

HONG LEONG CAPITAL BERHAD (213006-U)

Summary of key matters discussed at the **27th Annual General Meeting** (“AGM”) of **Hong Leong Capital Berhad** (“HLCB” or the “Company”) held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6 Jalan Damansara, Bukit Damansara, 50490 Kuala Lumpur on **Tuesday, 30 October 2018 at 9:30 a.m.**

1. Stockbroking’s Margin Income business had decreased by 27.4% compared to previous financial year from lower margin drawdown balance throughout the current financial year.

Please share on how the Company intends to sustain and improve the utilisation.

Response:

- The stock market had moderated down in the month of June 2018 and many of the investors had taken steps to reduce their share margin utilisation. Despite this, the HLIB Stockbroking division recorded a Profit Before Taxation (“PBT”) of RM32.6 million in FY2018 as compared to RM29.2 million in FY2017. This represents a PBT growth of 11.5% as a result of the increase in trading volume of 20.5% which is higher than the increase in Bursa volume of 16.0%. In addition, it is notable that there was a 36.6% increase in contribution from the e-Broking segment to the Stockbroking Business Year-on-Year (“YoY”).
2. It was observed that the Stockbroking business of HLIB achieved 11.5% Year-on-Year (“YoY”) increase in PBT to reach RM32.6 million on the back of a 20.5% increase in trading volume with HLIB’s Institutional desk and e-Broking being the main contributors to the improved performance. It was further noted that HLIB focus on digital transformation of the Stockbroking services resulted in e-Broking increasing its PBT contributions by 36.6% YoY.

What are the enhancement plans on e-Broking platform to maintain the clients’ stickiness?

Response:

- The Stockbroking Business of HLIB is in the midst of developing a new share trading platform for e-Broking and has allocated additional RM8.3 million for future use on e-Broking enhancement in line with its digitalisation plan. In addition, HLIB has a strong research team to provide research analysis which has attracted investors to trade with HLIB.
3. The Company had been suspended from trading by Bursa Malaysia Securities Berhad since 2015. How would the Company address this and what would be the actions taken by the Company to uplift the suspension? How long it would take to uplift the suspension?

Response:

- The Company will continue to discuss with its major shareholder, Hong Leong Financial Group Berhad, options to comply with the shareholding spread requirement.
- The Company would also continue to engage with Bursa Malaysia Securities Berhad.