

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2021

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2021


	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Revenue	745,959	587,403	2,169,298	2,002,371
Cost of sales	(562,138)	(467,279)	(1,694,067)	(1,601,313)
Gross profit	183,821	120,124	475,231	401,058
Operating expenses	(39,337)	(36,437)	(112,593)	(121,423)
Other operating income	4,917	1,677	20,875	11,324
Operating profit	149,401	85,364	383,513	290,959
Interest income	619	1,025	1,232	3,266
Finance costs	(466)	(625)	(1,581)	(2,218)
Share of profit in associated companies, net of tax	12,441	13,389	28,318	41,858
Profit before taxation	161,995	99,153	411,482	333,865
Taxation	(32,296)	(21,377)	(85,669)	(69,880)
Profit from continuing operations	129,699	77,776	325,813	263,985
Profit from discontinued operations, net of tax (N1)	3,302	(233)	9,006	976
Profit for the period	133,001	77,543	334,819	264,961
Profit attributable to:				
Owners of the Company	101,082	57,529	252,043	198,980
Non-controlling interests	31,919	20,014	82,776	65,981
Profit for the period	133,001	77,543	334,819	264,961
Earnings per ordinary share (sen): -				
(a) Basic	32.16	18.32	80.21	63.37
(b) Fully diluted	N/A	N/A	N/A	N/A

(N1) Hume Marketing Co Sdn. Bhd. (“HMKT”) and Hume Roofing Products Sdn. Bhd. (“HRP”), both wholly-owned subsidiaries of the Company, had ceased business operations in the 4th Quarter of the preceding financial year ended 30 June 2020. Accordingly, the financial results of HMKT and HRP are separately disclosed as discontinued operations.

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 2020.

Hong Leong Industries Berhad (196401000167 (5486-P))

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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2021 (Cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Profit for the period	133,001	77,543	334,819	264,961
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	28,278	(5,656)	61,969	(278)
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences from foreign operations	114	(143)	34	(83)
Share of other comprehensive income of equity accounted associates, net of tax	4,497	4,865	(3,077)	4,785
Cash flow hedge	1,674	3,672	535	2,769
Total other comprehensive income for the period	34,563	2,738	59,461	7,193
Total comprehensive income for the period	167,564	80,281	394,280	272,154
Total comprehensive income attributable to:				
Owners of the Company	135,133	59,144	311,340	205,326
Non-controlling interests	32,431	21,137	82,940	66,828
Total comprehensive income for the period	167,564	80,281	394,280	272,154

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 2020.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	As At End of Current Quarter	As At End of Preceding Financial Year
	31/03/2021 RM'000	30/06/2020 RM'000
ASSETS		
Property, plant and equipment	267,352	265,789
Rights-of-use assets	33,468	33,195
Investment properties	4,000	4,000
Investments in associated companies	176,995	155,354
Other investments	94,092	32,282
Intangible assets	11,647	15,309
Deferred tax assets	21,125	14,925
Tax credit receivables	1,929	1,929
TOTAL NON-CURRENT ASSETS	610,608	522,783
Inventories	197,797	212,600
Trade and other receivables, including derivatives	273,876	244,148
Current tax assets	1,234	8,503
Cash and cash equivalents	1,600,314	1,211,109
TOTAL CURRENT ASSETS	2,073,221	1,676,360
TOTAL ASSETS	2,683,829	2,199,143
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	321,217	321,217
Reserves	1,679,008	1,420,321
Treasury shares - at cost	(63,318)	(63,318)
	1,936,907	1,678,220
NON-CONTROLLING INTERESTS	218,700	159,898
TOTAL EQUITY	2,155,607	1,838,118
LIABILITIES		
Lease liabilities	10,705	10,529
Deferred tax liabilities	5,600	5,766
Employee benefits	22,556	24,890
TOTAL NON-CURRENT LIABILITIES	38,861	41,185
Borrowings (unsecured)	19,810	16,980
Lease liabilities	4,880	3,423
Trade and other payables, including derivatives	392,179	274,665
Tax payable	72,492	24,772
TOTAL CURRENT LIABILITIES	489,361	319,840
TOTAL LIABILITIES	528,222	361,025
TOTAL EQUITY AND LIABILITIES	2,683,829	2,199,143
Net assets per share attributable to owners of the Company (RM)	6.16	5.34

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 202

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2021

	Attributable to owners of the Company							Distributable				
	Non-distributable									Non-controlling interest		Total equity
	Share capital	Treasury shares	Exchange fluctuation reserve	Other reserves	Hedging reserve	Reserve for own shares	Executive share scheme reserve	Retained earnings	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 31 March 2021												
At 1 July 2020	321,217	(63,318)	28,019	3,714	(2)	(16,138)	3,650	1,401,078	1,678,220	159,898	1,838,118	
Profit for the period	-	-	-	-	-	-	-	252,043	252,043	82,776	334,819	
Other comprehensive (expense)/income: -												
Gain on fair value equity investments at fair value through other comprehensive income	-	-	-	-	-	-	-	61,969	61,969	-	61,969	
Foreign currency translation differences	-	-	34	-	-	-	-	-	34	-	34	
Share of other comprehensive income of equity accounted associates, net of tax	-	-	(3,077)	-	-	-	-	-	(3,077)	-	(3,077)	
Cash flow hedge	-	-	-	-	373	-	-	-	373	162	535	
Total comprehensive income for the period	-	-	(3,043)	-	373	-	-	314,012	311,342	82,938	394,280	
Share-based payments/transactions												
Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	-	439	(2,992)	2,553	-	-	-	
Dividend	-	-	-	-	-	-	-	(53,419)	(53,419)	(24,472)	(77,891)	
Total transactions with owners of the Company	-	-	-	-	-	439	(2,228)	(50,866)	(52,655)	(24,136)	(76,791)	
At 31 March 2021	321,217	(63,318)	24,976	3,714	371	(15,699)	1,422	1,664,224	1,936,907	218,700	2,155,607	

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2021 (Cont'd)

	←-----Attributable to owners of the Company-----→										
	←-----Non-distributable-----→						-----Distributable-----→				
	Share capital	Treasury shares	Exchange fluctuation reserve	Other reserves	Hedging reserve	Reserve for own shares	Executive share scheme reserve	Retained earnings	Total	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Preceding year corresponding period 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 for the period	-	-	4,702	-	1,922	-	-	198,702	205,326	66,828	272,154
Share-based payments/transactions	-	-	-	-	-	-	1,156	-	1,156	509	1,665
Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	-	331	(3,519)	3,188	-	-	-
Dividend	-	-	-	-	-	-	-	(53,379)	(53,379)	(24,472)	(77,851)
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

Dividends received by trusts set up for the Executives Share Scheme ("ESS") ("ESS Trusts") amounted to RM890,000 (31 March 2020: RM932,000) are eliminated against the dividend expenses of the Company following the consolidation of ESS Trust.

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 2020

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED
31 MARCH 2021

	Current Year- To-Date	Preceding year Corresponding Period
	31/3/2021	31/03/2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- From continuing operations	411,482	333,865
- From discontinued operations	9,054	1,331
	<u>420,536</u>	<u>335,196</u>
Adjustments for: -		
Share of profit in associated companies, net of tax	(28,318)	(41,858)
Depreciation and amortisation	45,016	47,513
Reversal of impairment on property, plant and equipment	(4,687)	-
Gain on disposal of property, plant and equipment	(3,733)	(1,016)
Dividend income	(17,154)	(24,709)
Non-cash items	(270)	931
Net financing expense	268	(269)
Operating profit before changes in working capital	<u>411,658</u>	<u>315,788</u>
Changes in working capital		
Net change in current assets	(14,690)	20,541
Net change in current liabilities	117,518	28,611
Taxation paid	(37,091)	(68,168)
Net financing income received	183	269
Dividend received	20,754	49,906
Retirement benefits paid	(323)	(295)
Net cash generated from operating activities	<u>498,009</u>	<u>346,652</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(30,640)	(30,825)
Addition of intangible assets	(5,702)	(7,784)
Proceeds from disposal of property, plant & equipment	5,485	1,204
Proceeds from disposal of other investment	-	4,000
Net cash used in investing activities	<u>(30,857)</u>	<u>(33,405)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(2,912)	(4,642)
Dividend paid to owners of the Company	(53,419)	(53,379)
Dividend paid to non-controlling shareholders of subsidiary companies	(24,472)	(24,472)
Drawdown of borrowings	99,939	23,740
Repayment of borrowings	(97,109)	(41,960)
Net cash used in financing activities	<u>(77,973)</u>	<u>(100,713)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	389,179	212,534
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,211,109	1,039,941
EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD	26	485
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>1,600,314</u>	<u>1,252,960</u>

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

	31/03/2021	31/3/2020
	RM'000	RM'000
Deposits, cash and bank balances	893,883	1,252,960
Investment in Money Market Fund	706,431	-
	<u>1,600,314</u>	<u>1,252,960</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 2020.

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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 paragraph 9.22 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 2020. 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 financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2020 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2020 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.

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.

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

(a) There were no shares bought back during the quarter under review and financial year-to-date. The total number of ordinary shares bought back as of 31 March 2021 was 8,432,500 ordinary shares and the shares are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016.

(b) During the quarter under review and financial year-to-date, a total of 145,057 existing ordinary shares in the Company (“HLI Shares”) held in a ESS Trust were transferred to eligible executives of the Group arising from the vesting of free HLI Shares pursuant to the ESS.

There were no additional shares purchased by the ESS Trusts during the quarter under review and financial year to date.

As of 31 March 2021, the total number of HLI Shares held by the ESS Trusts was 5,092,916 ordinary shares.

There were no issuance of shares, shares cancellation, resale of treasury shares or repayment of debt or equity securities during the quarter under review and financial year-to-date.

7. Dividend paid

During the financial year-to-date, the Company paid an interim single tier dividend of 17.0 sen per ordinary share amounting to RM54.3 million on 23 December 2020.

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8. **Operating Segments**

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

	Consumer Products	Discontinued Operations - Industrial Products	Total
	RM'000	RM'000	RM'000
Segment profit	360,275	8,973	369,248
Included in the measure of segment profit are:			
Revenue from external customers	1,977,584	9,994	1,987,578
Depreciation and amortisation	37,852	137	37,989
Reconciliation of reportable segment profit			
Profit			
Reportable segment			369,248
Non-reportable segment			23,238
Profit from discontinued operations			(8,973)
Interest income			1,232
Finance costs			(1,581)
Share of profit in associated companies, net of tax			28,318
Consolidated profit before taxation (excluding discontinued operations)			411,482
		External revenue RM'000	Depreciation and amortisation RM'000
Reportable segment		1,987,578	37,989
Non-reportable segment		191,714	7,027
Discontinued operations		(9,994)	(137)
Total		2,169,298	44,879

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:

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10. Changes in the composition of the Group (cont'd)

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, a wholly-owned subsidiary; and
- (c) Maxider Sdn Bhd, a wholly-owned subsidiary.

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

11. Review of Performance

For the quarter under review, the Group (excluding Discontinued Operations) recorded revenue of RM746 million and profit before taxation ("PBT") of RM162 million as compared with revenue and PBT of RM587 million and RM99 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2020 ("FY2020").

For the financial year-to-date, the Group (excluding Discontinued Operations) recorded revenue of RM2,169 million and PBT of RM411 million as compared with revenue of RM2,002 million and PBT of RM334 million for the corresponding period of FY2020.

The increase in revenue and PBT of both the quarter under review and the financial year-to-date contributed mainly by higher sales volume and operational efficiencies which improved cost.

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

For the quarter under review, the Group (excluding Discontinued Operations) recorded PBT of RM162 million as compared with PBT of RM156 million for the preceding quarter. The improvement in PBT from the preceding quarter was primarily driven by higher sales volume, cost reduction, coupled with higher share of profits from associated companies.

13. Prospects

Although there was economic recovery and elevated consumer activity in the current quarter, the Group remains vigilant in managing the uncertainties from the Covid 19 situation on our businesses. In addition, the global supply shortage to the auto industry as a result of very tight supply situation in the semiconductor industry may also impact the motorcycle industry. The management is closely monitoring the situation. The Board expects the Group's performance for the financial year ending 30 June 2021 will be satisfactory.

14. Profit forecast/profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year To-date
Profit before taxation is arrived at after charging/(crediting): -	31/03/2021	31/03/2021
	RM'000	RM'000
Continuing operations		
Gross dividend income from other investments	(5,697)	(17,154)

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15. Profit before taxation (cont'd)

	Current Year Quarter	Current Year To-date
	31/03/2021 RM'000	31/03/2021 RM'000
Profit before taxation is arrived at after charging/(crediting): -		
Continued operations (cont'd)		
Depreciation and amortisation	15,216	45,016
Reversal of impairment loss on property, plant and equipment	(614)	(4,687)
Reversal of impairment loss on trade receivables	(244)	(538)
Reversal of provision for slow moving of inventories	(511)	(12,559)
Loss on foreign exchange	898	1,045
Fair value loss of equity investment at fair value through profit or loss	226	159
Gain on disposal of property, plant and equipment	(299)	(720)
Discontinued operations		
Gain on disposal of property, plant and equipment	(9)	(3,013)
Reversal of impairment loss on trade receivables	(3,478)	(6,478)

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
Current taxation				
Malaysian - current year	32,651	20,990	86,130	69,266
- prior years	(114)	402	5,954	(25)
	<u>32,535</u>	<u>21,392</u>	<u>92,084</u>	<u>69,241</u>
Deferred taxation				
Malaysian - current year	-	(21)	-	(66)
- prior years	(236)	-	(6,367)	1,060
	<u>(236)</u>	<u>(21)</u>	<u>(6,367)</u>	<u>994</u>
	<u>32,301</u>	<u>21,371</u>	<u>85,717</u>	<u>70,235</u>
Income tax attributable to continuing operations	32,296	21,377	85,669	69,880
Income tax attributable to discontinued operations	5	(6)	48	355
	<u>32,301</u>	<u>21,371</u>	<u>85,717</u>	<u>70,235</u>

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 Proposal

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 2021 is as follow: -

	RM'000
Unsecured short-term borrowings	<u>19,810</u>

There were no borrowings denominated in foreign currencies as of 31 March 2021.

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 35.0 sen per share for the quarter ended 31 March 2021 of the financial year ending 30 June 2021 (3rd quarter FY2020: a second interim single tier dividend of 25.0 sen per share) to be paid on 25 June 2021 to holders of the ordinary shares whose names appear in the Record of Depositors at the close of business on 14 June 2021.

(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 14 June 2021 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, a single tier dividend of 52.0 sen per share (year-to-date FY2020: single tier dividend of 42.0 sen per share), has been declared and paid.

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 RM101,082,000 (3rd quarter FY2020: RM57,529,000) by weighted average number of ordinary shares during the quarter of 314,276,000 (3rd quarter FY2020: 314,011,000).

The basic earnings per share for the financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM252,043,000 (3rd quarter FY2020: RM198,980,000) by the weighted average number of ordinary shares during the quarter of 314,248,000 (3rd quarter FY2020: 313,999,000).



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21. Earnings Per Ordinary Share (cont'd)

Weighted average number of ordinary shares

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2021 '000	31/03/2020 '000	31/03/2021 '000	31/03/2020 '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	(5,238)	(5,480)	(5,238)	(5,480)
	314,235	313,993	314,235	313,993
Effect of Trust Shares vested/sold	41	18	13	6
Weighted average number of ordinary shares (basic)	314,276	314,011	314,248	313,999

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

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 2021, 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	31,564	533

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The figures have not been audited

22. Derivatives (cont'd)

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 2020.

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

Wong Wei Fong
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
27 May 2021