

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
Revenue	621,889	693,526	2,146,016	2,069,287
Cost of sales	(498,532)	(539,932)	(1,731,769)	(1,642,716)
Gross profit	123,357	153,594	414,247	426,571
Operating expenses	(40,601)	(43,883)	(135,885)	(144,236)
Other operating income	2,408	5,415	14,082	9,878
Operating profit	85,164	115,126	292,444	292,213
Interest income	1,068	910	3,378	2,825
Finance costs	(707)	(733)	(2,484)	(2,481)
Share of profit in associated companies, net of tax	13,389	23,133	41,858	80,977
Profit before taxation	98,914	138,436	335,196	373,534
Taxation	(21,371)	(24,974)	(70,235)	(65,823)
Profit for the period	77,543	113,462	264,961	307,711
Profit attributable to:				
Owners of the Company	57,529	90,396	198,980	247,181
Non-controlling interests	20,014	23,066	65,981	60,530
Profit for the period	77,543	113,462	264,961	307,711
Earnings per ordinary share (sen) :-				
(a) Basic	18.32	28.80	63.37	78.75
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

Hong Leong Industries Berhad (5486-F)

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HONG LEONG INDUSTRIES BERHAD (5486-P)
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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2020 (Cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year - To -Date	Preceding Year Corresponding Period
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
Profit for the period	77,543	113,462	264,961	307,711
Other comprehensive income/(expense), net of tax				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net change in fair value of equity investments at fair value through other comprehensive income	(5,656)	3,173	(278)	(5,095)
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences from foreign operations	(143)	(56)	(83)	155
Share of other comprehensive income/(expense) of equity accounted associates, net of tax	4,865	(1,880)	4,785	112
Cash flow hedge	3,672	563	2,769	(156)
Total other comprehensive income/(expense) for the period	2,738	1,800	7,193	(4,984)
Total comprehensive income for the period	80,281	115,262	272,154	302,727
Total comprehensive income attributable to:				
Owners of the Company	59,144	92,026	205,326	242,247
Non-controlling interests	21,137	23,236	66,828	60,480
Total comprehensive income for the period	80,281	115,262	272,154	302,727

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/03/2020	30/06/2019
	RM'000	RM'000
ASSETS		
Property, plant and equipment	292,085	296,017
Rights-of-use assets	18,971	-
Investment properties	4,000	4,000
Investments in associated companies	185,234	163,788
Other investments	30,539	34,026
Intangible assets	16,760	18,225
Deferred tax assets	13,029	10,929
Tax credit receivables	5,370	5,370
TOTAL NON-CURRENT ASSETS	565,988	532,355
Inventories	231,046	223,203
Trade and other receivables, including derivatives	345,502	370,704
Current tax assets	1,673	12,841
Cash and cash equivalents	1,252,960	1,039,941
TOTAL CURRENT ASSETS	1,831,181	1,646,689
TOTAL ASSETS	2,397,169	2,179,044
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	321,217	321,217
Reserves	1,522,457	1,369,354
Treasury shares - at cost	(63,318)	(63,318)
	1,780,356	1,627,253
NON-CONTROLLING INTERESTS	178,927	136,062
TOTAL EQUITY	1,959,283	1,763,315
LIABILITIES		
Deferred tax liabilities	5,766	9,034
Deferred income	2,661	3,191
Employee benefits	24,895	23,913
Lease liabilities	17,879	-
TOTAL NON-CURRENT LIABILITIES	51,201	36,138
Trade and other payables, including derivatives	333,851	309,155
Borrowings (unsecured)	20,510	38,730
Lease liabilities	1,366	-
Tax payable	30,958	31,706
TOTAL CURRENT LIABILITIES	386,685	379,591
TOTAL LIABILITIES	437,886	415,729
TOTAL EQUITY AND LIABILITIES	2,397,169	2,179,044
Net assets per share attributable to owners of the Company (RM)	5.67	5.18

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

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QUARTERLY REPORTED ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2020

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

←..... Attributable to owners of the Company→
 ←..... Non-distributable→ Distributable

	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Other reserves RM'000	Hedging reserve RM'000	Reserve for own shares RM'000	Executive share scheme reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Current year-to-date ended 31 March 2020											
At 1 July 2019	321,217	(63,318)	21,694	3,714	(212)	(16,469)	4,563	1,356,064	1,627,253	136,062	1,763,315
Profit for the period	-	-	-	-	-	-	-	198,980	198,980	65,981	264,961
Other comprehensive income/(expense)											
Loss on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	(278)	(278)	-	(278)
Foreign currency translation differences	-	-	(83)	-	-	-	-	-	(83)	-	(83)
Share of other comprehensive income of equity accounted associates, net of tax	-	-	4,785	-	-	-	-	-	4,785	-	4,785
Cash flow hedge	-	-	-	-	1,922	-	-	-	1,922	847	2,769
Total comprehensive income/(expense) for the period	-	-	4,702	-	1,922	-	-	198,702	205,326	66,828	272,154
Share-based payments/transactions											
Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	-	-	1,156	-	1,156	509	1,665
Dividends	-	-	-	-	-	331	(3,519)	3,188	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	331	(2,363)	(50,191)	(52,223)	(23,963)	(76,186)
At 31 March 2020	321,217	(63,318)	26,396	3,714	1,710	(16,138)	2,200	1,504,575	1,780,356	178,927	1,959,283

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020 (Cont'd)

←..... Attributable to owners of the Company→
 ←..... Non-distributable→ Distributable

	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Other reserves RM'000	Hedging reserve RM'000	Reserve for own shares RM'000	Executive share scheme reserve RM'000	Retained earnings RM'000	Total RM'000	Non-interest RM'000	Total equity RM'000
Preceding year corresponding period ended 31 March 2019											
At 1 July 2018	321,217	(63,318)	20,882	3,714	183	(17,223)	2,952	1,191,869	1,460,276	124,496	1,584,772
Profit for the period	-	-	-	-	-	-	-	247,181	247,181	60,530	307,711
Other comprehensive income/(expense)											
Loss on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	(5,095)	(5,095)	-	(5,095)
Foreign currency translation differences	-	-	155	-	-	-	-	-	155	-	155
Share of other comprehensive income of equity accounted associates, net of tax	-	-	112	-	-	-	-	-	112	-	112
Cash flow hedge	-	-	-	-	(106)	-	-	-	(106)	(50)	(156)
Total comprehensive income/(expense) for the period	-	-	267	-	(106)	-	-	242,086	242,247	60,480	302,727
Share-based payments/transactions											
Shares vested under ESS	-	-	-	-	-	754	(230)	542	1,302	574	1,876
Dividends	-	-	-	-	-	-	-	(47,094)	(47,094)	(24,472)	(71,566)
Total transactions with owners of the Company	-	-	-	-	-	754	1,072	(46,552)	(44,726)	(23,898)	(68,624)
At 31 March 2019	321,217	(63,318)	21,149	3,714	77	(16,469)	4,024	1,387,403	1,657,797	161,078	1,818,875

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
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	Current Year- To-Date 31/03/2020 RM'000	Preceding Year Corresponding Period 31/03/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	335,196	373,534
Adjustments for:-		
Share of profit in associated companies, net of tax	(41,858)	(80,977)
Depreciation and amortisation	47,513	44,949
Dividend income	(24,709)	(23,007)
Non-cash items	(85)	1,657
Net financing income	(269)	(344)
Operating profit before changes in working capital	<u>315,788</u>	<u>315,812</u>
Changes in working capital		
Net change in current assets	20,541	18,978
Net change in current liabilities	28,611	25,982
Taxation paid	(68,168)	(52,538)
Net financing income received	269	344
Dividend received	49,906	66,223
Retirement benefits paid	(295)	(334)
Net cash generated from operating activities	<u>346,652</u>	<u>374,467</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(30,825)	(15,376)
Addition of intangible assets	(7,784)	(9,316)
Proceeds from disposal of property, plant & equipment	1,204	372
Proceed from disposal of other investment	4,000	-
Net cash used in investing activities	<u>(33,405)</u>	<u>(24,320)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Disposal of trust shares	-	1,066
Repayment of lease liabilities	(4,642)	-
Dividend paid to owners of the Company	(53,379)	(47,094)
Dividend paid to non-controlling shareholders of subsidiary companies	(24,472)	(24,472)
Drawdown of borrowings	23,740	24,090
Repayment of borrowings	(41,960)	(51,610)
Net cash used in financing activities	<u>(100,713)</u>	<u>(98,020)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	212,534	252,127
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,039,941	831,340
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	484	552
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>1,252,960</u>	<u>1,084,019</u>

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following statements of financial position amounts:

	31/03/2020 RM'000	31/03/2019 RM'000
Deposits, cash and bank balances	<u>1,252,960</u>	<u>1,084,019</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

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1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2019. This interim financial report also complies with International Accounting Standards 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2019 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2019 which are applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group except for the adoption of MFRS 16 Leases which requires the lessee to recognise the right-of-use of the underlying lease asset and future lease payments liabilities in the statement of financial position.

In accordance with the transitional provisions provided in MFRS 16 Leases, comparative information for the previous financial year ended 30 June 2019 were not restated. The financial impact on the financial statements of the Group arising from the adoption of MFRS 16 Leases on 1 July 2019 are as follows:

Condensed Statement of Financial Position

	At 30 June 2019 RM’000	Adoption of MFRS 16 RM’000	At 1 July 2019 RM’000
Non-current assets			
Right-of-use assets	-	23,266	23,266
Non-current liabilities			
Lease liabilities	-	17,883	17,883
Current liabilities			
Lease Liabilities	-	5,383	5,383

2. Qualification of audit report of the preceding annual financial statements

The audit report for the preceding annual financial statements was not qualified.

3. Seasonality or cyclicity of interim operations


There has been no material seasonal or cyclical factor affecting the results of the quarter under review.

4. Nature and amounts of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the quarter under review and financial year-to-date.

5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in the prior financial years.

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6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no shares bought back during the quarter under review and financial year-to-date. The total number of shares bought back as at 31 December 2019 was 8,432,500 shares and the shares are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016.

During the quarter under review, a total of 109,527 existing ordinary share in the Company (“HLI Shares”) held in the ESS Trusts were transferred to the eligible executives arising from the vesting of HLI Shares free of consideration pursuant to the ESS.

There were no additional shares purchased by the ESS Trusts during the quarter under review. As at 31 March 2020, the total number of ordinary shares in the Company held by the ESS Trusts was 5,370,473 ordinary shares.

7. Dividend paid

During the financial year-to-date, the Company paid an interim single tier dividend of 17.0 sen per share amounting to RM54 million on 27 December 2019.

8. Operating Segments

The Group’s segmental report for the financial year-to-date is as follow:-

	Consumer products	Industrial products	Total
	RM’000	RM’000	RM’000
Segment profit / (loss)	293,541	(9,268)	284,273
Included in the measure of segment profit are:			
Revenue from external customers	1,862,774	266,180	2,128,954
Depreciation and amortisation	37,731	9,777	47,508
Reconciliation of reportable segment profit			
Profit			
Reportable segment			284,273
Non- reportable segment			8,171
Interest income			3,378
Finance costs			(2,484)
Share of profit in associated companies, net of tax			41,858
Consolidated profit before taxation			335,196
		External revenue	Depreciation and amortisation
		RM’000	RM’000
Reportable segment		2,128,954	47,508
Non-reportable segment		17,062	5
Total		2,146,016	47,513

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9. Material events not reflected in the financial statements

There are no material subsequent events to be disclosed as at the date of this report.

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations other than as mentioned below:

The following Company's subsidiaries have been placed under member's voluntary liquidation:-

- (a) Glenex Sdn Bhd, an indirect wholly-owned subsidiary
- (b) Stonenet Sdn Bhd (formerly known as Hume Marketing (EM) Sdn Bhd), an indirect wholly-owned subsidiary; and
- (c) Maxider Sdn Bhd, a wholly-owned subsidiary.

The liquidations are currently pending tax clearance from the Inland Revenue Board.

During the quarter under review, the liquidator of Flazer Sdn Bhd ("Flazer"), an indirect wholly-owned subsidiary of the Company, has convened a final meeting to conclude the member's voluntary liquidation of Flazer and accordingly, Flazer was dissolved on 10 April 2020.

11. Review of Performance

For the quarter under review, the Group recorded revenue of RM622 million and profit before taxation ("PBT") of RM99 million as compared with revenue and PBT of RM694 million and RM138 million respectively for the corresponding quarter of the preceding year ended 30 June 2019 ("FY 2019"). The lower PBT was due to the lower sales across all product segments which were impacted by the Movement Control Order ("MCO") imposed by the Malaysian Government, coupled with lower profit contribution from an associated company.

For the financial year-to-date, the Group recorded revenue of RM2,146 million and PBT of RM335 million as compared with revenue of RM2,069 million and PBT of RM374 million for the corresponding period of FY 2019. The lower PBT was mainly due to lower profit contribution from an associated company.

12. Material changes in profit before taxation against the immediate preceding quarter

For the quarter under review, the Group recorded PBT of RM99 million as compared with RM127 million for the preceding quarter. The lower PBT was due to lower sales across all product segments as impacted by the MCO, coupled with lower profit contribution from an associated company.


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13. **Prospects**

The Coronavirus (“COVID-19”) pandemic and the MCO had adversely affected the Group’s operations as all operations were suspended since 18 March 2020. Although the Group was recently granted with permission to begin partial operation, the speed at which production can be stepped up will depend very much on market dynamics. In view of the uncertainty of the market condition including adapting to the requirement of social distancing at the work-place, the Group may need to streamline and rationalise some of the operations accordingly. The Group will also take necessary measures to conserve cash and continue to explore ways to reduce cost to mitigate the adverse impact of this pandemic on the Group’s performance.

Given this situation, the Board is unable to comment on the prospects of the Group’s performance until such time that the overall impact of the COVID-19 pandemic becomes clearer.

14. **Profit forecast/profit guaranteed**

This note is not applicable.

15. **Profit before taxation**

	Current Year Quarter 31/03/2020 RM'000	Current Year To-date 31/03/2020 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Gross dividend income from other investments	(8,546)	(24,709)
Depreciation and amortisation	15,321	47,513
Write back of impairment loss of trade receivables	(180)	(685)
Provision for inventories	2,990	1,294
Gain on foreign exchange	(512)	(554)
Fair value loss on equity swap	862	780
Fair value gain of equity investment at fair value through profit or loss	(266)	(792)
Share-based payments	844	1,665
Gain on disposal of property, plant and equipment	(200)	(1,016)

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2020 RM'000	Preceding Year Corresponding Quarter 31/03/2019 RM'000	Current Year-to-date 31/03/2020 RM'000	Preceding Year Corresponding Period 31/03/2019 RM'000
Current taxation				
Malaysian - current year	20,990	25,430	69,266	64,847
- prior years	402	(456)	(25)	991
	21,392	24,974	69,241	65,838
Deferred taxation				
Malaysian - current year	(21)	-	(66)	-
- prior years	-	-	1,060	(15)
	(21)	-	994	(15)
	21,371	24,974	70,235	65,823

The Group’s effective tax rate for the quarter under review and financial year-to-date is lower than the statutory tax rate mainly due to certain income not taxable.

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17. Corporate Proposals

There are no corporate proposals announced but not completed as at the date of this report.

18. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 31 March 2020 is as follow:-

	RM'000
Unsecured short-term borrowings	<u>20,510</u>

There were no borrowings denominated in foreign currencies as at 31 March 2020.

19. Changes in Material Litigation

There are no material litigations as at the date of this report.

20. Dividend

(a) The Board has declared a second interim single tier dividend of 25 sen per share for the quarter ended 31 March 2020 of the financial year ending 30 June 2020 (3rd quarter 2018/2019: a second interim single tier dividend of 25.0 sen per share and a special interim single tier dividend of 10.0 sen per share) to be paid on 25 June 2020 to holders of the ordinary shares whose names appear in the Record of Depositors at the close of business on 11 June 2020.

(b) This is to inform that a Depositor shall qualify for the entitlement only in respect of:-

(i) shares transferred into Depositor's Securities Account before 4.30 p.m. on 11 June 2020 in respect or ordinary transfer; and

(ii) shares bought on Bursa Malaysia Securities Berhad on sum entitlement basis according to the Bursa Malaysia Securities Berhad's Listing Requirements

(c) For the financial year-to-date, single tier dividend of 42 sen per share (2018/2019: single tier dividend of 40.0 sen per share and a special single tier dividend of 10.0 sen per share) has been declared.

21. Earnings Per Ordinary Share

(a) Basic earnings per ordinary share

The basic earnings per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to owners of the Company of RM57,529,000 (3rd quarter 2018/2019: profit attributable to owners of RM90,396,000) by the weighted average number of ordinary shares during the quarter of 314,011,000 (3rd quarter 2018/2019: 313,903,000).

The basic earnings per ordinary share for the financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM198,980,000 (3rd quarter 2018/2019: RM247,181,000) by the weighted average number of ordinary shares during the quarter of 313,999,000 (3rd quarter 2018/2019: 313,890,000).

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21. Earnings Per Ordinary Share

(a) Basic earnings per ordinary share (con't)

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter	Individual Quarter	Cumulative Quarter	Cumulative Quarter
	Current	Preceding	Current	Preceding
	Year	Year	Year- To-	Year
	Quarter	Corresponding	Date	Corresponding
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	'000	'000	'000	'000
Issued ordinary shares at beginning of period	327,905	327,905	327,905	327,905
Treasury shares held at beginning of period	(8,432)	(8,432)	(8,432)	(8,432)
ESS Trust Shares held at beginning of period	(5,480)	(5,600)	(5,480)	(5,732)
	313,993	313,873	313,993	313,741
Effect of Trust Shares vested	18	30	6	149
Weighted average number of ordinary shares (basic)	314,011	313,903	313,999	313,890

(b) Diluted earnings per ordinary share

The Group's diluted earnings per ordinary share for the quarter under review and financial year-to-date approximates its basic earnings per ordinary share.

The Group has no dilution in its earnings per ordinary share for the preceding year's corresponding quarter/period as there were no dilutive potential ordinary shares.

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22. Derivatives

The Group has entered into a number of forward foreign exchange contracts by subsidiaries to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions.

The forward foreign exchange contracts are stated at fair value using observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

As at 31 March 2020, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Contract amount	Fair Value Assets / (Liabilities)
	RM'000	RM'000
Less than 1 year	<u>58,276</u>	<u>2,462</u>

Derivatives (which are classified as financial assets/liabilities) categorised as fair value through profit or loss are subsequently measured at their fair values with the gains/losses recognised in profit or loss. Gains/losses arising from fair value changes of derivatives is as disclosed in Note 15.

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the previous financial year ended 30 June 2019.

23. Gains/losses arising from fair value changes of financial liabilities

Other than derivatives which are classified as financial liabilities when they are at fair value loss position, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

By Order of the Board
Hong Leong Industries Berhad

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
22 May 2020

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