Hong Leong Capital Berhad

Annual Report 2022

Corporate

Financials

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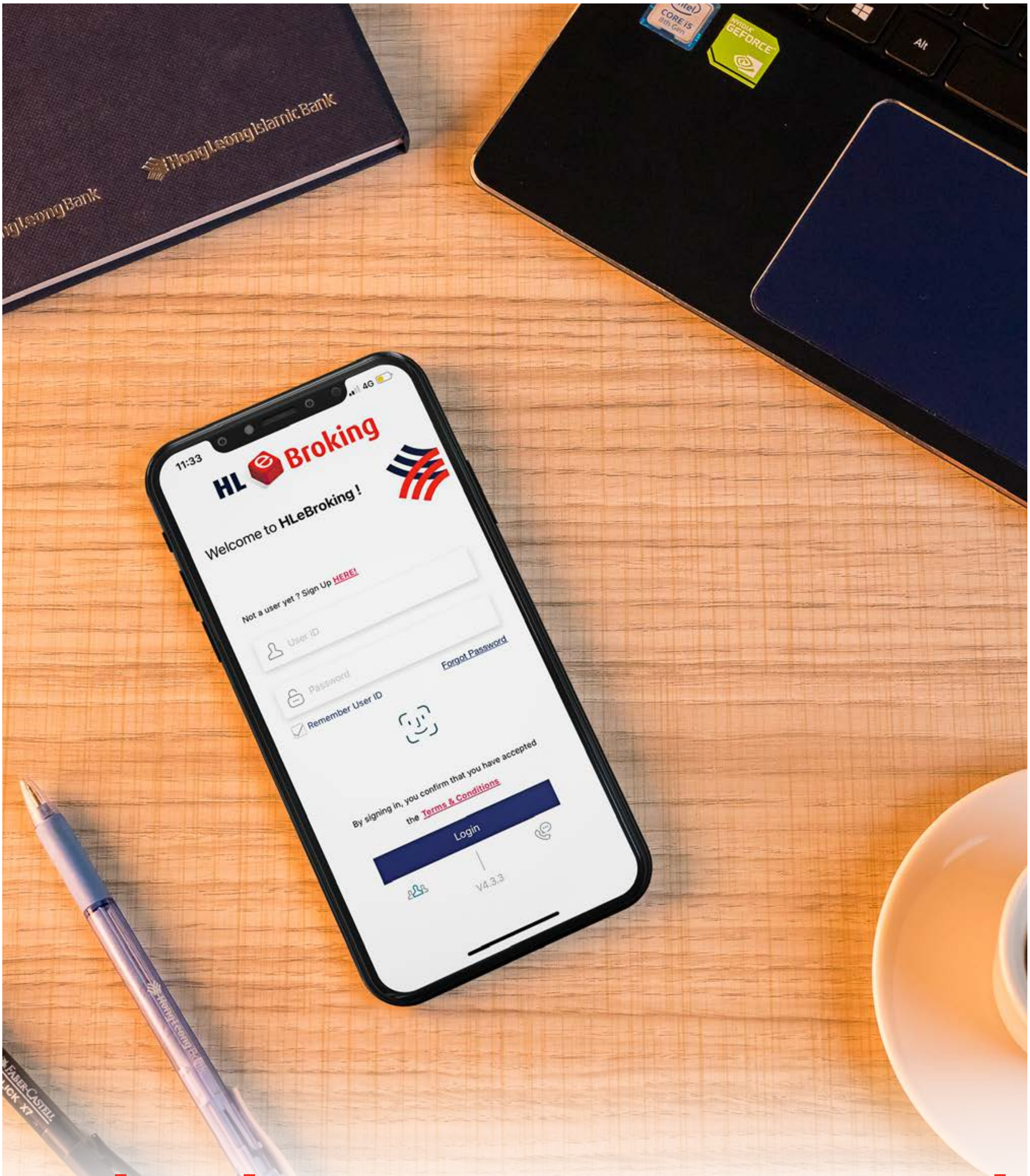


To be the Foremost Integrated Financial Services Group

Providing Unrivalled Value to Our Clients

Introduction

Hong Leong Capital Berhad ("HLCB") is an investment holding company for the investment banking and asset management business group under Hong Leong Financial Group. It aims to be a leading regional financial services institution providing diversified clients with a full range of value propositions and financial solutions in the areas of investment banking, stockbroking, futures broking, nominees and custodian services, unit trust and fund management and related financial services, and investment management services. These segments are serviced by HLCB's key operating subsidiaries, namely Hong Leong Investment Bank Berhad ("HLIB"), Hong Leong Asset Management Berhad ("HLAM") and Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM") (which is a wholly owned subsidiary of HLAM).

HLIB has two main business divisions, namely the Investment Banking Division and the Stockbroking Division. There are three business pillars within the Investment Banking Division namely Debt Markets, Equity Markets and Treasury & Markets that offer a wide range of activities which include arranging and structuring of debt financing, equity fund raising and other corporate-related advisory work. The Investment Banking Division also offers debt and equity underwriting, deposit-taking, treasury related solutions as well as trading and distribution services. These services are provided through our head office at Menara Hong Leong, Kuala Lumpur ("MHL").

The Stockbroking Division of HLIB provides the complete range of retail and institutional stockbroking services for both local and foreign stock markets, equity research, margin financing, nominees and custody services as well as futures and option broking services. These services are provided through the head office at MHL, 3 branches situated at Menara HLX, Kuala Lumpur, Plaza Zurich, Kuala Lumpur and Persiaran Greenhill, Ipoh as well as 6 other locations based at Hong Leong Bank Berhad hubs across Malaysia.

HLIB Investment Banking

Debt Markets	Equity Markets	Treasury and Markets
Core Activities		
○ Arranging and structuring of debt financing in the form of: • Corporate bond and Sukuk issuance • Syndicated loans ○ Debt underwriting ○ Lending that complements the corporate exercises undertaken by HLIB and to offer comprehensive investment banking packages to clients ○ Agency services for corporate bonds, Sukuk and Syndicated loans	○ Arranging and managing equity fund raising: • Initial public offering • Rights issues • Restricted issues • Special issues • Private placements ○ Corporate-related advisory works: • Equity underwriting • Merger and acquisition	○ Deposits-taking ○ Trading and investment of: • Short-term money market investments • Fixed income • Interest rate instruments ○ Treasury related solutions: • Interest rate hedging • Foreign exchange hedging • Pricing and distribution of primary bonds

HLIB Stockbroking

Institutional Sales	Retail Business	Equity Derivative
Core Activities		
○ Research, advisory and trade executions for Government Linked and Non-Government Linked Corporation Funds	○ Provision of online trading platform for retail clients for the execution of equity, futures and option broking ○ Provision of margin financing to clients to trade or invest in listed equity ○ Provision of nominees and custody services	○ Index arbitrage activities capitalizing on market inefficiencies between equity and futures market

HLAM, is an established fund management and unit trust company offering and managing a broad spectrum of investment solutions through equities, fixed income, money market and multi-assets for segregated customized portfolio, unit trust funds and wholesale funds. At HLAM, the pillars behind the success of the business are its talent pool of people, quality of services and the continuous incorporation of technology. HLAM also adopts the Group's values and guiding principles whilst leveraging on the Group's diversified regional businesses, resources and experience. Commitment and integrity are part of HLAM's principles in sustaining growth and we aim to provide focused investments to preserve assets, generate added value and deliver superior returns over time. Our clientele includes amongst others, state governments, insurance companies, endowments, family offices, charitable organisations, corporations, retail and high net worth individuals. These services are provided through its head office at Plaza Zurich, Kuala Lumpur, two branches located in Penang and Ipoh, and two Satellite offices in Malacca and Johor Bahru.

HLISAM is a wholly owned subsidiary of HLAM. HLISAM was issued with its Islamic fund management license in November 2019 by the Securities Commission Malaysia to undertake the regulated activity of Islamic fund management business.

In view of the growing demand for Islamic products and services, HLISAM endeavors to expand into the Islamic fund management business to meet the demand and capture growth opportunities by offering its products and services. This is in tandem with the liberalisation of the Islamic capital market industry in Malaysia that has encouraged the continuous rapid growth of the Islamic fund management industry.

Similar to the parent company, HLISAM offers a broad spectrum of investment solutions through equities, fixed income, money market and multi-assets. As a member of Hong Leong Group, HLISAM has the advantage of leveraging on the Group's diverse businesses, resources and regional experience. Through a disciplined and systematic investment process, we aim to identify and invest in companies with sustainable competitiveness that seek to deliver consistent portfolio performance and generate superior value for our investors.

Introduction

HLAM AND HLISAM	Fund Management and Unit Trust Management	
Investment	**Product**	**Distribution**
Core Activities		
○ Managing broad spectrum of investment portfolios comprising equities, fixed income, money market and multi-assets.	○ Design innovative product solutions for its private mandate, institutional and retail clientele. ○ Tailor made investment portfolios based on the risk scale ranging from cautious to dynamic.	○ Distribute and promote range of products and investment portfolios for its private mandate, institutional and retail clientele. ○ Distribute and focus to build principled relationships by introducing investment solutions to preserve clients' assets, generate added value and deliver returns. ○ Distribution channels include but not limited via Direct Sales, Institutional Unit Trust Agents, Unit Trust Consultants and online platform.

Note: For HLISAM, investments and wholesale products mentioned above are in compliance with Shariah requirements.

Supported by strong business acumen, its firm foundation of values, efficient customer support, and distribution and communications channels, HLCB, together with HLIB, HLAM and HLISAM, are focused on assisting its wide range of clients in achieving superior long term risk-adjusted returns.

CORE VALUES

HLCB strongly believes that its core values form its foundation and framework. Its values build its character; they are the binding cord that holds its people together, the driving force towards the successful accomplishment of the Group's vision. Our long term goal has always been creating sustainable value towards the Group and focus on improving the well-being of our stakeholders in all aspects.

QUALITY

To provide products and services that consistently exceed customers' expectations

INNOVATION

To nurture and be committed to innovation

HUMAN RESOURCE

To enhance the quality of human resources as the essence of management excellence

PROGRESS

To continuously improve existing operations and to position for expansion and new business opportunities

ENTREPRENEURSHIP

To pursue management vision and foster entrepreneurship

HONOUR

To conduct business with honour

UNITY

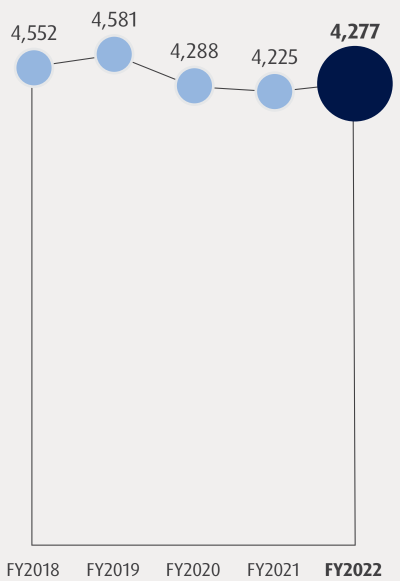
To ensure oneness in purpose, harmony and friendship in the pursuit of prosperity for all

SOCIAL RESPONSIBILITY

To create wealth for the betterment of society

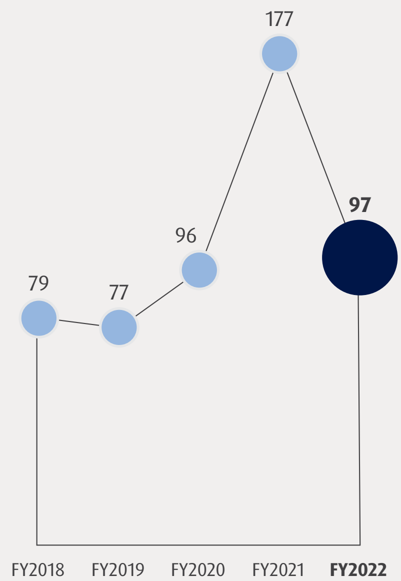
Five Year Group Financial Highlights

Group Total Assets
(RM'million)



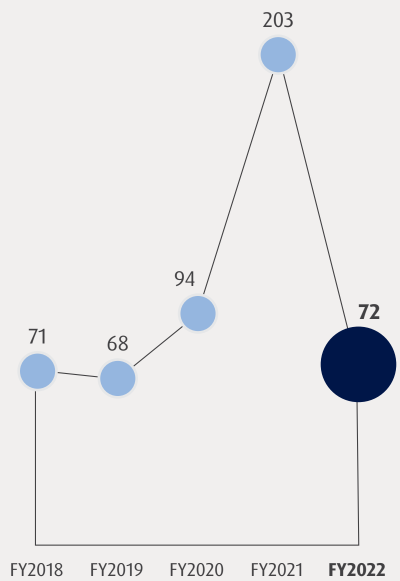
+1.2% YoY
-1.5% CAGR

Group Profit Before Taxation
(RM'million)



-45.2% YoY
+5.5% CAGR

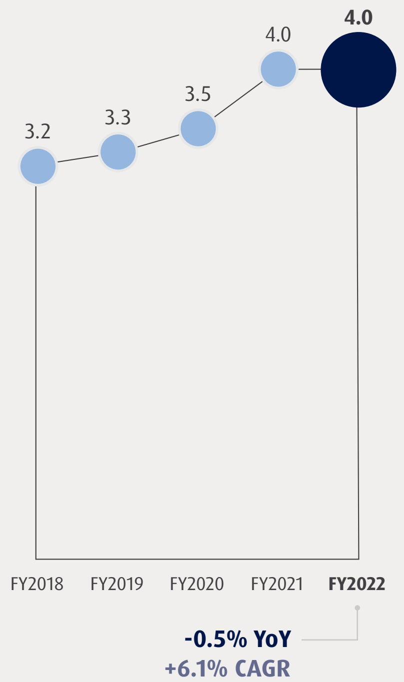
Group Net Profit
(RM'million)



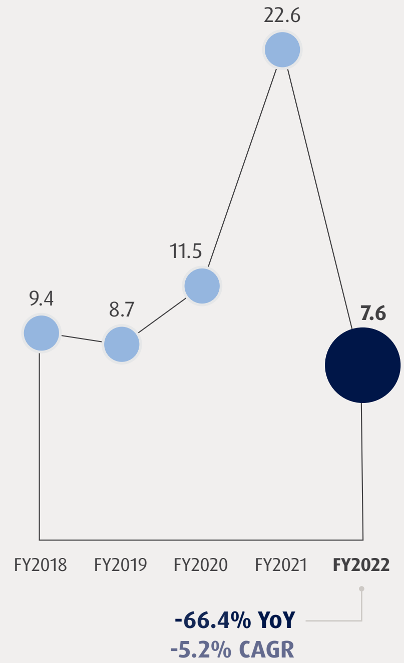
-64.4% YoY
+0.4% CAGR

The Group	FY2018 RM'million	FY2019 RM'million	FY2020 RM'million	FY2021 RM'million	FY2022 RM'million
Statements of Financial Position					
Total Assets	4,552	4,581	4,288	4,225	**4,277**
Net Loans	228	205	316	336	**394**
Total Liabilities	3,786	3,784	3,448	3,268	**3,332**
Deposits from Customers	1,083	748	738	702	**760**
Shareholders' Funds	766	798	840	957	**945**
Commitments and Contingencies	8,853	11,470	6,967	5,994	**5,968**
Statements of Income					
Revenue	196	199	233	316	**223**
Profit Before Taxation	79	77	96	177	**97**
Net Profit	71	68	94	203	**72**
Key Performance Indicators					
Book Value per Share (RM)	3.2	3.3	3.5	4.0	**4.0**
Earnings per Share (sen)	29.6	28.1	39.0	85.5	**30.7**
Net Dividend per Share (sen)	19.0	22.0	23.0	26.0	**19.0**

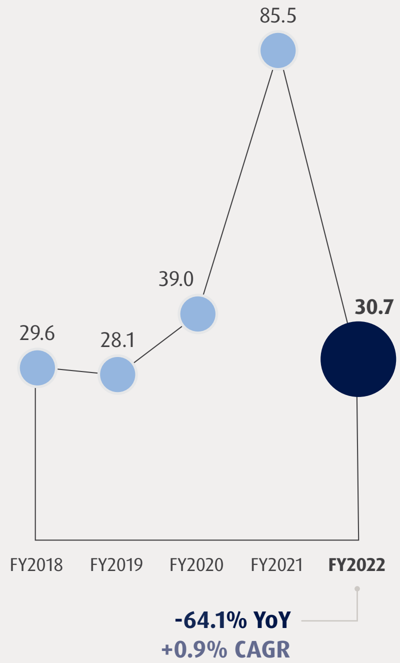
Book Value per Share
(RM)



Group Return on Equity
(%)



Group Earnings per Share
(sen)



The Group	FY2018 %	FY2019 %	FY2020 %	FY2021 %	FY2022 %
Financial Ratios					
Profitability Ratios					
Return on Equity	9.4%	8.7%	11.5%	22.6%	**7.6%**
Return on Average Assets	1.6%	1.5%	2.1%	4.8%	**1.7%**
Cost/Income Ratio	59.5%	61.5%	57.9%	44.9%	**56.8%**
Asset Quality/Loan Ratios					
Gross Loans to Deposits Ratio	21.1%	27.9%	43.3%	47.9%	**51.9%**
Gross Impaired Loans Ratio	3.0%	3.3%	2.0%	0.1%	**0.0%**

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Hong Leong Capital Berhad ("HLCB" or "the Group") for the financial year ended 30 June 2022 ("FY2022").

Our Business Environment

In the first half of the year under review (FY2022), the global economic recovery progressed at a divergent pace, as advanced economies' recovery continued amid higher COVID-19 vaccination rates while emerging market economies experienced slower growth due to containment measures to curb new strains of the COVID-19 virus. Malaysia faced a resurgence of the pandemic and had to reintroduce social mobility restrictions periodically. Nevertheless, as the pandemic's severity started to ease, our business environment gradually improved with the nation's progression towards less stringent phases of the National Recovery Plan, allowing for the resumption of most economic activities and the removal of interstate mobility restrictions.

In the second half of the year under review (FY2022), the global economy was confronted with renewed difficulties. Geopolitical tensions escalated between Russia and Ukraine resulting in a military conflict that further intensified pre-existing strains to global supply chains and spikes in food and energy prices. To address the persistent and rising inflationary pressures, central banks around the world began to remove monetary policy accommodation at a quicker pace, risking a sharper slowdown in global growth. In Malaysia, notwithstanding the rising external headwinds, domestic growth prospects have improved following the nation's transition to endemicity, and reopening of international borders. Consequently, as Malaysia's recovery gained a stronger footing, Bank Negara Malaysia began to normalise monetary conditions by raising the Overnight Policy Rate by 25 basis points in May 2022 to 2.00% from the record low rate of 1.75%.

The Malaysian bond market continued to attract net inflows of RM8.0 billion in the first half of FY2022. However, net outflows of RM1.9 billion were recorded during the second half of FY2022 as foreign investors retreated to advanced economies like the United States in search of higher yields following the Federal Reserve's increasingly aggressive policy stance on combatting rising inflation.

The Malaysian stock market, as referenced by the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("KLCI"), ended the first half of FY2022 at 1,568 points, an increase of 35 points or 2.3% from the start of our financial year. This was driven by a strong surge in Malaysia's COVID-19 vaccination rate which aided the country's reopening momentum as it progressed through less restrictive phases of the National Recovery Plan. Although local institutional investors were net sellers to the tune of RM4.7 billion during this period, domestic retail investors remained net buyers purchasing RM3.5 billion, alongside foreign investors' purchases of RM1.2 billion. However, the positive momentum in the market did not sustain in the second half of FY2022 due to external headwinds stemming from the Russia-Ukraine armed conflict, COVID-19 virus containment measures in parts of China and tightening monetary policy stance globally. The weaker investor sentiment was further exacerbated by domestic concerns over cost-push inflationary pressures and a foreign workers shortage situation. Consequently, the KLCI declined by 123 points or -7.9% during the second half of FY2022.

REVIEW OF THE YEAR'S FINANCIAL PERFORMANCE

The Group ended the financial year with Profit before Tax ("PBT") of RM97.2 million in FY2022, a decrease of 45.2% year-on-year ("y-o-y"). Our Stockbroking business navigated through a very challenging year and recorded a lower net brokerage income of RM67.2 million for FY2022 in line with Bursa Malaysia's decline in market volumes by 46.7% versus previous year. The decrease of retail participation during the financial year has also led to lower market share during this period impacting the overall financial performance of our Stockbroking business.

Our Investment Banking business achieved revenue of RM68.2 million and a PBT of RM29.7 million in FY2022. Our Treasury & Markets division remained as the main revenue contributor to the Investment Banking business with 58.2% revenue contribution in FY2022. The team's continuous active management of the bond portfolio resulted in the commendable performance. The team will be focusing on seeking investment opportunities in Environmental, Social and Governance ("ESG") and/or green bonds such as for solar and hydro plants in the coming year.

Chairman's Statement

The Equity Markets division benefitted from the active IPO activities and staged a healthy recovery with y-o-y revenue growth of 47.9%. The number of IPO listings for the second half of FY2022 increased as the country's economy gradually recovers from the transition of pandemic to endemicity. The team has been actively seeking and pursuing a more diverse range of corporate mandate opportunities to diversify the income contribution mix under current market conditions.

Our Debt Markets division's performance was affected by a lower revenue of 60.1% y-o-y reduction in FY2022 caused by lower market activity and delays in the completion of some mandated deals within the current financial year caused by disruptions from the earlier pandemic movement restrictions. Nevertheless, our Debt Markets division received seven awards in FY2022, which is a testimony of our strong market share of available deals in the Debt Markets space. The team will continue to provide innovative solutions to assist our clients in achieving their business objectives and are seeking opportunities to collaborate with clients in accelerating their transition towards sustainable practices given the increasing demand from investors for ESG and sustainable investments or products.

The fund management business of HLCB, undertaken via our subsidiary, Hong Leong Asset Management Bhd ("HLAM") and its subsidiary, Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM") recorded a PBT of RM25.2 million for FY2022, a marginal growth of 1.8% y-o-y. The performance is attributed to the increased net fee income earned from equity funds and fixed income funds with higher average Assets Under Management ("AUM"). However, the better fee performance was offset by weaker income contribution from the money market funds as the average AUM was negatively impacted by withdrawals due to the removal of tax exemption on the distribution of interest income to non-individual unit holders effective 1 January 2022. In FY2022, HLAM continued to deliver impressive fund performance by winning 20 individual Refinitiv Lipper Fund Awards for Malaysia Universe and Global Islamic. The team also won the highly coveted Best Equity Group - Malaysia Provident award. In order to further build and diversify the AUM base, the team will continue to work closely with our distributors and clients as well as exploring possible business expansion by leveraging on Hong Leong Group of companies' resources.

The rising external headwinds and fragile macro-economic environment remain a risk to the Group and we shall remain vigilant in managing our key business risks. The Group's balance sheet and risk metrics remained strong and is supported by solid and healthy asset quality. Our capital is adequate and we have ample liquidity to support and execute the Group's business needs. The total capital ratio of our key operating subsidiary, Hong Leong Investment Bank Berhad, remained healthy at 46.36% as at 30 June 2022.

In view of the weaker performance and to remain prudent as we confront an uncertain economic outlook in FY2023, the Group is recommending a final dividend of 19.0 sen per share for FY2022, representing a dividend yield of 3.4% as at 30 June 2022.

CORPORATE GOVERNANCE

HLCB is committed to a high standard of governance, professionalism, ethics and integrity in the conduct of our business and activities. We focus on building a strong culture of compliance and integrity in our business conduct through the adoption of best practices to enhance accountability, transparency and long-term sustainability of our business.

Our corporate culture is grounded in ethical business principles and we have a zero-tolerance position on bribery and corruption. The Board has put in place a corporate governance framework to perform its oversight roles and responsibilities effectively. The Board Audit and Risk Management Committee ("BARMC") oversee the affairs relating to risk management, compliance and internal controls.

We have in place group-wide policies and procedures which include the Board Charter, Code of Conduct and Ethics, Anti-Bribery and Corruption Policy ("ABC"), Gifts and Entertainment Policy and Whistleblowing Policy, which are reviewed annually. Policy principles are communicated group-wide and all employees attest to key policies such as Code of Conduct & Ethics and ABC Policy. Monitoring of internal compliance controls was conducted by the Compliance function, and results of such compliance reviews were reported to BARMC for assessment. To enhance our corporate governance culture and awareness, in-house and external training sessions on ABC, Anti-Money Laundering/Counter Financing of Terrorism and ESG were organised for directors and employees.

SUSTAINABILITY

At the core of everything we do, we are guided by our principles to make the right decisions that will hold us in good stead today and in the future, improving the well-being of our people, our communities and the environment that we live in. It is imperative that we embrace these sustainable principles and approach them in a strategic manner to realise long-term shareholder value while taking into account the interest of all other stakeholders. The pandemic and events linked to climate change has brought about the increased focus on the importance of sustainable business endeavours.

In 2021, the Government of Malaysia announced the goal of reaching net zero emissions by 2050 in the Twelfth Malaysia Plan and committed that Malaysia would not be building any new coal power plants, strive to expand electric vehicle infrastructure and introduce a blue economic blueprint for coastal development. HLCB is committed on its efforts to slow global warming and avert the broader environmental degradation caused by climate change. In FY2022, HLCB has started to measure and monitor the Greenhouse Gas ("GHG") emissions for the Group.

Last year, the Group has taken actions to integrate sustainability issues into our business activities whilst our Asset Managers have embedded the principle of impact investing into the fund management and investment approach. This year, the Group has completed developing our Sustainability Framework which is guided by four central pillars, namely Engaging on Sustainability, Addressing Climate Change, Strengthening Internal Capabilities and Impactful Digitalisation. The Sustainability Framework will be used as a foundation and guide to HLCB in embedding sustainability in the Group's strategies with the objective of delivering sustainability-linked value to stakeholders.

In October 2021, HLAM and HLISAM have also developed and formalised an ESG Framework into their investment policy, where ESG considerations are embedded into the investment philosophy and processes. The systematic inclusion of ESG risks and opportunities into the investment analysis will drive deeper insights into value creation going forward. HLAM has also launched its first ESG fund, the Hong Leong Global ESG Fund ("HLGESGF") on 20 April 2022. The HLGESGF aims to provide medium- to long- term capital growth by investing in a globally diversified portfolio of companies with a focus on ESG criteria in the investment process. Our Investment Banking team will also be looking for ways to partner with clients in accelerating their transition towards sustainable practices.

OUTLOOK

At the time of writing, we expect macro-economic conditions to remain challenging and markets to remain volatile in FY2023 with global interest rates likely to trend higher and no likely near term resolution to the Russia-Ukraine conflict. While the Malaysian economy is expected to stay on a growth trajectory, we remain cautious on the business environment as we foresee the growth momentum moderating by the second half of FY2023 amid rising external headwinds.

Cognisant of the more challenging operating environment, we will look to calibrate our business strategies and adapt as necessary to changing circumstances while ensuring prudence as we look to deliver sustainable business performance and long term value for all stakeholders. We will invest in, emphasize and harness more digital solutions to our clients in order to deliver better client experience while better managing cost efficiency and operational productivity.

Additionally, with increasing demand from regulators and stakeholders for organisations to increase focus on sustainable business undertakings, we will commit to observe the strictest governance and integrity in the way we conduct our business. We are committed to maintain a diverse and inclusive workforce; and accelerate our efforts to assess and integrate ESG risks and opportunities in executing our business and strategies, guided by our Sustainability Framework. That, we believe will be a meaningful way to deliver long-term sustainable growth for the Group.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my appreciation and gratitude to the Board of Directors, management and our employees for their dedication and commitment.

My sincere appreciation also goes to our regulators, shareholders, clients, business partners and all other stakeholders. Thank you for your support and we appreciate your continuous support as we look forward to a year of growth for the Group.

TAN KONG KHOON
Chairman

20 September 2022

Management Discussion & Analysis

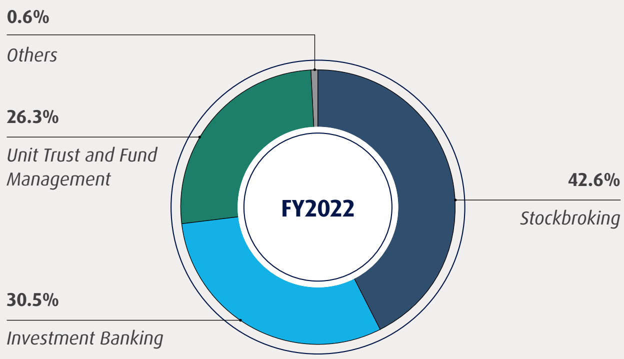
We are pleased to present the Management Discussion and Analysis for the financial year ended 30 June 2022 ("FY2022"). In this report, we would like to provide a review of Hong Leong Capital Berhad ("HLCB") business operations and financial performance during FY2022.

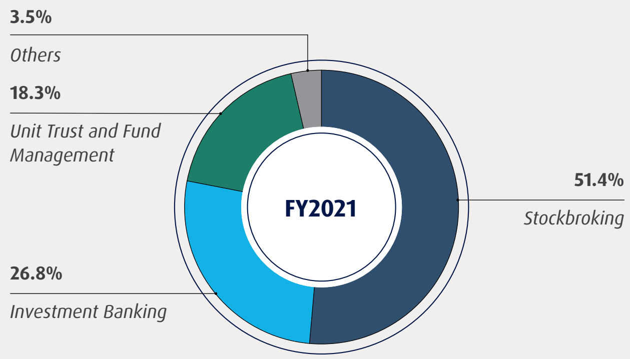
A PERFORMANCE REVIEW

HLCB recorded a PBT of RM97.2 million in FY2022, a decrease of 45.2% year-on-year ("y-o-y"). The lower profit contribution is mainly driven by a contraction of 46.7% y-o-y in Bursa Malaysia's trading volumes impacting our Stockbroking business and a weaker performance in the investment banking division that was affected by lower capital market activity and delays in the completion of some mandated deals. On the positive side, unit trust and fund management business achieved a marginal y-o-y growth of 1.8% in PBT to RM25.2 million despite tougher market conditions in FY2022.

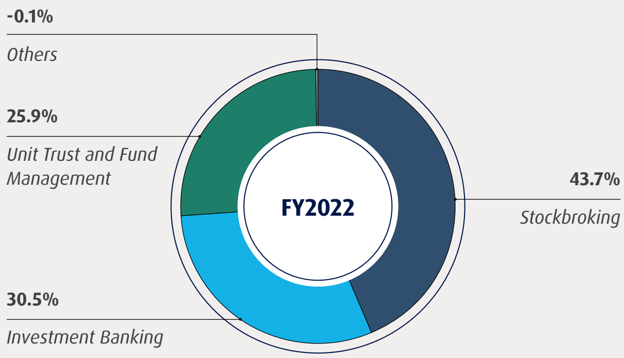
FY2022	Investment Banking RM Million	Stock-broking RM Million	Unit Trust and Fund Management RM Million	Others RM Million	Total RM Million
Revenue	**68.2**	**95.1**	**58.8**	**1.3**	**223.4**
Overheads	**(38.8)**	**(53.0)**	**(33.6)**	**(1.4)**	**(126.8)**
Net allowance for impairment losses on loans and advances and other losses	**0.3**	**0.3**	**-**	**-**	**0.6**
PBT	**29.7**	**42.4**	**25.2**	**(0.1)**	**97.2**
FY2021					
Revenue	84.6	162.2	57.8	11.1	315.6
Overheads	(42.9)	(64.0)	(33.1)	(1.7)	(141.6)
Net allowance for impairment losses on loans and advances and other losses	2.2	1.1	-	-	3.3
PBT	43.9	99.3	24.7	9.4	177.3

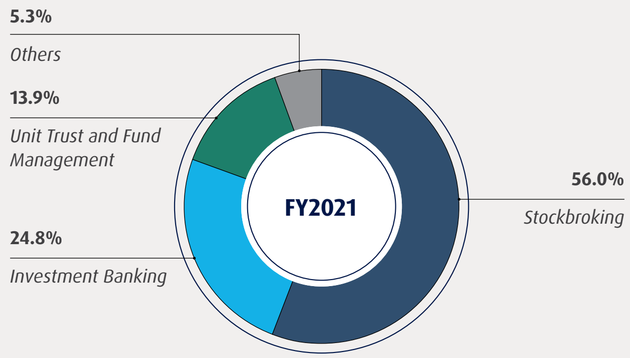
Composition of Revenue by Business Segment (%)





Composition of PBT by Business Segment (%)





Our Stockbroking business and Investment Banking business remained the main revenue contributors to HLCB in FY2022. The PBT and revenue contribution from Stockbroking business to HLCB has reduced y-o-y, reflecting the much reduced market activity in the Bursa Malaysia's local stock market following from the multi years highs of the previous year.

Further details on HLCB's performance are analyzed under the Segmental Review.

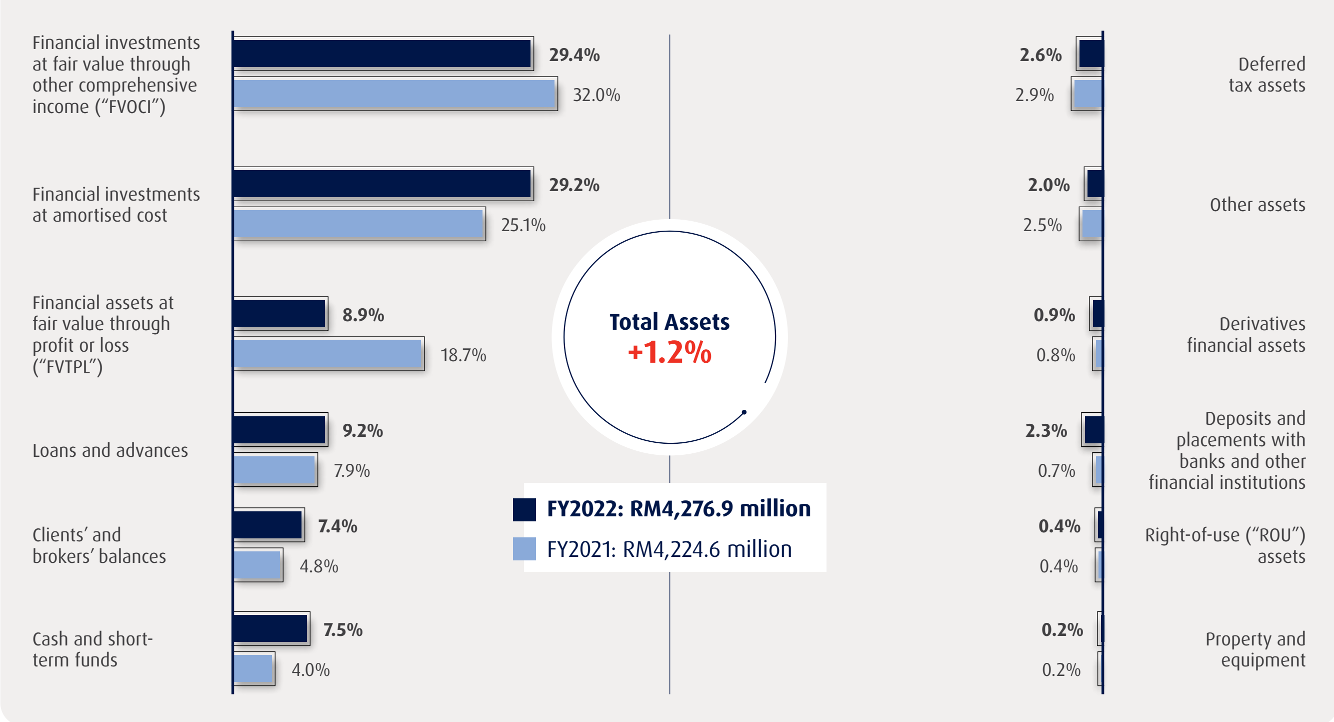
Kindly refer to Page 6 for the summary of HLCB's financial highlights for the last five years.

Management Discussion & Analysis

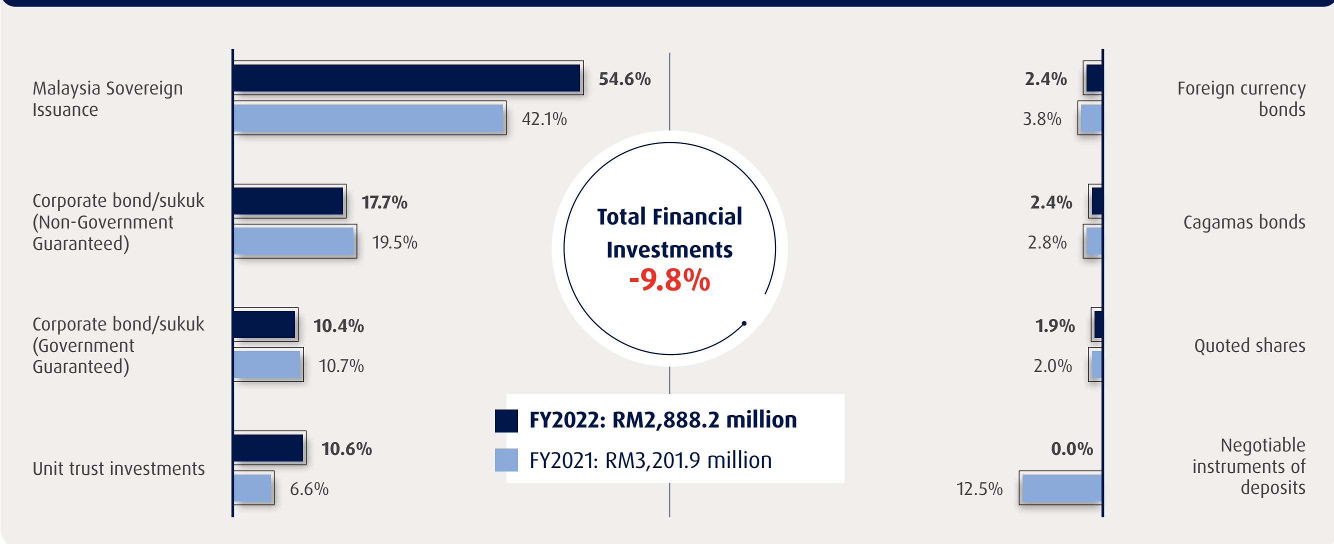
B ASSET QUALITY

HLCB has adopted prudence in our investment approach with 54.6% and 10.4% of the total financial investments invested in Malaysian Sovereign issuances and government guaranteed corporate bond/sukuk respectively. The assets quality continued to remain healthy as at 30 June 2022.

Composition of Total Assets (%)



Composition of Financial Investments by Type (%)

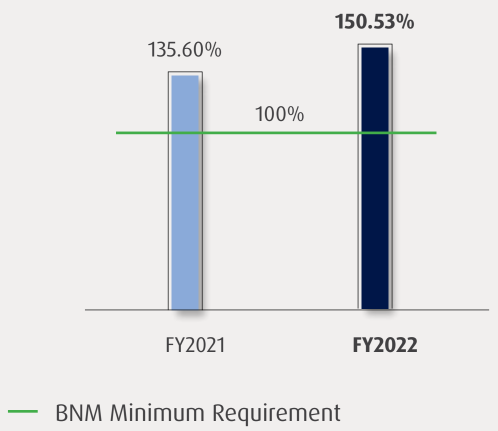


C CAPITAL ADEQUACY RATIO AND LIQUIDITY COVERAGE RATIO

While Malaysia has transitioned to endemicity since April 2022, the rising external headwinds and fragile macro-economic environment remain a risk to HLCB. The Group shall be vigilant in managing the key business risks and ensure we have adequate capital and liquidity to support the future business needs. The total capital ratio of our key operating subsidiary, Hong Leong Investment Bank Berhad ("HLIB"), is robust and well above Bank Negara Malaysia ("BNM")'s minimum requirement. HLIB's liquidity coverage ratio is also above the minimum requirement set by BNM of 100%, and stood at a comfortable level of 150.53% as at 30 June 2022.

Total Capital Ratio*

Liquidity Coverage Ratio



* After deducting proposed dividends of RM38.9 million (FY2021: RM156.8 million)

D CAPITAL STRUCTURE AND BORROWINGS

On 14 June 2019, HLIB issued a second tranche of RM100.0 million nominal value 10-year non-callable 5 years Sub-Notes, callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM1.0 billion Multi-Currency Sub-Notes Program. The coupon rate for this second tranche of the Sub-Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of issue. The Sub-Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLIB. Other than the issuance of the Sub-Notes as mentioned above, there has been no other issuance and HLCB does not have any other borrowings as at 30 June 2022.

In August 2022, RAM Rating Services Berhad reaffirmed HLIB's AAA and P1 financial institution ratings with a stable outlook.

Management Discussion & Analysis

E SEGMENTAL REVIEW

Investment Banking Business

Financial Highlights

	FY2022 RM Million	FY2021 RM Million
Net interest income	**29.2**	32.4
Fee income	**25.8**	30.6
Other income	**13.2**	21.6
Total revenue	**68.2**	84.6
PBT	**29.7**	43.9

Revenue Contribution by Business Division of Investment Banking Business (%)

Business Review

The Investment Banking business of HLIB achieved a revenue of RM68.2 million and a PBT of RM29.7 million in FY2022. Treasury & Markets ("T&M") division remained as the main revenue contributor to the Investment Banking business despite being impacted by the upswing in yields that contributed to a 17.8% y-o-y revenue reduction in FY2022. The revenue recorded by T&M division for FY2022 represents 58.2% of the total revenue of the Investment Banking business and is the second highest revenue ever achieved. Notwithstanding the rate hikes in FY2022, the team has maintained healthy Net Interest Margin and continued to record commendable results due to the active management of our bond portfolio.

The Equity Markets division staged a healthy recovery with y-o-y revenue growth of 47.9% mainly attributed to the improvement in Initial Public Offerings ("IPO") related deal flows driven by the active IPO space in Malaysia in FY2022 as the country's economy gradually recovered from the transition to endemicity. In FY2022, amidst the challenging market conditions the team led the successful listing of IGB Commercial REIT and Seng Fong Holdings Berhad on the Main Market, Cengild Medical Berhad and EcoScience International Berhad on the ACE Market and DynaFront Holdings Berhad on the LEAP Market. Some other notable mandates completed during the financial year are the private placement by EP Manufacturing Berhad, IPO of Farm Fresh Berhad where HLIB was the joint underwriter and completed the debt and corporate restructuring exercise of Daya Materials Berhad. The team has been actively seeking and pursuing a more diverse range of corporate mandates such as privatisations, mergers and acquisitions, fund raising, and corporate restructuring opportunities to diversify the income contribution mix under current market conditions.

The Debt Markets division contributed 12.3% to the total revenue of the Investment Banking business in FY2022, recording a reduction of 60.1% y-o-y. The Debt Market's performance was affected by delays in the completion of some mandated deals within the current financial year caused by disruptions from the pandemic movement restrictions.

In spite of the challenging operating environment, the team continued to remain as a market leader by focusing on the offering of innovative financial solution to its clients as evidenced by the following transactions completed in FY2022:

Continuous successful reissuances under the existing assets securitisation programme with HLIB as Principal Adviser, Lead Arranger and Lead Manager (solely and jointly) for acquisitions of new assets.

Establishment of a new first of its kind assets securitisation programme of RM300 million by a Fintech company with microfinancing portfolio as its underlying assets. The first issuance was successfully completed as the first rated microfinancing securitisation transaction in the country.

Successful launching of a RM5 billion MTN Programme under a new commercial properties related real estate investment trust ("REIT") amid the less favourable market sentiment on the real-estate sector during the pandemic with its first issuance of RM850 million in August 2021.

Assisted Hong Leong Bank Berhad in the issuance of the first in the market Green Additional Tier-1 Capital Bond of RM900 million to provide sustainability financing.

Involved in a RM5.75 billion Sukuk issuance by a Sarawak state owned special purpose vehicle, which HLIB had won numerous awards namely the Best Local Currency Sukuk of the Year & Most Innovative Islamic Finance Deal of the Year, the Project & Infrastructure Finance Deal of the Year 2021 and Malaysia's Deal of the Year 2021.

Innovation has been the main driver of our sustainability as an Investment Bank. The team continued to win multiple deal awards over the years.

For corporate loans, the credit risk remained unaffected by the ongoing pandemic with timely repayment on both interest and principal.

Recognition and Awards

Apart from the financials, the performance of the Investment Banking business is also measured by other business value creation factors including product innovation, service excellence and industry recognition. In the year under review, we received the following awards:

Awards Received by Debt Markets in FY2022

Awards	Our Role	Deal
15th Annual Alpha Southeast Asia Deal & Solution Awards 2021 **Most Innovative Islamic Finance Deal of the Year and Best Islamic Finance Deal of the Year**	Joint Principal Advisers, Joint Lead Arrangers & Joint Lead Managers	Zamarad Assets Berhad RM2.0 Billion Asset-Backed Securitisation Sukuk Programme (Tranche 6)
15th Annual Alpha Southeast Asia Deal & Solution Awards 2021 **Best Sukuk Ijarah Deal of the Year**	Joint Principal Advisers, Joint Lead Arrangers & Joint Lead Managers	AC First Genesis Berhad RM3.0 Billion Sukuk Ijarah Programme (Tranche 1)
15th Annual Alpha Southeast Asia Deal & Solution Awards 2021 **Best Local Currency Sukuk of the Year & Most Innovative Islamic Finance Deal of the Year**	Joint Principal Advisers, Joint Lead Arrangers & Joint Lead Managers	Infracap Resources Sdn Bhd RM15.0 Billion Sukuk Murabahah Programme (Tranche 1)
Islamic Finance News Awards 2021 **Project & Infrastructure Finance: Deal of the Year 2021**	Joint Principal Advisers, Joint Lead Arrangers & Joint Lead Managers	Infracap Resources Sdn Bhd RM15.0 Billion Sukuk Murabahah Programme (Tranche 1 - RM5.75 Billion)
Islamic Finance News Awards 2021 **Malaysia: Deal of the Year 2021**	Joint Principal Advisers, Joint Lead Arrangers & Joint Lead Managers	Infracap Resources Sdn Bhd RM15.0 Billion Sukuk Murabahah Programme (Tranche 1 - RM5.75 Billion)
RAM Award of Distinction 2020* **Lead Manager Award by Number of Issues - 3rd ranking**	Lead Manager	Not applicable
RAM Award of Distinction 2020* **Lead Manager Award (Sukuk) by Number of Issues - 3rd ranking**	Lead Manager	Not applicable

* *Award received in FY2022 due to deferment resulting from COVID-19 pandemic*

Award Received by Equity Markets in FY2022

Awards	Our Role	Deal
The Asset Triple A Islamic Finance Awards 2021 **Best Initial Public Offering**	Underwriter	Mr D.I.Y. Group (M) Berhad RM1.5 Billion IPO

Moving Forward

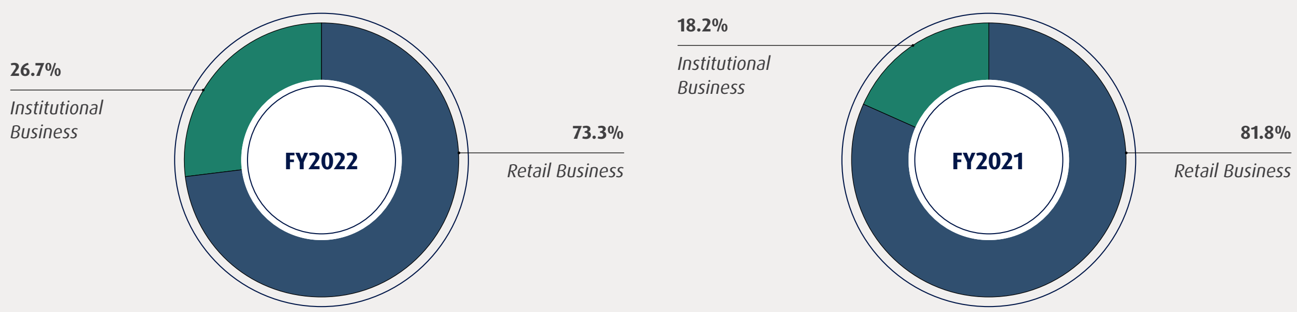
Looking ahead, our Debt Markets and Equity Markets divisions shall continue to provide innovative solutions to assist our clients in achieving their business objectives. Our teams will also be intensifying our efforts in seeking opportunities to collaborate with clients in accelerating their transition towards sustainable practices given the increasing demand from investors for environmental, social and governance ("ESG") and sustainable investments products. The T&M division will continue to diligently manage its bond portfolio and identify trading and/or arbitrage opportunities albeit under volatile market conditions. We shall be focusing on opportunities in ESG and/or green bonds such as for solar and hydro plants in the coming year.

Stockbroking Business

Financial Highlights

	FY2022 RM Million	FY2021 RM Million
Net interest income	**19.9**	16.8
Non-interest income	**75.2**	145.4
Total revenue	**95.1**	162.2
PBT	**42.4**	99.3

Contribution of Net Brokerage Income by Business Segment (%)



Business Review

The Stockbroking business of HLIB recorded revenue of RM95.1 million and PBT of RM42.4 million in FY2022; a y-o-y reduction of 41.4% and 57.3% respectively. The financial performance of our Stockbroking business was affected by lower Bursa Malaysia's market activity in FY2022 which saw lower daily average trading volumes of RM2.7 billion compared to RM5.0 billion in FY2021.

Management Discussion & Analysis

Net Brokerage income contribution from our Retail segment has dropped to 73.3% while our Institutional business increased to 26.7%. This is compared to 81.8% from Retail segment and 18.2% from Institutional segment last financial year. The change in contribution is in line with the shift in the overall market, with retail participation dropping to 29.3% this financial year compared to 36.4% in previous financial year and this has led to higher local institutional participation of 30.7% compared to 28.1% in last financial year. The lower retail participation during the financial year has led to HLIB recording a lower market share during this period.

In FY2022, we continued to chart progress in our foreign shares trading, with our foreign shares trading volumes growing by more than 6.0% y-o-y. We have aspiration to be a leading Malaysian broker in the offering of foreign shares trading.

Additionally, we have also enhanced the new HLeBroking mobile application by launching an additional e-Payment feature in March 2022 where clients are able to perform fund withdrawals instantly via mobile application. Some other additional enhancements to the digital trading platforms will also be released in the coming year. The aim is to achieve features parity between our mobile and website trading platforms.

As for our share margin financing, loan base continues to grow with a y-o-y increase of 12.0% to RM329.4 million in FY2022 and this has improved our margin income by 17.2% y-o-y.

Recognition and Awards

HLIB was named the 2nd runner up for Best Retail Equities Participating Organisation – Investment Bank in the Bursa Excellence Awards 2021.

Moving Forward

At the time of writing, Bursa Malaysia's market volumes have trended lower to record an average daily volume of RM1.6 billion and we foresee retail trading activity to remain weak whilst local institutions continue to stay on the side lines until the wider macro-investment climate rebounds.

To drive new areas of growth, we have plans to launch our new Shariah Trading Platform to cater and promote shariah investing to our retail clients. This will allow our clients to invest and trade with convenience within the Shariah framework in compliance to shariah rules. In addition, we shall be enhancing and providing our clients with a fully digital account opening experience that will allow our retail clients to open share trading accounts through our digital platforms. The Stockbroking business shall continue its digitalisation efforts in order to deliver better client experiences while managing cost efficiency and operational productivity in the coming year.

Unit Trust and Fund Management Business

Financial Highlights

	FY2022 RM Million	FY2021 RM Million
Total revenue	**58.8**	57.8
PBT	**25.2**	24.7

Business Review

The unit trust and fund management business which operated under Hong Leong Asset Management Bhd ("HLAM") and its subsidiary, Hong Leong Asset Islamic Asset Management Sdn Bhd ("HLISAM") recorded a PBT of RM25.2 million for FY2022, a marginal growth of 1.8% y-o-y. The performance was attributed to the increased net fee income earned from equity funds and fixed income funds with higher average Assets Under Management ("AUM") of RM3.4 billion (45.0% y-o-y) and RM4.9 billion (61.3% y-o-y) respectively. The improvement was offset by weaker income contribution from the money market funds as the average AUM declined by 36.2% y-o-y to RM7.7 billion following the withdrawal of tax exemption effective 1 January 2022 on the distribution of interest income to non-individual unit holders.

As part of our efforts in supporting sustainable investing, HLAM and HLISAM had in October 2021 developed and formalised an ESG Framework into their investment policy, where ESG considerations are embedded into the investment philosophy and processes. Furthermore, HLAM has on 20 April 2022 launched its first ESG fund, the Hong Leong Global ESG Fund ("HLGESGF") that aims to provide medium- to long- term capital growth by investing in a globally diversified portfolio of companies with a focus on ESG criteria in the investment process.

Recognition and Awards

HLAM's focus on superior fund performance has enable it to win an impressive record of 20 individual Refinitiv Lipper Fund Awards for Malaysia Universe and Global Islamic and the highly coveted Best Equity Group – Malaysia Provident award. This marks HLAM's 5th time winning in the Group Award category for Best Equity – Malaysia Provident.

Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Group Award)

Best Equity Award

Hong Leong Asset Management Bhd

Hong Leong Dividend Fund

Best Fund over 3 Years: Equity Malaysia Income (Malaysia Provident)

Rank: 2/11

Growth rate: ▲ 45.91%

Best Fund over 5 Years: Equity Malaysia Income (Malaysia Provident)

Rank: 2/11

Growth rate: ▲ 60.74%

Best Fund over 10 Years: Equity Malaysia Income (Malaysia Provident)

Rank: 1/11

Growth rate: ▲ 159.13%

Hong Leong Growth Fund

Best Fund over 5 Years: Equity Malaysia Diversified (Malaysia Provident)

Rank: 6/12

Growth rate: ▲ 23.98%

Hong Leong Asia-Pacific Dividend Fund

Best Fund over 3 Years: Equity Asia Pacific ex-Japan (Malaysia Provident)

Rank: 1/11

Growth rate: ▲ 56.71%

Best Fund over 5 Years: Equity Asia Pacific ex-Japan (Malaysia Provident)

Rank: 1/11

Growth rate: ▲ 56.50%

Hong Leong Dana Makmur Fund

Best Fund over 3 Years: Equity Malaysia (Malaysia Provident)

Rank: 1/50

Growth rate: ▲ 73.75%

Best Fund over 5 Years: Equity Malaysia (Malaysia Provident)

Rank: 1/50

Growth rate: ▲ 70.44%

Hong Leong Dana Makmur Fund

Best Fund over 3 Years: Equity Malaysia (Malaysia Islamic)

Rank: 1/45

Growth rate: ▲ 73.75%

Best Fund over 5 Years: Equity Malaysia (Malaysia Islamic)

Rank: 1/44

Growth rate: ▲ 70.44%

Best Fund over 10 Years: Equity Malaysia (Malaysia Islamic)

Rank: 1/40

Growth rate: ▲ 142.46%

Best Fund over 3 Years: Equity Malaysia (Global Islamic)

Growth rate: ▲ 73.75%

Best Fund over 5 Years: Equity Malaysia (Global Islamic)

Growth rate: ▲ 70.44%

Best Fund over 10 Years: Equity Malaysia (Global Islamic)

Growth rate: ▲ 142.46%

Hong Leong Dana Maa'rof Fund

Best Fund over 3 Years: Mixed Assets MYR Balanced (Malaysia Provident)

Rank: 1/15

Growth rate: ▲ 43.47%

Best Fund over 5 Years: Mixed Assets MYR Balanced (Malaysia Provident)

Rank: 1/15

Growth rate: ▲ 44.38%

Best Fund over 3 Years: Mixed Assets MYR Balanced (Malaysia Islamic)

Rank: 1/15

Growth rate: ▲ 43.47%

Best Fund over 5 Years: Mixed Assets MYR Balanced (Malaysia Islamic)

Rank: 1/15

Growth rate: ▲ 44.38%

Best Fund over 3 Years: Mixed Assets MYR Balanced (Global Islamic)

Growth rate: ▲ 43.47%

Best Fund over 5 Years: Mixed Assets MYR Balanced (Global Islamic)

Growth rate: ▲ 44.38%

Moving Forward

Moving into FY2023, HLAM and HLISAM ("Companies") shall continue to work closely with their distributors and clients via the digital platforms and virtual engagements to further build and diversify the AUM base.

HLAM targets to launch a new ESG Islamic fund, which aims to provide medium- to long-term capital growth by investing in a globally diversified Shariah-compliant portfolio of securities with a focus on ESG criterias. The systematic inclusion of ESG risks and opportunities into the investment analysis will drive deeper insights on value creation going forward. We believe that by investing in companies that operate with high standards of corporate responsibility, we can provide sustainable investment returns to our investors.

F OUTLOOK OF HLCB

Notwithstanding the rising external headwinds, domestic growth prospects have improved following the nation's transition to endemicity, reopening of international borders and improvement in labour market conditions. Our operating businesses shall strive to improve our competitive edge and market presence with the objective of achieving long-term sustainable growth. To achieve that, we shall calibrate our business strategies and adapt to evolving market conditions while operating prudently and with vigilance. There will be stronger emphasis to leverage on and invest in technology to deliver best in class digital solutions that will meet our clients' needs and deliver operational productivity to the business.

G ACKNOWLEDGEMENT

Last but not least, we would like to take this opportunity to express our sincere appreciation and gratitude to all our stakeholders for the continued support given to HLCB. We also extend our sincere appreciation to the Board of Directors, management and our employees for their dedication and commitment towards achieving our vision and goals.

Our sincere gratitude also goes out to the regulators for their guidance and support provided to the Group during the year.

Sustainability Statement

About This Statement

This sustainability statement details Hong Leong Capital Berhad's ("HLCB" or "Group") management approach and highlights our efforts and push in the Environmental, Social and Governance ("ESG") aspects of our operations in the financial year of 1 July 2021 to 30 June 2022. This statement explains how we consistently work to align our sustainable efforts with the Group's values and ambitions in order to foster long-term growth, as well as addressing the risks and opportunities associated in these areas.

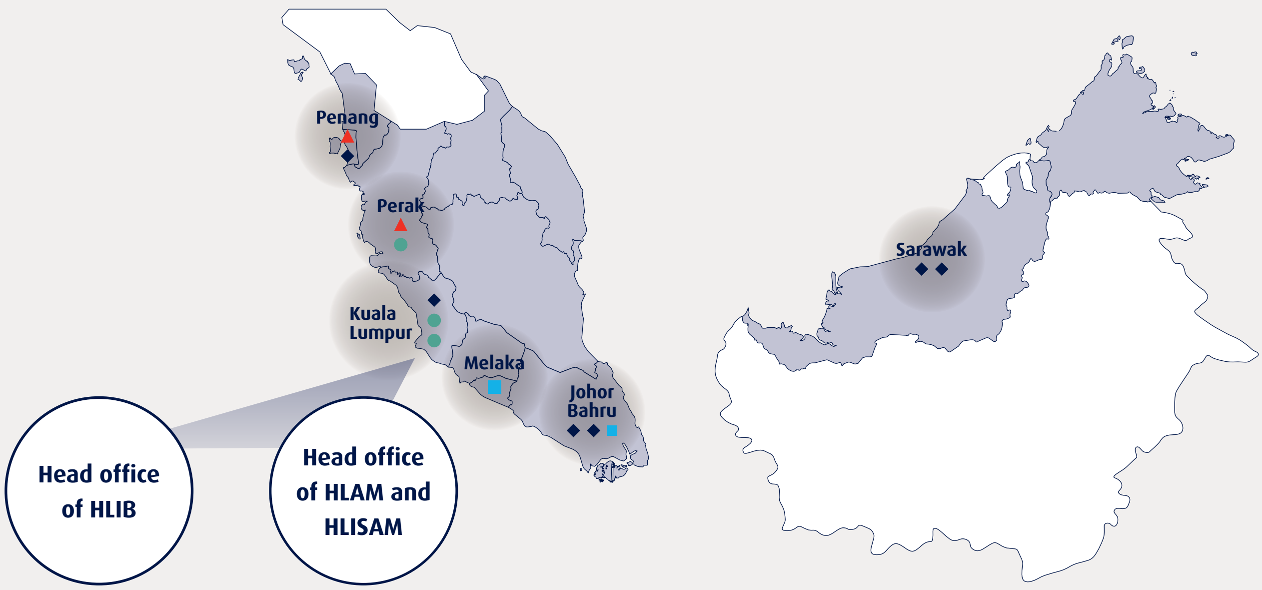
Guidelines and Frameworks

Our sustainability statement has been prepared in accordance with the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements on Sustainability Reporting and is guided by the Global Reporting Initiative ("GRI") Standards. We align ourselves to the United Nations Sustainable Development Goals and are progressively integrating the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, as per the Bursa Sustainability Reporting Guide (2nd Edition). Moving forward, our newly introduced Sustainability Framework will serve as the foundation for our sustainability approach and guide to our disclosure.

Sustainability Statement

Scope

All data disclosed in this statement relates to the operations of Hong Leong Investment Bank Berhad ("HLIB"), Hong Leong Asset Management Bhd ("HLAM"), and Hong Leong Islamic Asset Management Sdn. Bhd. ("HLISAM") within Malaysia.



Menara Hong Leong,
Bukit Damansara,
Kuala Lumpur

Plaza Zurich,
Bukit Damansara,
Kuala Lumpur

▲ HLAM	◆ HLIB	● HLIB	■ HLAM
2 branches	6 HLeBroking Hubs	3 branches	2 satellite offices

FY2022 Sustainability Highlights

- Established a Sustainability Framework to guide the Group's ambitions
- Embedded ESG assessments for lending, underwriting, and investments in bonds in HLIB's Core Credit Risk Policy
- Launched the Hong Leong Global ESG Fund ("HLGESGF")
- Stepped up our efforts in addressing our climate impacts and began disclosing our Scope 1, 2, and 3 GHG emissions
- Maintained a diverse workforce across the Group, driven by a female representation of 60% in HLCB Board
- Conducted seven virtual investment talks and reached out to more than 3,100 participants.
- Traded close to RM33 billion via our HLeBroking digital platforms
- Recorded a 75% increase in our average training hours per employee
- Maintained zero incidents of data breaches and cyber-attacks

HLCB's Approach to Sustainability

As a key player in the financial services industry, we are cognisant of our role in creating a meaningful impact to address the ESG issues that are not only material to our business, but are vital for the wellbeing of society and environment as a whole. Over the years, we have adopted a progressive approach to integrating sustainability, which has enabled us to build a foundation for a stronger and more resilient Group.

Our efforts to incorporate sustainability throughout the Group have been based on the strategic integration of ESG principles into our decision-making activities and business operations. In the previous financial year, we adopted five Sustainability Themes, in efforts to strengthen sustainable business practices and integrate ESG principles into our business operations.

Digital At The Core	Workforce Readiness	Socially Responsible Business	Environmental Management	Community Investment

In line with the enhancement of our sustainability-related efforts, we introduced the HLCB Sustainability Framework ("Sustainability Framework") in July 2022, integrating the five Sustainability Themes into four pillars, which serves as an overarching guide that defines our sustainability considerations across the Group. The Sustainability Framework strategically guides key departments in identifying focus areas to deliver positive impacts – for the business, the environment, and the communities around us.

IMPACTFUL DIGITALISATION
Using digitalisation to create positive impact for ourselves and our stakeholders

STRENGTHENING INTERNAL CAPABILITIES
Enhancing our governance and strengthening our capabilities and systems to deliver on our sustainability agenda

ADDRESSING CLIMATE CHANGE
Managing climate-related risks and leveraging climate-related opportunities, in line with stakeholders' expectations

ENGAGING ON SUSTAINABILITY
Actively engaging with our stakeholders, encouraging them to embrace sustainability

For information on how we align our Sustainability Framework to our Sustainability Themes, please refer to About Our Material Matters on pg 31.

Sustainability Statement

As we aspire to become a key player in the financial services industry, we are cognisant our Sustainability Framework will serve as the foundation to developing and enabling an ecosystem for sustainable investing. Ongoing initiatives to integrate and operationalise it into our business strategies and value chain enable us to provide guidance to our investors to embrace sustainability, while simultaneously upskilling our workforce and enhancing our systems to facilitate the transition. The Sustainability Framework also provides guidance and outlines our efforts to manage climate change and its risks as we progress through our sustainability journey.

"Robust sustainability practices have always been important in how we conduct our business and engage with our stakeholders. We continuously endeavour to embed sustainability throughout the Group, and our newly-established Sustainability Framework serves as the foundation to propel ourselves forward. Driven by our dedicated employees, we are excited to further strengthen relations with our stakeholders to promote sustainable investing and continue advancing our sustainability journey."

Lee Jim Leng
Group Managing Director/Chief Executive Officer of HLIB

Engaging with Stakeholders

Our stakeholders play a crucial role in ensuring our business thrives and prospers, and therefore, it is crucial that we identify and understand what is important to them. Utilising a host of channels, we actively engage with our stakeholders on a regular basis, taking proactive steps to nurture relationships and develop meaningful connections with them. These engagements provide us with valuable insight into their interests and expectations, enabling us to align our sustainability efforts, policies, and programmes, thereby creating a more sustainable future for all. We regularly engage our stakeholders via the channels below:

Stakeholder	How We Connect	Areas of Interest
Employees	• Daily operations • Performance management • Whistleblowing channels • Corporate communications • Training and development	Transparency and trust is a key area for our employees. They want to know that their concerns are heard and prioritised by management. Training, professional development, wellbeing, and retention are key areas of interest, as well as a systematic rewards programme reflective of merit.
Shareholders	• Annual reports • Announcements • Financial reports • General Meetings • Whistleblowing channels	The stability of our operations is a key area of concern for our shareholders. Topics of governance, financial performance, compliance, and transparency are key to this stability. They are also interested in enhancing shareholders' value.

Stakeholder	How We Connect	Areas of Interest
Regulators and Authorities	• Daily operations • Audits • Meetings • Circulars • Enforcement • Reports	Regulators and authorities are focused on compliance with the relevant laws and regulations. Our governance policies, practices, and business conduct are amongst areas of review.
Clients	• Daily operations • Social media • Corporate Communications • Corporate events/workshops	HLCB clients seek user-friendly products and systems, as well as value-added services and high quality client experiences. They are also interested in ensuring their personal data is protected, and that the Group can be trusted to uphold ethical principles.
Communities	• Daily operations • Social media • Roadshows and events • Corporate communications • Corporate Social Responsibility events	Transparency and trust is key to our engagements with the community, who are interested in ensuring our business is conducted ethically, and our community investment initiatives are equitable and accessible. To this end, our educational resources for financial and investment literacy have been made accessible to all in order to promote inclusivity.
Vendors and Suppliers	• Procurement process • Tender process • Outsourcing service provider due diligence review • Proof of Concept engagement	Vendors and suppliers seek transparency in the Group's procurement and tender process and are interested in ensuring that our business conduct is equitable.
Analysts and Media	• Social media • Corporate website • Media announcements	Analysts and media groups assess our financial and non-financial performance through disclosures, requiring strategic communications and engagements.
Associations	• Meetings • Corporate events • Online correspondences	Industry stewardship and development and impact of new rules and regulations.

Sustainability Statement

Identifying What Matters

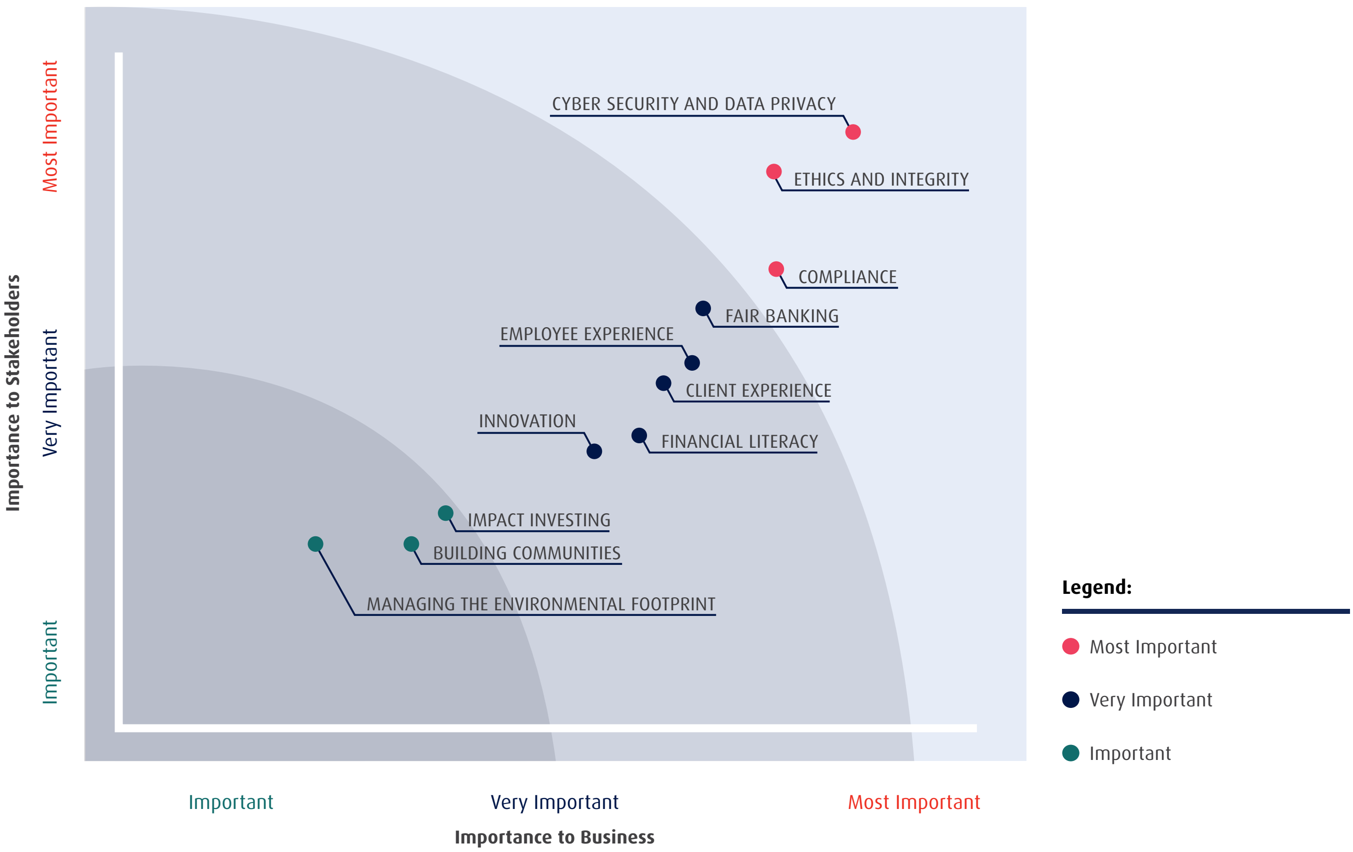
Regular engagements with our stakeholders allow us to better understand their interests and expectations which provides us with a foundation to determine key material sustainability topics. These key matters have a profound impact on our daily business operations and growth and as such, critically influences our Board of Directors' ("Board") direction towards our sustainability initiatives and strategies.

We employ a systematic approach to identify our material topics, conducting assessments and reviews to determine the relevance of these matters. This process is carried out at least biannually or when the need arises to ensure that our products and services remain meaningful and that our sustainability strategies are aligned to our stakeholders' evolving requirements.

Determining Material Matters

Identification of material topics → Prioritisation of topics via survey → Validation of survey results by Sustainability Steering Committee and BARMC → Review, refine, and publish material matters

Materiality Matrix



In FY2022, we retained our materiality matrix based on the materiality survey that we conducted in FY2021 and have mapped them against our Sustainability Framework on pg 31. To ensure our materiality continues to reflect emerging industry trends and stakeholder concerns, we will perform an in-depth materiality assessment next year.

About Our Material Matters

Framework Pillars	Themes	Material Matter	Description
Impactful Digitalisation	Digital at the Core	Cyber Security and Data Privacy	HLCB takes proactive measures to tackle this issue by enhancing its cyber security systems. Our goal is to ensure zero confidentiality breaches in our daily business operations. Cyber-attacks continue to be a threat in the financial services industry amidst a highly regulated environment.
		Innovation	Innovation is a process where new ideas or solutions are formulated to generate growth in a business. At HLCB, creating new ideas and products is one of our key drivers for business growth and ensuring the continued success of the Group. HLCB strives to innovate and offer better solutions to fulfil the market needs and cater to the preferences of our clients. We embrace innovation to gain a competitive edge in the highly competitive financial services industry.
		Client Experience	We take cognisance that the clients' experience is a key factor for us to remain competitive in our highly competitive industry. We believe our clients want more than just innovative solutions and we are committed to finding ways to add value to our services.
Strengthening Internal Capabilities	Workforce Readiness	Ethics and Integrity	Ethics and integrity are key components in our Group. These components play a pivotal role in our effort to build lasting relationships with our clients and establish a good reputation for our Group. We expect management to promote the inculcation of the right values. Employees are expected to have good ethics and carry out all tasks with integrity and to adhere to all regulatory requirements and our Code of Conduct and Ethics.
		Compliance	At HLCB, we strive to uphold compliance across the Group. All our employees are strictly required to adhere to the applicable laws and regulations. The Group's Compliance, Internal Audit, Risk Management, Legal, and Human Resources departments play a significant role in inculcating a compliance culture for all employees to abide by the laws and regulations.
		Employee Experience	Our employees are our greatest resource as they form the foundation of the Group. To ensure we nurture and retain the best talent, we have put in place robust initiatives for the wellbeing and development of our people.

Sustainability Statement

Framework Pillars	Themes	Material Matter	Description
Engaging on Sustainability	Socially Responsible Business	Fair Banking	HLCB takes fair banking seriously in its business operations to ensure our clients trust our products and services. It helps us to retain clients' loyalty, which has a positive impact on our effort to create long-term business growth. Besides focusing on regulatory compliance and our Code of Conduct and Ethics, our fair banking practices include initiatives that ensure the quality of our products and services is not compromised.
		Impact Investing	We are aware of the significant impact that our lending and investing practices have on the environment and society, and strive to promote sustainable development in our policies.
Addressing Climate Change	Environmental Management	Managing the Environmental Footprint	Managing our environmental footprint is a significant part of ensuring long-term business growth. This is due to the effects of climate change that could impact the economy and the financial markets. To ensure our business has a positive impact on the environment, HLCB practices energy and resource conservation where possible while reducing operational costs.
Engaging on Sustainability	Community Investment	Financial Literacy	Improving understanding of financial services, through knowledge sharing and financial literacy programmes aimed at promoting inclusiveness by assisting and empowering the community to achieve financial goals.
		Building Communities	Conducting social outreach programmes for the community, whilst empowering them with the necessary knowledge, skills, and tools to secure their economic development and improve their quality of life.

Supporting the United Nations Sustainable Development Goals ("SDGs")

In our efforts to become one of the key investment banks in the Malaysian market, we believe we have a vital role in promoting sustainable development. Our strategies enable us to support our communities and protect the environment, while simultaneously strengthening our business performance. We are committed to drive progress towards achieving the SDGs and have selected the following SDGs which we believe we can make positive impacts toward while taking into account our operations across our value chain.

SDG	Targets	Our Focus	Key Achievements
5 GENDER EQUALITY	**5.5** Women's full and effective participation in political, economic, and public life	Empower women throughout our organisation	49% of management-level positions held by women within the Group, and 60% of HLCB Board to consist of women
8 DECENT WORK AND ECONOMIC GROWTH	**8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services	Supporting local vendors and suppliers	93% of our supplier base in FY2022 were local
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.6** Companies to adopt sustainable practices and integrate sustainability information into reporting	Enhancement of sustainability considerations in our products and services	Launched the Hong Leong Global ESG Fund ("HLGESGF")

COVID-19 Mitigation Measures

With the COVID-19 pandemic gradually transitioning to an endemic, we have successfully increased our efforts to acclimatise ourselves to the changing business landscape. Since the beginning of the pandemic, the Group has taken proactive measures to prioritise the safety and wellbeing of our stakeholders and subsequently the longevity of our business.

As part of our ongoing efforts to adapt to the pandemic and beyond, we continue to help our stakeholders to sustain our business operations. To that end, we implemented work-from-home allocations, enforced mask mandates, and established Emergency Response and Crisis Management Teams to safeguard our employees and ensure adequate governance systems are in place to assess the impacts of the pandemic. We also strengthened our client services, enhancing our online trading platform to enable on-the-go investments and trading, as well as providing continuous support to our clients virtually via phone calls, emails, virtual meetings, and social media platforms.

Robust Governance

Robust corporate governance, effective risk management, and stringent internal controls are paramount to the success and longevity of our business and long-term sustainable impact. To that end, the Group has determined a core set of values that we adhere to in our efforts to preserve operational integrity.

Sound leadership is crucial to successfully integrating sustainability with corporate governance. Our Board of Directors are committed to operating in accordance with robust governance standards. Together with the Senior Management, they monitor systemic compliance with rules and processes in place that govern ethical behaviour, anti-bribery and corruption ("ABC"), anti-money laundering ("AML"), whistleblowing, and other topics. These policies and their respective standard operating procedures ("SOPs") are evaluated annually to ensure relevance and adherence to applicable regulations and standards.

For additional information on the Group's Corporate Governance structure, please refer to the Corporate Governance Overview, Risk Management & Internal Control Statement on pg 77.

Board Diversity

We believe that diversity provides significant value to our organisation and we strive to promote diversity among the governing bodies within the Group. The Board, composed mostly of independent directors, upholds this belief by championing diversity in its membership composition. In addition, all directors are nominated and appointed meritocratically, with no distinctions made based on gender, race, and religion. To that end, we are proud to report that women account for 60% of HLCB Board and over 40% of our management and top management roles within the Group.

Women in Leadership

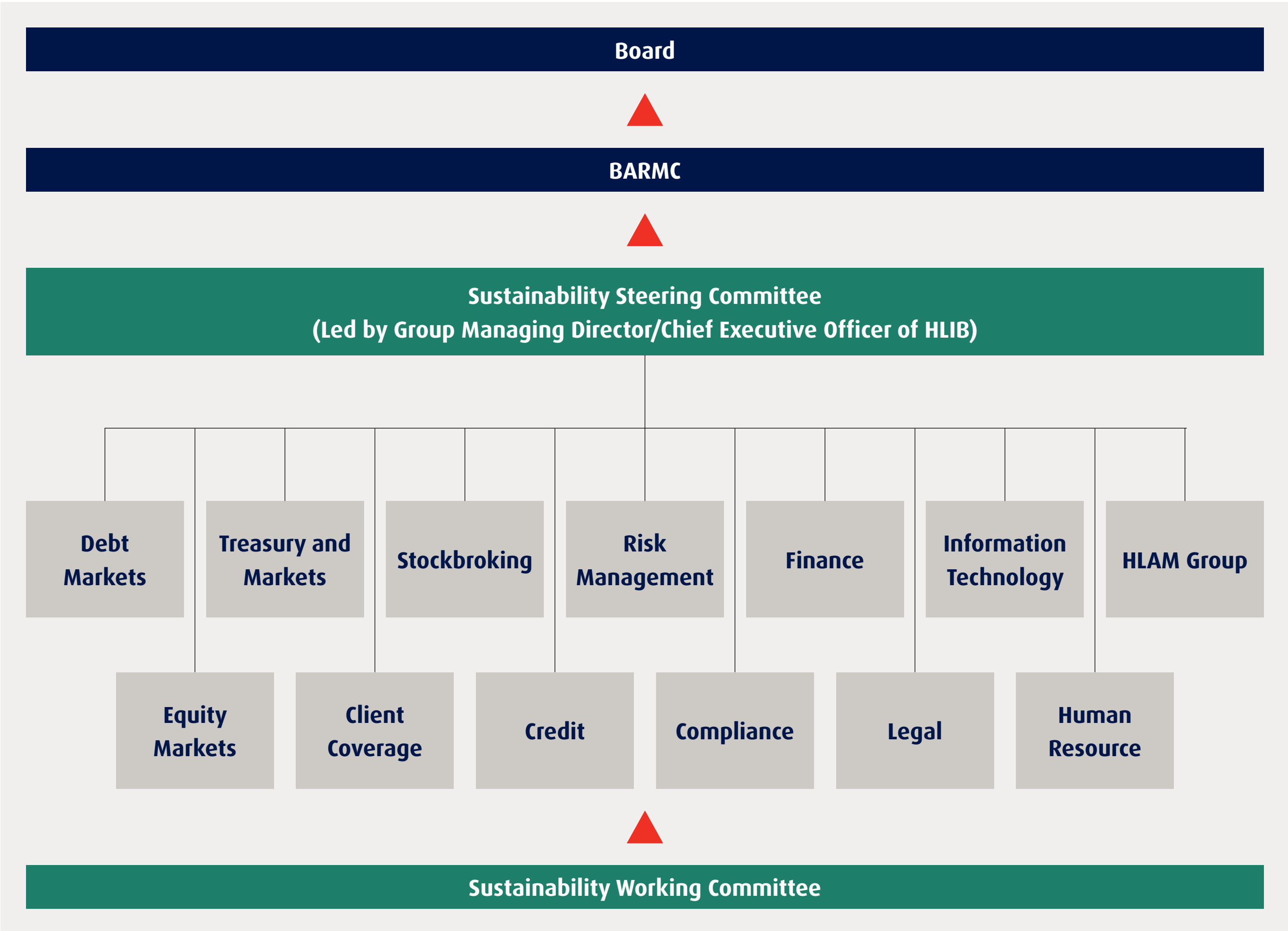
49%*	42%*	60%
of management level roles	of top management roles	of HLCB Board

* Figures represent the percentage of women holding management and top management roles across HLCB, HLIB, HLAM, and HLISAM.

Sustainability Governance

Our Board and Board Audit and Risk Management Committee ("BARMC") maintain oversight of our sustainability governance matters and work cohesively to ensure that sustainability is embedded in the Group with adequate resources in place to address our material sustainability issues.

Sustainability Governance Structure



The Board is responsible for the overall direction, supervision, and control of the Group and its management, as well as ensuring compliance with applicable laws and regulations. The Board, with recommendation from the BARMC and the Sustainability Steering Committee, also decides on the Group's strategy.

The structure and direction of the overall management of our environmental and social impacts are determined by the BARMC while the Sustainability Steering Committee and Sustainability Working Committee serve as catalysts, mobilising HLCB's sustainability efforts as determined by the Board and BARMC.

Sustainability Committees' Roles and Responsibilities

Sustainability Steering Committee

Comprising the heads of business divisions and the relevant support departments

Engages the BARMC to seek Board approval for:	Reviews and endorses:
• Sustainability-linked business strategies • Adoption of sustainability-related policies or initiatives • Material sustainability matters • Annual sustainability disclosures	• Sustainability-linked strategies • Adoption of sustainability-related policies or initiatives • Material sustainability matters • Annual sustainability disclosures

Oversees and monitors:

- Implementation of sustainability-linked strategies, policies or initiatives as well as its effectiveness
- Management of stakeholder engagements
- Management of processes to ensure compliance with the relevant sustainability policies or guidelines

Sustainability Working Committee

Comprising representatives from various business and support departments

Develops, recommends, and updates:

- Plans, milestones, timeline, and deliverables to the Sustainability Steering Committee
- Progress and outcomes of the initiatives to the Sustainability Steering Committee

Oversees and monitors:	Involved in:
• Progress and milestones of the sustainability-related initiatives	• Implementation of the sustainability-related initiatives • Gathering input on sustainability-related matters from each department • Identification of material sustainability matters and manage materiality assessment processes • Address and resolve issues that may arise

Our recently established Sustainability Framework, which provides strategic guidance for HLCB, was endorsed by the BARMC and Board in July 2022, which outlines initiatives to progressively embed sustainability into our business operations, set to be initiated as we move forward. The ownership and overall responsibility of these initiatives are managed and overseen at the departmental level, with progress on these initiatives contributing towards the overall Group sustainability performance.

Senior Management and Board Capacity Building

We are determined to ensure our top management is equipped with necessary skills and knowledge required to oversee and manage sustainability and ethics. Our commitment lies in ensuring that our directors receive sufficient training to ensure we consistently uphold the highest values and practices. In FY2022, our Board across the Group attended 17 training sessions on subjects related to sustainability, ethics, and integrity.

Empowering our Board

In FY2022,
our Board across the Group attended
17 training sessions
linked to sustainability, ethics and integrity

Key topics discussed included:

Net Zero Journey	Introduction to TCFD	Establishing an ESG culture

In addition, we have also begun engaging with experts to conduct ESG training sessions for our Board and Senior Management to develop a better understanding of the governance of sustainability and climate-related risks as stipulated under the Malaysian Code of Corporate Governance ("MCCG"), Bank Negara Malaysia's ("BNM") Climate Risk Management and Scenario Analysis, among others.

Embedding Ethics and Integrity

At HLCB, we are determined to cultivate an ethical working environment amongst our employees. The Group's core values promote a compliance culture that is upheld by our employees' commitment to practicing integrity, transparency, and ethical conduct throughout their daily operations.

Conduct and Culture

The Group's Code of Conduct and Ethics outlines the values, principles, standards, and norms of behaviour that is expected of our employees and management. The Board has the highest level of oversight of our Code of Conduct and Ethics. Additionally, all employees are required to acknowledge and adhere to the Group's Code of Conduct and Ethics upon commencement of employment, as well as to provide annual declarations in complying with the Code.

The Group's Code of Conduct and Ethics is defined and steered by the Group's corporate mission, standards, and best practices in the financial industry, including the Financial Services Professional Board ("FSPB") standards and other regulations issued by BNM, Securities Commission Malaysia ("SC") and Bursa Malaysia. In addition, our practices are also advocated and guided by the Group Gifts and Entertainment Procedure and Donation Policy. We are committed to periodically reviewing the Group's Code of Conduct and Ethics to ensure its effectiveness.

Anti-Bribery and Corruption

The Group is committed to conduct its business professionally with the highest ethical standards and prohibits all forms of bribery and corruption. In promoting professional and ethical business practices, the Group has a robust ABC policy and procedure that requires all employees and stakeholders who perform services for or on behalf of the Group to understand their responsibilities in complying with the Group's zero tolerance policy against all forms of bribery and corruption.

In addition, the Group has undertaken and reported the results of a comprehensive ABC risk assessment to the Board for deliberation, including implementing immediate procedures and controls to address corruption in operations that are assessed to be high risk, on an annual basis. Should any particular business area be identified as High Risk based on our assessment, the relevant departments will be reviewing their SOPs and controls.

To this end, the Group has carried out a number of initiatives to raise awareness in relation to ABC amongst our employees by organising and conducting mandatory training for all employees, as well as requiring all employees to declare that they have read, understood, and will comply with the ABC and Code of Conduct and Ethics Policy. Further to that, all employees are also required to obtain approval from the approving authorities prior to offering or receiving gifts and entertainment to ensure all conditions set by the Group are met, thereby preventing any element of bribery or corruption.

Whistleblowing Policy

The Group's Whistleblowing Policy reiterates our commitment towards perpetuating high standards of integrity, corporate governance, and transparency in our business operations. This policy provides an avenue for employees and other stakeholders including those providing services to, or having a business relationship with the Group to report improper conduct or wrongful acts that may adversely impact the Group, including but not limited to any criminal offence, fraud, corruption, bribery, blackmail or failure to comply with legal or regulatory obligations through the Group's whistleblowing channel on a confidential basis.

The Policy is accessible to both internal and external stakeholders to escalate any improper conduct to HLCB's Chairman of the BARMC either through our corporate website platform or via direct email to the Chairman.

In FY2022, the Group conducted a whistleblowing training module as part of our ABC training sessions, aimed at raising awareness of the Group's commitment to maintaining integrity, transparency as well as the mechanisms in place to accommodate whistleblowing. Additional information on the total training hours on ABC can be found on pg 39.

For more information on our whistleblowing policy please refer to the QR code link.

Upholding Compliance

The Group values integrity and takes regulatory compliance seriously. The Group is committed to uphold and integrate applicable regulatory requirements into its business operations in order to mitigate breaches or violations of laws and regulations. We strive to ensure that our daily operations are in compliance with the applicable laws and regulations, among others, the Malaysian Anti-Corruption Commission (Amendment) Act (2018), Personal Data Protection Act (2010) and the Occupational Safety and Health Act (1994).

To ensure we comply with all applicable regulations and foster a strong compliance culture, the Group has continued its efforts and dedication in enhancing its compliance monitoring and advisory services. This is supported by having various policies including, among others, the Compliance Policy, Anti-Money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions ("AML/CFT & TFS") Policy, Material Information Policy, ABC Policy, Whistleblowing Policy, and Code of Conduct and Ethics.

In addition, we are also continuously updating our due diligence on procurement and outsourcing processes as we strive to incorporate ESG considerations into the selection of suppliers and vendors.

Effective Compliance Management

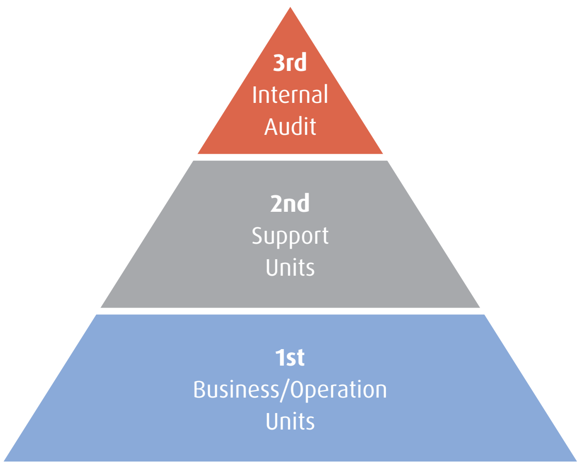
In line with our governance structure, the Group's Senior Management, Board, and BARMC were periodically kept informed of any compliance risk including mitigating factors and other compliance matters. Our Compliance team has carried out risk based reviews and testing on business operations to evaluate the adequacy of internal controls that are put in place to manage compliance risk of the Group.

On a periodic basis, relevant stakeholders and/or compliance representatives are updated and guided on the latest laws, regulations, and guidelines, which will enable them to ensure effective compliance for the Group.

Three Lines of Defence Model

A strong emphasis is placed on operational integrity and the need for our employees to adhere to the applicable regulations and guidelines. To this end, the Group incorporated the three lines of defence model in its operations, ensuring sound integrity in our daily operations. The diagram below highlights the three key lines of defence for effective compliance risk management:

Three Key Lines of Defence for an Effective Compliance Risk Management



Three Key Lines of Defence

Enhancing our Compliance Culture

We strive to ensure that all employees across the Group are aware and comply with the latest compliance requirements. To this end, it is compulsory for all our employees to complete regular training, e-learning and/or assessments on regulatory requirements, such as AML/CFT, confidentiality, conflicts of interest, anti-bribery and corruption, whistleblowing, licensing requirements, and business practice requirements, so that they are kept abreast on regulatory matters.

In FY2022, we deployed additional extensive training sessions for our employees, focusing on developing and enhancing our compliance culture to prevent all forms of corruption and compliance risk across the Group.

AML/CFT Training	**2,368** hours of training, 495* employees trained
ABC Training	**1,544** hours of external training, 513* employees trained

* *All employees are required to attend AML/CFT and ABC training. The total number of employees above may differ from the total number of employees within the financial year due to attrition and onboarding.*

Each year, all employees are required to submit a declaration of compliance, including adherence to the Group's key policies, including the Compliance Policy, AML/CFT & TFS Policy, Personal Protection Data Policy, Whistleblowing Policy, and ABC. Our employees are expected to fully comply with the laws and regulations, and are also encouraged to explore and initiate new ideas to improve the compliance process.

For more information on how we empower our employees through robust training and development, refer to pg 47.

Managing Human Rights

As we operate in a people-centric industry, human rights is a critical component of our values and culture. To that end, we closely monitor human rights within the markets that we operate in as well as in our business operations. Our commitment includes understanding the impact of the services we provide, upholding labour rights throughout our supply chain, as well as ensuring our clients' privacy is safeguarded. This is further supported through our AML/CFT & TFS Policy, which enshrines the 2007 Anti-Trafficking in People and Anti-Smuggling of Migrants Act.

Effective Risk Management

Risk Management Framework

With the continuous development and enhancement of our financial landscape, we have demonstrated resilience and the ability to manage risks consistently across our operations in line with our risk appetite. Our Group Risk Management Framework establishes our approach to systematically identifying, monitoring, and reporting of risk exposures across the Group with the oversight of risk management at the enterprise-wide level falling to the Board.

We continuously strive to enhance our systems, ensuring that the appropriate policies have been established and that sufficient resources are allocated to support effective risk management. Concurrently, we are committed to cultivating an effective risk culture and raising awareness amongst our employees. Our Risk Management team regularly communicates and disseminates risk-related information to all employees while also periodically providing updates of various key risk policies pertinent to our organisation and business operations.

Managing ESG Risk

Our Environment and Social Risk Guidance Note ("ESRG") plays a crucial role in facilitating and addressing the environmental and social impacts inherent in new business proposals and ensuring appropriate due diligence is conducted prior to any business undertakings. The ESRG was renamed to the Climate Change and Principle-based Taxonomy ("CCPT") Guidance Note in August 2022, to better reflect the focus of BNM's CCPT.

ESG Risk Management in Investment Banking

Our ESG assessment for lending, underwriting, and investments in bonds is embedded in our Core Credit Risk Policy to further mitigate ESG risks in compliance with the requirements of BNM's CCPT. The enhanced ESG assessment serves as a guide to evaluate the clients' risk profile and sustainability agendas with regards to environmental impact and efforts to mitigate climate change. The assessment is conducted during the provisioning of credit facilities to new clients and new investments, annual review of facilities and investments or when the clients requests for additional facilities.

ESG Assessment Screening		
Stages	**Process**	**Details**
Initial Screening	To identify clients' considerations to climate change and the broader environment; and to assess if their business activities fall within the Bank's general exclusion. Businesses that do not fall in this list will proceed to the sector/sub-sector screening stage.	General exclusions: • Involvement in money laundering, crime, terrorism, or illegal activities • Involvement in pornography or prostitution • Production or trade in military weapons or firearms • Involvement in forced labour, exploitation of children, and human trafficking • Activities resulting in significant conversion or degradation of high biodiversity value areas • Operations which use fire for land clearance or preparation of land • Fishing activities using drift nets or explosives
Sector/ Sub-sector Screening	Screening exercise to assess if businesses fall under the high Environmental and Social ("E&S") risk sectors. Businesses that fall under these sectors will then be subject to further assessment under the enhanced E&S due diligence screening. Other businesses will proceed to the business as usual ("BAU") credit assessment process.	Sensitive Sectors: • Forestry • Metals and Mining/Quarrying • Non-renewable Energy • Palm Oil
Enhanced E&S Due Diligence Screening	Screening conducted to identify and understand the client's potential E&S risks as well as the company's current mitigation plans in place to address these risks. Clients that are rated as high ESG risk will have to undergo mitigation plans to address key E&S issues in their business before they can proceed to the BAU credit assessment process.	E&S Criteria: The degree of the availability for the following: • Company policies in addressing ESG issues • Sustainability certifications • Commitment statements or mitigation measures addressing key issues: i) Environmental; and ii) Social

ESG Risk Management in Asset Management

HLAM believes that structural and systemic shifts, such as climate change, resource scarcity, regulatory pressures, the importance of human capital, and diversity as well as other ESG factors, increasingly pose material business risks and opportunities for issuers and investors globally. As such, HLAM has embedded ESG considerations into our investment process.

Through ESG integration via a systematic and explicit inclusion of ESG risks and opportunities in investment analysis, HLAM is better equipped to develop deeper insights and provide added value to its portfolio. We also have in place robust controls for Shariah-compliant investments that include parameters and permitted investments which are built into the offering documents.

Managing Climate Risks

As a key player within the global economy, financial institutions play a crucial role in developing and providing climate-friendly financial solutions that can create real and meaningful impact. This year, we have taken guidance from BNM's TCFD Application Guide for Malaysian Financial Institutions, in line with Bursa Malaysia's Sustainability Reporting Guide and in support of BNM's Climate Change and Principle-based Taxonomy, in developing our climate-related disclosures around four thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets.

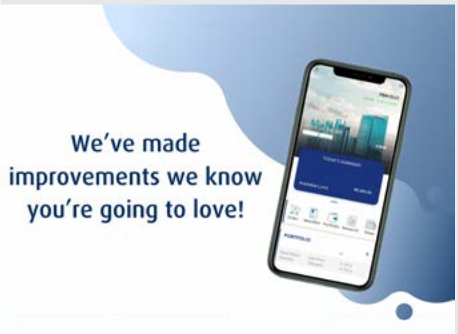
TCFD Pillars	Our Management Approach
Governance	**Board and BARMC** • Oversight of sustainability, including climate-related governance within the Group. **Sustainability Steering Committee** • Advises and makes recommendations to the BARMC on the business strategies in the areas of sustainability including climate-related governance. • Oversees and monitors the implementation of sustainability strategies including climate-related strategies. **Sustainability Working Committee** • Active participation in the planning, coordinating, and implementation of initiatives relevant to the sustainability matters including climate-related considerations. **FY2022 Developments** • Endorsed and implemented a Sustainability Framework in July 2022, which provides strategic guidance for the Group.

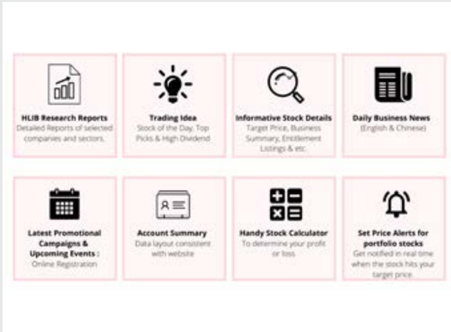
Sustainability Statement

TCFD Pillars	Our Management Approach
Strategy	• Integrated the ESG considerations over several aspects of the Group's products and services. • Continuously exploring climate-friendly products and services, while promoting sustainable investing. **FY2022 Developments** • Developed and formalised a Group-wide Sustainability Strategy with "Addressing Climate Change" as a core pillar. Moving forward, our Sustainability Framework will guide our strategy in incorporating climate-related considerations into our business. • Launched Hong Leong Global ESG Fund ("HLGESGF") which invests in a globally diversified portfolio of companies with an emphasis on ESG criteria in the investment process. • Begun looking at collaborating with clients in accelerating their transition towards sustainable practices given the increasing demand from investors for ESG and sustainable investments or products.
Risk Management	• The BARMC maintains oversight of our Group-wide risk management as well as risk appetite, limits, and controls. • Began integrating ESG considerations into our investment banking activities, guided by our ESRG. **FY2022 Developments** • The ESRG has now been renamed to the CCPT Guidance Note, to better reflect the focus of BNM's CCPT. • HLIB embedded the requirements of BNM's CCPT in the Core Credit Risk Policy as part of the process to assess credit facilities, new investments, and underwriting risk.
Metrics and Targets	• We currently track key environmental metrics such as electricity consumption in kWh and paper consumption in kg, which are linked to our impact on climate change. **FY2022 Developments** • We took a substantial leap forward in our sustainability journey and began measuring and monitoring Scope 1 and Scope 2 greenhouse gas ("GHG") emissions for operations as well as Scope 3 business travel emissions. *For further information on our GHG emissions, please refer to the Managing our GHG Emissions section on pg 57.*

DIGITAL AT THE CORE

IMPACTFUL DIGITALISATION





Our Ambition

Using digitalisation to create positive impact for HLCB and our stakeholders

Material Topic Alignment

- Cyber Security and Data Privacy
- Client Experience
- Innovation

Our Digital Strategy

We see the emergence of digital technology as a chance to improve financial services accessibility and encourage participation from all parties. Internally, digitalisation allows HLCB to increase system productivity and efficiency. Fundamental to our commitment to digital transformation is ensuring we establish a secure and sustainable digital infrastructure. To that end, our Group Information Technology ("IT") team has engaged multiple vendors to enhance our approach to cyber security.

In FY2022,

79.6%

of the Group's total capital expenditure is invested on IT infrastructure

Harnessing Innovation

We have taken big leaps towards integrating sustainability into our business activities and innovation has been at the forefront of this journey. Innovation is a core value embedded into our culture and forms the fundamentals of our organisation as we continue to develop and evolve to navigate the digital landscape. We have taken a two-fold approach to innovation within our organisation, adopting a client-centric process by continuously innovating our products and solutions to cater for the evolving needs of our clients as well as enhancing our workplace productivity by improving our processes and procedures.

Innovating our Products and Processes

Through our digital platforms, we offer our clients a host of products and services, tailored to their specific needs, and support them throughout their transition to new investment technologies. We regularly engage with our clients to ensure we are consistently abreast of their expectations and needs.

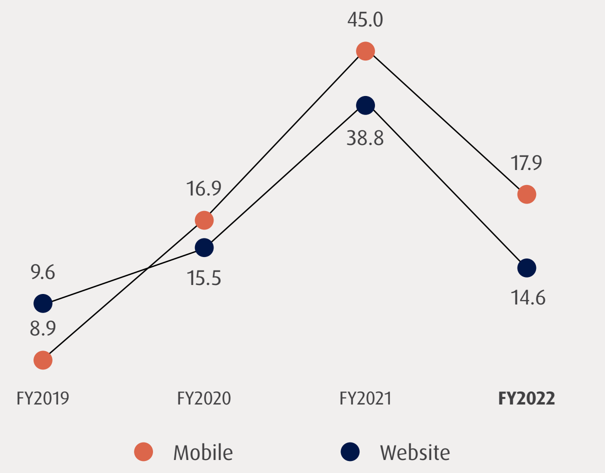
HLeBroking Digital Platforms

Specially designed with our clients in mind, HLeBroking offers all the services of a conventional broker and more, with a range of exciting features that allow our clients to trade with better margins and monitor their investments online at their convenience. Our HLeBroking mobile application was developed to provide our clients with an accessible and seamless trading experience, while also allowing us to increase touch points with clients to provide frequent updates on their stock portfolio.

We have enhanced our HLeBroking mobile platform by introducing ePayment features such as FPX and Fund Withdrawal facilities to the new HLeBroking mobile application. Clients are allowed to trade almost instantly after depositing funds into their trading accounts, enabling easy access for our users. Our HLeBroking app also provides live market data during trading hours and provides access to the latest articles published by The Edge Malaysia and The Star.

IMPACTFUL DIGITALISATION

Mobile and Website Trades
(RM'billions)



Nearly RM33 billion was traded via our HLeBroking digital platforms throughout FY2022, reflecting a decrease as compared to FY2021. The lower traded value was affected by the lower Bursa Malaysia's market activity reported in the same period. Moving forward, we will be launching a Shariah trading platform to cater for Shariah investing to accommodate the needs of our retail clients and promote inclusivity. We are also looking to digitise the account opening process with the aim to provide our retail clients with a fully digital account opening experience by the end of 2022, as we transition towards a sustainable future.

Direct Market Access Trading

We launched our Direct Market Access ("DMA") electronic trading solution in July 2020 to provide our investors with the ability to optimise and take full advantage of their trading opportunities. Through DMA, we provide faster order executions, allowing real time execution at lower costs for investors.

Recorded more than
RM323 million
in trades value

As we strive to improve market efficiency and provide an effective trading platform, we are enhancing the DMA system with algorithmic trading capabilities which is targeted to launch by FY2023. Through algorithmic trading, clients will be empowered with more options to enhance their investment performance.

HLAM's Online Transaction Platform

HLAM has steadily enhanced its overall investment experience for our clients and business partners through its Online Transaction Platform ("OTP"), allowing greater flexibility and accessibility to meet our clients' niche requirements. The introduction of HL iSmart Invest and Cash Investments further enhances our seamless trading experience, providing our clients with the opportunity to not only invest their EPF funds, but also have the flexibility to invest anytime, anywhere without the need to meet a unit trust consultant physically.

HL iSmart Invest	
Via EPF i-Invest	Enables Employees Provident Fund ("EPF") members to invest in HLAM's EPF-approved funds through the EPF-Members Investment Scheme ("EPF-MIS").
Cash Investments	Offers investors the ability to invest anytime and anywhere with a wide selection of unit trust funds ranging from conventional funds to Islamic funds.

5,522 new accounts
since the launching of HL iSmart Invest

We have successfully digitised the onboarding process for our EPF investors, which is live via the EPF i-Invest and HL iSmart Invest platforms. Introduced to accommodate the growing digital needs of our clients, the platforms have allowed thousands of our investors to manage their investments and accounts with ease. Our Digital at the Core philosophy is yielding impact and is providing respite in these trying circumstances, with the success of our efforts reflected in our growing digital adoption rates. We are proud to report that we remained steadfast towards supporting our clients as we navigate through our collective digital transformation journey.

Enabling Efficient Processes via Innovation

KEY INTERNAL DIGITALISATION EFFORTS

Digital Onboarding	Statement Printing Discontinuation	Data Collection via HL iSmart Invest
Value for Us	**Value for Us**	**Value for Us**
More efficient and cost optimised process	Reduced paper wastage and cost optimised process	Expand outreach to previously under targeted market segments
Value for Clients	**Value for Clients**	**Value for Clients**
Seamless and reduces physical documentation	Access statements with ease, allowing easy retrieval of historical statements	Personalised and targeted service to cater for individual needs

As we strive to continuously provide and add value to our clients, we consistently innovate our internal processes and procedures. We are in the process of exploring a number of initiatives to enhance internal efficiency, including a document management system to further minimise printing of hardcopy documents. The system will store, organise, and share all policies, procedures, regulations, training materials and other documents in digital format which are secure and can be easily retrieved, while also providing us cost saving benefits on storage space as well as the reduction in paper usage. The initiative is expected to be implemented by the end of FY2023.

HLAM and HLISAM also have in place their pre-trade compliance module in Bloomberg. This enables the execution of pre-trade compliance checking to ensure only securities that comply with the parameters stated in the investment guidelines and/or offering documents are being traded. Other enhancements include Bloomberg Asset and Investment Manager ("AIM") integration, with the intention of reducing manual input needed, and providing Fund Managers and Compliance with updated data daily.

For further details on our digitalisation processes for the interest of protecting our environment, please refer to pg 59.

Client Experience

We are committed to adopting a client-centric approach to ensure we have competitive advantage within the financial services industry. Not only do our clients turn to us for value-added products and solutions, but also for a meaningful and purposeful connection. We believe our clients are a reflection of our culture and values, and every interaction is an opportunity for us to grow.

Engaging Our Clients

By actively engaging with our clients, we are able to understand their business operating environments and identify gaps, thereby structuring effective solutions to meet their specific requirements. To that end, we regularly conduct workshops, seminars, and events to increase our interaction and engagement with clients.

We have increased our HLeBroking digital connections by conducting multiple virtual investment talks through online webinars on Cisco Webex, replacing the Facebook Live sessions as it was more exclusive and secure.

IMPACTFUL DIGITALISATION

In FY2022, seven webinars were conducted and we have reached out to more than

3,100

participants via the webinars.

2H2021 Economic & Market Outlook - Delayed but not Derailed	Mandarin Market Outlook: Where is the Malaysian market heading post-pandemic?	4Q2021 Market Outlook: An Endemic Reopening	
Riding the Waves in Hong Kong	Growth Investing Masterclass	Bursa Opportunity Series: Technical Charting - Entry & Exit Signals	2Q2022 Market Outlook - Transition to Endemicity

Professional management of complaints is also vital to client satisfaction and retention. All complaints and feedback are taken seriously and will be used to improve the quality of our services. Clients are able to lodge complaints through the various channels including our websites, email or phone calls, and we aim to deal with feedback constructively and in a timely manner. Our Retail Support Policy and client servicing training further enhance and guide our client management efforts.

Cyber Security and Data Privacy

Safeguarding personal data and protecting client privacy remains a key priority to us in upholding clients' confidence and trust. With our clients increasingly shifting towards digital trading channels, the Group is also committed to ensuring robust cyber security controls.

Managing Security and Privacy

Our Group IT policy sets out our measures to safeguard and govern data privacy and cyber security, and is further supplemented by the adoption and implementation of measures prescribed under the Financial Services Act 2013 ("FSA"), Capital Markets and Services Act 2007 ("CMSA"), Personal Data Protection Act 2010 ("PDPA") as well as other regulations issued by BNM, SC and Bursa Malaysia. In doing so, we ensure there are adequate physical, electronic, and process controls in place to protect our operations. We also regularly conduct compliance assessments of controls and processes related to confidential information as well as privacy risks and data security audits to identify and mitigate any potential gaps.

Enhancing Our Defences

In our efforts to enhance our cyber defences and prevent cyber-attacks, the Group IT has implemented a host of controls and measures. These include:

Cyber Security Best Practices	
Implement internal measures on restrictions, antivirus and firewall, and data integrity monitoring tools.	Introduce mechanisms to strengthen remote cyber security for employees working from home.
Conduct regular assessments to identify and enhance cyber security gaps.	Regular updates to enhance systems and applications security.

The implementation of these control measures have ensured we maintained zero instances of data breaches and cyber-attack incidents recorded in the financial year. We are determined to maintain this record and have plans to introduce additional assessments and exercises with the IT security team and regulators to enhance our cyber-related incident responses and recovery processes.

ZERO

- Data breach incidents recorded in FY2022
- Instances of cyber-attacks observed in FY2022

WORKFORCE READINESS

Strengthening Internal Capabilities

Our Ambition

Enhancing our governance and strengthening our capabilities and systems to deliver on our sustainability agenda

Material Topic Alignment

- Employee Experience
- Compliance
- Ethics and Integrity

Empowering our Workforce

We recognise the pivotal role our employees play in deepening the integration of sustainability into our organisation and subsequently, enabling the Group to consistently create value for our stakeholders. Enhancing employee capabilities enables us as an organisation to be prepared for future market developments and trends. We want to unlock sustainable value through our talent and leadership whilst embedding sustainability into the DNA of our workforce.

At HLCB, we constantly introduce various initiatives to nurture our employees. We strive to empower our employees on a financial, social, and educational level to ensure their personal development.

Employee Experience

We recognise our employees as our most valuable asset as they are our enablers to becoming a key industry player. A diverse and inclusive workforce is crucial for igniting creativity and fostering innovation. To build such a workforce, we engage and recruit individuals of varied backgrounds, origins, experiences, and cultures. Furthermore, our employee development programmes instil distinct and extensive skill sets in our employees, and we take steps to regularly and meaningfully engage with employees, such as through periodic performance evaluations. Our efforts in developing a high-performing workforce ensure that we consistently deliver world-class business results.

Attracting, Developing, and Retaining Talent

We seek motivated and inquisitive candidates who are eager to learn and meaningfully contribute to our business. To ensure that our hiring practices are inclusive and agile, we utilise a variety of recruitment channels with the goal of securing a diversity of skills and experiences to strengthen our capabilities.

Aligned with our ambition of nurturing the best talent, we are committed to supporting our employees' ongoing professional development in order to sustain a competent and dedicated workforce. We firmly believe that for HLCB to remain a competitive business in this rapidly-evolving market, we must continuously encourage the growth of our own talent and assist them to advance their career paths within the Group.

We regularly provide training programmes covering core areas, including leadership skills and role-specific training. As we have begun to place more emphasis in embedding sustainability, we have also been providing our employees with ESG-related training to strengthen our internal capabilities to embed sustainability.

In order to cultivate a high-performance workforce and ensure that our talent remains agile, adaptable and future-ready, we invested more than 7,590 hours into employee development in FY2022. On average, each employee received 14 hours of training during the financial year.

Strengthening Internal Capabilities

Employee Training

Total training hours **>7,590**

Average Training Hours

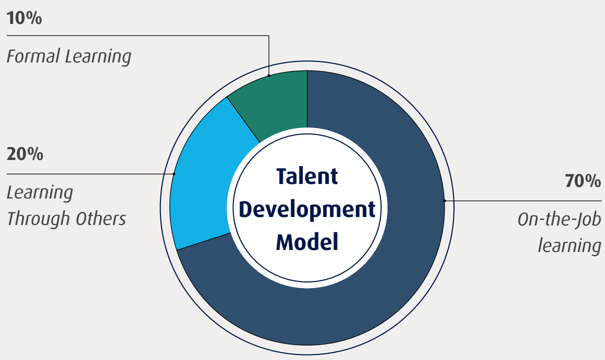
Male	Female
14	14

Management Associate Programme

In FY2022, HLIB introduced a Management Associate ("MA") programme to attract and develop talent to further strengthen our organisation. Graduates recruited under this programme will be placed in respective business departments for two years, in order to gain knowledge and hands-on exposure in the financial industry. Thus far, we have recruited three MA trainees who are currently attached to our Equity Markets and Debt Markets divisions. Our aim is to sustain the momentum of the MA program and target to recruit a total of seven MA trainees moving forward.

Talent Development Model

Using the 70-20-10 development model, we have tailored our talent development and management programmes to each employee's unique strengths. Employees are empowered to gain knowledge and skills through on-the-job training, coaching and mentoring, and classroom instruction.



Towards creating a nurturing and empowering work environment, we regularly encourage our employees to learn from their peers and mentors. Additionally, we conduct a wide range of development programmes accessible to all of our employees, encompassing leadership, soft skills, and functional and technical abilities. As a form of formal learning, we have set prerequisites for all of our licensed employees to fulfil their Continuing Professional Education ("CPE") requirements by attending recognised CPE programs conducted by the relevant authorities. In FY2022, 100% of our licensed employees fulfilled the annual CPE requirements.

Building Internal Competencies

As each role requires different essential skills and attributes to be carried out efficiently, we have formulated a Competency Structure to effectively identify the Leaders, People Managers, and Contributors in our workforce, based on current industry outlook and demands. This Competency Structure and key attributes inform the training and development programmes for our employees.

HLCB's Competency Structure
Leaders
Leaders must embrace functional excellence in concepts and strategies to create a dynamic workforce that is in line with the Group's long-term organisational goals. Leaders play a crucial role in igniting change by fostering and enhancing desirable traits, and subsequently influencing employees at all levels to adopt these values.
People Managers
People managers focus on performance and quality, and are essential to the transformation of business or operational capacities. Our people managers are tasked with effective management of employees, making sure that daily operations are in order.
Contributors
Contributors are technical managers and executives who recognise opportunities, challenges, and potential for advancement, and thereby employ their expertise and skills in a creative manner. Our employees on this track serve as the driving force behind developing a sustainable business strategy.

Fostering Internal Mobility

We empower our employees at every level by providing adequate opportunities for them to develop and support their career mobility within our organisation. This enables us to retain the right talent that will further propel us in our progressive sustainability journey. We regularly perform strategic human resource analysis and evaluation for each of our Business Units which allows us to manage our talent more effectively and identify potential areas of enhancement.

HiPo Programme

We are cognisant that the success of our organisation is influenced by our ability to develop a robust and healthy talent pipeline. Our High Potential ("HiPo") Programme is our core succession planning initiative that enables us to effectively identify and nurture promising talent internally. It also allows us to address competency gaps among our employees, thus enabling their personal development. HiPo candidates are shortlisted at the end of each fiscal year, and will receive a two-year training using the 70-20-10 Model to achieve the desired objectives. We identified 50 candidates for our HiPo programme using our evaluation procedures.

ESG capacity-building

The Group understands that instilling ESG knowledge and capabilities in our employees will catalyse our ambition of becoming a more sustainable business. As such, we are developing a structured ESG training programme and are currently in discussion with prospective vendors. ESG capacity-building throughout the Group will empower our employees to embed and integrate ESG into their respective roles and responsibilities. Consequently, we will be better able to advise and support our clients on their own ESG journeys.

An ESG awareness campaign related to our ESG fund, HLGESGF, was carried out by HLAM for all our employees in July 2022. Since the launch of HLGESGF, our Marketing team has also produced several educational and fund-centric digital content, which aims to create awareness of both general ESG knowledge as well as the ESG fund among our employees.

For information on how we incorporate ESG capacity-building in our training for the Board and Senior Management, please refer to the Senior Management and Board Capacity Building section on pg 37.

Sustainability Statement

Strengthening Internal Capabilities

Creating a Nurturing Workplace

Prioritising our employees' safety and wellbeing has always been a part of our core focus in creating a nurturing work environment. We adopt a holistic approach to care for our employees, fostering their growth both at work and through the different stages of their lives. We understand that the development of our employees, as well as the retention of the best candidates for our team, depends significantly on our employees' overall wellbeing.

At HLCB, we respect and embrace diversity in our workplace, and we support the embodiment of inclusiveness for all to provide a safe and conducive working environment for our employees. Furthermore, in the face of the COVID-19 pandemic, we have remained committed to safeguarding our employees' wellbeing.

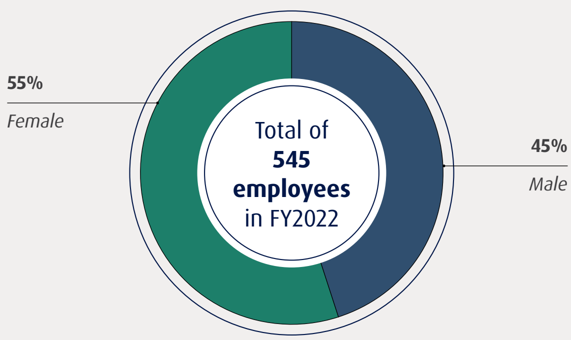
5 GENDER EQUALITY

Supporting SDG Target 5.5

Promoting Diversity and Inclusion

We are cognisant that diversity and inclusivity in the workplace is a key driver that spurs productivity, creativity, and innovation. We strive to create a diverse workforce by hiring and engaging with people from unique backgrounds, origins, experiences, and cultures, as financial institutions are advancing digitally. As we look to sustain our diverse workplace, female employees across different roles now account for 55% of the Group's workforce.

Our Workplace Diversity by Gender in FY2022



Additionally, we understand that it is essential for our Board of Directors to have a diverse set of knowledge, viewpoints, and capabilities. To this end, we have established a Board Diversity Policy to cement our dedication to balancing and diversifying our Board members in terms of gender, skills and experience, in a way that is compatible with the Group's objectives.

For more information on the diversity of our Board and Senior Management, please refer to the Robust Governance section on pg 34.

Managing Wellbeing and Satisfaction

We go above and beyond the conventional salary and benefit packages to retain talent. In addition to competitive compensation, we provide our employees with medical benefits, insurance and interest rate subsidies for mortgage and auto loans. In FY2020, we formed a strategic partnership with Alpro Pharmacy to provide our employees with an alternative way to procure prescriptions and medication. This partnership has provided our employees with the ease of a contactless doctors' prescription experience and medication delivery during the nationwide lockdown period.

We perform annual compensation assessments to benchmark and identify pay disparities against the current market standards, in order to ensure that our compensation structure remains competitive. Additionally, in order to meet the needs of our employees at different phases of their lives, we offer various leave allocations including prolonged illness leave, paternity leave, marriage leave, study and examination leave, and pilgrimage leave.

As we understand that family is a significant source of emotional support, we grant the Hong Leong Group Scholarship Awards ("GSA") to our employees' children who wish to pursue further education and qualify for the awards. This is to reduce our employees' financial burden while they remain a pillar of support for their loved ones. Financial aid is provided from the beginning of the scholars' pre-university years until the end of their undergraduate education.

Our support to our employees also extends beyond ensuring their wellbeing in the workplace. In FY2022, torrential downpours throughout the peninsula had resulted in major flooding. Six of our employees were affected, with their homes severely flooded. In these trying times, HLCB stood by our employees and granted a total of RM21,000 to our impacted employees to reduce their financial burdens.

Engaging our Workforce

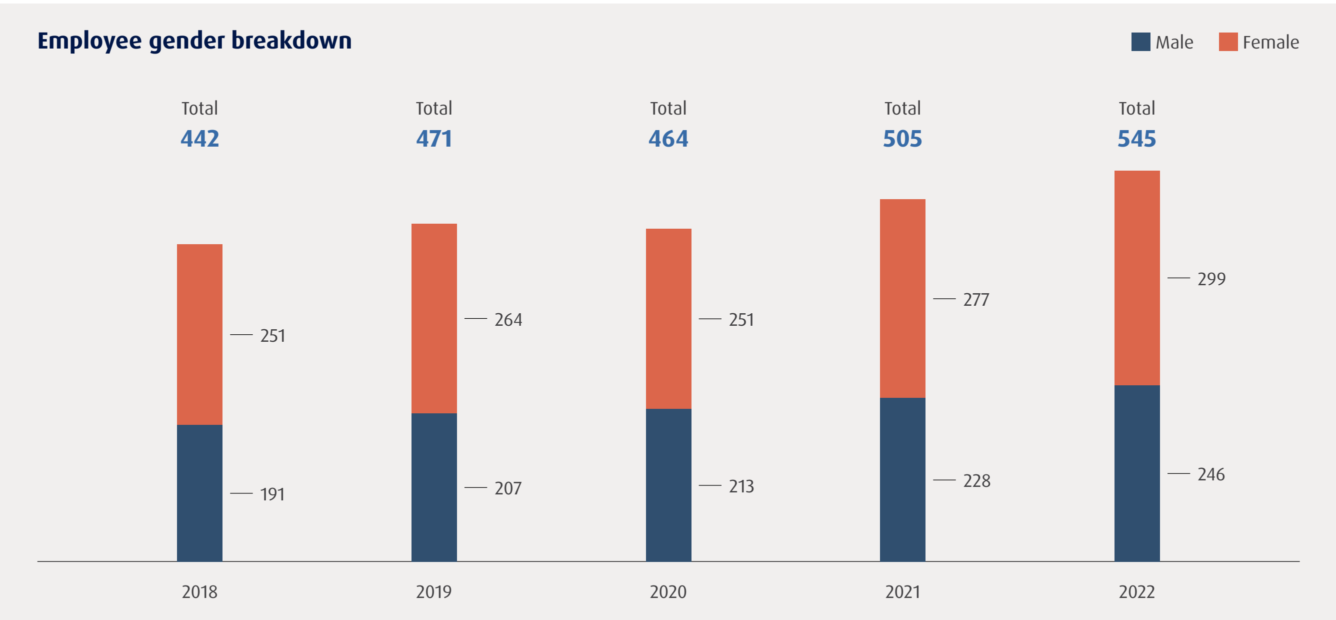
As we understand the importance of effective two-way communication with our employees, we proactively utilise digital messaging platforms to engage with our employees. We are conducting our mid-term performance review across the Group, with the objective being to align expectations between people managers and employees. By analysing the skill gaps that are identified through this review, we are able to focus on employee development and action plans for the future.

Navigating through the Pandemic

We have been persistent in our efforts of curbing the spread of COVID-19. At the start of the pandemic, we shifted to a virtual environment and since then, we continue to encourage our employees to innovate our processes to enhance efficiency as we conduct our regular business activities from our homes. For our employees working in the office, we continue to practise strict compliance to the SOPs which include:

- Split operations and only permitting certain employees from designated departments to work in the office.
- Deploying half of our employees to work remotely, continuing to impose restrictions on employee movement between branches, and minimising face-to-face meetings that would pose a higher risk of infection.
- Providing employees with timely information and reminders to remain vigilant and adhere to social distancing requirements.
- Supplying on-site employees with face masks and hand sanitisers while maintaining routine sanitisation procedures.

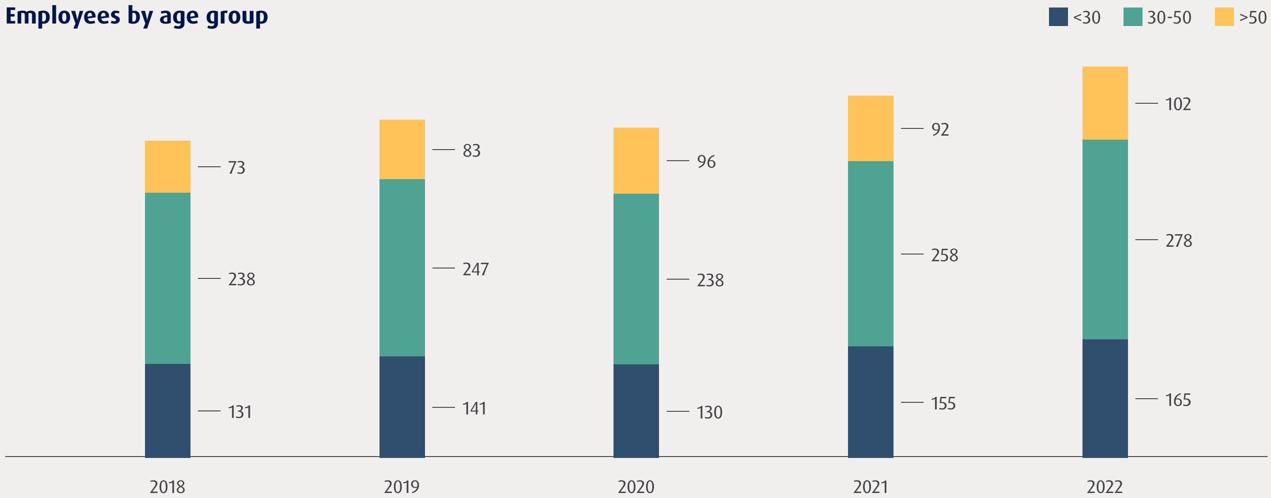
Workplace Performance Data



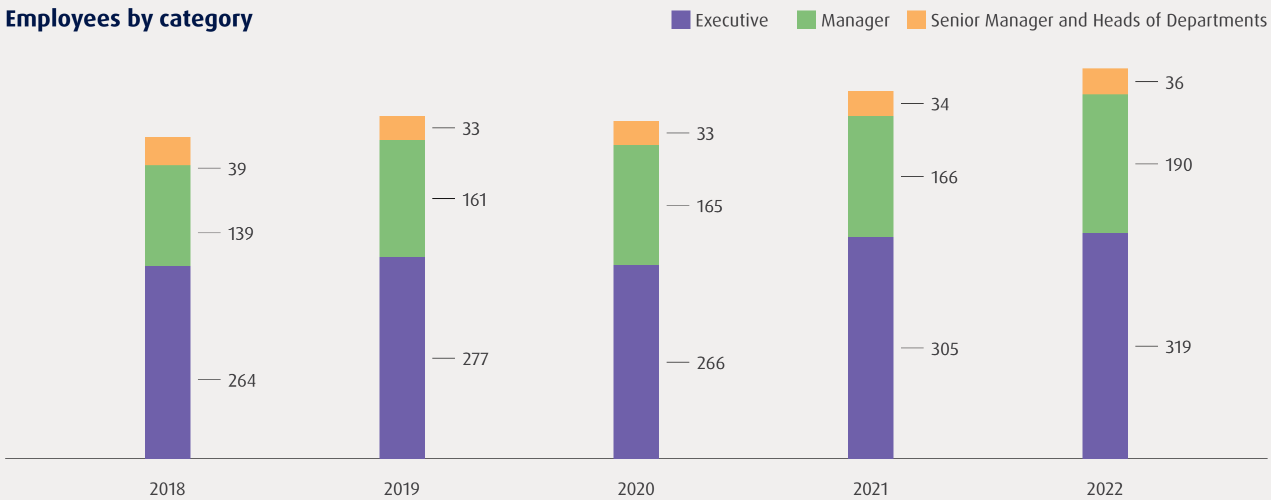
Sustainability Statement

Strengthening Internal Capabilities

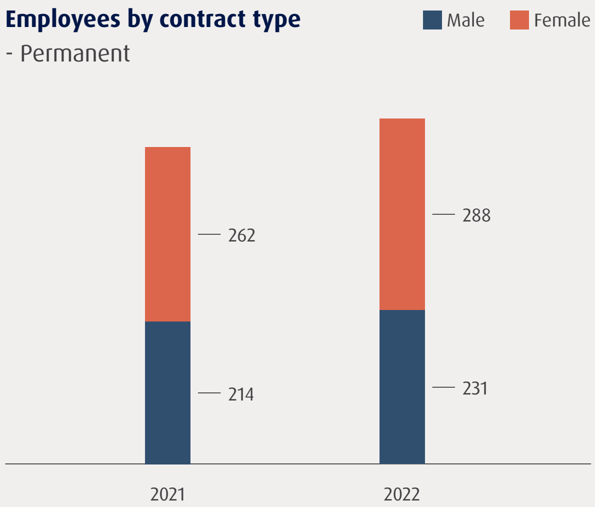
Employees by age group



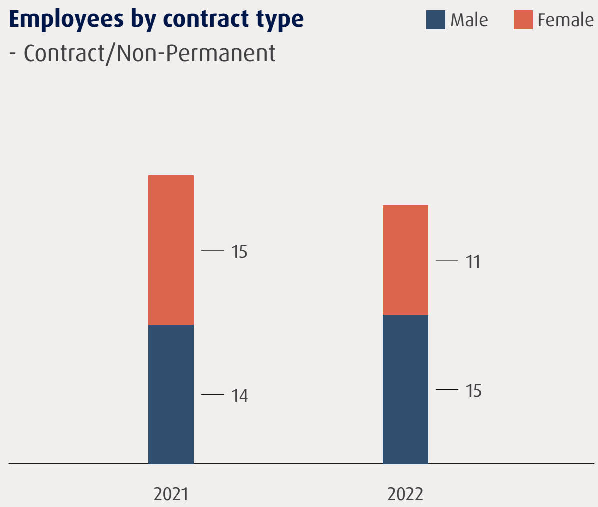
Employees by category

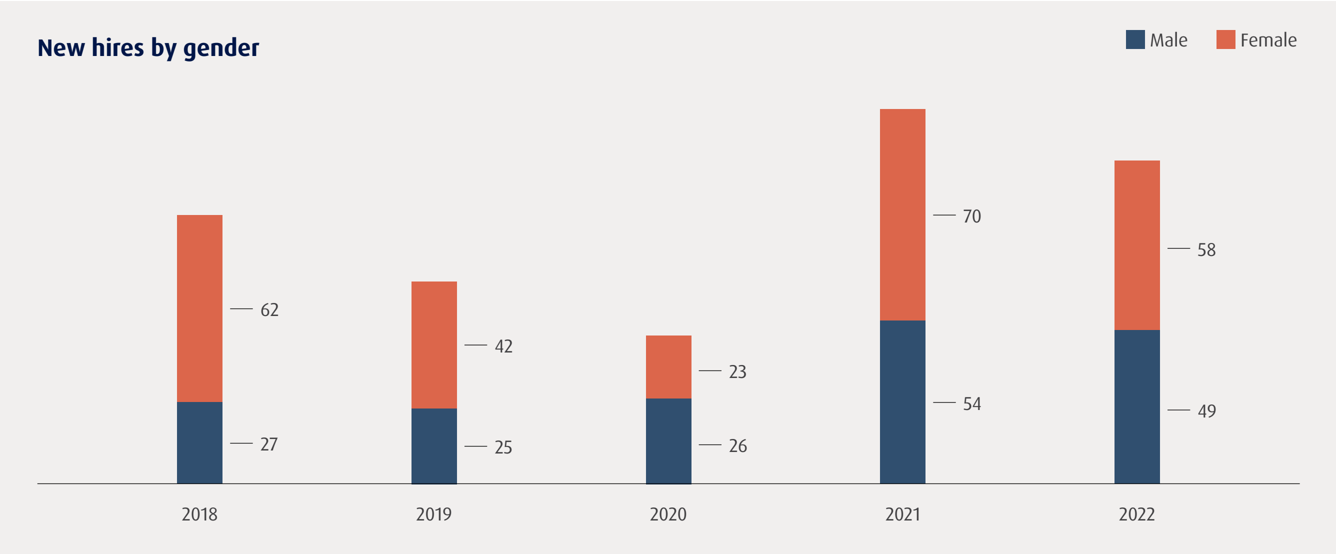


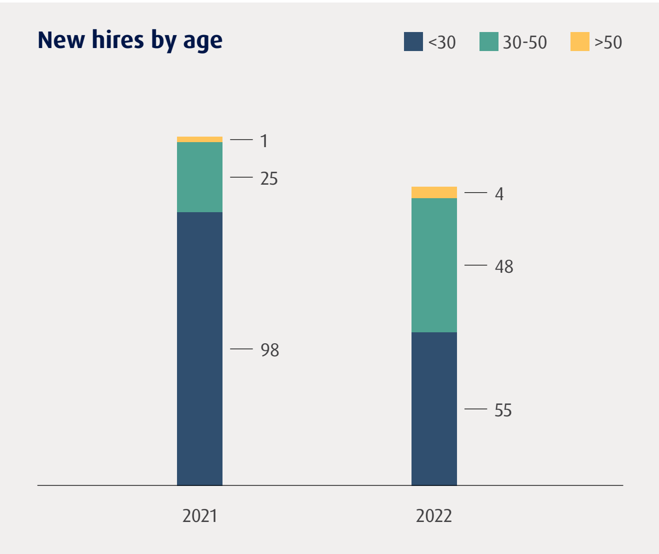
Employees by contract type - Permanent

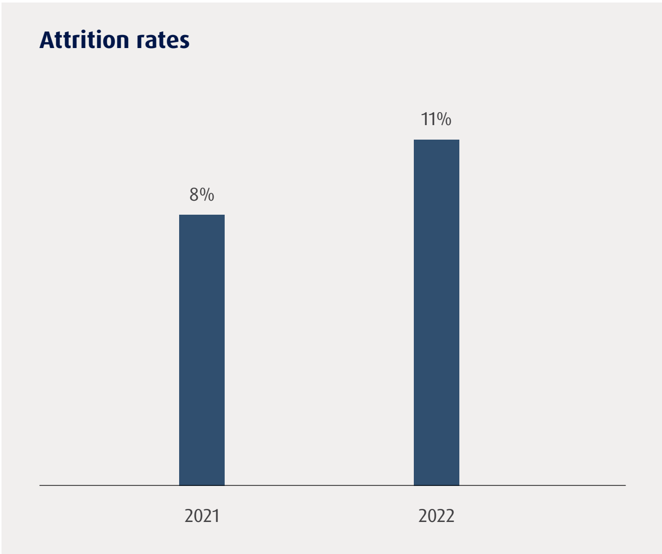


Employees by contract type - Contract/Non-Permanent




New hires by gender
Male
Female
62
27
42
25
23
26
70
54
58
49
2018
2019
2020
2021
2022


New hires by age
<30
30-50
>50
1
25
98
4
48
55
2021
2022


Attrition rates
8%
11%
2021
2022

Sustainability Statement

SOCIALLY RESPONSIBLE BUSINESS

Engaging on Sustainability

Our Ambition

Actively engaging with our stakeholders, encouraging them to embrace sustainability

Material Topic Alignment

- Fair Banking
- Impact Investing

Creating Positive Impact

The Group is cognisant of the impact that our business has on people and the planet. As a key player in the financial services industry, we continuously strive to create positive social and environmental impact for our stakeholders. In line with this ambition, we have been progressively embedding ESG considerations into our internal processes as well as our products and services, towards encouraging broader adoption of sustainable investing locally.

Our efforts to advocate for sustainable investing also encompass engagements with our stakeholders, encouraging them to capitalise on investment opportunities that align with future market demands. Further to this, we also regularly engage with regulators to make sure that our products are marketed responsibly.

Enabling an Ecosystem for Sustainable Investing

We are cognisant of the integral role we play as an ecosystem enabler in the Malaysian sustainable investing landscape. The Group applies a multi-pronged approach in supporting the market's transition towards greener and socially responsible investing that creates tangible and quantifiable impact.

Our Approach to Supporting Sustainable Investing

Embedding ESG into our Processes	Developing Employee Capabilities
Developing Sustainable Investment Products	Sustainable financing and impact investing

Embedding ESG into our Processes

The Group is striving to progressively embed ESG risk considerations throughout our business. In doing so, our existing internal mechanisms will be supplemented by sound sustainability considerations.

For HLIB's business activities, the management of climate-related risks is outlined in the Climate Change and Principle-based Taxonomy ("CCPT") Guidance Note, which is in alignment with BNM's CCPT. Further to this, HLIB's Research team is also developing an ESG Framework to better integrate ESG considerations into their research processes.

We strive to strike a balance between sound ESG risk management and supporting a just, orderly, and stepwise transition to a sustainable economy. To this extent, we believe that companies with ESG issues should not be excluded from our portfolio, as there is still perceivable value in these companies. Nevertheless, we employ mitigative actions to support these companies in developing and improving their ESG practices.

For more information on how we incorporate ESG risk, please refer to the Managing ESG Risk section on pg 39.

For our fund management and unit trust management businesses, our research team actively incorporates ESG elements into our internal research reports, which guide our fund managers in making better-informed decisions that incorporate ESG factors. Our research methodology is two-pronged, with one focusing on traditional financial analysis and the other on ESG.

We also continue to utilise our in-house ESG scoring model to drive the investment decisions we make. Our scoring model is built with reference to multiple global ESG frameworks and regulations, and further strengthens the research reports that we prepare for our fund managers.

The Islamic fund management activities operated by HLISAM also actively embeds sustainability, guided by Value-based Intermediation ("VBI") and Shariah principles.

Building Employee Capabilities

Our employees play a critical role in supporting our drive to become a key player within the sustainable investing ecosystem. We strive to empower relevant employees with a robust foundation of ESG-related knowledge, delivered via targeted training. Through this approach, we ensure our employees are equipped with the right knowledge to meaningfully engage with our clients and encourage them to invest sustainably.

Continuous ESG Training Efforts

Periodic ESG training for HLAM and HLISAM equity teams.	ESG introductory training for HLIB client-coverage teams including education on green bond standards.
Courses and seminars on ESG financing for HLIB Investment Banking team.	Training on global and regional developments in ESG regulations and sustainable finance for HLIB Treasury and Markets teams.

In FY2022, employees across the Group participated in extensive engagements with ESG subject-matter experts in the process of developing our Sustainability Framework. 42 employees participated in 10 educational ESG-related sessions, which provided them with a deeper understanding of ESG and sustainability-linked industry trends. Through these sessions, employees from different functions were provided valuable insights which will enable them to operationalise our Sustainability Framework as we move forward.

Enhancing ESG Expertise

In line with the Group's efforts to encourage the growth of the Malaysian market for sustainable investing, we strive to educate stakeholders on the process of incorporating ESG perspectives in their investment decisions. As part of this, our research reports – which include ESG-related considerations – play a fundamental role in informing both our fund managers and our clients about investing sustainably.

Our dedicated HLIB and HLAM research teams are entrusted with identifying relevant ESG issues of the companies or industries under coverage, keeping track of emerging ESG trends, and determining the significance of these issues to the company's valuations and financial performances. Given the complexity and broad subject matter of ESG-related research, the analysts of our HLIB stockbroking research team are working towards obtaining relevant certification in ESG investing. To support their endeavour, we have begun providing our research teams with the necessary training to become ESG certified. As we move forward, we intend to provide this training to more research analysts, with the aim of developing a strong pool of ESG-certified analysts.

Developing Sustainable Investment Products

FY2022 marked an important milestone in our ESG journey as our fund management and unit trust management businesses launched the Group's first ESG fund. Our Hong Leong Global ESG Fund ("HLGESGF") aims to provide medium- to long-term capital growth by investing in a globally diversified portfolio of companies with a focus on ESG criteria in the investment process. The HLGESGF follows a rule-based strategy to only invest in securities of companies with a strong ESG scoring. HLAM has been communicating to investors through various distribution channels, to educate them on this fund and encourage investment into it. To ensure that sustainable investing is accessible to a wider client base, we are targeting to launch a Shariah-compliant ESG fund, the Hong Leong Global Shariah ESG Fund, in FY2023.

Additionally, in our efforts to support our clients in aligning their business with sustainable development and growth, we offer products and solutions that enable clients to indirectly finance sustainable projects. Similarly, Shariah-based products are developed to support the achievement of social development objectives and societal ideals.

Engaging on Sustainability

Supporting The Transition Towards a Low Carbon Economy

Our Equity Markets team is looking towards assisting potential Initial Public Offering clients to be ESG compliant.

Our Treasury and Markets team have continued to hold a substantial green bond investment in Sarawak, Malaysia, through which green energy is generated using hydropower.

Our Debt Markets team serves as the Principal Adviser, Lead Arranger and Lead Manager for the issuance of the first in the market Green Additional Tier 1 ("AT1") Capital Bond of RM900 million by Hong Leong Bank Berhad in April 2022. The proceeds from the issuance is to be used to finance eligible projects in relation to renewable energy, energy efficiency, green building, waste management, and sustainable transportation.

Fair Banking

Fair banking practices are fundamental to our business. Due to the magnitude of investments and capital transferred through our organisation, we take care to be highly diligent in ensuring fair and transparent dealings with our clients. The Group values fair banking and strives to conduct business with the highest levels of ethics and integrity.

Dealing with Transparency

We endeavour to promote transparency through the implementation of policies and practices that support fair banking principles and comply with all pertinent laws and regulations.

To assist our clients in making informed decisions throughout their transactions, information on operations such as trading, pricing, and positioning are made transparent. We also make certain that all terms and conditions are extensively detailed in writing and mutually agreed by clients. Our efforts are supported by a number of policies, SOPs, and codes of conduct, all of which are periodically reviewed and revised as necessary. Furthermore, KRA is established for our employees to ensure compliance with regulations and SOPs, and ensure the absence of biases in advising clients and executing trades.

Only employees with the requisite Capital Markets Services Representative's Licence ("CMSRL") from SC are allowed to provide clients with advice regarding capital market related transactions. All employees are obliged to attend skill-enhancement courses and CMSRL holders must adhere to CPE requirements.

Responsible Marketing

We work to ensure we offer products that are fair, yet still tailored to satisfy each client's needs. We develop terms and conditions, memorandums, and pricing supplements after thorough due diligence to ensure compliance with regulatory requirements before submitting them to regulators and/or circulating them to potential investors or clients.

8 DECENT WORK AND ECONOMIC GROWTH

Supporting SDG Target 8.3

Responsible Procurement

Enhancing assistance for local suppliers is crucial to our ethical procurement policies, as we work towards building a reliable and sustainable supply chain. The majority of our procurement centres around digital assets and services, as well as office supplies and maintenance services. We make an effort to reduce the travel distance of goods procured, while still making a meaningful contribution to the development of the Malaysian market. Based on our data in FY2022, 93% of our suppliers and service providers were based in Malaysia, with local companies receiving 95% of all procurement spending.

ENVIRONMENTAL MANAGEMENT

Addressing Climate Change

Our Ambition

Managing climate-related risks and leveraging climate-related opportunities, in line with stakeholders' expectations

Material Topic Alignment

- Managing the Environmental Footprint

Mitigating Our Climate Impact

As a responsible organisation, we are mindful of the potential impacts our operations have on the climate. In our efforts to reduce our climate footprint, we have developed, enhanced, and implemented robust environmental management initiatives that help identify and mitigate our impacts. With the development of our Sustainability Framework, we are moving towards a more holistic approach in alignment with the Group's developing and on-going direction to integrate more in depth climate considerations into the existing risk management mechanisms.

Managing Our GHG Emissions

The Group continuously strives to manage and mitigate the impact we have on the climate. Emissions tracking is a crucial part of identifying and improving our operational impact on the environment. FY2022 marks the first year where HLCB has taken a progressive step forward in disclosing its emissions-related data.

We have aligned our GHG emissions accounting and reporting with *The GHG Protocol: A Corporate Accounting and Reporting Standard, Intergovernmental Panel on Climate Change ("IPCC") Guidelines for National Greenhouse Gas Inventories* and utilising local emissions factors where applicable.

Our GHG emissions disclosure is systematically documented in terms of scopes (Scope 1, Scope 2, and Scope 3) from FY2019 to FY2022 which covers our operations in Menara Hong Leong, Plaza Zurich, five branches, and two satellite offices across different states.

Scope 1	Direct GHG emissions that encompasses: - Stationary Combustion: Backup gensets - Mobile Combustion: All vehicles owned or controlled by HLCB - Fugitive Emission: Leaks from air conditioning units
Scope 2	Indirect GHG emissions from the generation of purchased electricity
Scope 3	Other indirect GHG emissions from business travel by road and air

Expansion to other emissions categories are expected in the upcoming reporting years in line with our intention of employing a phased approach to facilitate data readiness and address limitations and constraints hindering complete, accurate, and reliable data sets.

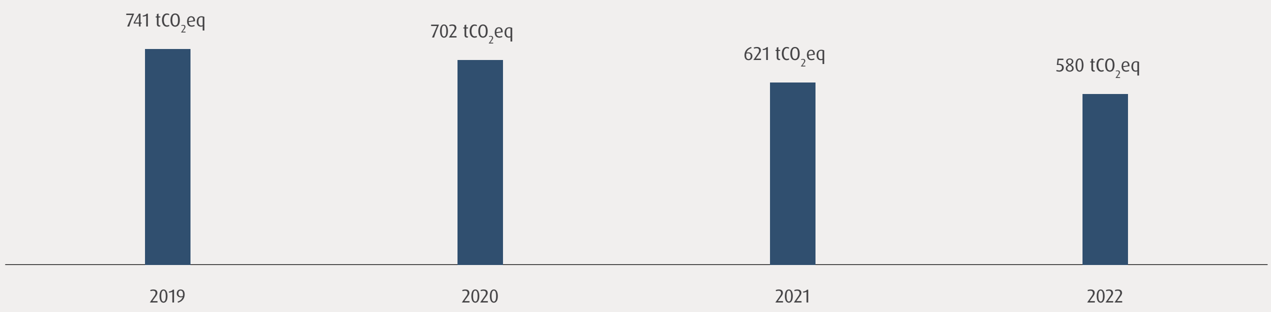
Sustainability Statement

Addressing Climate Change

Carbon Emissions (tCO_2eq)*				
	FY2019	FY2020	FY2021	FY2022
Scope 1	37	37	35	12
Scope 2	570	579	557	538
Scope 3	134	86	29	30

* In FY2022, we worked with external experts to quantify our GHG emissions data.

Total GHG Emissions (Scope 1,2 and 3)



We have recorded an overall year-on-year decrease in our total GHG emissions. In FY2022, total emissions were reduced by more than 6% compared to FY2021. This decrease in GHG emissions correlates to the increase in employees working from home during the MCO as well as our ongoing efforts to optimise our resource consumption. Moving forward, we will be driven by the ambitions set out in our Sustainability Framework to continuously manage, monitor, and improve our GHG reporting.

Managing Our Environmental Footprint

We have been able to progressively reduce our environmental footprint by effectively identifying and reducing our resource consumption while simultaneously increasing productivity throughout our business operations. We encourage our employees and clients to be cognisant of their impacts on the environment and subsequently drive sustainable changes as we plan to effectively incorporate environmental sustainability considerations and initiatives into our daily operations.

As we ramp up our efforts in minimising our environmental impact, we monitor key metrics to assist us in identifying, tracking and subsequently, reducing our emissions, resource consumption and wastage. Additionally, these initiatives will also help us to effectively reduce expenditure across the Group as we continue to optimise our resource efficiency.

In FY2022, our electricity and paper consumption decreased slightly compared to the previous year even as we transitioned from remote working during the pandemic to returning to premises, showcasing our efforts to manage and reduce our paper and energy usage. We continue to encourage our employees and clients to be mindful of resource usage whenever possible.

Energy Consumption

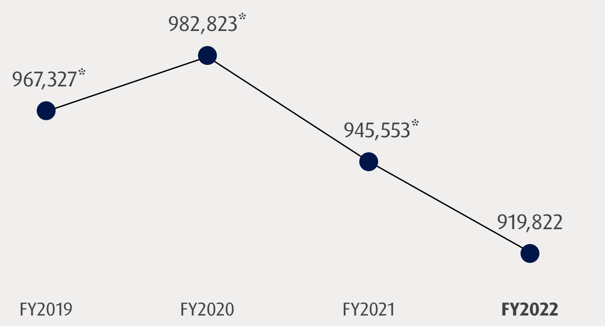
In order to minimise our environmental impact, we proactively monitor and manage our energy usage. Our energy consumption has been reduced through ongoing best practice initiatives, including the effective usage of the air-conditioning and lighting systems in our facilities. We have achieved success in cultivating a mindset to preserve the environment among our employees, as evidenced by our steady decrease in electricity consumption.

In FY2022, we have further enhanced our electricity consumption management, expanding our data boundary to include our Plaza Zurich and Ipoh Branches. We also revamped our electricity metrics, reporting only kWh consumption for the year in accordance with industry standards.

With the enhancements and data expansions, we had nevertheless observed a decline in overall electricity consumption by approximately 3% compared to the previous year. This is largely attributable to the host of initiatives introduced by the Group, which includes regular maintenance of all equipment, retrofitting of LED tubes, and replacement of malfunctioning air conditioning units with more energy-efficient models in our offices.

Electricity Consumption

Total kWh



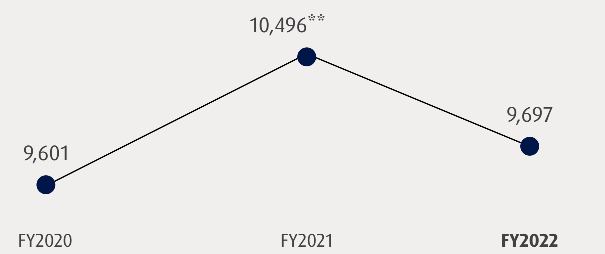
* Revision in electricity consumption figures due to expansion in data boundary to include tracking of two other branches, which now totaled to seven branches

Paper Consumption

Paper is a fundamental resource for financial institutions in most of its daily business operations. Managing paper consumption, thus, plays an important role in our efforts to introduce sustainable initiatives and practices, allowing us to reduce wastage while also optimising operational costs. To that end, we have directed focus towards encouraging our internal and external stakeholders to reduce paper usage where possible.

Paper Consumption

*Total Weight (kg)**



* Paper consumption data has been streamlined to total weight (kg) only for better alignment with widely adopted metrics.

** The surge of paper usage in FY2021 was due to the 92% growth in HLeBroking accounts in FY2021.

In FY2022, the weight of paper consumed was decreased by almost 8%. As we double down on our sustainability efforts, we are also planning to introduce recycling facilities within our offices over the coming year to add to the e-waste recycling campaign we organised in FY2022. We continue to promote awareness amongst our employees on their paper usage, encouraging them to print less and shift towards the usage of e-storage facilities.

Process-centric Initiatives	
Implementing a digital onboarding platform	In the process of implementing a central policy and procedure depository
Introduced and implemented a document management system to minimise printing of hardcopy documents and storing documents in digital form	

Additionally, we have taken a number of measures to transition our clients to a paperless environment. These initiatives, aimed at gradually reducing paper consumption, include:

Client-centric Initiatives	
Discontinuation of statements and contract notes printing	Discontinuation of cheque printing
Investing through OTP	Introduction of digital marketing services
Introduction of "e-Reactivation" function in HLeBroking website	

Water Consumption

We are cognisant of the importance of water management in our journey towards sustainable business operations. To this end, we have revised our data collection boundary to only disclose our buildings with the most material impacts based on our operational control. Our Ipoh branch recorded water consumption of more than 1,830m^3 in FY2022.

Sustainability Statement

COMMUNITY INVESTMENT

Engaging on Sustainability

Our Ambition

Actively engaging with our stakeholders, encouraging them to embrace sustainability

Material Topic Alignment

- Financial Literacy
- Building Communities

Engaging Our Community for a Sustainable Future

HLCB continues to reaffirm our drive to create shared value for all our stakeholders by engaging, advising, and ultimately increasing awareness on the need for sustainability. To do so, we use our voice as a responsible organisation, as well as leverage our position in the market to effectively engage with the wider community. This includes making impactful environmental and social community engagements that also create growth for the business.

The Group continues to focus on laying the groundwork to expand our efforts in community engagement to make educational resources for financial and investment literacy more accessible, especially to first-time and prospective investors. Our employees have also contributed their effort in supporting local communities through their continuous participation in the Group's initiatives throughout the year.

Promoting Financial Literacy

We understand that when making investment decisions, retail investors should be made aware of and be able to understand complex information relating to investment opportunities. Hence, we believe that financial literacy is the basis from which sound investment decisions can be made. One of our key focus areas is to promote financial inclusion and literacy through continuous engagement with our clients and local communities to enhance their investing knowledge. We assist our clients by providing consultation and support catered to their individual needs when they seek investment guidance. Our educational resources will be expanded across several platforms in order to maximise our reach and raise financial awareness and literacy among the community.

Our span of resources regarding wealth planning and investment knowledge available on the HLeBroking website:

Daily Reports	Fundamental Reports		Technical Reports
Breakfast Brief **245** reports published in FY2022	**Economics** **76** reports published in FY2022	**Sector Outlook** **78** reports published in FY2022	**Technical Tracker** **100** reports published in FY2022
Trader's Brief **239** reports published in FY2022	**Strategy** **19** reports published in FY2022	**Company** **773** reports published in FY2022	

Providing Access to Expert Knowledge

Stockbroking Retail Clients

Free Workshops and Resources	Research Reports	Market Outlook Webinars
In our efforts to financially empower our clients, we deliver complementary workshops and webinars to raise awareness and improve financial skills in investing in capital markets.	We have been sharing research reports that incorporate the material obtained during our Research team's corporate access meetings and site visits to our stockbroking retail clients to raise inactive capital and boost market effectiveness.	To keep investors informed of market trends, three online Market Outlook webinars were held in FY2022, engaging over 1,195 investors to provide insight into dynamic market volatility, circumstances, and potential investment opportunities.

Stockbroking Institutional Clients

Networking Opportunities	Workshops and Conferences	Industry Collaboration	Stratum Focus Series
We enable our stockbroking institutional clients to make informed investment decisions by providing access to our industry expertise as well as industry networking opportunities, making our industry expertise accessible.	To keep our institutional clients informed of changes that could impact a sector's dynamics, we host programmes with the assistance of esteemed independent market analysts, regulators, and governmental bodies.	As a result of our partnerships with key industry players, our institutional stockbroking clients continue to gain access to exclusive events hosted by listed firms, industry experts, and various government organisations.	Since September 2015, we have collaborated with Bursa Malaysia to host the Bursa - HLIB Stratum Focus Series forums to facilitate exchange of industry-specific knowledge and policy insights.

Engaging Female Investors

The Group is committed to addressing the gender discrepancy in Malaysian investors by focusing our targeted campaigns on financial education, which is a crucial instrument for women empowerment. As we work with Bursa Malaysia to expand our outreach and raise market awareness among women, we aspire to inspire more women through investing.

In conjunction with the Group's effort in empowering female investors financially, we continued to promote our Women's Choice Package this financial year. In FY2022, 530 women opened Central Depository System ("CDS") accounts with HLeBroking during this campaign period and began their journey of investing in equity markets.

Women's Choice Package Benefits	
Available for new female clients who open their trading account through HLeBroking	Waivers of account opening fees for a Bursa Malaysia CDS account

In FY2022, a total of **3,771** women opened CDS accounts throughout the financial year with HLeBroking

Engaging on Sustainability

Contributions to the Community

We are cognisant of the impact that we are able to create for societies in Malaysia by forming strategic partnerships. Towards maximising our impact in FY2022, we carefully selected our strategic partners, ensuring that their activities are driven by clear social and environmental ambitions.

Additionally, our employees organised several initiatives in conjunction with various festive celebrations in Malaysia. Some notable events included a donation drive for the children in Persatuan Rumah Kanak-Kanak Ini Di Sayangi ("Rumah KIDS") and a series of charity events in conjunction with Ramadhan at Pusat Jagaan Mesra Assalam. Through our festive initiatives in FY2022, we were able to reach out to stakeholders from various communities.

FY2022 Partnerships for Social and Environmental Impact

HLCB x ERTH E-Waste Recycling Drive

HLCB collaborated with ERTH, a startup that offers electronic waste recycling service by purchasing end-of-life personal electronics for recycling to cultivate eco-friendly behaviour among the community and minimise the impact of e-waste to the environment. Via this engagement in FY2022, we collected 520 units of used electronic devices, including computers, projectors, smartphones, tablets, printers, ink cartridges, and cables.

Supporting Inclusivity with Seven Tea One

As part of our employee engagement efforts in FY2022, HLCB engaged with Seven Tea One, a social enterprise that provides a safe, inclusive, and non-discriminatory platform for differently-abled and marginalised communities to learn employment skills and earn dignified income. We purchased 560 sets of cookies from Seven Tea One and distributed them to our employees with the aim of promoting awareness of the cause of this organisation among our workforce.

Plant a Tree, Save the Mangroves

Mangroves are an essential part of Malaysia's ecosystem. We are cognisant of the positive impact that mangrove swamps have in offsetting the negative impacts of carbon emissions and thus mitigating climate change. In FY2022, 15 dedicated HLCB employees participated in the planting of mangrove seedlings in Kuala Selangor Nature Park. Together with other organisations and volunteers, more than 2,000 mangroves seedlings were planted. Moving forward, we strive to further enhance our collaborative effort in preserving mangrove swamps in Malaysia.

Empowering Women Financially

We engaged with Ibupreneur in FY2022 during the Hari Raya festive celebrations. Ibupreneur is a social enterprise that works to empower financially dependent and vulnerable mothers in the B40 group with the necessary skills as well as equipping them with business opportunities to become micro-entrepreneurs. We purchased 560 sets of cookies from Ibupreneur and distributed them to our employees with the aim of promoting awareness of the cause of this organisation among our workforce.

Moving forward, we plan on stepping up our efforts in creating positive societal impact. Driven by our Sustainability Framework, we are looking to implement structured programmes in the near future that will enable us to engage our communities in a more structured and effective manner towards creating impact in areas of financial literacy and sustainability awareness.

Corporate Information

DIRECTORS

Tan Kong Khoon (Chairman)

Lee Jim Leng

Tai Siew Moi

Leong Ket Ti

Peter Ho Kok Wai

GROUP COMPANY SECRETARY

Jack Lee Tiong Jie
MAICSA 7060133
SSM PC No. 202008001704

AUDITORS

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Tel : 03-2173 1188
Fax : 03-2173 1288

REGISTRAR

Hong Leong Share Registration Services Sdn Bhd
Level 25, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2088 8818
Fax : 03-2088 8990

REGISTERED OFFICE

Level 30, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2080 9888
Fax : 03-2080 9801

WEBSITE

www.hlcap.com.my

Awards & Accolades

HONG LEONG INVESTMENT BANK BERHAD

Bursa Excellence Awards 2021	**Islamic Finance News Awards 2021**	**Islamic Finance News Awards 2021**
Best Retail Equities Participating Organisation – Investment Bank – 2nd runner up	**Project & Infrastructure Finance: Deal of the Year 2021**	**Malaysia: Deal of the Year 2021**
Organised by ***Bursa Malaysia***	*Organised by* ***Islamic Finance News***	*Organised by* ***Islamic Finance News***
15th Annual Alpha Southeast Asia Best Deal & Solution Awards 2021	**15th Annual Alpha Southeast Asia Best Deal & Solution Awards 2021**	**15th Annual Alpha Southeast Asia Best Deal & Solution Awards 2021**
Most Innovative Islamic Finance Deal of the Year & Best Islamic Finance Deal of the Year	**Best Sukuk Ijarah Deal of the Year**	**Best Local Currency Sukuk of the Year & Most Innovative Islamic Finance Deal of The Year**
Organised by ***Alpha Southeast Asia***	*Organised by* ***Alpha Southeast Asia***	*Organised by* ***Alpha Southeast Asia***
The Asset Triple A Islamic Finance Awards 2021	**RAM Award of Distinction 2020***	**RAM Award of Distinction 2020***
Best Initial Public Offering Underwriter	**Lead Manager Award by Number of Issues - 3rd ranking**	**Lead Manager Award (Sukuk) by Number of Issues - 3rd ranking**
Organised by ***The Asset***	*Organised by* ***RAM Ratings***	*Organised by* ***RAM Ratings***

* *Award received in FY2022 due to deferment resulting from COVID-19 pandemic*

HONG LEONG ASSET MANAGEMENT BHD

Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Group Award)	**Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Funds Award)**	**Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Funds Award)**
Hong Leong Asset Management Bhd Best Equity Award	**Hong Leong Dividend Fund Best Fund over 3 Years: Equity Malaysia Income**	**Hong Leong Dividend Fund Best Fund over 5 Years: Equity Malaysia Income**
Organised by ***Refinitiv***	*Organised by* ***Refinitiv***	*Organised by* ***Refinitiv***
Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Funds Award)	**Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Funds Award)**	**Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Funds Award)**
Hong Leong Dividend Fund Best Fund over 10 Years: Equity Malaysia Income	**Hong Leong Asia-Pacific Dividend Fund Best Fund over 3 years: Equity Asia Pacific ex Japan**	**Hong Leong Asia-Pacific Dividend Fund Best Fund over 5 years: Equity Asia Pacific ex Japan**
Organised by ***Refinitiv***	*Organised by* ***Refinitiv***	*Organised by* ***Refinitiv***

HONG LEONG ASSET MANAGEMENT BHD

Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Funds Award)

Hong Leong Growth Fund
Best Fund over 5 years:
Equity Malaysia Diversified

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund over 3 years:
Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund over 5 years:
Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Malaysia Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund over 3 years:
Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Malaysia Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund over 5 years:
Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Malaysia Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund over 10 years:
Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Global Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund over 3 years:
Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Global Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund over 5 years:
Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Global Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund over 10 years:
Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Funds Award)

Hong Leong Dana Maa'rof Fund
Best Fund over 3 years:
Mixed Asset MYR Balanced

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Malaysia Provident (Funds Award)

Hong Leong Dana Maa'rof Fund
Best Fund over 5 years:
Mixed Asset MYR Balanced

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Malaysia Islamic (Funds Award)

Hong Leong Dana Maa'rof Fund
Best Fund over 3 years:
Mixed Asset MYR Balanced

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Malaysia Islamic (Funds Award)

Hong Leong Dana Maa'rof Fund
Best Fund over 5 years:
Mixed Asset MYR Balanced

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Global Islamic (Funds Award)

Hong Leong Dana Maa'rof Fund
Best Fund over 3 years:
Mixed Asset MYR Balanced

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2022 – Global Islamic (Funds Award)

Hong Leong Dana Maa'rof Fund
Best Fund over 5 years:
Mixed Asset MYR Balanced

Organised by ***Refinitiv***

Board of Directors' Profile

TAN KONG KHOON

Chairman/
Non-Executive/Non-Independent

Singaporean | 65 | Male

Mr Tan Kong Khoon holds a Bachelor of Business Administration degree from Bishop's University, Canada and is an alumnus of the Harvard Business School Advanced Management Program. He is a Chartered Banker of the Asian Institute of Chartered Bankers.

Mr Tan is the President & Chief Executive Officer of Hong Leong Financial Group Berhad ("HLFG"). He was the Group Managing Director/Chief Executive Officer of Hong Leong Bank Berhad ("HLB") from 1 July 2013 to 4 February 2016. Prior to joining HLB, Mr Tan was the Group Executive, Consumer Banking Group of DBS Bank Ltd ("DBS") from 1 December 2010 to 15 April 2013 where he led and managed strategy formulation and execution for consumer banking globally across the DBS Group.

Mr Tan began his banking career with DBS in 1981. Since then, he has successfully built consumer banking franchises across multiple markets in Asia for Citibank, Standard Chartered Bank and ANZ Bank.

From March 2007 to December 2009, Mr Tan was the President and Chief Executive Officer of Bank of Ayudhya, the fifth largest financial group in Thailand listed on the Thailand Stock Exchange. The group businesses included commercial and investment banking, life and non-life insurance, stock broking, asset management and consumer finance subsidiaries.

Mr Tan was appointed to the Board of Directors ("Board") of Hong Leong Capital Berhad ("HLCB") on 24 February 2016. He is presently the Chairman of HLCB.

Mr Tan is a Director of HLFG and HLB, both companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and a Director of Hong Leong Assurance Berhad and Hong Leong Investment Bank Berhad ("HLIB"), both public companies. He is also the Chairman of Hong Leong Bank (Cambodia) PLC and Chief Controller on the Board of Controllers of Hong Leong Bank Vietnam Limited.

LEE JIM LENG

Non-Executive Director/
Non-Independent

Malaysian | 59 | Female

Ms Lee Jim Leng obtained a Bachelor of Business Administration degree in 1984 from the Acadia University, Canada and a Master of Business Administration in 1987 from the Dalhousie University, Canada.

Ms Lee joined HLIB on 24 November 2009 and is presently the Group Managing Director/Chief Executive Officer of HLIB.

Ms Lee has more than 20 years of experience in the financial industry, specialising mainly in investment banking. Prior to joining HLIB, she was the Managing Director of a local investment bank where she was responsible for the overall development of the bank's investment business in Malaysia. From 1999 to 2007, she was attached to a Singapore based regional bank and was tasked to spearhead their investment banking division in Malaysia and the ASEAN region.

Ms Lee was appointed to the Board of HLCB on 17 September 2021.

Ms Lee is the Chairman of Hong Leong Asset Management Bhd, a public company. She is also the Council Chairman of the Malaysian Investment Banking Association (MIBA) and a Board Member of Asian Banking School Sdn Bhd.

TAI SIEW MOI

Non-Executive Director/
Independent

Malaysian | 64 | Female

Ms Tai Siew Moi graduated from University of Malaya with a Bachelor of Accounting Degree and holds a Masters Degree in Business Administration from Cranfield, United Kingdom. She is a Chartered Accountant registered with the Malaysian Institute of Accountants.

Ms Tai has 18 years experience in the derivatives broking industry. She held the position of Executive Director of the derivatives broking subsidiary of Hwang-DBS Group from 2006 to 2015. Thereafter, she held the position of Executive Vice President, Futures, heading the derivatives broking business of Affin Hwang Investment Bank Berhad till 2016.

Prior to joining Hwang-DBS Group, she held various management positions in the area of corporate affairs and corporate services with a few companies including public listed companies, handling corporate exercise like mergers and acquisitions, initial public offerings, rights issues, bonds and warrants issue. Prior to that, she was attached to a management consultants firm doing consultancy work which included project feasibility studies, accounting and internal control systems review. Earlier on in her career, she was attached with the Accountant General's Department of Malaysia as a Treasury Accountant.

Ms Tai was appointed to the Board of HLCB on 18 September 2017. She is the Chairman of the Nomination and Remuneration Committee ("NRC") and a member of the Board Audit and Risk Management Committee ("BARMC") of HLCB.

Ms Tai is a member of the Market Participants Committee of Bursa Malaysia Berhad.

LEONG KET TI

Non-Executive Director/
Independent

Malaysian | 59 | Female

Ms Leong Ket Ti graduated from University of Cambridge, England with a Bachelor of Arts (Hons) Cantab and holds a Degree in Economics.

Ms Leong has 28 years of experience in the banking industry, having been with JP Morgan Chase Bank Berhad ("JPMorgan") from February 1990 to January 2018 where she held various senior positions, the last being the Executive Director ("ED"), Malaysia Country Credit Officer from 2011 to 2018. As the ED, Malaysia Country Credit Officer of JPMorgan, she was responsible for a diverse portfolio of over 300 obligors across all businesses and industries. She also had a strong oversight role on regulatory issues and worked closely with the business/product partners in developing solutions to meet clients' needs.

Prior to her position as ED, Malaysia Country Credit Officer, Ms Leong was Vice President/ED, Leveraged Finance, Regional Client Credit Management of JPMorgan from 2005 to 2010 where she worked with their Investment Bank and Debt Capital Markets teams to structure and underwrite financing transactions.

From 2002 to 2005, Ms Leong served as Vice President & General Manager of JPMorgan Chase at Labuan, and from 2001 to 2002, she was the Vice President of Corporate Banking of JPMorgan Malaysia.

Ms Leong was appointed to the Board of HLCB on 15 November 2018. She is currently a member of the BARMC and NRC of HLCB.

Ms Leong is also a Director of HLFG, a company listed on the Main Market of Bursa Securities.

Board of Directors' Profile

PETER HO KOK WAI

Non-Executive Director/ Independent

Malaysian | 63 | Male

Mr Peter Ho Kok Wai is a Chartered Accountant and Member of the Malaysian Institute of Accountants, Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Certified Public Accountants.

Mr Peter Ho forged his early career with Everett Pinto & Co., a central London Firm of Chartered Accountants, and qualified as a Chartered Accountant in 1984. Subsequently, in 1987, Mr Peter Ho joined KPMG, Kuala Lumpur ("KPMG KL"), where he progressed to Head of Department in 1992. He was transferred to KPMG, Ipoh in 1993 to head the branch and was admitted as Partner in 1995. He was transferred back to KPMG KL in 2005 where he headed the Technical Committee, Audit Function and Marketing Department. He has more than 27 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services. Mr Peter Ho retired from KPMG in December 2014.

Mr Peter Ho was appointed to the Board of HLCB on 20 December 2018. He is currently the Chairman of BARMC and a member of the NRC of HLCB.

Mr Peter Ho is an Independent Director of GuocoLand (Malaysia) Berhad, Hong Leong Industries Berhad, HPMT Holdings Berhad and Allianz Malaysia Berhad, companies listed on the Main Market of Bursa Securities. He is also an Independent Director of Allianz Life Insurance Malaysia Berhad, a public company, and serves as an Independent Director on the Board of First Resources Limited, a company listed on the Singapore Exchange Limited.

Notes:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the Directors has any family relationship with any other Director and/or major shareholder of HLCB.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with HLCB.

3. **Conviction of Offences**
   None of the Directors has been convicted of any offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

4. **Attendance of Directors**
   Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview, Risk Management & Internal Control Statement in this Annual Report.

Key Senior Management of the Group

LEE JIM LENG

Group Managing Director/Chief Executive Officer, Hong Leong Investment Bank Berhad ("HLIB"), a wholly-owned subsidiary of HLCB

Malaysian | 59 | Female

Ms Lee Jim Leng obtained a Bachelor of Business Administration degree in 1984 from the Acadia University, Canada and a Master of Business Administration in 1987 from the Dalhousie University, Canada.

Ms Lee joined HLIB on 24 November 2009 and is presently the Group Managing Director/Chief Executive Officer of HLIB.

Ms Lee has more than 20 years of experience in the financial industry, specialising mainly in investment banking. Prior to joining HLIB, she was the Managing Director of a local investment bank where she was responsible for the overall development of the bank's investment business in Malaysia. From 1999 to 2007, she was attached to a Singapore based regional bank and was tasked to spearhead their investment banking division in Malaysia and the ASEAN region.

Ms Lee is a Director of HLCB, a company listed on the Main Market of Bursa Malaysia Securities Berhad and the Chairman of Hong Leong Asset Management Bhd ("HLAM"), a public company. She is also the Council Chairman of the Malaysian Investment Banking Association (MIBA) and a Board Member of Asian Banking School Sdn Bhd.

LAU YEW SUN

Chief Financial Officer, HLIB, a wholly-owned subsidiary of HLCB

Malaysian | 56 | Male

Mr Lau Yew Sun is a certified public accountant under the Malaysian Institute of Certified Public Accountants. He holds a Bachelor of Accountancy (Hons) from the Universiti Utara Malaysia.

Mr Lau joined HLCB on 29 September 2009 as Group Financial Controller and is presently the Chief Financial Officer of HLIB, a position he assumed since 1 August 2017.

Prior to HLCB, he was the Chief Financial Officer of ECM Libra Financial Group Berhad/Acting Chief Operating Officer of Avenue Invest Berhad (ECM Libra) from 23 April 2007 to 28 September 2009.

Key Senior Management of the Group

CHONG POH CHOON

Head, Treasury & Markets, HLIB,
a wholly-owned subsidiary of HLCB

Malaysian | 44 | Male

Mr Chong Poh Choon holds a Bachelor of Business Administration (Hons) majoring in Finance; graduating with a first class honours from the Multimedia University. He also procured his Chartered Financial Analyst (CFA) and Chartered Financial Planner (CFP) qualifications in year 2005 and year 2014 respectively.

Mr Chong joined HLIB on 16 September 2009 as Senior Vice President, Treasury & Markets. He was appointed as the Head of Treasury & Markets on 28 June 2017.

Mr Chong has extensive experience in the banking and financial sectors, with 20 years across a gamut of institutions such as Ernst & Young, Malaysian Rating Corporation Berhad, United Overseas Bank (M) Berhad and HwangDBS Investment Bank Berhad (now known as Affin Hwang Investment Bank Berhad). He was the pioneering member in setting up the Treasury & Markets business for HLIB and HwangDBS Investment Bank Berhad.

LING YUEN CHENG

Head, Debt Markets, HLIB,
a wholly-owned subsidiary of HLCB

Malaysian | 54 | Male

Mr Ling Yuen Cheng holds a Master of Applied Finance and Bachelor of Economics (Accounting & Finance) from the Macquarie University, Sydney, Australia. He also procured his Chartered Financial Analyst (CFA) qualification in year 2001.

Mr Ling joined HLIB on 16 September 2009 as Co-Head of Debt Markets and was re-designated as the Head of Debt Markets since 1 March 2012.

Mr Ling has over 20 years of working experience in the banking industry. Prior to joining HLIB in September 2009, he was the Co-Head of Debt Markets in HwangDBS Investment Bank Berhad (now known as Affin Hwang Investment Bank Berhad). Prior to that, he was with United Overseas Bank (M) Berhad, OCBC Bank (Malaysia) Berhad, Kien Huat Realty Sdn Bhd and Southern Bank Berhad. Over his entire banking career, he was exposed to various areas including treasury operations, risk management, corporate banking, assets & liabilities management and investment banking related activities including debt origination, execution and placement.

PHANG SIEW LOONG

**Head, Equity Markets, HLIB,
a wholly-owned subsidiary of HLCB**

Malaysian | 54 | Male

Mr Phang Siew Loong holds a Master of Business Administration from the Georgia State University, United States and a Bachelor of Science in Economics from the University of Louisiana in Lafayette, United States (formerly known as University of Southwestern Louisiana).

Mr Phang joined HLIB on 11 October 2010 as Co-Head of Equity Markets. Mr Phang was re-designated as the Head of Equity Markets since 13 June 2017.

Prior to HLIB, Mr Phang was with Public Investment Bank Berhad for almost 10 years, his last position being the Head of Corporate Finance. Prior to that, he was with Affin Merchant Bank Berhad and Sime Merchant Bankers Berhad.

KWEK KON CHAO

**Chief Operating Officer of Stockbroking and Head of Broking, HLIB,
a wholly-owned subsidiary of HLCB**

Singaporean | 36 | Male

Mr Kwek Kon Chao holds Masters in Computer Science from the University of Oxford.

Mr Kwek joined HLIB on 9 October 2017 as Chief Operating Officer of Stockbroking, and assumed the added role of Head of Broking on 9 June 2021.

Prior to HLIB, Mr Kwek was with Guoline eMarketing Sdn Bhd as Chief Executive Officer. Prior to that, he was with Morgan Stanley and subsequently with Thyrus Capital as an Investment Banking Analyst.

Key Senior Management of the Group

HOO SEE KHENG

Chief Executive Officer/Executive Director, HLAM, a wholly-owned subsidiary of HLCB

Malaysian | 56 | Male

Mr Hoo See Kheng obtained a Bachelor of Commerce, majoring in Accounting and Finance from the University of New South Wales, Australia and a post-graduate diploma in System Analysis and Design from the Japan-Singapore Institute of Software Technology. Mr Hoo is also a member of the Malaysian Institute of Accountants and a Certified Information System Auditors, USA. He obtained his Capital Markets Services Representative's license from the Securities Commission Malaysia on 22 October 1998.

Mr Hoo joined HLAM on 1 March 2014. He was appointed as an Executive Director of HLAM on 27 March 2014 and Chief Executive Officer on 12 May 2014.

Mr Hoo has more than 20 years of experience in the financial industry; mainly in areas of asset management and unit trust.

NOOR AINI BINTE SHAIK AWAB

Chief Executive Officer/Executive Director, Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM"), a wholly-owned subsidiary of HLAM, which in turn is a wholly-owned subsidiary of HLCB

Singaporean | 60 | Female

Puan Noor Aini Binte Shaik Awab holds a Diploma in Business Administration and Diploma in National Computer Studies, Singapore.

Puan Aini joined in April 2014 as the Chief Operations Officer of HLAM. She was appointed as Chief Executive Officer for HLISAM on 1 November 2019 and as an Executive Director of HLISAM on 23 June 2022.

Puan Aini has more than 30 years of experience in the asset management industry. She started her career with Schroder Investment Management (Singapore) Ltd; and prior to joining HLAM, she was with UOB Asset Management (Malaysia) Berhad as Director, Special Projects & Administration. She was also formerly with Kenanga Investors Berhad as Senior Vice President II, Operations and Amanah SSCM Asset Management Bhd (now known as MIDF Amanah Asset Management Berhad) as Head of Operations.

Notes:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the Key Senior Management has any family relationship with any Director and/or major shareholder of HLCB.

2. **Conflict of Interest**
   None of the Key Senior Management has any conflict of interest with HLCB.

3. **Conviction of Offences**
   None of the Key Senior Management has been convicted of any offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2022.

Board Audit and Risk Management Committee Report

CONSTITUTION

The Board Audit Committee of Hong Leong Capital Berhad ("HLCB" or "the Company") had been established since 23 March 1994 and had been re-designated as the Board Audit and Risk Management Committee ("BARMC") on 29 August 2001.

COMPOSITION

MR PETER HO KOK WAI
(Chairman, Independent Non-Executive Director)

MS TAI SIEW MOI
(Independent Non-Executive Director)

MS LEONG KET TI
(Independent Non-Executive Director)

SECRETARY

The Secretary(ies) to the BARMC are the Company Secretary(ies) of the Company.

TERMS OF REFERENCE

The terms of reference of the BARMC are published on the Company's website at www.hlcap.com.my.

AUTHORITY

The BARMC is authorised by the Board to review any activity 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 BARMC.

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

MEETINGS

The BARMC meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The Chief Executive Officers, Chief Risk Officer ("CRO"), Chief Compliance Officer/Head of Compliance ("CCO"), Head of Internal Audit, Chief Financial Officer, other senior management and external auditors may be invited to attend the BARMC meetings, whenever required. At least twice a year, the BARMC will have separate sessions with the external auditors without the presence of management.

The BARMC will also engage privately with the CCO, Head of Internal Audit and CRO on a regular basis (and in any case at least twice annually) to provide the opportunity for the CCO, Head of Internal Audit and CRO to discuss issues faced by compliance, internal audit and risk management functions.

Issues raised, discussions, deliberations, decisions and conclusions made at the BARMC meetings are recorded in the minutes of the BARMC meetings. Where the BARMC is considering a matter in which a BARMC member has an interest, such member shall abstain from reviewing and deliberating on the subject matter.

Two (2) members of the BARMC, who shall be independent, shall constitute a quorum and the majority of members present must be Independent Directors.

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

ACTIVITIES

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

During the financial year ended 30 June 2022 ("FY2022"), four (4) BARMC meetings were held and the attendance of the BARMC members were as follows:

Member	Attendance
Mr Peter Ho Kok Wai	4/4
Ms Tai Siew Moi	4/4
Ms Leong Ket Ti	4/4

HOW THE BARMC DISCHARGES THEIR RESPONSIBILITIES

FINANCIAL REPORTING

The BARMC reviewed the quarterly reports and financial statements of the Company and of the Group focusing particularly on:

(i) any changes in accounting policies and practices;

(ii) significant adjustments arising from the audit;

(iii) the going concern assumptions; and

(iv) compliance with accounting standards and other legal requirements.

The legal and regulatory environment was monitored and consideration given to changes in law, regulation, accounting policies and practices including the disclosure requirements under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

EXTERNAL AUDIT

The external auditors of the Group for the FY2022 is PricewaterhouseCoopers PLT ("PwC"). The BARMC discussed and reviewed with the external auditors, before the audit commenced for the financial year, the audit plan and timetable for the financial audit of the Group including the focus areas and approach to the current financial year's audit and any significant issues that can be foreseen, either as a result of the past year's experience or due to new accounting standards or other changes in statutory or listing requirements.

The BARMC reviewed the report and audit findings of the external auditors and considered management's responses to the external auditors' audit findings and investigations. The BARMC also had two (2) separate sessions with the external auditors without the presence of management whereby matters discussed include key reservations noted by the external auditors during the course of their audit; whilst the BARMC Chairman maintained regular contact with the audit partner throughout the year.

The BARMC reviewed the external audit fees and their scope of services. The fees payable to PwC for the FY2022 amounted to RM481,140 of which RM92,350 was payable in respect of non-audit compliance services. The BARMC assessed the objectivity and independence of the external auditors prior to the appointment of the external auditors for ad-hoc non-audit services.

The BARMC also evaluated the performance of PwC in the following areas in relation to its re-appointment as auditors for the FY2022 and considered PwC to be independent:

(i) level of knowledge, capabilities, experience and quality of previous work;

(ii) level of engagement with BARMC;

(iii) ability to provide constructive observations, implications and recommendations in areas which require improvements;

(iv) adequacy in audit coverage, effectiveness in planning and conduct of audit;

(v) ability to perform the audit work within the agreed timeframe;

(vi) non-audit services rendered by PwC does not impede independence;

(vii) ability to demonstrate unbiased stance when interpreting the standards/policies adopted by HLCB; and

(viii) risk of familiarity threat to ensure that the independence and objectivity of the external auditors was not compromised.

PwC, in accordance with professional ethical standards, have provided the BARMC with confirmation of their independence for the duration of the FY2022 and the measures used to control the quality of their work.

The BARMC has therefore recommended to the Board that PwC be re-appointed as the auditors. Resolution concerning the re-appointment of PwC will be proposed to shareholders at the 2022 Annual General Meeting.

RELATED PARTY TRANSACTIONS

The BARMC conducted quarterly review of the recurrent related party transactions ("RRPT") entered into by the Group to ensure that such transactions are undertaken on commercial terms and on terms not more favourable to the related parties than those generally available to and/or from the public.

The Group had put in place procedures and processes to monitor, track and identify the RRPT as well as to ensure that the RRPT are conducted on commercial terms consistent with the Group's usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable.

The BARMC reviewed the said procedures and processes on an annual basis and as and when required, to ensure that the said procedures are adequate to monitor, track and identify RRPT in a timely and orderly manner, and are sufficient to ensure that the RRPT will be carried out on commercial terms consistent with the Group's usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public.

INTERNAL AUDIT

The BARMC reviews the adequacy of internal audit scope, internal audit plan and resources of the various internal audit functions within Internal Audit Department ("IAD").

During the financial year, BARMC noted that IAD had effectively carried out internal audits on all business entities of the Group and reviewed the IAD's reports on the audits performed on the investment banking business, stockbroking business and asset management business as set out under Internal Audit Function of this report.

The review of BARMC on the audit findings and recommendations of the IAD focused on the adequacy and integrity of internal control systems, business and compliance audits on the respective divisions. The management responses to IAD's findings were also presented for the BARMC's consideration. The BARMC also reviewed at every BARMC meeting the status update of management's corrective action plans for the resolution of internal audit's findings and recommendations. Recommendations were made by BARMC to ensure that the root causes raised by IAD in their audit reports were effectively resolved and that any outstanding audit findings be tracked for timely resolution.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The BARMC considered reports on risk management for the purpose of overseeing and reporting to the Board, on the proper functioning of Risk Management as part of its responsibilities to monitor the Group's compliance with the business objectives, policies, reporting standards and control procedures of the Group.

The CRO was invited to present to the BARMC the Risk Management Dashboard covering among others Credit Risk, Market Risk, Liquidity Risk, Operational Risk and IT Risk. The BARMC also considered and reviewed the processes put in place to identify, evaluate and manage significant risks encountered by the Group as well as the adequacy and integrity of internal control systems, including risk management and relevant management information system.

COMPLIANCE

The BARMC considered reports on compliance for the purpose of overseeing and reporting to the Board on the compliance functions of the Group as part of its responsibilities to monitor the Group's compliance with regulatory requirements and internal policies.

The CCO was invited to present to the BARMC the compliance reports and deliberations on significant compliance issues were made.

INTERNAL AUDIT FUNCTION

The Internal Audit function is established at its subsidiary, Hong Leong Investment Bank Berhad. The provision of Internal Audit Function to Hong Leong Asset Management Bhd and its subsidiary, Hong Leong Islamic Asset Management Sdn Bhd is through their respective shared service agreements. IAD employs a risk-based assessment approach in auditing the Company's business and operational activities. All pertinent high risk activities areas of Anti Money Laundering/Counter Financing of Terrorism ("AML/CFT") compliance and cyber risk management together with key operational areas in investment banking, stockbroking and asset management have been audited on an annual basis.

IAD provides an independent and objective assessment of Hong Leong Capital Group companies' activities, with the aim to add value as well as to improve the efficiency and effectiveness of the governance, operational processes, information systems, risk management and internal controls.

Board Audit and Risk Management Committee Report

IAD utilises a risk-based, systematic and disciplined approach to evaluate and improve the effectiveness of the risk management, internal controls and governance processes and provides the BARMC with information, recommendations and reasonable assurance to assist them in the effective discharge of their responsibilities to the shareholders and stakeholders.

To this effect, the IAD function assesses the following areas:

(i) Risks are appropriately identified and managed.

(ii) Control environments are effective and sufficient.

(iii) Governance processes are adequate and effective, and interaction with the various governance groups occurs as needed.

(iv) Significant financial, managerial, and operating information is accurate, reliable, and timely.

(v) Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.

(vi) Resources are acquired economically, being used efficiently, and are adequately protected.

(vii) Programs, plans, and objectives are achieved.

(viii) Quality and continuous improvement are fostered in the organisation's control process.

(ix) Significant legislative or regulatory issues impacting the organisation are recognised and adequately addressed.

(x) Effectiveness and robustness of stress testing procedures and practices.

(xi) Adequacy and effectiveness in assessing the entity's capital in relation to its estimation of risk.

(xii) Compliance with internal and external policies, procedures, rules, guidelines, directives, laws and regulations.

(xiii) Compliance with Shariah rules and principles as determined by relevant Islamic authorities (for Islamic operations).

(xiv) Identification of opportunities and area of improvements in management control, profitability, and the organisation's image.

The cost incurred for the Internal Audit function in respect of the FY2022 was RM1,854,534.

This BARMC Report is made in accordance with the resolution of the Board.

Corporate Governance Overview, Risk Management & Internal Control Statement

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

Finance Committee on Corporate Governance

The Board of Directors ("Board") is pleased to present this statement with an overview of the corporate governance ("CG") practices of the Group which support the three key principles of the Malaysian Code on Corporate Governance ("MCCG") 2021 namely board leadership and effectiveness; effective audit and risk management; and integrity in corporate reporting and meaningful relationship with stakeholders.

The CG Report 2022 of the Company in relation to this statement is published on the Company's website, www.hlcap.com.my ("the Company's Website").

A. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference ("TOR") to assist in the discharge of this responsibility.

In discharging its responsibilities, the Board has established functions which are reserved for the Board and those which are delegated to management. The key roles and responsibilities of the Board are set out in the Board Charter, which is reviewed periodically by the Board. The Board Charter is published on the Company's Website. The key roles and responsibilities of the Board broadly cover reviewing and approving corporate policies and strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure.

In addition, the Board has established Board Committees which operate within clearly defined TOR primarily to support the Board in the execution of its duties and responsibilities.

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions, internal controls and risk management to the Board Audit and Risk Management Committee ("BARMC"). The Nomination and Remuneration Committee ("NRC") is delegated the authority to, inter alia, assess and review Board, Board Committees and Chief Executive Officer ("CEO") appointments and re-appointments and oversee management succession planning. Although the Board has granted such authority to the Board Committees, the ultimate responsibility and the final decision rest with the Board. The chairmen of the Board Committees report to the Board on matters dealt with at their respective Board Committee meetings. Minutes of Board Committee meetings are also tabled at Board meetings.

The Chairman leads the Board and ensures its smooth and effective functioning.

Independent Non-Executive Directors ("INEDs") are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. There are no relationships or circumstances that could interfere with or are likely to affect the exercise of INEDs' independent judgment or their ability to act in the best interest of the Company and its shareholders.

Corporate Governance Overview, Risk Management & Internal Control Statement

The Group continues to operate in a sustainable manner and seeks to contribute positively to the well-being of stakeholders. The Group takes a progressive approach in integrating sustainability into its businesses as set out in the Sustainability Statement in this Annual Report.

The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia ("CCM"), which has been adopted by the Board and published on the Company's Website. In addition, the Group has in place a Code of Conduct and Ethics for Employees that sets out sound principles and standards of good practice which are to be observed by the employees. A Whistleblowing Policy has also been established by the Group and it provides a structured channel for all employees and any other persons providing services to the Group, or having a business relationship with the Group, to raise any concerns about any improper conduct, or wrongful acts involving the Group.

B. BOARD COMPOSITION

The Board currently comprises five (5) Directors, all of whom are Non-Executive whilst three (3) are Independent. The profiles of the members of the Board are set out in this Annual Report.

The Company is guided by the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa") in determining its Board composition. The Board shall determine the appropriate size of the Board to enable an efficient and effective conduct of Board deliberation. The Board shall have a balance of skills and experience to commensurate with the complexity, size, scope and operations of the Company. Board members should have the ability to commit time and effort to carry out their duties and responsibilities effectively.

The Company has in place a Board Diversity Policy. The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board. The Board will consider appropriate targets in Board diversity including gender balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate. The Board currently has five (5) Directors, of whom three (3) are women Directors. The Board will continue to maintain women participation on the Board in line with the MCCG.

Based on the review of the Board composition in July 2022, the Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group's strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

C. BOARD COMMITTEES

Board Committees have been established by the Board to assist in the discharge of its duties.

(A) BARMC

The composition of the BARMC and a summary of its activities in the discharge of its functions and duties for the financial year and explanation on how the BARMC had met its responsibilities are set out in the BARMC Report in this Annual Report.

The BARMC's functions and responsibilities are set out in the TOR which is published on the Company's Website.

(B) NRC

The NRC was established on 7 December 2018. The composition of the NRC is as follows:

- Ms Tai Siew Moi (Chairman)
- Mr Tan Kong Khoon
  (Resigned as NRC member with effect from 30 June 2022)
- Ms Leong Ket Ti
- Mr Peter Ho Kok Wai
  (Appointed as NRC member with effect from 30 June 2022)

The NRC's functions and responsibilities are set out in the TOR which is published on the Company's Website.

NOMINATION RESPONSIBILITIES

The Company has in place a Fit and Proper ("F&P") Policy as a guide for the following process and procedure for assessment of (i) new appointments and re-appointments of Chairman, Directors and CEO, (ii) appointment of Board Committee members, and (iii) annual F&P assessment of Chairman, Directors and CEO, and the criteria and guidelines used for such assessment.

C. BOARD COMMITTEES (CONTINUED)

(B) NRC (CONTINUED)

(i) New appointments

The nomination, assessment and approval process for new appointments is as follows:

Identification of candidates ▶	Meeting with candidates ▶	• Assessment against Assessment Criteria and Guidelines • F&P Declaration by candidates • Relevant Credit Bureau Checks • CTOS (Bankruptcy) search • Independent Background Checks • Recommendation by the NRC ▶	Deliberation by the Board and decision thereof

In assessing the candidates for Board appointments, the NRC will take into account, inter alia, the strategic and effective fit of the candidates for the Board, the overall desired composition and the mix of expertise and experience of the Board as a whole and having regard to the candidates' attributes, qualifications, management, leadership, business experience and their F&P Declarations in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant guidelines. The Company will also conduct independent background checks to verify the information disclosed in the F&P Declarations. The Company has taken steps to build and maintain a pool of potential Board candidates from internal and external introductions, recommendations and independent sources with director databases in its search for suitable Board candidates.

In the case of CEO, the NRC will take into account the candidate's knowledge and experience in the industry, market and segment. The NRC will also consider the candidate's F&P Declaration in line with the standards required under the relevant guidelines.

(ii) Re-appointments

The assessment and approval process for re-appointments is as follows:

• Assessment against Assessment Criteria and Guidelines • F&P Declaration • Relevant Credit Bureau Checks • CTOS (Bankruptcy) search • Independent Background Checks • Recommendation by the NRC ▶	Deliberation by the Board and decision thereof

For re-appointments, the Chairman, Directors and CEO will be evaluated on their performance in the discharge of duties and responsibilities effectively, including, inter alia, contribution to Board deliberations and time commitment. The NRC will also consider the results of the Annual Board Assessment (as defined below), their contributions during the term of office, attendance at Board meetings, F&P Declarations in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant guidelines and for Independent Directors, their continued independence. Independent background checks will also be conducted to verify the information disclosed in their F&P Declarations.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (CONTINUED)

(B) NRC (CONTINUED)

(iii) Board Committee Appointments

The nomination, assessment and approval process for appointments to Board Committees ("Board Committee Appointments") is as follows:

Identification of Directors for Board Committees membership ▶	• Assessment against Assessment Criteria and Guidelines • Recommendation by the NRC ▶	Deliberation by the Board and decision thereof

The assessment for Board Committee Appointments will be based on the Directors' potential contributions and value-add to the Board Committees with regard to Board Committees' roles and responsibilities.

(iv) Annual F&P Assessment

The annual F&P assessment process is as follows:

• Directors/CEO to complete: - the Board Annual Assessment Form - the F&P Declaration • The Company to conduct Independent Background Checks ▶	• Assessment against Assessment Criteria and Guidelines • Recommendation by the NRC ▶	Deliberation by the Board and decision thereof

A formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Director on an annual basis ("Annual Board Assessment") in conjunction with the annual F&P assessment of Chairman, Directors and CEO. Directors are required to complete the F&P Declaration in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant guidelines. Independent background checks will also be conducted to verify the information disclosed in their F&P Declarations.

The NRC will deliberate the results of the Annual Board Assessment and submit its recommendation to the Board for consideration and approval. For newly appointed Chairman, Directors and CEO, the Annual Board Assessment will be conducted at the next annual assessment exercise following the completion of one year of service.

Assessment criteria for Board as a whole include, inter alia, the effectiveness of the Board composition in terms of size and structure vis-à-vis the complexity, size, scope and operations of the Company; the core skills, competencies and experience of the Directors; and the Board's integrity, competency, responsibilities and performance. The assessment criteria for Board Committees include the effectiveness of the respective Board Committees' composition in terms of mix of skills, knowledge and experience to carry out their respective roles and responsibilities in accordance with the Board Committees' TOR and the contribution of the Board Committees members. Each individual Director is assessed on, inter alia, the effectiveness of his/her competency, expertise and contributions. The skills, experience, soundness of judgment as well as contributions towards the development of business strategies and direction of the Company and analytical skills to the decision-making process are also taken into consideration.

For management succession planning, it has been embedded in the Group's process over the years to continuously identify, groom and develop key talents from within the Group. The Group also has a talent development programme to identify, retain and develop young high potential talents.

C. BOARD COMMITTEES (CONTINUED)

(B) NRC (CONTINUED)

REMUNERATION RESPONSIBILITIES

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

The level of remuneration of Non-Executive Directors reflects the scope of responsibilities and commitment undertaken by them.

The NRC, in assessing and reviewing the remuneration packages of Executive Directors, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices. INEDs are paid fixed annual director fees, Board Committee fees and meeting allowance for each Board and Board Committee meeting attended. The remuneration of INEDs is recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting ("AGM"), and payable in cash to INEDs upon approval of the shareholders of the Company.

The detailed remuneration of each Director during the financial year ended 30 June 2022 ("FY2022") is as set out in Note 33 of the Audited Financial Statements in this Annual Report.

The NRC meets at least once in each financial year and additional meetings may be called at any time as and when necessary.

During the FY2022, two (2) NRC meetings were held and the attendances of the NRC members were as follows:

Member	Attendance
Ms Tai Siew Moi	2/2
Mr Tan Kong Khoon[1]	2/2
Ms Leong Ket Ti	2/2
Mr Peter Ho Kok Wai[2]	-

Notes:

[1] Resigned as NRC member with effect from 30 June 2022.

[2] Appointed as NRC member with effect from 30 June 2022.

There was no NRC meeting held for the FY2022 subsequent to the appointment of Mr Peter Ho Kok Wai.

The NRC carried out the following activities in the discharge of its duties in accordance with its TOR during the FY2022:

- Carried out the Annual Board Assessment and was satisfied that the Board as a whole, Board Committees and individual Directors have continued to effectively discharge their duties and responsibilities in accordance with their respective TORs, and that the current Board composition in terms of Board balance, size and mix of skills is appropriate and effective for the discharge of its functions. The NRC took cognisance of the merits of Board diversity including women participation on the Board, in adding value to the Company. The NRC will continue to maintain women participation on the Board in line with the MCCG;

- Considered and assessed the position of Independent Directors of the Company and was satisfied that the Independent Directors met the regulatory requirements for Independent Directors;

- Reviewed the F&P Declarations by Directors and Company Secretary in line with the Company's F&P Policy and was satisfied that the Directors and Company Secretary met the requirements as set out in the Company's F&P Policy;

- Reviewed the term of office and performance of the BARMC and each of its members in accordance with the TOR of BARMC and was of the view that the BARMC and each of its members had carried out their duties in accordance with the BARMC TOR for the periods under review;

- Reviewed the appointment of Directors in accordance with the F&P Policy and MMLR, and recommended to the Board for consideration and approval;

- Reviewed the composition of the Board Committees in line with recommendations under the MCCG and recommended revisions to the Board Committees for the Board's consideration and approval.

- Considered the re-election of Directors who are due for retirement at the AGM pursuant to the Constitution of the Company; and

- Reviewed the management succession plan of the Company's subsidiaries.

Corporate Governance Overview, Risk Management & Internal Control Statement

D. INDEPENDENCE

The Board takes cognisance of the provisions of the MCCG, which states that the tenure of an Independent Director should not exceed a cumulative term of 9 years and upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. It further states that in the event the Board wishes to retain an Independent Director who has served a cumulative term of 9 years and above, shareholders' approval shall be annually sought with justification through a two-tier voting process.

The tenure of all the Independent Directors on the Board of the Company does not exceed 9 years. The Independent Directors have declared their independence, and the NRC and the Board have determined, at the annual assessment carried out, that the Independent Directors have continued to bring independent and objective judgment to Board deliberations and decision-making.

The Company has in place a policy in relation to the tenure for Independent Directors of the Company ("Tenure Policy") under the F&P Policy of the Company. Pursuant to the Tenure Policy, the tenure of an Independent Director shall not exceed a cumulative term of 9 years from the date of his or her first appointment in the Company. The Independent Director may retire at the AGM immediately preceding or following the expiry of the 9-year term.

E. COMMITMENT

The Directors are aware of their responsibilities and devote sufficient time to carry out such responsibilities. In line with the MMLR, Directors are required to comply with the restrictions on the number of directorships in public listed companies. Directors provide notifications to the Board for acceptance of any new Board appointments. This ensures that their commitment, resources and time are focused on the affairs of the Company to enable them to discharge their duties effectively. Board meetings are scheduled a year ahead in order to enable full attendance at Board meetings. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions. Directors are required to attend at least 50% of Board meetings held in each financial year pursuant to the MMLR.

All Board members are supplied with information in a timely manner. The Company has moved towards electronic Board reports since 2015. Board reports are circulated electronically prior to Board and Board Committee meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

All Directors have access to the advice and services of a qualified and competent Company Secretary to facilitate the discharge of their duties effectively. The Company Secretary is qualified to act under Section 235 of the Companies Act 2016. The Company Secretary supports the effective functioning of the Board, provides advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitates effective information flows amongst the Board, Board Committees and senior management. All Directors also have access to the advice and services of the internal auditors and in addition, to independent professional advice, where necessary, at the Company's expense, in consultation with the Chairman of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretary accordingly. Any Director who has, directly or indirectly, an interest in the subject matter to be deliberated shall abstain from deliberating and voting on the same during the meetings.

The Board met five (5) times for the FY2022 with timely notices of issues to be discussed. Details of attendance of each Director are as follows:

Member	Attendance
Mr Tan Kong Khoon	5/5
Ms Tai Siew Moi	5/5
Ms Leong Ket Ti	5/5
Mr Peter Ho Kok Wai	5/5
Ms Lee Jim Leng[1]	4/4

Notes:

[1] Appointed as Director with effect from 17 September 2021.

The Company recognises the importance of continuous professional development and training for its Directors.

E. COMMITMENT (CONTINUED)

The Company is guided by a Directors' Training Policy, which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Company. The Induction Programme is organised for newly appointed Directors to assist them to familiarise and to get acquainted with the Company's business, governance process, roles and responsibilities as Director of the Company. The CPD encompasses areas related to the industry or business of the Company, governance, risk management and regulations through a combination of courses and conferences. A training budget is allocated for Directors' training programmes.

All Directors of the Company have completed the Mandatory Accreditation Programme.

The Company regularly organises in-house programmes, briefings and updates by its in-house professionals. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

The Company has prepared for the use of its Directors, a Director Manual which highlights, amongst others, the major duties and responsibilities of a Director vis-à-vis various laws, regulations and guidelines governing the same.

In assessing the training needs of Directors, the Board has determined that appropriate training programmes covering matters on corporate governance, finance, legal, risk management, information technology, cyber security, internal control and/or statutory/regulatory compliance, be recommended and arranged for the Directors to enhance their contributions to the Board.

During the FY2022, the Directors received regular briefings and updates on the Company's businesses, strategies, operations, risk management, compliance, internal controls, corporate governance, finance and any changes on relevant legislation, rules and regulations from in-house professionals. In-house programmes were also organised for the Directors and senior management of the Company.

The Directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors.

During the FY2022, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- Allianz – Briefing on Cyber Security Awareness Program for Directors
- Asian Banking School Sdn Bhd - Defining Moments in Ethics
- Baker McKenzie – Asia Pacific Employment Updates
- Baker McKenzie – Overview of Cross-border Compliance Issues on Anti-Money Laundering Laws in Asia
- Baker McKenzie – Tax Highlights of Malaysia's Budget 2022
- BNM – Virtual engagement session with Chief Executive Officers/Chairmen of Financial Institutions & Associations in conjunction with the release of BNM Annual Report 2021, Economic & Monetary Review 2021 and Financial Stability Review
- Boardroom – Malaysia Budget 2022: Tax Highlights & their Implications
- Boardroom – The Net Zero Journey: What Board Members Need to Know (Part 2)
- Boardroom Limited - Legacy Family Planning
- Bursa Malaysia: Climate Disclosure Training Programme
- FIDE Forum – Annual Dialogue with the Governor of Bank Negara Malaysia
- FIDE Forum – Dialogue on Capital Markets Plan
- FIDE Forum – Dialogue on Climate Risk Management and Scenario Analysis
- FIDE Forum – Dialogue on Licensing Framework for Digital Insurers and Takaful Operators
- FIDE Forum – Dialogue on Risk-Based Capital Framework for Insurers and Takaful Operators
- FIDE Forum – MyFintech Week Masterclasses
  - Getting it Right: Securing Results from Digital Transformation
  - Web 3.0 and the Future of Finance
  - Deep Dive into DeFi
- HLAH Group – KPMG – Sustainable Insurance
- HLCB Group – AML/CFT & TFS – Evolving Challenges & Expectations in Regulatory Compliance
- HLCB Group – ESG Briefing by Synergio Global Sdn Bhd
- HLFG – Cyber Risk Awareness Training
- HLFG Group – Anti-Corruption Empowerment Talk Series by Malaysian Anti-Corruption Commission
- HLFG Group – Citigroup - Briefing on "Rise of Fintech and Future of Banking"
- HSBC – Understanding Sustainability and Climate Risks: A Series of Webinar to future-proof your Business
- ICAEW – Beyond Green and Climate Achieving the Global Sustainability Transition

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- Joint Committee on Climate Change (JC3) & The Association of Southeast Asia Nations Low Carbon Energy Programme (ASEAN LCEP) – Governance & Reporting Workshop 1: The Power of ESG Data
- KPMG – KPMG Tax & Business Summit
- KPMG – The New Reality of Cyber Hygiene
- Malaysian Institute of Accountants ("MIA") – Valuation of Early and Growth State Tech Companies
- MIA – ESG Series for Accountants and Financial Professionals
- PNB Knowledge Forum 2022:
  - Sustainable Investing: ESG at the Forefront
  - Tall Buildings and Living in the Space Age
  - The Enigma and Convergence of Science and Art
- Sage 3 & Leaderonomics – Rethinking Balance Sheets
- Securities Commission – Audit Oversight Board Conversation with Audit Committees
- Singapore Institute of Directors – Environmental, Social and Governance Essentials
- The Asian Institute of Chartered Bankers (AICB) & The Global Ethical Finance Initiative (GEFI) – Ethical Finance ASEAN 2022

F. ACCOUNTABILITY AND AUDIT

The Company has put in place a framework of processes whereby Board committees provide oversight on critical processes of the Company's reporting of financial statements, in order to ensure that accountability and audit are integral components of the said processes.

I FINANCIAL REPORTING

The Board has a fiduciary responsibility to ensure the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC, which assesses the integrity of financial statements with the assistance of the external auditors.

II RISK MANAGEMENT AND INTERNAL CONTROL

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

The BARMC is delegated with the responsibility to provide oversight on the Company's management of critical risks that the Group faces, and to review the effectiveness of internal controls implemented in the Company.

The Statement on Risk Management and Internal Control as detailed under Section I of this Statement provides an overview of the system of internal controls and risk management framework of the Group.

III RELATIONSHIP WITH AUDITORS

The appointment of external auditors is recommended by the BARMC, which also reviews the remuneration of the external auditors. The BARMC reviews the suitability and independence of the external auditors annually. In this regard, an annual assessment is conducted by the BARMC to evaluate the performance, independence and objectivity of the external auditors prior to making any recommendation to the Board on the re-appointment of the external auditors.

The Company also has a Policy on the Use of External Auditors for Non-Audit Services to govern the professional relationship with the external auditors in relation to the non-audit services. Assessment will be conducted by the BARMC for non-audit services to ensure that the provision of non-audit services does not interfere with the exercise of independent judgment of the external auditors.

During the financial year under review, the external auditors met with the BARMC to:

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

The external auditors meet with the BARMC members at least twice a year without the presence of management.

G. DISCLOSURE

The Company has in place a Corporate Disclosure Policy for compliance with the disclosure requirements set out in the MMLR, and to raise awareness and provide guidance to the Board and management on the Group's disclosure requirements and practices.

All timely disclosure and material information documents will be posted on the Company's Website after release to Bursa.

H. SHAREHOLDERS

I DIALOGUE BETWEEN COMPANIES AND INVESTORS

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

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Company's Website, Bursa's website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate in general meetings either in person, by corporate representative, by proxy or by attorney.

The Company has a website at 'www.hlcap.com.my' which the shareholders can access for information which includes the Board Charter, TORs of Board Committees, corporate information, announcements/ press releases/briefings, financial information and investor relations. The minutes of the AGM are published on the Company's Website since FY2022.

The Board has identified Mr Peter Ho Kok Wai, the Chairman of the BARMC, as the INED of the Board to whom concerns may be conveyed, and who would bring the same to the attention of the Board.

In addition, shareholders and investors have a channel of communication with the Chief Financial Officer to direct queries and provide feedback to the Group.

Queries may be conveyed to the Chief Financial Officer at:

Tel No : 03-2083 1788
Fax No. : 03-2083 1768
E-mail address : ir@hlcb.hongleong.com.my

II AGM

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

In consideration of the COVID-19 situation and the interest of the health and safety of all stakeholders, the last AGM of the Company held on 26 October 2021 was conducted virtually through live streaming and online voting using Remote Participation and Electronic Voting facilities. All Directors of the Company attended the AGM either physically or virtually to engage with shareholders and address issues of concern raised by the shareholders. Pursuant to Paragraph 8.29A(1) of the MMLR, all resolutions tabled at the last AGM held on 26 October 2021 were put to a vote by way of a poll and the voting results were announced at the meeting and through Bursa.

I. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

I THE RESPONSIBILITIES OF THE BOARD

The Board recognises the practice of good governance as an important continuous process and has established the BARMC to ensure consistent adherence to internal control and good risk management practices. Both risks and control assessment are being reviewed in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

The Board acknowledges its overall responsibility for the risk management and internal control environment and its effectiveness in safeguarding shareholders' interests and the Group's assets. The presence of risk management and internal control framework is designed to manage rather than eliminate the risk of failure in the achievement of goals and objectives of the Group. It provides reasonable assurance against material misstatements, losses or frauds.

Corporate Governance Overview, Risk Management & Internal Control Statement

Prevailing risk management and internal control framework currently being practiced by the Group is updated continuously to align with the dynamic changes in the business environment as well as relevant process improvement implemented from time to time. The management team has assured the Board that all regulatory guidelines, internal policies and procedures have been duly implemented accordingly.

The Board has received assurance from the Group Managing Director/Chief Executive Officer of Hong Leong Investment Bank Berhad, Chief Executive Officer/Executive Director of Hong Leong Asset Management Bhd, Chief Financial Officer and the Heads of Risk Management, Compliance and Internal Audit functions that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Based on the outcome of these reviews as well as the assurance it has received from Management, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively for the financial year under review and up to the date of approval of this report.

II KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The key risk management and internal control processes that are established in determining the adequacy and integrity of the system of risk management and internal controls are as follows:

a) Risk Management

Managing risks is an integral part of the Group's overall business strategy. It involves a process for identifying, assessing and managing risks and uncertainties that could inhibit the Group's ability to achieve its strategy and strategic objectives. Recognising the need to be proactive in the management of risks, the Group has implemented a Risk Management ("RM") framework where the Group's risks are managed at various levels.

At the apex of the RM framework, the Board has the overall responsibility to ensure there is proper oversight of the management of risks in the Group. The Chief Risk Officer monitors and reports the Group's Credit, Market, Liquidity, Operational and IT Risks and presents these risks in a single, consolidated view to the BARMC regularly.

The BARMC deliberates and evaluates the reports prepared by the Chief Risk Officer on the adequacy and effectiveness of the controls to mitigate the Group's risks and provides updates to the Board, and where appropriate, make the necessary recommendations to the Board.

b) Internal Control Review

The internal audit function is established at its subsidiary, Hong Leong Investment Bank Berhad. The provision of internal audit service to Hong Leong Asset Management Bhd and its subsidiary, Hong Leong Islamic Asset Management Sdn Bhd is through their respective shared service agreements. Internal Audit Department ("IAD") employs a risk-based assessment approach in auditing the Company's business and operational activities. The high risk activities covered include AML/CFT framework and cyber risk management together with key operational areas in investment banking, stockbroking and asset management were audited on an annual basis. Other operational areas (including branches) are prioritised accordingly to the potential risk exposure and impact. IAD regularly reviews the critical operations (as defined by the respective regulators) to ensure that the internal controls are in place and working effectively.

The results of the audits conducted by IAD are reported to the BARMC. Follow-up action and the review of the status of action taken as per the auditors' recommendation are carried out by Management.

I. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

II KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONTINUED)

b) Internal Control Review (Continued)

Implementation of audit recommendations is followed up on a monthly basis and reported to the Management Committee and on a quarterly basis to the BARMC. Highlights of the BARMC meetings are submitted to the Board for review and further deliberation. In addition, internal controls are also effected through the following processes:

- The Board receives and reviews regular reports from the Management on the key operating statistics, business dynamics, legal matters, market surveillance on stockbroking activity, AML/CFT and regulatory issues that would have implications on internal control measures.
- The BARMC on a quarterly basis, reviews and holds discussion with management on the actions taken on internal control issues identified in the reports prepared by the IAD, external auditors and regulatory authorities.
- Policies on delegation and authority limits are strictly implemented to ensure a culture that respects integrity and honesty, and thereby reinforce internal controls.
- Policies and procedures are disseminated through the organisation in support of a learning culture, so as to reinforce an environment of internal controls disciplines.
- Policies for recruitment, promotion and termination of staff are in place to ensure the Group's human resources comply to internal controls requirements.

c) Compliance

The Group's Compliance Officers monitor and assess daily operations of licensed subsidiaries to ensure compliance with regulatory requirements and approved internal policies. All breaches and exceptions are brought to the attention of the BARMC and other relevant committees which are kept informed of the causes and the status of remedial measures taken.

J. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The MMLR requires the Directors to prepare a statement explaining the Board's responsibility for preparing the annual audited financial statements and the Companies Act 2016 requires the Directors to make a statement stating whether in their opinion, the audited financial statements are drawn up, in accordance with the applicable accounting standards, to give a true and fair view of the financial position and of the financial performance of the Group and of the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the FY2022, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

This Statement on Corporate Governance Overview, Risk Management & Internal Control Statement is made in accordance with the resolution of the Board.

Directors' Report

for the financial year ended 30 June 2022

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are investment banking, stockbroking business, futures broking, related financial services, nominees and custodian services, unit trust management, fund management and sale of unit trusts as disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	The Group RM'000	The Company RM'000
Net profit for the financial year	72,463	174,780

DIVIDENDS

Since the previous financial year ended 30 June 2021, a final single-tier dividend of 26.0 sen per share, amounting to RM61.3 million in respect of the financial year ended 30 June 2021, was paid on 16 November 2021.

Dividend paid on the shares held in trust pursuant the Company's Executive Share Option Scheme ("ESOS") which are classified as treasury shares held for ESOS scheme are not accounted for in the total equity. An amount of RM2,888,782 being dividend paid for these shares was added back to the appropriation of retained profits.

The Directors have declared a final single-tier dividend of 19.0 sen per share on the Company's issued and paid-up share capital of RM246,896,668 comprising of 246,896,668 ordinary shares, amounting to RM46.9 million for the financial year ended 30 June 2022, to be paid on a date to be determined.

BUSINESS STRATEGY FOR THE CURRENT FINANCIAL YEAR

The business strategy for the current financial year is disclosed in the annual report.

OUTLOOK AND BUSINESS PLAN FOR THE COMING FINANCIAL YEAR

The outlook and business plan for the coming financial year are disclosed in the annual report.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 46 to the financial statements.

SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

Significant event after the financial year is disclosed in Note 47 to the financial statements.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements and notes to the financial statements.

DIRECTORS

The Directors of the Company who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Kong Khoon	(Chairman, Non-Independent Non-Executive Director)
Tai Siew Moi	(Independent Non-Executive Director)
Leong Ket Ti	(Independent Non-Executive Director)
Peter Ho Kok Wai	(Independent Non-Executive Director)
Lee Jim Leng *(Appointed with effect from 17 September 2021)*	(Non-Independent Non-Executive Director)

The Directors of the Company's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are:

Yong Yoong Fa
Musa bin Mahmood
Raja Noorma binti Raja Othman
Datuk Manharlal a/l Ratilal
Chew Seong Aun *(Resigned with effect from 18 October 2021)*
Dato' Abdul Majit bin Ahmad Khan
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Hoo See Kheng
Ang Beng Kuan *(Appointed with effect from 6 September 2021)*
Lye Thim Loong *(Resigned with effect from 1 February 2022)*
Noor Aini binte Shaik Awab *(Appointed with effect from 23 June 2022)*
Harjit Kaur a/p Inder Singh
Lau Yew Sun
Sharan Kaur a/p Jaswant Singh
Muhammad Awi Goo @ Goo Kim Hooi
Norhayati binti Abu Bakar
Mohd Faizal bin Ali

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, the Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares and/or preference shares and/or loan stocks and/or options over ordinary shares of the Company and/or its related corporations during the financial year ended 30 June 2022 are as follows:

	Shareholdings in which Directors have direct interests Number of ordinary shares/preference shares/ ordinary shares issued or to be issued or acquired arising from the exercise of options*/ordinary shares to be received arising from vesting of share grant**			
	As at 01.07.2021	Acquired	(Sold)	As at 30.06.2022
Interests of Tan Kong Khoon in:				
Hong Leong Financial Group Berhad	-	125,123(1)	-	125,123
	8,000,000*	-	(8,000,000)*(2)	-
	-	375,368**	(125,123)**(1)	250,245**
Interests of Tai Siew Moi in:				
Hong Leong Bank Berhad	14,500	-	-	14,500
Interests of Lee Jim Leng in:				
Hong Leong Capital Berhad	250,000(3)	-	-	250,000

Notes:
(1) Vesting of grant shares
(2) Options lapsed
(3) Opening balance as at 17 September 2021, the date of appointment of Lee Jim Leng

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company received or became entitled to receive any benefits (other than the benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or as fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or its related corporations 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.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than the shares options granted pursuant to the Executive Share Option Scheme.

DIRECTORS' REMUNERATION

The remuneration in aggregate for Directors of the Company and its subsidiaries for the financial year are as follows:

Directors of the Company	The Group RM'000	The Company RM'000
Director fees	380	380
Director other emoluments	34	34
Directors of the Company's Subsidiary		
Director fees	741	-
Director other emoluments	3,222	-

There were no amount paid to or receivable by any third party for services provided by Directors of the Company and its subsidiaries.

During the financial year, Directors and Officers of the Group are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors and Officers of the immediate holding company and its subsidiaries was RM10.0 million. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the immediate holding company and its subsidiaries was RM84,550 (2021: RM71,250) and the apportioned amount of the said premium paid by Hong Leong Investment Bank Berhad was RM3,012 (2021: RM665).

Details of Directors' remuneration are set out in Note 33 to the financial statements.

SHARE CAPITAL

There was no change in the issued and paid-up capital of the Company during the financial year.

STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(a) As at the end of the financial year

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

- to ensure that any current assets, other than debts, which were unlikely to be realised at their book values in the ordinary course of business had been written down to their estimated realisable values.

STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(b) From the end of the financial year to the date of this report

(i) The Directors are not aware of any circumstances:

- which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any material extent;
- which would render the values attributed to current assets in the financial statements misleading; or
- which had arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

(ii) In the opinion of the Directors:

- the results of the operations of the Group and the Company for the financial year ended 30 June 2022 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
- no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

(c) As at the date of this report

(i) There are no charges on the assets of the Group and the Company which had arisen since the end of the financial year to secure the liabilities of any other person.

(ii) There are no contingent liabilities which had arisen since the end of the financial year.

(iii) 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 immediate holding and ultimate holding companies are Hong Leong Financial Group Berhad ("HLFG") and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia. HLFG is listed on the Main Market of Bursa Malaysia Securities Berhad.

SUBSIDIARIES

Details of subsidiaries are set out in Note 12 to the financial statements.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company are RM482,000 and RM90,000 respectively.

Details of auditors' remuneration are set out in Note 30 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 September 2022.

Peter Ho Kok Wai
Director

Tan Kong Khoon
Director

Kuala Lumpur
20 September 2022

Statements of Financial Position

as at 30 June 2022

		The Group		The Company	
	Note	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Assets					
Cash and short-term funds	2	**322,674**	170,033	**27,893**	1,160
Clients' and brokers' balances	3	**316,276**	204,732	**-**	-
Deposits and placements with banks and other financial institutions	4	**100,021**	31,139	**-**	-
Financial assets at fair value through profit or loss ("FVTPL")	5	**381,123**	791,818	**355,215**	269,034
Financial investments at fair value through other comprehensive income ("FVOCI")	6	**1,256,640**	1,350,820	**-**	-
Financial investments at amortised cost	7	**1,250,442**	1,059,286	**-**	-
Loans and advances	8	**393,720**	335,759	**-**	-
Other assets	9	**41,077**	58,260	**333**	219
Derivative financial assets	22	**38,393**	34,494	**-**	-
Tax recoverable		**28**	28	**-**	-
Deferred tax assets	11	**112,034**	123,234	**-**	-
Investment in subsidiary companies	12	**-**	-	**246,574**	246,574
Property and equipment	14	**9,271**	9,800	**-**	-
Right-of-use ("ROU") assets	15	**17,122**	18,966	**-**	-
Other intangible assets	16	**4,993**	3,169	**-**	-
Goodwill	17	**33,059**	33,059	**-**	-
Total assets		**4,276,873**	4,224,597	**630,015**	516,987
Liabilities					
Clients' and brokers' balances		**306,901**	207,183	**-**	-
Deposits from customers	18	**759,636**	701,538	**-**	-
Deposits and placements of banks and other financial institutions	19	**1,907,235**	2,049,422	**-**	-
Lease liabilities	20	**16,548**	18,069	**-**	-
Other liabilities	21	**212,361**	148,343	**1,106**	1,521
Derivative financial liabilities	22	**26,705**	41,056	**-**	-
Current tax liabilities		**2,301**	1,803	**220**	225
Subordinated obligations	23	**100,193**	100,192	**-**	-
Total liabilities		**3,331,880**	3,267,606	**1,326**	1,746
Equity					
Share capital	24	**246,896**	246,896	**246,896**	246,896
Reserves	25	**729,254**	741,252	**412,837**	299,389
Treasury shares for ESOS scheme	26	**(31,157)**	(31,157)	**(31,044)**	(31,044)
Total equity		**944,993**	956,991	**628,689**	515,241
Total equity and liabilities		**4,276,873**	4,224,597	**630,015**	516,987
Commitments and contingencies	37	**5,967,639**	5,993,970	**-**	-

Income Statements

for the financial year ended 30 June 2022

	Note	The Group 30.06.2022 RM'000	The Group 30.06.2021 RM'000	The Company 30.06.2022 RM'000	The Company 30.06.2021 RM'000
Interest income	27a	**108,895**	103,067	**23**	13
Interest income for financial assets at FVTPL	27b	**23,989**	37,423	**-**	-
Interest expense	28	**(83,085)**	(90,849)	**-**	-
Net interest income		**49,799**	49,641	**23**	13
Non-interest income	29	**173,561**	265,984	**176,751**	95,329
		223,360	315,625	**176,774**	95,342
Overhead expenses	30	**(126,841)**	(141,597)	**(1,275)**	(1,503)
Operating profit before allowances		**96,519**	174,028	**175,499**	93,839
Write-back of allowance for impairment losses on loans and advances	31	**174**	3,026	**-**	-
Write-back of allowance for impairment losses on financial investments and other financial assets	32	**479**	296	**-**	-
Profit before taxation		**97,172**	177,350	**175,499**	93,839
Taxation	34	**(24,709)**	25,937	**(719)**	(1,261)
Net profit for the financial year		**72,463**	203,287	**174,780**	92,578
Earnings per share (sen)					
- Basic	35	**30.7**	85.5		
- Diluted	35	**30.7**	85.5		

Statements of Comprehensive Income

for the financial year ended 30 June 2022

		The Group		The Company	
	Note	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Net profit for the financial year		**72,463**	203,287	**174,780**	92,578
Other comprehensive (expense)/income:					
Items that will be reclassified subsequently to income statements:					
Debt instruments at FVOCI					
- Net fair value changes		**(30,187)**	(7,917)	**-**	-
- Net changes in expected credit losses		**(214)**	31	**-**	-
Income tax relating to net fair value changes on financial investments at FVOCI	11	**7,245**	1,901	**-**	-
Other comprehensive expense for the financial year, net of tax		**(23,156)**	(5,985)	**-**	-
Total comprehensive income for the financial year		**49,307**	197,302	**174,780**	92,578

Statements of Changes in Equity

for the financial year ended 30 June 2022

The Group	Note	Share capital RM'000	Treasury shares for ESOS scheme RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
		Attributable to owners of the parent					
At 1 July 2021		**246,896**	**(31,157)**	**13,149**	**3,364**	**724,739**	**956,991**
Net profit for the financial year		**-**	**-**	**-**	**-**	**72,463**	**72,463**
Other comprehensive expense, net of tax		**-**	**-**	**-**	**(23,156)**	**-**	**(23,156)**
Total comprehensive (expense)/ income		**-**	**-**	**-**	**(23,156)**	**72,463**	**49,307**
Transfer from regulatory reserve	25	**-**	**-**	**(1,001)**	**-**	**1,001**	**-**
Dividend paid	36	**-**	**-**	**-**	**-**	**(61,305)**	**(61,305)**
At 30 June 2022		**246,896**	**(31,157)**	**12,148**	**(19,792)**	**736,898**	**944,993**

The Group	Note	Share capital RM'000	Treasury shares for ESOS scheme RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
		Attributable to owners of the parent					
At 1 July 2020		246,896	(6,031)	12,076	9,349	578,020	840,310
Net profit for the financial year		-	-	-	-	203,287	203,287
Other comprehensive expense, net of tax		-	-	-	(5,985)	-	(5,985)
Total comprehensive (expense)/ income		-	-	-	(5,985)	203,287	197,302
Transfer to regulatory reserve	25	-	-	1,073	-	(1,073)	-
Purchase of treasury shares	26	-	(25,126)	-	-	-	(25,126)
Dividend paid	36	-	-	-	-	(55,495)	(55,495)
At 30 June 2021		246,896	(31,157)	13,149	3,364	724,739	956,991

Statements of Changes in Equity

for the financial year ended 30 June 2022

		Non-distributable		Distributable	
The Company	**Note**	**Share capital RM'000**	**Treasury shares for ESOS scheme RM'000**	**Retained profits RM'000**	**Total RM'000**
At 1 July 2021		246,896	(31,044)	299,389	515,241
Net profit for the financial year		-	-	174,780	174,780
Total comprehensive income		-	-	174,780	174,780
Dividend paid	36	-	-	(61,332)	(61,332)
At 30 June 2022		246,896	(31,044)	412,837	628,689
At 1 July 2020		246,896	(5,918)	262,330	503,308
Net profit for the financial year		-	-	92,578	92,578
Total comprehensive income		-	-	92,578	92,578
Purchase of treasury shares	26	-	(25,126)	-	(25,126)
Dividend paid	36	-	-	(55,519)	(55,519)
At 30 June 2021		246,896	(31,044)	299,389	515,241

Statements of Cash Flows

for the financial year ended 30 June 2022

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Cash flows from operating activities		
Profit before taxation	**97,172**	177,350
Adjustments for:		
Depreciation of property and equipment	**4,036**	3,628
Depreciation of ROU assets	**3,982**	3,999
Amortisation of intangible assets - computer software	**1,884**	1,528
Gain on disposal of property and equipment	**(35)**	-
Property and equipment written off	**5**	22
Write-back of allowance for impairment losses on loans and advances	**(174)**	(3,026)
Write-back of allowance for impairment losses on financial investments and other financial assets	**(388)**	(296)
Net unrealised loss/(gain) on revaluation of:		
- Financial assets at FVTPL	**10,085**	4,451
- Derivative financial instruments	**(14,023)**	(19,532)
Net unrealised loss on fair value changes arising from fair value hedges	**2,166**	2,068
Interest income from:		
- Financial assets at FVTPL	**(23,989)**	(37,423)
- Financial investments at FVOCI	**(40,653)**	(35,464)
- Financial investments at amortised cost	**(33,625)**	(31,157)
Interest expense from:		
- Derivative financial instruments	**28,578**	41,500
- Subordinated obligations	**4,231**	4,232
- Lease liabilities	**812**	1,009
Dividend income from:		
- Financial assets at FVTPL	**(8,652)**	(6,314)
	(65,760)	(70,775)
Operating profit before working capital changes	**31,412**	106,575
(Increase)/Decrease in operating assets		
Clients' and brokers' balances	**(111,354)**	58,999
Securities purchased under resale agreements	**-**	50,172
Financial assets at FVTPL	**398,821**	109,991
Loans and advances	**(57,787)**	(16,710)
Other assets	**17,155**	(11,424)
Derivative financial instruments	**7**	(1)
	246,842	191,027

Statements of Cash Flows

for the financial year ended 30 June 2022

	Note	The Group 30.06.2022 RM'000	The Group 30.06.2021 RM'000
Increase/(Decrease) in operating liabilities			
Clients' and brokers' balances		**99,718**	(98,202)
Deposits from customers		**58,098**	(36,209)
Deposits and placements of banks and other financial institutions		**(142,187)**	(23,789)
Other liabilities		**63,948**	19,619
		79,577	(138,581)
Cash generated from operating activities		**357,831**	159,021
Net income tax paid		**(5,766)**	(6,680)
Net cash generated from operating activities		**352,065**	152,341
Cash flows from investing activities			
Net disposal/(purchases) of financial investments at FVOCI		**45,404**	(101,302)
Net purchases of financial investments at amortised cost		**(196,252)**	(194,207)
Dividends received from:			
- Financial assets at FVTPL		**8,652**	6,314
Interest received from financial assets at FVTPL, financial investments at FVOCI, financial investments at amortised cost and derivatives		**119,311**	114,238
Interest paid on derivative financial instruments		**(30,536)**	(40,961)
Proceeds from disposal of property and equipment		**35**	-
Purchase of property and equipment		**(3,512)**	(2,410)
Purchase of intangible assets		**(3,708)**	(1,689)
Net cash used in investing activities		**(60,606)**	(220,017)
Cash flows from financing activities			
Interest paid on subordinated obligations		**(4,230)**	(4,218)
Dividend paid		**(61,305)**	(55,495)
Lease payments		**(4,401)**	(4,475)
Purchase of treasury shares		**-**	(25,126)
Net cash used in financing activities		**(69,936)**	(89,314)
Net increase/(decrease) in cash and cash equivalents during the financial year		**221,523**	(156,990)
Cash and cash equivalents at beginning of the financial year		**201,172**	358,162
Cash and cash equivalents at end of the financial year		**422,695**	201,172
Cash and cash equivalents comprise:			
Cash and short-term funds	2	**322,674**	170,033
Deposit and placements with banks and other financial institutions	4	**100,021**	31,139
		422,695	201,172

Statements of Cash Flows

for the financial year ended 30 June 2022

	Note	The Company 30.06.2022 RM'000	The Company 30.06.2021 RM'000
Cash flows from operating activities			
Profit before taxation		**175,499**	93,839
Adjustments for:			
Net unrealised loss/(gain) on revaluation of financial assets at FVTPL		**9,440**	(533)
Dividend income from:			
- Financial assets at FVTPL		**(7,442)**	(5,453)
- Subsidiary companies		**(175,750)**	(84,000)
		(173,752)	(89,986)
Operating profit before working capital changes		**1,747**	3,853
Increase in financial assets at FVTPL		**(95,621)**	(12,609)
(Increase)/Decrease in other assets		**(114)**	454
(Decrease)/Increase in other liabilities		**(415)**	823
Cash used in operating activities		**(94,403)**	(7,479)
Net income tax paid		**(724)**	(882)
Net cash used in operating activities		**(95,127)**	(8,361)
Cash flows from investing activities			
Dividends received from:			
- Financial assets at FVTPL		**7,442**	5,453
- Subsidiary companies		**175,750**	84,000
Net cash generated from investing activities		**183,192**	89,453
Cash flows from financing activities			
Dividend paid		**(61,332)**	(55,519)
Purchase of treasury shares		**-**	(25,126)
Net cash used in financing activities		**(61,332)**	(80,645)
Net increase in cash and cash equivalents during the financial year		**26,733**	447
Cash and cash equivalents at beginning of the financial year		**1,160**	713
Cash and cash equivalents at end of the financial year		**27,893**	1,160
Cash and cash equivalents comprise:			
Cash and short-term funds	2	**27,893**	1,160

Statements of Cash Flows

for the financial year ended 30 June 2022

Analysis of changes in liabilities arising from financing activities as follows:

The Group	Balance at the beginning of the financial year RM'000	Cash changes Interest paid RM'000	← Non-cash changes → Accrued interest RM'000	Amortisation RM'000	Balance at the end of the financial year RM'000
30.06.2022					
Subordinated obligations	**100,192**	**(4,230)**	**4,230**	**1**	**100,193**
30.06.2021					
Subordinated obligations	100,178	(4,218)	4,230	2	100,192

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

All significant accounting policies set out below have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial investments at FVOCI and financial assets/financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates. The area involving higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements includes the following:

<u>Deferred tax asset (Note 11)</u>

Deferred tax assets are recognised for unutilised tax credits to the extent that it is probable that future taxable profits will be available against which the tax credits can be utilised. Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the probability and level of future taxable profits. Management assesses the probability of future taxable profit based on the profit projections approved by Directors covering three year period. Management has also considered the estimated growth rate in the capital markets and Kuala Lumpur Composite Index ("KLCI") in deriving the profit projections. Profits beyond the three year period are extrapolated using the estimated growth rate of 4.7% (2021: 3.3%), based on the historical GDP growth rate of Malaysia up to 10 years. Management has assumed a percentage of probability factors for taxable profits for the fourth year and onwards.

(a) Standards, amendments and improvements to published standards that are applicable to the Group and the Company and are effective

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 July 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2'

The Group has adopted Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2' for the first time in the June 2022 financial statements, which resulted in changes in accounting policies.

<u>Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2'</u>

The Group adopted the Phase 2 amendments and applied the practical expedient to update the effective interest rate for instruments measured at amortised cost to account for the changes in contractual cash flows that is a direct consequence of interbank offered rate ('IBOR') reform. As a result, no immediate gain or loss is recognised in profit or loss.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) Standards, amendments and improvements to published standards that are applicable to the Group and the Company and are effective (continued)

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform - Phase 2' (continued)

The amendments also provide reliefs that enable and require the Group to continue the MFRS 9 hedge accounting in circumstances when the Group updates the hedge documentation to reflect changes in hedged items and hedging instruments which are required by IBOR reform.

The adoption of the amendments has no impact on the opening retained earnings as at 1 July 2021 because none of the IBOR-based contracts of the Group were modified in financial year ended 30 June 2021. There were no contracts modified as a result of IBOR reform during the year.

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2022. None of these is expected to have a significant effect on the financial statements of the Group and the Company, except the following:

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2022. None of these is expected to have a significant effect on the financial statements of the Group and the Company, except the following: (continued)

- Amendments to MFRS 137 'onerous contracts - cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

(c) Changes in regulatory requirements - measures issued by Bank Negara Malaysia ('BNM')

On 24 March 2020 and 24 July 2020, BNM announced that the following measures which are aimed to ensure that the financial intermediation function of the financial sector remains intact, access to financing continues to be available and banking institutions remain focused on supporting the economy during the COVID-19 pandemic:

(i) Drawdown of prudential buffers

Banking institutions are given the following relaxation of the prudential buffers, which will need to be restored to the minimum regulatory requirements by 30 September 2021:

- Drawdown of capital conservation buffer of 2.5%;
- Operate below the minimum liquidity coverage ratio ('LCR') of 100%; and
- Reduce the regulatory reserves held against expected credit losses to 0%.

During the financial year, the Group and its subsidiary Hong Leong Investment Bank Berhad ("HLIB") have not drawn down any of the prudential buffers.

(ii) The implementation of the Net Stable Funding Ratio ('NSFR') took place as scheduled on 1 July 2020. However, the minimum NSFR will be lowered to 80% and banking institutions will be required to comply with the requirement of 100% from 30 September 2021.

The adoption of the above additional measures gave rise to the following observations and financial impact:

(i) Forward-looking information used must be reasonable and supportable including reflecting the impact of COVID-19 pandemic and fully accounting for the mitigating effects of the economic and financial measures announced; and

(ii) The Group and HLIB have continued to maintain in aggregate the loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit impaired exposures.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

B CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements include the financial statements of the Group and all its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared in the same reporting date as the Group.

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statements.

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (at the date of the transaction) of the acquired entity is recorded as an adjustment to retained profits. No additional goodwill is recognised. Acquisition-related costs are expensed as incurred. The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred and the corresponding amounts for the previous year are also not restated.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in income statements. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in income statements. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

B CONSOLIDATION (CONTINUED)

(i) Subsidiaries (continued)

Inter-company transactions, balances, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of financial position respectively.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in income statements. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statements.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) Investments in subsidiaries

In the Company's separate financial statements, the investment in subsidiaries is stated at cost less accumulated impairment losses. At each reporting date, the Company assesses whether there is an indication of impairment. If such indication exist, an analysis is performed to assess whether the carrying amount of the investment is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Any subsequent increase in recoverable amount is recognised in the income statements.

On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in income statements.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in subsidiaries.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

C PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes its purchase price and any cost that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repair and maintenance costs are charged to the income statements during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Property and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Buildings on freehold land	50 years
Office and computer equipment	3 - 10 years
Furniture and fittings	3 - 10 years
Renovations	5 - 10 years
Motor vehicles	4 - 5 years

The assets' residual value and useful lives are reviewed and adjusted if appropriate, at each reporting period.

Property and equipment are reviewed for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Any subsequent increase in the recoverable amount is recognised in the income statements. Refer to Note V on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in other operating income in income statements.

D INTANGIBLE ASSETS

(a) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years. Computer software classified as intangible assets are stated at cost less accumulated amortisation and accumulated impairment loss, if any.

(b) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in income statements.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose. Each CGU represents the lowest level at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

D INTANGIBLE ASSETS (CONTINUED)

(b) Goodwill (continued)

Goodwill is stated at cost less accumulated impairment loss and is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

E LEASES

Leases are recognised as ROU assets and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date). Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is lessees, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated). The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

Right-of-use ("ROU") assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU assets is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments depend on index or rate;
- The exercise price of a purchase options if the Group is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- The amount expected to be payable by the Group under residual value guarantees.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

E LEASES (CONTINUED)

Lease liabilities (continued)

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU assets in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the interest expense in the income statements.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an operating expense in the income statements.

F FINANCIAL ASSETS

(i) Classification

The Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost

The Group and the Company reclassify debt investments when and only when its business model for managing those financial assets changes.

The Group and the Company do not change the classification of the remaining financial assets held in the business model, but consider the circumstances leading to the model change when assessing newly originated or newly purchased financial assets going forward.

Business model assessment

The Group and the Company conduct assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

F FINANCIAL ASSETS (CONTINUED)

(i) Classification (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (“SPPI”)

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Company assess whether the financial assets’ contractual cash flows represent solely payment of principal and interest. In applying the SPPI test, the Group and the Company consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

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(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the income statements.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s and the Company’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in to which the Group and the Company classify its debt instruments:

(a) Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statements as presented in net realised gain/(loss) on financial instruments (as per Note 29) and impairment losses are presented as separate line item (as per Note 32) in the income statements.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

F FINANCIAL ASSETS (CONTINUED)

(iii) Measurement (continued)

Debt instruments (continued)

(b) FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the income statements. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the income statements and recognised in net realised gain/(loss) on financial instruments. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the income statements.

(c) FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in the income statements and presented net within net unrealised gain/(loss) on revaluation in the period which it arises.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the income statements following the derecognition of the investment. Cumulative gain or loss previously recognised in OCI is not subsequently reclassified to the income statements, but may be transferred within equity. Dividends from such investments continue to be recognised in the income statements as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in net gain/(loss) on revaluation in the income statements.

(iv) Reclassification

Reclassification of financial assets is required when, and only when, the Group and the Company change their business model for managing the assets. In such cases, the Group and the Company are required to reclassify all affected financial assets.

However, it will be inappropriate to reclassify financial assets that have been designated at fair value through profit or loss, or equity instruments that have been designated as at fair value through other comprehensive income even when there is a change in business model. Such designations are irrevocable.

F FINANCIAL ASSETS (CONTINUED)

(v) Modification of financial assets

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within impairment in the income statements with a corresponding decrease in the gross carrying value of the asset. If the modification involved a concession that the Group and the Company would not otherwise consider, the instrument is considered to be credit impaired and is considered forborne.

G FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in income statements. Financial liabilities are de-recognised when extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held-for-trading, and financial liabilities designated at fair value through profit or loss upon initial recognition. The Group does not have any non-derivative financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated and effective as hedging instruments.

(b) Financial liabilities at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost.

H IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represent a probability-weighted estimate of the difference between the present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

H IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. The Group applies 3-stage approach on debt instruments measured at amortised cost and FVOCI, except for those that are under simplified approach, as explained below.

(ii) Simplified approach

The Group applies MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for clients and brokers' balances and other assets.

Significant increase in credit risk

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition to determine whether the exposure is subject to 12-month ECL or lifetime ECL. This is performed by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and assessments based on the Group's historical experience and credit risk assessments, including forward-looking information. A backstop of 30 days or 1-month past due from its contractual payment is applied and a financial asset will still be designated as having significant increase in credit risk regardless if it meets both the quantitative and qualitative assessments.

Definition of default and credit-impaired financial assets

The definition of credit-impaired of the Group remained the same under MFRS 139 and MFRS 9. At each reporting period, the Group assesses whether financial assets are impaired. Qualitative and quantitative information are used to determine if a financial asset is credit impaired. Nevertheless, a backstop is applied and a financial asset is considered as credit impaired if it is more than 90 days or 3 months past due on its contractual payments.

Where measurement of ECL is relying on external published sources, in determining if a financial asset is credit-impaired, the Group will consider factors, such as, but not limited to, rating agencies' assessment of creditworthiness and country's ability to access to capital markets for new debt issuance.

Measurement of ECL

ECL are measured using three main components, which include probability of default ("PD"), loss given default ("LGD") and exposures at default ("EAD"). These components are derived from either published information from External Credit Assessment Institutions ("ECAI") or proxy to the internally developed statistical models from the related company, Hong Leong Bank Berhad and adjusted to reflect forward-looking information.

H IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Measurement of ECL (continued)

The 12-month and lifetime PD represent the expected point-in-time probability of default over the next 12 months and remaining lifetime of a financial instrument, based on the conditions that exist at the reporting date and taking into consideration of future economic conditions that affect credit risk. The LGD component represents that expected loss if a default event occurs at a given time, taking into account the mitigating effects of collateral, its expected value when realised and time value of money. The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the reporting date to the default event together with expected drawdown and utilisation of a facility. The 12-month ECL is equal to the discounted sum over the next 12 months of monthly PD multiplied by LGD and EAD. The discount rate used in the ECL measurement is the original effective interest rate or an approximation thereof.

The measurement of ECL reflects an unbiased and probability-weighted amount that is derived by evaluating a range of possible macroeconomic outcome, the time value of money together with reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

Forward looking information

The Group incorporates forward looking macroeconomic ("MEV") which consists of economic indicators and industry statistics in the measurement of ECL. This involves incorporation of MEV forward looking into PD estimation, which is determined based on probability-weighted outcome from a range of economic scenarios. No MEV is incorporated into LGD estimation due to insufficient data points and lack of solid statistical results supporting the said application.

The Group applies three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

Base case: This represents 'most likely outcome' of future economic conditions which are backed by consensus forecast from various sources.

Best and worst case: This represent the 'upside' and 'downside' outcome of future economic conditions by making references to past historical cyclical conditions together with incorporation of best estimates and judgements on an unbiased basis.

I DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group under standard repurchase agreements transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

J OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

K SALE AND REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group has purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group has sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price are amortised as interest income and interest expense respectively on an effective yield method.

L CLIENTS' AND BROKERS' BALANCES

In accordance with the Rules of Bursa Malaysia Securities Berhad ("Bursa Securities"), clients' accounts are classified as impaired accounts (previously referred to as non-performing) under the following circumstances:

Types	Criteria for classification as impaired
Contra losses	When an account remains outstanding from more than 16 calendar days from the date of contra transaction
Overdue purchase contracts	When an account remains outstanding from T+5 market days onwards (non-margin purchase) and T+9 market days onwards (discretionary financing)

Bad debts are written-off when identified. Impairment allowances are made for balances due from clients and brokers which are considered doubtful or which have been classified as impaired, after taking into consideration collateral held by the Group and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Securities.

M DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the income statements.

M DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONTINUED)

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the fair value of derivatives in income statements immediately.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designated certain derivatives as hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as their risk management objective and strategy for undertaking various hedge transactions. The Group also documents their assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statements of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to statements of income over the period to maturity using a recalculated effective interest rate.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statements of income.

N MANAGER'S STOCKS AND CONSUMABLES

Manager's stocks represent units in the unit trust funds managed by the unit trust management subsidiary. Manager's stocks are classified as a financial asset at fair value through profit or loss. Consumables for future use are stated at cost and are written off when they are not foreseen to be used.

O CASH AND CASH EQUIVALENTS

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

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and short-term funds and deposits and placements with financial institutions, with original maturity of three months or less.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

P BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between initial recognised amount and the redemption value is recognised in the income statements over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in income statements within interest expense.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in income statements, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

All other borrowing costs are recognised in income statements in the period in which they are incurred.

Q INCOME TAXES

Tax expense for the period comprises current and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in income statements, except to the extent that its relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future.

Q INCOME TAXES (CONTINUED)

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred income tax related to fair value re-measurement of financial investments at FVOCI, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statements together with the deferred gain or loss.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

R PROVISIONS

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

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present values of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

S RECOGNITION OF INTEREST INCOME

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the income statements using the effective interest method. Interest income for financial assets at FVTPL is disclosed as separate line item in income statements.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

T 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. Service charges and other fee income are recognised as income when the services are rendered.

Dividends from financial assets at FVTPL, financial investments at FVOCI and subsidiary companies are recognised when the rights to receive payment is established.

Net profit from financial assets at FVTPL and financial investments at FVOCI are recognised upon disposal of the financial instruments, as the difference between net disposal proceeds and the carrying amount of the financial instruments.

Brokerage income is recognised when contracts are executed. Fees that constitute single performance obligation is recognised upon completion of transactions such as rollover fees, nominees services and handling charges.

Corporate advisory fees are recognised as income after fulfilling each of the performance obligation.

Management fees charged for management of clients' and unit trust funds is recognised over the period of time in accordance with the rates provided for in the prospectuses of unit trust funds and investment mandate with private customers. Other management fees charged for underwriting, placement and advisory fees are recognised over the period during which the related service is provided or credit risk is undertaken.

Service charge from sales of unit trust comprises gross proceeds from sales of unit trust less direct cost of unit trust created, net of cancellations. Such revenue is recognised upon the allotment of unit trust.

Commission from futures clients is recognised upon the execution of trade on behalf of clients.

U EMPLOYEE BENEFITS

Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The Group and the Company recognise a liability and an expense for bonuses. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (fund) on mandatory, contractual or voluntary basis and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group and the Company contribute to a national defined contribution plan (the Employee Provident Fund) on a mandatory basis and the amounts contributed to the plan are charged to the income statements in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

U EMPLOYEE BENEFITS (CONTINUED)

Share-based compensation

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the income statements over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Company revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statements, with a corresponding adjustment to share option reserve in equity.

A trust has been set up for the Employee Share Option Scheme ("ESOS") and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's stocks from the open market for the purposes of this trust, recognised as treasury shares in the equity.

When the options are exercised, the Company delivers the treasury shares to the employees. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained profits. The difference between the net proceeds received and the cost of treasury shares is recorded as an adjustment to retained profits.

V IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statements unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

W CURRENCY TRANSLATIONS

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's and the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Group's presentation currency and the Company's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

Changes in the fair value of monetary securities denominated in foreign currency classified as FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in income statements, and other changes in the carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investments at FVOCI are included in other comprehensive income.

X SHARE CAPITAL

(a) Classification

Ordinary shares are classified as equity. Other shares, if any, are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument.

(b) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are deducted against equity.

(c) Dividends

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument are charged directly to equity.

Y SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

Segment revenue, expense, assets and liabilities are those amount resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Z FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans and other banking facilities.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the ECL model under MFRS 9 'Financial instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

AA CONTINGENT ASSETS AND LIABILITIES

The Group and the Company do not recognise contingent assets and liabilities other than those arising from business combination, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2022

AB TRANSACTION WITH OWNERS

Transaction with owners in their capacity as owners are recognised in statements of changes in equity and are presented separately from non-owner changes in equity.

AC EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

for the financial year ended 30 June 2022

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are investment banking, stockbroking business, futures broking, related financial services, nominees and custodian services, unit trust management, fund management and sale of unit trusts as disclosed in Note 12 to the financial statements.

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The immediate holding and ultimate holding companies are Hong Leong Financial Group Berhad ("HLFG") and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia. HLFG is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 30, Menara Hong Leong, No 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur.

2 CASH AND SHORT-TERM FUNDS

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Cash and balances with banks and other financial institutions	**75,151**	125,735	**8,493**	1,160
Money at call and deposit placements maturing within one month	**247,523**	44,298	**19,400**	-
	322,674	170,033	**27,893**	1,160

Inclusive in cash and short-term funds of the Group are accounts in trust for dealer's representative amounting to RM14,605,000 (30.06.2021: RM16,392,000).

Cash and short term funds of the Group also include restricted cash which could be utilised only for the creation and cancellation of units of the funds management by the Group in accordance with Section 111 of the Capital Markets and Services Act 2007. The total restricted cash of the Group amounted to RM17,092,000 (2021: RM23,850,000).

Notes to the Financial Statements

for the financial year ended 30 June 2022

3 CLIENTS' AND BROKERS' BALANCES

Clients' and brokers' balances represent amounts receivable from outstanding purchase contracts in respect of the Group's stockbroking business entered on behalf of clients, amounts due from brokers and contra losses.

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Performing accounts	**314,413**	200,673
Impaired accounts	**2,861**	5,247
	317,274	205,920
Less: Expected credit losses	**(998)**	(1,188)
	316,276	204,732

Movements of impaired accounts are as follows:

At 1 July	**5,247**	3,651
New financial assets originated	**2,035**	1,071
Financial assets derecognised	**(2,448)**	(1,450)
Impaired during the financial year	**33,768**	24,049
Written back during the financial year	**(35,741)**	(22,074)
At 30 June	**2,861**	5,247

Movements in expected credit losses on clients' and brokers' balances are as follows:

The Group	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 1 July 2021	**85**	**1,103**	**1,188**
New financial assets originated	**80**	**571**	**651**
Financial assets derecognised	**(100)**	**(578)**	**(678)**
Allowance made	**51**	**190**	**241**
Allowance written-back	**(67)**	**(337)**	**(404)**
At 30 June 2022	**49**	**949**	**998**
At 1 July 2020	30	1,996	2,026
New financial assets originated	175	2,691	2,866
Financial assets derecognised	(152)	(2,138)	(2,290)
Allowance made	101	1,762	1,863
Allowance written-back	(69)	(3,208)	(3,277)
At 30 June 2021	85	1,103	1,188

4 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Licensed banks	**100,021**	31,139

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Money market instruments				
Malaysian Government Securities	**-**	20,953	**-**	-
Malaysian Government Investment Issues	**-**	31,180	**-**	-
Negotiable instruments of deposits	**-**	398,979	**-**	-
Cagamas bonds	**-**	15,015	**-**	-
	-	466,127	**-**	-
Quoted securities				
In Malaysia:				
Shares	**54,104**	63,281	**48,139**	56,533
Unit trust investment	**307,276**	212,698	**307,076**	212,501
	361,380	275,979	**355,215**	269,034
Unquoted securities				
Corporate bond and/or sukuk	**19,743**	49,712	**-**	-
	381,123	791,818	**355,215**	269,034

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL") (CONTINUED)

IBOR Reform

As at 30 June 2022, the Group hold the following financial assets at FVTPL which are referenced to the current benchmark interest rates and have yet to transition to an alternative benchmark interest rate.

	The Group	
	Total RM'000	Of which contract yet to transition to an alternative benchmark RM'000
Unquoted securities		
Corporate bond and/or sukuk		
- Kuala Lumpur Interbank Offered Rate ('KLIBOR')	**19,743**	19,743

6 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Money market instruments		
Malaysian Government Securities	**120,972**	32,232
Malaysian Government Investment Issues	**242,625**	283,907
Cagamas bonds	**69,603**	75,488
	433,200	391,627
Unquoted securities		
Foreign currency bonds	**70,227**	105,169
Corporate bond and/or sukuk	**753,213**	854,024
	823,440	959,193
	1,256,640	1,350,820

The carrying amount of debt instruments at FVOCI is equivalent to their fair value. The expected credit losses is recognised in other comprehensive income and does not reduce the carrying amount in the statements of financial position.

6 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

Movements in expected credit losses of debt instruments at FVOCI are as follows:

The Group	12 Months ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total ECL RM'000
At 1 July 2021	**372**	**-**	**-**	**372**
Allowances made	**15**	**-**	**-**	**15**
Amount written-back	**(18)**	**-**	**-**	**(18)**
New financial assets originated or purchased	**59**	**-**	**-**	**59**
Financial assets derecognised	**(261)**	**-**	**-**	**(261)**
Exchange differences	**(9)**	**-**	**-**	**(9)**
At 30 June 2022	**158**	**-**	**-**	**158**
At 1 July 2020	341	-	-	341
Allowances made	37	-	-	37
Amount written-back	(38)	-	-	(38)
New financial assets originated or purchased	148	-	-	148
Financial assets derecognised	(89)	-	-	(89)
Exchange differences	(27)	-	-	(27)
At 30 June 2021	372	-	-	372

Notes to the Financial Statements

for the financial year ended 30 June 2022

7 FINANCIAL INVESTMENTS AT AMORTISED COST

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Money market instruments		
Malaysian Government Securities	**626,305**	462,996
Malaysian Government Investment Issues	**585,104**	515,821
	1,211,409	978,817
Unquoted securities		
Foreign currency bonds	**-**	16,639
Corporate bond and/or sukuk	**39,033**	63,842
	39,033	80,481
Less: Expected credit losses	**-**	(12)
	1,250,442	1,059,286

Movements in expected credit losses of financial investments at amortised cost are as follows:

The Group	12 Months ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total ECL RM'000
At 1 July 2021	**12**	**-**	**-**	**12**
Financial assets derecognised	**(12)**	**-**	**-**	**(12)**
At 30 June 2022	**-**	**-**	**-**	**-**
At 1 July 2020	15	-	-	15
Amount written back	(1)	-	-	(1)
Exchange differences	(2)	-	-	(2)
At 30 June 2021	12	-	-	12

8 LOANS AND ADVANCES

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Term loan financing	**64,536**	41,986
Share margin financing	**329,373**	294,054
Staff loans	**30**	37
Other loans	**128**	265
Gross loans and advances	**394,067**	336,342
Less: Expected credit losses	**(347)**	(583)
Total net loans and advances	**393,720**	335,759
(i) The maturity structure of loans and advances is as follows:		
Maturity within one year	**352,548**	322,201
One year to three years	**36,121**	-
Three years to five years	**-**	8,163
Over five years	**5,398**	5,978
Gross loans and advances	**394,067**	336,342
(ii) The loans and advances are disbursed to the following types of customers:		
Domestic non-bank financial institutions		
- Others	**30,060**	-
Domestic business enterprises:		
- small and medium enterprises	**60,626**	60,590
- others	**77,956**	90,417
Individuals	**222,711**	181,065
Foreign entities	**2,714**	4,270
Gross loans and advances	**394,067**	336,342
(iii) Loans and advances analysed by interest rate sensitivity are as follows:		
Fixed rate:		
- staff housing loans	**30**	37
- other fixed rate loans	**128**	265
Variable rate:		
- cost plus	**393,909**	336,040
Gross loans and advances	**394,067**	336,342

Notes to the Financial Statements

for the financial year ended 30 June 2022

8 LOANS AND ADVANCES (CONTINUED)

		The Group	
		30.06.2022 RM'000	30.06.2021 RM'000
(iv)	Loans and advances analysed by their economic purposes are as follows:		
	Purchase of securities	**335,572**	302,180
	Working capital	**28,277**	33,860
	Purchase of transport vehicles	**-**	126
	Purchase of landed property	**158**	176
	Others	**30,060**	-
	Gross loans and advances	**394,067**	336,342
(v)	Loans and advances analysed by geographical distribution are as follows:		
	Malaysia	**394,067**	336,342
(vi)	Impaired loans and advances		
	Movements in the impaired loans and advances are as follows:		
	At 1 July	**265**	6,522
	Impaired during the financial year	**12**	-
	Amount written-back during the financial year	**(87)**	(6,257)
	Amount written-off during the financial year	**(62)**	-
	At 30 June	**128**	265
	Impaired loans and advances analysed by their economic purposes are as follows:		
	Purchase of transport vehicles	**-**	126
	Purchase of landed properties	**128**	139
		128	265
	Impaired loans and advances analysed by geographical distribution are as follows:		
	Malaysia	**128**	265

8 LOANS AND ADVANCES (CONTINUED)

(vii) Movements in expected credit losses of loans and advances:

The Group	12 Months ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total ECL RM'000
At 1 July 2021	**263**	**194**	**126**	**583**
Transferred to Stage 1	**144**	**(29)**	**(115)**	**-**
Transferred to Stage 2	**(22)**	**22**	**-**	**-**
New financial assets originated	**11**	**10**	**-**	**21**
Financial assets derecognised	**(4)**	**-**	**(80)**	**(84)**
Allowance made	**188**	**-**	**115**	**303**
Allowance written-back	**(270)**	**(160)**	**-**	**(430)**
Allowance written-off	**-**	**-**	**(46)**	**(46)**
At 30 June 2022	**310**	**37**	**-**	**347**
At 1 July 2020	656	1	2,978	3,635
Transferred to Stage 1	223	(13)	(210)	-
Transferred to Stage 2	(13)	2,342	(2,329)	-
New financial assets originated	12	1	-	13
Financial assets derecognised	(3)	-	-	(3)
Allowance made	105	79	2	186
Allowance written-back	(717)	(2,216)	(315)	(3,248)
At 30 June 2021	263	194	126	583

(viii) Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses:

The Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 July 2021	**326,185**	**9,892**	**265**	**336,342**
Transferred to Stage 1	**70,544**	**(70,210)**	**(334)**	**-**
Transferred to Stage 2	**(46,865)**	**46,865**	**-**	**-**
Transferred to Stage 3	**(346)**	**-**	**346**	**-**
New financial assets originated	**232,057**	**27,028**	**-**	**259,085**
Financial assets derecognised	**(199,465)**	**(1,746)**	**(87)**	**(201,298)**
Amount written-off	**-**	**-**	**(62)**	**(62)**
At 30 June 2022	**382,110**	**11,829**	**128**	**394,067**

Notes to the Financial Statements

for the financial year ended 30 June 2022

8 LOANS AND ADVANCES (CONTINUED)

(viii) Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses: (continued)

The Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 July 2020	309,522	3,614	6,522	319,658
Transferred to Stage 1	27,908	(27,700)	(208)	-
Transferred to Stage 2	(23,012)	28,867	(5,855)	-
New financial assets originated	289,273	7,475	-	296,748
Financial assets derecognised	(277,506)	(2,364)	(194)	(280,064)
At 30 June 2021	326,185	9,892	265	336,342

9 OTHER ASSETS

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Amounts due from related companies (a)	**117**	3	**114**	-
Deposits	**6,401**	11,122	**5**	5
Prepayments	**3,159**	2,106	**22**	19
Fee income receivables	**10,930**	5,202	**-**	-
Cash collaterals pledged for derivative transactions	**10,120**	7,227	**-**	-
Treasury related receivables	**-**	20,624	**-**	-
Other receivables	**12,045**	13,554	**192**	195
Manager's stocks and consumables	**275**	364	**-**	-
	43,047	60,202	**333**	219
Less: Expected credit losses	**(1,970)**	(1,942)	**-**	-
	41,077	58,260	**333**	219

9 OTHER ASSETS (CONTINUED)

(a) The amounts due from subsidiaries and related companies are unsecured, interest free and repayable on demand.

(b) Movements of expected credit losses on fee income receivables is as follows:

The Group	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 1 July 2021	**4**	**1,938**	**1,942**
New financial assets originated	**3**	**-**	**3**
Financial assets derecognised	**(1)**	**(60)**	**(61)**
Allowance made	**-**	**86**	**86**
At 30 June 2022	**6**	**1,964**	**1,970**
At 1 July 2020	5	1,423	1,428
New financial assets originated	1	-	1
Financial assets derecognised	(2)	-	(2)
Allowance made	-	515	515
At 30 June 2021	4	1,938	1,942

10 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA ("BNM")

The non-interest bearing statutory deposits are maintained by the banking subsidiary with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amount of which is determined at set percentages of total eligible liabilities.

As announced by BNM on 15 May 2020, effective 16 May 2020, banking institutions are allowed to use Malaysian Government Securities ("MGS") and Malaysian Government Investment Issues ("MGII") to fully meet the Statutory Reserve Requirement ("SRR") compliance.

BNM has updated Appendix 3 of the Policy Document (PD) on 16 March 2021 to reflect the extension of the flexibility granted to banking institutions on 15 May 2020 to 31 December 2022.

Notes to the Financial Statements

for the financial year ended 30 June 2022

11 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Note	The Group 30.06.2022 RM'000	The Group 30.06.2021 RM'000
Deferred tax assets		**112,034**	123,234
At 1 July		**123,234**	87,822
(Charged)/Credited to income statements	34	**(18,445)**	33,511
Credited to equity		**7,245**	1,901
At 30 June		**112,034**	123,234
Deferred tax assets			
- settled more than 12 months		**91,012**	91,120
- settled within 12 months		**25,415**	37,530
Deferred tax liabilities			
- settled more than 12 months		**(2,982)**	(3,746)
- settled within 12 months		**(1,411)**	(1,670)
		112,034	123,234

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Property and equipment RM'000	Financial investments at FVOCI RM'000	Unutilised tax credits RM'000	Provisions RM'000	ROU assets RM'000	Lease liabilities RM'000	Total RM'000
At 1 July 2021		**(326)**	**(945)**	**110,656**	**13,676**	**(4,146)**	**4,319**	**123,234**
(Charged)/Credited to income statements	34	**(315)**	**-**	**(11,909)**	**(6,294)**	**432**	**(359)**	**(18,445)**
Charged to equity		**-**	**7,245**	**-**	**-**	**-**	**-**	**7,245**
At 30 June 2022		**(641)**	**6,300**	**98,747**	**7,382**	**(3,714)**	**3,960**	**112,034**
At 1 July 2020		(429)	(2,846)	82,512	8,489	(4,268)	4,364	87,822
Credited/(Charged) to income statements	34	103	-	28,144	5,187	122	(45)	33,511
Credited to equity		-	1,901	-	-	-	-	1,901
At 30 June 2021		(326)	(945)	110,656	13,676	(4,146)	4,319	123,234

11 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Tax losses		
Unutilised tax losses for which the related tax credit has not been recognised in the financial statements	**162**	162
Tax credit		
Tax credit which has not been recognised in the financial statements	**-**	-
Capital allowances		
Unutilised capital allowances for which the related tax credit has not been recognised in the financial statements	**391**	391

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits will be available against which the unutilised tax losses, tax credit and capital allowances can be utilised.

The Group's unutilised tax credit and capital allowances have no expiration date under current tax legislation.

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period amounting to RM162,000 as at 30 June 2022 will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2019 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2020 to 2026).

12 INVESTMENT IN SUBSIDIARY COMPANIES

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Subsidiary companies:		
Unquoted shares at cost	**374,256**	374,256
Less: Accumulated impairment losses (a)	**(127,682)**	(127,682)
	246,574	246,574

(a) The impairment allowance was due to reduction in a subsidiary's estimated future cash flows. In determining the impairment allowance, management has assessed the recoverable amount, being the higher of the fair value less costs to sell and value in use.

Notes to the Financial Statements

for the financial year ended 30 June 2022

12 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The investment in subsidiary is included within the reportable segment of 'Investment holding and others'.

Details of the subsidiary companies are as follows:

Name of companies	Country of incorporation	Effective equity interest 2022 %	Effective equity interest 2021 %	Principal activities
Hong Leong Investment Bank Berhad ("HLIB") and its subsidiaries	Malaysia	**100**	100	Investment banking, stockbroking business, futures broking and related financial services
- HLIB Nominees (Tempatan) Sdn. Bhd.	Malaysia	**100**	100	Nominee and custodian services for Malaysian clients
- HLIB Nominees (Asing) Sdn. Bhd.	Malaysia	**100**	100	Nominee and custodian services for foreign clients
- SSSB Jaya (1987) Sdn Bhd	Malaysia	**100**	100	In creditors' voluntary liquidation
HLG Capital Markets Sdn Bhd	Malaysia	**100**	100	In member's voluntary liquidation
HLG Securities Sdn Bhd	Malaysia	**100**	100	In member's voluntary liquidation
HLCB Assets Sdn Bhd	Malaysia	**100**	100	In member's voluntary liquidation
Hong Leong Asset Management Bhd and its subsidiary	Malaysia	**100**	100	Unit trust management, fund management and sale of unit trusts
- Hong Leong Islamic Asset Management Sdn Bhd (formerly known as Hong Leong Fund Management Sdn Bhd)	Malaysia	**100**	100	Islamic fund management service
Unincorporated trust for ESOS	Malaysia	**-**	-	Special purpose vehicle for ESOS purpose

Significant judgements and assumptions used to determine the scope of the consolidation

Determining whether the Group has control of an entity is generally based on if the Group has power over the investee, exposure, or rights, to variable returns from the involvement with the investee and the ability to use the power over the investee to affect the amount of the investor's return. However, in certain instances this determination will involve significant judgement, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgement may involve assessing the purpose and design of the entity. It will also often be necessary to consider whether the group, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

12 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

Significant judgements and assumptions used to determine the scope of the consolidation (continued)

There is also often considerable judgement involved in the ongoing assessment of control over structured entities. In this regard, where market conditions have deteriorated such that the other investors' exposures to the structure's variable returns have been substantively eliminated, the Group may conclude that the Group which acts as managers of the structured entity are acting as its principal and therefore will consolidate the structured entity.

An interest in equity voting rights exceeding 50% would typically indicate that the Group has control of an entity. However certain entities are excluded from consolidation because the Group does not have exposure to their variable returns.

13 STRUCTURED ENTITIES

A structured entity ("SE") is an entity in which voting or similar rights are not the dominant factor in deciding control. SEs are generally created to achieve a narrow and well defined objective with restrictions around their on going activities. Depending on the Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases it may sponsor or have exposure to such an entity but not consolidate it.

Unconsolidated structured entities in which the Group has an interest

An interest in a SE is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Group. Such interests include holdings of debt securities, lending and derivatives.

The Group's banking subsidiary, HLIB has been involved in the setting up of the SEs to facilitate the sell down of the debt securities originated and arranged by HLIB. HLIB has power over the relevant activities but no significant exposure to these SEs.

The carrying amounts of assets and liabilities recognised in the Group's statements of financial position relating to the interests in unconsolidated SEs is summarised as below:

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Liabilities		
Other liabilities	**44**	44

Notes to the Financial Statements

for the financial year ended 30 June 2022

14 PROPERTY AND EQUIPMENT

The Group 30.06.2022	Freehold land RM'000	Office and computer equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 July 2021	**350**	**24,626**	**2,714**	**22,540**	**911**	**51,141**
Additions	**-**	**2,316**	**41**	**828**	**327**	**3,512**
Write-off	**-**	**(14)**	**(22)**	**-**	**-**	**(36)**
At 30 June 2022	**350**	**26,928**	**2,733**	**23,368**	**1,238**	**54,617**
Accumulated depreciation						
At 1 July 2021	**-**	**22,472**	**2,380**	**15,767**	**722**	**41,341**
Charge for the financial year	**-**	**1,369**	**165**	**2,394**	**108**	**4,036**
Write-off	**-**	**(13)**	**(18)**	**-**	**-**	**(31)**
At 30 June 2022	**-**	**23,828**	**2,527**	**18,161**	**830**	**45,346**
Net book value						
At 30 June 2022	**350**	**3,100**	**206**	**5,207**	**408**	**9,271**

The Group 30.06.2021	Freehold land RM'000	Office and computer equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 July 2020	350	22,431	2,666	22,400	911	48,758
Additions	-	2,195	48	167	-	2,410
Write-off	-	-	-	(27)	-	(27)
At 30 June 2021	350	24,626	2,714	22,540	911	51,141
Accumulated depreciation						
At 1 July 2020	-	21,537	2,214	13,341	626	37,718
Charge for the financial year	-	935	166	2,431	96	3,628
Write-off	-	-	-	(5)	-	(5)
At 30 June 2021	-	22,472	2,380	15,767	722	41,341
Net book value						
At 30 June 2021	350	2,154	334	6,773	189	9,800

15 RIGHT-OF-USE ("ROU") ASSETS

The Group 30.06.2022	Leasehold Land RM'000	Leasehold Building RM'000	Properties RM'000	Equipment RM'000	Total RM'000
Cost					
At 1 July 2021	**783**	**871**	**24,873**	**512**	**27,039**
Additions	**-**	**-**	**2,133**	**5**	**2,138**
End of lease term	**-**	**-**	**(1,840)**	**-**	**(1,840)**
At 30 June 2022	**783**	**871**	**25,166**	**517**	**27,337**
Accumulated depreciation					
At 1 July 2021	**74**	**208**	**7,497**	**294**	**8,073**
Charge for the financial year	**8**	**16**	**3,809**	**149**	**3,982**
End of lease term	**-**	**-**	**(1,840)**	**-**	**(1,840)**
At 30 June 2022	**82**	**224**	**9,466**	**443**	**10,215**
Net book value					
At 30 June 2022	**701**	**647**	**15,700**	**74**	**17,122**

The Group 30.06.2021	Leasehold Land RM'000	Leasehold Building RM'000	Properties RM'000	Equipment RM'000	Total RM'000
Cost					
At 1 July 2020	783	871	23,662	526	25,842
Additions	-	-	1,369	9	1,378
End of lease term	-	-	(158)	(23)	(181)
At 30 June 2021	783	871	24,873	512	27,039
Accumulated depreciation					
At 1 July 2020	66	192	3,831	166	4,255
Charge for the financial year	8	16	3,824	151	3,999
Termination of contracts	-	-	(158)	(23)	(181)
At 30 June 2021	74	208	7,497	294	8,073
Net book value					
At 30 June 2021	709	663	17,376	218	18,966

Notes to the Financial Statements

for the financial year ended 30 June 2022

16 OTHER INTANGIBLE ASSETS

Computer software	The Group 30.06.2022 RM'000	The Group 30.06.2021 RM'000
Cost		
At 1 July	**28,272**	26,583
Additions	**3,708**	1,689
At 30 June	**31,980**	28,272
Amortisation		
At 1 July	**(25,103)**	(23,575)
Charge for the financial year	**(1,884)**	(1,528)
At 30 June	**(26,987)**	(25,103)
Net book value		
At 30 June	**4,993**	3,169

17 GOODWILL

	The Group 30.06.2022 RM'000	The Group 30.06.2021 RM'000
Cost		
At 1 July/30 June	**33,059**	33,059

Allocation of goodwill to cash-generating units

Goodwill has been allocated to the following cash-generating units ("CGUs"):

	The Group 30.06.2022 RM'000	The Group 30.06.2021 RM'000
CGUs		
Investment banking and stockbroking	**28,986**	28,986
Unit trust management	**4,073**	4,073
	33,059	33,059

17 GOODWILL (CONTINUED)

Impairment test on goodwill

The recoverable amount of CGUs have been determined based on value in use calculation. These calculations use pre-tax cash flows projections based on financial budgets approved by Directors covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates of 4.7% (30.06.2021: 3.3%), based on historical Gross Domestic Product ("GDP") growth rate of Malaysia on perpetual basis and discounted using pre-tax discount rates which reflect the specific risks relating to CGU.

The cash flows projections are derived based on a number of key factors including the past performance and management's expectations of the market development. The following are the discount rates used in determining the recoverable amount of each CGUs:

	The Group	
	30.06.2022 %	30.06.2021 %
CGUs		
Investment banking and stockbroking	**10.9**	10.1
Unit trust management	**11.1**	10.2

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

For the current financial year, impairment was not required for goodwill arising from investment banking and stockbroking, and unit trust management. Management believes that any reasonable possible change to the assumptions applied is not likely to cause the recoverable amount to be lower than carrying amount.

18 DEPOSITS FROM CUSTOMERS

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Fixed deposits	**759,636**	701,538
(i) Maturity structure of fixed deposits is as follows:		
Due within:		
- six months	**758,405**	701,538
- six months to one year	**1,231**	-
	759,636	701,538
(ii) The deposits are sourced from the following customers:		
Government and statutory bodies	**553,869**	530,754
Business enterprises	**192,248**	157,569
Individual	**13,519**	13,215
	759,636	701,538

19 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Licensed banks	**264,951**	209,916
Licensed investment banks	**22,067**	101,016
Other financial institutions	**1,620,217**	1,738,490
	1,907,235	2,049,422

20 LEASE LIABILITIES

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
At 1 July	**18,069**	20,286
Additions	**2,068**	1,249
Interest expense	**812**	1,009
Lease payment	**(4,401)**	(4,475)
At 30 June	**16,548**	18,069

21 OTHER LIABILITIES

		The Group		The Company	
	Note	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Amount due to holding company	(a)	**122**	232	**13**	29
Amount due to other related companies	(a)	**660**	734	**-**	11
Remisiers' trust deposits		**14,605**	16,392	**-**	-
Treasury related payables		**20,317**	42,465	**-**	-
Advance payments received for corporate exercise		**65,383**	-	**-**	-
Other payables and accrued liabilities		**111,053**	88,302	**1,093**	1,481
Post employment benefits obligation:					
- defined contribution plan		**221**	218	**-**	-
		212,361	148,343	**1,106**	1,521

(a) The amount due to holding company and other related companies is unsecured, interest free and repayable on demand.

22 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The table below shows the Group's derivative financial instruments as at the reporting date. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative assets) and gross negative (derivative liabilities) fair values at the reporting date are analysed below.

The Group	Note	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
30.06.2022				
Derivatives at FVTPL:				
(i) Interest rate related contracts:				
- interest rate swaps		**3,303,000**	**31,048**	**(16,729)**
- futures		**149,897**	**236**	**(1,061)**
(ii) Foreign exchange related contracts:				
- foreign currency swaps		**1,340,695**	**5,249**	**(8,601)**
- foreign currency forwards		**175,960**	**931**	**(194)**
(iii) Equity related contracts:				
- call options		**200**	**50**	**-**
Derivatives designated as fair value hedge:				
- Interest rate swap	(a)	**70,000**	**879**	**(120)**
		5,039,752	**38,393**	**(26,705)**
30.06.2021				
Derivatives at FVTPL:				
(i) Interest rate related contracts:				
- interest rate swaps		3,515,000	26,970	(38,673)
- cross currency swaps		82,995	2,791	-
(ii) Foreign exchange related contracts:				
- foreign currency swaps		1,048,158	2,814	(238)
- foreign currency forwards		311,456	1,812	(501)
- foreign currency spots		23,611	23	-
(iii) Equity related contracts:				
- call options		200	84	-
Derivatives designated as fair value hedge:				
- Interest rate swap	(a)	70,000	-	(1,644)
		5,051,420	34,494	(41,056)

22 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

(a) Fair value hedge

The Group's fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of financial assets due to movement in interest rates. The Group has undertaken fair value hedges on interest rate risk of RM70,000,000 (2021: RM70,000,000) on certain receivables using interest rate swaps. The total fair value gain of the said interest rate swaps related to these hedges amounted to RM879,000 (2021: fair value loss of RM1,516,000) at the Group.

Included in the net non-interest income is the net losses arising from fair value hedges that were effective during the financial year as follows:

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Gain on hedging instruments	**2,395**	961
Loss on hedged items attributable to the hedged risks	**(4,561)**	(3,029)
	(2,166)	(2,068)

IBOR Reform

As at 30 June 2022, the Group hold the following derivative financial instruments which are referenced to the current benchmark interest rates and have yet to transition to an alternative benchmark interest rate.

	The Group and the Company			
	Assets RM'000	Of which contract yet to transition to an alternative benchmark RM'000	Liabilities RM'000	Of which contract yet to transition to an alternative benchmark RM'000
Interest rate derivatives:				
Interest rate swaps				
- Kuala Lumpur Interbank Offered Rate ('KLIBOR')	**31,927**	**31,927**	**(16,849)**	**(16,849)**

23 SUBORDINATED OBLIGATIONS

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
RM100.0 million Tier 2 subordinated notes, at par	**100,000**	100,000
Add: Interest payable	**197**	197
	100,197	100,197
Less: Unamortised discounts	**(4)**	(5)
	100,193	100,192

On 6 November 2014, HLIB had completed the first issuance of RM50.0 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50.0 million Sub-Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub-Notes which bears interest rate of 5.30% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM.

The Sub-Notes constitute unsecured liabilities of HLIB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLIB in accordance with the terms and conditions of the issue, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub-Notes. The Sub-Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLIB.

Subsequently, on 14 June 2019, HLIB issued a second tranche of RM100.0 million nominal value of 10-year non-callable 5 years Sub Notes callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM1.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this second tranche of the Sub Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of the issue.

On 6 November 2019, HLIB had fully redeemed the first issuance of RM50.0 million nominal value of this Sub Notes.

24 SHARE CAPITAL

	The Group and the Company			
	30.06.2022		30.06.2021	
	Number of ordinary shares '000	RM'000	Number of ordinary shares '000	RM'000
Ordinary share issued and fully paid:				
At 1 July/30 June - Ordinary shares	**246,896**	**246,896**	246,896	246,896

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for the financial year ended 30 June 2022

25 RESERVES

		The Group		The Company	
	Note	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Retained profits	(i)	**736,898**	724,739	**412,837**	299,389
Regulatory reserve	(ii)	**12,148**	13,149	**-**	-
Fair value reserve	(iii)	**(19,792)**	3,364	**-**	-
		729,254	741,252	**412,837**	299,389

(i) Retained profits

The Company can distribute dividends out of its entire retained earnings under the single-tier system.

(ii) Regulatory reserve

Regulatory reserves represent the Group's banking subsidiary, HLIB, compliance with BNM's Revised Policy Documents on Financial Reporting with effect from 27 September 2019, whereby HLIB and its domestic banking subsidiaries must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

However, with reference to the letter from BNM dated 24 March 2020, HLIB is allowed to reduce their regulatory reserves held against expected losses to 0%. BNM expects that, subject to public health concerns abating and economic conditions improving thereafter, banking institutions should be in a position to restore their regulatory reserves to the minimum regulatory requirements by 30 September 2021. HLIB has not reversed the regulatory reserve as at 30 June 2022.

(iii) Fair value reserve

Movement of the fair value reserve is as follows:

		The Group		The Company	
	Note	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
At 1 July		**3,364**	9,349	**-**	-
Net loss from change in fair value		**(30,187)**	(7,917)	**-**	-
Net changes in expected credit losses		**(214)**	31	**-**	-
Deferred taxation	11	**7,245**	1,901	**-**	-
Net change in fair value reserve		**(23,156)**	(5,985)	**-**	-
At 30 June		**(19,792)**	3,364	**-**	-

26 TREASURY SHARES

Treasury shares for ESOS scheme

MFRS 132 - Financial Instruments: Presentation and Disclosure requires that if an entity reacquires its own equity instruments, those instruments shall be deducted from equity and are not recognised as a financial asset regardless of the reason for which they are reacquired.

In accordance with MFRS 132 - Financial Instruments: Presentation and Disclosure, the shares purchased for the benefit of the ESOS holders are recorded as "Treasury Shares for ESOS Scheme" in the equity on the statements of financial position. As at reporting date, the number of shares held by the appointed trustee for the Group and the Company are as follows:

	30.06.2022		30.06.2021	
	Number of trust shares held '000	Cost RM'000	Number of trust shares held '000	Cost RM'000
The Group				
As at 1 July	**11,111**	**31,157**	5,613	6,031
Purchase of treasury shares	**-**	**-**	5,498	25,126
As at 30 June	**11,111**	**31,157**	11,111	31,157
The Company				
As at 1 July	**11,006**	**31,044**	5,508	5,918
Purchase of treasury shares	**-**	**-**	5,498	25,126
As at 30 June	**11,006**	**31,044**	11,006	31,044

27A INTEREST INCOME

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Loans and advances	**16,484**	14,302	**-**	-
Money at call and deposit placements with financial institutions	**1,786**	5,018	**23**	13
Financial investments at FVOCI	**40,653**	35,464	**-**	-
Financial investments at amortised cost	**33,625**	31,157	**-**	-
Others	**16,347**	17,126	**-**	-
	108,895	103,067	**23**	13

27B INTEREST INCOME FOR FINANCIAL ASSETS AT FVTPL

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Financial assets at FVTPL	**23,989**	37,423

28 INTEREST EXPENSE

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Deposits and placements of banks and other financial institutions	**4,836**	5,120
Deposits from customers	**44,029**	38,982
Derivative financial instruments	**28,578**	41,500
Subordinated obligations	**4,231**	4,232
Lease liabilities	**812**	1,009
Others	**599**	6
	83,085	90,849

29 NON-INTEREST INCOME

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Fee income				
Brokerage income	**67,241**	135,265	**-**	-
Unit trust fee income	**58,104**	57,269	**-**	-
Commission for futures contracts	**908**	821	**-**	-
Fees on loans and advances	**341**	494	**-**	-
Arranger fees	**1,503**	3,856	**-**	-
Placement fees	**8,973**	13,726	**-**	-
Corporate advisory fees	**9,970**	6,626	**-**	-
Underwriting commissions	**1,343**	129	**-**	-
Other fee income	**4,743**	8,062	**-**	-
	153,126	226,248	**-**	-
Net income from securities				
Net realised (loss)/gain arising from sale of:				
- Financial assets at FVTPL	**(5,423)**	9,539	**2,522**	4,534
- Financial investments at FVOCI	**(6,364)**	12,931	**-**	-
- Derivative financial instruments	**35,400**	(27,187)	**-**	-
Net unrealised (loss)/gain on revaluation of:				
- Financial assets at FVTPL	**(10,085)**	(4,451)	**(9,440)**	533
- Derivative financial instruments	**14,023**	19,532	**-**	-
Dividend income from:				
- Financial assets at FVTPL	**8,652**	6,314	**7,442**	5,453
- Subsidiary companies	**-**	-	**175,750**	84,000
Net unrealised loss on fair value changes arising from fair value hedges	**(2,166)**	(2,068)	**-**	-
	34,037	14,610	**176,274**	94,520
Other income				
Gain on disposal of property and equipment	**35**	-	**-**	-
Foreign exchange (loss)/gain	**(14,236)**	23,830	**-**	(47)
Other non-operating income	**599**	1,296	**477**	856
	(13,602)	25,126	**477**	809
	173,561	265,984	**176,751**	95,329

Notes to the Financial Statements

for the financial year ended 30 June 2022

30 OVERHEAD EXPENSES

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Personnel costs	**83,102**	95,678	**201**	219
Establishment costs	**22,321**	21,563	**52**	71
Marketing expenses	**1,968**	1,305	**-**	-
Administration and general expenses	**19,450**	23,051	**1,022**	1,213
	126,841	141,597	**1,275**	1,503

(i) Personnel costs comprise the following:

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Salaries, allowances and bonuses	**69,264**	83,212	**-**	-
Other employees benefits	**13,838**	12,466	**201**	219
	83,102	95,678	**201**	219

(ii) Establishment costs comprise the following:

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Depreciation of property and equipment	**4,036**	3,628	**-**	-
Depreciation of ROU assets	**3,982**	3,999	**-**	-
Amortisation of intangible assets - computer software	**1,884**	1,528	**-**	-
Rental of premises	**142**	97	**-**	-
Information technology expenses	**9,279**	9,483	**1**	25
Others	**2,998**	2,828	**51**	46
	22,321	21,563	**52**	71

30 OVERHEAD EXPENSES (CONTINUED)

(iii) Marketing expenses comprise the following:

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Advertisement and publicity	**836**	653	**-**	-
Travelling and accommodation	**102**	116	**-**	-
Others	**1,030**	536	**-**	-
	1,968	1,305	**-**	-

(iv) Administration and general expenses comprise the following:

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Communication expenses	**1,122**	1,344	**25**	8
Stationery and printing expenses	**284**	387	**22**	19
Management fees	**5,100**	7,282	**94**	504
Professional fees	**1,485**	3,061	**22**	22
Property and equipment written off	**5**	22	**-**	-
Auditors' remuneration:				
- statutory audit fees	**389**	472	**79**	79
- regulatory related fees	**62**	54	**11**	11
- tax compliance fees	**31**	33	**-**	-
- other fees	**-**	120	**-**	-
Others	**10,972**	10,276	**769**	570
	19,450	23,051	**1,022**	1,213

Included in the overhead expenses of the Group and the Company are Directors' remuneration amounting to RM414,000 (2021: RM385,000) and RM414,000 (2021: RM385,000) respectively.

There was no indemnity given or insurance effected for any auditor of the Group and the Company during the annual financial year and its comparative financial year.

Notes to the Financial Statements

for the financial year ended 30 June 2022

31 WRITE-BACK OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS AND ADVANCES

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Expected credit losses on:		
- Loans and advances	**190**	3,052
Impaired loans and advances written-off	**(16)**	(26)
	174	3,026

32 WRITE-BACK OF ALLOWANCE FOR IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Expected credit losses on:		
(a) Financial investments:		
- Financial investments at FVOCI	**214**	(31)
- Financial investments at amortised cost	**12**	3
	226	(28)
(b) Other financial assets:		
(i) Clients' and brokers' balances:		
- Expected credit losses	**190**	838
- Impaired clients' and brokers' balances recovered	**91**	-
(ii) Other assets	**(28)**	(514)
	253	324
	479	296

33 DIRECTORS' REMUNERATION

30.06.2022	The Group			The Company		
	Director fees RM'000	Salaries, bonuses, allowances and defined contribution retirement plan RM'000	Total RM'000	Director fees RM'000	Salaries, bonuses, allowances and defined contribution retirement plan RM'000	Total RM'000
Non-Executive Directors:						
Tan Kong Khoon	-	-	-	-	-	-
Tai Siew Moi	125	12	137	125	12	137
Leong Ket Ti	125	12	137	125	12	137
Peter Ho Kok Wai	130	10	140	130	10	140
Lee Jim Leng *(Appointed with effect from 17 September 2021)*	-	-	-	-	-	-
	380	34	414	380	34	414
Directors of subsidiaries	741	3,222	3,963	-	-	-
Total directors' remuneration	1,121	3,256	4,377	380	34	414

The movements and details of the Directors of the Company in office and interests in shares and share options are reported in the Directors' report.

30.06.2021	The Group			The Company		
	Director fees RM'000	Salaries, bonuses, allowances and defined contribution retirement plan RM'000	Total RM'000	Director fees RM'000	Salaries, bonuses, allowances and defined contribution retirement plan RM'000	Total RM'000
Non-Executive Directors:						
Tan Kong Khoon	-	-	-	-	-	-
Tai Siew Moi	115	12	127	115	12	127
Leong Ket Ti	115	12	127	115	12	127
Peter Ho Kok Wai	120	11	131	120	11	131
	350	35	385	350	35	385
Directors of subsidiaries	714	2,998	3,712	-	-	-
Total directors' remuneration	1,064	3,033	4,097	350	35	385

33 DIRECTORS' REMUNERATION (CONTINUED)

The Directors' Remuneration in the current financial year represents remuneration for Directors of the Group, the Company and its subsidiaries to comply with the requirements of the Companies Act 2016. The names of directors of subsidiaries and their remuneration details are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made a part thereof.

During the financial year, Directors and Officers of the Group are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors and Officers of the immediate holding company and its subsidiaries was RM10 million. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the immediate holding company and its subsidiaries was RM84,550 (2021: RM71,250) and the apportioned amount of the said premium paid by HLIB was RM3,012 (2021: RM665).

34 TAXATION

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Malaysian income tax:				
- current financial year's charge	**6,286**	7,653	**719**	1,261
- over provision in prior financial years	**(22)**	(79)	**-**	-
	6,264	7,574	**719**	1,261
Deferred taxation (Note 11):				
- relating to origination and reversal of temporary differences	**18,445**	(33,511)	**-**	-
	18,445	(33,511)	**-**	-
	24,709	(25,937)	**719**	1,261

34 TAXATION (CONTINUED)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Profit before taxation	**97,172**	177,350	**175,499**	93,839
Tax calculated at a rate of 24%	**23,321**	42,564	**42,120**	22,521
Tax effects of:				
- Income not subject to tax	**(2,094)**	(1,714)	**(43,924)**	(21,599)
- Expenses not deductible for tax purposes	**3,913**	1,496	**2,523**	339
- Recognition of unutilised tax credit previously not recognised	**(6)**	(68,021)	**-**	-
- Origination of temporary differences previously not recognised	**(403)**	(318)	**-**	-
- Current year tax losses not recognised	**-**	135	**-**	-
- Over provision in prior financial years	**(22)**	(79)	**-**	-
Tax expense for the financial year	**24,709**	(25,937)	**719**	1,261

35 EARNINGS PER SHARE

The basic earnings per share has been calculated by dividing the net profit for the financial year of the Group by the number of ordinary shares in issue excluding the weighted average shares held by ESOS Trust during the financial year as follows:

	The Group	
	30.06.2022	30.06.2021
(a) Basic earnings per share		
Net profit attributable to equity holders of the Company (RM'000)	**72,463**	203,287
Weighted average number of ordinary shares in issue ('000)	**235,785**	237,698
Basic earnings per share (sen)	**30.7**	85.5

(b) Diluted earnings per share

There is no diluted earnings per share as the Group has no category of dilutive potential ordinary shares outstanding as at 30 June 2022 and 30 June 2021.

36 DIVIDENDS

DIVIDENDS DECLARED AS FOLLOWS:

	The Group and the Company			
	30.06.2022		30.06.2021	
	Single-tier dividend per share Sen	Amount of dividend RM'000	Single-tier dividend per share Sen	Amount of dividend RM'000
Ordinary shares	**19.0**	**46,910**	26.0	64,193

The Directors of the Company have declared on 30 August 2022 the payment of a final single-tier dividend of 19.0 sen per share on the Company's issued and paid-up ordinary shares of RM246,896,668 comprising 246,896,668 of ordinary shares amounting to RM46.9 million for the financial year ended 30 June 2022, to be paid on a date to be determined.

Dividends recognised as distribution to ordinary equity holders of the Group and the Company:

	The Group			
	30.06.2022		30.06.2021	
	Single-tier dividend per share Sen	Amount of dividend RM'000	Single-tier dividend per share Sen	Amount of dividend RM'000
Ordinary shares	**26.0**	**61,305**	23.0	55,495

	The Company			
	30.06.2022		30.06.2021	
	Single-tier dividend per share Sen	Amount of dividend RM'000	Single-tier dividend per share Sen	Amount of dividend RM'000
Ordinary shares	**26.0**	**61,332**	23.0	55,519

In respect of the financial year ended 30 June 2021, dividend paid on the shares held in trust pursuant to the Company's Executive Share Option Scheme ("ESOS") which are classified as treasury shares held for ESOS scheme are not accounted for in the total equity. An amount of RM2,888,782 (Group) and RM2,861,482 (Company), being dividend paid for these shares was added back to the appropriation of retained profits.

37 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the investment banking subsidiary make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are also not secured over the assets of the Group.

The Group	30.06.2022 Principal amount RM'000	30.06.2021 Principal amount RM'000
Commitments and contingencies		
Direct credit substitutes	**1,000**	1,000
Obligations under underwriting agreement	**7,140**	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- over one year	**-**	30,000
Any commitment that are unconditionally cancelled at any time by the Group without prior notice		
- maturity less than one year	**919,747**	911,550
	927,887	942,550
Derivative financial instruments		
Interest rate related contracts^:		
- One year or less	**1,019,897**	1,592,995
- Over one year to five years	**2,503,000**	2,075,000
Foreign exchange related contracts^:		
- One year or less	**1,516,655**	1,383,225
Equity related contracts^:		
- Over one year to five years	**200**	200
	5,039,752	5,051,420
	5,967,639	5,993,970

^ These derivatives are revalued at gross position basis and the fair value have been reflected in Note 22 to the financial statements as derivative financial assets or derivatives financial liabilities.

The Group does not have commitments and contingent liabilities other than as disclosed above.

Notes to the Financial Statements

for the financial year ended 30 June 2022

38 CAPITAL COMMITMENTS

	The Group	
	30.06.2022 RM'000	30.06.2021 RM'000
Property and equipment		
- approved and contracted but not provided for	**3,115**	4,602

39 CAPITAL MANAGEMENT

The Group's capital is in relation to its risk profile and strategic objectives set by the Board to meet shareholders' requirements and expectations. The components of the total capital are disclosed in Note 24 and 25. The Group's banking subsidiary's Capital Management framework for maintaining appropriate capital levels has complied with the requirements of Bank Negara Malaysia's Revised Risk Weighted Capital Adequacy Framework. The capital adequacy ratios of the banking subsidiary are disclosed in Note 40.

40 CAPITAL ADEQUACY

The Group's banking subsidiary's regulatory capital is governed by BNM's Capital Adequacy Framework guidelines. The capital adequacy ratios of the Group's banking subsidiary are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) (the "Framework"). The Framework sets out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirement on Capital Conservation Buffer ("CCB") and Counter Cyclical Buffer ("CCyB"). The Group's banking subsidiary is also required to maintain CCB of up to 2.500% of total risk weighted assets ("RWA"), which is phased in starting with 0.625% in year 2016, 1.250% in year 2017, 1.875% in year 2018 and 2.500% in year 2019. The CCyB which ranges from 0% up to 2.500% is determined as the weighted average of prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposures.

The minimum capital adequacy including CCB for Common Equity Tier I (CETI) capital ratio, Tier I capital ratio and Total capital ratio are 7.000%, 8.500% and 10.500% respectively.

The Group's banking subsidiary has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk computation in deriving the RWA.

40 CAPITAL ADEQUACY (CONTINUED)

(i) The capital adequacy ratios of the banking subsidiary are as follows:

	HLIB	
	30.06.2022 RM'000	30.06.2021 RM'000
Before deducting proposed dividends:		
Common equity tier 1 ("CET1") capital ratio	**39.445%**	50.575%
Tier 1 capital ratio	**39.445%**	50.575%
Total capital ratio	**50.437%**	61.409%
After deducting proposed dividends: (1)		
CET1 capital ratio	**35.367%**	34.419%
Tier 1 capital ratio	**35.367%**	34.419%
Total capital ratio	**46.359%**	45.253%

(ii) The components of CET1, Tier 1 and total capital of the banking subsidiaries are as follows:

	HLIB	
	30.06.2022 RM'000	30.06.2021 RM'000
CET1 capital		
Paid-up ordinary share capital	**252,950**	252,950
Retained profits	**287,881**	389,376
Other reserves	**(19,792)**	3,364
Less: goodwill and intangibles	**(33,638)**	(31,745)
Less: deferred tax assets	**(110,559)**	(121,199)
Less: investment in subsidiary companies	**(200)**	(200)
Less: 55% of cumulative gains of financial instruments at FVOCI	**-**	(1,850)
Total CET1 capital	**376,642**	490,696
Tier 1 capital	**376,642**	490,696
Tier 2 capital		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves (2)	**4,952**	5,115
Subordinated obligations	**100,000**	100,000
Total Tier 2 capital	**104,952**	105,115
Total capital	**481,594**	595,811

Note:

(1) Proposed dividends of RM38,940,000 (2021: RM156,750,000).

(2) Includes the qualifying regulatory reserve for non-impaired loans and advances.

40 CAPITAL ADEQUACY (CONTINUED)

(iii) Breakdown of risk-weighted assets of the banking subsidiary company in the various risk weights:

	HLIB	
	30.06.2022 RM'000	30.06.2021 RM'000
Credit risk	**396,120**	409,205
Market risk	**217,123**	248,108
Operational risk	**341,603**	312,925
	954,846	970,238

41 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties and relationships

The related parties and their relationships with the Company are as follows:

Related parties	Relationship
Hong Leong Company (Malaysia) Berhad ("HLCM")	Ultimate holding company
Hong Leong Financial Group Berhad ("HLFG")	Immediate holding company
Subsidiary companies of the Company as disclosed in Note 12	Subsidiaries
Subsidiary companies of HLCM	Subsidiaries of ultimate holding company
Subsidiary companies of HLFG	Subsidiaries of immediate holding company
Key management personnel	The key management personnel of the Group and the Company consists of: - All Directors of the Group and the Company - Key management personnel of the Group and the Company who have the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly
Related parties of key management personnel (deemed as related to the Company)	(i) Close family members and dependents of key management personnel (ii) Entities that are controlled, jointly controlled or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions

Transactions with related parties are as follows:

The Group	Parent company RM'000	Other* related companies RM'000	Key management personnel RM'000
30.06.2022			
Income			
Interest income	-	12,948	-
Brokerage income	-	15,168	46
Corporate advisory fee	-	300	-
Arranger fee	-	20	-
Placement fee	114	900	-
Other fee income	60	1,620	-
Gain on securities and derivatives	-	8,418	-
	174	39,374	46
Expenses			
Interest expense	-	47,290	310
Management fees	1,413	3,624	-
Depreciation of ROU assets	-	3,692	-
Interest on lease liabilities	-	804	-
Others	55	4,518	-
	1,468	59,928	310
Amounts due from:			
Cash and short-term funds	-	22,273	-
Financial assets at FVTPL	-	2,620	-
Derivative financial assets	-	10,602	-
ROU assets	-	15,448	-
Other assets	-	1,868	-
	-	52,811	-
Amounts due to:			
Deposits from customers	-	802	13,520
Deposits and placements of banks and other financial institutions	-	123,174	-
Derivative financial liabilities	-	461	-
Clients' and brokers' balances	-	508	-
Lease liabilities	-	16,457	-
Other liabilities	122	660	393
	122	142,062	13,913
Commitments and contingencies			
Derivative financial instruments	-	610,000	-

Notes to the Financial Statements

for the financial year ended 30 June 2022

41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (continued)

Transactions with related parties are as follows: (continued)

The Company	Parent company RM'000	Subsidiaries RM'000	Other* related companies RM'000	Key management personnel RM'000
30.06.2022				
Income				
Interest income	-	-	23	-
Dividends	-	175,750	-	-
Others	-	477	-	-
	-	176,227	23	-
Expenses				
Management fees	94	-	-	-
Others	-	-	292	-
	94	-	292	-
Amounts due from:				
Cash and short-term funds	-	-	451	-
Other assets	-	-	114	-
	-	-	565	-
Amounts due to:				
Other liabilities	13	-	-	393

41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (continued)

Transactions with related parties are as follows: (continued):

The Group	Parent company RM'000	Other* related companies RM'000	Key management personnel RM'000
30.06.2021			
Income			
Interest income	-	9,205	-
Brokerage income	-	22,635	267
Arranger fee	-	200	-
Placement fee	1,598	600	-
Other fee income	60	1,960	-
Gain on securities and derivatives	-	3,380	-
	1,658	37,980	267
Expenses			
Interest expense	-	43,385	312
Management fees	1,299	5,982	-
Depreciation of ROU assets	-	3,663	-
Interest on lease liabilities	-	934	-
Others	59	3,993	-
	1,358	57,957	312
Amounts due from:			
Cash and short-term funds	-	35,411	-
Financial assets at FVTPL	-	3,444	-
Derivative financial assets	-	2,859	-
Clients' and brokers' balances	-	4,754	-
ROU assets	-	17,038	-
Other assets	-	1,369	-
	-	64,875	-
Amounts due to:			
Deposits from customers	-	-	13,216
Deposits and placements of banks and other financial institutions	-	168,468	-
Derivative financial liabilities	-	1,554	-
Clients' and brokers' balances	-	1,201	-
Lease liabilities	-	17,726	-
Other liabilities	232	734	379
	232	189,683	13,595
Commitments and contingencies			
Derivative financial instruments	-	210,000	-

Notes to the Financial Statements

for the financial year ended 30 June 2022

41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (continued)

Transactions with related parties are as follows: (continued)

The Company	Parent company RM'000	Subsidiaries RM'000	Other* related companies RM'000	Key management personnel RM'000
30.06.2021				
Income				
Interest income	-	-	13	-
Dividends	-	84,000	-	-
Guarantee fee	-	2	-	-
Others	-	854	-	-
	-	84,856	13	-
Expenses				
Management fees	209	-	295	-
Others	-	-	49	-
	209	-	344	-
Amounts due from:				
Cash and short-term funds	-	-	323	-
Amounts due to:				
Other liabilities	29	-	11	379

* Other related companies refers to related parties stated in page 162, excluding the parent company (Hong Leong Financial Group Berhad) and subsidiaries of the Company.

41 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel

Key management compensation

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Salaries, allowances and other short-term employee benefits	**13,318**	10,110	**63**	75
Fees	**380**	350	**380**	350
	13,698	10,460	**443**	425

Included in the above is the Directors' remuneration which is disclosed in Note 33.

42 SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

No analysis by geographical segments is presented as the Group's operations are substantially carried out in Malaysia.

Inter-segment pricing is determined based on negotiated terms. These transactions are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

Investment banking and stockbroking	- Investment banking, stockbroking business, futures broking and related financial services
Fund management and unit trust management	- Unit trust management, fund management and sale of unit trusts
Investment holding and others	- Investment holdings and others

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for the financial year ended 30 June 2022

42 SEGMENTAL INFORMATION (CONTINUED)

The Group	Investment banking and stockbroking RM'000	Fund management and unit trust management RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
30.06.2022					
Revenue					
External revenue	163,290	58,787	1,283	-	223,360
Inter-segment revenue	(20)	-	175,750	(175,730)	-
Total revenue [1]	163,270	58,787	177,033	(175,730)	223,360
Overhead expenses	(91,784)	(33,635)	(1,422)	-	(126,841)
Net allowance written-back for impairment losses on loans and advances and other losses	653	-	-	-	653
Results					
Segment results from operations	72,139	25,152	175,611	(175,730)	97,172
Tax expense for the financial year					(24,709)
Net profit for the financial year					72,463
Assets					
Segment assets	3,618,603	274,528	630,708	(246,966)	4,276,873
Liabilities					
Segment liabilities	3,085,416	245,317	1,321	(174)	3,331,880
Other informations					
Capital expenditure	6,126	1,094	-	-	7,220
Depreciation of property and equipment	3,413	623	-	-	4,036
Depreciation of ROU assets	3,411	571	-	-	3,982
Amortisation of intangible assets - computer software	1,615	269	-	-	1,884
Allowance for impairment losses on loans and advances	174	-	-	-	174
Write-back of allowance for impairment losses on financial investments	226	-	-	-	226
Write-back of allowance for impairment losses on clients' and brokers' balances	190	-	-	-	190
Impaired clients' and brokers' balances recovered	91	-	-	-	91
Allowance for impairment losses on other financial assets	28	-	-	-	28

Note:

[1] Total segment revenue comprises of net interest income and non-interest income.

42 SEGMENTAL INFORMATION (CONTINUED)

The Group	Investment banking and stockbroking RM'000	Fund management and unit trust management RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
30.06.2021					
Revenue					
External revenue	246,236	57,763	11,626	-	315,625
Inter-segment revenue	573	(2)	84,002	(84,573)	-
Total revenue [1]	246,809	57,761	95,628	(84,573)	315,625
Overhead expenses	(106,883)	(33,049)	(1,665)	-	(141,597)
Net allowance written-back for impairment losses on loans and advances and other losses	3,322	-	-	-	3,322
Results					
Segment results from operations	143,248	24,712	93,963	(84,573)	177,350
Taxation for the financial year					25,937
Net profit for the financial year					203,287
Assets					
Segment assets	3,874,852	77,429	519,294	(246,978)	4,224,597
Liabilities					
Segment liabilities	3,216,013	48,265	3,468	(140)	3,267,606
Other informations					
Capital expenditure	3,743	356	-	-	4,099
Depreciation of property and equipment	3,003	625	-	-	3,628
Depreciation of ROU assets	3,409	590	-	-	3,999
Amortisation of intangible assets - computer software	1,202	326	-	-	1,528
Allowance for impairment losses on loans and advances	(3,026)	-	-	-	(3,026)
Allowance for impairment losses on financial investments	(28)	-	-	-	(28)
Allowance for impairment losses on clients' and brokers' balances	838	-	-	-	838
Allowance for impairment losses on other financial assets	(514)	-	-	-	(514)

Note:

[1] Total segment revenue comprises of net interest income and non-interest income.

43 FINANCIAL INSTRUMENTS

(a) Risk management objectives and policies

Risk management is one of the core activities of the Group to strike a balance between sound practices and risk-return. An effective risk management is therefore vital to ensure that the Group conducts its business in a prudent manner to ensure that the risk of potential losses is reduced.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, credit limits and monitoring procedures. Credit risk includes settlement risk, default risk and concentration risk. Exposure to credit risk arises mainly from financing, underwriting, securities and derivative exposures of the Group.

The Group has set out Board approved policies and guidelines for the management of credit risk. To oversee all credit related matters of the Group, the Management Credit and Underwriting Committee ("MCUC") was setup in 2011 in addition to an independent Credit Department.

The Board has delegated appropriate Delegation of Authority to the MCUC and senior management for the approval of credit facilities. Credit limit setting for Treasury activities are endorsed by the MCUC and approved by the Board at least annually. Adherence to established credit policies, guidelines and limits is monitored daily by the Credit Control Department, Credit Department and the Risk Management Department.

Market risk

Market risk is the risk of loss arising from adverse fluctuation in market prices, such as interest rates, equity prices and foreign currency. The Group monitors all such exposures arising from trading activities of the treasury and stockbroking business activities on a daily basis and management is alerted on the financial impact of these risks. To mitigate market risk, the Group also uses derivative financial instruments.

The Group has in place a set of policies, guidelines, measurement methodologies and control limits which includes Value-at-Risk ("VaR"), Present-Value-Basis-Point ("PVBP"), Management Action Trigger ("MAT"), notional limits and concentration limits to mitigate market risk.

Stress testing is also employed to capture the potential market risk exposures from unexpected market movements. Concerns and significant findings are communicated to the senior management at the Assets and Liabilities Management Committee ("ALMCO") and to the Board.

Liquidity risk

Liquidity risk is the risk of financial loss arising from the inability to fund increases in assets and/or meet obligations as they fall due. Financial obligations arises from the withdrawal of deposits, funding of loans committed and repayment of borrowed funds. It is the Group's policy to ensure that there is adequate liquidity across all business units to sustain ongoing operations, as well as sufficient liquidity to fund asset growth and strategic opportunities.

43 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Risk management objectives and policies (continued)

Interest rate benchmark reform

Interest rate benchmarks such as interbank offered rates (IBORs) has play an important role in global financial markets. These benchmarks index trillions of dollars in a wide variety of financial products, ranging from mortgages to derivatives. With recent market developments, question has been brought in on the long-term reliability of such benchmarks. In some jurisdictions, it is now a clear steer towards replacing existing benchmarks with alternative, nearly risk-free rates (referred to as 'IBOR reform'). The introduction of new alternative reference rate ('ARR') or IBOR reform aims to facilitate usage of benchmarks rates that are more robust and based upon transaction in active, liquid markets. As at 30 June 2022, the Group has exposure to Kuala Lumpur Interbank Offered Rate ('KLIBOR').

On 27 September 2021, in line with the London Interbank Offered Rate ('LIBOR') reforms after the Global Financial Crisis, BNM has announced the launch of the MYOR as the new ARR for Malaysia. Globally, ARRs are being introduced to improve the integrity of financial benchmark rates as part of a transition to transaction-based rates. The MYOR will run in parallel to the existing KLIBOR with periodic reviews to ensure that the financial benchmark rates remain robust and reflective of an active underlying market. The availability of two financial benchmark rates provides market participants with the flexibility to choose the rate that best suits their needs and facilitates the development of MYOR-based products.

The BNM will also discontinue the publication of the 2- and 12-month KLIBOR tenors, which are the least referenced rates in the market for financial contracts, on 1 January 2023. The remaining 1-, 3- and 6-month KLIBOR tenors, which continue to reflect an active underlying market, will be reviewed in the second half of 2022. The BNM has also indicated that it is in the midst of developing a new Islamic benchmark rate to replace the Kuala Lumpur Islamic Reference Rate ('KLIRR'), by the first half of 2022.

There remain key differences between KLIBOR and MYOR. KLIBOR is a 'term rate', which means it is published for a borrowing period (i.e. 3- or 6-month tenor) and is 'forward looking', because it is published at the beginning of the borrowing period. MYOR is a 'backward-looking' rate, based on unsecured overnight Malaysian Ringgit interbank transactions in the Malaysian financial market, and it is published on the next business day (i.e. at the end of the overnight borrowing period). Furthermore, KLIBOR includes a credit spread over the risk-free rate, while MYOR currently does not. On transition existing contracts and agreements that reference KLIBOR to MYOR, adjustments for term and credit differences might need to be applied to MYOR, to enable the two benchmark rates to be economically equivalent on transition.

The Group has set up an internal working group and the key objectives of the internal working group include the followings:

- identifying contracts in scope of benchmark reform;
- considering changes to internal systems, processes, risk management and valuation models;
- allocation of roles and responsibilities and identification of relevant responsible parties to execute and implement the transition; and
- managing any related tax and accounting implications.

The main risks to which the Group has been exposed as a result of IBOR reform are operational. The operational risks will arise during the renegotiation of financial contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform and regulatory risks. Financial risk is predominantly limited to interest rate risk.

Notes to the Financial Statements

for the financial year ended 30 June 2022

43 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Risk management objectives and policies (continued)

Interest rate benchmark reform (continued)

As at 30 June 2022, changes required to systems, processes and models have been identified and have been partially implemented. The Group has identified all KLIBOR-linked contracts as at 30 June 2022 and all contracts was referenced to 3-month KLIBOR. The Group will closely monitor the regulators' announcements on MYOR or discontinuation of publication of the KLIBOR for the relevant tenors and continues to engage with industry participants, to ensure an orderly transition to MYOR and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with KLIBOR replacement.

For the financial instruments that the Group hold as at 30 June 2022 which referenced to KLIBOR, kindly refer to Note 5 and Note 22 of the financial statements.

(b) Market risk

Market risk sensitivity assessment is based on the changes in key variables, such as interest rates and foreign currency rates, while all other variables remain constant. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the assets and liabilities position of the Group as at reporting date.

The scenarios used are simplified whereby it is assumed that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by the business unit and risk management to mitigate the effect of this movement in key variables. In reality, the Group and the Company proactively seek to ensure that the interest rate risk profile is managed to minimise losses and optimise net revenues.

(i) Interest rate sensitivity analysis

The following table shows the sensitivity of the Group's profit after tax and its equity to an immediate up and down +/-100 basis points ("bps") parallel shift in the interest rate.

	30.06.2022		30.06.2021	
The Group	Impact on profit after tax RM'000	Impact on equity RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
+100 bps	**10,239**	**(28,236)**	7,139	(34,406)
-100 bps	**(10,239)**	**28,236**	(7,139)	34,406

43 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

(ii) Foreign currency sensitivity analysis

The foreign currency sensitivity represents the effect of the appreciation or depreciation of the foreign currency rates against Ringgit Malaysia on the consolidated currency position, while other variables remain constant.

Impact of profit after tax by currency

The Group	30.06.2022 +1% RM'000	30.06.2022 -1% RM'000	30.06.2021 +1% RM'000	30.06.2021 -1% RM'000
USD	**(11)**	**11**	158	(158)
SGD	**(11)**	**11**	17	(17)
Others	**26**	**(26)**	34	(34)
	4	**(4)**	209	(209)

(iii) Equity prices sensitivity analysis

The Group and the Company's exposure to equity securites price risk arises from investments held by the Group and classified in the statements of financial position as financial assets at FVTPL and financial investments at FVOCI. The Group and the Company does not have significant exposure to equity price risks.

Notes to the Financial Statements
for the financial year ended 30 June 2022

43 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk

The tables below summarise the Group's and the Company's exposure to interest rate risks. Included in the tables are the Group's and the Company's financial assets and financial liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates. As interest rates and yield curves change over time, the Group and the Company may be exposed to loss in earnings due to the effects of interest rates on the structure of the statement of financial position. Sensitivity to interest rates arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding.

	Non-trading book							
The Group 30.06.2022	**Up to 1 month RM'000**	**1 – 3 months RM'000**	**3 - 12 months RM'000**	**1 - 5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Assets								
Cash and short-term funds	247,524	-	-	-	-	75,150	-	322,674
Clients' and brokers' balances	-	-	-	-	-	316,276	-	316,276
Deposits and placements with banks and other financial institutions	-	100,021	-	-	-	-	-	100,021
Financial assets at FVTPL	-	-	-	-	-	-	381,123	381,123
Financial investments at FVOCI	10,012	49,973	51,934	898,855	231,513	14,353	-	1,256,640
Financial investments at amortised cost	200,014	30,128	135,572	868,735	-	15,993	-	1,250,442
Loans and advances	329,300	-	22,960	36,045	5,238	177	-	393,720
Other financial assets	-	-	-	-	-	37,918	-	37,918
Derivative financial assets	-	-	-	-	-	-	38,393	38,393
Total assets	786,850	180,122	210,466	1,803,635	236,751	459,867	419,516	4,097,207

43 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

The Group 30.06.2022	Non-trading book Up to 1 month RM'000	1 – 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities								
Clients' and brokers' balances	-	-	-	-	-	306,901	-	306,901
Deposits from customers	716,995	16,341	24,954	-	-	1,346	-	759,636
Deposits and placements of banks and other financial institutions	1,802,886	103,266	-	-	-	1,083	-	1,907,235
Lease liabilities	452	627	2,795	12,674	-	-	-	16,548
Other financial liabilities	-	-	-	-	-	212,361	-	212,361
Derivative financial liabilities	-	-	-	-	-	-	26,705	26,705
Subordinated obligations	-	-	-	-	99,996	197	-	100,193
Total liabilities	2,520,333	120,234	27,749	12,674	99,996	521,888	26,705	3,329,579
Net interest sensitivity gap	(1,733,483)	59,888	182,717	1,790,961	136,755			
Direct credit substitutes	-	-	-	-	-	1,000		
Credit related commitments and contingencies	-	-	-	-	-	926,887		
Net interest sensitivity gap	-	-	-	-	-	927,887		

Notes to the Financial Statements

for the financial year ended 30 June 2022

43 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

The Group 30.06.2021	Non-trading book Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	27,374	-	-	-	-	142,659	-	170,033
Clients' and brokers' balances	-	-	-	-	-	204,732	-	204,732
Deposits and placements with banks and other financial institutions	-	31,136	-	-	-	3	-	31,139
Financial assets at FVTPL	-	-	-	-	-	-	791,818	791,818
Financial investments at FVOCI	20,004	40,077	199,575	721,874	354,673	14,617	-	1,350,820
Financial investments at amortised cost	30,013	40,055	41,623	745,249	188,997	13,349	-	1,059,286
Loans and advances	294,005	-	27,944	8,017	5,656	137	-	335,759
Other financial assets	-	-	-	-	-	56,154	-	56,154
Derivative financial assets	-	-	-	-	-	-	34,494	34,494
Total assets	371,396	111,268	269,142	1,475,140	549,326	431,651	826,312	4,034,235

43 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

	Non-trading book							
The Group 30.06.2021	**Up to 1 month RM'000**	**1 – 3 months RM'000**	**3 - 12 months RM'000**	**1 - 5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Liabilities								
Clients' and brokers' balances	-	-	-	-	-	207,183	-	207,183
Deposits from customers	593,632	107,146	-	-	-	760	-	701,538
Deposits and placements of banks and other financial institutions	1,925,251	111,052	12,484	-	-	635	-	2,049,422
Lease liabilities	342	612	2,627	12,844	1,644	-	-	18,069
Other financial liabilities	-	-	-	-	-	148,343	-	148,343
Derivative financial liabilities	-	-	-	1,643	-	-	39,413	41,056
Subordinated obligations	-	-	-	-	99,995	197	-	100,192
Total liabilities	2,519,225	218,810	15,111	14,487	101,639	357,118	39,413	3,265,803
Net interest sensitivity gap	(2,147,829)	(107,542)	254,031	1,460,653	447,687			
Direct credit substitutes	-	-	-	-	-	1,000		
Credit related commitments and contingencies	-	-	-	-	-	941,550		
Net interest sensitivity gap	-	-	-	-	-	942,550		

Notes to the Financial Statements

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43 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

	Non-trading book							
The Company 30.06.2022	**Up to 1 month RM'000**	**1 - 3 months RM'000**	**3 - 12 months RM'000**	**1 - 5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Assets								
Cash and short-term funds	19,400	-	-	-	-	8,493	-	27,893
Financial assets at FVTPL	-	-	-	-	-	-	355,215	355,215
Other financial assets	-	-	-	-	-	311	-	311
Total assets	19,400	-	-	-	-	8,804	355,215	383,419
Liabilities								
Other financial liabilities	-	-	-	-	-	1,106	-	1,106
Total liabilities	-	-	-	-	-	1,106	-	1,106
Net interest sensitivity gap	19,400	-	-	-	-			
Direct credit substitutes	-	-	-	-	-	-		
Credit related commitments and contingencies	-	-	-	-	-	-		
Net interest sensitivity gap	-	-	-	-	-	-		

43 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

The Company 30.06.2021	Non-trading book: Up to 1 month RM'000	1 – 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000
Assets								
Cash and short-term funds	-	-	-	-	-	1,160	-	1,160
Financial assets at FVTPL	-	-	-	-	-	-	269,034	269,034
Other financial assets	-	-	-	-	-	200	-	200
Total assets	-	-	-	-	-	1,360	269,034	270,394
Liabilities								
Other financial liabilities	-	-	-	-	-	1,521	-	1,521
Total liabilities	-	-	-	-	-	1,521	-	1,521
Net interest sensitivity gap	-	-	-	-	-			
Direct credit substitutes	-	-	-	-	-	-		
Credit related commitments and contingencies	-	-	-	-	-	-		
Total interest rate sensitivity gap	-	-	-	-	-	-		

Notes to the Financial Statements

for the financial year ended 30 June 2022

43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk

Liquidity risk is defined as the current and prospective risk arising from the inability of the Group and the Company to meet its contractual or regulatory obligations when they fall due without incurring substantial losses. Liquidity obligations arise from withdrawal of deposits, repayments of purchased funds at maturity, extensions of credit and working capital needs. The Group and the Company seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline:

The Group 30.06.2022	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	286,274	36,400	-	-	-	-	-	322,674
Clients' and brokers' balances	316,276	-	-	-	-	-	-	316,276
Deposits and placements with banks and other financial institutions	-	100,021	-	-	-	-	-	100,021
Financial assets at FVTPL	-	-	-	19,743	-	-	361,380	381,123
Financial investments at FVOCI	-	10,194	50,460	15,100	37,262	1,143,624	-	1,256,640
Financial investments at amortised cost	-	203,783	30,414	-	136,647	879,598	-	1,250,442
Loans and advances	329,477	-	-	-	22,960	41,283	-	393,720
Derivative financial assets	404	1,882	2,259	2,071	2,509	29,268	-	38,393
Other assets *	130	-	-	-	41,561	-	175,893	217,584
Total assets	932,561	352,280	83,133	36,914	240,939	2,093,773	537,273	4,276,873

* Includes property and equipment, ROU assets, other intangible assets, tax recoverable, deferred tax assets and goodwill.

43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline: (continued)

The Group 30.06.2022	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Clients' and brokers' balances	306,901	-	-	-	-	-	-	306,901
Deposits from customers	185,447	532,769	16,383	25,037	-	-	-	759,636
Deposits and placements of banks and other financial institutions	1,285,521	518,237	103,477	-	-	-	-	1,907,235
Derivative financial liabilities	6,781	618	1,185	6,144	1,426	10,551	-	26,705
Subordinated obligations	-	-	-	197	-	99,996	-	100,193
Lease liabilities	-	452	627	926	1,869	12,674	-	16,548
Other liabilities **	-	14,799	-	-	199,642	221	-	214,662
Total liabilities	1,784,650	1,066,875	121,672	32,304	202,937	123,442	-	3,331,880
Total equity	-	-	-	-	-	-	944,993	944,993
Total liabilities and equity	1,784,650	1,066,875	121,672	32,304	202,937	123,442	944,993	4,276,873

** Includes current tax liabilities.

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43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline: (continued)

The Group 30.06.2021	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	156,533	13,500	-	-	-	-	-	170,033
Clients' and brokers' balances	204,732	-	-	-	-	-	-	204,732
Deposits and placements with banks and other financial institutions	-	-	31,139	-	-	-	-	31,139
Financial assets at FVTPL	-	99,929	334,022	24,745	-	57,143	275,979	791,818
Financial investments at FVOCI	20,453	-	40,565	53,330	136,980	1,099,492	-	1,350,820
Financial investments at amortised cost	-	30,589	40,511	21,639	20,337	946,210	-	1,059,286
Loans and advances	294,142	-	-	-	27,944	13,673	-	335,759
Derivative financial assets	516	285	3,589	2,118	3,704	24,282	-	34,494
Other assets *	130	-	-	-	58,644	-	187,742	246,516
Total assets	676,506	144,303	449,826	101,832	247,609	2,140,800	463,721	4,224,597

* Includes property and equipment, ROU assets, other intangible assets, tax recoverable, deferred tax assets and goodwill.

43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline: (continued)

The Group 30.06.2021	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Clients' and brokers' balances	207,183	-	-	-	-	-	-	207,183
Deposits from customers	341,180	252,856	107,502	-	-	-	-	701,538
Deposits and placements of banks and other financial institutions	1,587,371	338,478	111,085	8,330	4,158	-	-	2,049,422
Derivative financial liabilities	135	59	637	7,418	4,419	28,388	-	41,056
Subordinated obligations	-	-	-	197	-	99,995	-	100,192
Lease liabilities	2	351	601	910	1,683	14,522	-	18,069
Other liabilities**	-	16,587	-	-	133,341	218	-	150,146
Total liabilities	2,135,871	608,331	219,825	16,855	143,601	143,123	-	3,267,606
Total equity	-	-	-	-	-	-	956,991	956,991
Total liabilities and equity	2,135,871	608,331	219,825	16,855	143,601	143,123	956,991	4,224,597

** Includes current tax liabilities.

Notes to the Financial Statements

for the financial year ended 30 June 2022

43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline: (continued)

The Company 30.06.2022	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	8,493	19,400	-	-	-	-	-	27,893
Financial assets at FVTPL	-	-	-	-	-	-	355,215	355,215
Other assets	-	-	-	-	333	-	-	333
Investment in subsidiary companies	-	-	-	-	-	-	246,574	246,574
Total assets	8,493	19,400	-	-	333	-	601,789	630,015
Liabilities								
Other liabilities	-	-	-	-	1,106	-	-	1,106
Current tax liabilities	-	-	-	-	220	-	-	220
Total liabilities	-	-	-	-	1,326	-	-	1,326
Total equity	-	-	-	-	-	-	628,689	628,689
Total liabilities and equity	-	-	-	-	1,326	-	628,689	630,015

43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline: (continued)

The Company 30.06.2021	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	1,160	-	-	-	-	-	-	1,160
Financial assets at FVTPL	-	-	-	-	-	-	269,034	269,034
Other assets	-	-	-	-	219	-	-	219
Tax recoverable	-	-	-	-	-	-	-	-
Investment in subsidiary companies	-	-	-	-	-	-	246,574	246,574
Total assets	1,160	-	-	-	219	-	515,608	516,987
Liabilities								
Other liabilities	-	-	-	-	1,521	-	-	1,521
Current tax liabilities	-	-	-	-	225	-	-	225
Total liabilities	-	-	-	-	1,746	-	-	1,746
Total equity	-	-	-	-	-	-	515,241	515,241
Total liabilities and equity	-	-	-	-	1,746	-	515,241	516,987

Notes to the Financial Statements

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43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

The Group 30.06.2022	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities							
Clients' and brokers' balances	306,901	-	-	-	-	-	306,901
Deposits from customers	718,801	41,742	-	-	-	-	760,543
Deposits and placements of banks and other financial institutions	1,804,407	103,669	-	-	-	-	1,908,076
Derivative financial liabilities							
- Gross settled derivatives							
- Inflow	(1,030,359)	(488,620)	(148,988)	-	-	-	(1,667,967)
- Outflow	1,032,251	484,433	154,306	-	-	-	1,670,990
- Net settled derivatives	(762)	1,739	(2,903)	(11,574)	(1,173)	-	(14,673)
Lease liabilities	517	1,858	2,195	8,319	5,389	-	18,278
Other liabilities	14,799	-	197,341	-	-	221	212,361
Subordinated obligations	-	2,132	2,109	8,472	8,460	108,472	129,645
Total financial liabilities	2,846,555	146,953	204,060	5,217	12,676	108,693	3,324,154

43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows. (continued)

The Group 30.06.2021	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities							
Clients' and brokers' balances	207,183	-	-	-	-	-	207,183
Deposits from customers	594,123	107,770	-	-	-	-	701,893
Deposits and placements of banks and other financial institutions	1,926,241	119,472	4,176	-	-	-	2,049,889
Derivative financial liabilities							
- Gross settled derivatives							
- Inflow	(758,157)	(626,075)	-	-	-	-	(1,384,232)
- Outflow	758,004	623,459	-	-	-	-	1,381,463
- Net settled derivatives	770	8,207	3,554	932	(746)	-	12,717
Lease liabilities	383	1,859	2,063	7,288	7,133	1,714	20,440
Other liabilities	16,587	-	133,108	-	-	218	149,913
Subordinated obligations	-	2,132	2,109	8,472	8,460	112,702	133,875
Total financial liabilities	2,745,134	236,824	145,010	16,692	14,847	114,634	3,273,141

Notes to the Financial Statements

for the financial year ended 30 June 2022

43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows. (continued)

The Company	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
30.06.2022							
Liabilities							
Other liabilities	**-**	**-**	**1,106**	**-**	**-**	**-**	**1,106**
Total financial liabilities	**-**	**-**	**1,106**	**-**	**-**	**-**	**1,106**
30.06.2021							
Liabilities							
Other liabilities	-	-	1,521	-	-	-	1,521
Total financial liabilities	-	-	1,521	-	-	-	1,521

43 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The following table presents the contractual expiry by maturity of the Group's commitments and contingencies:

The Group	Less than 1 year RM'000	Over 1 year RM'000	Total RM'000
30.06.2022			
Direct credit substitutes	**1,000**	**-**	**1,000**
Obligations under underwriting agreement	**7,140**	**-**	**7,140**
Any commitment that are unconditionally cancelled at anytime by the Group without prior notice	**919,747**	**-**	**919,747**
	927,887	**-**	**927,887**
30.06.2021			
Direct credit substitutes	1,000	-	1,000
Other commitments, such as formal standby facilities and credit lines	-	30,000	30,000
Any commitment that are unconditionally cancelled at anytime by the Group without prior notice	911,550	-	911,550
	912,550	30,000	942,550

Notes to the Financial Statements

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43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk

(i) Maximum exposure to credit risk

The maximum exposure to credit risk at the statements of financial position is the amounts on the statement of financial position as well as off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Company would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Group and the Company:

	The Group		The Company	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Credit risk exposure relating to on-balance sheet assets:				
Short-term funds (exclude cash in hand)	**322,660**	170,019	**27,893**	1,160
Clients' and brokers' balances	**316,276**	204,732	**-**	-
Deposits and placements with banks and other financial institutions	**100,021**	31,139	**-**	-
Financial assets and investments portfolios (exclude shares and unit trust investment)				
- financial assets at FVTPL	**19,743**	515,839	**-**	-
- financial investments at FVOCI	**1,256,640**	1,350,820	**-**	-
- financial investments at amortised cost	**1,250,442**	1,059,286	**-**	-
Loans and advances	**393,720**	335,759	**-**	-
Other assets	**37,918**	56,154	**311**	200
Derivative financial assets	**38,393**	34,494	**-**	-
	3,735,813	3,758,242	**28,204**	1,360
Credit risk exposure relating to off-balance sheet items:				
Commitments and contingencies	**927,887**	942,550	**-**	-
Total maximum credit risk exposure	**4,663,700**	4,700,792	**28,204**	1,360

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(ii) Collaterals

The main type of collaterals obtained by the Group are as follows:

(a) Fixed deposits, Mudharabah General Investment Account, negotiable instrument of deposits, foreign currency deposits and cash deposits/margins
(b) Land and buildings
(c) Aircrafts, vessels and automobiles
(d) Quoted shares, unit trust, Malaysian Governments Bonds and securities and private debt securities
(e) Other tangible business assets, such as inventory and equipment

The Group also accept non-tangible securities such as support, guarantees from individuals, corporates and institutions, bank guarantees, debentures, assignment of contract payments, which are subject to internal guidelines on eligibility.

The outstanding balance for loans and advances for which no allowances is recognised because of collaterals as at 30 June 2022 amounted to RM0.1 million (30 June 2021: RM0.1 million) for the Group.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans and advances as at 30 June 2022 for the Group is 99.5% (30 June 2021: 99.2%). The financial effect of collateral held for the other financial assets is not significant.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans and advances that are credit impaired as at 30 June 2022 for the Group is 99.5% (30 June 2021: 99.3%).

(iii) Credit exposure by stage

Financial assets of the Group are classified into three stages as below:

Stages	Description
Stage 1: 12 months ECL – not credit impaired	Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-months ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
Stage 2: Lifetime ECL – not credit impaired	Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
Stage 3: Lifetime ECL – credit impaired	Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

For further details on the stages, refer to accounting policy Note H.

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality

The Group and the Company assess credit quality of loans and advances using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers judgement.

Credit quality description is summarised as follows:

Credit Quality	Description
Good	Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss to the Group
Fair	Exposures demonstrate fairly acceptable capacity to meet financial commitments and may require varying degrees of concern to the Group
Un-graded	Counterparties which do not satisfy the criteria to be graded based on internal credit rating system
Credit impaired	Exposures that have been assessed as credit-impaired

The credit quality of financial assets other than loans and advances are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other internationals rating agencies as defined below:

Credit Quality	Rating
Good	AAA to AA3
Good	A1 to A3
Fair	Baa1 to Baa3
Fair	P1 to P3
Un-graded	Non-rated
Credit impaired	Default

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

The Group 30.06.2022	(Stage 1) 12 Months ECL RM'000	(Stage 2) Lifetime ECL not credit impaired RM'000	(Stage 3) Lifetime ECL credit impaired RM'000	Total ECL RM'000
Short-term funds and placements with banks				
Good	228,944	-	-	228,944
Fair	193,715	-	-	193,715
Un-graded	22	-	-	22
Gross carrying amount	422,681	-	-	422,681
Expected credit losses	-	-	-	-
Net carrying amount	422,681	-	-	422,681
Financial investments at FVOCI				
Good	578,920	-	-	578,920
Fair	23,281	-	-	23,281
Un-graded	654,439	-	-	654,439
Gross carrying amount	1,256,640	-	-	1,256,640
Expected credit losses	-	-	-	-
Net carrying amount	1,256,640	-	-	1,256,640
Financial investments at amortised cost				
Un-graded	1,250,442	-	-	1,250,442
Gross carrying amount	1,250,442	-	-	1,250,442
Expected credit losses	-	-	-	-
Net carrying amount	1,250,442	-	-	1,250,442
Loans and advances				
Good	36,259	5,274	-	41,533
Fair	23,003	-	-	23,003
Un-graded	322,848	6,555	-	329,403
Credit impaired	-	-	128	128
Gross carrying amount	382,110	11,829	128	394,067
Expected credit losses	(310)	(37)	-	(347)
Net carrying amount	381,800	11,792	128	393,720

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43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

The Group 30.06.2021	(Stage 1) 12 Months ECL RM'000	(Stage 2) Lifetime ECL not credit impaired RM'000	(Stage 3) Lifetime ECL credit impaired RM'000	Total ECL RM'000
Short-term funds and placements with banks				
Good	43,588	-	-	43,588
Fair	157,446	-	-	157,446
Un-graded	124	-	-	124
Gross carrying amount	201,158	-	-	201,158
Expected credit losses	-	-	-	-
Net carrying amount	201,158	-	-	201,158
Financial investments at FVOCI				
Good	666,268	-	-	666,268
Fair	45,712	-	-	45,712
Un-graded	638,840	-	-	638,840
Gross carrying amount	1,350,820	-	-	1,350,820
Expected credit losses	-	-	-	-
Net carrying amount	1,350,820	-	-	1,350,820
Financial investments at amortised cost				
Good	5,011	-	-	5,011
Fair	16,640	-	-	16,640
Un-graded	1,037,647	-	-	1,037,647
Gross carrying amount	1,059,298	-	-	1,059,298
Expected credit losses	(12)	-	-	(12)
Net carrying amount	1,059,286	-	-	1,059,286

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

The Group 30.06.2021	(Stage 1) 12 Months ECL RM'000	(Stage 2) Lifetime ECL not credit impaired RM'000	(Stage 3) Lifetime ECL credit impaired RM'000	Total ECL RM'000
Loans and advances				
Fair	41,986	-	-	41,986
Un-graded	284,199	9,892	-	294,091
Credit impaired	-	-	265	265
Gross carrying amount	326,185	9,892	265	336,342
Expected credit losses	(263)	(194)	(126)	(583)
Net carrying amount	325,922	9,698	139	335,759

The Company	(Stage 1) 12 Months ECL RM'000	(Stage 2) Lifetime ECL not credit impaired RM'000	(Stage 3) Lifetime ECL credit impaired RM'000	Total ECL RM'000
30.06.2022				
Short-term funds and placements with banks				
Fair	**27,893**	**-**	**-**	**27,893**
Gross/Net carrying amount	**27,893**	**-**	**-**	**27,893**
30.06.2021				
Short-term funds and placements with banks				
Fair	1,160	-	-	1,160
Gross/Net carrying amount	1,160	-	-	1,160

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(a) Loans and advances

All loans and advances are categorised as either:
- neither past due nor impaired;
- past due but not impaired; or
- impaired

Past due loans and advances refers to loans that are overdue by one day or more. Impaired loans and advances are loans and advances with days-in-arrears more than 90 days or with impaired allowances.

The Group	30.06.2022 RM'000	30.06.2021 RM'000
Neither past due nor impaired	**393,939**	336,077
Past due but not impaired	**-**	-
Individually impaired	**128**	265
Gross loans and advances	**394,067**	336,342
Less: Expected credit losses	**(347)**	(583)
Total net loans and advances	**393,720**	335,759

(i) Loans and advances neither past due nor impaired

Analysis of loans, advances and financing that are neither past due nor impaired analysed based on the Group's internal credit grading system is as follows:

The Group	30.06.2022 RM'000	30.06.2021 RM'000
Grading classification:		
- Good	**41,533**	-
- Satisfactory	**23,003**	41,896
- Un-graded	**329,403**	294,091
	393,939	336,077

The definition of the grading classification of loans and advances can be summarised as follow:

Good:
Refers to internal credit grading from 'Favourable' to 'Prime Quality', indicating strong ability to repay principal and interest.

Satisfactory:
Refers to internal credit grading of 'Satisfactory', indicating adequate ability and no difficulty to repay principal and interest.

Loans and advances classified as un-graded mainly comprise of share margin financing and staff loans.

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(a) Loans and advances (continued)

(ii) Loans and advances past due but not impaired

A financial asset is defined as "past due" when the counterparty has failed to make a principal or interest payment when contractually due.

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary.

There were no loans and advances past due but not impaired for the Group.

(iii) Loans and advances that are individually determined to be impaired as at reporting date are as follows:

The Group	30.06.2022 RM'000	30.06.2021 RM'000
Gross amount of individually impaired loans	**128**	265
Less: Expected credit losses	**-**	(126)
Total net amount of individually impaired loans	**128**	139

(b) Other financial assets

The credit quality of financial assets other than loans and advances are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined belows:

- AAA to AA3
- A1 to A3
- Baa1 to Baa3
- P1 to P3

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43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

Short-term funds and deposits and placements with banks and other financial institutions, financial assets and investments portfolios, clients' and brokers' balances, other assets and derivative financial assets are summarised as follows:

The Group	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Clients' and brokers' balances RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Other assets RM'000	Derivative financial assets RM'000
30.06.2022							
Neither past due nor impaired	**422,681**	**314,413**	**19,743**	**1,256,640**	**1,250,442**	**37,924**	**38,393**
Individually impaired	**-**	**2,861**	**-**	**-**	**-**	**1,964**	**-**
Less: Impairment losses	**-**	**(998)**	**-**	**-**	**-**	**(1,970)**	**-**
	422,681	**316,276**	**19,743**	**1,256,640**	**1,250,442**	**37,918**	**38,393**
30.06.2021							
Neither past due nor impaired	201,158	200,673	515,839	1,350,820	1,059,298	56,158	34,494
Individually impaired	-	5,247	-	-	-	1,938	-
Less: Impairment losses	-	(1,188)	-	-	(12)	(1,942)	-
	201,158	204,732	515,839	1,350,820	1,059,286	56,154	34,494

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

Short-term funds and other assets are summarised as follows:

The Company	Short-term funds and deposits RM'000	Other assets RM'000
30.06.2022		
Neither past due nor impaired	**27,893**	**311**
Individually impaired	**-**	**-**
Less: Impairment losses	**-**	**-**
	27,893	**311**
30.06.2021		
Neither past due nor impaired	1,160	200
Individually impaired	-	-
Less: Impairment losses	-	-
	1,160	200

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for the financial year ended 30 June 2022

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

Analysis of short-term funds and deposits and placements with banks and other financial institutions, financial assets and investments portfolios, clients' and brokers' balances, other assets and derivative financial assets that are neither past due nor impaired by rating agency designation as at reporting date are as follows:

The Group	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Clients' and brokers' balances RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Other assets RM'000	Derivative financial assets RM'000
30.06.2022							
AAA to AA3	228,944	-	-	531,975	-	-	33,968
A1 to A3	-	-	-	46,945	-	-	1,028
Baa1 to Baa3	-	-	-	23,281	-	-	-
P1 to P3	193,715	-	19,743	-	-	3,174	-
Non-rated, of which:							
- Bank Negara Malaysia	22	-	-	-	-	-	-
- Malaysia Government Investment Issues	-	-	-	242,626	493,851	-	-
- Malaysian Government Securities	-	-	-	120,972	626,305	-	-
- Government guaranteed corporate bond and/or sukuk	-	-	-	262,264	39,033	-	-
- Others	-	316,276	-	28,577	91,253	34,744	3,397
	22	316,276	-	654,439	1,250,442	34,744	3,397
	422,681	316,276	19,743	1,256,640	1,250,442	37,918	38,393

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

Analysis of short-term funds and deposits and placements with banks and other financial institutions, financial assets and investments portfolios, clients' and brokers' balances, other assets and derivative financial assets that are neither past due nor impaired by rating agency designation as at reporting date are as follows:

The Group	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Clients' and brokers' balances RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Other assets RM'000	Derivative financial assets RM'000
30.06.2021							
AAA to AA3	43,588	-	403,990	570,868	5,010	-	30,345
A1 to A3	-	-	-	95,400	-	-	1,248
Baa1 to Baa3	-	-	-	45,712	16,629	-	-
P1 to P3	157,446	-	59,717	-	-	3,754	-
Non-rated, of which:							
- Bank Negara Malaysia	124	-	-	-	-	-	-
- Malaysia Government Investment Issues	-	-	31,180	283,907	424,581	20,624	-
- Malaysian Government Securities	-	-	20,952	32,232	462,996	-	-
- Government guaranteed corporate bond and/or sukuk	-	-	-	282,392	58,830	-	-
- Others	-	204,732	-	40,309	91,240	31,776	2,901
	124	204,732	52,132	638,840	1,037,647	52,400	2,901
	201,158	204,732	515,839	1,350,820	1,059,286	56,154	34,494

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

Analysis of short-term funds and other assets that are neither past due nor impaired by rating agency designation as at reporting date are as follows:

The Company	Short-term funds RM'000	Other assets RM'000
30.06.2022		
P1 to P3	**27,893**	**-**
Non-rated, of which:		
- Others	**-**	**311**
	-	**311**
	27,893	**311**
30.06.2021		
P1 to P3	1,160	-
Non-rated, of which:		
- Others	-	200
	-	200
	1,160	200

(v) Collateral and other credit enhancements obtained

(a) Repossessed collateral

As and when required, the Group will take possession of collateral they hold as securities and will dispose of them as soon as practicable but not later than 5 years from the date they take possession, with the proceeds used to reduce the outstanding indebtedness. Repossessed collaterals are classified in the statements of financial position as other assets. There is no repossessed collateral as at the reporting date.

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(vi) Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will be written back as bad debts recovered in the income statements.

There were no contractual amount outstanding on loans and advances and securities portfolio that were written off during the financial year ended 30 June 2022, and are still subject to enforcement activities for the Group.

(vii) Sensitivity analysis

The Group has performed ECL sensitivity assessment on loans and advances based on the changes in the key macroeconomic variable i.e. banking system credit while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the macroeconomic variable to project the impact to ECL of the Group.

The table below outlines the effect of ECL on the changes in the macroeconomic variable used while other variables remain constant:

	Changes
Banking credit system	+/- 100bps

The Group	**30.06.2022 RM'000**	**30.06.2021 RM'000**
The effect of ECL on the positive changes in macroeconomic variable	**3**	5
The effect of ECL on the negative changes in macroeconomic variable	**(3)**	(5)

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43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments are set out below:

The Group 30.06.2022	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Clients' and brokers' balances RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans and advances RM'000	Other assets RM'000	Derivative financial assets RM'000	On-balance sheet total RM'000	Credit related commitments and contingencies RM'000
Agriculture	-	-	-	-	-	22,963	-	-	22,963	-
Mining and quarrying	-	-	-	-	-	5,242	-	-	5,242	-
Electricity, gas and water	-	-	-	153,646	-	-	30	-	153,676	-
Construction	-	-	-	36,485	-	-	1,133	-	37,618	1,000
Transport, storage and communications	-	-	-	143,522	-	-	499	-	144,021	-
Finance, insurance, real estate and business services	422,659	-	19,743	456,213	39,033	36,186	288	38,393	1,012,515	-
Government and government agencies	22	-	-	394,164	1,211,409	-	-	-	1,605,595	-
Household	-	-	-	-	-	157	-	-	157	-
Purchase of securities	-	316,276	-	-	-	329,172	-	-	645,448	919,747
Others	-	-	-	72,610	-	-	35,968	-	108,578	7,140
	422,681	316,276	19,743	1,256,640	1,250,442	393,720	37,918	38,393	3,735,813	927,887

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments are set out below: (continued)

The Group 30.06.2021	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Clients' and brokers' balances RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans and advances RM'000	Other assets RM'000	Derivative financial assets RM'000	On-balance sheet total RM'000	Credit related commitments and contingencies RM'000
Agriculture	-	-	-	-	-	27,948	-	-	27,948	-
Electricity, gas and water	-	-	-	199,352	-	-	848	-	200,200	-
Construction	-	-	19,956	6,878	5,010	-	113	-	31,957	1,000
Transport, storage and communications	-	-	-	143,140	-	-	96	-	143,236	-
Finance, insurance, real estate and business services	201,034	-	443,751	602,739	75,459	8,106	1,227	34,494	1,366,810	-
Government and government agencies	124	-	52,132	358,402	978,817	-	-	-	1,389,475	-
Education, health and others	-	-	-	-	-	-	54	-	54	-
Purchase of securities	-	204,732	-	-	-	293,866	-	-	498,598	911,550
Others	-	-	-	40,309	-	5,839	53,816	-	99,964	30,000
	201,158	204,732	515,839	1,350,820	1,059,286	335,759	56,154	34,494	3,758,242	942,550

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for the financial year ended 30 June 2022

43 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments are set out below: (continued)

The Company	Short-term funds and deposits RM'000	Other assets RM'000	On-balance sheet total RM'000
30.06.2022			
Finance, insurance, real estate and business services	**27,893**	**-**	**27,893**
Others	**-**	**311**	**311**
	27,893	**311**	**28,204**
30.06.2021			
Finance, insurance, real estate and business services	1,160	-	1,160
Others	-	200	200
	1,160	200	1,360

43 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement

The Group and the Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active market where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities, unit trust investments and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2.

In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group and the Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (30 June 2021 - Nil).

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43 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(i) The table below summarises the fair value hierarchy of the Group's and the Company's financial assets and liabilities measured at fair values.

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.06.2022				
Financial assets				
Financial assets at FVTPL	**361,380**	**19,743**	**-**	**381,123**
- quoted securities	**361,380**	**-**	**-**	**361,380**
- unquoted securities	**-**	**19,743**	**-**	**19,743**
Financial investments at FVOCI	**-**	**1,256,640**	**-**	**1,256,640**
- money market instruments	**-**	**433,200**	**-**	**433,200**
- unquoted securities	**-**	**823,440**	**-**	**823,440**
Derivative financial assets	**-**	**38,393**	**-**	**38,393**
	361,380	**1,314,776**	**-**	**1,676,156**
Financial liability				
Derivative financial liabilities	**-**	**26,705**	**-**	**26,705**
30.06.2021				
Financial assets				
Financial assets at FVTPL	275,979	515,839	-	791,818
- money market instruments	-	466,127	-	466,127
- quoted securities	275,979	-	-	275,979
- unquoted securities	-	49,712	-	49,712
Financial investments at FVOCI	-	1,350,820	-	1,350,820
- money market instruments	-	391,627	-	391,627
- unquoted securities	-	959,193	-	959,193
Derivative financial assets	-	34,494	-	34,494
	275,979	1,901,153	-	2,177,132
Financial liability				
Derivative financial liabilities	-	41,056	-	41,056

43 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(i) The table below summarises the fair value hierarchy of the Group's and the Company's financial assets and liabilities measured at fair values. (continued)

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.06.2022				
Financial asset				
Financial assets at FVTPL				
- quoted securities	**355,215**	**-**	**-**	**355,215**
30.06.2021				
Financial asset				
Financial assets at FVTPL				
- quoted securities	269,034	-	-	269,034

There were no transfers between Level 1 and 2 during the financial year.

Reconciliation of fair value measurement in Level 3 of the fair value hierarchy are as follows:

	The Group	
Financial assets at FVTPL	**30.06.2022 RM'000**	**30.06.2022 RM'000**
At 1 July	**-**	1,432
Disposed during the financial year	**-**	(1,432)
At 30 June	**-**	-

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for the financial year ended 30 June 2022

43 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(ii) The table below summarises the carrying amount and analyses the fair value within the fair value hierarchy of the Group's and the Company's assets and liabilities not measured at fair value at reporting date but for which fair value is disclosed:

The Group 30.06.2022	Carrying amount RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Financial investments at amortised cost					
- money market instruments	1,211,409	-	1,193,506	-	1,193,506
- unquoted securities	39,033	-	37,656	-	37,656
Loans and advances	393,720	-	393,722	-	393,722
	1,644,162	-	1,624,884	-	1,624,884
Financial liabilities					
Deposits from customers	759,636	-	759,636	-	759,636
Deposits and placements of banks and other financial institutions	1,907,235	-	1,907,235	-	1,907,235
Subordinated obligations	100,193	-	99,449	-	99,449
	2,767,064	-	2,766,320	-	2,766,320

43 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(ii) The table below summarises the carrying amount and analyses the fair value within the fair value hierarchy of the Group's and the Company's assets and liabilities not measured at fair value at reporting date but for which fair value is disclosed: (continued)

The Group 30.06.2021	Carrying amount RM'000	Fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Financial investments at amortised cost					
- money market instruments	978,817	-	992,655	-	992,655
- unquoted securities	80,469	-	80,349	-	80,349
Loans and advances	335,759	-	335,767	-	335,767
	1,395,045	-	1,408,771	-	1,408,771
Financial liabilities					
Deposits from customers	701,538	-	701,538	-	701,538
Deposits and placements of banks and other financial institutions	2,049,422	-	2,049,432	-	2,049,432
Subordinated obligations	100,192	-	103,376	-	103,376
	2,851,152	-	2,854,346	-	2,854,346

Other than as disclosed above, the total fair value of each financial assets and liabilities presented on the statements of financial position as at reporting date of the Group and the Company approximates the total carrying amount.

The fair values are based on the following methodologies and assumptions:

Short-term funds and placements with banks and other financial institutions

For deposits and placements with banks and other financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities six months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Financial investments at amortised cost

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Company will establish the fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flows analysis and other valuation techniques commonly used by market participants.

43 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

The fair values are based on the following methodologies and assumptions: (continued)

Loans and advances

The value of fixed rate loans with remaining maturity of less than one year and floating rate loans are estimated to approximate their carrying amounts. For fixed rate loans with remaining maturity of more than one year, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of expected credit loss, being the expected recoverable amount.

Clients' and brokers' balances

The carrying amount as at reporting date approximate fair values due to relatively short-term maturity of these financial instruments.

Other assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in 'other assets and liabilities' are assumed to approximate their fair values as these items are short term in nature.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are reasonable estimates of their fair values. For each deposit with maturities of six months and above, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Deposits and placements of other financial institutions and repurchased agreements

The estimated fair values of deposits and placements of other financial institutions and repurchased agreements with maturities of less than six months approximate the carrying values. For the items with maturities six months and above, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturities.

Subordinated obligations

The fair value of subordinated obligations are based on quoted market prices where available.

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received less associated costs.

44 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 'Financial Instrument: Presentation', the Group reports financial assets and financial liabilities on a net basis on the statements of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangement on:

- All financial assets and liabilities that are reported net on statements of financial position; and
- All derivative financial instruments and securities purchased under resale agreements and obligations on securities sold under repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

The table identifies the amounts that have been offset in the statements of financial position and also those amounts that are covered by enforceable netting arrangements (offsetting arrangements and financial collateral) but do not qualify for netting under the requirements of MFRS 132 described above.

The "Net amounts" presented below are not intended to represent the Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

	Effects of offsetting on statements of financial position			Related amounts not offset		
The Group 30.06.2022	**Gross amount RM'000**	**Amount offset RM'000**	**Net amount reported on statements of financial position RM'000**	**Financial instruments RM'000**	**Financial collateral RM'000**	**Net amount RM'000**
Financial assets						
Clients' and brokers' balances	407,860	(91,584)	316,276	-	-	316,276
Derivative financial assets	38,393	-	38,393	(9,589)	(17,719)	11,085
Total assets	446,253	(91,584)	354,669	(9,589)	(17,719)	327,361
Financial liabilities						
Clients' and brokers' balances	398,485	(91,584)	306,901	-	-	306,901
Derivative financial liabilities	26,705	-	26,705	(9,589)	(3,174)	13,942
Total liabilities	425,190	(91,584)	333,606	(9,589)	(3,174)	320,843

44 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	Effects of offsetting on statements of financial position			Related amounts not offset		
The Group 30.06.2021	**Gross amount RM'000**	**Amount offset RM'000**	**Net amount reported on statements of financial position RM'000**	**Financial instruments RM'000**	**Financial collateral RM'000**	**Net amount RM'000**
Financial assets						
Clients' and brokers' balances	388,325	(183,593)	204,732	-	-	204,732
Derivative financial assets	34,494	-	34,494	(23,515)	(6,586)	4,393
Total assets	422,819	(183,593)	239,226	(23,515)	(6,586)	209,125
Financial liabilities						
Clients' and brokers' balances	390,776	(183,593)	207,183	-	-	207,183
Derivative financial liabilities	41,056	-	41,056	(23,515)	(3,754)	13,787
Total liabilities	431,832	(183,593)	248,239	(23,515)	(3,754)	220,970

Related amounts not offset

Derivative financial assets and liabilities

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Repurchased and reverse repurchase agreements

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as global master repurchased agreements and global master securities lending agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Financial collateral typically comprises cash, highly liquid securities or other financial instruments which are legally transferred and can be liquidated in the event of counterparty default.

45 EQUITY COMPENSATION BENEFITS

Executive Share Scheme

HLCB had on 14 October 2020 established an executive share scheme comprising an ESOS and an executive share grant scheme ("ESGS") (collectively referred to as the "ESS" or the "Scheme") in relation to ordinary shares in HLCB ("HLCB Shares") for the eligible executives and/or directors of HLCB and its subsidiaries ("HLCB Group") (such executives and directors, "Eligible Executives").

There were no options outstanding as at reporting date.

The number and market value of the ordinary shares held by the Trustee are as follows:

	30.06.2022		30.06.2021	
	Number of trust shares held '000	Market value RM'000	Number of trust shares held '000	Market value RM'000
The Group	**11,111**	**62,220**	11,111	67,220
The Company	**11,006**	**61,632**	11,006	66,584

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no material significant events during the financial year.

47 SUBSEQUENT EVENT AFTER THE FINANCIAL YEAR

There were no material events subsequent to the end of the financial year that require disclosure or adjustments to the financial statements.

48 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors of the Company in accordance with a resolution of the Directors on 20 September 2022.

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

We, Peter Ho Kok Wai and Tan Kong Khoon, being two of the Directors of Hong Leong Capital Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 94 to 215 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and financial performance of the Group and the Company for the financial year ended 30 June 2022, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 September 2022.

Peter Ho Kok Wai
Director

Tan Kong Khoon
Director

Kuala Lumpur
20 September 2022

Statutory Declaration

pursuant to Section 251(1) of the Companies Act 2016

I, Lau Yew Sun, the officer primarily responsible for the financial management of Hong Leong Capital Berhad, do solemnly and sincerely declare that the financial statements set out on pages 94 to 215 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 above named Lau Yew Sun (MIA No. 8752)
at Kuala Lumpur in Wilayah Persekutuan on
20 September 2022

Before me,

Commissioner for Oaths

Independent Auditors' Report

To the Members of Hong Leong Capital Berhad
(Incorporated In Malaysia)
(Registration No. 199101002695 (213006-U))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Hong Leong Capital Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 215.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Independent Auditors' Report

To the Members of Hong Leong Capital Berhad
(Incorporated In Malaysia)
(Registration No. 199101002695 (213006-U))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Recognition of deferred tax assets arising from unutilised tax credit Refer to Summary of Significant Accounting Policies for the financial year ended 30 June 2022 Note A, Note Q, Note 11 and Note 34 to the financial statements. The Group recognised deferred tax assets on unutilised tax credit to the extent that is probable that future taxable profit will be available against which tax credit can be utilised. Deferred tax assets of RM112.0 million as at 30 June 2022 arose mainly from unutilised tax credit of a banking subsidiary. Significant judgement is required to estimate the amount of deferred tax assets that could be recognised which is dependent on the availability of future taxable profits which are subject to future events and economic conditions that are inherently uncertain. Therefore, the extent of judgement and the amount of the deferred tax assets recognised resulted in this matter being identified as an area of audit focus.	We performed the following audit procedures: • Obtained an understanding about the local tax developments, in particular those related to changes in the statutory income tax rate and of the statutes of limitation since these were key assumptions used in determining the amount of deferred tax assets recognised. • Checked the available tax credit to correspondence between the banking subsidiary and the Inland Revenue Board. • Checked the profit projection to the budgets approved by the Board of Directors. • Compared historical profits with the budget to assess the accuracy of forecasting. • Assessed the reasonableness of assumptions used by management in determining the amount of taxable profit. • Performed sensitivity analysis on management's assessment in determining the amount of the taxable profit. Based on the procedures performed above, we concur with the Group's basis of recognition of the deferred tax assets as at 30 June 2022.

There are no key audit matters to report for the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Annual Report 2022, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

To the Members of Hong Leong Capital Berhad
(Incorporated In Malaysia)
(Registration No. 199101002695 (213006-U))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LEE TZE WOON KELVIN
03482/01/2024 J
Chartered Accountant

Kuala Lumpur
20 September 2022

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-first Annual General Meeting ("AGM") of Hong Leong Capital Berhad ("Company") will be held at Wau Bulan 3, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Friday, 28 October 2022 at 10.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2022.

2. To approve the payment of Director Fees of RM414,014 for the financial year ended 30 June 2022, to be divided amongst the Directors in such manner as the Directors may determine and Directors' Other Benefits of up to an amount of RM30,000 from the 31st AGM to 32nd AGM of the Company. **(Resolution 1)**

3. To re-elect the following Directors pursuant to the Company's Constitution:
   (a) Mr Tan Kong Khoon **(Resolution 2)**
   (b) Mr Peter Ho Kok Wai **(Resolution 3)**

4. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions as resolutions:

5. **Ordinary Resolution**
   Authority to Directors to Allot Shares

   "**THAT** subject to the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and approval of the relevant governmental regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, to any persons who are not caught by Paragraph 6.04(c) of the MMLR provided that the aggregate number of shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) 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 allotted on Bursa Securities and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company;

   AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 50 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with existing issued shares in the Company." **(Resolution 5)**

Notice of Annual General Meeting

6. **Ordinary Resolution**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Company (Malaysia) Berhad ("HLCM"), GuoLine Capital Assets Limited ("GCA") and Persons Connected with them

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as disclosed in Sections 2.3(A) and (C) of the Company's Circular to Shareholders dated 29 September 2022 ("the Circular") with HLCM, GCA and persons connected with them ("Hong Leong Group"), as set out in Appendix II of the Circular provided that such transactions are undertaken in the ordinary course of business, on arm's length basis and on commercial terms which are not more favourable to Hong Leong Group than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **(Resolution 6)**

7. **Ordinary Resolution**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Tower Real Estate Investment Trust ("Tower REIT")

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as disclosed in Section 2.3(B) of the Company's Circular to Shareholders dated 29 September 2022 with Tower REIT provided that such transactions are undertaken in the ordinary course of business, on arm's length basis and on commercial terms which are not more favourable to Tower REIT than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **(Resolution 7)**

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

By Order of the Board

JACK LEE TIONG JIE
(MAICSA 7060133)
(SSM PC No. 202008001704)
Group Company Secretary

Kuala Lumpur
29 September 2022

Notice of Annual General Meeting

NOTES:

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 19 October 2022 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. A member who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
3. Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.
4. The Form of Proxy must be deposited at the Registered Office of the Company at Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur or lodged electronically via email at cosec-hlfg@hongleong.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.
5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in this Notice will be put to a vote by way of a poll.

EXPLANATORY NOTES

1. Resolution 1 on Director Fees and Other Benefits

- Director Fees of RM414,014 are inclusive of Board Committee fees of RM140,014 and Meeting Allowances of RM34,000.
- Directors' Other Benefits refer to Directors' training benefits of up to RM30,000.

2. Resolutions 2 and 3 on Re-election of Directors

The Board, on the recommendation of the Nomination and Remuneration Committee of the Company ("NRC"), supports the re-election of the retiring Directors. The NRC has reviewed the results of the Board Annual Assessment conducted for the financial year ended 30 June 2022 and noted that the retiring Directors have effectively discharged their duties and responsibilities. The NRC has also conducted assessments on the fitness and propriety of the retiring Directors including the review of their Fit and Proper Declarations and results of their background checks, and was satisfied that the retiring Directors met the Fit and Proper criteria as set out in the Fit and Proper Policy of the Company. In addition, the NRC has assessed the declaration made by Mr Peter Ho Kok Wai confirming that he fulfilled the Independent Director criteria as set out in the relevant regulatory requirements, and found it to be in order.

The retiring Directors had abstained from deliberations and decisions on their re-election at the NRC and Board meetings, as applicable.

The profiles and details of the retiring Directors are set out in the Board of Directors' Profile section of the Company's 2022 Annual Report.

3. Resolution 5 on Authority to Directors to Allot Shares

The proposed Ordinary Resolution, if passed, will renew the general mandate given to the Directors of the Company to issue ordinary shares of the Company from time to time and expand the mandate to grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be allotted under any agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being ("Renewed General Mandate"). In computing the aforesaid 10% limit, shares issued or agreed to be issued or subscribed pursuant to the approval of shareholders in a general meeting where precise terms and conditions are approved shall not be counted. The Renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the general mandate given to the Directors at the last AGM held on 26 October 2021 and which will lapse at the conclusion of the 31st AGM. The Renewed General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issuance and allotment of new shares, grant of rights to subscribe for shares, conversion of any security into shares, or allotment of shares under an agreement or option or offer, and to avoid delay and cost in convening general meetings to approve the same.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 50 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

Section 85(1) of the Companies Act 2016 provides as follows:

*"**85. Pre-emptive rights to new shares***

(1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 50 of the Constitution of the Company provides as follows:

"50. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities, shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. Such offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of such time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they consider beneficial to the Company.

The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities or by reason of any other difficulty in apportioning the same) cannot, in the opinion of the Directors, be conveniently offered in manner herein before provided.

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person."

The proposed Ordinary Resolution, if passed, will exclude your pre-emptive right to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.

4. Resolutions 6 and 7 on Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolutions, if passed, will empower the Company and its subsidiaries ("HLCB Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for HLCB Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company ("Proposed Shareholders' Mandate").

Detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 29 September 2022 which is available on the Company's corporate website (http://www.hlcap.com.my/agm2022).

Statement Accompanying Notice Of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- **Details of individuals who are standing for election as Directors**

  No individual is seeking election as a Director at the forthcoming Thirty-first Annual General Meeting of the Company.

- **Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

  Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 3 of the Notice of Thirty-first Annual General Meeting.

Other Information

1. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors, chief executives and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2022

Total number of issued shares	:	246,896,668
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each share held

Distribution Schedule of Shareholders as at 30 August 2022

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	67	2.16	2,079	0.00
100 – 1,000	1,246	40.20	900,334	0.36
1,001 – 10,000	1,418	45.74	5,327,857	2.16
10,001 – 100,000	302	9.74	9,703,000	3.93
100,001 – less than 5% of issued shares	66	2.13	57,158,340	23.15
5% and above of issued shares	1	0.03	173,805,058	70.40
	3,100	100.00	246,896,668	100.00

List of Thirty Largest Shareholders as at 30 August 2022

	Name of Shareholders	No. of Shares	%
1.	Hong Leong Financial Group Berhad	173,805,058	70.40
2.	MTrustee Berhad - Exempt AN for Hong Leong Capital Berhad (ESOS)	11,005,700	4.46
3.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Exempt AN for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	9,723,800	3.94
4.	AMSEC Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad (Swap)	4,874,700	1.97
5.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	3,966,600	1.61
6.	AMSEC Nominees (Tempatan) Sdn Bhd - Exempt AN for KGI Securities (Singapore) Pte. Ltd (66581 T CL)	3,257,000	1.32
7.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	3,137,000	1.27
8.	Tong Chin Hen	2,463,500	1.00
9.	CIMB Nominees (Tempatan) Sdn Bhd - CIMB Bank Berhad (EDP 2)	2,420,000	0.98
10.	HSBC Nominees (Asing) Sdn Bhd - Credit Suisse (Hong Kong) Limited	1,504,400	0.61

Other Information

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2022 (CONTINUED)

	Name of Shareholders	No. of Shares	%
11.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	1,159,700	0.47
12.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Sow Keng (MY3253)	911,300	0.37
13.	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Private Wealth Management for Yu Xin Mei (PW-M00980)	879,000	0.36
14.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Sow Keng	867,100	0.35
15.	Affin Hwang Nominees (Asing) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for KGI Securities (Singapore) Pte. Ltd	700,400	0.28
16.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Chun Weng	587,300	0.24
17.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Kooi Ming @ Tam Kooi Ming	557,500	0.23
18.	Sim Ah Yoong	430,000	0.17
19.	Ho Swee Ming	381,500	0.15
20.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ho Swee Ming	373,900	0.15
21.	Citigroup Nominees (Asing) Sdn Bhd - UBS AG	372,835	0.15
22.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Missouri Education Pension Trust	359,700	0.15
23.	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mohd Haneef Bin Mokhtar	300,000	0.12
24.	HSBC Nominee (Asing) Sdn Bhd - J.P. Morgan Securities PLC	299,400	0.12
25.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Weng Fui	286,500	0.12
26.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Yee Hui	277,600	0.11
27.	SJ Sec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Fung Neng (SMT)	273,400	0.11
28.	HSBC Nominees (Asing) Sdn Bhd - BNY Mellon for Acadian Global All Country Managed Volatility Fund Trust	256,100	0.10
29.	Lee Jim Leng	250,000	0.10
30.	Chan Sow Keng	233,200	0.09
		225,914,193	91.50

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2022 (CONTINUED)

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 August 2022 are as follows:

	Direct Interest		Indirect Interest	
Name of Shareholders	No. of Shares	%	No. of Shares	%
Hong Leong Financial Group Berhad	173,805,058	70.40	-	-
Tan Sri Quek Leng Chan	-	-	173,805,058	70.40[B]
Hong Leong Company (Malaysia) Berhad	-	-	173,805,058	70.40[A]
HL Holdings Sdn Bhd	-	-	173,805,058	70.40[B]
Kwek Holdings Pte Ltd	-	-	173,805,058	70.40[B]
Kwek Leng Beng	-	-	173,805,058	70.40[B]
Hong Realty (Private) Limited	-	-	173,805,058	70.40[B]
Hong Leong Investment Holdings Pte Ltd	-	-	173,805,058	70.40[B]
Davos Investment Holdings Private Limited	-	-	173,805,058	70.40[B]
Kwek Leng Kee	-	-	173,805,058	70.40[B]
Guoco Group Limited	-	-	173,805,058	70.40[A]
GuoLine Overseas Limited	-	-	173,805,058	70.40[A]
GuoLine Capital Assets Limited	-	-	173,805,058	70.40[A]

Notes:
[A] Held through Hong Leong Financial Group Berhad
[B] Held through Hong Leong Company (Malaysia) Berhad

3. DIRECTORS' INTERESTS AS AT 30 AUGUST 2022

Subsequent to the financial year end, there is no change, as at 30 August 2022, to the Directors' interests in the ordinary shares, preference shares and/or options over ordinary shares of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on page 90 and as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016.

4. LIST OF PROPERTIES

Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
51-53, Persiaran Greenhill, 30450, Ipoh, Perak	Freehold & leasehold – 999 years	Branch premises	4,793	28	1,698	31/12/1993

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FORM OF PROXY

HongLeong Capital Berhad
Registration No. 199101002695 (213006-U)

I/We____

NRIC/Passport/Company No.________________________________

of ____

being a member of HONG LEONG CAPITAL BERHAD (the "Company"), hereby appoint____________________

____

NRIC/Passport No.____________________________________

of____

____

or failing him/her____________________________________

NRIC/Passport No.____________________________________

of ____

____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Thirty-first Annual General Meeting of the Company to be held at Wau Bulan 3, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Friday, 28 October 2022 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote as indicated below with an "X":

	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Director Fees and Directors' Other Benefits		
2.	To re-elect Mr Tan Kong Khoon as a Director		
3.	To re-elect Mr Peter Ho Kok Wai as a Director		
4.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
5.	To approve the ordinary resolution on Authority to Directors to Allot Shares		
6.	To approve the ordinary resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Company (Malaysia) Berhad, GuoLine Capital Assets Limited and persons connected with them		
7.	To approve the ordinary resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Tower Real Estate Investment Trust		

Dated this____________day of______________2022

____
Number of shares held

____
Signature(s) of Member

____
CDS Account No.

Notes:-

1. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 19 October 2022 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*
2. *If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.*
3. *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.*
4. *A proxy may but need not be a member of the Company.*
5. *Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.*
6. *Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid (please see note 9 below).*
7. *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.*
8. *All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur or lodged electronically via email at cosec-hlfg@hongleong.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.*
9. *In the event two (2) or more proxies are appointed, please fill in the ensuing section:*

Name of Proxies	% of shareholdings to be represented

10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice will be put to a vote by way of a poll.*

Fold this flap for sealing

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AFFIX
STAMP

The Group Company Secretary

HONG LEONG CAPITAL BERHAD
Registration No. 199101002695 (213006-U)

Level 30, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Malaysia

1st fold here

Hong Leong Capital Berhad
Registration No.: 199101002695 (213006-U)

Level 28, Menara Hong Leong
No. 6, Jalan Damanlela, Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2083 1800
Fax : 03-2083 1990

www.hlcap.com.my

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this Annual Report is printed on Forest Stewardship Council (FSC) certified paper.