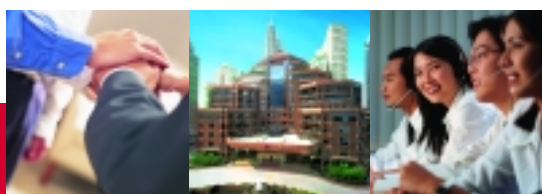


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# Corporate Information

## Directors

YBhg Tan Sri Quek Leng Chan  
*(Chairman)*

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

En Zulkiflee Hashim  
*(Executive Director)*

Mr Chew Peng Cheng  
*(Executive Director)*

Mr Kwek Leng Hai

Mr Kwek Leng Seng

YBhg Datuk Dr Hussein Awang

Mr Tan Keok Yin

## Secretaries

Ms Ng Choi Foong

Ms Wong Seong Ch'o

## Auditors

Messrs PricewaterhouseCoopers

Public Accountants

11th Floor, Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

## Registrars

Hong Leong Nominees Sendirian Berhad

Level 5, Wisma Hong Leong

18, Jalan Perak

50450 Kuala Lumpur

Tel: 03-2164 1818

Fax: 03-2164 3703

## Registered Office

Level 6, Wisma Hong Leong

18, Jalan Perak

50450 Kuala Lumpur

Tel: 03-2164 8228

Fax: 03-2164 2503

# Directors' Profiles

## YBhg Tan Sri Quek Leng Chan

*Chairman/Non-Independent Director*

Aged 58, YBhg Tan Sri Quek Leng Chan, a Malaysian, qualified as a Barrister-at-Law from the Middle Temple, United Kingdom in 1962. He has extensive business experience of 37 years in various business sectors, including financial services, manufacturing and real estate.

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

His other directorships in public companies are as follows:

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

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

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

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

## YBhg Dato' James Lim Cheng Poh

*Senior Group Managing Director/Non-Independent Director*

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

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

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

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

# Directors' Profiles

## Zulkiflee Hashim

*Executive Non-Independent Director*

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

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

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

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

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

## Chew Peng Cheng

*Executive Non-Independent Director*

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

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

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

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

## Kwek Leng Hai

*Non-Executive Non-Independent Director*

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

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

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

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

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

# Directors' Profiles

## Kwek Leng Seng

*Non-Executive Non-Independent Director*

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

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

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

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

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

## YBhg Datuk Dr Hussein Awang

*Non-Executive Independent Director*

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

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

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

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

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

## Tan Keok Yin

*Non-Executive Independent Director*

Aged 57, Mr Tan Keok Yin, a Malaysian, graduated from the University of Malaya with a Bachelor of Arts (Economics) (Honours) degree in 1966. He also holds a Certificate in Executive Programme from the Berkeley Business School, University of California in 1984 and a Certificate in International Boards and Directors Programme from the Swedish Academy of Directors in 1995. He started his career with Bank Negara Malaysia ("BNM") in 1966, during which he served in the Economic and Investments Departments and the Penang Branch of BNM. In August 1977, he joined the Federation of Malaysian Manufacturers ("FMM") as Deputy Director and was the Chief Executive Officer of FMM from 1981 to 1999.

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

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

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

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

# Audit Committee Report

## Constitution

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

## Composition

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

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

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

## Secretary

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

## Meetings

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

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

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

Two members of the AC shall constitute a quorum.

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

## Activities

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

During the financial year, the AC reviewed the quarterly reports and financial statements of HLB and its subsidiaries ("the Group"). The AC had also met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response and discussed recent developments on accounting and auditing standards issued by the Malaysian Accounting Standards Board. In addition, the AC approved the annual internal audit plan of the Group, reviewed the internal auditors' audit findings and recommendations.

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

## Authority

The AC is authorised by the Board to review any activity of the Bank and of the Group within its Terms of Reference. It is authorised to seek any information it requires from any director or member of management and all employees are directed to co-operate with any request made by the AC.

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

## Terms of Reference

- To review, with the external auditors, the audit plan.
- To review, with the external auditors, the evaluation of the system of internal accounting controls and audit findings.
- To review, with the external auditors, the audit report.
- To review the assistance given by the Bank's officers to the external auditors.
- To review the scope and results of the internal audit procedures.
- To review the financial statements of the Bank and the consolidated financial statements submitted to the AC by the Bank and thereafter to submit them to the directors of the Bank.
- To review any related party transactions that may arise within the Bank or the Group.
- To nominate and recommend for the Board of Directors' approval, a person or persons as auditor(s).
- Other functions as may be agreed to by the AC and the Board of Directors.

## Internal Audit

During the financial year ended 30 June 2001, the internal audit department carried out its duties in accordance with its annual audit plan covering audit on operations, information technology system, credit, head office, branches, investigation and other assignments as directed.

# Corporate Governance

*"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders."*

*Finance Committee on Corporate Governance*

The manner in which the Corporate Governance framework is applied is summarised as follows:

## Directors

### The Board

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

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

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

### Supply of Information

To fulfil the responsibilities set out above, all Directors have access to the advice and services of the Company Secretaries as well as to independent professional advice, including the internal auditors.

### Re-election

All Directors are required to submit themselves for re-election every three years. The details of the retiring Directors are set out in the Annual Report.

## Directors' Remuneration

### Procedure

The fees of Directors, including non-executive Directors, are endorsed by the Board for approval by the shareholders of the Bank at the Annual General Meeting.

### Disclosure

The aggregate remuneration of Directors for the financial year ended 30 June 2001 are as follows:

|                         | Fees (RM) | Salaries & Other Emoluments (RM) | Total (RM) |
|-------------------------|-----------|----------------------------------|------------|
| Executive Directors     | 118,065   | 1,923,606                        | 2,041,671  |
| Non-executive Directors | 355,000   | -                                | 355,000    |

The number of Directors whose remuneration fall into the following bands are as follows:

| Range of Remuneration (RM) | Executive | Non-executive |
|----------------------------|-----------|---------------|
| 50,000 and below           | 1         | 2             |
| 50,001 – 100,000           | -         | 3             |
| 100,001 – 600,000          | -         | -             |
| 600,001 – 650,000          | 1         | -             |
| 650,001 – 1,350,000        | -         | -             |
| 1,350,001 – 1,400,000      | 1         | -             |

# Corporate Governance

## Accountability and Audit

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

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

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

### Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements of the Bank and the Group from the AC, which reviews the said statements with the assistance of the external auditors.

### Internal Controls

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

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

### Relationship with Auditors

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

- present the scope of the financial audit before the commencement of audit; and
- review the results of the said audit as well as the management letter after the conclusion of the audit.

## Directors' Responsibility in Financial Reporting

The revamped Listing Requirements of the Kuala Lumpur Stock Exchange require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Bank as at the end of the financial year and of the results and cash flows of the Group and of the Bank for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2001, the Group had used the appropriate accounting policies and applied them consistently. The Directors also consider that relevant approved accounting standards had been followed in the preparation of these financial statements.

# Notice of Annual General Meeting

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

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

**Ordinary Resolution**

**- Authority To Directors To Issue Shares**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in

any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.";

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

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

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

By Order of the Board

NG CHOI FOONG  
WONG SEONG CH'O  
Secretaries

Kuala Lumpur  
2 October 2001

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy but not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. A member may appoint any other person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Pursuant to paragraph 7.22 of the Listing Requirements of the Kuala Lumpur Stock Exchange, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
2. The Form of Proxy must be deposited at the Registered Office of the Company at Level 6, Wisma Hong Leong, 18, Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
3. **Explanatory Note On Special Business**  
Ordinary Resolution - Resolution On Authority To Directors To Issue Shares  
In line with the Company's plan for expansion/diversification, the Company is actively looking into prospective areas so as to broaden the operating base and earning potential of the Company. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances, would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued capital. In order to avoid any delay and cost involved in convening general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

# Statement Accompanying Notice of Annual General Meeting

pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange

**1. Directors who are standing for re-election at the 60th Annual General Meeting of the Company**

Pursuant to Article 114 of the Company's Articles of Association

YBhg Dato' James Lim Cheng Poh

Mr Tan Keok Yin

Encik Zulkiflee Hashim

Pursuant to Article 93 of the Company's Articles of Association

Mr Chew Peng Cheng

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

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

**3. Place, Date and Time of Board Meetings**

All Board meetings during the financial year ended 30 June 2001 were held at Level 11, Wisma Hong Leong, 18, Jalan Perak, 50450 Kuala Lumpur. The date and time of the Board meetings held were as follows:

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

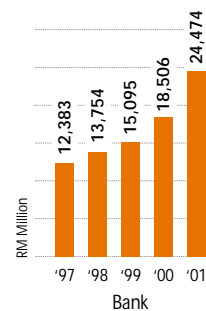
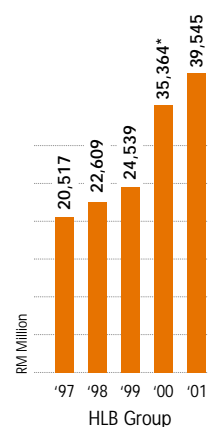
**4. Further details of Directors who are standing for re-election**

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

# Financial Highlights

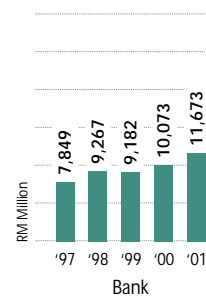
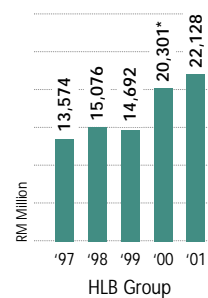
## Total assets

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



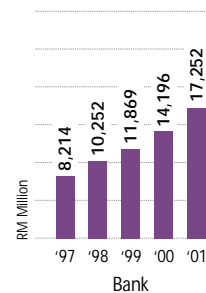
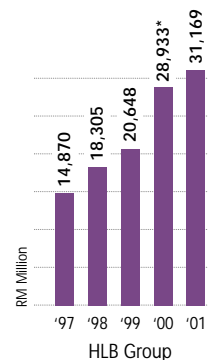
## Net loans

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



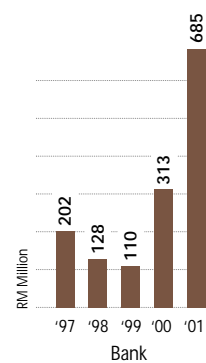
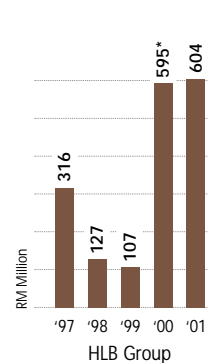
## Customer deposits

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



## Pretax profit

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



Note: \* Restated

# Chairman's Statement

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

## Highlights

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

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

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

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

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

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



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

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

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

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

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

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

## Financial Performance

### Profitability

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

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

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

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

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



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

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

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

## Balance Sheet Strength

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

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

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

## Building Blocks

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

## ICT, The Business e-Nabler

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

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

## The Right People, Our True Competency

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

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

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

## The Value Of Customer

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



## Investor Relations

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

## A Word Of Thanks

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

QUEK LENG CHAN  
Chairman

Kuala Lumpur  
10 September 2001

# Directors' Report

for the financial year ended 30 June 2001

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

## Principal activities

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

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

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

## Outlook and business plan for new financial year

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

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

## Credit information rating

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

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

## Financial results

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

## Dividend

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

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

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

# Directors' Report

for the financial year ended 30 June 2001 (continued)

## Significant events during the financial year

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

## Subsequent events subsequent to the balance sheet date

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

## Share capital

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

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

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

## Reserves and provisions

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

## Directors

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

YBhg Tan Sri Quek Leng Chan

YBhg Dato' James Lim Cheng Poh

En Zulkiflee Hashim

Mr Kwek Leng Hai

Mr Kwek Leng Seng

YBhg Datuk Dr Hussein Awang

Mr Tan Keok Yin

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

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

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

# Directors' Report

for the financial year ended 30 June 2001 (continued)

## Directors' interests

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

|                                                       | Nominal value per share/stock unit< | Shareholdings in which Directors have direct interests<br>Number of ordinary shares/stock units/new shares to be issued<br>arising from the exercise of warrants/options* |                                                                       |                                                  |              | As at 30.6.2001 |
|-------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|--------------|-----------------|
|                                                       |                                     | As at 1.7.2000/<br>date of appointmentø                                                                                                                                   | Acquired/<br>bonus issue~/<br>conversion of<br>warrants to<br>shares+ | Sold/<br>conversion<br>of warrants<br>to shares+ |              |                 |
| <b>RM</b>                                             |                                     |                                                                                                                                                                           |                                                                       |                                                  |              |                 |
| <b>Interests of YBhg Tan Sri Quek Leng Chan in:</b>   |                                     |                                                                                                                                                                           |                                                                       |                                                  |              |                 |
| Hong Leong Company (Malaysia) Berhad                  | 1.00                                | 390,000                                                                                                                                                                   | -                                                                     | -                                                | 390,000      |                 |
| Hong Leong Credit Berhad                              | 1.00                                | 3,218,000                                                                                                                                                                 | 1,233,000                                                             | -                                                | 4,451,000    |                 |
|                                                       |                                     | 496,000*                                                                                                                                                                  | -                                                                     | -                                                | 496,000*     |                 |
|                                                       |                                     |                                                                                                                                                                           |                                                                       |                                                  | (See Note 1) |                 |
|                                                       |                                     | 400,000*                                                                                                                                                                  | -                                                                     | -                                                | 400,000*     |                 |
| Hong Leong Industries Berhad                          | 0.50                                | 1,096,000                                                                                                                                                                 | 1,089,000                                                             | -                                                | 2,185,000    |                 |
|                                                       |                                     | 40,000*                                                                                                                                                                   | -                                                                     | -                                                | 40,000*      |                 |
| Malaysian Pacific Industries Berhad                   | 0.50                                | 53,500                                                                                                                                                                    | -                                                                     | -                                                | 53,500       |                 |
| Hong Leong Bank Berhad                                | 1.00                                | 20,000                                                                                                                                                                    | 20,000~                                                               | -                                                | 40,000       |                 |
| Guolene Packaging Industries Berhad                   | 1.00                                | 36,000                                                                                                                                                                    | -                                                                     | -                                                | 36,000       |                 |
| Hume Industries (Malaysia) Berhad                     | 1.00<                               | 50,000                                                                                                                                                                    | -                                                                     | -                                                | 50,000       |                 |
| GuoNet Limited                                        | USD1.00                             | 1,200                                                                                                                                                                     | -                                                                     | -                                                | 1,200        |                 |
| Hume Cemboard Berhad                                  | 1.00                                | 5,625,000                                                                                                                                                                 | -                                                                     | -                                                | 5,625,000    |                 |
| <b>Interest of YBhg Dato' James Lim Cheng Poh in:</b> |                                     |                                                                                                                                                                           |                                                                       |                                                  |              |                 |
| Hong Leong Bank Berhad                                | 1.00                                | 9,000                                                                                                                                                                     | 9,000~                                                                | -                                                | 18,490       |                 |
|                                                       |                                     |                                                                                                                                                                           | 490+                                                                  |                                                  |              |                 |
|                                                       |                                     | 1,245*                                                                                                                                                                    | 1,245~                                                                | 490+                                             | 2,000*       |                 |
|                                                       |                                     |                                                                                                                                                                           |                                                                       |                                                  | (See Note 2) |                 |
|                                                       |                                     | 400,000*                                                                                                                                                                  | 400,000~                                                              | -                                                | 800,000*     |                 |
| <b>Interests of Mr Kwek Leng Hai in:</b>              |                                     |                                                                                                                                                                           |                                                                       |                                                  |              |                 |
| Hong Leong Company (Malaysia) Berhad                  | 1.00                                | 283,500                                                                                                                                                                   | -                                                                     | -                                                | 283,500      |                 |
| Hong Leong Credit Berhad                              | 1.00                                | 359,500                                                                                                                                                                   | -                                                                     | -                                                | 359,500      |                 |
|                                                       |                                     | 85,000*                                                                                                                                                                   | -                                                                     | -                                                | 85,000*      |                 |
| Hong Leong Industries Berhad                          | 0.50                                | 163,200                                                                                                                                                                   | -                                                                     | -                                                | 163,200      |                 |
|                                                       |                                     | 25,500*                                                                                                                                                                   | -                                                                     | -                                                | 25,500*      |                 |
| HLG Capital Berhad                                    | 1.00                                | 500,000                                                                                                                                                                   | -                                                                     | -                                                | 500,000      |                 |
| Hong Leong Bank Berhad                                | 1.00                                | 1,977,850                                                                                                                                                                 | 1,977,850~                                                            | -                                                | 3,955,700    |                 |
| <b>Interest of YBhg Datuk Dr Hussein Awang in:</b>    |                                     |                                                                                                                                                                           |                                                                       |                                                  |              |                 |
| Hong Leong Bank Berhad                                | 1.00                                | 50,000                                                                                                                                                                    | 50,000~                                                               | -                                                | 100,000      |                 |
| <b>Interests of Mr Kwek Leng Seng in:</b>             |                                     |                                                                                                                                                                           |                                                                       |                                                  |              |                 |
| Hong Leong Company (Malaysia) Berhad                  | 1.00                                | 97,500                                                                                                                                                                    | -                                                                     | -                                                | 97,500       |                 |
| Hong Leong Bank Berhad                                | 1.00                                | 20,000                                                                                                                                                                    | 20,000~                                                               | -                                                | 42,490       |                 |
|                                                       |                                     |                                                                                                                                                                           | 2,490+                                                                |                                                  |              |                 |
|                                                       |                                     | 1,245*                                                                                                                                                                    | 1,245~                                                                | 2,490+                                           | Nil          |                 |
| Hong Leong Properties Berhad                          | 0.50                                | 400,000*                                                                                                                                                                  | -                                                                     | -                                                | 400,000*     |                 |
| <b>Interest of Encik Zulkiflee Hashim in:</b>         |                                     |                                                                                                                                                                           |                                                                       |                                                  |              |                 |
| Hong Leong Bank Berhad                                | 1.00                                | 240,000*                                                                                                                                                                  | 240,000~                                                              | -                                                | 480,000*     |                 |
| <b>Interest of Mr Chew Peng Cheng in:</b>             |                                     |                                                                                                                                                                           |                                                                       |                                                  |              |                 |
| Hong Leong Bank Berhad                                | 1.00                                | 819,873ø                                                                                                                                                                  | -                                                                     | -                                                | 819,873      |                 |

# Directors' Report

for the financial year ended 30 June 2001 (continued)

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

|                                                     | Nominal<br>value per<br>share/<br>stock unit< | As at<br>1.7.2000/<br>date of<br>appointmentø | Acquired/<br>bonus issue~/<br>conversion of<br>warrants to<br>shares+ | Sold/<br>conversion<br>of warrants<br>to shares+ | As at<br>30.6.2001 |
|-----------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|--------------------|
| <b>RM</b>                                           |                                               |                                               |                                                                       |                                                  |                    |
| <b>Interests of YBhg Tan Sri Quek Leng Chan in:</b> |                                               |                                               |                                                                       |                                                  |                    |
| Hong Leong Company (Malaysia) Berhad                | 1.00                                          | 7,487,100                                     | -                                                                     | -                                                | 7,487,100          |
| Brisk & Kindle Property Limited                     | £1.00                                         | 120,000                                       | -                                                                     | 120,000                                          | Nil                |
| Allied Precision Components Sdn Bhd                 | 1.00                                          | 10                                            | -                                                                     | 10**                                             | Nil                |
| Hong Leong Fund Management Sdn Bhd                  | 1.00                                          | 1,400,000                                     | -                                                                     | -                                                | 1,400,000          |
| Beachline Holdings Sdn Bhd                          | 1.00                                          | 70,000                                        | -                                                                     | 70,000@                                          | Nil                |
| GuoNet Limited                                      | USD1.00                                       | 10,800                                        | -                                                                     | -                                                | 10,800             |
| MEHY Sdn Bhd                                        | 1.00                                          | 650,000                                       | -                                                                     | -                                                | 650,000            |
| Hong Leong Credit Berhad                            | 1.00                                          | 337,165,645                                   | 3,850,000                                                             | 3,198,000                                        | 337,817,645        |
|                                                     |                                               | 48,607,200*                                   | -                                                                     | -                                                | 48,607,200*        |
|                                                     |                                               |                                               |                                                                       |                                                  | (See Note 1)       |
| Hong Leong Assurance Berhad                         | 1.00                                          | 90,000,000                                    | -                                                                     | -                                                | 90,000,000         |
| Bradstock Insurance Brokers Sdn Bhd                 | 1.00                                          | 750,000                                       | -                                                                     | -                                                | 750,000            |
| Bradstock Asia Insurance Brokers (L) Bhd            | USD1.00                                       | 300,000                                       | -                                                                     | -                                                | 300,000            |
|                                                     |                                               | 1,500                                         | -                                                                     | -                                                | 1,500              |
|                                                     |                                               | (preference)                                  |                                                                       |                                                  | (preference)       |
| Bradstock Aurora Insurance Brokers Inc              | P1.00                                         | 30,000                                        | -                                                                     | -                                                | 30,000             |
| Bradstock Suntek Insurance Brokers Pte Ltd          | S\$1.00                                       | 255,000                                       | -                                                                     | -                                                | 255,000            |
| AutoWeb Sdn Bhd                                     | 1.00                                          | 208,000                                       | 200,000                                                               | -                                                | 408,000            |
| HLG Capital Berhad                                  | 1.00                                          | 92,590,545                                    | -                                                                     | -                                                | 92,590,545         |
| HLG Futures Sdn Bhd                                 | 1.00                                          | 3,500,000                                     | -                                                                     | -                                                | 3,500,000          |
| Hong Leong Bank Berhad                              | 1.00                                          | 413,042,584                                   | 153,267,333                                                           | -                                                | 979,410,501        |
|                                                     |                                               |                                               | 413,100,584~                                                          |                                                  |                    |
| Hong Leong Properties Berhad                        | 0.50                                          | 368,088,211                                   | -                                                                     | 11,714,000                                       | 356,374,211        |
|                                                     |                                               | 34,322,400*                                   | -                                                                     | -                                                | 34,322,400*        |
| Guoman Hotel & Resort Holdings Sdn Bhd              | 1.00                                          | 277,000,000                                   | -                                                                     | -                                                | 277,000,000        |
| HLL-Guoco Vietnam Co Limited                        | ^                                             | 5,000,592                                     | -                                                                     | -                                                | 5,000,592          |
| Treacher Development Sdn Bhd                        | 1.00                                          | 14,000,000                                    | -                                                                     | -                                                | 14,000,000         |
| JB Parade Sdn Bhd                                   | 1.00                                          | 18,000,000                                    | -                                                                     | -                                                | 18,000,000         |
|                                                     |                                               | 685,940                                       | -                                                                     | -                                                | 685,940            |
|                                                     |                                               | (preference)                                  |                                                                       |                                                  | (preference)       |
| Hong Leong Industries Berhad                        | 0.50                                          | 132,816,800                                   | 724,000                                                               | 46,200                                           | 133,494,600        |
|                                                     |                                               | 33,234,046*                                   | -                                                                     | 17,958,674*                                      | 15,275,372*        |
| Hong Leong Yamaha Distributors Sdn Bhd              | 1.00                                          | 10,360,000                                    | -                                                                     | -                                                | 10,360,000         |
| Hong Leong Yamaha Motor Sdn Bhd                     | 1.00                                          | 17,352,872                                    | -                                                                     | -                                                | 17,352,872         |
| Guocera Tile Industries (Meru) Sdn Bhd              | 1.00                                          | 17,920,000                                    | -                                                                     | -                                                | 17,920,000         |
| Hong Leong Maruken Sdn Bhd                          | 1.00                                          | 1,750,000                                     | -                                                                     | -                                                | 1,750,000          |
| Guocera Tile Industries (Labuan) Sdn Bhd            | 1.00                                          | 13,090,001                                    | -                                                                     | -                                                | 13,090,001         |

# Directors' Report

for the financial year ended 30 June 2001 (continued)

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

|                                                                                            | Nominal<br>value per<br>share/<br>stock unit< | As at<br>1.7.2000/<br>date of<br>appointmentø | Acquired/<br>bonus issue~/<br>conversion of<br>warrants to<br>shares+ | Sold/<br>conversion<br>of warrants<br>to shares+ | As at<br>30.6.2001 |
|--------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|--------------------|
| <b>RM</b>                                                                                  |                                               |                                               |                                                                       |                                                  |                    |
| <b>Interests of YBhg Tan Sri Quek Leng Chan in:</b>                                        |                                               |                                               |                                                                       |                                                  |                    |
| Quayline Fairprice Sdn Bhd                                                                 | 1.00                                          | 9,600,000                                     | -                                                                     | -                                                | 9,600,000          |
| RZA Logistic Sdn Bhd                                                                       | 1.00                                          | 8,540,000                                     | -                                                                     | -                                                | 8,540,000          |
| Autonet Sdn Bhd                                                                            | 1.00                                          | 1,260,000                                     | -                                                                     | 1,260,000                                        | Nil                |
| Malaysian Pacific Industries Berhad                                                        | 0.50                                          | 122,142,009                                   | 2,193,000                                                             | 815,000                                          | 123,520,009        |
| Carter Realty Sdn Bhd                                                                      | 1.00                                          | 7                                             | -                                                                     | -                                                | 7                  |
| Carsem (M) Sdn Bhd                                                                         | 1.00                                          | 42,000,000                                    | -                                                                     | -                                                | 42,000,000         |
| Carsem Semiconductor Sdn Bhd                                                               | 1.00                                          | 70,000,000                                    | -                                                                     | -                                                | 70,000,000         |
| Guolene Packaging Industries Berhad                                                        | 1.00                                          | 116,521,944                                   | 116,666                                                               | -                                                | 116,638,610        |
| Guolene Plastic Films Sdn Bhd                                                              | 1.00                                          | 9,350,002                                     | -                                                                     | -                                                | 9,350,002          |
| Hume Industries (Malaysia) Berhad                                                          | 1.00<                                         | 123,750,455                                   | 15,910,000                                                            | 43,600                                           | 139,616,855        |
| Hume Fibreboard Sdn Bhd                                                                    | 1.00                                          | 42,000,000                                    | -                                                                     | -                                                | 42,000,000         |
|                                                                                            |                                               | 37,700,000                                    | -                                                                     | -                                                | 37,700,000         |
|                                                                                            |                                               | (preference)                                  |                                                                       |                                                  | (preference)       |
| Hume Cemboard Berhad                                                                       | 1.00                                          | 37,876,000                                    | 2,008,000                                                             | -                                                | 39,884,000         |
| Hume Wood Resources Sdn Bhd<br>(formerly known as Hume Smallholders<br>Industries Sdn Bhd) | 1.00                                          | 2,400,000                                     | 1,600,000                                                             | -                                                | 4,000,000          |
| Nanyang Press Holdings Berhad                                                              | 1.00                                          | 41,840,902                                    | -                                                                     | 41,840,902                                       | Nil                |
| The China Press Berhad                                                                     | 1.00                                          | 4,234,201                                     | -                                                                     | 4,234,201                                        | Nil                |
| Cittabella (Malaysia) Sdn Bhd                                                              | 1.00                                          | 510,000                                       | -                                                                     | 510,000                                          | Nil                |
| Nanyang Online Sdn Bhd                                                                     | 1.00                                          | 100                                           | 2,499,900                                                             | 1,875,000                                        | 625,000∞           |
| O.Y.L. Industries Bhd                                                                      | 1.00                                          | 84,868,828                                    | -                                                                     | -                                                | 84,868,828         |
| O.Y.L.- Condair Industries Sdn Bhd                                                         | 1.00                                          | 5,100,000                                     | -                                                                     | -                                                | 5,100,000          |
| York (Malaysia) Sales & Service Sdn Bhd                                                    | 1.00                                          | 700,000                                       | -                                                                     | -                                                | 700,000            |
| O.Y.L. Steel Centre Sdn Bhd                                                                | 1.00                                          | 3,750,000                                     | -                                                                     | -                                                | 3,750,000          |
| AAF Manufacturing (M) Sdn Bhd                                                              | 1.00                                          | 825,000                                       | -                                                                     | 825,000@                                         | Nil                |
| Wuhan McQuay Air-Conditioning &<br>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<br>or USD1,000                    | 1,200                                         | -                                                                     | -                                                | 1,200              |
| Shanghai McQuay Air Conditioning Co., Ltd                                                  | ^                                             | 248,500                                       | 101,500                                                               | -                                                | 350,000            |
| Shenzhen McQuay Air Conditioning Co., Ltd                                                  | ^                                             | 6,040,000                                     | -                                                                     | -                                                | 6,040,000          |

# Directors' Report

for the financial year ended 30 June 2001 (continued)

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

Note:

- \*\* Company was struck off by the Registrar of Companies
- @ Company was dissolved by members' voluntary liquidation
- ∞ Company ceased to be a related company during the year
- ^ Capital contribution in USD
- # LLC interest in USD

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

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

## Directors' benefits

No Director of the Bank has since the end of the previous financial year received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full-time employee of the Bank or of a related company) by reason of a contract made by the Bank or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for YBhg Tan Sri Quek Leng Chan, who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisition and/or disposal of stocks and shares, stocks in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or the provision of services, including but not limited to project and sales management and any other management and consultancy services; and/or the provision of construction contracts, leases, tenancy, dealership and distributorship agreements; and/or the provision of treasury functions, advances and the conduct of normal trading, insurance, investment, stockbroking and/or other businesses between the Bank and its related corporations or corporations in which YBhg Tan Sri Quek Leng Chan is deemed to have interest.

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

# Directors' Report

for the financial year ended 30 June 2001 (continued)

## Executive Share Option Scheme

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

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

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

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

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

## Other statutory information regarding the Group and the Bank

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

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

# Directors' Report

for the financial year ended 30 June 2001 (continued)

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

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

## 3 As at the date of this report

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

## Holding and ultimate holding companies

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

## Auditors

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

On behalf of the Board of Directors,

**Dato' James Lim Cheng Poh**

**Zulkiflee Hashim**

Kuala Lumpur

10 September 2001

# Balance Sheets

as at 30 June 2001

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

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

# Income Statements

for the financial year ended 30 June 2001

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

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

# Statements Of Changes in Equity

for the financial year ended 30 June 2001

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

# Statements Of Changes in Equity

for the financial year ended 30 June 2001 (continued)

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

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

# Cash Flow Statements

for the financial year ended 30 June 2001

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

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

# Cash Flow Statements

for the financial year ended 30 June 2001 (continued)

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001

## 1 Basis of preparation of the financial statements

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

## 2 Significant accounting policies

### (a) Accounting convention

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

### (b) Consolidation

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

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

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

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

### (c) Recognition of interest income

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

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

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

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

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

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

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

### (e) Goodwill on consolidation

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

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

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

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

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

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

## (g) Repurchase agreements

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

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

## (h) Dealing securities

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

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

## (i) Investment securities

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

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

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

## (j) Investment in subsidiary companies

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

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

## (k) Fixed assets and depreciation

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

**(l) Assets under lease**

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

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

**(m) Bills and acceptances payable**

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

**(n) Derivative financial instruments**

*Trading*

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

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

*Hedging*

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

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

**(o) Currency translations**

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

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

**(p) Deferred taxation**

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

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

**(q) Staff retirement gratuities**

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

The cost and liability in respect of the defined contribution scheme will be determined by an actuarial valuation to be conducted once in every three years by a qualified actuary. The last valuation was carried out in June 1998. The latest valuation for year 2001 is currently being carried out.

**(r) Foreclosed properties**

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

**(s) Dealers' commission**

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## (t) Amounts recoverable from Danaharta

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

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

## (u) Cash and cash equivalents

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

## 3 Cash and short-term funds

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

## 4 Deposits and placements with financial institutions

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

## 5 Dealing securities

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 5 Dealing securities (continued)

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

## 6 Investment securities

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 6 Investment securities (continued)

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

## 7 Loans, advances and financing

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 7 Loans, advances and financing (continued)

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 7 Loans, advances and financing (continued)

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 8 Other assets

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

## 9 Deferred asset

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

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

## 10 Statutory deposit with Bank Negara Malaysia

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

## 11 Investment in subsidiary companies

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 11 Investment in subsidiary companies (continued)

The subsidiary companies of the Bank are as follows:

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

\* Not audited by PricewaterhouseCoopers

+ Audited by a member firm of PricewaterhouseCoopers International

# Subsidiary company consolidated under the merger method of accounting.

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 12 Fixed assets

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 12 Fixed assets (continued)

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 12 Fixed assets (continued)

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 12 Fixed assets (continued)

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

| The Bank<br>2000                  | Office<br>furniture,<br>fittings,<br>equipment<br>and<br>renovations<br>RM'000 | Computer<br>equipment<br>and<br>software<br>RM'000 | Motor<br>vehicles<br>RM'000 | Capital<br>work-in-<br>progress<br>RM'000 | Total<br>RM'000 |
|-----------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------|-------------------------------------------|-----------------|
| <b>Cost</b>                       |                                                                                |                                                    |                             |                                           |                 |
| As at beginning of the year       | 62,867                                                                         | 69,183                                             | 4,593                       | 27,776                                    | 187,766         |
| Additions                         | 12,015                                                                         | 13,323                                             | 363                         | -                                         | 39,454          |
| Disposals                         | (1,262)                                                                        | (53)                                               | (109)                       | (15,539)                                  | (16,963)        |
| Exchange fluctuation              | (71)                                                                           | (81)                                               | (8)                         | -                                         | (160)           |
| As at end of the year             | 73,549                                                                         | 82,372                                             | 4,839                       | 12,237                                    | 210,997         |
| <b>Accumulated depreciation</b>   |                                                                                |                                                    |                             |                                           |                 |
| As at beginning of the year       | 43,046                                                                         | 33,904                                             | 3,226                       | -                                         | 81,214          |
| Charge for the year               | 9,368                                                                          | 13,664                                             | 683                         | -                                         | 23,963          |
| Disposals                         | (1,193)                                                                        | (38)                                               | (108)                       | -                                         | (1,339)         |
| Exchange fluctuation              | (66)                                                                           | (55)                                               | (5)                         | -                                         | (126)           |
| As at end of the year             | 51,155                                                                         | 47,475                                             | 3,796                       | -                                         | 103,712         |
| Net book value as at 30 June 2000 | 22,394                                                                         | 34,897                                             | 1,043                       | 12,237                                    | 106,385         |

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 13 Deposits from customers

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

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 15 Other liabilities

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

## 16 Subordinated Bonds 1995/2000 with detachable warrants

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

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

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

Arising from the Bank's 1997 Rights Issue:

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

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

Pursuant to the Bank's 2000 Bonus Issue:

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 17 Share capital

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

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

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

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

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

## 18 Reserves

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

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

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 19 Interest income

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

## 20 Interest expense

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

## 21 Loan and financing loss and provision

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

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

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

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

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

## 23 Non-interest income

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 24 Overhead expenses

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

## 25 Significant related party transactions and balances

### (a) Related parties and relationship

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

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

### (b) Related party transactions and balances

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

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

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

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

## 26 Directors' remuneration

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

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 27 Taxation

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

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

## 28 Deferred taxation

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

## 29 Earnings per share

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

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

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 29 Earnings per share (continued)

### (b) Fully diluted EPS

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

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

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

## 30 Dividend

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

## 31 Closing foreign exchange rates

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 32 Commitments and contingencies

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

The commitments and contingencies constitute the following:

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 32 Commitments and contingencies (continued)

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

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

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

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

### Market risk

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

### Credit risk

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

## 33 Capital commitments

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

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

The capital commitments are attributed to fixed assets.

## 34 Lease commitments

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 35 Holding and ultimate holding companies

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

## 36 Capital adequacy

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

## 37 Segmental reporting

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 38 Acquisition of subsidiary companies

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

(b) Details of net assets were as follows:

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

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

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

## 39 Significant events during the financial year

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

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

## 40 Subsequent events after the financial year

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 41 Comparative figures

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

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

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

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 41 Comparative figures (continued)

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

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

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 41 Comparative figures (continued)

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 41 Comparative figures (continued)

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

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

## 42 General information

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

## 43 The operations of Islamic Banking

Balance sheets as at 30 June 2001

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

Income statements for the financial year ended 30 June 2001

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

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

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

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

# Notes To The Financial Statements

for the financial year ended 30 June 2001 (continued)

## 43 The operations of Islamic Banking (continued)

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

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

# Statement By Directors

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

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

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

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

On behalf of the Board of Directors

**Dato' James Lim Cheng Poh**

**Zulkiflee Hashim**

Kuala Lumpur

10 September 2001

# Statutory Declaration

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

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

Subscribed and solemnly declared by )  
the abovenamed SOON LEH HONG )  
at Kuala Lumpur in Wilayah Persekutuan on ) **SOON LEH HONG**

Before me,

**Teong Kian Meng**

Commissioner for Oaths

10 September 2001

# Auditors' Report

for the financial year ended 30 June 2001

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

(Company no: 97141-X)

(Incorporated in Malaysia)

- 1 We have audited the financial statements set out on pages 24 to 67. These financial statements are the responsibility of the Bank's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 In our opinion:
  - (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965, the applicable approved accounting standards in Malaysia and Bank Negara Malaysia Guidelines so as to give a true and fair view of:
    - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
    - (ii) the state of affairs of the Group and of the Bank as at 30 June 2001 and of the results and cash flows of the Group and Bank for the financial year ended on that date;
  - (b) the accounting and other records and the registers required by the Act to be kept by the Bank and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- 4 The names of subsidiary companies of which we have not acted as auditors are indicated in Note 11 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.
- 5 We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- 6 The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

### **PricewaterhouseCoopers**

(AF: 1146)

Public Accountants

### **Tan Hock Hin**

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

Partner

Kuala Lumpur

10 September 2001

# Other Information

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

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

Note: \*Land area (sq ft)

# Other Information

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

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

Note: \*Land area (sq ft)

# Other Information

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

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

# Other Information

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

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

# Other Information

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

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

# Other Information

## 2 Analysis of Shareholdings as at 30 August 2001

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

### Distribution Schedule of Shareholdings

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

### Thirty Largest Shareholders

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

# Other Information

for the financial year ended 30 June 2001 (continued)

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

### Substantial Shareholders

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

\* Deemed interest through subsidiary and Hong Leong Credit Berhad

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

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

# Deemed interest through subsidiaries

## 3 Directors' Interest as at 30 August 2001

Subsequent to the financial year end, there is no change as at 30 August 2001 to the Directors' interests in the ordinary shares and/or stock units and/or warrants/options of the Company and/or its related corporations (other than wholly-owned subsidiary companies), appearing in the Director's Report on pages 16 to 23 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 except as for the changes set out below:

|                                    | Ordinary shares/ stock units /new shares<br>to be issued arising from the exercise of warrants/options* |       |              |        |
|------------------------------------|---------------------------------------------------------------------------------------------------------|-------|--------------|--------|
|                                    | Direct                                                                                                  |       | Indirect     |        |
|                                    | No.                                                                                                     | %     | No.          | %      |
| <b>YBhg Tan Sri Quek Leng Chan</b> |                                                                                                         |       |              |        |
| Hong Leong Assurance Berhad        | -                                                                                                       | -     | 100,000,000  | 100.00 |
| Hong Leong Credit Berhad           | 5,196,000                                                                                               | 0.99  | 399,762,843  | 76.60  |
|                                    | 420,000*                                                                                                | -     |              |        |
|                                    | 521,269*#                                                                                               | -     | 51,083,381*# | -      |
| Hong Leong Bank Berhad             | 40,000                                                                                                  | 0.003 | 977,910,501  | 68.48  |
| Hume Industries (Malaysia) Berhad  | 50,000                                                                                                  | 0.02  | 140,402,855  | 57.73  |
| Hume Cemboard Berhad               | 5,625,000                                                                                               | 9.20  | 39,930,000   | 65.32  |
| <b>Mr Kwek Leng Hai</b>            |                                                                                                         |       |              |        |
| Hong Leong Credit Berhad           | 420,000                                                                                                 | 0.08  | -            | -      |
|                                    | 89,333***                                                                                               | -     | -            | -      |

### Note

# Replacement warrants

\*\*\* 1997/2001 Warrants

# Branch Network

## HONG LEONG BANK BERHAD

### HEAD OFFICE

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

### PENINSULAR MALAYSIA

#### KL Main

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Branch Network

## HONG LEONG BANK BERHAD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Branch Network

## HONG LEONG BANK BERHAD

### SABAH & SARAWAK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### SINGAPORE

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

# Branch Network

## HONG LEONG FINANCE BERHAD

### HEAD OFFICE

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

### PENINSULAR MALAYSIA KL Main

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Branch Network

## HONG LEONG FINANCE BERHAD

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

45, Jalan Burma  
10050 Pulau Pinang  
Tel: 04-2261234  
Fax: 04-2262779

17, Bishop Street  
10200 Pulau Pinang  
Tel: 04-2621118  
Fax: 04-2616644

41-G-1, Jalan Cantonment  
10250 Pulau Pinang  
Tel: 04-2291201  
Fax: 04-2291239

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

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

33A-C, Lintang Angsana  
Bandar Baru Ayer Itam  
11500 Pulau Pinang  
Tel: 04-8269836  
Fax: 04-8269843

15-G-12A, Bayan Point  
Medan Kampung Relau  
11900 Pulau Pinang  
Tel: 04-6427084  
Fax: 04-6427081

3634 & 3635  
Jalan Bagan Luar  
12000 Butterworth  
Pulau Pinang  
Tel: 04-3312277  
Fax: 04-3322277

19, Jalan Bertam  
13200 Kepala Batas  
Seberang Prai  
Pulau Pinang  
Tel: 04-5754900  
Fax: 04-5757688

2752 & 2753  
Jalan Chain Ferry  
Taman Inderawasih  
13600 Prai  
Pulau Pinang  
Tel: 04-3978018  
Fax: 04-3977851

50, Jalan Todak 4  
Pusat Bandar Seberang Jaya  
13700 Seberang Jaya  
Seberang Prai  
Pulau Pinang  
Tel: 04-3972499  
Fax: 04-3972588

19 & 21  
Lorong Usahaniaga 1  
Taman Usahaniaga  
14000 Bukit Mertajam  
Pulau Pinang  
Tel: 04-5376988  
Fax: 04-5372988

75, Jalan Sultan Idris Shah  
30000 Ipoh  
Perak Darul Ridzuan  
Tel: 05-2554482  
Fax: 05-2547335

55-57, Jalan Yang Kalsom  
30250 Ipoh  
Perak Darul Ridzuan  
Tel: 05-2425290  
Fax: 05-2542323

232, Jalan Bercham  
Taman Ria  
31400 Ipoh  
Perak Darul Ridzuan  
Tel: 05-5495161  
Fax: 05-5495158

579 & 579A  
Jalan Pasir Puteh  
31650 Ipoh  
Perak Darul Ridzuan  
Tel: 05-3228989  
Fax: 05-3229641

27, Jalan Dewangsa  
31000 Batu Gajah  
Perak Darul Ridzuan  
Tel: 05-3653192  
Fax: 05-3653190

133 & 135, Jalan Gopeng  
31900 Kampar  
Perak Darul Ridzuan  
Tel: 05-4665050  
Fax: 05-4665191

72 & 74, Jalan Kota  
34000 Taiping  
Perak Darul Ridzuan  
Tel: 05-8083915  
Fax: 05-8089198

30 & 32, Jalan Temenggong  
Pusat Bandar Baru  
34200 Parit Buntar  
Perak Darul Ridzuan  
Tel: 05-7168299  
Fax: 05-7168311

62, Jalan Pasar  
36000 Teluk Intan  
Perak Darul Ridzuan  
Tel: 05-6233639  
Fax: 05-6233642

150 & 152  
Kompleks Munshi Abdullah  
Jalan Munshi Abdullah  
75100 Melaka  
Tel: 06-2921212  
Fax: 06-2838624

G03 & G04, Peringgit Poin  
Jalan Raja  
Batu Hampar  
75320 Melaka  
Tel: 06-2818229  
Fax: 06-2818226

114, Jalan Dato'  
Bandar Tunggal  
70000 Seremban  
Negri Sembilan Darul Khusus  
Tel: 06-7633558  
Fax: 06-7622741

1278, Jalan Rasah  
70300 Seremban  
Negri Sembilan Darul Khusus  
Tel: 06-7615789  
Fax: 06-7615801

9267, Jalan T/S 2/1H  
Taman Semarak 2  
71800 Nilai  
Negri Sembilan Darul Khusus  
Tel: 06-7991752  
Fax: 06-7991755

112, Jalan Yam Tuan Raden  
72000 Kuala Pilah  
Negri Sembilan Darul Khusus  
Tel: 06-4816922  
Fax: 06-4813284

8A-C, Jalan Station  
80000 Johor Bahru  
Johor Darul Takzim  
Tel: 07-2228462  
Fax: 07-2763085

87 & 89, Jalan Perisai  
Taman Sri Tebrau  
80050 Johor Bahru  
Johor Darul Takzim  
Tel: 07-3331278  
Fax: 07-3338790

Lots 103 & 105, Jalan Damai  
Taman Seri Setia  
80300 Johor Bahru  
Johor Darul Takzim  
Tel: 07-2227211  
Fax: 07-2229211

35, Jalan Dedap 16  
Taman Johor Jaya  
81100 Johor Bahru  
Johor Darul Takzim  
Tel: 07-3546320  
Fax: 07-3552311

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

80A-B, Jalan Padi Satu  
Bandar Baru UDA  
81200 Tampoi  
Johor Darul Takzim  
Tel: 07-2354221  
Fax: 07-2354163

16, Jalan Jaafar  
81900 Kota Tinggi  
Johor Darul Takzim  
Tel: 07-8834553  
Fax: 07-8832860

891, Jalan Bakek  
82000 Pontian  
Johor Darul Takzim  
Tel: 07-6879670  
Fax: 07-6879673

31 & 32, Jalan Kundang  
Taman Bukit Pasir  
83000 Batu Pahat  
Johor Darul Takzim  
Tel: 07-4334818  
Fax: 07-4317071

103, Jalan Rahmat  
83000 Batu Pahat  
Johor Darul Takzim  
Tel: 07-4320555  
Fax: 07-4310641

109, Main Road  
83700 Yong Peng  
Johor Darul Takzim  
Tel: 07-4672350  
Fax: 07-4674185

45, Jalan Maharani  
84000 Muar  
Johor Darul Takzim  
Tel: 06-9518780  
Fax: 06-9524780

139, Jalan Muar  
84900 Tangkak  
Johor Darul Takzim  
Tel: 06-9781994  
Fax: 06-9784684

# Branch Network

## HONG LEONG FINANCE BERHAD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### *in-store*

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

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

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

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

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

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

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



# Hong Leong Bank Berhad

(97141 - X)

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

## FORM OF PROXY

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

of \_\_\_\_\_

being a member / members of HONG LEONG BANK BERHAD, hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Sixtieth Annual General Meeting of the Company to be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Wednesday, 24 October 2001 at 12.00 noon and at any adjournment thereof.

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

| RESOLUTIONS                                                                                                                                                 | FOR | AGAINST |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| 1. To receive the Financial Statements and Reports                                                                                                          |     |         |
| 2. To declare a final dividend of 11.0% less tax                                                                                                            |     |         |
| 3. To approve the payment of Directors' fee                                                                                                                 |     |         |
| 4. To re-elect the following as Directors:<br>a) YBhg Dato' James Lim Cheng Poh<br>b) Mr Tan Keok Yin<br>c) Encik Zulkiflee Hashim<br>d) Mr Chew Peng Cheng |     |         |
| 5. To re-appoint Messrs PricewaterhouseCoopers as Auditors and authorise the Directors to fix their remuneration                                            |     |         |
| 6. As special business, to approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965                                              |     |         |

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

\_\_\_\_\_  
Number of shares held

\_\_\_\_\_  
Signature of Member(s)

### Notes:

1. If you wish to appoint other person(s) to be your proxy, delete the words "the Chairman of the meeting" and insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. Pursuant to Paragraph 7.22 of the Listing Requirements of the Kuala Lumpur Stock Exchange, where a member of the company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.
5. In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.
6. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 6, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time for holding the meeting or adjourned meeting.