Hong Leong Capital Berhad

Annual Report **2023**

Corporate

Financials

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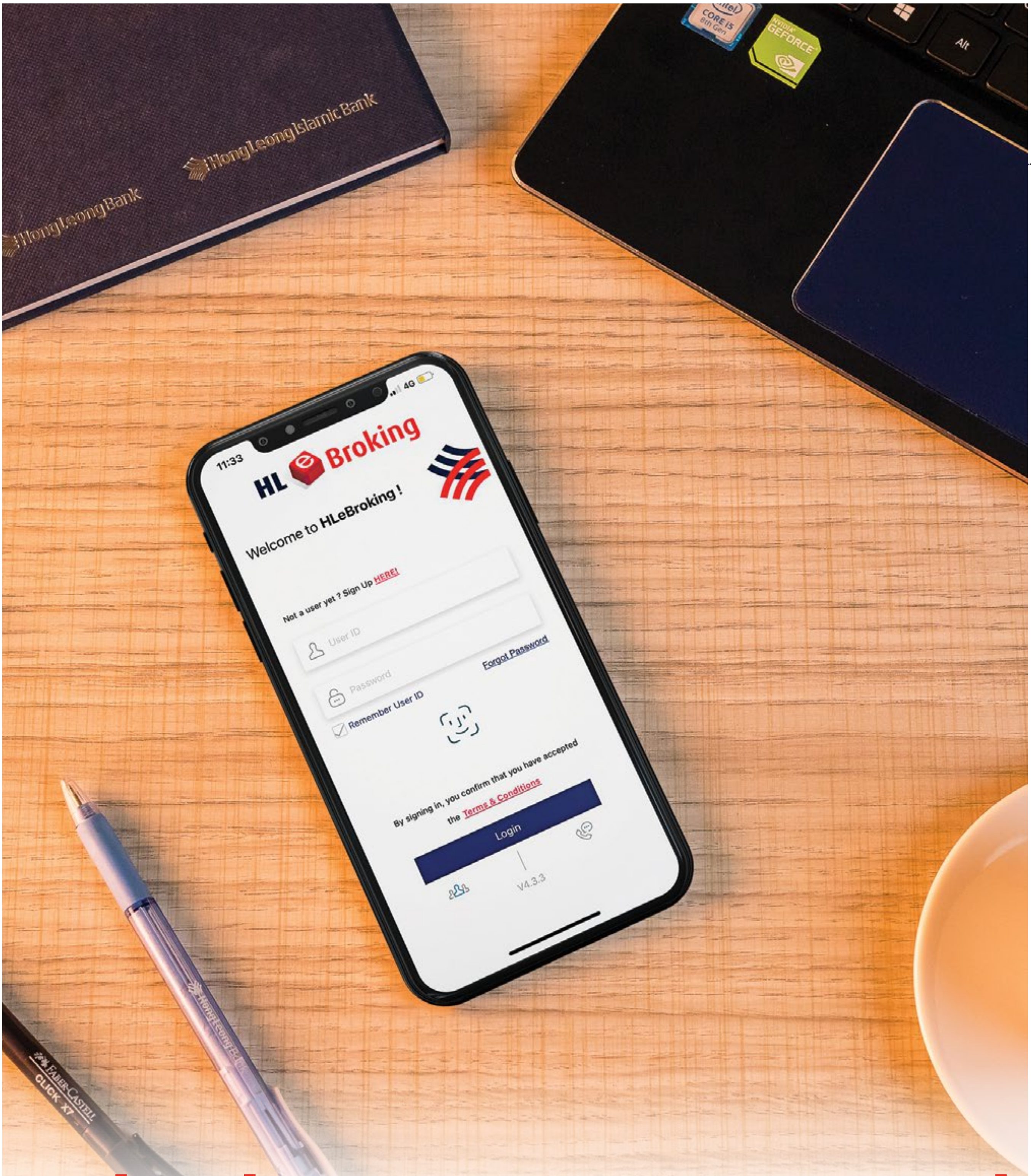


To be the Foremost Integrated Financial Services Group

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**
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

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 customised portfolio, unit trust funds, wholesale funds and private retirement schemes. 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, 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, sukuk, 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, Unit Trust Management and Private Retirement Schemes

Investment	Product	Distribution
Core Activities		
○ Managing broad spectrum of investment portfolios comprising equities, fixed income, sukuk, 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 Scheme Advisers, Unit Trust Scheme 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 RESOURCES

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

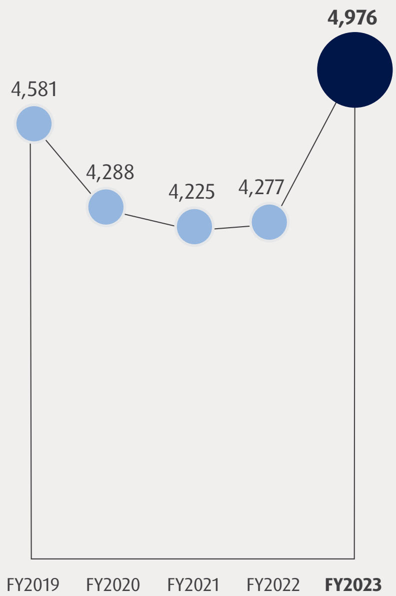
To ensure oneness in purpose, harmony and friendship in the pursuit of prosperity for all

SOCIAL RESPONSIBILITY

To create wealth for the betterment of society

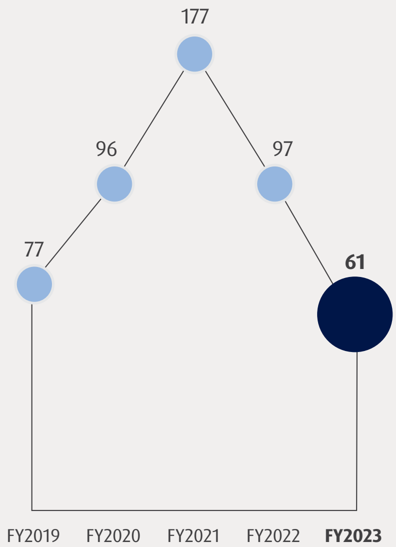
Five Year Group Financial Highlights

Group Total Assets
(RM'million)



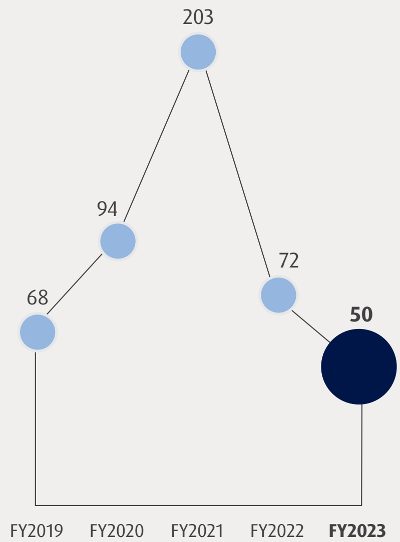
16.3% YoY
2.1% CAGR

Group Profit Before Taxation
(RM'million)



-36.8% YoY
-5.4% CAGR

Group Net Profit
(RM'million)

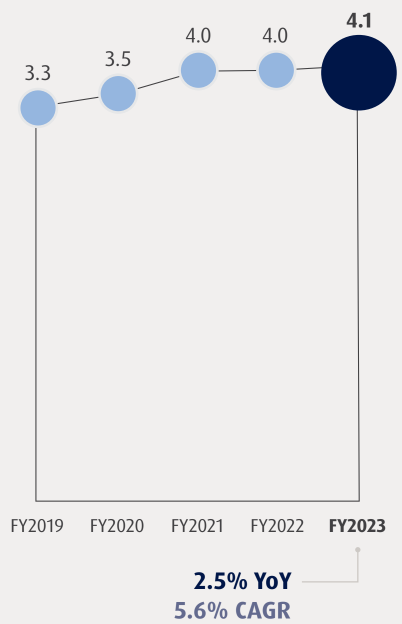


-31.2% YoY
-7.4% CAGR

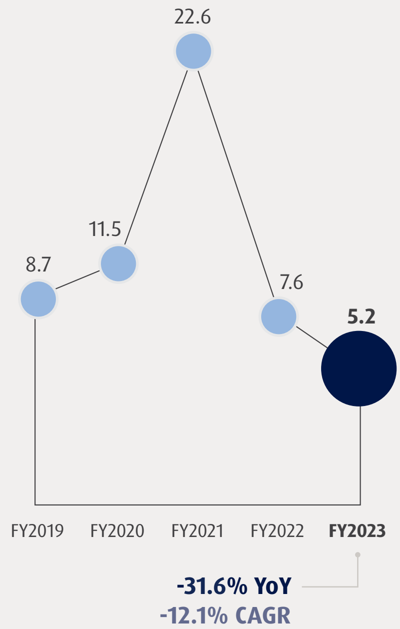
The Group	FY2019 RM'million	FY2020 RM'million	FY2021 RM'million	FY2022 RM'million	FY2023 RM'million
Statements of Financial Position					
Total Assets	4,581	4,288	4,225	4,277	**4,976**
Net Loans	205	316	336	394	**410**
Total Liabilities	3,784	3,448	3,268	3,332	**4,010**
Deposits from Customers	748	738	702	760	**704**
Shareholders' Funds	798	840	957	945	**965**
Commitments and Contingencies	11,470	6,967	5,994	5,968	**8,279**
Statements of Income					
Revenue	199	233	316	223	**196**
Profit Before Taxation	77	96	177	97	**61**
Net Profit	68	94	203	72	**50**
Key Performance Indicators					
Book Value per Share (RM)	3.3	3.5	4.0	4.0	**4.1**
Earnings per Share (sen)	28.1	39.0	85.5	30.7	**21.2**
Net Dividend per Share (sen)	22.0	23.0	26.0	19.0	**17.0**

Five Year Group Financial Highlights

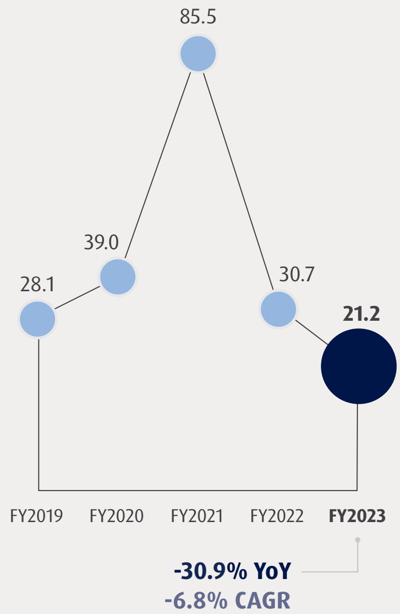
Book Value per Share
(RM)



Group Return on Equity
(%)



Group Earnings per Share
(sen)



The Group	FY2019 %	FY2020 %	FY2021 %	FY2022 %	FY2023 %
Financial Ratios					
Profitability Ratios					
Return on Equity	8.7%	11.5%	22.6%	7.6%	**5.2%**
Return on Average Assets	1.5%	2.1%	4.8%	1.7%	**1.1%**
Cost to Income Ratio	61.5%	57.9%	44.9%	56.8%	**68.8%**
Asset Quality/Loan Ratios					
Gross Loans to Deposits Ratio	27.9%	43.3%	47.9%	51.9%	**58.3%**
Gross Impaired Loans Ratio	3.3%	2.0%	0.1%	0.0%	**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 2023 ("FY2023").

Our Business Environment

The business environment in FY2023 proved to be challenging for our operations. On the external front, the global economy experienced a broad-based slowdown with high inflation that resulted in tighter financial conditions. The banking crisis in parts of the United States ("US") and Europe and the property sector problems in China dampened investor confidence while the ongoing geopolitical tensions weighed on global economic activities.

Despite softer external conditions, the Malaysian economy registered strong positive growth benefiting from the post COVID-19 private consumption demand momentum, ongoing supportive government policies and continued labour market recovery. Growth was also lifted by the low base effect, global technology up-cycle and increase in commodity prices.

While the domestic economy was gaining momentum, the operating environment for our business proved challenging due to elevated cost of funds as Bank Negara Malaysia ("BNM") raised the Overnight Policy Rate ("OPR") from a record low of 1.75% to 3.00% over the course of the year. This was further exacerbated with investors and businesses adopting a more cautious stance to investments in the run-up to the 15th General Election ("GE15") in November 2022.

Consequently, the domestic bond market experienced a tale of two halves in FY2023. The Malaysian bond market saw a net outflow of RM6.7 billion in the first half of FY2023 against a backdrop of tighter global financial conditions and the political developments in the run-up to GE15. However, the markets registered a reversal in the second half of FY2023 with a net inflow of RM17.8 billion partly due to investors seeking to diversify away from the United States and European Union following the banking turmoil, as well as the attractiveness of local bonds given the easing of domestic inflation.

The Malaysian stock market, as referenced by the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("KLCI"), witnessed a rather volatile first half of FY2023 and ended at 1495 points, an increase of 51 points or 3.6% from the start of our financial year. The modest gains in the first half of FY2023 did not sustain into the second half due to external headwinds stemming from the banking upheaval in the West, US debt ceiling impasse, continuation of the Federal Reserve's interest rate upcycle and weaker-than-expected economic data from China despite its post COVID-19 reopening. As a result, the KLCI declined by 119 points or -7.9% during the second half of FY2023 and overall Bursa Malaysia market trading activity remained subdued during our financial year.

REVIEW OF THE YEAR'S FINANCIAL PERFORMANCE

The Group ended the financial year with a Profit before Tax ("PBT") of RM61.4 million, a drop of 36.8% year on year ("y-o-y") as our key operating subsidiaries navigated a rising interest rate and weaker investment environment.

In view of the uncertain economic outlook, the Group is recommending a final dividend of 17.0 sen per share as compared to 19.0 sen per share declared for the previous financial year, amounting to dividends payable of RM42.0 million for FY2023.

Our Investment Banking business, was impacted by higher interest rates and thinner trading liquidity. Our Treasury & Markets division experienced higher funding costs that narrowed our net interest margin while the thinner trading liquidity reduced trading opportunities. The lack of larger deals and lower market activities also caused a weakened performance for our Equity Markets division. However, our Debt Markets division staged a healthy recovery in the current financial year following the completion of key mandated deals that were previously delayed. Hong Leong Investment Bank Berhad ("HLIB") remained steadfast to provide deep value to our clients and was honored with 20 awards during the financial year up to the time of our writing. Some of the most notable awards are the Best Domestic M&A Deal of the Year in Malaysia awarded by Alpha Southeast Asia for the completion of the disposal of concession highways for Gamuda Berhad, where HLIB was the Principal Adviser, and eight prestigious awards accorded by Alpha Southeast Asia, Islamic Finance News, Malaysian Rating Corporation and The Asset for the issuance of RM5.5 billion Sustainability Sukuk Murabahah Programme by Amanat Lebuhraya Rakyat Berhad, where HLIB was the Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager. Overall, the revenue and PBT achieved from Investment Banking business in FY2023 was RM53.4 million and RM13.1 million respectively.

Chairman's Statement

The financial performance of our Stockbroking business was negatively affected by the continued lackluster Bursa Malaysia market trading activity which has contracted 25.5% y-o-y. The retail participation in the overall market mirroring this drop has directly impacted our market share translating to a lower net brokerage income of RM44.7 million for FY2023, a decrease of 33.5% from the last financial year. Despite a weaker performance, HLIB was named 2nd runner up for Best Retail Equities Participating Organisation – Investment Bank in the Bursa Excellence Awards 2022 for the 4th consecutive year. The division continued to enhance its product and services offerings by launching our Shariah trading platform and a fully digitalised account opening experience for our clients. The business also expanded its footprint into Kuantan and launched client acquisition campaigns with more than 4,600 new account openings and accounts reactivation numbers exceeding 7,000.

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 revenue of RM47.0 million for FY2023, a reduction of 20.0% y-o-y. The weaker performance is attributed to the contraction of Assets Under Management ("AUM") by 26.1% in the Money Market Funds segment driven by the withdrawal of tax exemption for this category of funds. Nevertheless, HLAM continued to deliver impressive fund performance by winning 20 individual awards at the Refinitiv Lipper Fund Awards Malaysia 2023 and Refinitiv Lipper Fund Awards Global Islamic 2023. These award-winning funds have recorded a total of RM170.1 million increase in AUM y-o-y. HLAM has also launched its first Private Retirement Scheme ("PRS") in December 2022 and its second Environmental, Social and Governance ("ESG") funds, namely Hong Leong Global Shariah ESG Fund, in January 2023 catering to the diverse needs of our clients. HLAM and HLISAM's long term objective remains to ensure consistent and competitive investment returns for our clients.

The Group's balance sheet and risk metrics remained strong and is supported by solid and healthy asset quality. The book value per share has risen from RM4.01 as at 30 June 2022 to RM4.09 as at 30 June 2023. Total capital ratio of our key operating subsidiary, HLIB, was 46.01% as at 30 June 2023, which was in excess of the minimum regulatory total capital adequacy of 10.5% set by BNM.

CORPORATE GOVERNANCE

We are committed to good governance, emphasising corporate responsibility, transparency, and accountability by continuously enhancing our risk management frameworks to proactively address emerging risks, adapting to our dynamic operating environment. Our Board and Management works collaboratively to align strategies with the interests of our shareholders and stakeholders.

Our dedication to governance, professionalism, ethics, and integrity is at the core of our business conduct. We foster a culture of compliance and integrity, adhering to best practices for accountability, transparency, and long-term sustainability. Our firm stance against bribery and corruption reflects our ethical corporate culture. Board committees diligently oversee risk management, compliance, controls, technology, cyber security and sustainability matters.

We implement comprehensive group-wide policies and procedures, including the Board Charter, Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, Gifts and Entertainment Policy, and Whistleblowing Policy, which are reviewed annually to ensure their effectiveness. Transparent communication and understanding are crucial across the organisation, with employees attesting to key policies. Compliance controls are diligently monitored, with results reported to the relevant committees. In-house and external training sessions are conducted to further enhance governance awareness among directors and employees.

SUSTAINABILITY

In the recent years, HLCB has been accelerating its sustainability agenda and is committed to grow the Group in a sustainable and meaningful way. Last year, the Group has introduced the Sustainability Framework ("Framework") which is guided by four central pillars, namely Engaging on Sustainability, Addressing Climate Change, Strengthening Internal Capabilities and Impactful Digitalisation. These pillars have helped us pave the way to be included into Bursa Malaysia's FTSE4Good Index in FY2023, signifying a key milestone in our sustainability journey.

Our key operating subsidiary, HLIB has also been awarded with four ESG awards, which includes the Best Green Bond Award for the issuance of RM900 million Green Additional Tier 1 Capital Securities for Hong Leong Bank Berhad, the Best Sustainability Sukuk – Transport and Transport Deal of the Year for the issuance of RM5.5 billion Sustainability Sukuk Murabahah Programme issued by Amanat Lebuhraya Rakyat Berhad by The Asset. The Bond Pricing Agency Malaysia has also awarded HLIB with Top ESG Issuance Award from the completion of the issuance of the said Sustainability Sukuk by Amanat Lebuhraya Rakyat Berhad.

Accessibility to sustainable investing have been made possible to our clients when our asset management business launched the Hong Leong Global ESG Fund and Hong Leong Global Shariah ESG Fund. The Stockbroking division was also a participant in Bursa Malaysia's Shares2Share scheme since November 2022, where investors are given the opportunities to donate their listed securities, or proceeds from the sale of listed securities, towards specific charities.

To further our commitment to sustainability, we are refreshing the assessment on sustainability material matters to deliver priorities which are aligned to our stakeholders' expectations. Additionally, the Group is also expanding the measurement of the greenhouse gas ("GHG") emissions to include employees commuting under Scope 3 enabling a holistic view in managing climate risks. These are aligned to the evolving ESG landscape driven by regulatory push and the need to transition towards a low carbon economy to make a positive impact to our stakeholders, communities and the environment.

OUTLOOK

Looking ahead, the global economy is expected to expand at a slower pace amid an elevated inflationary climate, tight monetary conditions and sluggish external trade flows. Despite these headwinds, the Malaysian economy is anticipated to moderate but remain on a positive trajectory, supported by resilient domestic demand and investor friendly initiatives by the government to spur foreign direct and private investments into Malaysia. Nevertheless, we remain cautious on the business environment as we anticipate slower growth momentum in the first half of FY2024 but are hopeful that economic conditions will improve by the second half of FY2024.

We shall calibrate our business strategies and adapt as necessary to changing circumstances to deliver sustainable business performance and long-term value for all stakeholders. The digitalisation agenda will garner a greater focus in the coming year, aimed at driving operational efficiency and delivering seamless solutions which are more client centric, simpler and faster to our clients.

Integrating ESG into the way we conduct our business undertakings will be another key focus area as we seek opportunities to grow our footprint to cater for the financial needs of our clients while leveraging on our innovative capability 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
18 September 2023

Management Discussion & Analysis

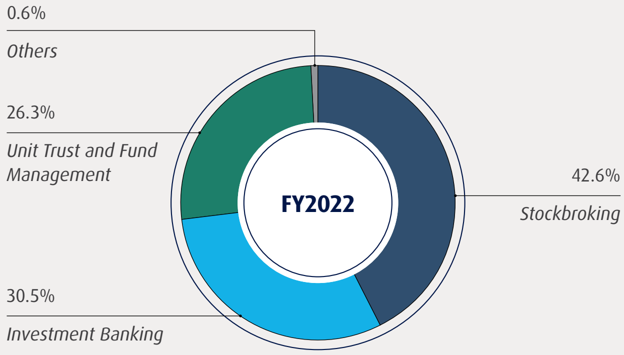
We are pleased to present the Management Discussion and Analysis for the financial year ended 30 June 2023 ("FY2023"). In this report, we would like to provide a review of Hong Leong Capital Berhad's ("HLCB" or "the Group") business operations and financial performance during FY2023.

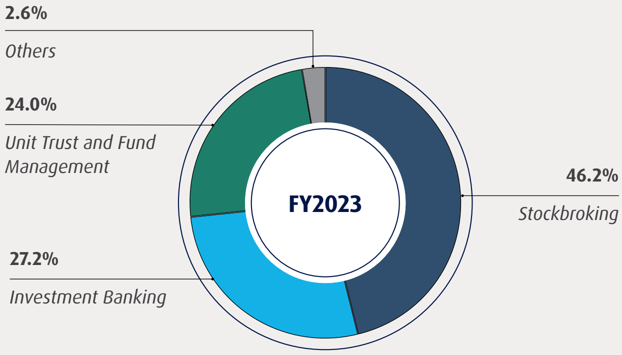
A GROUP PERFORMANCE REVIEW

HLCB recorded a profit before tax ("PBT") of RM61.4 million in FY2023, a decrease of 36.8% year-on-year ("y-o-y"). The Group has maneuvered through a difficult year amid a weak investment sentiment driven by external headwinds stemming from geopolitical tensions, increases in interest rates, concerns over the possibility of a recession in the United States ("US") and Malaysia's largest trading partner experiencing an economic slowdown. Bursa Malaysia displayed a decline in market activity as this fell by 25.5% compared to the previous financial year. The aggressive rate hikes by various central banks, including Bank Negara Malaysia ("BNM"), which raised the Overnight Policy Rate ("OPR") from 1.75% to 3.00% through the year increased funding costs. Consequently, the PBT for Hong Leong Investment Bank Berhad ("HLIB") declined by 41.1% y-o-y while Hong Leong Asset Management Bhd ("HLAM") saw a 59.5% y-o-y decline in the same period.

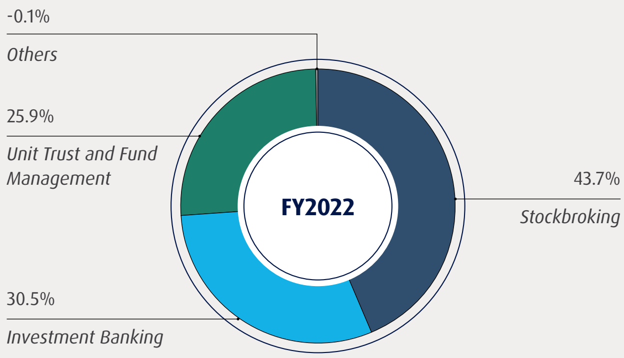
FY2023	Investment Banking RM Million	Stock-broking RM Million	Unit Trust and Fund Management RM Million	Total RM Million
Revenue	**53.4**	**90.7**	**47.0**	**196.3**
Overheads	**(40.3)**	**(61.4)**	**(36.8)**	**(135.1)**
PBT	**13.1**	**29.4**	**10.2**	**61.4**
FY2022				
Revenue	68.2	95.1	58.8	223.4
Overheads	(38.8)	(53.0)	(33.6)	(126.8)
PBT	29.7	42.4	25.2	97.2

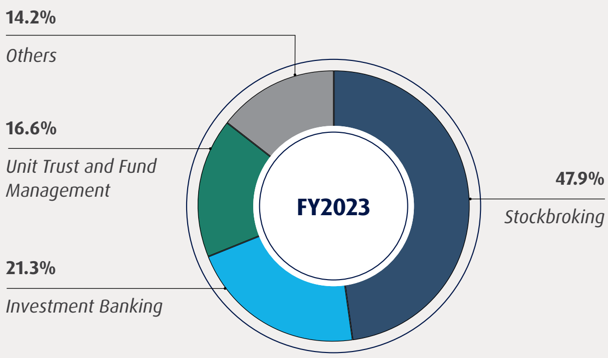
Composition of Revenue by Business Segment (%)





Composition of PBT by Business Segment (%)





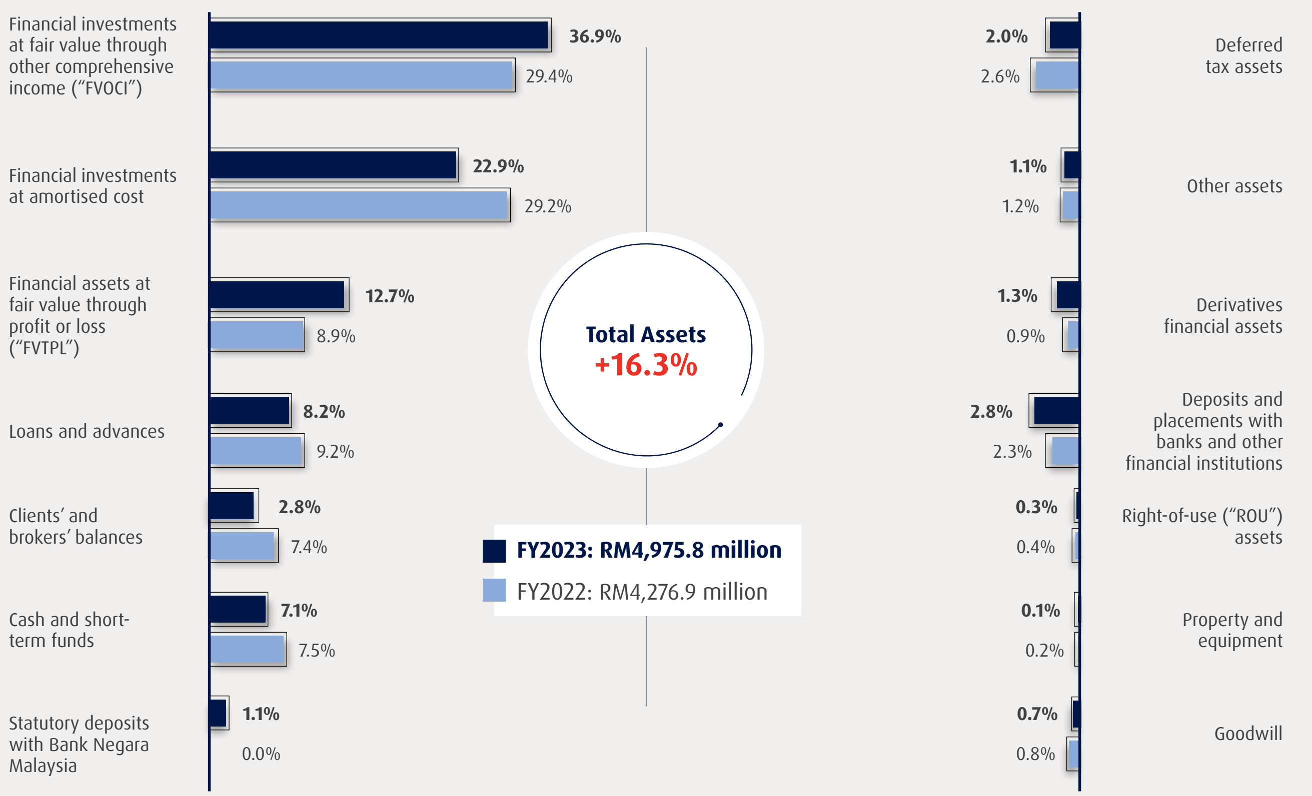
Our Stockbroking business is the main contributor to HLCB, contributing 46.2% of the Group's revenue and 47.9% of the Group's PBT in FY2023. Proprietary financial investments held at the holding company had a 14.2% profit contribution in FY2023 mainly driven by improved dividend yield in the financial year.

Further details on review of the respective business performance are analysed under *Section D Segmental Review.*

B ASSET QUALITY AND LIQUIDITY MANAGEMENT

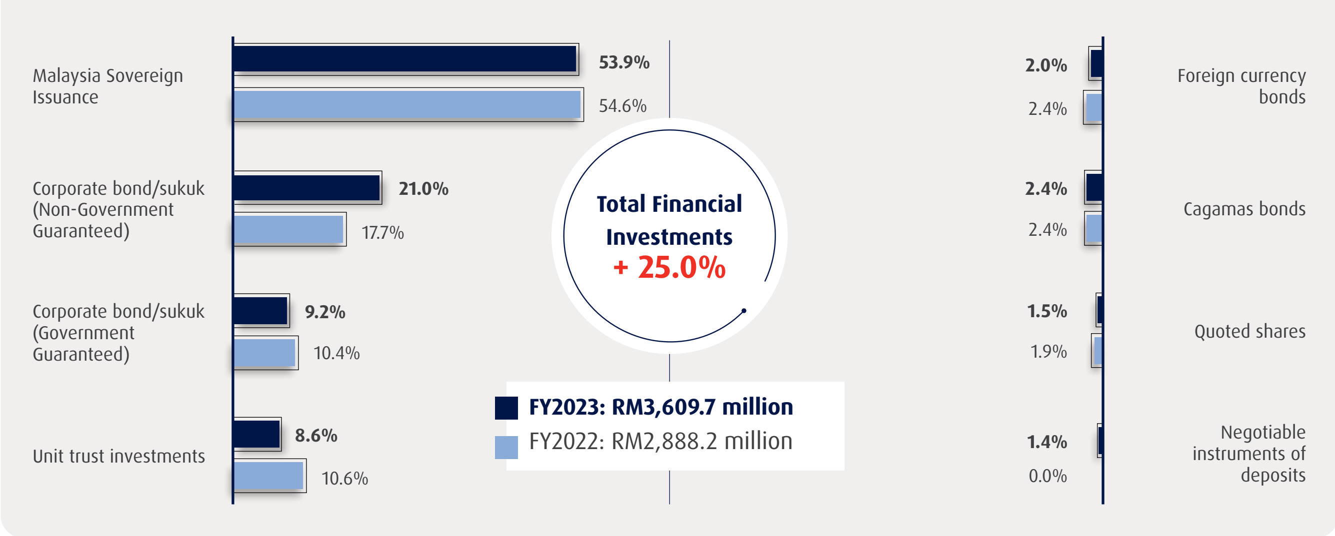
The Group manages our asset quality prudently, with 53.9% of our total financial investments invested in Malaysian Sovereign issuances and 11.9% invested in corporate bonds rated AAA. High quality liquid assets ratio is maintained at a healthy level as part of the Group's liquidity risk management. HLIB maintains a strong Liquidity Coverage Ratio of 139.6% as at 30 June 2023, well above the required regulatory levels of 100%. Robust risk controls and measures are also in place to safeguard the asset quality of HLCB, which includes Environmental, Social and Governance ("ESG") assessment of our clients' risk profile to evaluate their sustainability initiatives with regards to environmental impact and efforts to mitigate climate change.

Composition of Total Assets (%)



Total assets of HLCB has grown by 16.3% y-o-y mainly attributed to the increase in financial investments portfolio, which made up 72.5% of total assets within the portfolio as at 30 June 2023. Financial investments at FVOCI expanded by 46.3% y-o-y due to accumulation of assets taking advantage of higher bond yields during FY2023. The financial assets at FVTPL has also grown by 66.2%, mainly due to a lower base as at end of FY2022 as we anticipated the uptick in interest rate during the first half of FY2023.

Composition of Financial Investments by Type (%)



HLCB's financial investment portfolio is largely comprised of Malaysian Sovereign Issuances which provides the Group with access to high quality liquefiable securities.

In August 2023, RAM Rating Services Berhad reaffirmed the rating of our key operating subsidiary, HLIB's AAA and P1 financial institution ratings with a stable outlook. This is a recognition of our strong asset quality and robust capitalisation with sturdy capital position. Please refer to *Section C Capital Management* for further details on the Capital Management of the Group.

C CAPITAL MANAGEMENT

Capital Management Framework

HLCB's capital is in relation to its risk profile and strategic objectives set by the Board of Directors to meet shareholders' requirements and expectations.

The Capital Management Framework of our key operating subsidiary, HLIB, aimed at:

- **Meeting regulatory capital requirements at all times**
- **Optimising returns to shareholders**
- **Maintaining adequate level of capital and an optimum mix of the different components of capital**
- **Maintaining strong external credit rating to support business growth and reduce cost of funding and capital**

The Group remained vigilant in managing the key business risks and continues to ensure we have adequate capital and liquidity to support future business needs.

Capital Initiatives

The Group is committed to ensure its capital position meets the rigorous regulatory capital and stakeholder requirements, while ensuring it is aligned with our strategic business objectives.

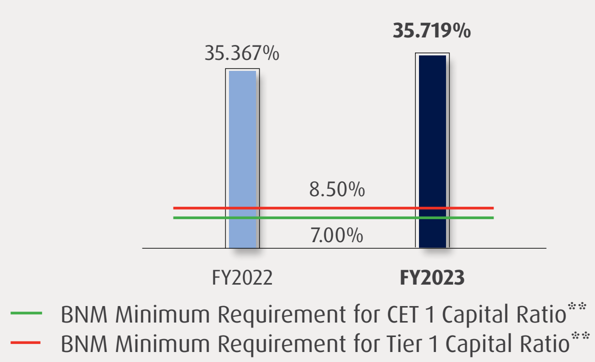
Major initiatives undertaken over the years include:

Equity Capital	As at 30 June 2023, HLCB held 11.1 million treasury shares that had been bought back previously for HLCB's Executive Share Option Scheme ("ESOS")
Debt Capital	HLIB established a Tier 2 RM1.0 billion Multi-Currency Subordinated Notes ("Sub-Notes") Programme
	On 6 November 2014, HLIB completed the first issuance of RM50.0 million nominal value of Tier 2 Sub-Notes out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The issuance was fully redeemed on 6 November 2019
	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
Dividend Payout	HLCB does not have a fixed dividend payout policy but takes into consideration a balance between growth and proactive capital management to ensure the long-term sustainability of dividend pay-outs to shareholders. The Board of Directors has declared a final single-tier dividend of 17.0 sen per share amounting to dividends payable of RM42.0 million for FY2023

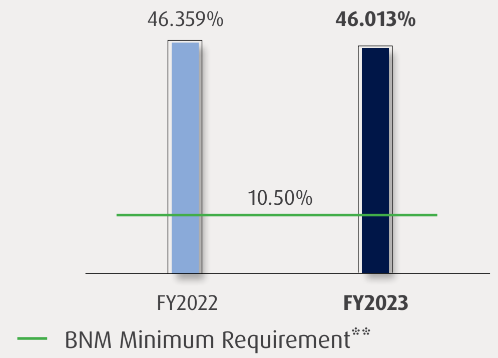
Capital Adequacy Ratios

HLIB's Common Equity Tier 1 ("CET 1") capital ratio, Tier 1 capital ratio and total capital ratio remained robust and well above BNM's minimum requirements as at 30 June 2023.

CET 1 and Tier 1 Capital Ratio*



Total Capital Ratio*



* *After deducting proposed dividends of RM28.7 million (FY2022: RM38.9 million)*

** *Inclusive of Capital Conservation Buffer ("CCB") of up to 2.50%*

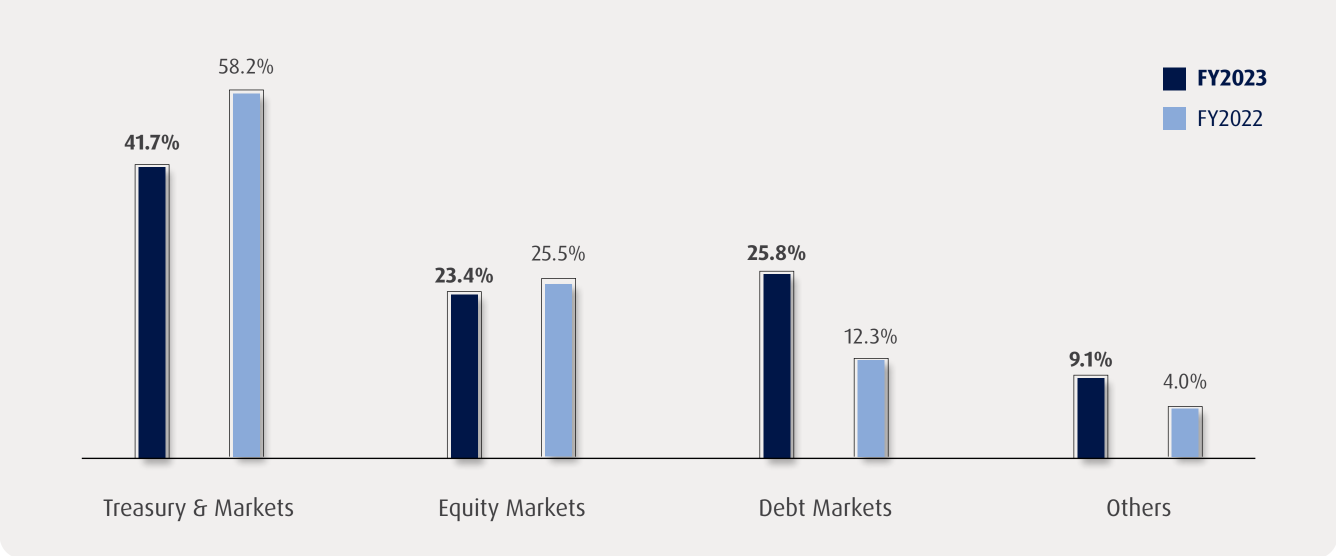
D SEGMENTAL REVIEW

Investment Banking Business

Financial Highlights

	FY2023 RM Million	FY2022 RM Million
Net interest income	**17.7**	29.2
Fee income	**24.5**	25.8
Other income	**11.2**	13.2
Total revenue	**53.4**	68.2
PBT	**13.1**	29.7

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



Business Review

The Investment Banking business of HLIB recorded a revenue of RM53.4 million and a PBT of RM13.1 million in FY2023, representing 27.2% of HLCB's total revenue and 21.3% of HLCB's PBT for the current financial year.

While our Treasury & Markets division continued to be the main revenue contributor to the Investment Banking business, with 41.7% revenue contribution in our current financial year, FY2023 has proven to be a more challenging year for Treasury & Markets activities relative to the previous financial year. The escalation of funding cost has compressed net revenue earned by Treasury & Markets in FY2023. Amidst a rising interest rate environment, there were lower monetised gains in our FVOCI investments. Marked to market reserves on the other hand have improved by 77.3% y-o-y as at the end of June 2023. Despite the higher funding cost, liquidity profile of HLIB remained strong with Liquidity Coverage Ratio of 139.6%. Furthermore, as part of Treasury & Markets' efforts in supporting the transition towards a low carbon economy, the team has increased its holdings in green bonds by 36.4% y-o-y as at the end of FY2023.

The performance of our Equity Markets business mirrored overall market activity as we saw issuance sizes across Initial Public Offering ("IPO") and secondary fund raising contracting by 20.5% y-o-y. As such, revenue recorded by our Equity Markets division for FY2023 moderated by 28.1% y-o-y. In FY2023, the team successfully led and completed four IPO exercises and 16 other corporate advisory exercises.

Management Discussion & Analysis

Some of the key mandates completed by our Equity Markets during the financial year are:

Ipo Exercise

- Listing of AME Real Estate Investment Trust on Main Market of Bursa Malaysia, raising a fund of RM557.0 million
- Listing of Cape EMS Berhad, an electronic manufacturing services on Main Market of Bursa Malaysia, raising a fund of RM155.7 million

Corporate Advisory Exercise

- Transfer of OpenSys (M) Berhad, a leading solutions provider from ACE Market to Main Market of Bursa Malaysia
- Transfer of Mobilia Holdings Berhad, a leading home furniture manufacturers from ACE Market to Main Market of Bursa Malaysia
- Disposal of RM544.4 million SCGM Berhad's businesses, a company engaged in the manufacturing and trading of plastic products, to Mitsui & Co., Ltd and FP Corporation
- Disposal of RM4.5 billion concession highways for Gamuda Berhad, a multi-award winning engineering and construction company
- Disposal of RM3.2 billion concession highways for Lingkaran Trans Kota Holdings Berhad, a highway concessionaries company
- Acqusition of RM87.8 million equity interest in Greenyield Rubber Holdings (M) Ltd for Greenyield Berhad, a company involve in the development, manufacturing and marketing of agricultural and horticultural products and services based on agro-technology
- Acquisition of RM42.8 million properties by AME Real Estate Investment Trust
- Debt to equity conversion of RM206.5 million for Reach Energy Berhad, an oil and gas exploration and production company

The most notable transaction completed by the team out of the 20 exercises was the RM4.5 billion disposal of concession highways for Gamuda Berhad to Amanat Lebuhraya Rakyat Berhad, where HLIB acted as the Principal Adviser. This transaction led to HLIB winning the "Best Domestic M&A Deal of the Year in Malaysia" in the 16th Annual Best Deal & Solution Awards 2022 organised by the Alpha Southeast Asia. On top of this award, HLIB was honored with four other awards over the course of FY2023, up to the time of our writing.

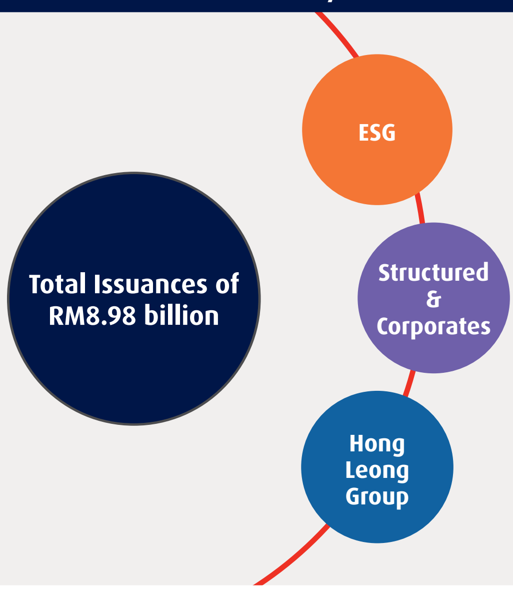
Awards received by Equity Markets during the current financial year up to the date of our writing are:

No	Awards	Our Role	Deal
1	16th Annual Best Deal & Solution Awards 2022 **Best Domestic M&A Deal of the Year (Malaysia)**	Principal Adviser	Gamuda Berhad RM4.5 billion disposal of concession highways to Amanat Lebuhraya Rakyat Berhad
2	16th Annual Best Deal & Solution Awards 2022 **Best IPO for Retail Investors in Southeast Asia & Best Deal of the Year for Minority Shareholders in Southeast Asia 2022**	Joint Underwriter	Farm Fresh Berhad RM1.1 billion of IPO
3	IFN Deals of the Year 2022 **Equity & IPO Deal of the Year**	Joint Underwriter	Farm Fresh Berhad RM1.1 billion of IPO
4	The Asset Triple A Country Awards for Sustainable Finance 2022 **Best IPO**	Joint Underwriter	Farm Fresh Berhad RM1.1 billion of IPO
5	The Asset Triple A Islamic Finance Awards 2023 **Best Islamic REIT**	Principal Adviser, Bookrunner and Underwriter	AME Real Estate Investment Trust RM288.0 million of IPO

Moving into FY2024, the team is working on five mandated IPO deals, of which one deal will be the first ESG certified IPO in Malaysia to be listed and indexed on the Bursa Malaysia FTSE4Good Index.

The Debt Markets division's performance staged a healthy recovery in line with a higher gross issuance by 41.4% y-o-y and achieved a revenue growth of 67.3% largely due to our mandated pipeline from previous year. In FY2023, the team successfully completed 13 key transactions, out of which had one notable transaction where the team played a significant role as the Joint Principal Adviser, Joint Lead Arranger and Joint Lead Manager in the issuance of RM5.5 billion Sustainability Sukuk Murabahah Programme issued by Amanat Lebuhraya Rakyat Berhad to finance the acquisition of four highway concessionaries.

Key Transactions Completed by Debt Markets in FY2023



- RM5.5 billion Sustainability Sukuk Murabahah by Amanat Lebuhraya Rakyat Berhad

- RM1.2 billion Medium Term Notes by IGB REIT Capital Sdn Bhd
- RM500 million Medium Term Notes by GENM Capital Berhad
- RM258 million ABS Medium Term Notes by Common Icon Sdn Bhd
- RM219 million ABS Sukuk by Zamarad Assets Berhad

- RM500 million Tier-2 Bonds by Hong Leong Bank Berhad
- RM400 million Additional Tier-1 Bonds by Hong Leong Bank Berhad
- RM400 million Additional Tier-1 Sukuk by Hong Leong Islamic Bank Berhad

The issuance of RM5.5 billion Sustainability Sukuk Murabahah by Amanat Lebuhraya Rakyat Berhad, which embraced both environmental and social impact, has earned HLIB with eight prestigious awards accorded by Alpha Southeast Asia, Islamic Finance News, Malaysian Rating Corporation and The Asset, out of which three awards are tagged as ESG awards. Additionally, our Debt Markets division was also honored with seven other accolades and secured top rankings in the various league table during the current financial year up to the time of our writing. These achievements served as a continuous testimony of market recognition on the team's innovation capability and product superiority in providing unrivalled value to our clients in the Debt Capital Markets space.

Awards received by Debt Markets during the current financial year up to the date of our writing are:

No	Awards	Our Role	Deal
1	16th Annual Best Deal & Solution Awards 2022 **Best Islamic Finance Deal & Most Innovative Islamic Finance Deal of the Year 2022**	Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager	Amanat Lebuhraya Rakyat Berhad RM5.5 billion Sustainability Sukuk Murabahah
2	The Asset Triple A Islamic Finance Awards 2022 **Best Securitisation Sukuk**	Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager	AC First Genesis Berhad RM3.0 billion Sukuk Ijarah Programme (Tranche 1)
3	The Asset Triple A Islamic Finance Awards 2022 **Best Project Finance Sukuk**	Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager	Infracap Resources Sdn Bhd RM15.0 billion Sukuk Murabahah Programme (Tranche 1 – RM5.75 billion)
4	The Asset Triple A Country Awards for Sustainable Finance 2022 **Best Green Bond**	Principal Adviser, Lead Arranger & Lead Manager	Hong Leong Bank Berhad RM900 million Green Additional Tier 1 Capital Securities
5	The Asset Triple A Country Awards for Sustainable Finance 2022 **Best Securitisation**	Principal Adviser, Lead Arranger & Lead Manager	Salvare Assets Berhad RM300 million Asset-Backed MTN Programme (Tranche 1 – RM39.0 million)
6	The Asset Triple A Islamic Finance Awards 2023 **Best Sustainability Sukuk – Transport**	Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager	Amanat Lebuhraya Rakyat Berhad RM5.5 billion Sustainability Sukuk Murabahah
7	The Asset Triple A Islamic Finance Awards 2023 **Best Securitisation Sukuk**	Principal Adviser, Lead Arranger and Lead Manager	Zamarad Assets Berhad RM474 million Medium Term Notes Sukuk Murabahah
8	The Asset Triple A Sustainable Infrastructure Awards 2023 **Transport Deal of the Year**	Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager	Amanat Lebuhraya Rakyat Berhad RM5.5 billion Sustainability Sukuk Murabahah
9	IFN Deals of the Year 2022 **Malaysia Deal of the Year**	Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager	Amanat Lebuhraya Rakyat Berhad RM5.5 billion Sustainability Sukuk Murabahah
10	IFN Deals of the Year 2022 **Structured Finance Deal of the Year**	Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager	Amanat Lebuhraya Rakyat Berhad RM5.5 billion Sustainability Sukuk Murabahah
11	Finance Asia Deals Award 2022 **Best Property Deal**	Lead Arranger, Joint Lead Manager & Bookrunner	IGB REIT Capital Sdn Bhd RM5.0 billion MTN Programme (Tranche 2 – RM1.2 billion)
12	2022 Lead Managers' League Tables **MARC's Innovative Deal of the Year Award 2022**	Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager	Amanat Lebuhraya Rakyat Berhad RM5.5 billion Sustainability Sukuk Murabahah

No	Awards	Our Role	Deal
13	RAM Award of Distinction 2022 **Lead Manager Award by Number of Issues – Joint 3rd ranking**	Lead Manager	Not applicable
14	BPAM Bond Market Awards 2023 **Top ESG Issuance**	Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager	Amanat Lebuhraya Rakyat Berhad RM5.5 billion Sustainability Sukuk Murabahah
15	Euromoney Islamic Finance 2023 **Best Islamic Project Finance Deal**	Joint Principal Adviser, Joint Lead Arranger & Joint Lead Manager	Amanat Lebuhraya Rakyat Berhad RM5.5 billion Sustainability Sukuk Murabahah

League table achievements by Debt Markets during the current financial year are:

(A) International Financial Review Asia

1st Half of Calendar Year 2023
Ranked 1st on top Bookrunners of APAC Securitisation (ex-Japan and Australia)

(B) Bond Pricing Agency Malaysia Top Lead Arranger League Table

Full Calendar Year 2022
Ranked 3rd for conventional Private Debt Securities ("PDS") by amount issued

Our corporate loan portfolio, which are to complement the fee-based activities of HLIB, remained healthy with timely interest and principal repayment. In FY2023, a renewable bridging loan was added to the portfolio under the Group's business strategy to grow the ESG financing segment following the establishment of the sustainability financing policy and ESG rating system into HLIB's Core Credit Risk Policy.

Moving Forward

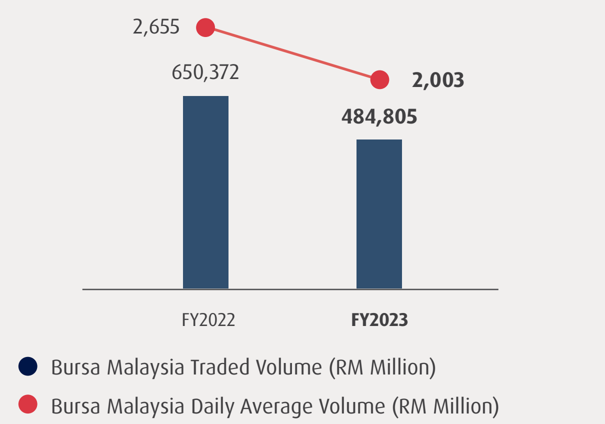
Looking ahead, while the capital market space is expected to be challenging in anticipation of a dearth in mega infrastructure projects in the near future, our Debt Markets and Equity Markets divisions will continue building its resilience by placing focus on strengthening our debt's and equity's structuring and distribution capability to enhance HLIB's competitiveness and market share in their respective landscapes. Furthermore, the team will be accelerating its sustainability agenda by placing greater focus in growing HLIB's presence in the ESG space. We will continue to seek for opportunities to collaborate with clients in accelerating their transition towards sustainable practices. As for our Treasury & Markets division, the team is cognisant of the higher funding cost expectations in the first half of FY2024 but will continue to be vigilant while looking for trading opportunities in the coming year. To further HLIB's commitment in addressing climate change, Treasury & Markets will focus on seeking investment opportunities in ESG or green bonds such as solar and hydro plants with preference given to bonds with ESG classification of C3 and above.

Stockbroking Business

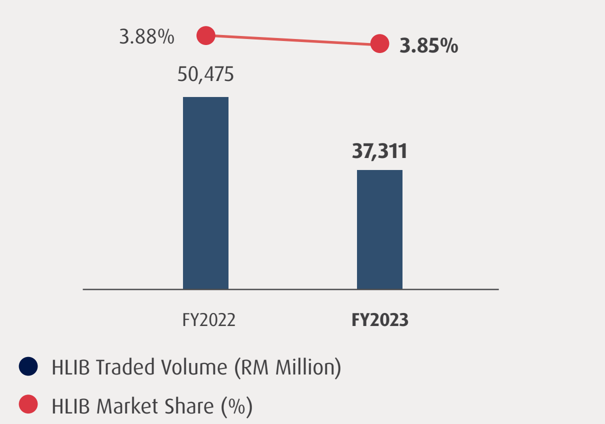
Financial Highlights

	FY2023 RM Million	FY2022 RM Million
Total revenue	**90.7**	95.1
PBT	**29.4**	42.4

Bursa Malaysia Traded Volume



HLIB Traded Volume and Market Share



Contribution of Net Brokerage Income by Business Segment (%)

Business Review

The Stockbroking business of HLIB recorded a revenue of RM90.7 million and PBT of RM29.4 million in FY2023 which was a decline of 30.6% y-o-y. The financial performance of our Stockbroking business continued to be negatively affected by subdued Bursa Malaysia's market activity in FY2023, which saw lower daily average trading volumes of RM2.0 billion in FY2023 as compared to RM2.7 billion in FY2022.

Net Brokerage income earned has moderated to RM44.7 million with a y-o-y reduction of 33.5% in FY2023 mainly due to the lower Bursa Malaysia volume and lower retail participation during the financial year. Retail participation in the overall Bursa Malaysia market shrank to 26.3% in FY2023 from 29.3% in the previous financial year, while institutional participation has grown from 30.7% to 35.0% in FY2023. The shift in overall market participation has led to our market share dipping slightly to 3.85% during this period given that the retail segment is the main contributor to HLIB's net brokerage income with 66.6% contribution in FY2023. Correspondingly, the contribution of the institutional segment to HLIB's net brokerage income has increased to 33.4%.

Our retail foreign share trading business, which currently provides access to eight foreign markets including the US, Singapore and Hong Kong stock exchanges, was also affected by global external headwinds. Our foreign shares traded volume had trended lower to RM4.1 billion in FY2023 as compared to RM6.9 billion in last financial year, mainly driven by the volatility in the US stock exchange market.

The loan base of our share margin financing remained steady with slight reduction of 7.7% y-o-y to RM303.9 million in FY2023, however had contributed to a marginal increase of 3.2% on the interest income.

Promoting inclusivity, financial literacy and accessibility to financial products

Our Stockbroking business has taken significant strides in promoting inclusivity, financial literacy and provides accessibility to financial products amongst the communities through launching of new products and services, campaigns, investment talks and seminars.

Initiatives undertaken during the financial year are:

Launching of Shariah Trading Platform

- Launched in July 2022 aimed to accomodate the needs of retail clients for Shariah investing
- Since launch, 150 Shariah accounts opened as at the end of June 2023

Woman's Choice Campaign 2023

- To promote accessibility and financial literacy among female investors
- More than 300 new accounts opened during the campaign

Hong Leong Bank Berhad's Referral Campaign

- More than 1,500 new accounts opened during the campaign

Account Reactivation Campaign

- Brokerage fee waiver campaign for inactive clients
- More than 7,000 accounts reactivated and resume trading

IPO Brokerage Rebate Campaign

- Brokerage rebate to clients by trading IPO shares on listing date
- HLIB's average market share increased by 15.6% on the listing date of the IPO shares

InvestSmart Fest 2022 Campaign

- Participated in the campaign organised by the Securities Commissions Malaysia as one of the booth participant

Investment and Market Outlook Talks

- Total of 15 investment and market outlooks talks held during FY2023 with more 1,700 participants

Bursa - HLIB Stratum Focus Series 14th Edition on Cyber Security: Managing Threat in the Digital Economy

- A thematic sectoral conference organised by HLIB and Bursa Malaysia that geared towards providing value added industry knowledge and facilitating policy insights between government agencies and investment communities

Management Discussion & Analysis

Customer experience is at the core of our digitalisation initiatives. Our Stockbroking business has marked a key milestone with the launch of a fully digitalised account opening experience for our clients in April 2023. The turnaround time to onboard a client has improved to approximately two working days from the previous three to five working days. On top of that, our Stockbroking business has also enhanced its trading website with single sign on capabilities for both local and foreign trading. We have also taken strides to upgrade our mobile application for foreign trading with improved user interface which makes trading simpler.

HLIB's presence and initiatives in the market has garnered recognition when we were named 2nd runner up for Best Retail Equities Participating Organisation – Investment Bank in the Bursa Excellence Awards 2022 for the 4th consecutive year. Additionally, HLIB has won six awards in the Bursa Malaysia Retail Investor Campaign 2022.

Bursa Excellence Awards 2022
Best Retail Equities Participating Organisation - Investment Bank - 2nd runner up

Bursa Malaysia Retail Investor Campaign 2022
Top Broker for Highest Traded Value for ETFs
Top Dealer/Remisier for Highest Traded Value for New Accounts Opened (2 awards)
Top Dealer/Remisier for Highest Number of New Accounts Opened (2 awards)
Top Dealer/Remisier for Highest Traded Value for ETFs

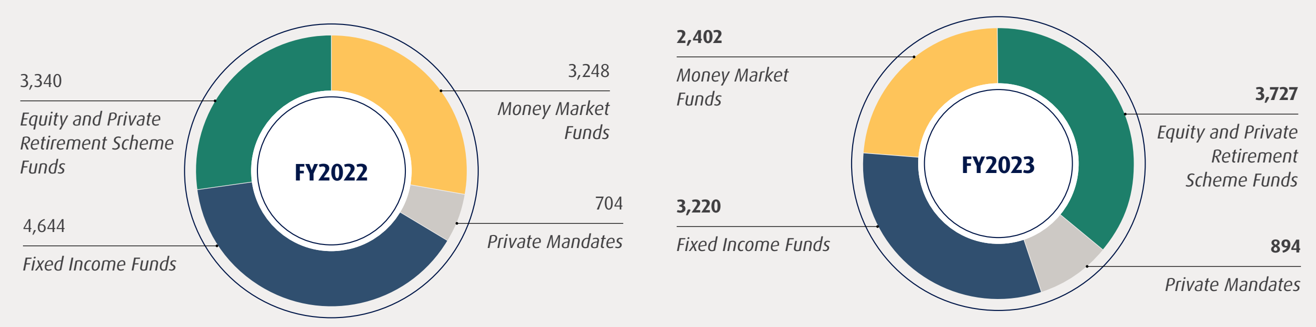
Moving Forward

We remain focused on growing our market share and revenue stream in the new financial year. Some of our priorities going forward are to explore acquisition of new accounts, reaching out to a larger group of communities via various campaigns. We will continue to leverage on technology and driving innovation to deepen our capabilities and enhance our clients' experience in their investment and trading needs. To further our commitment in embracing sustainability, we will also be exploring ways to embed ESG into our stockbroking products.

Unit Trust and Fund Management Business

	FY2023 RM Million	FY2022 RM Million
Revenue	**47.0**	58.8
PBT	**10.2**	25.2

Assets Under Management by Fund Class (RM'Million)



Our unit trust and fund management business operated under Hong Leong Asset Management Bhd ("HLAM") and its subsidiary, Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM") recorded a PBT of RM10.2 million for FY2023, a reduction of 59.5% y-o-y. The weaker performance is mainly owing to the contraction of Assets Under Management ("AUM") by 26.1% in our Money Market Funds driven by the removal of tax exemption for this category of funds. The competitive fixed deposits interest rates have also contributed to redemptions from our Money Market Funds. Furthermore, the drop in the Fixed Income Funds due to weak market performance has partly led to the lower revenue recorded for FY2023.

On 20 December 2022, HLAM launched its first Private Retirement Scheme product – Hong Leong PRS-Conventional ("PRS") which was made available through HLAM offices and agency forces nationwide. Since launch, HLAM has managed to grow the AUM size of our PRS to RM0.3 million.

HLAM launched its second ESG fund on 9 January 2023, which was also our first Shariah-compliant ESG fund, the Hong Leong Global Shariah ESG Fund. This fund is aimed at providing 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 fund was aimed at increasing accessibility to sustainable investing to a wider client base.

Hong Leong Global ESG Fund	Hong Leong Global Shariah ESG Fund
Launched on 20 April 2022	Launched on 9 January 2023
Acheived AUM of RM3.6 million as at 30 June 2023	Acheived AUM of RM0.2 million as at 30 June 2023

To further our commitment in embracing gender equality and to promote financial literacy amongst women, HLAM has launched the International Woman's Day Campaign in conjunction with the International Woman's Day in the month of March 2023 with more than 130 new accounts opened by women during the campaign period.

The unit trust and fund management business continued to deliver impressive fund performance with consistent and competitive investments scheme. In FY2023, HLAM was honored with 20 individual awards at the Refinitiv Lipper Fund Awards Malaysia 2023 and Refinitiv Lipper Fund Awards Global Islamic 2023. These award-winning funds have recorded a total of RM170.1 million increase in AUM y-o-y.

Management Discussion & Analysis

20 awards received by HLAM in FY2023 are:

Hong Leong Asia-Pacific Dividend Fund

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

Rank: 1/11
Growth rate: ▲ 50.04%

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

Rank: 1/11
Growth rate: ▲ 62.51%

Hong Leong Dividend Fund

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

Rank: 2/9
Growth rate: ▲ 50.55%

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

Rank: 2/9
Growth rate: ▲ 60.39%

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

Rank: 2/9
Growth rate: ▲ 153.79%

Hong Leong Dana Makmur Fund

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

Rank: 1/50
Growth rate: ▲ 71.55%

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

Rank: 1/50
Growth rate: ▲ 80.70%

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

Rank: 1/45
Growth rate: ▲ 164.32%

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

Rank: 1/46
Growth rate: ▲ 71.55%

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

Rank: 1/44
Growth rate: ▲ 80.70%

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

Rank: 1/38
Growth rate: ▲ 164.32%

Hong Leong Dana Makmur Fund

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

Rank:
Not available

Growth rate:
▲ **71.55%**

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

Rank:
Not available

Growth rate:
▲ **80.70%**

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

Rank:
Not available

Growth rate:
▲ **164.32%**

Hong Leong Dana Maa'rof Fund

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

Rank:
1/15

Growth rate:
▲ **43.81%**

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

Rank:
1/15

Growth rate:
▲ **50.64%**

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

Rank:
1/15

Growth rate:
▲ **43.81%**

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

Rank:
1/15

Growth rate:
▲ **50.64%**

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

Rank:
Not available

Growth rate:
▲ **43.81%**

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

Rank:
Not available

Growth rate:
▲ **50.64%**

Management Discussion & Analysis

Moving forward, HLAM and HLISAM will be focusing on executing new strategies to diversify the AUM base and drive the expansion of our distribution channels. We will also continue to build and deepen our digital capabilities to support business expansion as well as improve operational efficiencies. We are targeting to provide our clients with a seamless account opening experience in the near future.

E OUTLOOK OF HLCB

At the time of writing, our new financial year has started with a positive uptrend with Bursa Malaysia's trending a higher average daily volume of RM2.1 billion for July 2023. We foresee our Malaysian capital market to remain on a positive trajectory and resilient albeit on a weaker growth momentum, supported by domestic demand. The retail trading activity is anticipated to improve with the lowering of stamp duty from 0.15% to 0.10%, which took effect in July 2023 coupled with Bursa Malaysia's measures in widening affordable investment choices and deepen retail investors' interest. We are also optimistic our local institutional trading activity will pick up momentum post the state elections, alongside with the likelihood that Federal Reserve may soon end its rate upcycle.

The Group will continue to grow its footprint in the ESG space by leveraging on its innovative capabilities to cater for the evolving needs of our stakeholders. Nevertheless, given the external headwinds risk, we remain vigilant by constantly exercising discipline in managing our capital, liquidity and cost efficiency to deliver sustainable outcomes to our stakeholders.

F 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.

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

Sustainability Statement

OUR APPROACH TO SUSTAINABILITY

ABOUT THIS STATEMENT

Hong Leong Capital Berhad ("HLCB" or "the Group") Sustainability Statement presents our sustainability progress and initiatives in the environmental, social, and governance ("ESG") aspects of our operations in the financial year of 1 July 2022 to 30 June 2023 ("FY2023"). This statement illustrates our efforts in aligning our sustainable efforts with the Group's values and ambitions in order to foster long-term growth.

This sustainability statement has been prepared with reference to the following regulations, standards, and guidelines:

- Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements on Sustainability Reporting
- Global Reporting Initiative ("GRI") Standards 2021
- Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations

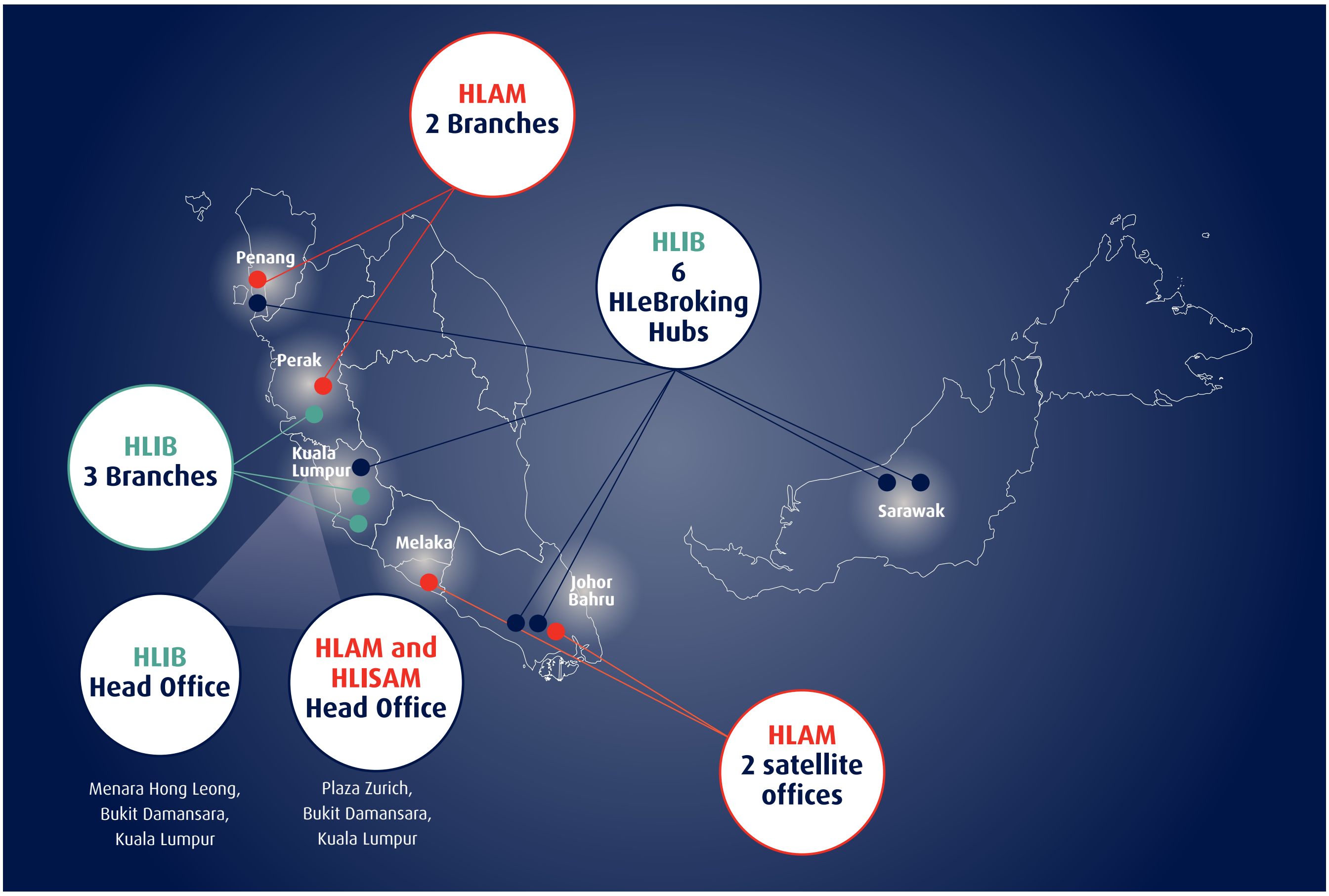
To maintain the integrity and the credibility of this sustainability disclosure, including the material topics, both the Board Audit and Risk Management ("BARMC") and the Sustainability Steering Committee ("SSC"), conducted a thorough review and endorsed this report for approval by the Board of Directors.

Sustainability Statement

OUR APPROACH TO SUSTAINABILITY

SCOPE

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



LEADERSHIP MESSAGE

At HLCB, we are driven by strong principles that lead us to make decisions with a long-term perspective, benefiting the well-being of our people, communities, and the environment. Our Sustainability Framework, aligned with our guiding principles, forms the bedrock of our sustainability strategy and is built on four central pillars: Engaging on Sustainability, Addressing Climate Change, Strengthening Internal Capabilities, and Impactful Digitalisation. Fueled by the collective efforts of our dedicated employees and continuous engagements with our stakeholders, we remain steadfast in our commitment to robust sustainability practices. Together, we are resolute in our mission to deliver sustainability-linked value to all, promoting sustainable financing and investing, accelerating our transition towards a low-carbon economy.

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

HIGHLIGHTS & ACHIEVEMENTS OF FY2023

HLCB has been admitted into Bursa Malaysia FTSE4Good Index since December 2022, as a recognition of our efforts in embracing sustainability

Environmental

Honoured with eight awards, out of which three are tagged as ESG awards, for advising and arranging the issuance of RM5.5 billion Sustainability Sukuk Murabahah Programme for Amanat Lebuhraya Rakyat Berhad

Honoured with the Best Green Bond Award for advising and arranging the issuance of RM900 million Green Additional Tier 1 Capital Securities for Hong Leong Bank Berhad

Mandated with up to RM1.4 billion programme limits for financing of renewable energy projects, as a new step forward in ESG financing

36% increase in green bonds investment, contributing to the generation of hydropower

Expanded Scope 3 greenhouse gas ("GHG") emissions reporting with the inclusion of employee commuting

Achieved reduction in the following environmental indicators:
- 2.1% GHG emission reduction from FY2019 (Base Year)
- 29.7% paper consumption reduction from FY2022
- 16.4% water consumption reduction from FY2022
- 7.8% electricity consumption reduction from FY2022

Social

Launched Hong Leong Global Shariah ESG Fund ("HLGSESGF") to increase accessibility to sustainable investing with 30 press releases on educational resources and research on HLAM's ESG Funds

Digitalised our process through implementation of eKYC solution and digital account opening for HLeBroking's clients

Maintained a diverse workforce across the Group, with female representation of 60% in HLCB Board and 54.3% in the Group's workforce

Maintained zero grievances or incidents reported related to harassment, bullying or discrimination

Enabled Shariah-compliant trading through HLeBroking's trading platform

Launched Hong Leong Private Retirement Scheme, a holistic scheme that gives investors the opportunity to diversify their retirement funds by investing in various avenues

Published more than 1,400 educational resources and research reports, providing investment and wealth planning knowledge to clients

Conducted 15 investment and market outlooks talks with more than 1,700 participants

Governance

Appointed a Chief Sustainability Officer ("CSO") to lead the Sustainability Department and drive strategic sustainability initiatives throughout the Group

Established Sustainability Risk Unit, spearheading ESG-related risk management, as well as providing advisory for sustainability risk related matters

Included ESG considerations in HLIB Procurement Management Policy, assessing our suppliers' ESG management

HLAM and HLISAM implemented ESG Risk Management Framework, a holistic document detailing principles and major components of ESG risk management

Maintained zero instances of data breaches and cyber intrusions

Maintained zero incidence of corruption

OUR APPROACH TO SUSTAINABILITY

HLCB'S SUSTAINABILITY FRAMEWORK

Being at the heart of the Malaysian economy, our commitment lies in making positive contributions to both the environment and society. We recognise our responsibility to drive meaningful transition, aligning business growth with socio-environmental goals to create a significant impact. With a strong commitment to sustainability, we have embarked on a progressive journey that integrates sustainable practices throughout our operations, establishing a robust foundation for a resilient and responsible organisation.

In an effort to strengthen sustainable business practices, we established the HLCB Sustainability Framework ("Sustainability Framework") in July 2022, encompassing four Sustainability 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 impact for the business, the environment, and the communities around us.

The Sustainability Framework presents an opportunity for our stakeholders to embrace sustainability while allowing us to build internal capacity and increase the efficiency of our systems in order to aid the transition to a low-carbon economy. By aligning our business practices with ESG principles, we aim to create meaningful impact on the well-being of society and the environment, contributing to a more sustainable future.

For more information about how we disclose our sustainability efforts in accordance to our Sustainability Framework pillars, please refer to the respective section throughout this Sustainability Statement.

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

ADDRESSING OUR CLIMATE IMPACT

We are committed to providing financial solutions that create real and meaningful impact on the environment, taking climate change into consideration. Integrating sustainability into our investment banking business begins with our ESG risk assessment process during client onboarding. Our Climate Change and Principle-based Taxonomy ("CCPT") Guidance Note plays a pivotal role in addressing environmental and social impacts in new business proposals, ensuring rigorous due diligence.

The ESG assessment is ingrained in our Core Credit Risk Policy, aligning with BNM's CCPT, to proactively mitigate ESG risks and evaluate clients' sustainability agendas in credit facilities and investments. We have taken guidance from BNM's TCFD Application Guide for Malaysian Financial Institutions to develop our climate-related disclosures around four thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets.

CREATING VALUE FOR OUR STAKEHOLDERS

Recognising the primary interests of our stakeholders is key to the success of our business. Corresponding to our Sustainability Pillar, "Engaging on Sustainability", we believe that constant engagement with our stakeholders enables us to develop and strengthen meaningful connections with them. We continue to maintain valuable relationships with stakeholders through various engagement channels.

Stakeholder	Engagement Channel	Areas of Interest	Section
Employees	• Daily operations • Performance management • Whistleblowing channels • Corporate communications • Training and development	• Effective communication • Professional development • Job security • Benefits and wellbeing • Transparency	Empowering Our Employees, page 60
Investors	• Corporate website • Annual reports • Announcements • Financial reports • General meetings • Whistleblowing channels	• Corporate governance • Financial performance • Regulatory compliance • Transparency	Robust Governance, page 38 Facilitating Sustainable Growth, page 49
Regulators and Authorities	• Daily operations • Audits • Meetings • Circulars • Enforcement • Reports	• Regulatory compliance • Corporate governance • Ethical business conduct	Robust Governance, page 38 Managing Our Environmental Footprint, page 53
Clients	• Daily operations • Social media • Corporate communications • Corporate events/workshops	• Client experience • Value-added products and services • Data privacy and cybersecurity • Ethical business conduct	Facilitating Sustainable Growth, page 49 Practising a Client-Centric Culture, page 58

OUR APPROACH TO SUSTAINABILITY

Stakeholder	Engagement Channel	Areas of Interest	Section
Community	• Daily operations • Social media • Roadshows and events • Corporate communications • Corporate Social Responsibility events	• Ethical business conduct • Transparency • Community investment • Financial inclusion • Financial literacy	Facilitating Sustainable Growth, page 49 Social Responsibility, page 64
Vendors and Suppliers	• Procurement process • Tender process • Outsourcing service provider due diligence review • Proof of Concept engagement	• Fair procurement • Transparent tender process • Ethical business conduct	Building a Responsible Supply Chain, page 48
Analysts and Media	• Social media • Corporate website • Media announcements	• Transparency • Strategic communication	Robust Governance, page 38 Facilitating Sustainable Growth, page 49
Associations	• Meetings • Corporate events • Online correspondences	• Industry stewardship • Regulatory compliance	Robust Governance, page 38 Facilitating Sustainable Growth, page 49

MATERIALITY

Engaging with our stakeholders helps us recognise emerging sustainability risks and opportunities, prioritise our efforts, and create long-lasting value for our organisation and society. Through this, we are able to identify key material sustainability topics that will ensure our progress in providing meaningful impact to our stakeholders, in line with their evolving requirements. We implement a structured approach to identify our material topics, conducting assessments and reviews to determine the relevance of these matters. We carry out the materiality assessment biennially or as and when required.

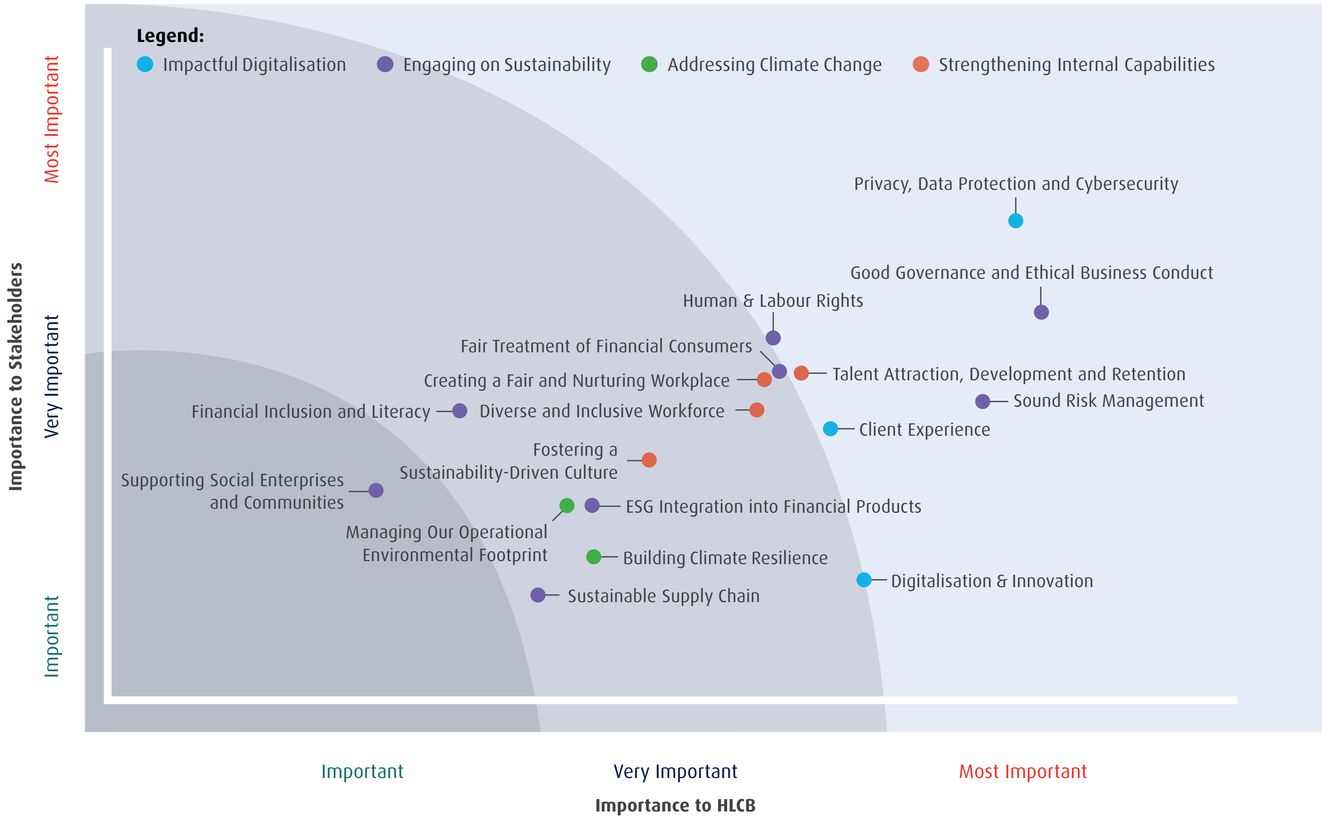
In FY2023, we undertook a materiality assessment exercise, taking into account the diverse views of a broad range of stakeholders across our operating entities, including the Board, senior management, employees, remisiers, media, vendors, suppliers, and community.

Approach in Determining Our Material Topics

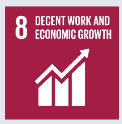
TOPIC IDENTIFICATION	STAKEHOLDER ENGAGEMENT	PRIORITISATION & VALIDATION
Identifying key sustainability topics through comprehensive review of ESG standards and industry trends, backed by deep understanding of our value chain.	Capturing internal and external stakeholders' views and understanding what matters to them through online surveys and engagements.	Processing the inputs gathered to produce our FY2023 Materiality Matrix, which was validated by the Sustainability Steering Committee and BARMC.

HLCB's materiality assessment approach encourages recognition and communication of the impact of sustainability topics on our Group's performance, as well as the impact of our business activities along the value chain on the community and environment. Based on the materiality assessment, we have identified 17 topics that are material to our operations, which have been tabled in the materiality matrix and further explained in the following section.

HLCB Materiality Assessment for FY2023



About Our Material Matters

Framework Pillars	Material Matter	Description	Contribution to SDGs
Impactful Digitalisation	Digitalisation and Innovation	Leveraging advanced data analytics and digital systems to develop innovative products aligned with customers' needs, whilst simultaneously increasing accessibility of our products to new and existing customers.	 
	Client Experience	Embedding a client-centric culture throughout the organisation and undertaking initiatives to enhance end-to-end client experience satisfaction; leading to higher client retention rates.	
	Privacy, Data Protection & Cybersecurity	Safeguarding employees' and clients' data from unauthorised access, cyber attacks and threats through responsible collection, handling, storage and protection of personal and proprietary data.	

Sustainability Statement

OUR APPROACH TO SUSTAINABILITY

Framework Pillars	Material Matter	Description	Contribution to SDGs
Addressing Climate Change	Managing Our Operational Environmental Footprint	Responsibly optimising resource efficiency to effectively manage the environmental footprint of our operations, especially in the area of energy management, paper consumption, water consumption, and GHG emissions.	13 CLIMATE ACTION
	Building Climate Resilience	Embedding climate-related risks into our risk management and operational framework to facilitate a seamless transition towards a low-carbon economy, including reducing exposure to high-risk sectors and supporting low carbon solutions.	
Strengthening Internal Capabilities	Talent Attraction, Development & Retention	Establishing a sustainable, high-quality talent stream, whilst also fostering a growth mindset in our employees to ensure their adaptability in the ever-evolving business and technological landscape.	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
	Diverse and Inclusive Workforce	Promoting and embracing a diverse and inclusive workplace, whereby all employees are treated equally and without discrimination, thus encouraging productivity and innovation.	
	Creating a Fair and Nurturing Workplace	Creating an inclusive and supportive work environment which prioritise employees health and safety, improve their well-being, and promote work-life balance via effective policies, processes, and labour standards.	
	Fostering a Sustainability-Driven Culture	Establishing a corporate culture that embraces and promotes sustainable practices, values, and behaviours throughout the organisation, including encouraging employee volunteerism and implementing ESG capacity-building programmes.	

Framework Pillars	Material Matter	Description	Contribution to SDGs
Engaging on Sustainability	Fair Treatment of Financial Consumers	Ensuring fair treatment of our customers throughout our operations by prioritising their financial needs and risk appetite, as well as providing transparent, accurate, and comprehensive information about our products and services.	10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
	Good Governance & Ethical Business Conduct	Committed to conducting our business and operations professionally, while adopting the highest standards of ethics, integrity, transparency, and accountability, in order to maintain stakeholders' trust in the organisation.	
	Sound Risk Management	Upholding a strong compliance culture throughout the organisation to ensure adherence to applicable laws, regulations, and standards, as well as preventing financial crimes including money laundering, terrorism financing, fraud, corruption, and bribery. Adopting a systematic and comprehensive risk management approach in identifying and mitigating emerging risks to our business activities by investing in people, technology, policies, and processes.	
	ESG Integration into Financial Products	Integrating ESG factors into fund management processes including through impact investing and screening, as well as supporting our clients' low-carbon transition journey via the issuance of green and sustainable finance.	
	Financial Inclusion & Literacy	Empowering individuals and businesses to improve their financial well-being by promoting financial literacy and facilitating accessibility of affordable financial services to all segments of society.	
	Sustainable Supply Chain	Upholding sustainability procurement principles across the supply chain via robust supplier policies, assessment, and engagement practices, whilst also encouraging supplier diversity to include local businesses.	
	Human & Labour Rights	Implementing policies and performing due diligence to ensure the protection and respect of human rights throughout our value chain and business operations, including prevention of human rights violations.	
	Supporting Social Enterprises and Communities	Forming strategic partnerships with social enterprises for community empowerment programmes as a way of creating long-term environmental and social impact for underserved communities across our operations.	

ROBUST GOVERNANCE

SOUND LEADERSHIP

Sound leadership driven by robust governance enables us to align our operations with the principles of sustainability, ultimately positioning the Group for long-term success. In embracing emerging challenges and opportunities while delivering value to our stakeholders, the Group has in place values that directly align with our ambition of advancing towards a progressive sustainability journey, as we work to embody our Sustainability Pillar, "Strengthening Internal Capabilities".

To that end, our Board of Directors ("Board") sets the tone at the top, maintaining oversight of management and the development and execution of our overall sustainability strategy. Together with Senior Management, they oversee Anti-Bribery and Corruption ("ABC"), Anti-Money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions ("AML/CFT & TFS"), Whistleblowing, and other regulatory requirements. In order to ensure relevance and regulatory compliance, these policies and their respective standard operating procedures ("SOPs") are reviewed annually.

Sustainability Governance

Sustainability governance has become an imperative for organisations aiming to thrive in the long run while responsibly addressing ESG concerns. The Board is the highest level of governance within HLCB, overseeing the integration of key sustainability matters in the Group's strategic direction.

The Board, in collaboration with recommendations from the Board Audit and Risk Management Committee ("BARMC") and the Sustainability Steering Committee ("SSC"), determines the Group's strategy. This includes the oversight of our Sustainability Framework, pivotal in driving a strategic approach and fostering a seamless integration of sustainability into our business operations.

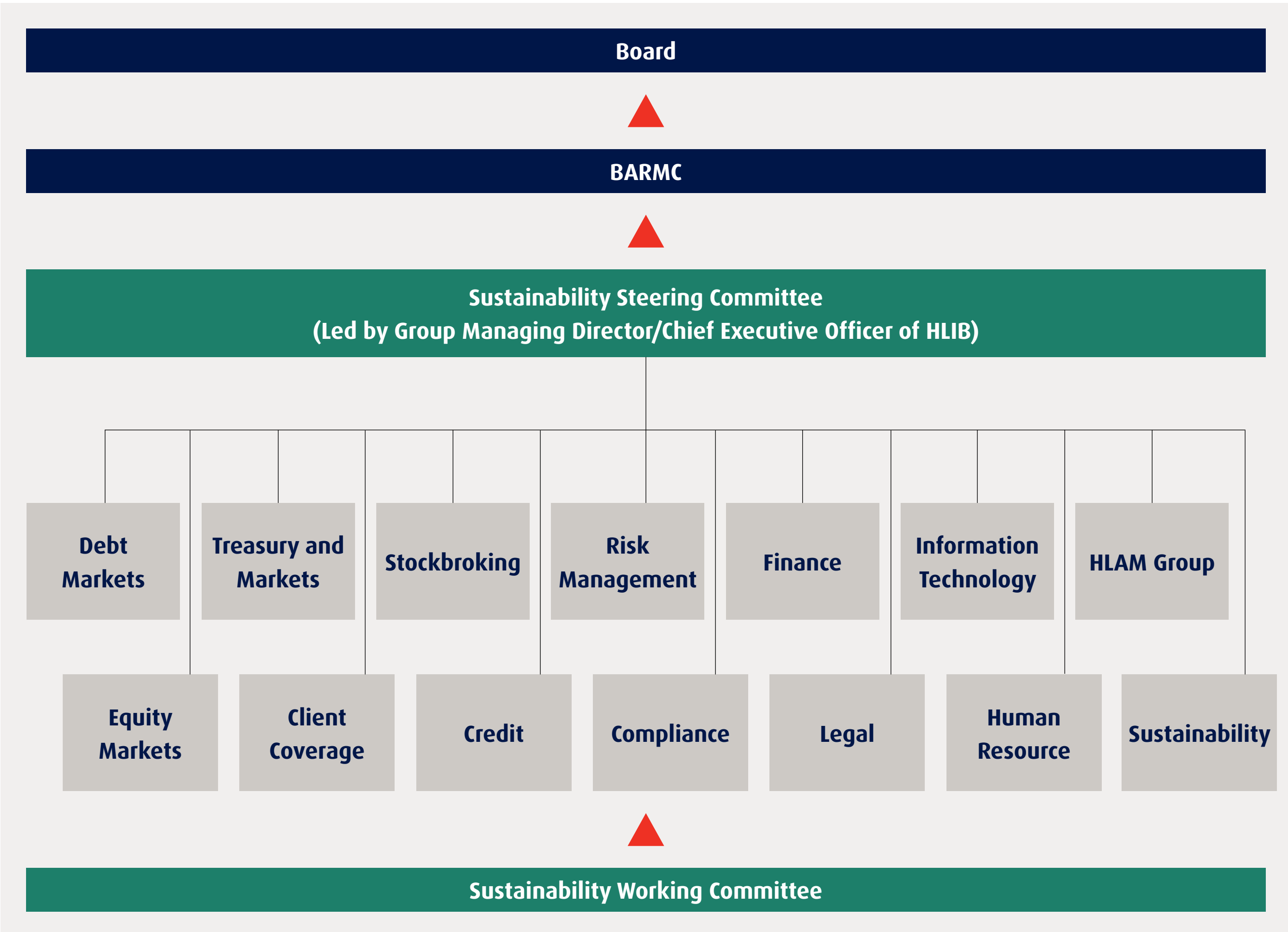
The BARMC plays a decisive role in shaping the management of our environmental and social impacts, while the SSC, CSO, and Sustainability Working Committee ("SWC") act as a driving force, propelling HLCB's sustainability efforts as directed by the Board and BARMC. The ownership and overall responsibility of these initiatives are managed and overseen at the departmental level, with progress on these initiatives contributing towards the overall Group sustainability performance.

Sustainability Stewardship: Designated Chief Sustainability Officer ("CSO")

HLIB has recently appointed a CSO to lead the Sustainability Department and drive strategic sustainability initiatives throughout the Group. The CSO's pivotal role encompasses the oversight of our sustainability strategies and initiatives at a group-wide level and monitoring the progress of our initiatives as well as ensuring alignment with the initial targets and goals set.

Sustainability Committee's Roles and Responsibilities

Facilitating the Board and BARMC in ensuring an effective sustainability governance structure, the SSC and SWC drive efficient coordination and communication, facilitating a transparent and cohesive approach to sustainability across the organisation. This clear representation enhances the oversight of our sustainability agenda, enabling effective management and reporting of initiatives between the committees.



ROBUST GOVERNANCE

Governing Body	Roles and Responsibilities
Board of Directors	• The ultimate governing body that oversees the implementation of sustainability initiatives, which includes climate-related governance, and provides direction for the Group's sustainability agenda • Promotes sound corporate governance principles and alignment of sustainability policies in the Group's business strategies
Board Audit and Risk Management Committee ("BARMC")	• Supports the Board with oversight of sustainability, including climate-related governance within the Group • Oversees senior management's implementation of HLCB's governance framework and compliance risk management as well as internal control framework and policies

Committees	Roles and Responsibilities
Sustainability Steering Committee ("SSC")	• Led by the Group Managing Director and Chief Executive Officer of HLIB, the committee advises and makes recommendations to BARMC on business and operation strategies in the areas of sustainability • Reviews and endorses sustainability-linked strategies, material sustainability matters, climate-related matters, sustainability disclosures, and the adoption of sustainability-related policies and initiatives • Oversees and monitors the implementation of sustainability-linked strategies, policies or initiatives across the Group
Sustainability Working Committee ("SWC")	• Chaired by the CSO, comprises representatives from various business units and support departments involved in the planning, coordination and implementation of initiatives related to sustainability matters, which include climate-related considerations • Oversees and monitors the progress and milestones of sustainability-related initiatives • Respective subject matter experts within the working committee will manage the action plans and sustainability considerations related to their expertise
Sustainability Department	• Works closely with the business and support functions to execute the Group's sustainability strategy, ensuring alignment with their targets and goals • Plans and facilitates sustainability awareness programmes • Acts as the secretariat to the Group's SSC, and coordinates sustainability reporting to all stakeholders

Board ESG Oversight

Our Board of Directors, composed of diverse skills and backgrounds, is responsible for overseeing critical aspects of our company, including ESG-related matters. With the help of the BARMC, the Board oversees the Group's strategic initiatives in handling ESG risks and opportunities and ensuring all sustainability efforts are in line with the Group's business strategies and principles.

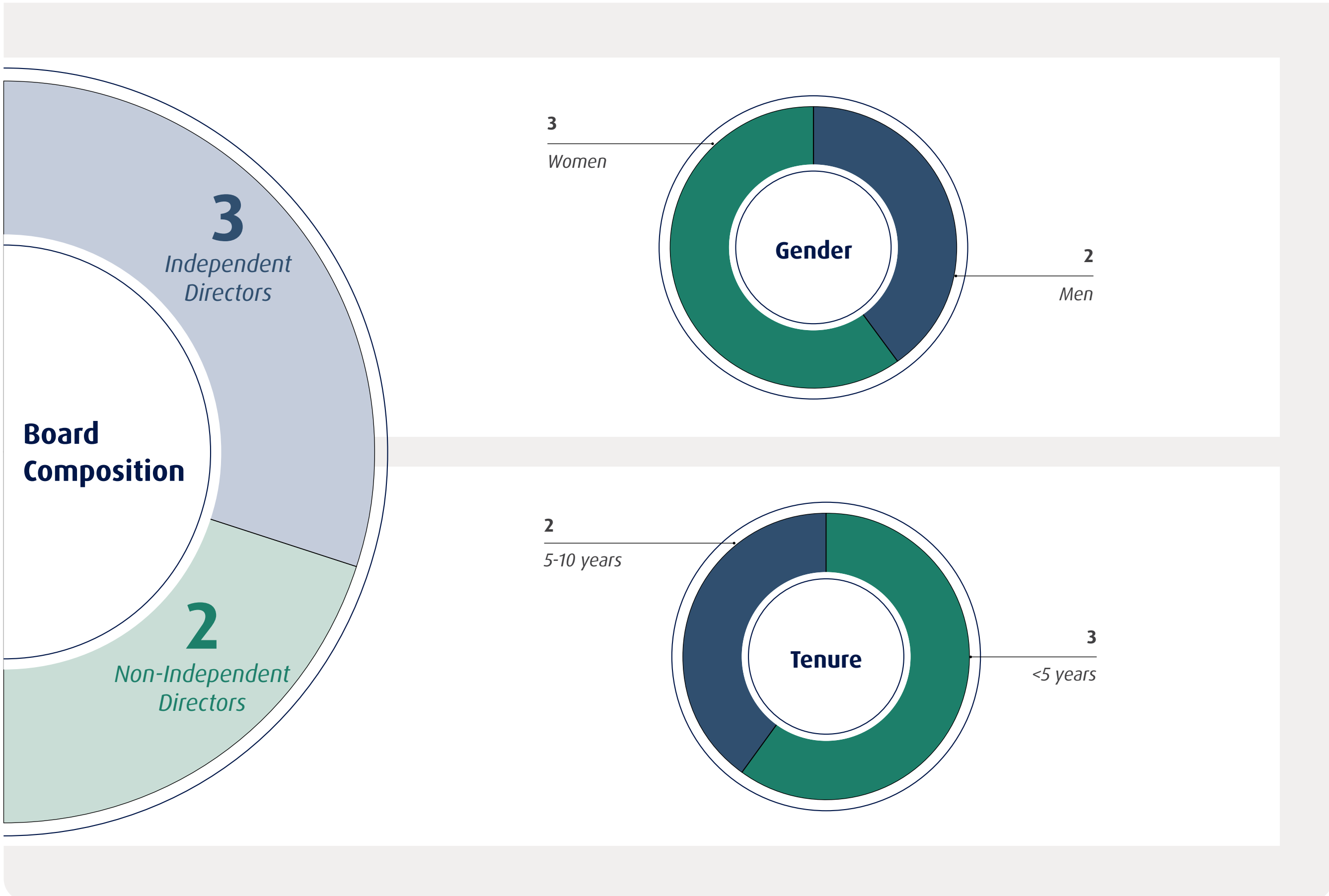
Ongoing board training on sustainability-related topics were prioritised to ensure the Board remains well-equipped to integrate ESG considerations into our organisation's overall strategy, decision-making processes, and risk management. With this approach, we endeavour to ensure transparency, integrity, and sustainable decision-making across all aspects of our operations.

Throughout FY2023, sustainability-related matters were discussed during 4 Board meetings. The Board members had also attended 26 training sessions on subjects related to sustainability, cybersecurity, compliance, ethics, and integrity.

ROBUST GOVERNANCE

Board Diversity

A diverse board is critical to providing oversight on key material topics and guiding the organisation to act on inclusion. The Board upholds diversity in its membership composition and all directors are nominated and appointed meritocratically, with no distinctions made based on gender, race, or religion. As of FY2023, women account for 60% of HLCB's Board.



Our Board Diversity Policy emphasises our commitment to achieve a balanced and diverse composition of Board members, in line with our goals.

EFFECTIVE RISK MANAGEMENT

Risk Management Framework

An effective risk management framework is essential for identifying, assessing, and mitigating potential threats and uncertainties that could impact an organisation's objectives and stakeholders, ensuring informed decision-making and safeguarding the organisation's long-term sustainability and success.

The Risk Management Framework inculcates continuous risk and regulatory compliance awareness and the understanding of procedures and controls, thus improving the overall control environment. This guides us in navigating the complexities of the business landscape with confidence, demonstrating our continuous efforts to protect and enhance stakeholder value.

By maintaining a proactive and collaborative approach to risk management, we strengthen our resilience and ensure that risk considerations are incorporated into every aspect of our decision-making processes, ultimately contributing to the long-term success of our organisation.

A strong emphasis is placed on operational integrity and the need for adherence to relevant regulations and guidelines. To this end, the Group has incorporated the three lines of defence model into 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 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

Business Operation Units	Sustainability Risk Unit	Internal audit
1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Conduct due diligence on client prior to onboarding, guided by Climate Change and Principle-based Taxonomy ("CCPT") Guidance Note for ESG Assessment	Drive the formulation and development of sustainability related policies, procedures and risk management tools to ensure ESG risks are managed effectively. Provide advisory in relation to sustainability risk related matters, as well as, identify, measure, monitor and report sustainability risks related matters within the organisation. Continuously enhance sustainability-related risk management practices based on latest developments.	Provide independent assurance to Board, senior management and regulators by conducting regular validation on the effectiveness of the climate change-related risk management framework

Sustainability Statement

ROBUST GOVERNANCE

Managing ESG Risks & Opportunities

ESG Risk Management in Investment Banking

The Sustainability Risk Unit, recently established by the Risk Management Department, spearheads ESG-related risk identification, measurement, monitoring, and reporting for the Group. Their effort is guided by our Climate Change and Principle-based Taxonomy ("CCPT") Guidance Note, which plays a crucial role in evaluating the environmental and social impacts of new business proposals, ensuring thorough due diligence before embarking on any ventures.

Our Core Credit Risk Policy integrates ESG assessment into lending, underwriting, and bond investments to mitigate ESG risks in accordance with BNM's CCPT guidelines. This assessment evaluates client risk profiles and sustainability commitment, including environmental impact and climate mitigation. It plays a crucial role in shaping decisions regarding credit allocation to new clients and investments, as well as providing direction for annual reviews of existing facilities and investments, facilitating continuous ESG risk management.

ESG Assessment Screening

Initial Screening

Evaluate the client's climate change and environmental considerations, while verifying the client's alignment with the Bank's general exclusions, covering areas including biodiversity degradation, harmful fishing practices and involvement in forced labour.

Sector/Sub-sector Screening

Determine whether the client falls under the high Environmental and Social ("E&S") risk sectors.

Clients that are categorised within this sector will be subjected to enhanced E&S due diligence screening, while others will proceed to the business as usual ("BAU") credit assessment process.

Enhanced E&S Due Diligence Screening

Assess the client's E&S risks and existing mitigation plans.

High ESG risk clients are required to address their key E&S issues before they can proceed to the BAU credit assessment process.

ESG Risk Management in Asset Management

HLAM and HLISAM acknowledge that ESG risks can significantly affect the asset management business. Through rigorous assessment and proactive mitigation, we identify and address potential ESG risks, from climate-related challenges to social and governance issues. Our risk management approach is aligned with industry best practices and regulatory requirements. Our commitment to ESG risk management is integral to our long-term success, driving sustainable growth and creating value for our shareholders, employees, customers, and the communities we serve.

ESG risks are managed through the ESG Risk Management Policies that form a subset of the Risk Management Framework, highlighting sustainability as a primary risk driver. Supported by other risk policies, the ESG Risk Management Policies adopted and implemented in FY2023 is a holistic document detailing principles and major components of ESG risk management. These components include risk identification, assessment, evaluation, and risk governance.

Continuous organisational change is essential to properly manage ESG risks by incorporating ESG concerns into the efforts that support our sustainability strategy. Meanwhile, we engage and work with our regulators to enhance the knowledge and capability of our team.

Managing Climate Risks

Financial institutions, as key contributors to the global economy, hold a responsibility in providing climate-friendly financial solutions that can drive substantial and tangible outcomes. Consistent with our Sustainability Pillar, "Addressing Climate Change, we have made reference to BNM's TCFD Application Guide for Malaysian Financial Institutions, aligning with Bursa Malaysia's Sustainability Reporting Guide and in support of BNM's CCPT and Climate Risk Management and Scenario Analysis ("CRMSA"). By doing so, we have enhanced our climate-related disclosures, focusing on four core thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets.

TCFD Pillars	TCFD Recommendations	Section
Governance	**Board Oversight of Sustainability and Climate-related Matters** • The Board and BARMC maintain general oversight of the Group's sustainability, including climate-related strategy and performance **Sustainability Governance Structure** • SSC advises the BARMC and monitors implementation of sustainability approaches, including climate-related governance • SWC participates in the end-to-end process of implementing sustainability-related efforts, including climate-related considerations • CSO leads the Sustainability Department to track and report the progress of the sustainability initiatives to ensure alignment with the Groups' goals and targets	Sustainability Governance, page 38
Strategy	**Identification of Climate-related Risks and Opportunities** • Conducting a comprehensive and holistic climate-related risk and opportunity assessment to understand the impact, implication and methods in managing risks and opportunities • Integrated ESG considerations into the Group's products and services to promote sustainable investing **Strategy on Climate Change Related Risks and Sustainability Measures** • Established a time-bound implementation plan to address the requirements of BNM's CRMSA policy document in the short and medium term. Climate scenarios are progressively embedded • Established a Sustainability Framework in July 2022 that strategically guides our business, including the incorporation of climate-related considerations • Launched Hong Leong Global ESG Fund ("HLGESGF") and Hong Leong Global Shariah ESG Fund ("HLGSESGF") which emphasise on ESG investments • Continuous collaboration with clients in progressing their transition towards sustainable practices • Progressively embedding ESG requirements into investment decisions including steady growth in green bond portfolio and investment in green energy projects	Managing ESG Risk & Opportunity, page 44
Risk Management	**Process for Identifying, Assessing, and Managing Climate-related Risks** • The BARMC maintains oversight of risk management, risk appetite, limits, and controls within the Group • Initiated integration of ESG aspects into our investment banking activities • Identified sensitive sectors with high environment and social risk sectors wherein clients are required to undergo enhanced due diligence screening **Integrating Climate-related Risk Management into HLCB's Overall Risk Management** • HLIB embedded the requirements of BNM's CCPT in the Core Credit Risk Policy to evaluate credit facilities, new investments, and underwriting risk • Risk Management has incorporated components of climate stress as part of its semi-annual stress test. The outcome of these are considered in setting the Group's risk appetite • A qualitative Risk Appetite Statement has been incorporated to guide the Group's business and operational activities in FY2024	Managing ESG Risk & Opportunity, page 44

TCFD Pillars	TCFD Recommendations	Section
Metrics & Targets	**Key Climate-related Metrics** • Apart from tracking key environmental metrics, we have begun measuring and monitoring GHG emissions under Category 7 - employee commuting for Scope 3, in addition to Scope 1, Scope 2, and Scope 3 business travel • The respective department or unit is accountable for the implementation and tracking of sustainability key metrics as identified in our Sustainability Framework	Transitioning to a Low-Carbon Economy, page 53

Cybersecurity & Data Privacy

As our clients increasingly embrace digital trading channels, safeguarding personal data and ensuring client privacy are essential to us. Working towards our Sustainability Pillar, "Impactful Digitalisation", the Group is deeply committed to implementing strong cybersecurity measures to protect against potential threats.

Managing Security and Privacy

Our Group IT and Privacy Policy govern data privacy and cybersecurity, detailing steps taken to ensure security and management. We strictly adhere to the regulations of the Financial Services Act 2013 ("FSA"), Capital Markets and Services Act 2007 ("CMSA"), Personal Data Protection Act 2010 ("PDPA"), and follow guidelines issued by BNM, SC, and Bursa Malaysia to maintain compliance.

We implement strong physical, electronic, and procedural controls to safeguard our operations, ensuring the protection of confidential information and client privacy. Regular compliance assessments and security audits help us identify and address any potential gaps in our efforts, ensuring the ongoing security and confidentiality of our clients' data. In our efforts to enhance our cyber defences and prevent cyberattacks, the Group IT has implemented a host of controls and measures to mitigate cyber security risks, including risk identification, cyber threat detection, and timely responses to cyber-related threats. We have:

- Implemented internal measures on restrictions, antivirus and firewall, and data integrity monitoring tools
- Introduced mechanisms to strengthen remote cyber security for employees working from home
- Conducted regular assessments to identify and enhance cyber security gaps
- Updated and enhanced systems and applications security regularly according to the latest developments
- Conducted planned exercises that simulate real-life cybersecurity scenarios to assess the Group's capacity in detecting and responding to threats effectively

The implementation of these control measures have ensured we maintained zero instances of data breaches and cyber intrusions. We are determined to maintain this record and have plans to introduce additional assessments and exercises with the IT team and regulators to enhance our cyber-related incident responses and recovery processes. In FY2023, there were no instances concerning leaks, thefts or loss of customer data.

Progress in Enhancing Cybersecurity and Instilling Cyber Awareness Culture in FY2023	
Cybersecurity Threat Modelling briefing	Materials on cybersecurity awareness disseminated via email
Gamification of learning on malware, mobile security and phishing through videos and crossword puzzles	A video and assessment relating to password security
Bi-weekly cybersecurity awareness pop-up slide appears upon staff login on PC or laptop	
Red Team Exercise: an attack simulation designed to measure the Group's ability to withstand real-life threats	
Cyber Drill Exercise to simulate cyberattacks, information security incidents and disruptions	
Tipping Point Intrusion Prevention System implemented, safeguarding computer systems from vulnerability attacks and web application vulnerabilities	

Cybersecurity Awareness Programmes in FY2023
Thomson Reuters Microlearning: Cybersecurity: Preventing Information Security Attacks
Thomson Reuters Microlearning: Information Security: Artificial Intelligence
Thomson Reuters Microlearning: Information Security: Don't Click That Link

ETHICAL BUSINESS CONDUCT

Instilling a compliance culture rooted in integrity, transparency, and ethics across all aspects of daily operations is crucial for our organisation to uphold the highest standards of professionalism, trust, and accountability.

With the oversight from the Board, our Code of Conduct and Ethics highlights the values, principles, standards, and norms of behaviour that is expected of our employees and management. It serves as a comprehensive reference that outlines their obligations and responsibilities, ensuring a clear understanding of the expected behaviour and facilitating a workplace culture that prioritises integrity, accountability, and professionalism. 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 shaped by the organisation's corporate mission, financial industry standards, and industry best practices. It aligns with the guidelines of the Financial Services Professional Board ("FSPB"), as well as other regulations issued by BNM, SC, and Bursa Malaysia. Additionally, the Group Gifts and Entertainment Procedure and Donation Policy further influence our practices. Regular reviews are undertaken to maintain the Code's efficacy and relevance.

Anti-Bribery and Corruption

In maintaining good governance, we are committed to conducting operations with high ethical standards and integrity, and adopting a strict zero tolerance policy for any instances of bribery or corruption. To that end, our ABC policy lays out the guiding principles for managing bribery and corruption risks across all our activities. For exceptional cases where it is customary for the presentation of a gift or to attend an event, all employees are required to obtain approval from the authorised personnel 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. Incidences regarding actual or suspected violations of the ABC policy can be reported through our whistleblowing channel as set out in HLCB's Whistleblowing Policy.

Apart from that, the Group has carried out a number of initiatives to raise awareness in relation to ABC, including conducting mandatory training for all employees, as well as displaying screen savers with the message "Say No to Bribery and Corruption" on all employees' desktops and laptops as daily reminder. In FY2023, we maintained zero incident of corruption.

Whistleblowing Policy

Our Whistleblowing Policy was established to uphold the integrity of our operations, under which all employees, associates, and customers of our organisation are encouraged to report any concerns relating to improper conduct involving or occurring within the organisation. Reports may be made anonymously and cover issues relating to integrity or criminal offences such as fraud, theft, criminal breach of trust, corruption, bribery, and blackmail. Whistleblowers that make disclosure in good faith will be protected from punitive measures to the extent that is allowed by law and subject to conditions stipulated in the Whistleblowing Policy.

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

Embedding a Culture of Compliance

We are committed to prioritising and integrating applicable regulatory requirements into our 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), PDPA (2010), and other regulations that are issued by BNM, SC, and Bursa.

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 the Compliance Policy, AML/CFT & TFS Policy, Material Information Policy, ABC Policy, Whistleblowing Policy, and Code of Conduct and Ethics.

In an effort to manage compliance risk of the Group, our Compliance team has carried out risk-based reviews and testing on business operations to evaluate the adequacy of internal controls, audited by our Internal Audit team. In addition, all employees are required to submit a declaration confirming their compliance with the Group's essential policies annually. Our employees are expected to fully comply with all applicable laws and regulations, and encouraged to actively seek and initiate innovative ideas to enhance the compliance process.

This year, we continued to provide training sessions, centred around strengthening our compliance culture. As a way of ensuring our employees are well-informed and updated on the latest compliance standards, we have made it mandatory for all our staff to undergo regular training, e-learning, and assessments on various regulatory aspects, including AML/CFT & TFS, confidentiality, conflicts of interest, whistleblowing, licensing requirements, and business practices.

AML/CFT & TFS Training

2,014
hours of training,
528* employees trained

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

HLCB's Commitment to Human Rights

In our people-centric industry, human rights are a fundamental aspect of our values and culture. HLCB ensures the safeguard of human rights through its Code of Conduct and Ethics, governing all employees under HLIB, HLAM, and HLISAM. The organisation adheres to the principles of the UNGC, recognising our responsibility to uphold human and labour rights. We are firmly committed to treating all employees with respect and ensuring equal opportunities for career advancement.

At HLCB, we foster a respectful environment where at all times, it is prohibited to engage in or condone acts of harassment, inappropriate behaviour, or abusive conduct involving employees, customers, or business partners. Our zero-tolerance policy extends to include forced and child labour, and discrimination within our workplace. Furthermore, our hiring procedures strictly comply with local laws, establishing the minimum age for employment.

In FY2023, there were zero grievances or incidents reported related to harassment, bullying or discrimination.

Building a Responsible Supply Chain

Vendors and suppliers seek transparency in our procurement process and fairness in our business conduct. To achieve this, we adhere to our Procurement/Tender requirements, which ensure governance, fair and transparent procurement, and include due diligence, conflict of interest management, and approval requirements.

Aligning with HLCB's ABC Policy, we expect our suppliers and vendors to adhere to our zero-tolerance stance against bribery and corruption. To ensure supplier integrity, we reinforce the staff through reminders, trainings, and policies to conduct due diligence, including background checks, document verification, and interviews with the suppliers and vendors before entering formal relationships and periodically thereafter.

For more information on our Procurement/Tender requirements, please refer to Hong Leong Investment Bank Anti-Bribery and Corruption Policy which is accessible through the QR code.

HLIB Procurement Management Policy

We are committed to reducing the environmental impact of our operations throughout the value chain, collaborating with internal teams and external suppliers. Our Procurement Management Policy that outlines due diligence on procurement and outsourcing processes is regularly updated to incorporate ESG considerations in supplier and vendor selection. The latest ESG considerations assess our suppliers' level of management and policies adoption on matters related to environmental performance, AML/CFT & TFS guidelines, human rights, cybersecurity and personal data breaches, among others. The latest revision of the policy is effective from July 2023.

Enhancing assistance for local suppliers is crucial to our ethical procurement policies, ensuring a reliable and sustainable supply chain. The majority of our procurement items could be categorised into assets and supplies, services, works, and IT equipment and software applications. In FY2023, our local suppliers and service providers received 94% of the Group's procurement spending, reflecting our commitment to supporting the Malaysian market.

Our commitment extends to understanding the impact of our services, upholding labour rights in our supply chain, and safeguarding clients' privacy. We are mindful of our activities concerning employees, business partners, and the community, taking steps to address any adverse impacts and ensure the safeguarding of human rights.

FACILITATING SUSTAINABLE GROWTH

AN INCLUSIVE FINANCIAL PLATFORM

We take pride in offering a diverse range of financial services to our esteemed clients from all walks of life. Our ongoing mission is to ensure accessibility and inclusivity in fund management and investment banking, empowering everyone to invest and prosper for a secured future.

We are committed to embodying social inclusion and environmental protection as we expand our business. With this in mind, HLCB strives to enable clients to engage in responsible investments through a range of sustainable financial products and services. It is our utmost priority to ensure that our comprehensive financial services are accessible to our community, both digitally and physically in an ever-evolving digital landscape.

In FY2023, we have continued to place our focal point on digital transformation. The advent of information technologies enables our clients and employees to adapt and gain resilience while concurrently fulfilling our business objectives. Embracing digitalisation allows us to enhance technological innovations and contribute to the shift towards a low-carbon future, creating opportunities for us to develop sustainable financial products and enhance financial inclusion.

Our Initiatives and Progress in Driving Financial Inclusion

Offering Opportunities for Sustainable Investment

Following the launch of the first ESG fund, HLGESGF in FY2022, we continued to launch our HLGSESGF in FY2023, which is also our first Shariah-compliant ESG fund. The fund is aimed at providing 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.

Enabling Shariah-compliant Trading through HLeBroking's Trading Platform

HLeBroking's trading platform was upgraded in July 2022 to promote an inclusive investment experience by enabling our clients to trade in Shariah-compliant stocks. Clients who opt for Shariah accounts are able to only purchase stocks that are Shariah-compliant.

Since launching, 150 Shariah accounts were opened as of end of June 2023 with total traded value of more than RM2.5 million.

Launching of Hong Leong PRS Scheme

Launched in December 2022, the Hong Leong PRS Scheme is a holistic scheme that gives investors the opportunity to diversify their retirement funds by investing in various avenues like equity, fixed income, money markets, or balanced collective investment schemes, allowing investors to optimise their retirement savings.

Empowering Female Investors

HLAM's International Women's Day Campaign achieved net sales of RM0.7 million from female investors and onboarded 138 new female investors. On the other hand, HLeBroking Woman's Choice Campaign successfully onboarded more than 300 new female investors.

Sustainability Statement

FACILITATING SUSTAINABLE GROWTH

DIGITALISING OUR OPERATIONS

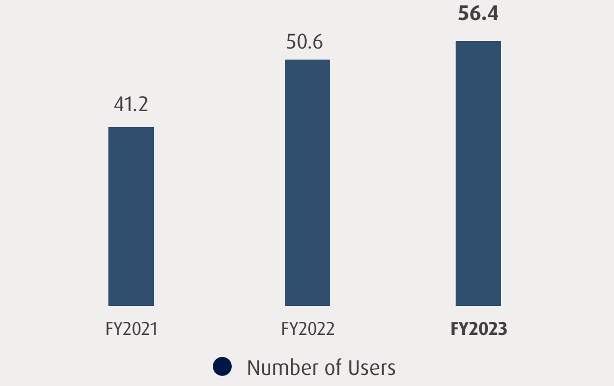
We strive to push the boundaries of digital innovation to foster financial inclusion and generate investment prospects for the community. The advancement of digital technology enhances the accessibility of financial services and enables the enhancement of our system's productivity and efficiency. Central to our commitment to digital transformation is the establishment of a secure and sustainable digital infrastructure, which includes bolstered cyber security.

In FY2023, 97.1% of the Group's total capital expenditure is invested in IT infrastructure. We have made several key internal digitalisation efforts as steps towards providing value to the business and our clients, including digital onboarding of clients, conversion to eStatements, and personalised services enabled through HL iSmart Invest data collection. Our digital platforms provide a wide range of products and services to our clients, customised to meet their individual requirements. We also assist our clients throughout their journey in adopting new investment technologies through regular interactions, ensuring a consistent level of support to meet their needs.

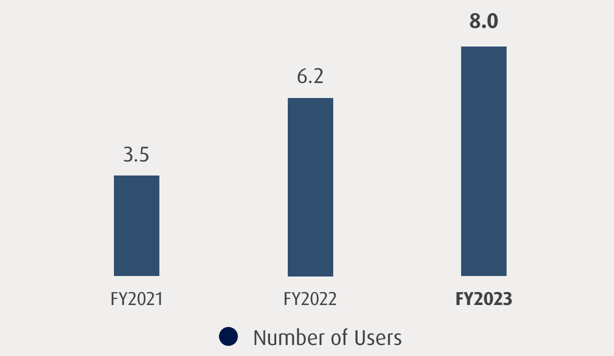
Digital Platforms Customised for Our Clients' Needs

HLeBroking Digital Platforms	Direct Market Access Trading	HLAM's Online Transaction Platform
HLeBroking digital platforms were developed to provide an accessible and seamless trading experience for clients. To accommodate our clients' growing need for digital accessibility, HLeBroking trading platform has digitised our clients' onboarding process, reducing the turnaround time. Our clients can now open their conventional accounts digitally, and they can do so for Shariah accounts by FY2025. Our HLeBroking mobile application (app) features ePayments that allow trading instantaneously after fund deposition. The foreign trading feature is also upgraded in February 2023, with improved user interface, simplifying the trading process for our clients.	Our Direct Market Access ("DMA") electronic trading solution launched in July 2020 has provided an avenue for clients to execute their investment order in real time with lower costs. In our pursuit of enhancing market efficiency, we are upgrading the DMA system with algorithmic trading capabilities, and is expected to complete in FY2024. Our clients will thereby gain access to a broader range of trading options.	HLAM has progressively improved the investment experience for our clients by leveraging our Online Transaction Platform. This has offered increased flexibility and accessibility to fulfill our clients' specialised needs. The HL iSmart Invest and EPF i-invest modules offer a seamless transaction process that enhances the user experience for our clients. The HL iSmart Invest is a cash investment module that enables clients the ability to invest into a wide selection of funds at their convenience. Subsequently, the HL iSmart was further enhanced to include EPF i-Invest, this allows EPF members to invest in HLAM's EPF-approved funds through the EPF's Members Investment Scheme.

Number of HLeBroking's Users* ('000)



Number of HLAM OTP's Users ('000)



**The data only includes the accumulated number of HLeBroking users registered since FY2019*

A CULTURE OF INNOVATION

At HLCB, innovation is a vital process that promotes business growth. Our commitment to creating progressive and dynamic products is a key driver for the sustainable success of the Group. Catering to market needs and meeting our clients' preferences with better solutions, we leverage innovation to gain a competitive edge in the ever-evolving financial services industry.

We are committed to offering products and services that contribute to climate risk mitigation and resilience. Through digitised and paperless initiatives, we have established an efficient service delivery system, thereby reducing the carbon footprint associated with accessing financial services. These efforts reflect the importance we place on integrating sustainability and innovation into our business activities, while simultaneously improving workplace productivity by optimising processes and procedures.

Serving Our Clients Through Innovative Products

Our Debt Markets division in HLIB has received 15 awards during FY2023 up to the date of our writing, as we continue to stay on course to focus on providing value to our clients. These achievements serve as a testimony of the market recognition on our innovation capabilities and product superiority in the Debt Market's landscape.

HLCB's Efforts to Enhance Internal Efficiency in FY2023

Implementation of Data Warehouse and Automation of Regulatory Reports	Electronic Know-Your-Customer (eKYC)
In June 2023, our Information Technology Department has deployed a data warehouse system which serves as a central repositories of integrated data from various sources. Following from the deployment, we have kicked off the first phase of automating our regulatory reports and progressively developing data analytics tools that is aimed to improve business processes and decision-making with actionable insights.	In May 2023, we launched the eKYC solution to automate the assessment and approval processes of HLeBroking's clients in the online portal, facilitating a seamless client onboarding experience.

Sustainability Statement

FACILITATING SUSTAINABLE GROWTH

INCORPORATING ESG CONSIDERATIONS INTO OUR BUSINESS

We have made good progress in our ESG journey in FY2023. Incorporating ESG assessment in lending, underwriting, and bond investments is integral to our Core Credit Risk Policy. This aligns with BNM's CCPT requirements, effectively mitigating ESG risks. Our advanced assessment evaluates client risk profiles, sustainability objectives, and environmental impact, while consistent policy reviews ensure ESG integration where applicable.

We prioritise clients that have embraced comprehensive internal ESG policies, practices, and commitments aligned with industry standards. This will drive us to create additional opportunities for green and sustainable financing, enabling these clients to raise capital through our offerings, including ASEAN Sustainability-Linked Bonds and Sukuk.

As part of our continuous efforts in exploring funding arrangements for sustainable projects, we have been mandated with two solar power projects valued at RM1.4 billion. This reflects our dedication in transitioning to a sustainable future through responsible financing.

In FY2023, our Treasury and Markets team maintained a considerable investment in green bonds (Green energy sectors through hydropower). Our holdings in the bond observed a notable increase of 36% year-on-year. The team also looks to enhance their focus in seeking ESG or green bonds investment opportunities, including solar and hydro plants.

To further Treasury & Markets's commitment in addressing the climate change, the team will put in greater focus in seeking investment opportunities in ESG or green bonds such as solar and hydro plants with preference given to bonds with ESG classification of C3 and above.

Additionally, HLAM has incorporated ESG considerations into the investment philosophy and research processes as well as established both quantitative and qualitative metrics within the ESG methodology. These measures serve as guidelines for our fund managers to make well-informed decisions. As of FY2023, approximately 25% of the stocks under coverage have incorporated ESG trend analysis, highlighting our commitment to sustainable investing practices.

As part of HLIB Research team's effort to integrate ESG considerations into the research process, an ESG Tear Sheet for the FBMKLCI constituents were developed. As at FY2023, the team has completed the development of ESG Tear Sheet for 80% of the FBMKLCI constituents.

The call for a responsible transition to mitigate climate and social risks grows in line with the need for equitable and inclusive investment approaches to address environmental challenges and social implications. At HLCB, we recognise our responsibility to contribute and drive positive socio-economic impacts, therefore we are actively mobilising our capital towards projects and initiatives that align with sustainable principles.

MANAGING OUR ENVIRONMENTAL FOOTPRINT

TRANSITIONING TO A LOW-CARBON ECONOMY

HLCB is conscious of the need to responsibly manage and offset our environmental footprint. By developing, enhancing and implementing environmental management initiatives across our business activities, we strive to collectively progress towards minimising our environmental impact.

HLCB remains committed to mitigating the risk of global warming and addressing the broader environmental impacts caused by climate change. In FY2022, we began to measure and monitor the GHG emissions for the Group and have continued to monitor and measure our GHG emissions for FY2023 in order to manage our direct and indirect emissions responsibly.

HLCB has laid out a time-bound implementation plan to ensure alignment with BNM's CRMSA policy document moving forward. We have taken steps to begin the journey towards quantifying climate-related risks as part of our Semi-Annual Stress Test. This involves the identification and assessment of transition and physical risks that require various data points and appropriate analytical tools which are crucial for the scenario analysis exercise.

Mitigating GHG Emissions

This year, we took a step forward by expanding our Scope 3 emissions reporting to include employee commuting. Our GHG emissions accounting and reporting are aligned to The GHG Protocol: A Corporate Accounting and Reporting Standard, Intergovernmental Panel on Climate Change ("IPCC") Guidelines for National Greenhouse Gas Inventories, 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 FY2023, covering operations at our main offices at Menara Hong Leong and Plaza Zurich, three HLIB branches, two HLAM bbranches, and two HLAM satellite offices, as well as six HLeBroking hubs across different states.

Sustainability Statement

MANAGING OUR ENVIRONMENTAL FOOTPRINT

HLCB's GHG Emissions by Scope in FY2023

Scope 1
Direct Emissions

35 tCO_2e

- Combustion of fuel in stationary sources: backup gen sets
- Combustion of fuel in mobile vehicles controlled or owned by HLCB vehicles
- Fugitive emissions: leaks from air-conditioning units

Scope 2
Indirect Emissions

662 tCO_2e

- Purchased Electricity

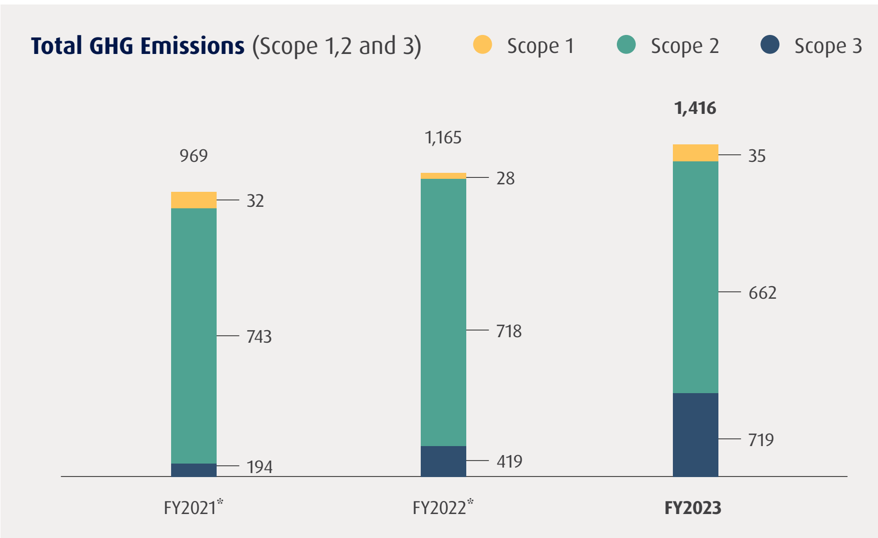
Scope 3
Indirect Emissions

719 tCO_2e

- Business travel
- Employee commuting

Total GHG Emissions: 1,416 tCO_2e

The Group recorded a total of 1,416 tCO_2e for FY2023, reflecting an increase from the previous financial year. This was primarily driven by the increased number of employees and a higher number of staff resuming work in office.



2.1% GHG Emissions Reduction from FY2019 Base Year

Scope 1 & 2 - 12.6% reduction in tCO_2e from FY2019 base year

Scope 3* - 10.6% increase in tCO_2e from FY2019 base year

* The increase in Scope 3 emissions in FY2023 compared to FY2019 base year is due to the increase in the number of employees

** Revision in GHG emissions figures due to changes in emission factor and global warming potential (GWP), as well as expansion of Scope 3 emissions reporting to include employee commuting.*

REDUCING OUR ENVIRONMENTAL FOOTPRINT

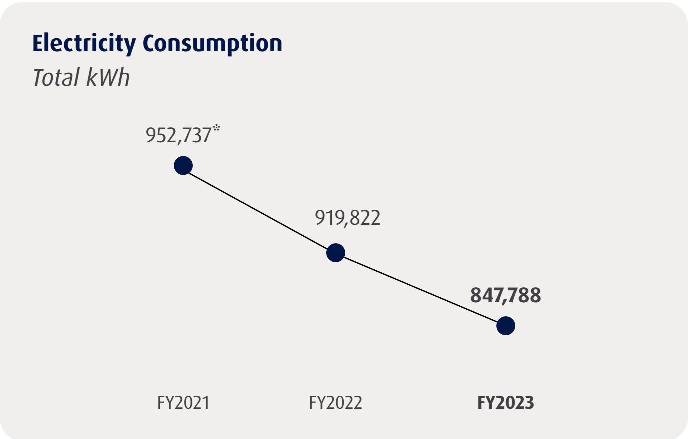
Our Environmental Progress

Guided by our recently established Sustainability Framework, we are making strides in integrating sustainability considerations into our business activities. The Group proactively encourages our employees and clients to be aware of their impacts on the environment and strives to collectively progress towards minimising our environmental footprint. This leads to us monitoring key metrics that help us identify, track, and reduce our emissions, resource consumption, and waste. These measures also effectively reduce our total expenditure as we continue to optimise our resource efficiency.

Goals	Action Plans
Introduce recycling facilities within office buildings	New agreement with Hewlett Packard ("HP") for recycling the electronic waste such as toners and cartridges. In the process of identifying contractors to recycle plastic and glass waste generated within our facilities.
Reduce our GHG emissions at branch level	Plans have been made to improve utility consumption by upgrading the Heating, Ventilation, and Air Conditioning (HVAC) system. Redesigning and downsizing of office layout in Ipoh branch and Menara HLX, which will be completed in the fourth quarter of FY2024.
Improve energy efficiency at branch level through retrofitting	45% and 75% of the fluorescent tubes have been replaced with LED tubes in our Ipoh branch and in Plaza Zurich respectively.
Continuous monitoring of paper consumption	Email notifications sent to all departments, with reminder of 2% target reduction year-on-year.

Energy Consumption

We have implemented initiatives such as optimising the use of air-conditioning and lighting systems in our office premises. Since FY2020, we have managed a steady decrease in electricity consumption, and in FY2023, we recorded a 7.8% decrease from the previous financial year, and 13.0% decrease compared to FY2019 base year.



13.0% Energy Consumption Reduction from FY2019 Base Year

7.8% reduction in energy consumption from FY2022

Revision in electricity consumption figures due to expansion in data boundary to include tracking of HLAM Penang branch

MANAGING OUR ENVIRONMENTAL FOOTPRINT

Paper Consumption

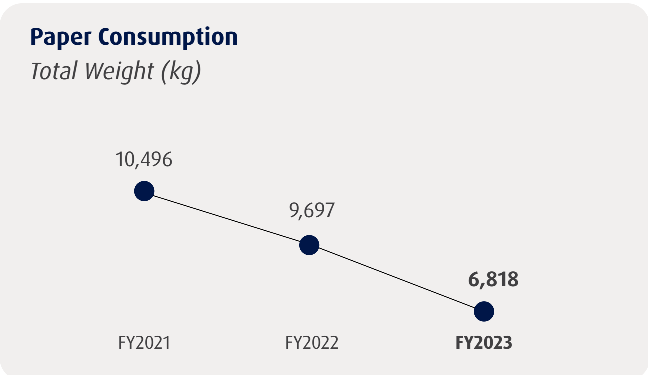
Paper is a key resource for our business activities, and we believe that reducing paper consumption will significantly contribute to our sustainability efforts. We have adopted practices that allow us to reduce waste and optimise operating costs while encouraging both our internal and external stakeholders to reduce paper usage.

The Group has undertaken process-centric initiatives aimed at enhancing efficiency, reducing paper usage, and promoting digital solutions. These initiatives include:

Process-centric Initiatives	
Implementing a digital onboarding platform	
Introduced and implemented a document management system to minimise printing of hardcopy documents and store documents in digital form	Digitising the manual IT service request form

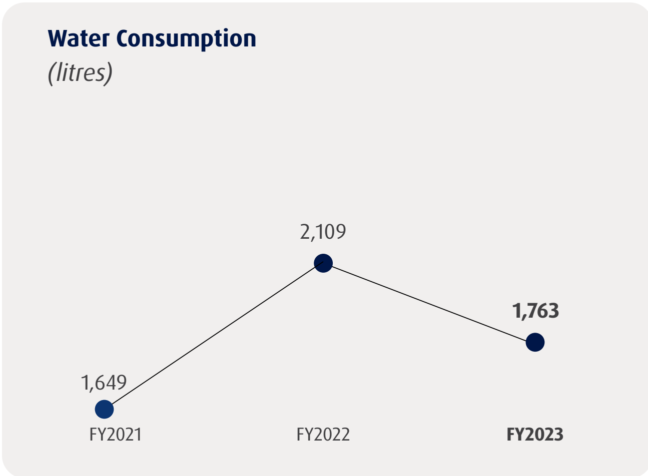
Additionally, we have taken a number of measures to transition our clients to a paperless environment. These digitally-driven initiatives, aimed at gradually reducing paper consumption, include:

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



A remarkable reduction of 29.7% in paper consumption weight has been achieved compared to the previous financial year. Our efforts to raise employee awareness about paper usage remain ongoing, as we actively encourage them to print less, promote the usage of recycled paper and adopt e-storage solutions.

29.7% Paper Consumption Reduction from FY2022



Water Consumption

We remain cognisant of the importance water management plays in our ongoing endeavour towards sustainable business operations. The Bank seeks to promote efficient utilisation of our resources while effectively managing waste without compromising the safety, comfort, and reliability of the Group's physical operations.

Our data boundary discloses the water consumption of Plaza Zurich and Ipoh branch, as most of our operations are not equipped with a water meter separated from their respective buildings. In FY2023, the water consumption in these two locations recorded 1,763 litres, which marks a 16.4% decrease from FY2022.

16.4% Water Consumption Reduction from FY2022

Waste Reduction

HLCB is actively driving our recycling efforts to reduce waste generation. We have engaged with HP and expanded our lease agreement to encompass recycling services to ensure the proper collection, recycling, and disposal of our e-waste, particularly toners and cartridges. Furthermore, we are currently working to identify contractors for recycling plastic and glass waste generated within our facilities.

CREATING MEANINGFUL SOCIAL IMPACT

PRACTISING A CLIENT-CENTRIC CULTURE

We are committed to a client-centric approach, recognising its significance in establishing a competitive advantage within the financial services industry. With every interaction perceived as an opportunity for growth, we aspire to provide exceptional value and meaningful connections to our clients and enhance their overall experience.

Through proactive interaction with our clients, we gain valuable insights into their business operating environments and identify gaps which enable us to structure effective solutions to meet their specific requirements. As part of our commitment, we continuously enhance our trading website and mobile trading platforms, alongside investing in the professional development of our client-facing employees.

Despite the rapidly evolving digital landscape, our commitment remains unwavering in placing our clients at the core of our business. We ensure that our comprehensive range of financial services is accessible to our community, irrespective of their geographical limitations or socioeconomic status, both in the digital space and through physical channels. To that end, we have maintained operations of 15 physical locations for our clients, further strengthening our mission to cater to their diverse needs.

Please refer to page 50 in this report for more information on how we enhance clients experience through meaningful digitalisation.

Building Trust Through Fair Banking

We firmly believe that fair banking practices form the foundation of our business. Given the substantial investments and capital flow involved, we remain diligent in ensuring fair and transparent dealings with our clients. Upholding the principles of integrity and ethics, the Group is committed to promoting fair banking and conducting business with utmost responsibility.

In our pursuit of sustainable practices, HLCB places utmost importance on fair banking as a fundamental pillar of our business operations. We aim to instil unwavering confidence in our clients regarding our offerings, fostering enduring client loyalty that plays a vital role in driving our ongoing business growth. Committed to regulatory compliance and guided by our Code of Conduct and Ethics, we endeavour to implement a range of fair banking initiatives that safeguard the integrity and excellence of our products and services, aligning them with our dedication to sustainable principles.

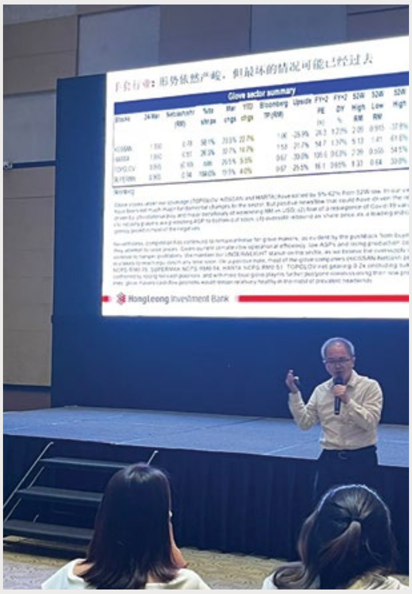
Ensuring Transparency	Instilling Integrity	Responsible Marketing
Our commitment to transparency is reflected in our policies and practices, upholding fair banking principles and legal requirements. We provide clients with comprehensive information on operations, and ensure clear and mutually agreed-upon terms. Our efforts are supported by regularly reviewed policies, SOPs, and Code of Conduct.	We have put in place measures such as Key Risk Area (KRA), SOPs, and training to ensure that employees and/or agents adhere with the applicable laws and regulations. In order to deal in regulated activities, we also ensure that our employees hold Capital Markets Services Representative's Licence ("CMSRL") issued by Securities Commission Malaysia. Aside from CMSRL holders, individuals who wish to market and distribute Unit Trust Scheme or Private Retirement Scheme are required to be registered with Federation of Investment Managers Malaysia as Unit Trust Scheme Consultant or Private Retirement Scheme Consultant respectively. *For details on our ethics and compliance training applicable to all employees, please see page 47-48 in this report.*	Our goal is to provide equitable products tailored to meet individual client requirements. Through rigorous due diligence, we create terms and conditions, memorandums, and pricing supplements, ensuring compliance with regulatory standards before submitting them to regulators and/or circulating them to potential investors or clients.

Strengthening Our Client Engagement

Through proactive engagement with our clients, we acquire valuable insights into their business operating environments and identify areas of enhancement which facilitates the Group to provide effective solutions that meet their specific requirements. To foster meaningful interactions, we conduct workshops, events, seminars, and online webinars suited for our clients' investment needs.

FY2023 Client Engagement Initiatives

15 investment and market outlook talks with more than 1,700 participants



30 press releases educational resources and research on HLAM's ESG Funds, engaging 15 media companies

Collaborated with Bursa Malaysia and organised the "Bursa - HLIB Stratum Focus Series 14th Edition on Cyber Security: Managing Threat in the Digital Economy", a thematic sectoral conference that geared towards providing value added industry knowledge and facilitating policy insights between government agencies and investment communities.

More than 1,400 educational resources and research reports published, providing information, investment and wealth planning knowledge to our clients

Participated in the InvestSmart Fest 2022 Campaign hosted by the Securities Commissions Malaysia

Effective Complaints Resolution

Additionally, the Group places a strong emphasis on handling complaints and feedback professionally to ensure client satisfaction and retention. This is evidenced by a notable reduction in the number of complaints received by HLAM and HLIB. HLAM has received 2 complaints in FY2023, which were resolved within 4 days in average.

The Stockbroking business under HLIB, on the other hand, has received 36 complaints in FY2023, a 79.2% decrease compared to the previous financial year. The main complaints that we received were mostly channel related, representing more than 50% of the complaints received in FY2023. Committed to improving client satisfaction, HLIB has resolved all complaints received in FY2023.

100% complaints resolved rate

CREATING MEANINGFUL SOCIAL IMPACT

EMPOWERING OUR EMPLOYEES

At HLCB, we value the pivotal role our employees play in integrating sustainability into our organisation and creating value for stakeholders. By enhancing their capabilities, we prepare ourselves for future market developments. Our goal is to foster sustainable value by embedding sustainability within our workforce. Recognising our employees as our most valuable asset, we aim to empower our employees and ensure their personal growth as we strive to build a diverse and inclusive workforce that fuels creativity and innovation. Our employee development programmes equip them with distinct skill sets, while meaningful engagements help maintain a high-performing workforce, consistently driven to deliver exceptional business results.

Our Talent Development Strategy

We have formulated a talent development strategy aimed at attracting motivated and inquisitive candidates who can make meaningful contributions to our business. To ensure inclusivity and agility in our hiring practices, we use diverse recruitment channels to acquire a range of skills and experiences, bolstering our capabilities.

Our commitment to nurturing the best talent is exemplified through ongoing support for professional development, creating a competent and dedicated workforce. Recognising the importance of staying competitive in a rapidly-evolving market, we prioritise encouraging the growth and advancement of our employees' careers within the Group. Our comprehensive training programmes cover leadership skills, role-specific training, and ESG-related training to strengthen our internal capabilities in embedding sustainability.

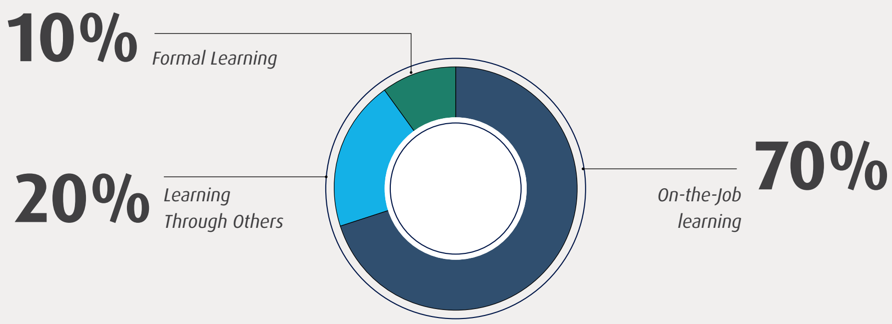
As a step towards building a high-performance workforce, we have invested more than 6,500 hours into employee development in FY2023. On average, each employee received 11.7 hours of training during the financial year.

Besides that, HLIB's Management Associate ("MA") programme has been implemented since FY2022 to enhance our workforce by attracting and building talent pipelines. Graduates recruited for this programme undergo a two-year placement in various business departments to acquire hands-on knowledge and experience in the financial industry. As of FY2023, we have successfully recruited seven MA trainees, with two of them already transitioning into permanent positions within the Group.

We also conduct a wide range of development programmes that are made accessible to all employees, aiming to empower them with knowledge and expertise needed to excel in their roles. As a form of formal learning, we have set prerequisites for all our licensed employees to fulfil their Continuing Professional Education ("CPE") requirements by attending recognised CPE programmes conducted by the relevant authorities. All our licensed employees are required to fulfil the annual CPE requirements.

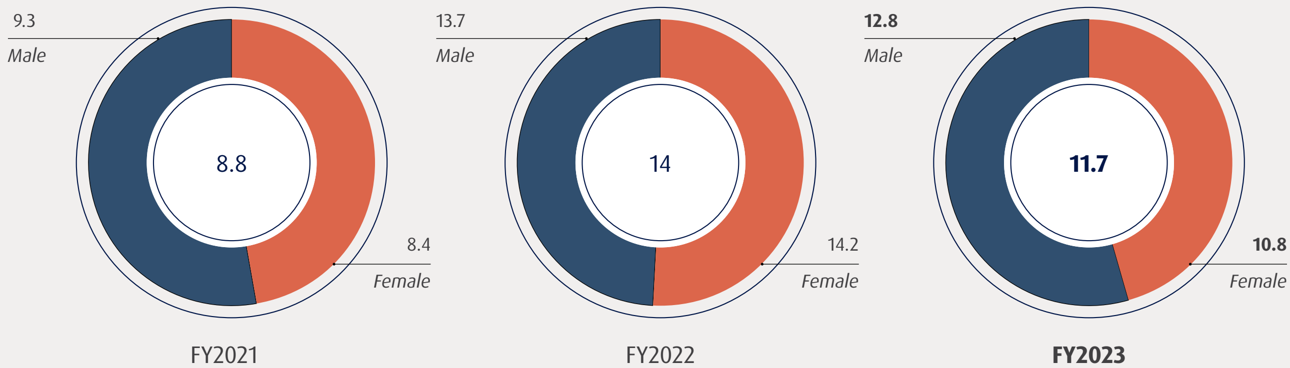
The High Potential ("HiPo") initiative was launched with the purpose of identifying and nurturing promising talents internally. Using the 70-20-10 model, HiPo candidates embark on a professional development journey to achieve their learning objectives. Our talent development review, completed in FY2023, has identified 26 HiPo candidates and 12 potential successors for critical roles.

70-20-10 Talent Development Model



Building Internal Competencies in accordance to our Competency Structure		
We have formulated a Competency Structure to identify Leaders, People Managers, and Contributors in our workforce, tailoring training and development programmes to match the specific skills and attributes required for each role, in line with current industry demands.		
Leaders	**People Manager**	**Contributors**
Leaders play a pivotal role in driving organisational success by embracing functional excellence, fostering desirable traits, and influencing employees to align with the Group's long-term goals.	People managers are essential for transforming business and operational capacities by focusing on performance, quality, and effective employee management for smooth daily operations.	Contributors, comprising technical managers and executives, utilise their expertise and creative skills to recognise opportunities, overcome challenges and drive the development of a sustainable business strategy.

Average Hours of Training per Employee



Sustainability Statement

CREATING MEANINGFUL SOCIAL IMPACT

ESG Capacity-building Initiatives

HLCB's sustainability direction is driven by active involvement from employees across different departments. The SSC, led by the GMD/CEO of HLIB, comprises the CSO, all heads of the business divisions and relevant support departments as well as the CEO of HLISAM, for and on behalf of HLAM and HLISAM. The SWC comprises representatives from various business and support departments. These committees bring together employees from various departments, fostering collaboration and a unified approach towards achieving the common goal of advancing sustainability initiatives across HLCB.

Recognising the vital role of ESG capacity-building in our journey towards sustainability, the Group is committed to developing a structured ESG training programme in collaboration with prospective vendors. This initiative aims to empower our employees with ESG knowledge so that they are able to seamlessly integrate sustainability principles into their roles, thus enhancing our ability to provide guidance and support to our clients throughout their ESG endeavours.

With the purpose of implementing a three-pronged, comprehensive ESG awareness-training programme, we have partnered with Asian Banking School to launch the training programme titled 'Sustainability Transformation: Driving Positive Change Through Personal Actions and Commitment to ESG'. This programme aims to empower our employees to address ESG at personal level, as employees and as advisors, and will be rolled out from August 2023 to October 2024.

HLCB has been making significant efforts to train its employees to better serve clients in the area of sustainability investing. In FY2023, HLIB has two certified ESG analysts, with one of them also obtaining the CFA UK Certificate in Climate and Investing. Moreover, in FY2023, 96 employees participated in ESG-related seminars and training sessions, accumulating 1,068 hours of ESG learning in total.

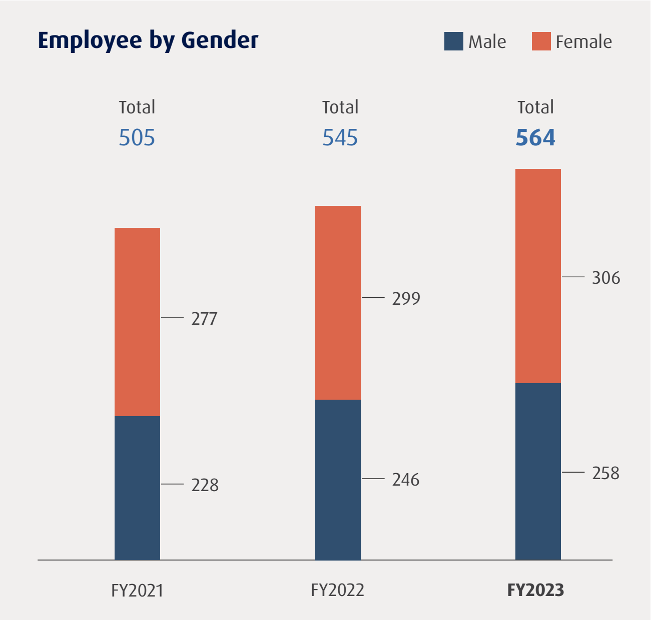
To ensure that ESG considerations are effectively integrated into their operations, HLCB has enhanced various policies and Standard Operating Procedures ("SOPs") with ESG elements which includes the Risk Management Policy, Core Credit Risk Policy, Debt Capital Markets' ("DCM") SOPs, and Corporate Banking's SOPs, which were all communicated to the employees.

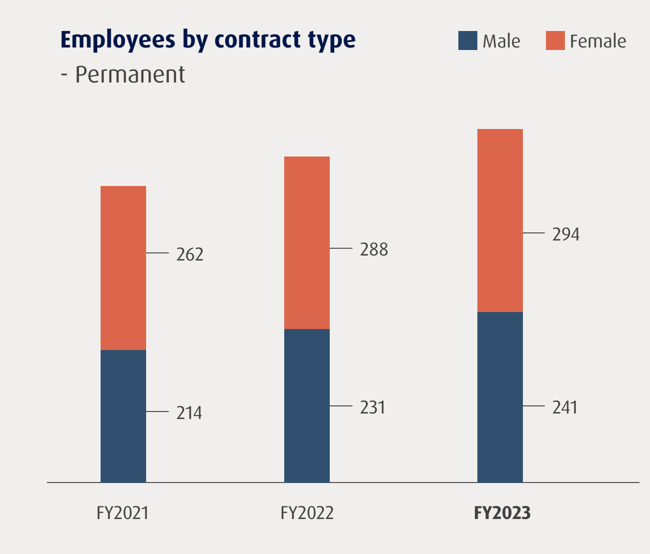
Furthermore, HLAM has taken a proactive approach in promoting ESG awareness among the employees by launching its first ESG Awareness Programme, which includes an ESG Funds Awareness Staff Quiz Contest in March 2023. The quiz aims to increase awareness among staff and enhance staff engagement, garnering participation from more than 140 HLCB staff.

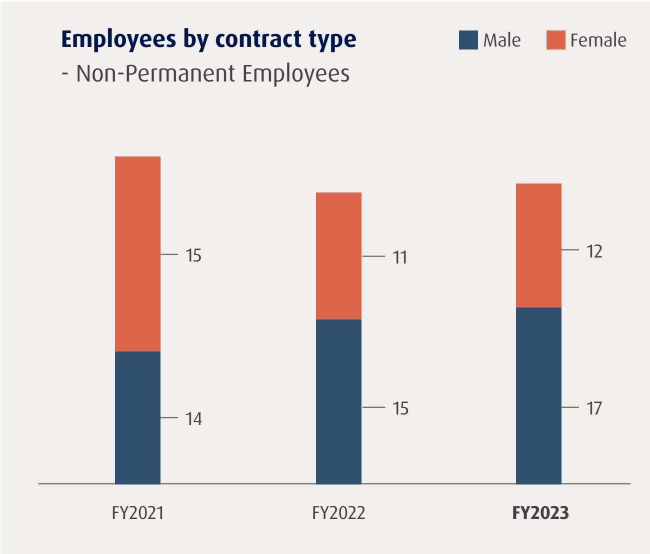
To learn more about the roles and responsibilities of our SSC and SWC, please refer to page 40 in this report.

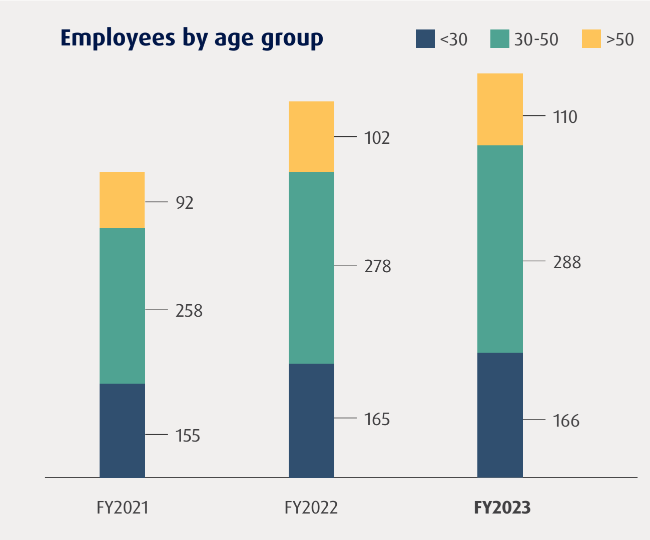
Embracing Diverse, Equity, and Inclusion (DEI)

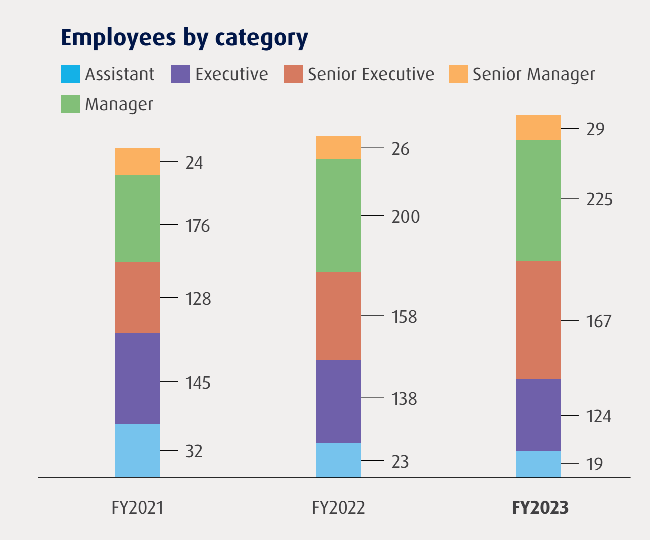
Diversity, equity, and inclusion are foundational to our culture and the growth of our business. Embracing diversity and inclusion is imperative as it enhances employee engagement, retention, and performance, leading to a more resilient and successful organisation. Recognising the power of diversity and inclusivity as drivers of productivity, creativity and innovation, we actively seek to build a diverse workforce, engaging individuals from various backgrounds, origins, experiences, and cultures. As we strive to sustain our diverse workplace, we are proud to report that female employees now comprise 54.3% of our Group's workforce, showcasing our commitment to gender representation and equality.

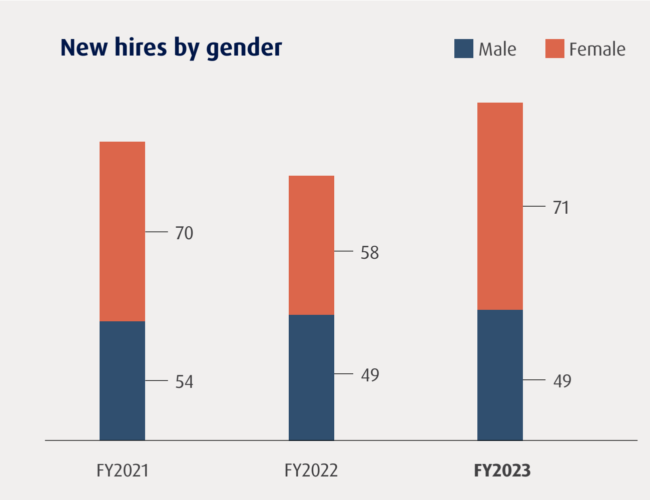


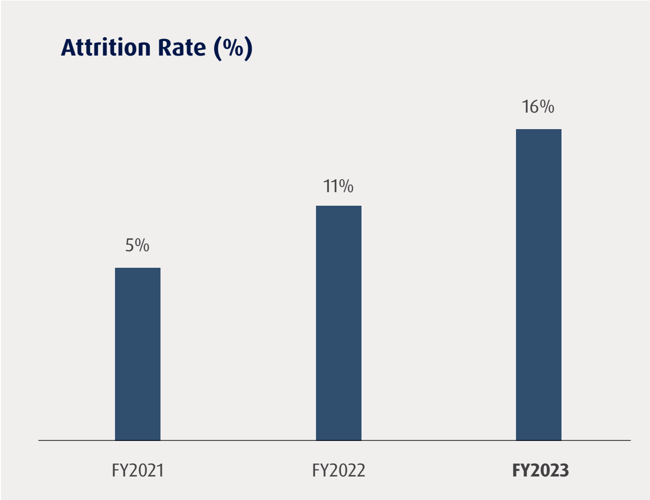

Employees by contract type
- Permanent
Male
Female
262
214
288
231
294
241
FY2021
FY2022
FY2023


Employees by contract type
- Non-Permanent Employees
Male
Female
15
14
11
15
12
17
FY2021
FY2022
FY2023


Employees by age group
<30
30-50
>50
92
258
155
102
278
165
110
288
166
FY2021
FY2022
FY2023


Employees by category
Assistant
Executive
Senior Executive
Senior Manager
Manager
24
176
128
145
32
26
200
158
138
23
29
225
167
124
19
FY2021
FY2022
FY2023


New hires by gender
Male
Female
70
54
58
49
71
49
FY2021
FY2022
FY2023


Attrition Rate (%)
5%
11%
16%
FY2021
FY2022
FY2023

Sustainability Statement

CREATING MEANINGFUL SOCIAL IMPACT

Caring for Our Employee Well-Being

Prioritising Employee Well-Being

At HLCB, our employees' safety, wellbeing, and development are at the heart of our organisational focus in order to create a nurturing work environment. We take a holistic approach, supporting their growth throughout various stages of life, recognising that employee development and retention relies on their overall wellbeing.

Recognising the significance of fostering effective two-way communication, we actively employ digital messaging platforms to engage proactively with our employees. As part of our ongoing efforts, we conducted a comprehensive mid-term performance review throughout the organisation to ensure alignment of expectations between people managers and employees. By analysing the skill gaps identified during this process, we gain valuable insights that enable us to focus on targeted employee development and create action plans for the future.

Each year, we conduct comprehensive compensation assessments to compare and identify potential pay disparities with respect to current market standards. This process is essential to maintain a competitive compensation structure within our organisation. Apart from competitive compensation, we provide our employees with medical benefits, insurance, and mortgage loan interest subsidies. 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.

Acknowledging the importance of family as a crucial source of emotional support, we offer the Hong Leong Group Scholarship Awards (GSA) to employees' children who seek higher education and qualify for the awards. This initiative aims to alleviate the financial burden on our employees while they continue to be pillars of support for their loved ones. The GSA provides financial assistance from the scholars' pre-university years until the completion of their undergraduate education, reflecting our commitment to extending support beyond the workplace and nurturing employee well-being.

Protecting Our People

At HLCB, we prioritise the health, safety, and wellbeing of our employees as it is crucial to our success, benefiting both our employees and our business through increased productivity, engagement, and satisfaction. Our commitment to creating a safe working environment and promoting physical and emotional wellness is in compliance with the Occupational Health and Safety Act ("OSH Act") 1994, ensuring we exercise caution to protect our workforce.

We are cognisant that robust workplace policies and practices would ensure employee health and safety, whilst identifying and mitigating potential disruptions. We are working towards offering comprehensive support for our employees' mental, emotional, and physical well-being, enhancing their performance both at work and in their personal lives. Where possible, we take a holistic approach to help employees manage their overall well-being, ensuring business continuity, and optimal performance.

Social Responsibility

HLCB remains committed to creating shared value for all stakeholders by promoting sustainability through engagement and advisory initiatives. Leveraging our position in the market, we actively engage with the wider community, making impactful environmental and social contributions that also contribute to business growth. We are dedicated to expanding our community engagement efforts, providing accessible educational resources for financial and investment literacy, especially for first-time and prospective investors. Our employees play a significant role, actively participating in the Group's initiatives to support local communities throughout the year.

As an approach towards maximising our social impact through community investment, we have carefully selected our strategic partners, ensuring that their activities are driven by clear social and environmental ambitions. This is imperative as it allows us to collaborate with organisations that share similar values and goals, amplifying the positive social and environmental impact we can create together. Additionally, our employees have organised several initiatives in conjunction with various festive celebrations in Malaysia, including Ramadan and Deepavali Donation Drives. Through our community-centric initiatives, we aim to drive ESG adoption across the wider community.

Community Engagement

Celebrating Ramadan with Compassion

To cherish and engage underprivileged communities in the spirit of Ramadan, we had organised a donation drive, distributing break-fasting meals in collaboration with Pertubuhan Tindakan Wanita Islam (PERTIWI) Soup Kitchen to the homeless during the Ramadan month in FY2023. We have also engaged mosques within the underprivileged community areas and an orphanage to distribute "Kurma" (dates).

Raya Celebration with Rumah Titian Kaseh

We donated basic essential items and Raya cookies, purchased from Ibupreneur, a social enterprise that works to empower financially vulnerable mothers in the B40 group by equipping them with necessary skills and business opportunities, to Rumah Titian Kaseh. 70 orphans benefited through this initiative.

Lighting Up Lives for Deepavali

In conjunction with the Deepavali celebration in October 2022, we distributed 560 sets of cookies to our employees. The cookies, worth RM19,600, were purchased from 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.

"Back to School" Programme

We conducted our "Back to School" programme that managed to donate school supplies and necessities to 2 orphanage houses, with a total of 52 children benefiting from the effort. Some of the items donated were school bags, stationeries, school uniforms, and necessities such as cooking utensils, food, and electrical appliances.

ESG Awareness Programme

To increase awareness on our ESG funds and the importance of sustainable investing, HLAM launched our first ESG Awareness Programme featuring various activities including:

- "Adopt a Plant", an on-ground activity where 250 plants were prepared and placed at the lobby of Plaza Zurich. Visitors are encouraged to take home a plant as they learn about HLAM ESG funds, and all 250 plants were adopted at the end of the programme;
- New HLAM ESG Funds Investor Campaign, a programme that rewards our new investors who signed up and invested in HLAM ESG Fund during the campaign period.

GRI
Content Index

Statement of use	Hong Leong Capital Berhad has reported the information cited in this GRI content index for the period 1 July 2022 to 30 June 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE		LOCATION (PAGE)
GRI 2: General Disclosures 2021	2-1	Organizational details	2
	2-2	Entities included in the organization's sustainability reporting	30
	2-3	Reporting period, frequency and contact point	29
	2-4	Restatements of information	54,55
	2-6	Activities, value chain and other business relationships	2-4
	2-7	Employees	62-63
	2-9	Governance structure and composition	38-42
	2-10	Nomination and selection of the highest governance body	85-87
	2-11	Chair of the highest governance body	73
	2-12	Role of the highest governance body in overseeing the management of impacts	38-41
	2-13	Delegation of responsibility for managing impacts	38-41
	2-14	Role of the highest governance body in sustainability reporting	29
	2-15	Conflicts of interest	75
	2-16	Communication of critical concerns	38-41
	2-17	Collective knowledge of the highest governance body	90
	2-19	Remuneration policies	88, 98
	2-20	Process to determine remuneration	88, 98
	2-22	Statement on sustainable development strategy	30
	2-23	Policy commitments	44-48
	2-24	Embedding policy commitments	44-48
	2-25	Processes to remediate negative impacts	47
	2-26	Mechanisms for seeking advice and raising concerns	47
	2-27	Compliance with laws and regulations	38
	2-29	Approach to stakeholder engagement	33-34
GRI 3: Material Topics 2021	3-1	Process to determine material topics	34-35
	3-2	List of material topics	35-37
	3-3	Management of material topics	35-37

GRI Content Index

GRI STANDARD	DISCLOSURE		LOCATION (PAGE)
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	6
	201-2	Financial implications and other risks and opportunities due to climate change	44-46
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	49-52
	203-2	Significant indirect economic impacts	49-52
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	48
	205-2	Communication and training about anti-corruption policies and procedures	47-48
	205-3	Confirmed incidents of corruption and actions taken	47
GRI 301: Materials 2016	301-1	Materials used by weight or volume	56
GRI 302: Energy 2016	302-1	Energy consumption within the organization	55
	302-4	Reduction of energy consumption	55
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	56
	303-5	Water consumption	56
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	53-54
	305-2	Energy indirect (Scope 2) GHG emissions	53-54
	305-3	Other indirect (Scope 3) GHG emissions	53-54
	305-5	Reduction of GHG emissions	53-54
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	63
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	64
	403-6	Promotion of worker health	64
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	61
	404-2	Programs for upgrading employee skills and transition assistance programs	60-62
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	42, 62-63
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	48
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	49-52, 65
	413-2	Operations with significant actual and potential negative impacts on local communities	49-52, 65
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	58
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	46

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, Menara TH 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
Email : hlsrs@hongleong.com

REGISTERED OFFICE

Level 30, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2080 9888
Fax : 03-2080 9801
Email : cosec-hlfg@hongleong.com.my

WEBSITE

www.hlcap.com.my

Awards & Accolades

HONG LEONG INVESTMENT BANK BERHAD

The Asset Triple A Islamic Finance Awards 2022

Best Securitisation Sukuk

Organised by ***The Asset***

The Asset Triple A Islamic Finance Awards 2022

Best Project Finance Sukuk

Organised by ***The Asset***

The Asset Triple A Country Awards for Sustainable Finance 2022

Best Green Bond

Organised by ***The Asset***

The Asset Triple A Country Awards for Sustainable Finance 2022

Best Securitisation

Organised by ***The Asset***

The Asset Triple A Country Awards for Sustainable Finance 2022

Best IPO

Organised by ***The Asset***

The Asset Triple A Islamic Finance Awards 2023

Best Sustainability Sukuk – Transport

Organised by ***The Asset***

The Asset Triple A Islamic Finance Awards 2023

Best Securitisation Sukuk

Organised by ***The Asset***

The Asset Triple A Islamic Finance Awards 2023

Best Islamic Reit

Organised by ***The Asset***

The Asset Triple A Sustainable Infrastructure Awards 2023

Transport Deal of the Year

Organised by ***The Asset***

16th Annual Best Deal & Solution Awards 2022

Best Islamic Finance Deal & Most Innovative Islamic Finance Deal of the Year 2022

Organised by ***Alpha Southeast Asia***

16th Annual Best Deal & Solution Awards 2022

Best Domestic M&A Deal of the Year (Malaysia)

Organised by ***Alpha Southeast Asia***

16th Annual Best Deal & Solution Awards 2022

Best IPO for Retail Investors In Southeast Asia & Best Deal of the Year for Minority Shareholders In Southeast Asia 2022

Organised by ***Alpha Southeast Asia***

IFN Deals of the Year 2022

Malaysia Deal of the Year

Organised by ***Islamic Finance News***

IFN Deals of the Year 2022

Structured Finance Deal of the Year

Organised by ***Islamic Finance News***

IFN Deals of the Year 2022

Equity & IPO Deal of the Year

Organised by ***Islamic Finance News***

Awards & Accolades

HONG LEONG INVESTMENT BANK BERHAD

Finance Asia Deals Award 2022

Best Property Deal

Organised by ***Finance Asia***

RAM Award of Distinction 2022

Lead Manager Award by Number of Issues - Joint 3rd ranking

Organised by ***RAM Ratings***

BPAM Bond Market Awards 2023

Top ESG Issuance

Organised by ***Bond Pricing Agency Malaysia***

2022 Lead Managers' League Tables

MARC's Innovative Deal of the Year Award 2022

Organised by ***Malaysian Rating Corporation***

Euromoney Islamic Finance 2023

Best Islamic Project Finance Deal

Organised by ***Euromoney***

Bursa Excellence Awards 2022

Best Retail Equities Participating Organisation – Investment Bank - 2nd runner up

Organised by ***Bursa Malaysia***

Bursa Malaysia Retail Investor Campaign 2022

Top Broker for Highest Traded Value for ETFs

Organised by ***Bursa Malaysia***

Bursa Malaysia Retail Investor Campaign 2022

Top Dealer/Remisier for Highest Number of New Accounts Opened

Organised by ***Bursa Malaysia***

Bursa Malaysia Retail Investor Campaign 2022

Top Dealer/Remisier for Highest Traded Value from New Accounts Opened

Organised by ***Bursa Malaysia***

Bursa Malaysia Retail Investor Campaign 2022

Top Dealer/Remisier for Highest Traded Value for ETFs

Organised by ***Bursa Malaysia***

HONG LEONG ASSET MANAGEMENT BHD

Refinitiv Lipper Fund Awards 2023 – Malaysia Provident (Funds Award)

Hong Leong Asia-Pacific Dividend Fund
Best Fund Over 3 Years: Equity Asia Pacific Ex-Japan

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Provident (Funds Award)

Hong Leong Asia-Pacific Dividend Fund
Best Fund Over 5 Years: Equity Asia Pacific Ex-Japan

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Provident (Funds Award)

Hong Leong Dividend Fund
Best Fund Over 3 Years: Equity Malaysia Income

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Provident (Funds Award)

Hong Leong Dividend Fund
Best Fund Over 5 Years: Equity Malaysia Income

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Provident (Funds Award)

Hong Leong Dividend Fund
Best Fund Over 10 Years: Equity Malaysia Income

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Provident (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund Over 3 Years: Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Provident (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund Over 5 Years: Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Provident (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund Over 10 Years: Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund Over 3 Years: Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund Over 5 Years: Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund Over 10 Years: Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Global Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund Over 3 Years: Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Global Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund Over 5 Years: Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Global Islamic (Funds Award)

Hong Leong Dana Makmur Fund
Best Fund Over 10 Years: Equity Malaysia

Organised by ***Refinitiv***

Refinitiv Lipper Fund Awards 2023 – Malaysia Provident (Funds Award)

Hong Leong Dana Maa’rof Fund
Best Fund Over 3 Years: Mixed Asset MYR Balanced

Organised by ***Refinitiv***

Awards & Accolades

HONG LEONG ASSET MANAGEMENT BHD

Refinitiv Lipper Fund Awards 2023 – 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 2023 – 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 2023 – 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 2023 – 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 2023 – 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 | 66 | 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 | 60 | 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.

Board of Directors' Profile

TAI SIEW MOI

Non-Executive Director/ Independent

Malaysian | 65 | 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 | 60 | 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.

PETER HO KOK WAI

Non-Executive Director/
Independent

Malaysian | 64 | 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 the BARMC and a member of the NRC of HLCB.

Mr Peter Ho is an Independent Director of GuocoLand (Malaysia) Berhad, Hong Leong Industries Berhad, Allianz Malaysia Berhad and PMB Technology 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 2023.

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 | 60 | 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.

TAN CHAN YIEN

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

Malaysian | 39 | Female

Ms Tan Chan Yien holds the professional accounting qualification of Association of Chartered Certified Accountants (ACCA). She is a member of the Malaysian Institute of Accountants.

Ms Tan joined HLIB in June 2022 as Senior Manager, Finance. She is presently the Chief Financial Officer, a position she assumed on 1 October 2022.

Ms Tan has 16 years of experience in Finance. Prior to joining HLIB in June 2022, she was the Chief Financial Officer of Standard Chartered Global Business Services Sdn Bhd. Prior to that, she was with British American Tobacco AsPac Service Centre Sdn Bhd and Hewlett Packard Malaysia.

Key Senior Management of the Group

CHONG POH CHOON

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

Malaysian | 45 | 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 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 | 55 | 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.

Key Senior Management of the Group

PHANG SIEW LOONG

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

Malaysian | 55 | 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.

KATHERINE YEE WAI HOONG

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

Malaysian | 59 | Female

Ms Katherine Yee Wai Hoong holds a Bachelor of Arts in Combined Studies from the Heriot-Watt University, United Kingdom. She has obtained Higher Stage in London Chamber of Commerce and Industry.

Ms Yee joined HLIB in January 2009 as Head of HLeBroking. She is presently the Acting Chief Operating Officer of Stockbroking and Head of Broking, a position she assumed on 1 July 2023.

Ms Yee has about 30 years of experience in Stockbroking. Prior to HLIB, she was with HLG Securities Sdn Bhd for about 15 years and held various positions, with the last position being the Head of HLeBroking.

Key Senior Management of the Group

HOO SEE KHENG

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

Malaysian | 57 | 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 | 61 | 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 2023.

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 2023 ("FY2023"), five (5) BARMC meetings were held and the attendance of the BARMC members were as follows:

Member	Attendance
Mr Peter Ho Kok Wai	5/5
Ms Tai Siew Moi	5/5
Ms Leong Ket Ti	5/5

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 FY2023 is PricewaterhouseCoopers ("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 FY2023 amounted to RM649,017, of which RM229,124 was payable in respect of non-audit services. The non-audit services accounted for 35.3% of the total fees payable. 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 their re-appointment as auditors for the FY2023 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 FY2023 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 2023 Annual General Meeting.

Board Audit and Risk Management Committee Report

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, IT Risk and Sustainability 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.

WHISTLEBLOWING

The BARMC provided oversight on the implementation and effectiveness of the Company's Whistleblowing Policy and Standard Operating Procedures ("Whistleblowing Policy and Procedures"), which set out an avenue and the process for directors and employees of the Company and any (legal or natural) person, including those providing services to, or having a business relationship with, the Company to raise genuine concerns about any improper conduct, or wrongful act in relation to the Company, confidentially through a dedicated whistleblowing channel to the BARMC Chairman. In FY2023, the BARMC had reviewed the Whistleblowing Policy and Procedures of the Company to ensure the whistleblowing procedures and communication plans in relation thereto remain effective.

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 (i.e. specified through regulatory requirements/internal assessment) 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.

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 FY2023 was RM2,054,231.

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 2023 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 annually by the Board and published on the Company's Website. The Board Charter was last reviewed by the Board in July 2023. 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.

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 genuine 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 2023, 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)
- Ms Leong Ket Ti
- Mr Peter Ho Kok Wai

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 process and procedure for assessment of, inter alia, (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.

Corporate Governance Overview, Risk Management & Internal Control Statement

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 required 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 commitment, and for independent directors, their independence. 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.

C. BOARD COMMITTEES (CONTINUED)

(B) NRC (CONTINUED)

(iii) Board Committees Appointments

The nomination, assessment and approval process for appointments to Board Committees ("Board Committees 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 Committees 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:

• Chairman/Directors/CEO to complete: - the Board Annual Assessment Form - the F&P Declaration • 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 and Directors, 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 2023 ("FY2023") is as set out in Note 32 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 FY2023, three (3) NRC meetings were held and the attendances of the NRC members were as follows:

Member	Attendance
Ms Tai Siew Moi	3/3
Ms Leong Ket Ti	3/3
Mr Peter Ho Kok Wai	3/3

The NRC carried out the following activities in the discharge of its duties in accordance with its TOR during the FY2023:

- 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;

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

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

- Considered the proposed new Board Policy on Succession Planning of the Board; and

- Reviewed the revisions to the F&P Policy.

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 FY2023 with timely notices of issues to be discussed. Details of attendance of each Director are as follows:

Director	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	5/5

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

Corporate Governance Overview, Risk Management & Internal Control Statement

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 ("MAP") Part I. In line with the recent amendments to MMLR in relation to sustainability training for Directors, the Directors of the Company will complete the MAP Part II within the prescribed timeframe.

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, sustainability, internal control and/or statutory/regulatory compliance, be recommended and arranged for the Directors to enhance their contributions to the Board.

During the FY2023, 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 FY2023, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- AICB/ABM - AICB-ABM Inaugural Malaysian Banking Conference 2022
- AICB/ABM - Malaysian Banking Conference 2023 (Banking and the ESG Revolution – Going Beyond Aspirations) Masterclass: Carbon Markets and What Bankers Need to Know
- Allianz Malaysia Berhad (AMB) - Data Privacy & Personal Data Protection Act 2010
- AMB - BNM's requirement on Beneficial Ownership
- AMB - Cybersecurity Threats for Top Executive
- AMB - Fair Treatment of Financial Consumers
- AMB - Guidelines for the Reporting Framework on Beneficial Ownership under Companies Act 2016
- Baker McKenzie - A Deep Dive into NFTs
- Baker McKenzie - Integrating crypto into established financial services – Funds and listings
- Baker McKenzie - The Crypto Ecosystem
- Bank of Singapore - The Geopolitics Turmoil and its Impact on Family Offices with George Yeo, Former Singapore Minister of Foreign Affairs and Chairman of Kerry Logistics – Geopolitics – is the worst yet to come?
- BNM - Engagement Session for BNM Annual Report 2022, Economic & Monetary Review 2022, and Financial Stability Review Second Half 2022
- BNM - Industry Briefing on Central Bank Digital Currency (CBDC) Proof of Concept (POC)
- BNM - Virtual Roundtable Session on Climate/ESG Initiatives
- Bursa Malaysia – Continuing Disclosure Requirements & Corporate Disclosure Policy of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Bursa Malaysia - Industry Dialogue with Market Participants
- Bursa Malaysia - Presentation of PLC Transformation Guidebook 2 and sharing session by panellists covering their initiatives and viewpoints in embodying sustainability
- CHK Consultancy - Ethics and Corporate Liability: Section 17A MACC Act, Data & Cyber Risk and AMLA
- Ernst & Young - Capability Building Workshop
- FIDE Forum - Can America Stop China's Rise? Will ASEAN Be Damaged?
- FIDE Forum - The Emerging Trends Threats and Risks to the Financial Services Industry: Managing Global Risk Investment and Payment System
- Guocoland Malaysia - Background and Corruption Offences under the MACC Act 2009 by Kumpulan Pengurusan & Profesional of MACC
- HLB - The Heightened Legal & Regulatory Expectations on Sanctions
- HLCB - Anti-Money Laundering/Counter Financing of Terrorism & Targeted Financial Sanctions: Prevention, Detection & Collaboration in Fronting Compliance

- HLFG - Anti-Bribery and Corruption Refresher Training: Revisiting Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 on Corporate Liability Provision – Developing a Robust Anti-Bribery & Corruption Framework as Lines of Defence
- HLFG - Briefing on Environmental, Social and Governance by PricewaterhouseCoopers PLT
- HLFG - Presentation on Insurtech by JP Morgan Securities Asia Pte Ltd
- HLMG - Bursa's Voluntary Carbon Market Exchange
- HPMT Holdings Berhad - What About Sustainability?
- ICAEW - ICAEW Webinar: Plotting your INED career
- ICLIF - Risk Management Committee – Banking Sector
- ICLIF - Understanding the Cyber Security Landscape
- Kingsley Advisory & Strategic Initiatives - World Women Economic & Business Summit: Women in Banking & Finance – Supporting Women's Enterprises & SMEs
- KPMG - KPMG Tax Seminar SVDP 2.0
- KPMG - Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework (TCGF)
- KPMG - Understanding the requirements in Bursa Malaysia's Enhanced Sustainability Reporting Framework
- MOF - Majlis Konsultasi Bajet 2023
- PNB - PNB Knowledge Forum 2022: Decarbonised Economy Accelerating the Net Zero Transition
- PNB - PNB Knowledge Forum 2022: Tall Buildings and Living in The Space Age – The Enigma and Convergence of Science And Art
- SC - Audit Oversight Board Conversation with Audit Committees: How the Audit Committees and Auditors can work together towards reliable audited financial statements
- Tatler Malaysia & Boston Consulting Group Malaysia - Ways of Working that Work for Women

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.

Corporate Governance Overview, Risk Management & Internal Control Statement

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.

Shareholders can access the Company's Website for information such as 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.

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. All Directors of the Company attended the last AGM held on 28 October 2022 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 28 October 2022 were put to a vote by way of a poll and the voting results were announced at the meeting and through Bursa. The Company had adopted electronic voting for the conduct of poll on all resolutions at the AGM and provided e-lodgement channel for shareholders to lodge form of proxy electronically to the Company.

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.

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.

Risk governance oversight is underpinned by the core pillars of risk culture, appetite, policies, surveillance, escalation and capacity. Above all, the approaches need to be relevant, forward looking and sustainable.

In addition, the risk management ("RM") framework is effected through an organisational construct and escalation structure as depicted below:

- The Board provides effective stewardship and control.
- BARMC presents a single view of risks and ensures adequate policies and controls within the Group.
- Risk management monitors and reports the Group's Credit, Market, Liquidity, Operational, IT and Environmental, Social and Governance (ESG) Risks.
- Operating business and support units are responsible for the day-to-day management of risks inherent in the various business activities.

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 Board sets the risk appetite and tolerance level, and allocates the Group's capital in a manner that is consistent with the Group's overall objectives and desired risk profile. The BARMC deliberates and evaluates the reports prepared by RM and provides updates to the Board, and where appropriate, makes 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. IAD will carry out review and assessment on all high risk areas (i.e. specified through regulatory requirements/internal assessment) on an annual basis. Other operational areas (including branches) are prioritised according 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.

Corporate Governance Overview, Risk Management & Internal Control Statement

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.
- Relevant policies and procedures are set out in respective departments' Policies and Standard Operating Procedures disseminated to relevant staff 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 with 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 FY2023, 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 2023

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 2023.

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, sale of unit trusts and investment activities 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	49,876	55,103

DIVIDENDS

Since the previous financial year ended 30 June 2022, a final single-tier dividend of 19.0 sen per share, amounting to RM44.8 million in respect of the financial year ended 30 June 2022, was paid on 17 November 2022.

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 RM2,111,033 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 17.0 sen per share on the Company's issued and paid-up ordinary shares of RM246,896,668 comprising of 246,896,668 ordinary shares, amounting to RM42.0 million for the financial year ended 30 June 2023, 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 45 to the financial statements.

Directors' Report

for the financial year ended 30 June 2023

SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

Significant events subsequent to the financial year are disclosed in Note 46 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	(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
Chee Fei Meng *(Appointed with effect from 6 March 2023)*
Dato' Abdul Majit bin Ahmad Khan
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Hoo See Kheng
Ang Beng Kuan
Noor Aini binte Shaik Awab
Harjit Kaur a/p Inder Singh *(Resigned with effect from 10 January 2023)*
Lau Yew Sun
Sharan Kaur a/p Jaswant Singh
Tan Chan Yien *(Appointed with effect from 10 January 2023)*
Muhammad Awi Goo @ Goo Kim Hooi
Norhayati binti Abu Bakar *(ceased with effect from 3 August 2023)*
Mohd Faizal bin Ali *(ceased with effect from 3 August 2023)*

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 2023 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 01.07.2022	Acquired	(Sold)	As at 30.06.2023
Interests of Tan Kong Khoon in:				
Hong Leong Financial Group Berhad	125,123	125,123(1)	-	250,246
	250,245**	-	(125,123)**(1)	125,122**
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	-	-	250,000

Notes:
(1) Vesting of grant shares

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' Report

for the financial year ended 30 June 2023

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	385	385
Director other emoluments	66	66
Directors of the Company's Subsidiary		
Director fees	822	-
Director other emoluments	3,910	-

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' & 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 RM71,250 (30 June 2022: RM84,550) and the apportioned amount of the said premium paid by Hong Leong Investment Bank Berhad was RM1,793 (30 June 2022: RM3,012).

Details of Directors' remuneration are set out in Note 32 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 2023 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.

Directors' Report

for the financial year ended 30 June 2023

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company are RM649,000 and RM95,000 respectively.

Details of auditors' remuneration are set out in Note 29 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 18 September 2023.

Peter Ho Kok Wai
Director

Tan Kong Khoon
Director

Kuala Lumpur
18 September 2023

Statements of Financial Position

as at 30 June 2023

		The Group		The Company	
	Note	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Assets					
Cash and short-term funds	2	**352,914**	322,674	**34,892**	27,893
Clients' and brokers' balances	3	**140,476**	316,276	**-**	-
Deposits and placements with banks and other financial institutions	4	**140,012**	100,021	**-**	-
Financial assets at fair value through profit or loss ("FVTPL")	5	**633,386**	381,123	**358,334**	355,215
Financial investments at fair value through other comprehensive income ("FVOCI")	6	**1,838,115**	1,256,640	**-**	-
Financial investments at amortised cost	7	**1,138,237**	1,250,442	**-**	-
Loans and advances	8	**409,817**	393,720	**-**	-
Other assets	9	**47,745**	41,077	**187**	333
Derivative financial assets	21	**67,036**	38,393	**-**	-
Statutory deposits with Bank Negara Malaysia ("BNM")	10	**52,350**	-	**-**	-
Tax recoverable		**155**	28	**125**	-
Deferred tax assets	11	**97,574**	112,034	**-**	-
Investment in subsidiary companies	12	**-**	-	**246,574**	246,574
Property and equipment	13	**5,398**	9,271	**-**	-
Right-of-use ("ROU") assets	14	**13,799**	17,122	**-**	-
Other intangible assets	15	**5,688**	4,993	**-**	-
Goodwill	16	**33,059**	33,059	**-**	-
Total assets		**4,975,761**	4,276,873	**640,112**	630,015
Liabilities					
Clients' and brokers' balances		**145,393**	306,901	**-**	-
Deposits from customers	17	**703,676**	759,636	**-**	-
Deposits and placements of banks and other financial institutions	18	**2,858,234**	1,907,235	**-**	-
Lease liabilities	19	**13,432**	16,548	**-**	-
Other liabilities	20	**135,271**	212,361	**1,139**	1,106
Derivative financial liabilities	21	**54,074**	26,705	**-**	-
Current tax liabilities		**110**	2,301	-	220
Subordinated obligations	22	**100,195**	100,193	**-**	-
Total liabilities		**4,010,385**	3,331,880	**1,139**	1,326
Equity					
Share capital	23	**246,896**	246,896	**246,896**	246,896
Reserves	24	**749,637**	729,254	**423,121**	412,837
Treasury shares for ESOS scheme	25	**(31,157)**	(31,157)	**(31,044)**	(31,044)
Total equity		**965,376**	944,993	**638,973**	628,689
Total equity and liabilities		**4,975,761**	4,276,873	**640,112**	630,015
Commitments and contingencies	36	**8,278,632**	5,967,639	**-**	-

Income Statements

for the financial year ended 30 June 2023

		The Group		The Company	
	Note	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Interest income	26a	**133,084**	108,895	**561**	23
Interest income for financial assets at FVTPL	26b	**22,110**	23,989	**-**	-
Interest expense	27	**(101,772)**	(83,085)	**-**	-
Net interest income		**53,422**	49,799	**561**	23
Non-interest income	28	**142,904**	173,561	**56,408**	176,751
		196,326	223,360	**56,969**	176,774
Overhead expenses	29	**(135,097)**	(126,841)	**(1,774)**	(1,275)
Operating profit before allowances		**61,229**	96,519	**55,195**	175,499
Write-back of allowance for impairment losses on loans and advances	30	**9**	174	**-**	-
Write-back of allowance for impairment losses on financial investments and other financial assets	31	**190**	479	**-**	-
Profit before taxation		**61,428**	97,172	**55,195**	175,499
Taxation	33	**(11,552)**	(24,709)	**(92)**	(719)
Net profit for the financial year		**49,876**	72,463	**55,103**	174,780

	Note	The Group 30.06.2023	The Group 30.06.2022
Earnings per share (sen)			
- Basic	34	**21.2**	30.7
- Diluted	34	**21.2**	30.7

Statements of Comprehensive Income

for the financial year ended 30 June 2023

	Note	The Group		The Company	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Net profit for the financial year		**49,876**	72,463	**55,103**	174,780
Other comprehensive income/(expense):					
Items that will be reclassified subsequently to income statements:					
Debt instruments at FVOCI					
- Net fair value changes		**20,127**	(30,187)	**-**	-
- Net changes in expected credit losses		**9**	(214)	**-**	**-**
Income tax relating to net fair value changes on financial investments at FVOCI	11	**(4,830)**	7,245	**-**	-
Other comprehensive income/(expense) for the financial year, net of tax		**15,306**	(23,156)	**-**	-
Total comprehensive income for the financial year		**65,182**	49,307	**55,103**	174,780

Statements of Changes In Equity

for the financial year ended 30 June 2023

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 2022		**246,896**	**(31,157)**	**12,148**	**(19,792)**	**736,898**	**944,993**
Net profit for the financial year		**-**	**-**	**-**	**-**	**49,876**	**49,876**
Other comprehensive income, net of tax		**-**	**-**	**-**	**15,306**	**-**	**15,306**
Total comprehensive income		**-**	**-**	**-**	**15,306**	**49,876**	**65,182**
Transfer to regulatory reserve	24	**-**	**-**	**2,281**	**-**	**(2,281)**	**-**
Dividend paid	35	**-**	**-**	**-**	**-**	**(44,799)**	**(44,799)**
At 30 June 2023		**246,896**	**(31,157)**	**14,429**	**(4,486)**	**739,694**	**965,376**

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	24	-	-	(1,001)	-	1,001	-
Dividend paid	35	-	-	-	-	(61,305)	(61,305)
At 30 June 2022		246,896	(31,157)	12,148	(19,792)	736,898	944,993

Statements of Changes In Equity

for the financial year ended 30 June 2023

The Company	Note	Non-distributable Share capital RM'000	Non-distributable Treasury shares for ESOS scheme RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 July 2022		**246,896**	**(31,044)**	**412,837**	**628,689**
Net profit for the financial year		**-**	**-**	**55,103**	**55,103**
Total comprehensive income		**-**	**-**	**55,103**	**55,103**
Dividend paid	35	**-**	**-**	**(44,819)**	**(44,819)**
At 30 June 2023		**246,896**	**(31,044)**	**423,121**	**638,973**
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	35	-	-	(61,332)	(61,332)
At 30 June 2022		246,896	(31,044)	412,837	628,689

Statements of Cash Flows

for the financial year ended 30 June 2023

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Cash flows from operating activities		
Profit before taxation	**61,428**	97,172
Adjustments for:		
Depreciation of property and equipment	**4,532**	4,036
Depreciation of ROU assets	**4,001**	3,982
Amortisation of intangible assets - computer software	**2,311**	1,884
Gain on disposal of property and equipment	**(3)**	(35)
Gain on liquidation of a subsidiary	**(232)**	-
Property and equipment written off	**-**	5
Write-back of allowance for impairment losses on loans and advances	**(9)**	(174)
Write-back of allowance for impairment losses on financial investments and other financial assets	**(157)**	(388)
Net unrealised loss/(gain) on revaluation of:		
- Financial assets at FVTPL	**1,041**	10,085
- Derivative financial instruments	**(215)**	(14,023)
Net unrealised loss on fair value changes arising from fair value hedges	**74**	2,166
Net realised (gain)/loss arising from sale of financial investments at FVOCI	**(3,826)**	6,364
Interest income from:		
- Financial assets at FVTPL	**(22,110)**	(23,989)
- Financial investments at FVOCI	**(48,019)**	(40,653)
- Financial investments at amortised cost	**(33,157)**	(33,625)
Interest expense from:		
- Derivative financial instruments	**8,413**	28,578
- Subordinated obligations	**4,232**	4,231
- Lease liabilities	**714**	812
Dividend income from:		
- Financial assets at FVTPL	**(12,290)**	(8,652)
	(94,700)	(59,396)
Operating (loss)/profit before working capital changes	**(33,272)**	37,776
(Increase)/Decrease in operating assets		
Deposit and placements with banks and other financial institutions with original maturity of more than three months	**(10,000)**	-
Clients' and brokers' balances	**175,932**	(111,354)
Financial assets at FVTPL	**(251,078)**	398,821
Loans and advances	**(16,089)**	(57,787)
Other assets	**(6,633)**	17,155
Derivative financial instruments	**(2)**	7
Statutory deposits with Bank Negara Malaysia	**(52,350)**	-
	(160,220)	246,842

Statements of Cash Flows

for the financial year ended 30 June 2023

	Note	The Group 30.06.2023 RM'000	The Group 30.06.2022 RM'000
(Decrease)/Increase in operating liabilities			
Clients' and brokers' balances		**(161,508)**	99,718
Deposits from customers		**(55,960)**	58,098
Deposits and placements of banks and other financial institutions		**950,999**	(142,187)
Other liabilities		**(77,040)**	63,948
		656,491	79,577
Cash generated from operating activities		**462,999**	364,195
Net income tax paid		**(4,239)**	(5,766)
Net cash generated from operating activities		**458,760**	358,429
Cash flows from investing activities			
Net (purchases)/disposals of financial investments at FVOCI		**(563,743)**	39,040
Net proceeds/(purchases) of financial investments at amortised cost		**101,946**	(196,252)
Dividends received from:			
- Financial assets at FVTPL		**12,290**	8,652
Interest received from financial assets at FVTPL, financial investments at FVOCI, financial investments at amortised cost and derivatives		**117,862**	119,311
Interest paid on derivative financial instruments		**(9,866)**	(30,536)
Proceeds from liquidation of a subsidiary		**232**	-
Proceeds from disposal of property and equipment		**3**	35
Purchase of property and equipment		**(659)**	(3,512)
Purchase of intangible assets		**(3,006)**	(3,708)
Net cash used in investing activities		**(344,941)**	(66,970)
Cash flows from financing activities			
Interest paid on subordinated obligations		**(4,230)**	(4,230)
Dividend paid		**(44,799)**	(61,305)
Lease payments		**(4,559)**	(4,401)
Net cash used in financing activities		**(53,588)**	(69,936)
Net increase in cash and cash equivalents during the financial year		**60,231**	221,523
Cash and cash equivalents at beginning of the financial year		**422,695**	201,172
Cash and cash equivalents at end of the financial year		**482,926**	422,695
Cash and cash equivalents comprise:			
Cash and short-term funds	2	**352,914**	322,674
Deposit and placements with banks and other financial institutions	4	**140,012**	100,021
		492,926	422,695
Less:			
Deposit and placements with banks and other financial institutions with original maturity of more than three months		**(10,000)**	-
		482,926	422,695

Statements of Cash Flows

for the financial year ended 30 June 2023

	Note	The Company 30.06.2023 RM'000	The Company 30.06.2022 RM'000
Cash flows from operating activities			
Profit before taxation		**55,195**	175,499
Adjustments for:			
Net unrealised loss on revaluation of financial assets at FVTPL		**554**	9,440
Dividend income from:			
- Financial assets at FVTPL		**(10,680)**	(7,442)
- Subsidiary companies		**(46,440)**	(175,750)
		(56,566)	(173,752)
Operating (loss)/profit before working capital changes		**(1,371)**	1,747
Increase in financial assets at FVTPL		**(3,673)**	(95,621)
Decrease/(Increase) in other assets		**146**	(114)
Increase/(Decrease) in other liabilities		**33**	(415)
Cash used in operating activities		**(4,865)**	(94,403)
Net income tax paid		**(437)**	(724)
Net cash used in operating activities		**(5,302)**	(95,127)
Cash flows from investing activities			
Dividends received from:			
- Financial assets at FVTPL		**10,680**	7,442
- Subsidiary companies		**46,440**	175,750
Net cash generated from investing activities		**57,120**	183,192
Cash flows from financing activity			
Dividend paid		**(44,819)**	(61,332)
Net cash used in financing activity		**(44,819)**	(61,332)
Net increase in cash and cash equivalents during the financial year		**6,999**	26,733
Cash and cash equivalents at beginning of the financial year		**27,893**	1,160
Cash and cash equivalents at end of the financial year		**34,892**	27,893
Cash and cash equivalents comprise:			
Cash and short-term funds	2	**34,892**	27,893

Statements of Cash Flows

for the financial year ended 30 June 2023

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

		Cash changes	← Non-cash changes →		
The Group	**Balance at the beginning of the financial year RM'000**	**Interest paid RM'000**	**Accrued interest RM'000**	**Amortisation RM'000**	**Balance at the end of the financial year RM'000**
30.06.2023					
Subordinated obligations	**100,193**	**(4,230)**	**4,230**	**2**	**100,195**
30.06.2022					
Subordinated obligations	100,192	(4,230)	4,230	1	100,193

Summary of Significant Accounting Policies

for the financial year ended 30 June 2023

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:

Deferred tax asset (Note 11)

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 4.2% (30 June 2022: 4.7%), representing the forecasted Gross Domestic Product ("GDP") growth rate of the country. 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 2022:

- Amendments to MFRS 116 'Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'
- Annual Improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual Improvements to MFRS 141 'Taxation in Fair Value Measurements'
- Amendments to MFRS 3 'Reference to the Conceptual Framework'

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)

The adoption of Amendments to MFRS 116 'Proceeds before Intended Use', Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract' and Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities' resulted in changes in accounting policies.

The adoption of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendments to MFRS 116 'Proceeds before intended use'

The amendments prohibit the Group 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 are instead 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.

In accordance with the transition provisions, the Group applied the amendments retrospectively and the adoption of the amendments had no impact on the amounts recognised in the current or prior period as there were no sales of such items produced by property, plant and equipment made available for use on or after 1 July 2021.

Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'

The amendments 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. Before recognising a separate provision for an onerous contract, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The Group applies the amendments to the contracts for which it has not yet fulfilled all of its obligations at the date of initial application of 1 July 2022. These amendments had no impact on the amounts recognised in the current or prior period as the Group had not identified any contracts as being onerous.

Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'

The amendment 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 for derecognition of financial liabilities.

The Group applies the amendment to financial liabilities that are modified or exchanged on or after the date of initial application of 1 July 2022. There were no modifications of financial instruments during the financial year.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2023

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

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2023. None of these is expected to have a significant effect on the financial statements of the Group and the Company, except the following:

- 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.

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the "lease payments" or "revised lease payments" in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

  The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

- There are two amendments to MFRS 101 'Presentation of Financial Statements'. The first amendments, 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 'Financial Instruments: Presentation' does not impact the current or non-current classification of the convertible instrument.

  The second amendments, 'Non-current Liabilities with Covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

  Both amendments are effective for the annual reporting periods beginning on or after 1 January 2024.

  The amendments shall be applied retrospectively.

The adoption of the above new accounting standards, amendments to published standards, and interpretations are not expected to give rise to any material financial impact on the Group.

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.

B CONSOLIDATION (CONTINUED)

(i) Subsidiaries (continued)

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.

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.

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.

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.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2023

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.

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.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2023

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.

(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 28) and impairment losses are presented as separate line item (as per Note 31) in the income statements.

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.

(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.

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.

H IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(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.

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.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2023

H IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

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.

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.

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.

M DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONTINUED)

(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.

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.

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.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2023

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).

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 fullfilling 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.

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.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2023

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.

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.

Summary of Significant Accounting Policies

for the financial year ended 30 June 2023

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.

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 2023

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	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Cash and balances with banks and other financial institutions	**71,533**	75,151	**5,592**	8,493
Money at call and deposit placements maturing within one month	**281,381**	247,523	**29,300**	19,400
	352,914	322,674	**34,892**	27,893

Inclusive in cash and short-term funds of the Group are accounts in trust for dealer's representative amounting to RM13,893,000 (30 June 2022: RM14,605,000).

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 RM16,726,000 (30 June 2022: RM17,092,000).

Notes to the Financial Statements

for the financial year ended 30 June 2023

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	
	30.06.2023 RM'000	30.06.2022 RM'000
Performing accounts	**139,919**	314,413
Impaired accounts	**1,423**	2,861
	141,342	317,274
Less: Expected credit losses	**(866)**	(998)
	140,476	316,276

Movements of impaired accounts are as follows:

At 1 July	**2,861**	5,247
New financial assets originated	**54**	2,035
Financial assets derecognised	**(779)**	(2,448)
Impaired during the financial year	**15,948**	33,768
Written-back during the financial year	**(16,661)**	(35,741)
At 30 June	**1,423**	2,861

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 2022	**49**	**949**	**998**
New financial assets originated	**38**	**12**	**50**
Financial assets derecognised	**(49)**	**(11)**	**(60)**
Allowance made	**27**	**240**	**267**
Allowance written-back	**(56)**	**(333)**	**(389)**
At 30 June 2023	**9**	**857**	**866**
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

4 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Licensed banks	**140,012**	100,021

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Money market instruments				
Malaysian Government Securities	**61,789**	-	**-**	-
Malaysian Government Investment Issues	**122,507**	-	**-**	-
Negotiable instruments of deposits	**49,885**	-	**-**	-
	234,181	-	**-**	-
Quoted securities				
In Malaysia:				
Shares	**55,593**	54,104	**49,699**	48,139
Unit trust investment	**308,839**	307,276	**308,635**	307,076
	364,432	361,380	**358,334**	355,215
Unquoted securities				
Corporate bond and/or sukuk	**34,773**	19,743	**-**	-
	633,386	381,123	**358,334**	355,215

IBOR Reform

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.

	30.06.2023		30.06.2022	
The Group	Total RM'000	Of which contract yet to transition to an alternative benchmark RM'000	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")	**34,773**	**34,773**	19,743	19,743

6 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Money market instruments		
Malaysian Government Securities	**214,625**	120,972
Malaysian Government Investment Issues	**449,106**	242,625
Cagamas bonds	**85,085**	69,603
	748,816	433,200
Unquoted securities		
Foreign currency bonds	**72,512**	70,227
Corporate bond and/or sukuk	**1,016,787**	753,213
	1,089,299	823,440
	1,838,115	1,256,640

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.

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 2022	**158**	-	-	**158**
Allowances made	**8**	-	-	**8**
Amount written-back	**(14)**	-	-	**(14)**
New financial assets originated or purchased	**40**	-	-	**40**
Financial assets derecognised	**(24)**	-	-	**(24)**
Exchange differences	**(1)**	-	-	**(1)**
At 30 June 2023	**167**	-	-	**167**
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

7 FINANCIAL INVESTMENTS AT AMORTISED COST

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Money market instruments		
Malaysian Government Securities	**597,232**	626,305
Malaysian Government Investment Issues	**501,501**	585,104
	1,098,733	1,211,409
Unquoted securities		
Corporate bond and/or sukuk	**39,504**	39,033
Less: Expected credit losses	**-**	-
	1,138,237	1,250,442

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 2022/30 June 2023	-	-	-	-
At 1 July 2021	12	-	-	12
Financial assets derecognised	(12)	-	-	(12)
At 30 June 2022	-	-	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2023

8 LOANS AND ADVANCES

	The Group	
	30.06.2023 RM'000	**30.06.2022 RM'000**
Term loan financing	**106,109**	64,536
Share margin financing	**303,898**	329,373
Staff loans	**22**	30
Other loans	**126**	128
Gross loans and advances	**410,155**	394,067
Less: Expected credit losses	**(338)**	(347)
Total net loans and advances	**409,817**	393,720
(i) The maturity structure of loans and advances is as follows:		
Maturity within one year	**374,785**	352,548
One year to three years	**30,022**	36,121
Three years to five years	**5,222**	-
Over five years	**126**	5,398
Gross loans and advances	**410,155**	394,067
(ii) The loans and advances are disbursed to the following types of customers:		
Domestic non-bank financial institutions		
- Others	**30,082**	30,060
Domestic business enterprises:		
- small and medium enterprises	**53,024**	60,626
- others	**121,410**	77,956
Individuals	**200,679**	222,711
Foreign entities	**4,960**	2,714
Gross loans and advances	**410,155**	394,067
(iii) Loans and advances analysed by interest rate sensitivity are as follows:		
Fixed rate:		
- staff housing loans	**22**	30
- other fixed rate loans	**126**	128
Variable rate:		
- cost plus	**410,007**	393,909
Gross loans and advances	**410,155**	394,067

8 LOANS AND ADVANCES (CONTINUED)

		The Group	
		30.06.2023 RM'000	30.06.2022 RM'000
(iv)	Loans and advances analysed by their economic purposes are as follows:		
	Purchase of securities	**374,699**	335,572
	Working capital	**5,226**	28,277
	Purchase of landed property	**148**	158
	Others	**30,082**	30,060
	Gross loans and advances	**410,155**	394,067
(v)	Loans and advances analysed by geographical distribution are as follows:		
	Malaysia	**410,155**	394,067
(vi)	Impaired loans and advances		
	Movements in the impaired loans and advances are as follows:		
	At 1 July	**128**	265
	Impaired during the financial year	**6**	12
	Amount written-back during the financial year	**(8)**	(87)
	Amount written-off during the financial year	**-**	(62)
	At 30 June	**126**	128
	Impaired loans and advances analysed by their economic purposes are as follows:		
	Purchase of landed properties	**126**	128
	Impaired loans and advances analysed by geographical distribution are as follows:		
	Malaysia	**126**	128

Notes to the Financial Statements

for the financial year ended 30 June 2023

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 2022	**310**	**37**	**-**	**347**
Transferred to Stage 1	**20**	**(20)**	**-**	**-**
Transferred to Stage 2	**(17)**	**17**	**-**	**-**
New financial assets originated	**5**	**-**	**-**	**5**
Financial assets derecognised	**(4)**	**-**	**-**	**(4)**
Allowance made	**105**	**14**	**-**	**119**
Allowance written-back	**(104)**	**(25)**	**-**	**(129)**
At 30 June 2023	**315**	**23**	**-**	**338**
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

(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 2022	**382,110**	**11,829**	**128**	**394,067**
Transferred to Stage 1	**40,580**	**(40,580)**	**-**	**-**
Transferred to Stage 2	**(37,895)**	**37,895**	**-**	**-**
New financial assets originated	**236,555**	**2,011**	**6**	**238,572**
Financial assets derecognised	**(220,678)**	**(1,798)**	**(8)**	**(222,484)**
At 30 June 2023	**400,672**	**9,357**	**126**	**410,155**

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 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

9 OTHER ASSETS

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Amounts due from related companies (a)	**-**	117	**-**	114
Deposits	**6,232**	6,401	**5**	5
Prepayments	**4,308**	3,159	**19**	22
Fee income receivables	**9,100**	10,930	**-**	-
Cash collaterals pledged for derivative transactions	**9,651**	10,120	**-**	-
Amout due from unit trust funds	**8,212**	7,414	**-**	-
Other receivables	**5,890**	4,631	**163**	192
Manager's stocks and consumables	**5,737**	275	**-**	-
	49,130	43,047	**187**	333
Less: Expected credit losses	**(1,385)**	(1,970)	**-**	-
	47,745	41,077	**187**	333

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 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 2022	**6**	**1,964**	**1,970**
New financial assets originated	**4**	**-**	**4**
Financial assets derecognised	**(5)**	**(168)**	**(173)**
Allowance made	**-**	**472**	**472**
Allowance written-back	**-**	**(337)**	**(337)**
Allowance written-off	**-**	**(551)**	**(551)**
At 30 June 2023	**5**	**1,380**	**1,385**
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

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. The flexibility has ceased on 31 December 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 30.06.2023 RM'000	The Group 30.06.2022 RM'000
Deferred tax assets		**97,574**	112,034
At 1 July		**112,034**	123,234
Charged to income statements	33	**(9,630)**	(18,445)
(Charged)/Credited to equity		**(4,830)**	7,245
At 30 June		**97,574**	112,034
Deferred tax assets			
- settled more than 12 months		**77,597**	91,012
- settled within 12 months		**23,247**	25,415
Deferred tax liabilities			
- settled more than 12 months		**(1,854)**	(2,982)
- settled within 12 months		**(1,416)**	(1,411)
		97,574	112,034

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 2022		**(641)**	**6,300**	**98,747**	**7,382**	**(3,714)**	**3,960**	**112,034**
Credited/(Charged) to income statements	33	**323**	**-**	**(9,142)**	**(831)**	**762**	**(742)**	**(9,630)**
Charged to equity		**-**	**(4,830)**	**-**	**-**	**-**	**-**	**(4,830)**
At 30 June 2023		**(318)**	**1,470**	**89,605**	**6,551**	**(2,952)**	**3,218**	**97,574**
At 1 July 2021		(326)	(945)	110,656	13,676	(4,146)	4,319	123,234
(Charged)/Credited to income statements	33	(315)	-	(11,909)	(6,294)	432	(359)	(18,445)
Credited to equity		-	7,245	-	-	-	-	7,245
At 30 June 2022		(641)	6,300	98,747	7,382	(3,714)	3,960	112,034

11 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Tax losses		
Unutilised tax losses for which the related tax credit has not been recognised in the financial statements	**113**	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 RM113,000 as at 30 June 2023 (30 June 2022: RM162,000) 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 Company	
	30.06.2023 RM'000	30.06.2022 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.

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 2023 %	Effective equity interest 2022 %	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(1)
HLG Capital Markets Sdn Bhd	Malaysia	**-**	100	Dissolved
HLG Securities Sdn Bhd	Malaysia	**100**	100	In member's voluntary liquidation
HLCB Assets Sdn Bhd	Malaysia	**100**	100	Investment activities
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	Malaysia	**100**	100	Islamic fund management service
Unincorporated trust for ESOS	Malaysia	**-**	-	Special purpose vehicle for ESOS purpose

(1) Dissolved on 3 August 2023.

Notes to the Financial Statements

for the financial year ended 30 June 2023

13 PROPERTY AND EQUIPMENT

The Group 30.06.2023	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 2022	350	26,928	2,733	23,368	1,238	54,617
Additions	-	603	17	39	-	659
Disposals	-	(3)	-	-	-	(3)
Write-off	-	-	-	-	(10)	(10)
At 30 June 2023	350	27,528	2,750	23,407	1,228	55,263
Accumulated depreciation						
At 1 July 2022	-	23,828	2,527	18,161	830	45,346
Charge for the financial year	-	1,750	150	2,484	148	4,532
Disposals	-	(3)	-	-	-	(3)
Write-off	-	-	-	-	(10)	(10)
At 30 June 2023	-	25,575	2,677	20,645	968	49,865
Net book value						
At 30 June 2023	350	1,953	73	2,762	260	5,398

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

14 RIGHT-OF-USE ("ROU") ASSETS

The Group 30.06.2023	Leasehold Land RM'000	Leasehold Building RM'000	Properties RM'000	Equipment RM'000	Total RM'000
Cost					
At 1 July 2022	**783**	**871**	**25,166**	**517**	**27,337**
Additions	**-**	**-**	**25**	**704**	**729**
End of lease term	**-**	**-**	**-**	**(366)**	**(366)**
Adjustments	**-**	**-**	**(51)**	**-**	**(51)**
At 30 June 2023	**783**	**871**	**25,140**	**855**	**27,649**
Accumulated depreciation					
At 1 July 2022	**82**	**224**	**9,466**	**443**	**10,215**
Charge for the financial year	**8**	**16**	**3,832**	**145**	**4,001**
End of lease term	**-**	**-**	**-**	**(366)**	**(366)**
At 30 June 2023	**90**	**240**	**13,298**	**222**	**13,850**
Net book value					
At 30 June 2023	**693**	**631**	**11,842**	**633**	**13,799**

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

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15 OTHER INTANGIBLE ASSETS

	The Group	
Computer software	**30.06.2023 RM'000**	**30.06.2022 RM'000**
Cost		
At 1 July	**31,980**	28,272
Additions *	**3,006**	3,708
At 30 June	**34,986**	31,980
Amortisation		
At 1 July	**(26,987)**	(25,103)
Charge for the financial year	**(2,311)**	(1,884)
At 30 June	**(29,298)**	(26,987)
Net book value		
At 30 June	**5,688**	4,993

* Includes RM400,432 agency and client management system as Work-In-Progress ("WIP") as at 30 June 2023. The amount will be capitalised and commence depreciation when the project goes live.

16 GOODWILL

	The Group	
	30.06.2023 RM'000	**30.06.2022 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	
	30.06.2023 RM'000	**30.06.2022 RM'000**
CGUs		
Investment banking and stockbroking	**28,986**	28,986
Unit trust management	**4,073**	4,073
	33,059	33,059

16 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 4.2% (30 June 2022: 4.7%), representing the forecasted Gross Domestic Product ("GDP") growth rate of the country for all cash generating units 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	
	30.06.2023 %	30.06.2022 %
CGUs		
Investment banking and stockbroking	**8.6**	10.9
Unit trust management	**8.8**	11.1

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.

17 DEPOSITS FROM CUSTOMERS

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Fixed deposits	**703,676**	759,636
(i) Maturity structure of fixed deposits is as follows:		
Due within:		
- six months	**703,676**	758,405
- six months to one year	**-**	1,231
	703,676	759,636
(ii) The deposits are sourced from the following customers:		
Government and statutory bodies	**440,357**	553,869
Business enterprises	**250,563**	192,248
Individual	**12,756**	13,519
	703,676	759,636

18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Licensed banks	**449,219**	264,951
Licensed investment banks	**132,865**	22,067
Other financial institutions	**2,276,150**	1,620,217
	2,858,234	1,907,235

19 LEASE LIABILITIES

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
At 1 July	**16,548**	18,069
Additions	**729**	2,068
Interest expense	**714**	812
Lease payment	**(4,559)**	(4,401)
At 30 June	**13,432**	16,548

20 OTHER LIABILITIES

		The Group		The Company	
	Note	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Amount due to holding company	(a)	**156**	122	**13**	13
Amount due to other related companies	(a)	**621**	660	**263**	-
Remisiers' trust deposits		**13,893**	14,605	**-**	-
Treasury related payables		**14,782**	20,317	**-**	-
Advance payments received for corporate exercise		**8,108**	65,383	**-**	-
Other payables and accrued liabilities		**97,489**	111,053	**863**	1,093
Post employment benefits obligation:					
- defined contribution plan		**222**	221	**-**	-
		135,271	212,361	**1,139**	1,106

(a) The amount due to holding company and other related companies are unsecured, interest free and repayable on demand.

21 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
30.06.2023				
Derivatives at FVTPL:				
(i) Interest rate related contracts:				
- interest rate swaps		**4,270,000**	**23,444**	**(13,793)**
(ii) Foreign exchange related contracts:				
- foreign currency swaps		**2,914,410**	**42,691**	**(40,058)**
- foreign currency forwards		**175,559**	**879**	**(223)**
(iii) Equity related contracts:				
- call options		**200**	**22**	**-**
		7,360,169	**67,036**	**(54,074)**
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)

21 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 RM Nil (30 June 2022: RM70,000,000) on certain receivables using interest rate swaps. The total fair value of the said interest rate swaps related to these hedges amounted to RM Nil (30 June 2022: fair value gain of RM879,000) 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	
	30.06.2023 RM'000	30.06.2022 RM'000
Gain on hedging instruments	**223**	2,395
Loss on hedged items attributable to the hedged risks	**(297)**	(4,561)
	(74)	(2,166)

IBOR Reform

As at 30 June 2023, 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:				
30.06.2023				
Interest rate swaps				
- Kuala Lumpur Interbank Offered Rate ("KLIBOR")	**23,444**	**23,444**	**(13,793)**	**(13,793)**
30.06.2022				
Interest rate swaps				
- KLIBOR	31,927	31,927	(16,849)	(16,849)

22 SUBORDINATED OBLIGATIONS

	The Group	
	30.06.2023 RM'000	30.06.2022 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	**(2)**	(4)
	100,195	100,193

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.

23 SHARE CAPITAL

	The Group and the Company			
	30.06.2023		30.06.2022	
	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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24 RESERVES

	Note	The Group 30.06.2023 RM'000	The Group 30.06.2022 RM'000	The Company 30.06.2023 RM'000	The Company 30.06.2022 RM'000
Retained profits	(i)	**739,694**	736,898	**423,121**	412,837
Regulatory reserve	(ii)	**14,429**	12,148	**-**	-
Fair value reserve	(iii)	**(4,486)**	(19,792)	**-**	-
		749,637	729,254	**423,121**	412,837

(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 2023.

(iii) Fair value reserve

Movement of the fair value reserve is as follows:

	Note	The Group 30.06.2023 RM'000	The Group 30.06.2022 RM'000	The Company 30.06.2023 RM'000	The Company 30.06.2022 RM'000
At 1 July		**(19,792)**	3,364	**-**	-
Net gain/(loss) from change in fair value		**20,127**	(30,187)	**-**	-
Net changes in expected credit losses		**9**	(214)	**-**	-
Deferred taxation	11	**(4,830)**	7,245	**-**	-
Net change in fair value reserve		**15,306**	(23,156)	**-**	-
At 30 June		**(4,486)**	(19,792)	**-**	-

25 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:

	30.06.2023		30.06.2022	
	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**	11,111	31,157
Purchase of treasury shares	**-**	**-**	-	-
As at 30 June	**11,111**	**31,157**	11,111	31,157
The Company				
As at 1 July	**11,006**	**31,044**	11,006	31,044
Purchase of treasury shares	**-**	**-**	-	-
As at 30 June	**11,006**	**31,044**	11,006	31,044

26A INTEREST INCOME

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Loans and advances	**19,404**	16,484	**-**	-
Money at call and deposit placements with financial institutions	**4,012**	1,786	**561**	23
Financial investments at FVOCI	**48,019**	40,653	**-**	-
Financial investments at amortised cost	**33,157**	33,625	**-**	-
Others	**28,492**	16,347	**-**	-
	133,084	108,895	**561**	23

26B INTEREST INCOME FOR FINANCIAL ASSETS AT FVTPL

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Financial assets at FVTPL	**22,110**	23,989

27 INTEREST EXPENSE

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Deposits and placements of banks and other financial institutions	**22,626**	4,836
Deposits from customers	**65,344**	44,029
Derivative financial instruments	**8,413**	28,578
Subordinated obligations	**4,232**	4,231
Lease liabilities	**714**	812
Others	**443**	599
	101,772	83,085

28 NON-INTEREST INCOME

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Fee income				
Brokerage income	**44,721**	67,241	**-**	-
Unit trust fee income	**46,106**	58,104	**-**	-
Commission for futures contracts	**913**	908	**-**	-
Fees on loans and advances	**1,009**	341	**-**	-
Arranger fees	**2,740**	1,503	**-**	-
Placement fees	**10,238**	8,973	**-**	-
Corporate advisory fees	**5,006**	9,970	**-**	-
Underwriting commissions	**854**	1,343	**-**	-
Other fee income	**5,554**	4,743	**-**	-
	117,141	153,126	**-**	-
Net income from securities				
Net realised (loss)/gain arising from sale of:				
- Financial assets at FVTPL	**(1,808)**	(5,423)	**(158)**	2,522
- Financial investments at FVOCI	**3,826**	(6,364)	**-**	-
- Derivative financial instruments	**31,611**	35,400	**-**	-
Net unrealised (loss)/gain on revaluation of:				
- Financial assets at FVTPL	**(1,041)**	(10,085)	**(554)**	(9,440)
- Derivative financial instruments	**215**	14,023	**-**	-
Dividend income from:				
- Financial assets at FVTPL	**12,290**	8,652	**10,680**	7,442
- Subsidiary companies	**-**	-	**46,440**	175,750
Net unrealised loss on fair value changes arising from fair value hedges	**(74)**	(2,166)	**-**	-
	45,019	34,037	**56,408**	176,274
Other income				
Gain on disposal of property and equipment	**3**	35	**-**	-
Gain on liquidation of a subsidiary	**232**	-	**-**	-
Foreign exchange loss	**(19,912)**	(14,236)	**-**	-
Other non-operating income	**421**	599	**-**	477
	(19,256)	(13,602)	**-**	477
	142,904	173,561	**56,408**	176,751

29 OVERHEAD EXPENSES

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Personnel costs	**90,139**	83,102	**266**	201
Establishment costs	**24,814**	22,321	**56**	52
Marketing expenses	**2,249**	1,968	**-**	-
Administration and general expenses	**17,895**	19,450	**1,452**	1,022
	135,097	126,841	**1,774**	1,275

(i) Personnel costs comprise the following:

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Salaries, allowances and bonuses	**75,256**	69,264	**-**	-
Other employees benefits	**14,883**	13,838	**266**	201
	90,139	83,102	**266**	201

(ii) Establishment costs comprise the following:

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Depreciation of property and equipment	**4,532**	4,036	**-**	-
Depreciation of ROU assets	**4,001**	3,982	**-**	-
Amortisation of intangible assets - computer software	**2,311**	1,884	**-**	-
Rental of premises	**139**	142	**-**	-
Information technology expenses	**11,453**	9,279	**1**	1
Others	**2,378**	2,998	**55**	51
	24,814	22,321	**56**	52

29 OVERHEAD EXPENSES (CONTINUED)

(iii) Marketing expenses comprise the following:

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Advertisement and publicity	**803**	836	**-**	-
Travelling and accomodation	**404**	102	**-**	-
Others	**1,042**	1,030	**-**	-
	2,249	1,968	**-**	-

(iv) Administration and general expenses comprise the following:

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Communication expenses	**752**	1,122	**23**	25
Stationery and printing expenses	**583**	284	**19**	22
Management fees	**4,309**	5,100	**420**	94
Professional fees	**1,555**	1,485	**181**	22
Property and equipment written off	**-**	5	**-**	-
Auditors' remuneration:				
- statutory audit fees	**420**	389	**82**	79
- regulatory related fees	**197**	62	**13**	11
- tax compliance fees	**32**	31	**-**	-
Others	**10,047**	10,972	**714**	769
	17,895	19,450	**1,452**	1,022

Included in the overhead expenses of the Group and the Company are Directors' remuneration amounting to RM451,000 (30 June 2022: RM414,000) and RM451,000 (30 June 2022: RM414,000) 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.

30 WRITE-BACK OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS AND ADVANCES

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Expected credit losses on:		
- Loans and advances	**9**	190
Impaired loans and advances written-off	**-**	(16)
	9	174

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31 WRITE-BACK OF ALLOWANCE FOR IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Expected credit losses on:		
(a) Financial investments:		
- Financial investments at FVOCI	**(9)**	214
- Financial investments at amortised cost	**-**	12
	(9)	226
(b) Other financial assets:		
(i) Clients' and brokers' balances:		
- Expected credit losses	**132**	190
- Impaired clients' and brokers' balances recovered	**33**	91
(ii) Other assets	**34**	(28)
	199	253
	190	479

32 DIRECTORS' REMUNERATION

	The Group			The Company		
30.06.2023	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	23	148	125	23	148
Leong Ket Ti	125	22	147	125	22	147
Peter Ho Kok Wai	135	21	156	135	21	156
Lee Jim Leng	-	-	-	-	-	-
	385	66	451	385	66	451
Directors of subsidiaries	822	3,910	4,732	-	-	-
Total Directors' remuneration	1,207	3,976	5,183	385	66	451

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.

32 DIRECTORS' REMUNERATION (CONTINUED)

	The Group			The Company		
30.06.2022	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 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 RM71,250 (30 June 2022: RM84,550) and the apportioned amount of the said premium paid by HLIB was RM1,793 (30 June 2022: RM3,012).

33 TAXATION

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Malaysian income tax:				
- current financial year's charge	**1,929**	6,286	**92**	719
- over provision in prior financial years	**(7)**	(22)	**-**	-
	1,922	6,264	**92**	719
Deferred taxation (Note 11):				
- relating to origination and reversal of temporary differences	**9,630**	18,445	**-**	-
	9,630	18,445	**-**	-
	11,552	24,709	**92**	719

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	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Profit before taxation	**61,428**	97,172	**55,195**	175,499
Tax calculated at a rate of 24%	**14,743**	23,321	**13,247**	42,120
Tax effects of:				
- Income not subject to tax	**(2,831)**	(2,094)	**(13,535)**	(43,924)
- Expenses not deductible for tax purposes	**1,738**	3,913	**380**	2,523
- Recognition of unutilised tax credit previously not recognised	**(5)**	(6)	**-**	-
- Origination of temporary differences previously not recognised	**(2,077)**	(403)	**-**	-
- Current year tax losses not recognised	**(6)**	-	**-**	-
- Utilisation of unutilised tax losses previously not recognised	**(3)**	-	**-**	-
- Over provision in prior financial years	**(7)**	(22)	**-**	-
Tax expense for the financial year	**11,552**	24,709	**92**	719

34 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	
	30.06.2023	30.06.2022
(a) Basic earnings per share		
Net profit attributable to equity holders of the Company (RM'000)	**49,876**	72,463
Weighted average number of ordinary shares in issue ('000)	**235,785**	235,785
Basic earnings per share (sen)	**21.2**	30.7

(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 2023 and 30 June 2022.

35 DIVIDENDS

Dividends declared as follows:

	The Group and the Company			
	30.06.2023		30.06.2022	
	Single-tier dividend per share Sen	Amount of dividend RM'000	Single-tier dividend per share Sen	Amount of dividend RM'000
Ordinary shares	**17.0**	**41,972**	19.0	46,910

The Directors of the Company have declared on 30 August 2023 the payment of a final single-tier dividend of 17.0 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 RM42.0 million for the financial year ended 30 June 2023, 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			
	30.06.2023		30.06.2022	
	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**	**44,799**	26.0	61,305

35 DIVIDENDS (CONTINUED)

	The Company			
	30.06.2023		30.06.2022	
	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**	**44,819**	26.0	61,332

In respect of the financial year ended 30 June 2022, 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 RM2,111,033 (Group) and RM2,091,083 (Company), being dividend paid for these shares was added back to the appropriation of retained profits.

36 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 commitments and contingencies are as follows:

The Group	30.06.2023 Principal amount RM'000	30.06.2022 Principal amount RM'000
Commitments and contingencies		
Direct credit substitutes	**1,000**	1,000
Obligations under underwriting agreement	**-**	7,140
Any commitment that are unconditionally cancelled at any time by the Group without prior notice		
- maturity less than one year	**917,463**	919,747
	918,463	927,887
Derivative financial instruments		
Interest rate related contracts^:		
- One year or less	**768,000**	1,019,897
- Over one year to five years	**3,502,000**	2,503,000
Foreign exchange related contracts^:		
- One year or less	**3,089,969**	1,516,655
Equity related contracts^:		
- Over one year to five years	**200**	200
	7,360,169	5,039,752
	8,278,632	5,967,639

^ These derivatives are revalued at gross position basis and the fair value have been reflected in Note 21 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.

37 CAPITAL COMMITMENTS

	The Group	
	30.06.2023 RM'000	30.06.2022 RM'000
Property and equipment		
- approved and contracted but not provided for	**1,590**	3,115

38 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 39.

39 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 1 ("CET 1") capital ratio, Tier 1 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.

(i) The capital adequacy ratios of the banking subsidiary are as follows:

	HLIB	
	30.06.2023	30.06.2022
Before deducting proposed dividends:		
Common Equity Tier 1 ("CET 1") capital ratio	**38.498%**	39.445%
Tier 1 capital ratio	**38.498%**	39.445%
Total capital ratio	**48.792%**	50.437%
After deducting proposed dividends:[(1)]		
CET 1 capital ratio	**35.719%**	35.367%
Tier 1 capital ratio	**35.719%**	35.367%
Total capital ratio	**46.013%**	46.359%

Note:
(1) Proposed dividends of RM28,710,000 (30 June 2022: RM38,940,000).

39 CAPITAL ADEQUACY (CONTINUED)

(ii) The components of CET 1, Tier 1 and total capital of the banking subsidiaries are as follows:

	HLIB	
	30.06.2023 RM'000	30.06.2022 RM'000
CET 1 capital		
Paid-up ordinary share capital	**252,950**	252,950
Retained profits	**280,317**	287,881
Other reserves	**(4,486)**	(19,792)
Less: goodwill and intangibles	**(33,936)**	(33,638)
Less: deferred tax assets	**(96,878)**	(110,559)
Less: investment in subsidiary companies	**(200)**	(200)
Less: 55% of cumulative gains of financial instruments at FVOCI	**-**	-
Total CET 1 capital	**397,767**	376,642
Tier 1 capital	**397,767**	376,642
Tier 2 capital		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves(2)	**6,356**	4,952
Subordinated obligations	**100,000**	100,000
Total Tier 2 capital	**106,356**	104,952
Total capital	**504,123**	481,594

Note:
(2) Includes the qualifying regulatory reserve for non-impaired loans and advances.

(iii) Breakdown of risk-weighted assets of the banking subsidiary company in the various risk weights:

	HLIB	
	30.06.2023 RM'000	30.06.2022 RM'000
Credit risk	**508,514**	396,120
Market risk	**185,018**	217,123
Operational risk	**339,681**	341,603
	1,033,213	954,846

40 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

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40 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
30.06.2023			
Income			
Interest income	-	7,189	-
Brokerage income	-	971	22
Corporate advisory fee	-	150	-
Arranger fee	-	-	-
Placement fee	-	1,410	-
Other fee income	60	1,619	-
Other income	-	237	-
Loss on securities and derivatives	-	(3,714)	-
	60	7,862	22
Expenses			
Interest expense	-	1,792	439
Direct cost to unit trust fee income	-	18,659	-
Rental	-	16	-
Management fees	1,799	2,509	-
Depreciation of ROU assets	-	3,758	-
Interest on lease liabilities	-	694	-
Others	-	4,190	-
	1,799	31,618	439
Amounts due from:			
Cash and short-term funds	-	54,127	-
Financial assets at FVTPL	-	2,443	-
Derivative financial assets	-	9,772	-
Clients' and brokers' balances	-	8,034	-
ROU assets	-	11,689	-
Other assets	-	2,144	-
	-	88,209	-
Amounts due to:			
Deposits from customers	-	-	12,001
Deposits and placements of banks and other financial institutions	-	316,882	-
Derivative financial liabilities	-	1,251	-
Clients' and brokers' balances	-	29,019	-
Lease liabilities	-	12,753	-
Other liabilities	156	621	418
	156	360,526	12,419
Commitments and contingencies			
Derivative financial instruments	-	692,428	-

40 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
30.06.2023				
Income				
Interest income	-	-	561	-
Dividends	-	46,440	-	-
	-	46,440	561	-
Expenses				
Management fees	158	-	263	-
Others	-	-	364	-
	158	-	627	-
Amounts due from:				
Cash and short-term funds	-	-	29,350	-
Amounts due to:				
Other liabilities	13	-	263	418

40 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
30.06.2022			
Income			
Interest income	-	1,191	-
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	27,617	46
Expenses			
Interest expense	-	4,479	310
Direct cost to unit trust fee income	-	31,054	-
Management fees	1,413	3,624	-
Depreciation of ROU assets	-	3,692	-
Interest on lease liabilities	-	804	-
Others	55	4,518	-
	1,468	48,171	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	-

40 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 fee	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

* Other related companies refers to related parties stated in Note 40(a), excluding the parent company (Hong Leong Financial Group Berhad) and subsidiaries of the Company.

40 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel

Key management compensation

	The Group		The Company	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Salaries, allowances and other short-term employee benefits	**10,375**	13,318	**66**	63
Fees	**385**	380	**385**	380
	10,760	13,698	**451**	443

Included in the above is the Directors' remuneration which is disclosed in Note 32.

41 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

41 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
30.06.2023					
Revenue					
External revenue	138,657	47,037	10,632	-	196,326
Inter-segment revenue	5,414	-	46,509	(51,923)	-
Total revenue[1]	144,071	47,037	57,141	(51,923)	196,326
Overhead expenses	(101,762)	(36,849)	(1,820)	5,334	(135,097)
Net allowance written-back for impairment losses on loans and advances and other losses	199	-	-	-	199
Results					
Segment results from operations	42,508	10,188	55,321	(46,589)	61,428
Tax expense for the financial year					(11,552)
Net profit for the financial year					49,876
Assets					
Segment assets	4,515,577	65,201	641,940	(246,957)	4,975,761
Liabilities					
Segment liabilities	3,972,367	35,876	2,247	(105)	4,010,385
Other informations					
Capital expenditure	2,849	816	-	-	3,665
Depreciation of property and equipment	3,777	755	-	-	4,532
Depreciation of ROU assets	3,425	576	-	-	4,001
Amortisation of intangible assets					
- computer software	2,088	223	-	-	2,311
Write-back of allowance for impairment losses on loans and advances	9	-	-	-	9
Allowance for impairment losses on financial investments	9	-	-	-	9
Write-back of allowance for impairment losses on clients' and brokers' balances	132	-	-	-	132
Impaired clients' and brokers' balances recovered	33	-	-	-	33
Write-back of allowance for impairment losses on other financial assets	34	-	-	-	34

Note:
[1] Total segment revenue comprises of net interest income and non-interest income.

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41 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
Result					
Segment results from operations	72,139	25,152	175,611	(175,730)	97,172
Taxation 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 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.

42 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Risk management objectives and policies (continued)

Interest rate benchmark reform

Interest rate benchmarks such as interbank offered rates ("IBORs") have played 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 2023, 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 had discontinued 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 continued to be published. The Financial Markets Committee ("FMC") will engage the International Swaps and Derivatives Association ("ISDA") to ensure continuity of KLIBOR derivative contracts in the event of temporary or permanent discontinuation of KLIBOR publication.

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.

42 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Risk management objectives and policies (continued)

Interest rate benchmark reform (continued)

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.

As at 30 June 2023, 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 2023 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 2023 which referenced to KLIBOR, kindly refer to Note 5 and Note 21 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.

Notes to the Financial Statements

for the financial year ended 30 June 2023

42 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

(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.

The Group	30.06.2023		30.06.2022	
	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	**2,425**	**(37,864)**	10,239	(28,236)
-100 bps	**(2,425)**	**37,864**	(10,239)	28,236

(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	30.06.2023		30.06.2022	
	+1% RM'000	-1% RM'000	+1% RM'000	-1% RM'000
USD	**(175)**	**175**	(11)	11
SGD	**5**	**(5)**	(11)	11
Others	**(15)**	**15**	26	(26)
	(185)	**185**	4	(4)

(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.

42 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 30.06.2023	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	281,181	-	-	-	-	71,733	-	352,914
Clients' and brokers' balances	-	-	-	-	-	140,476	-	140,476
Deposits and placements with banks and other financial institutions	-	130,012	10,000	-	-	-	-	140,012
Financial assets at FVTPL	-	-	-	-	-	-	633,386	633,386
Financial investments at FVOCI	50,013	55,079	275,973	1,042,178	393,739	21,133	-	1,838,115
Financial investments at amortised cost	-	50,031	20,114	1,033,946	20,717	13,429	-	1,138,237
Loans and advances	303,830	-	69,952	35,148	-	887	-	409,817
Other financial assets	-	-	-	-	-	43,437	-	43,437
Derivative financial assets	-	-	-	-	-	-	67,036	67,036
Statutory deposits with BNM	-	-	-	-	-	52,350	-	52,350
Total assets	635,024	235,122	376,039	2,111,272	414,456	343,445	700,422	4,815,780

42 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

The Group 30.06.2023	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	-	-	-	-	-	145,393	-	145,393
Deposits from customers	467,207	158,783	76,681	-	-	1,005	-	703,676
Deposits and placements of banks and other financial institutions	2,568,043	282,218	5,000	-	-	2,973	-	2,858,234
Lease liabilities	443	654	2,980	9,325	30	-	-	13,432
Other financial liabilities	-	-	-	-	-	135,271	-	135,271
Derivative financial liabilities	-	-	-	-	-	-	54,074	54,074
Subordinated obligations	-	-	-	-	99,998	197	-	100,195
Total liabilities	3,035,693	441,655	84,661	9,325	100,028	284,839	54,074	4,010,275
Net interest sensitivity gap	(2,400,669)	(206,533)	291,378	2,101,947	314,428			
Direct credit substitutes	-	-	-	-	-	1,000		
Credit related commitments and contingencies	-	-	-	-	-	917,463		
Net interest sensitivity gap	-	-	-	-	-	918,463		

42 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
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

42 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		

42 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

	Non-trading book							
The Company 30.06.2023	**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	29,300	-	-	-	-	5,592	-	34,892
Financial assets at FVTPL	-	-	-	-	-	-	358,334	358,334
Other financial assets	-	-	-	-	-	168	-	168
Total assets	29,300	-	-	-	-	5,760	358,334	393,394
Liabilities								
Other financial liabilities	-	-	-	-	-	1,139	-	1,139
Total liabilities	-	-	-	-	-	1,139	-	1,139
Net interest sensitivity gap	29,300	-	-	-	-			
Direct credit substitutes	-	-	-	-	-	-		
Credit related commitments and contingencies	-	-	-	-	-	-		
Net interest sensitivity gap	-	-	-	-	-	-		

42 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

The Company 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
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	-	-	-	-	-	-		
Total interest rate sensitivity gap	-	-	-	-	-	-		

42 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 30.06.2023	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	317,614	35,300	-	-	-	-	-	352,914
Clients' and brokers' balances	140,476	-	-	-	-	-	-	140,476
Deposits and placements with banks and other financial institutions	-	130,012	-	-	10,000	-	-	140,012
Financial assets at FVTPL	-	49,885	29,757	-	-	189,312	364,432	633,386
Financial investments at FVOCI	20,471	30,537	55,833	85,652	192,238	1,453,384	-	1,838,115
Financial investments at amortised cost	-	-	50,734	20,183	-	1,067,320	-	1,138,237
Loans and advances	304,718	-	-	-	69,952	35,147	-	409,817
Derivative financial assets	3,307	14,919	16,598	5,354	4,682	22,176	-	67,036
Other assets *	130	-	-	-	48,059	-	207,579	255,768
Total assets	786,716	260,653	152,922	111,189	324,931	2,767,339	572,011	4,975,761

* Includes property and equipment, ROU assets, other intangible assets, tax recoverable, deferred tax assets and goodwill.

42 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 30.06.2023	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	145,393	-	-	-	-	-	-	145,393
Deposits from customers	365,695	101,965	159,116	76,900	-	-	-	703,676
Deposits and placements of banks and other financial institutions	2,076,454	492,649	284,130	-	5,001	-	-	2,858,234
Derivative financial liabilities	2,756	10,767	12,112	7,014	8,671	12,754	-	54,074
Subordinated obligations	-	-	-	197	-	99,998	-	100,195
Lease liabilities	-	443	654	986	1,994	9,355	-	13,432
Other liabilities **	-	13,893	-	-	121,488	-	-	135,381
Total liabilities	2,590,298	619,717	456,012	85,097	137,154	122,107	-	4,010,385
Total equity	-	-	-	-	-	-	965,376	965,376
Total liabilities and equity	2,590,298	619,717	456,012	85,097	137,154	122,107	965,376	4,975,761

** Includes current tax liabilities

42 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
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.

42 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.

42 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 30.06.2023	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	5,592	29,300	-	-	-	-	-	34,892
Financial assets at FVTPL	-	-	-	-	-	-	358,334	358,334
Other assets	-	-	-	-	187	-	-	187
Tax recoverable	-	-	-	-	-	-	125	125
Investment in subsidiary companies	-	-	-	-	-	-	246,574	246,574
Total assets	5,592	29,300	-	-	187	-	605,033	640,112
Liabilities								
Other liabilities	-	-	-	-	1,139	-	-	1,139
Total liabilities	-	-	-	-	1,139	-	-	1,139
Total equity	-	-	-	-	-	-	638,973	638,973
Total liabilities and equity	-	-	-	-	1,139	-	638,973	640,112

42 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
Tax recoverable	-	-	-	-	-	-	-	-
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

42 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 30.06.2023	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	145,393	-	-	-	-	-	145,393
Deposits from customers	468,064	238,599	-	-	-	-	706,663
Deposits and placements of banks and other financial institutions	2,570,614	285,444	5,140	-	-	-	2,861,198
Derivative financial liabilities							
- Gross settled derivatives							
- Inflow	(1,665,230)	(1,480,965)	(304,585)	-	-	-	(3,450,780)
- Outflow	1,662,654	1,475,403	310,140	-	-	-	3,448,197
- Net settled derivatives	(1,075)	(1,628)	(2,061)	(2,656)	111	-	(7,309)
Lease liabilities	496	1,883	2,241	7,912	1,981	30	14,543
Other liabilities	13,909	-	121,140	-	-	222	135,271
Subordinated obligations	-	2,132	2,121	8,460	8,472	104,230	125,415
Total financial liabilities	**3,194,825**	**520,868**	**134,136**	**13,716**	**10,564**	**104,482**	**3,978,591**

42 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 30.06.2022	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

42 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
30.06.2023							
Liabilities							
Other liabilities	-	-	1,139	-	-	-	1,139
Total financial liabilities	-	-	1,139	-	-	-	1,139
30.06.2022							
Liabilities							
Other liabilities	-	-	1,106	-	-	-	1,106
Total financial liabilities	-	-	1,106	-	-	-	1,106

42 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
30.06.2023			
Direct credit substitutes	**1,000**	**-**	**1,000**
Any commitment that are unconditionally cancelled at anytime by the Group without prior notice	**917,463**	**-**	**917,463**
	918,463	**-**	**918,463**
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

42 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	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Credit risk exposure relating to on-balance sheet assets:				
Short-term funds (exclude cash in hand)	**352,900**	322,660	**34,892**	27,893
Clients' and brokers' balances	**140,476**	316,276	**-**	-
Deposits and placements with banks and other financial institutions	**140,012**	100,021	**-**	-
Financial assets and investments portfolios (exclude shares and unit trust investment)				
- financial assets at FVTPL	**268,954**	19,743	**-**	-
- financial investments at FVOCI	**1,838,115**	1,256,640	**-**	-
- financial investments at amortised cost	**1,138,237**	1,250,442	**-**	-
Loans and advances	**409,817**	393,720	**-**	-
Other assets	**43,437**	37,918	**168**	311
Derivative financial assets	**67,036**	38,393	**-**	-
	4,398,984	3,735,813	**35,060**	28,204
Credit risk exposure relating to off-balance sheet items:				
Commitments and contingencies	**918,463**	927,887	**-**	-
Total maximum credit risk exposure	**5,317,447**	4,663,700	**35,060**	28,204

42 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 2023 amounted to RM0.1 million (30 June 2022: 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 2023 for the Group is 99.1% (30 June 2022: 99.5%). 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 2023 for the Group is 99.1% (30 June 2022: 99.5%).

(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.

42 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

Notes to the Financial Statements

for the financial year ended 30 June 2023

42 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 30.06.2023	(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	355,030	-	-	355,030
Fair	137,858	-	-	137,858
Un-graded	24	-	-	24
Gross carrying amount	492,912	-	-	492,912
Expected credit losses	-	-	-	-
Net carrying amount	492,912	-	-	492,912
Financial investments at FVOCI				
Good	827,174	-	-	827,174
Fair	24,055	-	-	24,055
Un-graded	986,886	-	-	986,886
Gross carrying amount	1,838,115	-	-	1,838,115
Expected credit losses	-	-	-	-
Net carrying amount	1,838,115	-	-	1,838,115
Financial investments at amortised cost				
Un-graded	1,138,237	-	-	1,138,237
Gross carrying amount	1,138,237	-	-	1,138,237
Expected credit losses	-	-	-	-
Net carrying amount	1,138,237	-	-	1,138,237
Loans and advances				
Good	100,883	5,226	-	106,109
Un-graded	299,789	4,131	-	303,920
Credit impaired	-	-	126	126
Gross carrying amount	400,672	9,357	126	410,155
Expected credit losses	(315)	(23)	-	(338)
Net carrying amount	400,357	9,334	126	409,817

42 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 30.06.2022	(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

42 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 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
30.06.2023				
Short-term funds and placements with banks				
Fair	**34,892**	**-**	**-**	**34,892**
Gross/Net carrying amount	**34,892**	**-**	**-**	**34,892**
30.06.2022				
Short-term funds and placements with banks				
Fair	27,893	-	-	27,893
Gross/Net carrying amount	27,893	-	-	27,893

(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	30.06.2023 RM'000	30.06.2022 RM'000
Neither past due nor impaired	**410,029**	393,939
Past due but not impaired	**-**	-
Individually impaired	**126**	128
Gross loans and advances	**410,155**	394,067
Less: Expected credit losses	**(338)**	(347)
Total net loans and advances	**409,817**	393,720

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(a) Loans and advances (continued)

(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	30.06.2023 RM'000	30.06.2022 RM'000
Grading classification:		
- Good	**106,109**	41,533
- Satisfactory	**-**	23,003
- Un-graded	**303,920**	329,403
	410,029	393,939

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.

(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.

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(a) Loans and advances (continued)

(iii) Loans and advances that are individually determined to be impaired as at reporting date are as follows:

The Group	30.06.2023 RM'000	30.06.2022 RM'000
Gross amount of individually impaired loans	**126**	128
Less: Expected credit losses	**-**	-
Total net amount of individually impaired loans	**126**	128

(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

42 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
30.06.2023							
Neither past due nor impaired	**492,912**	**139,919**	**268,954**	**1,838,115**	**1,138,237**	**43,442**	**67,036**
Individually impaired	**-**	**1,423**	**-**	**-**	**-**	**1,380**	**-**
Less: Impairment losses	**-**	**(866)**	**-**	**-**	**-**	**(1,385)**	**-**
	492,912	**140,476**	**268,954**	**1,838,115**	**1,138,237**	**43,437**	**67,036**
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

42 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
30.06.2023		
Neither past due nor impaired	**34,892**	**168**
Individually impaired	**-**	**-**
Less: Impairment losses	**-**	**-**
	34,892	**168**
30.06.2022		
Neither past due nor impaired	27,893	311
Individually impaired	-	-
Less: Impairment losses	-	-
	27,893	311

42 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
30.06.2023							
AAA to AA3	355,030	-	54,901	778,718	-	-	55,570
A1 to A3	-	-	-	48,456	-	-	7,114
Baa1 to Baa3	-	-	-	24,055	-	-	-
P1 to P3	137,858	-	29,757	-	-	9,234	-
Non-rated, of which:							
- Bank Negara Malaysia	24	-	-	-	-	-	-
- Malaysia Government Investment Issues	-	-	122,507	449,106	501,501	-	-
- Malaysian Government Securities	-	-	61,789	214,625	597,232	-	-
- Government guaranteed corporate bond and/or sukuk	-	-	-	294,220	39,504	-	-
- Others	-	140,476	-	28,935	-	34,203	4,352
	24	140,476	184,296	986,886	1,138,237	34,203	4,352
	492,912	140,476	268,954	1,838,115	1,138,237	43,437	67,036

42 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: (continued)

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

42 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
30.06.2023		
P1 to P3	**34,892**	**-**
Non-rated, of which:		
- Others	**-**	**168**
	-	**168**
	34,892	**168**
30.06.2022		
P1 to P3	27,893	-
Non-rated, of which:		
- Others	-	311
	-	311
	27,893	311

(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.

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for the financial year ended 30 June 2023

42 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 2023, and are still subject to enforcement activities for the Group.

(vii) Sensitivity analysis

The Group has performed ECL sensitivity assessment on loans and advances and financial investments at FVOCI 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	**30.06.2023 RM'000**	**30.06.2022 RM'000**
The effect of ECL on the positive changes in macroeconomic variable	**3**	3
The effect of ECL on the negative changes in macroeconomic variable	**(3)**	(3)

42 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 30.06.2023	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
Mining and quarrying	-	-	-	-	-	5,205	-	-	5,205	-
Electricity, gas and water	-	-	-	200,161	-	-	-	-	200,161	-
Construction	-	-	-	24,917	-	-	846	-	25,763	1,000
Wholesale and retail	-	-	-	-	-	-	1	-	1	-
Transport, storage and communications	-	-	5,016	179,920	-	-	-	-	184,936	-
Finance, insurance, real estate and business services	492,888	-	79,642	681,138	39,504	30,007	1,006	67,036	1,391,221	-
Government and government agencies	24	-	184,296	714,190	1,098,733	-	-	-	1,997,243	-
Education, health and others	-	-	-	-	-	-	80	-	80	-
Household	-	-	-	-	-	70,900	-	-	70,900	-
Purchase of securities	-	140,476	-	-	-	303,705	-	-	444,181	917,463
Others	-	-	-	37,789	-	-	41,504	-	79,293	-
	492,912	140,476	268,954	1,838,115	1,138,237	409,817	43,437	67,036	4,398,984	918,463

42 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 30.06.2022	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

42 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
30.06.2023			
Finance, insurance, real estate and business services	**34,892**	**-**	**34,892**
Others	**-**	**168**	**168**
	34,892	**168**	**35,060**
30.06.2022			
Finance, insurance, real estate and business services	27,893	-	27,893
Others	-	311	311
	27,893	311	28,204

42 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 2022 - Nil).

42 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
30.06.2023				
Financial assets				
Financial assets at FVTPL	**364,432**	**268,954**	**-**	**633,386**
- money market instruments	**-**	**234,181**	**-**	**234,181**
- quoted securities	**364,432**	**-**	**-**	**364,432**
- unquoted securities	**-**	**34,773**	**-**	**34,773**
Financial investments at FVOCI	**-**	**1,838,115**	**-**	**1,838,115**
- money market instruments	**-**	**748,816**	**-**	**748,816**
- unquoted securities	**-**	**1,089,299**	**-**	**1,089,299**
Derivative financial assets	**-**	**67,036**	**-**	**67,036**
	364,432	**2,174,105**	**-**	**2,538,537**
Financial liability				
Derivative financial liabilities	**-**	**54,074**	**-**	**54,074**
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

42 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 Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.06.2023				
Financial asset				
Financial assets at FVTPL				
- quoted securities	**358,334**	**-**	**-**	**358,334**
30.06.2022				
Financial asset				
Financial assets at FVTPL				
- quoted securities	355,215	-	-	355,215

There were no transfers between Level 1 and 2 during the financial year.

(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 30.06.2023	Carrying amount RM'000	Fair value Level 1 RM'000	Fair value Level 2 RM'000	Fair value Level 3 RM'000	Fair value Total RM'000
Financial assets					
Financial investments at amortised cost					
- money market instruments	**1,098,733**	**-**	**1,091,404**	**-**	**1,091,404**
- unquoted securities	**39,504**	**-**	**38,735**	**-**	**38,735**
Loans and advances	**409,817**	**-**	**409,829**	**-**	**409,829**
	1,548,054	**-**	**1,539,968**	**-**	**1,539,968**
Financial liabilities					
Deposits from customers	**703,676**	**-**	**703,676**	**-**	**703,676**
Deposits and placements of banks and other financial institutions	**2,858,234**	**-**	**2,858,229**	**-**	**2,858,229**
Subordinated obligations	**100,195**	**-**	**99,925**	**-**	**99,925**
	3,662,105	**-**	**3,661,830**	**-**	**3,661,830**

42 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 30.06.2022	Carrying amount RM'000	Fair value Level 1 RM'000	Fair value Level 2 RM'000	Fair value Level 3 RM'000	Fair value 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

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.

42 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

The estimated fair values of deposits and placements of other financial institutions 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.

43 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 30.06.2023	**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	271,143	(130,667)	140,476	-	-	140,476
Derivative financial assets	67,036	-	67,036	(11,688)	(15,656)	39,692
Total assets	338,179	(130,667)	207,512	(11,688)	(15,656)	180,168
Financial liabilities						
Clients' and brokers' balances	276,060	(130,667)	145,393	-	-	145,393
Derivative financial liabilities	54,074	-	54,074	(11,688)	(9,234)	33,152
Total liabilities	330,134	(130,667)	199,467	(11,688)	(9,234)	178,545

Notes to the Financial Statements

for the financial year ended 30 June 2023

43 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

	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

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.

44 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:

	30.06.2023		30.06.2022	
	Number of trust shares held '000	Market value RM'000	Number of trust shares held '000	Market value RM'000
The Group	**11,111**	**68,553**	11,111	62,220
The Company	**11,006**	**67,905**	11,006	61,632

45 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 10 November 2022, the Company announced that the liquidator of HLG Capital Markets Sdn Bhd ("HLGCM") had convened the final meeting to conclude the member's voluntary winding-up of HLGCM. The Returns by Liquidator Relating to Final Meeting of HLGCM were lodged with the Companies Commission of Malaysia and the Official Receiver on 10 November 2022 ("Lodgement Date"), and on the expiration of 3 months after the Lodgement Date, HLGCM was dissolved on 10 February 2023.

(b) On 3 May 2023, the Company announced that the liquidator of SSSB Jaya (1987) Sdn Bhd ("SSSB Jaya"), an indirect wholly-owned subsidiary of the Company, had convened the final meeting to conclude the creditors' voluntary winding-up of SSSB Jaya. The Returns by Liquidator Relating to Final Meeting of SSSB Jaya were lodged with the Companies Commission of Malaysia and the Official Receiver on 3 May 2023 ("Lodgement Date"), and on the expiration of 3 months after the Lodgement Date, SSSB Jaya was dissolved on 3 August 2023.

46 SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

There are no material subsequent events after the financial year that require disclosure or adjustments to the financial statements.

47 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 18 September 2023.

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 101 to 217 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 2023 and financial performance of the Group and the Company for the financial year ended 30 June 2023, 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 18 September 2023.

Peter Ho Kok Wai
Director

Tan Kong Khoon
Director

Kuala Lumpur
18 September 2023

Statutory Declaration

pursuant to Section 251(1) of the Companies Act 2016

I, Tan Chan Yien, 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 101 to 217 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 Tan Chan Yien (MIA No. 47539)
at Kuala Lumpur in Wilayah Persekutuan on
18 September 2023

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 2023, 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 2023 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 101 to 217.

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 2023 Note A, Note Q, Note 11 and Note 33 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 RM97.6 million as at 30 June 2023 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 2023.

We have determined that 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 Directors' Report and Annual Report 2023, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

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.

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
18 September 2023

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-second 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 Thursday, 26 October 2023 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 2023.

2. To approve the payment of Director Fees of RM451,000 for the financial year ended 30 June 2023, to be divided amongst the Directors in such manner as the Directors may determine and Directors' Other Benefits of up to an amount of RM45,000 from the 32nd AGM to the 33rd AGM of the Company. **(Resolution 1)**

3. To re-elect Ms Tai Siew Moi as a Director pursuant to the Company's Constitution. **(Resolution 2)**

4. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 3)**

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
   - Waiver of Pre-Emptive Rights over New Ordinary Shares ("Shares") or Other Convertible Securities in the Company under Section 85(1) of the Companies Act 2016 ("Act") read together with Clause 50 of the Constitution of the Company

   "**THAT** subject to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["MMLR"], 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 Act 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(1) of the Act 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 the existing Shares in the Company." **(Resolution 4)**

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 Section 2.3(A) and (C) of the Company's Circular to Shareholders dated 27 September 2023 ("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 5)**

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 27 September 2023 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 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)**

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
27 September 2023

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 18 October 2023 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 RM451,000 are inclusive of Board Committee Fees of RM145,000 and Meeting Allowances of RM66,000.
- Directors' Other Benefits refer to Directors' training benefits of up to RM45,000.

2. Resolution 2 on Re-election of Director

The Board, on the recommendation of the Nomination and Remuneration Committee of the Company ("NRC"), supports the re-election of Ms Tai Siew Moi. The NRC has reviewed the results of the Board Annual Assessment conducted for the financial year ended 30 June 2023 and noted that Ms Tai Siew Moi has effectively discharged her duties and responsibilities. The NRC has also conducted assessments on the fitness and propriety of Ms Tai Siew Moi including the review of her Fit and Proper Declaration and results of her background checks, and was satisfied that she 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 Ms Tai Siew Moi confirming that she fulfilled the Independent Director criteria as set out in the relevant regulatory requirements, and found it to be in order.

Ms Tai Siew Moi had abstained from deliberations and decisions on her re-election at the NRC and Board meetings, as applicable.

The profile and details of Ms Tai Siew Moi are set out in the Board of Directors' Profile section of the Company's 2023 Annual Report.

3. Resolution 4 on Authority to Directors to Allot Shares and Waiver of Pre-emptive Rights

The proposed Ordinary Resolution, if passed, will renew the general mandate given to the Directors of the Company to allot ordinary shares ("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 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 ("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 28 October 2022 and which will lapse at the conclusion of the 32nd 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 or for compliance with regulatory requirements 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(1) of the Companies Act 2016 ("Act") 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 or other convertible securities.

Section 85(1) of the Act 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...

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."

In order for the Board to issue any new Shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution, if passed, will exclude your pre-emptive right over all new Shares, options over or grant 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 under the Authority to Directors to Allot Shares.

4. Resolutions 5 and 6 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 27 September 2023 which is available on the Company's corporate website (http://www.hlcap.com.my/agm2023).

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-second 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-second 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 2023

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 2023

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	69	2.14	2,075	0.00
100 – 1,000	1,241	38.43	887,802	0.36
1,001 – 10,000	1,533	47.48	5,881,286	2.38
10,001 – 100,000	295	9.13	9,742,947	3.95
100,001 – less than 5% of issued shares	90	2.79	56,577,500	22.91
5% and above of issued shares	1	0.03	173,805,058	70.40
	3,229	100.0	246,896,668	100.00

List of Thirty Largest Shareholders as at 30 August 2023

	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.	AMSEC Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad	6,664,900	2.70
4.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Bank Berhad (EDP 2)	4,161,000	1.69
5.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	3,560,900	1.44
6.	AMSEC Nominees (Tempatan) Sdn Bhd - Exempt AN for KGI Securities (Singapore) Pte. Ltd (66581 T CL)	3,257,000	1.32
7.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	2,129,100	0.86
8.	Tong Chin Hen	1,763,500	0.71
9.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	1,385,700	0.56

Other Information

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2023 (CONTINUED)

	Name of Shareholders	No. of Shares	%
10.	HSBC Nominees (Asing) Sdn Bhd - Societe Generale Paris	1,184,200	0.48
11.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Weng Fui	1,014,600	0.41
12.	Chan Sow Keng	800,700	0.32
13.	Ho Swee Ming	764,500	0.31
14.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Keh Chuan Seng	750,000	0.30
15.	Yu Kuan Chon	749,800	0.30
16.	Yu Kuan Chon	705,200	0.29
17.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Keh Chuan Seng	624,000	0.25
18.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Kooi Ming @ Tam Kooi Ming	621,300	0.25
19.	Affin Hwang Nominees (Asing) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for KGI Securities (Singapore) Pte. Ltd.	620,400	0.25
20.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yu Kuan Chon	592,500	0.24
21.	Yu Chong Chen	575,300	0.23
22.	Chan Sow Keng	538,300	0.22
23.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Keh Chuan Seng	490,000	0.20
24.	Chan Sow Keng	430,000	0.18
25.	Sim Ah Yoong	430,000	0.18
26.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Kai Meng	400,000	0.16
27.	Chan Weng Fui	362,300	0.15
28.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Eastspring Investments Equity Income Fund	354,000	0.14
29.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Weng Fui	334,000	0.14
30.	Lim Fung Neng	322,300	0.13
		220,396,258	89.27

2. ANALYSIS OF SHAREHOLDINGS AS AT 30 AUGUST 2023 (CONTINUED)

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 30 August 2023 are as follows:

Name of Shareholders	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
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 2023

Subsequent to the financial year end, there is no change, as at 30 August 2023, 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 97 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	29	1,674	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-second 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 Thursday, 26 October 2023 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 Ms Tai Siew Moi as a Director		
3.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
4.	To approve the ordinary resolution on Authority to Directors to Allot Shares and Waiver of Pre-emptive Rights		
5.	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		
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 Tower Real Estate Investment Trust		

Dated this_______________day of_________________2023

____
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 18 October 2023 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 duly authorised attorney or officer.*
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

Then fold here

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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