakat of RM421.9 million, an increase of RM207.3 million as compared to RM133.8 million recorded in the preceding year's corresponding FYE 31 December 2008. The improvement in financial performance was mainly due to (i) strong net loans growth of 8.1% during the FYE 2009, which partially offset the decline in interests margin, following the 3 sequential reduction in the Base Lending Rates ("BLR") from November 2008 to February 2009, as the bulk of EON Cap Group's loans are pegged to the BLR; (ii) the reduction in allowances for losses on loans, advances and financing by RM259.1 million, as the credit cost normalised following the one-off large provisioning taken in 2008; (iii) increase in net income from Islamic banking business of RM48.2 million, due to expansion in credit spreads as the bulk of the loan financing assets are fixed rate; (iv) expansion of RM18.7 million in non-interest income, driven mainly from transactional banking services and credit card financing, whilst income from trade finance transactions decline in tandem with the economic contraction.

(ii) FYE 31 December 2008 ("FYE 2008")

For FYE 2008, the EON Cap Group's net income increased by 5.3% to RM1,404.0 million, as compared to RM1,333.7 million in FYE 31 December 2007. However, this improvement was offset by the RM103.0 million increase in allowances for losses on loans, advances and financing as the EON Cap Group continued to build up its loans loss coverage in FYE 2008. In addition, total expenses had also risen by RM154.7 million as the EON Cap Group continued to invest in building its infrastructure. As a result, the EON Cap Group's profit before taxation and zakat declined by 25.5% to RM207.6 million. The EON Cap Group registered a net profit of RM133.8 million for FYE 2008, a decrease of RM83.3 million or 38.4% as compared to RM217.1 million registered in the previous financial year.

(iii) FYE 31 December 2007 ("FYE 2007")

For FYE 2007, the EON Cap Group recorded an operating profit of RM744.4 million, a 4.4% increase as compared to RM712.7 million achieved in the preceding year ended 31 December 2006. However, this was offset by the increase in impairment losses on securities and allowances for losses on loans, advances and financing by RM17.6 million and RM14.2 million respectively. As a result, the EON Cap Group achieved a profit before taxation and zakat of RM318.8 million before taking into account the charge for reduction in the carrying amount of goodwill. After taking into account the charge for reduction in the carrying amount of goodwill arising from recognition of deferred tax assets on unutilised tax losses transferred from a subsidiary subsequent to acquisition of RM40.0 million, EON Cap Group's profit before taxation and zakat for FYE 2007 was reduced to RM278.8 million. The EON Cap Group's net profit for FYE 2007 is RM217.1 million, an increase of RM4.6 million or 2.2% as compared to RM212.5 million registered in previous financial year.