

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	The Group		The Company	
		As at 30/06/2020 RM'000	As at 30/06/2019 RM'000	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
<b>ASSETS</b>					
Cash and short term funds		358,162	520,657	713	513
Securities purchased under resale agreement		50,172	-	-	-
Financial assets at fair value through profit or loss ("FVTPL")	11	907,477	1,506,205	255,892	259,746
Financial investments at fair value through other comprehensive income ("FVOCI")	12	1,266,529	1,110,915	-	-
Financial investments at amortised cost	13	868,134	735,665	-	-
Derivative financial assets	19	54,957	28,310	-	-
Loans and advances	14	316,023	205,290	-	-
Clients' and brokers' balances	15	262,893	247,532	-	-
Other assets	16	47,348	55,409	673	940
Statutory deposits with Bank Negara Malaysia		-	37,259	-	-
Tax recoverable		167	53	154	1
Investment in subsidiary companies		-	-	246,574	246,574
Deferred tax assets		87,822	82,556	-	-
Property and equipment		11,040	15,182	-	-
Right-of-use assets ("ROU")		21,587	-	-	-
Goodwill		33,059	33,059	-	-
Other intangible assets		3,008	3,102	-	-
<b>TOTAL ASSETS</b>		<b>4,288,378</b>	<b>4,581,194</b>	<b>504,006</b>	<b>507,774</b>
<b>LIABILITIES</b>					
Deposits from customers	17	737,747	748,004	-	-
Deposits and placements of banks and other financial institutions	18	2,073,211	2,422,120	-	-
Derivative financial liabilities	19	81,620	34,310	-	-
Clients' and brokers' balances		305,385	282,521	-	-
Lease liabilities		20,286	-	-	-
Other liabilities	20	128,595	144,635	698	612
Current tax liabilities		1,046	1,492	-	-
Subordinated obligations	21	100,178	150,505	-	-
<b>TOTAL LIABILITIES</b>		<b>3,448,068</b>	<b>3,783,587</b>	<b>698</b>	<b>612</b>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2019*

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	The Group		The Company	
		As at 30/06/2020 RM'000	As at 30/06/2019 RM'000	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
<b>EQUITY</b>					
Share capital		246,896	246,896	246,896	246,896
Reserves		599,445	556,742	262,330	266,184
Treasury shares for ESOS scheme		(6,031)	(6,031)	(5,918)	(5,918)
<b>TOTAL EQUITY</b>		<b>840,310</b>	<b>797,607</b>	<b>503,308</b>	<b>507,162</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,288,378</b>	<b>4,581,194</b>	<b>504,006</b>	<b>507,774</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	28	6,967,399	11,469,676	-	-
<b>Net assets per share attributable to ordinary equity holder of the Company (RM)</b>					
		<b>3.48</b>	<b>3.31</b>		

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**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Current quarter ended 30/06/2020	Last year's quarter ended 30/06/2019	Current year ended 30/06/2020	Last year's ended 30/06/2019
Note	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>				
Interest income	22a	29,007	24,638	111,667
Interest income for financial assets at FVTPL	22b	8,956	13,632	39,188
Interest expense	23	(23,056)	(27,641)	(104,357)
Net interest income		14,907	10,629	46,498
Non-interest income	24	59,192	44,218	186,227
Net income		74,099	54,847	232,725
Overhead expenses	25	(37,879)	(34,076)	(134,764)
Operating profit before allowances		36,220	20,771	97,961
Write-back of/(allowance for) impairment losses on loans and advances	26	1,675	(176)	(280)
(Allowance for)/write-back of impairment losses on financial investments and other financial assets	27	(210)	183	(1,931)
<b>Profit before taxation</b>		<b>37,685</b>	<b>20,778</b>	<b>95,750</b>
Taxation		(1,386)	(15,553)	(1,563)
<b>Net profit for the year</b>		<b>36,299</b>	<b>5,225</b>	<b>94,187</b>
<b>Earnings per share (sen)</b>				
- Basic		15.0	2.2	39.0
- Diluted		15.0	2.2	39.0

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2019*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000
<b>The Group</b>				
<b>Net profit for the year</b>	<b>36,299</b>	5,225	<b>94,187</b>	67,712
<b>Other comprehensive income/(expense):</b>				
Items that will not be reclassified subsequently to income statements				
Equity instruments at FVOCI				
- Net fair value changes	37	-	-	-
- Net gain on disposal	43	-	43	-
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	11,888	3,016	8,716	11,713
- Net (loss)/gain on disposal	(99)	827	(6,930)	455
- Net changes in expected credit losses	175	(59)	198	(62)
Income tax relating to net fair value changes on financial investments at FVOCI	(2,830)	(923)	(429)	(2,921)
<b>Other comprehensive income for the year, net of tax</b>	<b>9,214</b>	2,861	<b>1,598</b>	9,185
<b>Total comprehensive income for the year, net of tax</b>	<b>45,513</b>	8,086	<b>95,785</b>	76,897

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2019*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Current quarter ended 30/06/2020	Last year's quarter ended 30/06/2019	Current year ended 30/06/2020	Last year's ended 30/06/2019
Note	RM'000	RM'000	RM'000	RM'000
<b>The Company</b>				
Interest income	2	4	11	7
Interest expense	-	-	-	-
Net interest income	2	4	11	7
Non-interest income	27,237	14,552	50,921	75,843
Net income	27,239	14,556	50,932	75,850
Overhead expenses	(418)	(566)	(1,573)	(2,108)
<b>Profit before taxation</b>	<b>26,821</b>	13,990	<b>49,359</b>	73,742
Taxation	(122)	88	(108)	(131)
<b>Net profit/total comprehensive income for the year</b>	<b>26,699</b>	14,078	<b>49,251</b>	73,611
<b>Earnings per share (sen)</b>				
- Basic	11.1	5.8	20.4	30.5
- Diluted	11.1	5.8	20.4	30.5

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2019*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Attributable to owners of the parent					
	Share Capital RM'000	Treasury Shares for ESOS Scheme RM'000	Regulatory Reserves RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000
<b>The Group</b>						
At 1 July 2019	246,896	(6,031)	11,606	7,794	537,342	797,607
Net profit for the financial year	-	-	-	-	94,187	94,187
Other comprehensive income, net of tax	-	-	-	1,555	43	1,598
Total comprehensive income	-	-	-	1,555	94,230	95,785
Transfer to regulatory reserve	-	-	470	-	(470)	-
Dividend paid	-	-	-	-	(53,082)	(53,082)
At 30 June 2020	246,896	(6,031)	12,076	9,349	578,020	840,310
At 1 July 2018	246,896	(6,031)	12,743	(1,391)	514,337	766,554
Net profit for the financial year	-	-	-	-	67,712	67,712
Other comprehensive income, net of tax	-	-	-	9,185	-	9,185
Total comprehensive income	-	-	-	9,185	67,712	76,897
Transfer from regulatory reserve	-	-	(1,137)	-	1,137	-
Dividend paid	-	-	-	-	(45,844)	(45,844)
At 30 June 2019	246,896	(6,031)	11,606	7,794	537,342	797,607

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2019*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Non-Distributable		Distributable	
	Share Capital RM'000	Treasury Shares for ESOS Scheme RM'000	Retained Profits RM'000	Total RM'000
<b>The Company</b>				
At 1 July 2019	246,896	(5,918)	266,184	507,162
Net profit for the financial year	-	-	49,251	49,251
Total comprehensive income	-	-	49,251	49,251
Dividend paid	-	-	(53,105)	(53,105)
At 30 June 2020	<b>246,896</b>	<b>(5,918)</b>	<b>262,330</b>	<b>503,308</b>
At 1 July 2018	246,896	(5,918)	238,437	479,415
Net profit for the financial year	-	-	73,611	73,611
Total comprehensive income	-	-	73,611	73,611
Dividend paid	-	-	(45,864)	(45,864)
At 30 June 2019	246,896	(5,918)	266,184	507,162

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2019*

**HONG LEONG CAPITAL BERHAD**  
*Registration No: 199101002695 (213006-U)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	<b>The Group</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	95,750	76,732
<u>Adjustments for non-cash items:</u>		
- Depreciation of property and equipment	3,371	3,392
- Amortisation of intangible assets	1,702	2,761
- Depreciation of ROU assets	4,022	-
- Gain on disposal of property and equipment	-	(64)
- Property and equipment written off	-	942
- Allowance for impairment losses on loans and advances	280	170
- Allowance for/(write-back of) impairment losses on financial investments and other financial assets	2,041	(328)
- Net unrealised loss/(gain) on revaluation of:		
- Financial assets at FVTPL	3,027	(6,326)
- Derivative financial instruments	17,758	(9,790)
- Net unrealised loss on fair value changes arising from fair value hedges	558	-
- Interest income from:		
- Financial assets at FVTPL	(39,188)	(48,190)
- Financial investments at FVOCI	(40,309)	(55,905)
- Financial investments at amortised cost	(29,261)	(27,058)
- Interest expense from:		
- Derivative financial instruments	18,655	8,376
- Subordinated obligations	5,262	2,867
- Lease liabilities	1,051	-
- Dividend income from:		
- Financial assets at FVTPL	(8,820)	(10,437)
	<b>(59,851)</b>	<b>(139,590)</b>
<b>Operating profit/(loss) before changes in working capital</b>	<b>35,899</b>	<b>(62,858)</b>
<u>Changes in working capital:</u>		
- Securities purchased under resale agreements	(50,172)	35,126
- Deposits and placements with banks and other financial institutions with original maturity of more than three months	-	40,645
- Financial assets at FVTPL	591,293	(1,220,361)
- Financial assets held-for-trading	-	1,244,434
- Derivative financial instruments	209	(196)
- Loans and advances	(111,013)	19,891
- Clients' and brokers' balances	(17,167)	68,851
- Other assets	8,003	(3,648)
- Statutory deposits with Bank Negara Malaysia	37,259	15,241
Net changes in operating assets	<b>458,412</b>	<b>199,983</b>
- Deposits from customers	(10,257)	(334,652)
- Deposits and placements of banks and other financial institutions	(348,909)	363,160
- Obligations on securities sold under repurchase agreements	-	(99,654)
- Clients' and brokers' balances	22,864	(68,209)
- Other liabilities	(16,458)	45,524
Net changes in operating liabilities	<b>(352,760)</b>	<b>(93,831)</b>
<b>Cash generated from operating activities</b>	<b>141,551</b>	<b>43,294</b>

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	<b>The Group</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash generated from operating activities</b>	<b>141,551</b>	43,294
Net income tax paid	<b>(7,815)</b>	(4,658)
<b>Net cash generated from operating activities</b>	<b>133,736</b>	38,636
<b><u>Cash flows from investing activities</u></b>		
Net (purchase)/disposal of financial investments at FVOCI	<b>(151,629)</b>	246,101
Net purchase of financial investments at amortised cost	<b>(131,090)</b>	(67,666)
Dividend received from:		
- Financial assets at FVTPL	<b>8,820</b>	10,437
Interest received from financial assets at FVTPL, financial investments at FVOCI, financial investments at amortised cost and derivatives	<b>109,732</b>	127,533
Interest expenses paid on derivative financial instruments	<b>(16,597)</b>	(7,630)
Proceeds from disposal of property and equipment	<b>-</b>	64
Purchase of property and equipment	<b>(650)</b>	(3,774)
Purchase of intangible assets	<b>(1,608)</b>	(2,167)
Net cash flows arising from acquisition of a subsidiary	<b>-</b>	(28)
<b>Net cash (used in)/generated from investing activities</b>	<b>(183,022)</b>	302,870
<b><u>Cash flows from financing activities</u></b>		
Interest paid on subordinated obligations	<b>(5,589)</b>	(2,643)
Lease payment	<b>(4,538)</b>	-
Proceeds from issuance of subordinated obligations	<b>-</b>	99,991
Redemption of subordinated obligations	<b>(50,000)</b>	-
Dividend paid	<b>(53,082)</b>	(45,844)
<b>Net cash (used in)/generated from financing activities</b>	<b>(113,209)</b>	51,504
<b>Net changes in cash and cash equivalents during the financial year</b>	<b>(162,495)</b>	393,010
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>520,657</b>	127,647
<b>Cash and cash equivalents at end of the financial year</b>	<b>358,162</b>	520,657
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	<b>358,162</b>	520,657

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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	<b>The Company</b>	
	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	49,359	73,742
<b><u>Adjustments for non-cash items:</u></b>		
- Net unrealised loss on revaluation of financial assets at FVTPL	2,921	64
- Gain on liquidation of a subsidiary	-	(850)
- Dividend income from:		
- Financial assets at FVTPL	(7,320)	(7,738)
- Subsidiary companies	(46,000)	(66,830)
	<u>(50,399)</u>	<u>(75,354)</u>
<b>Operating loss before changes in working capital</b>	<b>(1,040)</b>	<b>(1,612)</b>
Decrease/(Increase) in financial assets at FVTPL	933	(117,400)
Decrease in financial assets held-for-trading	-	20,550
Decrease in other assets	267	15,229
Increase/(Decrease) in other liabilities	86	(15,962)
<b>Cash generated from/(used in) operating activities</b>	<b>246</b>	<b>(99,195)</b>
Net income tax (paid)/refund	(261)	110
<b>Net cash used in operating activities</b>	<b>(15)</b>	<b>(99,085)</b>
<b><u>Cash flows from investing activities</u></b>		
Dividend received from:		
- Financial assets at FVTPL	7,320	7,738
- Subsidiary companies	46,000	66,830
Proceed from liquidation of a subsidiary	-	70,850
<b>Net cash generated from investing activities</b>	<b>53,320</b>	<b>145,418</b>
<b><u>Cash flows from financing activities</u></b>		
Dividend paid	(53,105)	(45,864)
<b>Net cash used in financing activities</b>	<b>(53,105)</b>	<b>(45,864)</b>
<b>Net changes in cash and cash equivalents during the financial year</b>	<b>200</b>	<b>469</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>513</b>	<b>44</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>713</b>	<b>513</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	713	513

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Company for the financial year ended 30 June 2019*

**HONG LEONG CAPITAL BERHAD ("HLCB" or "Company")**

*Registration No: 199101002695 (213006-U)*

**NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

**Explanatory Notes pursuant to the Malaysian Financial Reporting Standard 134 ("MFRS 134") and Guidelines on Financial Reporting issued by Bank Negara Malaysia ("BNM")**

**1. Basis of preparation**

The unaudited condensed financial statements for the financial year ended 30 June 2020 have been prepared under the historical cost convention, as modified by the revaluation of financial investments at fair value through other comprehensive income ("FVOCI") and financial assets/financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVTPL").

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements for the Group and the Company for the financial year ended 30 June 2019. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 30 June 2019.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2019 and modified for the adoption of the following Amendments to MFRSs applicable for financial year beginning on or after 1 July 2019:

- MFRS 16 'Leases'
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Annual Improvements to MFRSs 2015 – 2017 Cycle

The adoption of these MFRSs, amendments to MFRSs and IC Interpretations did not have any significant financial impact on the results of the Group and the Company other than the effects and change in accounting policies arising from the adoption of MFRS 16 as disclosed in Note 37.

The preparation of unaudited condensed financial statements in conformity with the 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 unaudited condensed financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

**2. Auditors' report on preceding annual financial statements**

The auditors' report on the audited financial statements for the financial year ended 30 June 2019 was not qualified.

## **HLCB Q4 (30.06.2020)**

### **3. Comments about seasonal or cyclical factors**

The operations of the Group and the Company were not materially affected by any seasonal or cyclical factors during the financial quarter ended 30 June 2020.

### **4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group and the Company during the financial quarter ended 30 June 2020.

### **5. Change in estimate**

There were no material changes in estimate of amount reported in prior financial year that have a material effect in the financial quarter ended 30 June 2020.

### **6. Debt and Equity Securities**

There were no new issuance and repayment of debt and equity securities, share-buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year ended 30 June 2020, other than as mentioned below.

#### **(a) Purchase of shares pursuant to ESOS**

In accordance with MFRS 132 "Financial instruments: Presentation and Disclosure", the shares purchased for the benefit of the ESOS holdings are recorded as "Treasury Shares for ESOS Scheme" in equity on the statements of financial position.

Total shares held by ESOS Trust comprise 5,612,700 (30.06.2019: 5,612,700) shares in the Group costing RM6,031,241 (30.06.2019: RM6,031,241) inclusive of transaction costs, as at 30 June 2020.

#### **(b) Repayment of debt securities**

On 6 November 2019, Hong Leong Investment Bank Berhad ("HLIB") had fully redeemed 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, bearing coupon rate of 5.30% per annum.

### **7. Dividends paid**

A final single-tier dividend of 22.0 sen per share amounting to RM53.1 million in respect of the financial year ended 30 June 2019, was paid on 21 November 2019.

### **8. Valuations of property, plant and equipment**

No valuations of property, plant and equipment were carried out for the financial quarter ended 30 June 2020.

**9. Significant events**

**(a) Public shareholding spread**

The Company currently does not meet the requirement as set out in paragraph 8.02(1) of the Listing Requirements which states that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders.

The public shareholding spread of the Company as at 30 June 2020 was 18.67%.

As announced by the Company on 18 March 2015, Bursa Malaysia Securities Berhad had imposed a suspension on the trading of HLCB's shares with effect from 26 March 2015. The suspension will only be uplifted upon full compliance of the public shareholding spread in accordance with paragraph 8.02(1) of the Listing Requirements.

As announced previously, the Company is in active discussions with its majority shareholder, Hong Leong Financial Group Berhad, on possible options to comply with the shareholding spread requirement. We will engage the relevant regulators to facilitate the upliftment of trading suspension once the 25% public shareholding spread requirement is achieved.

**(b) COVID-19 pandemic**

Due to a significant worsening of the macro-economic outlook as a result of the COVID-19 situation, both domestically and globally, and a potential impact of second wave of pandemic, the Group, based on preliminary assessment, expects that the current situation to have impact on the Group's Investment Banking's earnings for the coming year.

As the current situation is unprecedented, and it is difficult to predict the economic impact, the Group will continue monitoring the situation closely and continue to assess the impact on the Group's earnings as the situation develops.

**10. Subsequent events**

There were no material events subsequent to the end of the reporting quarter that require disclosure or adjustments to the unaudited interim financial statements.

## 11. Financial assets at fair value through profit or loss ("FVTPL")

	The Group		The Company	
	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
<b>Money market instruments</b>				
Malaysian Government Securities	-	20,806	-	-
Negotiable instruments of deposits	588,325	991,171	-	-
Cagamas bonds	-	5,017	-	-
	<u>588,325</u>	<u>1,016,994</u>	<u>-</u>	<u>-</u>
<b>Quoted securities</b>				
In Malaysia:				
Shares	45,642	62,490	27,696	26,263
Unit trust investment	228,284	233,847	228,196	233,483
	<u>273,926</u>	<u>296,337</u>	<u>255,892</u>	<u>259,746</u>
<b>Unquoted securities</b>				
Shares	1,432	1,365	-	-
Corporate bond and/or sukuk	43,794	191,509	-	-
	<u>45,226</u>	<u>192,874</u>	<u>-</u>	<u>-</u>
	<u>907,477</u>	<u>1,506,205</u>	<u>255,892</u>	<u>259,746</u>

## 12. Financial investments at fair value through other comprehensive income ("FVOCI")

	The Group	
	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
<b>Money market instruments</b>		
Malaysian Government Securities	41,229	235,724
Malaysian Government Investment Issues	52,982	31,073
Cagamas bonds	30,358	56,022
	<u>124,569</u>	<u>322,819</u>
<b>Unquoted securities</b>		
Foreign currency bonds	72,260	111,351
Corporate bond and/or sukuk	1,069,700	676,745
	<u>1,141,960</u>	<u>788,096</u>
	<u>1,266,529</u>	<u>1,110,915</u>

12. Financial investments at fair value through other comprehensive income ("FVOCI") (continued)

Movements in expected credit losses of debt instruments at FVOCI are as follows:-

<b>The Group</b>	<b>12 Months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total ECL RM'000</b>
At 1 July 2019	143	-	-	143
Allowances made	7	-	-	7
Amount written back	(25)	-	-	(25)
New financial assets originated or purchased	347	-	-	347
Financial assets derecognised	(98)	-	-	(98)
Exchange differences	(33)	-	-	(33)
At 30 June 2020	<u>341</u>	<u>-</u>	<u>-</u>	<u>341</u>
At 1 July 2018	205	-	-	205
Allowances made	44	-	-	44
Amount written back	(20)	-	-	(20)
New financial assets originated or purchased	524	-	-	524
Financial assets derecognised	(607)	-	-	(607)
Exchange differences	(3)	-	-	(3)
At 30 June 2019	<u>143</u>	<u>-</u>	<u>-</u>	<u>143</u>

13. Financial investments at amortised cost

	<b>The Group</b>	
	<b>As at 30/06/2020 RM'000</b>	<b>As at 30/06/2019 RM'000</b>
<b>Money market instruments</b>		
Malaysian Government Securities	291,869	157,905
Malaysian Government Investment Issues	534,018	478,451
	<u>825,887</u>	<u>636,356</u>
<b>Unquoted securities</b>		
Foreign currency bonds	16,964	53,810
Corporate bond and/or sukuk	25,298	45,535
	<u>42,262</u>	<u>99,345</u>
Less: Expected credit losses	(15)	(36)
	<u>868,134</u>	<u>735,665</u>

13. Financial investments at amortised cost (continued)

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 2019	36	-	-	36
Financial assets derecognised	(22)	-	-	(22)
Exchange differences	1	-	-	1
At 30 June 2020	<u>15</u>	<u>-</u>	<u>-</u>	<u>15</u>
At 1 July 2018	24	-	-	24
New financial assets originated or purchased	15	-	-	15
Exchange differences	(3)	-	-	(3)
At 30 June 2019	<u>36</u>	<u>-</u>	<u>-</u>	<u>36</u>

14. Loans and advances

	The Group	
	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
Term loan financing	93,935	19,862
Share margin financing	225,398	188,217
Staff loans	44	51
Other loans	281	515
Gross loans and advances	<u>319,658</u>	208,645
Less: Expected credit losses	<u>(3,635)</u>	(3,355)
Net loans and advances	<u>316,023</u>	<u>205,290</u>
<b>a. <u>By type of customer</u></b>		
Domestic business enterprises		
- Small and medium enterprises	57,941	509
- Others	124,759	71,282
Individuals	133,221	128,253
Foreign entities	3,737	8,601
Gross loans and advances	<u>319,658</u>	<u>208,645</u>
<b>b. <u>By interest rate sensitivity</u></b>		
Fixed rate		
- Staff housing loans	44	51
- Other fixed rate loan	281	515
Variable rate		
- Cost plus	319,333	208,079
Gross loans and advances	<u>319,658</u>	<u>208,645</u>



## 14. Loans and advances (continued)

	<b>The Group</b>	
	<b>As at</b>	<b>As at</b>
	<b>30/06/2020</b>	<b>30/06/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>c. <u>By residual contractual maturity</u></b>		
Maturity within one year	265,733	202,210
More than one year to three years	48,006	6,384
More than three years to five years	44	-
More than five years	5,875	51
Gross loans and advances	<u>319,658</u>	<u>208,645</u>
<b>d. <u>By geographical distribution</u></b>		
Malaysia	<u>319,658</u>	<u>208,645</u>
<b>e. <u>By economic purpose</u></b>		
Purchase of securities	265,451	201,696
Working capital	53,882	6,384
Purchase of transport vehicles	126	126
Purchase of landed properties	199	439
Gross loans and advances	<u>319,658</u>	<u>208,645</u>
<b>f. Impaired loans and advances</b>		
(i) Movements in impaired loans and advances ("impaired loans") are as follows:		
At 1 July	6,898	6,873
Impaired during the financial period/year	34,066	25
Amount written-back during the financial year	(34,442)	-
At 30 June	<u>6,522</u>	<u>6,898</u>
(ii) <u>By geographical distribution</u>		
Malaysia	<u>6,522</u>	<u>6,898</u>
(iii) <u>By economic purpose</u>		
Purchase of transport vehicles	126	126
Purchase of landed properties	155	388
Purchase of securities	366	-
Working capital	5,875	6,384
Gross impaired loans and advances	<u>6,522</u>	<u>6,898</u>

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**14. Loans and advances (continued)**

g. Movements in expected credit losses are as follows:

<b>The Group</b>	<b>12 Months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total ECL RM'000</b>
At 1 July 2019	140	1	3,214	3,355
Transferred to Stage 1	6	(6)	-	-
Transferred to Stage 2	(6)	6	-	-
Transferred to Stage 3	(11)	-	11	-
New financial assets originated	602	-	2,657	3,259
Financial assets derecognised	(2)	-	(3,088)	(3,090)
Allowance made	137	1	1,839	1,977
Allowance written-back	(210)	(1)	(1,655)	(1,866)
At 30 June 2020	<u>656</u>	<u>1</u>	<u>2,978</u>	<u>3,635</u>
At 1 July 2018	223	3	2,959	3,185
Transferred to Stage 1	18	(18)	-	-
Transferred to Stage 2	(16)	16	-	-
New financial assets originated	21	1	-	22
Financial assets derecognised	(4)	-	-	(4)
Allowance made	29	1	287	317
Allowance written-back	(131)	(2)	(32)	(165)
At 30 June 2019	<u>140</u>	<u>1</u>	<u>3,214</u>	<u>3,355</u>

**15. Clients' and brokers' balances**

	<b>The Group</b>	
	<b>As at 30/06/2020 RM'000</b>	<b>As at 30/06/2019 RM'000</b>
Performing accounts	261,268	247,150
Impaired accounts	3,651	602
	<u>264,919</u>	<u>247,752</u>
Less: Expected credit losses	(2,026)	(220)
	<u>262,893</u>	<u>247,532</u>

16. Other assets

	The Group		The Company	
	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
Amount due from subsidiary companies	-	-	-	130
Deposits and prepayments	13,037	8,583	34	35
Fee income receivable	6,175	8,883	-	-
Cash collaterals pledged for derivative transactions	17,673	7,417	-	-
Treasury related receivables	-	19,185	-	-
Other receivables	10,884	12,665	639	775
Manager's stocks and consumables	1,007	46	-	-
	<b>48,776</b>	<b>56,779</b>	<b>673</b>	<b>940</b>
Less: Expected credit losses	(1,428)	(1,370)	-	-
	<b>47,348</b>	<b>55,409</b>	<b>673</b>	<b>940</b>

17. Deposits from customers

	The Group	
	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
a. <u>By type of deposits</u>		
Fixed deposits	<b>737,747</b>	748,004
b. <u>By type of customer</u>		
Government and statutory bodies	515,109	525,319
Business enterprises	207,466	180,092
Individuals	15,172	42,593
	<b>737,747</b>	<b>748,004</b>
c. The maturity structure of fixed deposits are as follows:		
Due within:		
- six months	720,239	748,004
- six months to one year	17,508	-
	<b>737,747</b>	<b>748,004</b>

18. Deposits and placements of banks and other financial institutions

	The Group	
	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
Licensed banks	228,601	319,492
Licensed investment banks	75,304	130,032
Other financial institutions	1,769,306	1,972,596
	<b>2,073,211</b>	<b>2,422,120</b>

## 19. Derivative financial assets/(liabilities)

<b>The Group</b>	<b>Contract or underlying principal amount RM'000</b>	<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>30/06/2020</b>			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	4,350,000	47,834	(74,171)
- Cross currency swaps	85,700	557	-
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	1,225,578	6,086	(4,567)
- Foreign currency forwards	258,331	480	(372)
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	-	(2,510)
	<b>5,989,609</b>	<b>54,957</b>	<b>(81,620)</b>
<b>30/06/2019</b>			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- Interest rate swaps	8,005,000	16,732	(29,429)
- Futures	91,819	-	(134)
- Cross currency swaps	82,720	2,745	-
(ii) Foreign exchange related contracts:			
- Foreign currency swaps	2,313,381	8,731	(4,228)
- Foreign currency forwards	170,641	48	(519)
(iii) Equity related contracts:			
- Futures	29,152	39	-
- Call option	7,000	15	-
	<b>10,699,713</b>	<b>28,310</b>	<b>(34,310)</b>

## 20. Other liabilities

	The Group		The Company	
	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
Amount due to holding company	109	169	-	-
Amount due to related companies	12	14	-	-
Remisiers' trust deposits	13,465	13,011	-	-
Treasury related payables	40,099	20,624	-	-
Advance payments received for corporate exercise	248	66,015	-	-
Other payables and accrued liabilities	74,447	44,590	698	612
Post employment benefits obligation - defined contribution plan	215	212	-	-
	<b>128,595</b>	<b>144,635</b>	<b>698</b>	<b>612</b>

## 21. Subordinated obligations

	The Group	
	As at 30/06/2020 RM'000	As at 30/06/2019 RM'000
RM100.0 million Tier 2 subordinated notes, at par	100,000	150,000
Add: Interest payable	185	603
	<b>100,185</b>	<b>150,603</b>
Less: Unamortised discounts	(7)	(98)
	<b>100,178</b>	<b>150,505</b>

On 6 November 2014, Hong Leong Investment Bank Berhad ("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.

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22a. Interest income

	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000
<b>The Group</b>				
Loan and advances	3,065	3,346	14,012	13,752
Money at call and deposits placements with banks and other financial institutions	2,320	1,646	9,885	4,218
Financial investments at FVOCI	9,461	9,232	40,309	55,905
Financial investments at amortised cost	7,944	6,985	29,261	27,058
Others	6,217	3,429	18,200	14,343
Total interest income	<u>29,007</u>	<u>24,638</u>	<u>111,667</u>	<u>115,276</u>
<b>The Company</b>				
Money at call and deposits placements with banks and other financial institutions	<u>2</u>	<u>4</u>	<u>11</u>	<u>7</u>

22b. Interest income for financial assets at FVTPL

	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000
<b>The Group</b>				
Financial assets at FVTPL	<u>8,956</u>	<u>13,632</u>	<u>39,188</u>	<u>48,190</u>

23. Interest expense

	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000
<b>The Group</b>				
Deposits and placements of banks and other financial institutions	3,654	5,304	19,259	32,567
Deposits from customers	11,146	18,478	60,027	76,882
Derivative financial instruments	7,054	2,640	18,655	8,376
Subordinated obligations	1,054	863	5,262	2,867
Lease liabilities	126	-	1,051	-
Others	22	356	103	634
Total interest expense	<u>23,056</u>	<u>27,641</u>	<u>104,357</u>	<u>121,326</u>

## 24. Non-interest income

	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000
<b>The Group</b>				
(a) <b>Fee income:</b>				
Fee on loans and advances	39	18	925	118
Arranger fees	513	1,778	3,365	4,363
Placement fees	72	5,477	8,353	8,426
Corporate advisory fees	594	1,508	3,385	5,052
Underwriting Commission	-	1,006	188	2,629
Brokerage commissions	28,409	12,831	76,541	52,457
Commission from futures contracts	302	160	1,611	731
Unit trust fee income	11,166	12,886	56,899	50,199
Other fee income	1,055	1,041	8,865	4,115
	<b>42,150</b>	<b>36,705</b>	<b>160,132</b>	<b>128,090</b>
(b) <b>Net income from securities:</b>				
Net realised (loss)/gain arising from sale of:				
- Financial assets at FVTPL	(7,377)	5,189	4,235	6,085
- Financial investments at FVOCI	4,070	5,906	26,819	14,859
- Derivative financial instruments	(8,483)	(6,433)	39,562	(35,915)
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	19,391	(3,121)	(3,027)	6,326
- Derivative financial instruments	6,063	(2,249)	(17,758)	9,790
Dividend income from:				
- Financial assets at FVTPL	2,007	2,214	8,820	10,437
Net unrealised loss on fair value changes arising from fair value hedges	(558)	-	(558)	-
	<b>15,113</b>	<b>1,506</b>	<b>58,093</b>	<b>11,582</b>
(c) <b>Other income</b>				
Gain on disposal of property and equipment	-	-	-	64
Foreign exchange gain/(loss)	1,880	5,949	(32,245)	16,750
Other non-operating income	49	58	247	250
	<b>1,929</b>	<b>6,007</b>	<b>(31,998)</b>	<b>17,064</b>
Total non-interest income	<b>59,192</b>	<b>44,218</b>	<b>186,227</b>	<b>156,736</b>
<b>The Company</b>				
(a) <b>Net income from securities:</b>				
Net realised gain arising from sale of:				
- Financial assets at FVTPL	506	498	327	302
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	7,194	(536)	(2,921)	(64)
Dividend income from:				
- Financial assets at FVTPL	1,489	1,895	7,320	7,738
- Subsidiary companies	18,000	12,000	46,000	66,830
	<b>27,189</b>	<b>13,857</b>	<b>50,726</b>	<b>74,806</b>
(b) <b>Other income</b>				
Gain on liquidation of a subsidiary	-	650	-	850
Other income	48	45	195	187
	<b>48</b>	<b>695</b>	<b>195</b>	<b>1,037</b>
Total non-interest income	<b>27,237</b>	<b>14,552</b>	<b>50,921</b>	<b>75,843</b>

## 25. Overhead expenses

	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000
<b>The Group</b>				
Personnel costs				
- Salaries, bonuses and allowances	25,121	16,295	79,513	61,362
- Others	2,523	3,581	13,360	14,213
	<b>27,644</b>	<b>19,876</b>	<b>92,873</b>	<b>75,575</b>
Establishment costs				
- Depreciation of property and equipment	786	857	3,371	3,392
- Amortisation of intangible assets	403	475	1,702	2,761
- Depreciation of ROU assets	972	-	4,022	-
- Rental of premises	8	1,179	78	4,694
- Information technology expenses	1,689	1,682	6,221	5,970
- Others	441	719	2,191	2,835
	<b>4,299</b>	<b>4,912</b>	<b>17,585</b>	<b>19,652</b>
Marketing expenses				
- Advertisement and publicity	277	229	1,027	911
- Entertainment and business improvement	30	494	1,126	2,067
- Others	22	117	419	617
	<b>329</b>	<b>840</b>	<b>2,572</b>	<b>3,595</b>
Administration and general expenses				
- Management fees	1,413	1,144	4,921	4,087
- Communication expenses	261	401	1,240	1,795
- Property and equipment written off	-	829	-	942
- Auditors' remuneration				
- Statutory audit	39	221	371	535
- Regulatory related fee	46	39	54	54
- Tax compliance fee	25	25	25	25
- Other fees	20	15	20	15
- Legal and professional fees	1,072	3,570	4,139	6,695
- Others	2,731	2,204	10,964	9,383
	<b>5,607</b>	<b>8,448</b>	<b>21,734</b>	<b>23,531</b>
Total overhead expenses	<b>37,879</b>	<b>34,076</b>	<b>134,764</b>	<b>122,353</b>
<b>The Company</b>				
Personnel costs				
- Salaries, bonuses and allowances	-	-	-	-
- Others	96	34	416	219
	<b>96</b>	<b>34</b>	<b>416</b>	<b>219</b>
Establishment costs				
- Information technology expenses	-	-	2	17
- Others	14	14	61	50
	<b>14</b>	<b>14</b>	<b>63</b>	<b>67</b>



25. Overhead expenses (continued)

	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000
<b>The Company (continued)</b>				
Marketing expenses				
- Others	-	-	38	2
	-	-	38	2
Administration and general expenses				
- Management fees	141	172	400	499
- Communication expenses	-	-	6	4
- Auditors' remuneration				
- Statutory audit	24	13	79	79
- Regulatory related fee	3	(4)	11	11
- Legal and professional fees	-	193	20	604
- Others	140	144	540	623
	308	518	1,056	1,820
Total overhead expenses	418	566	1,573	2,108

26. Write-back of/(allowance for) for impairment losses on loans and advances

	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000
<b>The Group</b>				
Expected credit losses				
(i) Loans and advances	1,294	(176)	(280)	(170)
(ii) Loans and advances commitments	381	-	-	-
	1,675	(176)	(280)	(170)

27. (Allowance for)/write-back of impairment losses on financial investments and other financial assets

	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000
<b>The Group</b>				
(a) Financial investments				
(i) Financial investments at FVOCI	(175)	59	(198)	62
(ii) Financial investments at amortised cost	-	2	21	(12)
	(175)	61	(177)	50
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	(82)	98	(1,806)	149
- Impaired clients' and brokers' balances recovered	47	4	110	51
(ii) Deposits and placements with banks and other financial institutions	-	-	-	22
(iii) Securities purchased under resale agreements	-	-	-	2
(iv) Other assets	-	20	(58)	105
	(35)	122	(1,754)	329
	(210)	183	(1,931)	379

## 28. Commitments and contingencies

	As at 30/06/2020 Principal Amount RM'000	As at 30/06/2019 Principal Amount RM'000
<b>The Group</b>		
<b>Commitments and contingent liabilities</b>		
Direct Credit Substitutes	1,000	1,000
Obligations under underwriting agreement	-	18,860
Lending of banks' securities or the posting of securities as collateral by bank, including instances where these arise out of repo-style transactions	52,352	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- Over one year	30,000	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice		
- Maturity less than one year	894,438	750,103
	<u>977,790</u>	<u>769,963</u>
<b>Derivative financial instruments</b>		
Interest rate related contracts:		
- One year or less	1,365,000	4,566,819
- Over one year to five years	3,030,700	3,367,720
- Over five years	110,000	245,000
Foreign exchange related contracts		
- One year or less	1,483,909	2,484,022
Equity related contracts		
- One year or less	-	36,152
	<u>5,989,609</u>	<u>10,699,713</u>
	<u>6,967,399</u>	<u>11,469,676</u>

**29. Fair value of financial instruments**

Determination of fair value and fair value hierarchy

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.

<b>The Group 30.06.2020</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Financial assets</b>				
Financial assets at FVTPL	<b>273,926</b>	<b>632,119</b>	<b>1,432</b>	<b>907,477</b>
- Money market instruments	-	<b>588,325</b>	-	<b>588,325</b>
- Quoted securities	<b>273,926</b>	-	-	<b>273,926</b>
- Unquoted securities	-	<b>43,794</b>	<b>1,432</b>	<b>45,226</b>
Financial investments at FVOCI	-	<b>1,266,529</b>	-	<b>1,266,529</b>
- Money market instruments	-	<b>124,569</b>	-	<b>124,569</b>
- Unquoted securities	-	<b>1,141,960</b>	-	<b>1,141,960</b>
Derivative financial assets	-	<b>54,957</b>	-	<b>54,957</b>
	<b>273,926</b>	<b>1,953,605</b>	<b>1,432</b>	<b>2,228,963</b>

**HLCB Q4 (30.06.2020)****29. Fair value of financial instruments (continued)**Determination of fair value and fair value hierarchy (continued)

<b>The Group</b> <b>30.06.2020</b>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	<b>81,620</b>	-	<b>81,620</b>
<b>30.06.2019</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	296,337	1,208,503	1,365	1,506,205
- Money market instruments	-	1,016,994	-	1,016,994
- Quoted securities	296,337	-	-	296,337
- Unquoted securities	-	191,509	1,365	192,874
Financial investments at FVOCI	-	1,110,915	-	1,110,915
- Money market instruments	-	322,819	-	322,819
- Unquoted securities	-	788,096	-	788,096
Derivative financial assets	-	28,310	-	28,310
	296,337	2,347,728	1,365	2,645,430
<b>Financial liability</b>				
Derivative financial liabilities	-	34,310	-	34,310
<b>The Company</b> <b>30.06.2020</b>				
<b>Financial asset</b>				
Financial assets at FVTPL				
- Quoted securities	<b>255,892</b>	-	-	<b>255,892</b>
<b>30.06.2019</b>				
<b>Financial asset</b>				
Financial assets at FVTPL				
- Quoted securities	259,746	-	-	259,746

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

Reconciliation of fair value measurement in Level 3 of the fair value hierarchy are as follows:

	<b>The Group</b>	
	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets at FVTPL</b>		
At 1 July	1,365	1,380
Fair value changes recognised in income statement	67	(15)
At 30 June	<b>1,432</b>	<b>1,365</b>

30. Capital adequacy

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

	<b>HLIB</b> <b>30/06/2020</b>	<b>HLIB</b> <b>30/06/2019</b>
<b>Before deducting proposed dividends:</b>		
Common equity tier 1 ("CET1") capital ratio	<b>42.128%</b>	30.907%
Tier 1 capital ratio	<b>42.128%</b>	30.907%
Total capital ratio	<b>52.768%</b>	43.489%
<b>After deducting proposed dividends: <sup>(1)</sup></b>		
CET1 capital ratio	<b>35.500%</b>	28.642%
Tier 1 capital ratio	<b>35.500%</b>	28.642%
Total capital ratio	<b>46.139%</b>	41.224%

Note:

<sup>(1)</sup> Proposed dividends of RM66,000,000 (30.06.2019: RM28,000,005).

- (ii) The components of CET1, Tier 1 and total capital of the banking subsidiary are as follows:

	<b>HLIB</b> <b>30/06/2020</b> <b>RM'000</b>	<b>HLIB</b> <b>30/06/2019</b> <b>RM'000</b>
<b>CET1 capital</b>		
Paid-up ordinary share capital	<b>252,950</b>	252,950
Retained profits	<b>279,828</b>	237,920
Other reserves	<b>9,349</b>	7,794
Less: goodwill and intangibles	<b>(31,380)</b>	(31,129)
Less: deferred tax assets	<b>(85,925)</b>	(80,926)
Less: investment in subsidiary companies	<b>(200)</b>	(200)
Less: 55% of cumulative gains of financial investments at FVOCI	<b>(5,142)</b>	(4,287)
Total CET1 capital	<b>419,480</b>	382,122
<b>Tier 1 capital</b>	<b>419,480</b>	382,122
<b>Tier 2 capital</b>		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>(2)</sup>	<b>5,940</b>	5,556
Subordinated obligations	<b>100,000</b>	150,000
Total Tier 2 capital	<b>105,940</b>	155,556
Total capital	<b>525,420</b>	537,678

Note:

<sup>(2)</sup> Includes the qualifying regulatory reserve for non-impaired loans and advances.

**30. Capital adequacy (continued)**

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

	<b>HLIB</b> <b>30/06/2020</b> <b>RM'000</b>	<b>HLIB</b> <b>30/06/2019</b> <b>RM'000</b>
Credit risk	<b>476,122</b>	444,468
Market risk	<b>257,167</b>	519,266
Operational risk	<b>262,434</b>	272,622
	<b><u>995,723</u></b>	<u>1,236,356</u>

31. Segmental reporting

(a) Segment information by activities for the financial year ended 30 June 2020:

<b>The Group</b>	<b>Investment banking and stockbroking RM'000</b>	<b>Fund management and unit trust management RM'000</b>	<b>Investment holding and others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>30 June 2020</b>					
<b>Net income</b>					
Net interest income	45,448	969	81	-	46,498
Non interest income	124,459	56,928	51,137	(46,297)	186,227
Total net income	<u>169,907</u>	<u>18,161</u>	<u>51,218</u>	<u>(46,297)</u>	<u>232,725</u>
<b>Results</b>					
Profit from operations	64,907	27,668	49,472	(46,297)	95,750
Taxation					<u>(1,563)</u>
Profit after taxation					<u>94,187</u>
<b>30 June 2019</b>					
<b>Net income</b>					
Net interest income	41,261	785	94	-	42,140
Non interest income	97,240	50,265	77,044	(67,813)	156,736
Total net income	<u>138,501</u>	<u>51,050</u>	<u>77,138</u>	<u>(67,813)</u>	<u>198,876</u>
<b>Results</b>					
Profit from operations	47,981	21,827	74,737	(67,813)	76,732
Taxation					<u>(9,020)</u>
Profit after taxation					<u>67,712</u>

(b) Segmental analysis by geographical location has not been prepared as the Group's operations are predominantly conducted in Malaysia.

32. Property and equipment

The valuations of property and equipment have been brought forward without amendment from the financial statements for the financial year ended 30 June 2019.

**33. Changes in composition of the Group**

There were no changes in composition of the Group for the current financial year and up to the date of this report.

**34. Capital commitments**

Capital commitments for the purchase of property and equipment as at 30 June 2020 is RM3.0 million.

**35. Changes in contingent liabilities**

Details of contingent liabilities since the last audited reporting period are as follows:

Hong Leong Asset Management Bhd, a wholly owned subsidiary of the Company, is the Manager of Hong Leong Consumer Products Sector Fund (“Fund”). The Company provided a guarantee to Deutsche Trustees Malaysia Berhad, the trustee of the Fund, that if the Fund falls below the minimum fund size of RM1.0 million, the Company would invest cash, equivalent to the shortfall, into the relevant Fund.

The size of the Fund was above the minimum of RM1.0 million as at 30 June 2020.

**36. Related party transactions**

All related party transactions had been entered into in the ordinary course of business that had been undertaken at arms’ length basis on normal commercial terms. These transactions are within the ambit of the approval granted under the Shareholders’ Mandate for recurrent related party transactions obtained at a general meeting.



### 37. Changes in accounting policies

During the financial year, the Group has adopted MFRS 16. The Group has elected to use simplified retrospective transition method and to apply a number of practical expedients as provided in MFRS 16.

Under the simplified retrospective transition method, the 2019 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group is lessees were recognised as an adjustment to the opening balance of retained earnings as at 1 July 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 'Leases' and IC Interpretation 4 'Determining whether an Arrangement Contains a Lease'.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is as follows:

	%
• within one year	3.83
• within one to two years	3.97
• within two to three years	4.11

The associated right-of-use ('ROU') assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2019.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the ROU assets and the lease liability at the DIA. The measurement principles of MFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related ROU assets immediately after the DIA.

In applying MFRS 16 for the first time, the Group has applied the following practical expedients permitted by the standard to leases previously classified as operating leases under MFRS 117:

- the use of single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU assets at the DIA; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

As at 1 July 2019, the change in accounting policies has affected the following items:

- ROU assets and lease liabilities increased by RM25,573,000 and RM23,746,000 respectively
- Deferred tax assets and liabilities increased by RM5,072,000

There was no impact on retained earnings on 1 July 2019.

#### Reconciliation between the MFRS 117 operating lease commitments to MFRS 16

<b>Description</b>	<b>The Group RM'000</b>
Operating lease commitments disclosed as at 30 June 2019	<b>6,802</b>
Less: Discounted using the incremental borrowing rate at the date of initial application	<b>(391)</b>
Less: Short-term leases recognised on a straight-line basis as expense	<b>(10)</b>
Less: Low-value leases recognised on a straight line basis as expense	<b>(73)</b>
Add: Adjustments as a result of a different treatment of extension and termination options	<b>17,418</b>
<b>Lease liabilities as at 1 July 2019</b>	<b>23,746</b>

## HLCB Q4 (30.06.2020)

### Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

#### 1. Performance review

##### (a) Current financial quarter under review against previous corresponding financial quarter

	The Group		Variance	
	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	RM'000	%
Revenue	97,155	82,488	14,667	17.8%
Profit before tax	37,685	20,778	16,907	81.4%
Profit after tax	36,299	5,225	31,074	>100.0%
Profit attributable to equity holders of the Company	36,299	5,225	31,074	>100.0%

The group recorded a 81.4% higher profit before tax ("PBT") of RM37.7 million for the 4th quarter ended 30 June 2020 as compared to RM20.8 million recorded in the previous year corresponding quarter.

Higher PBT mainly contributed by higher non-interest income earned (33.9%).

The performance of the respective operating business segments for the 4th quarter ended 30 June 2020 as compared to the previous year corresponding quarter is analysed as follows:-

	The Group		Variance	
	Current quarter ended 30/06/2020 RM'000	Last year's quarter ended 30/06/2019 RM'000	RM'000	%
<b>Profit before tax by segments:</b>				
Investment banking and stockbroking	23,351	13,164	10,187	77.4%
Fund management and unit trust management	5,417	6,244	(827)	-13.2%
Investment holding and others	8,917	1,370	7,547	>100.0%
	<u>37,685</u>	<u>20,778</u>	<u>16,907</u>	81.4%

Investment banking and stockbroking - higher PBT by RM10.2 million (77.4%) attributed to higher profit contribution from its stockbroking division in current quarter.

Fund management and unit trust management - PBT decreased by RM0.8 million (-13.2%) mainly due to lower net contribution from management fee income.

Investment holding and others - PBT increased by RM7.5 million (>100.0%) mainly due to higher unrealised gain on revaluation of financial assets at FVTPL.

## HLCB Q4 (30.06.2020)

### 1. Performance review (continued)

#### (b) Current financial period under review against previous corresponding financial period

	The Group		Variance RM'000	%
	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000		
Revenue	337,082	320,202	16,880	5.3%
Profit before tax	95,750	76,732	19,018	24.8%
Profit after tax	94,187	67,712	26,475	39.1%
Profit attributable to equity holders of the Company	94,187	67,712	26,475	39.1%

The group recorded a higher PBT of RM95.8 million for the financial year ended 30 June 2020 as compared to RM76.7 million recorded in the previous financial year.

Higher PBT mainly due to higher non-interest income earned (18.8%).

The performance of the respective operating business segments for the twelve months ended 30 June 2020 as compared to the previous financial year is analysed as follows:-

	The Group		Variance RM'000	%
	Current year ended 30/06/2020 RM'000	Last year's ended 30/06/2019 RM'000		
<b>Profit before tax by segments:</b>				
Investment banking and stockbroking	64,907	47,981	16,926	35.3%
Fund management and unit trust management	27,668	21,827	5,841	26.8%
Investment holding and others	3,175	6,924	(3,749)	-54.1%
	<u>95,750</u>	<u>76,732</u>	<u>19,018</u>	24.8%

Investment banking and stockbroking - Higher PBT by RM16.9 million (35.3%) mainly attributed to higher profit contribution from its Stockbroking division.

Fund management and unit trust management - PBT increased by RM5.8 million (26.8%) mainly due to higher net contribution from management fee income.

Investment holding and others - PBT decreased by RM3.7 million (-54.1%) mainly due to unrealised loss on revaluation of financial assets at FVTPL.

## HLCB Q4 (30.06.2020)

### 1. Performance review (continued)

#### (c) Current financial quarter under review against preceding financial quarter

	The Group		Variance	
	Current	Preceding	RM'000	%
	quarter ended	quarter ended		
	30/06/2020	31/03/2020		
	RM'000	RM'000		
Revenue	97,155	68,597	28,558	41.6%
Profit before tax	37,685	10,528	27,157	>100.0%
Profit after tax	36,299	11,065	25,234	>100.0%
Profit attributable to equity holders of the Company	36,299	11,065	25,234	>100.0%

For the financial quarter ended 30 June 2020, the Group reported a higher PBT of RM37.7 million as compared to RM10.5 million in the preceding financial quarter ended 31 March 2020. The higher PBT was mainly due to higher non-interest income earned (96.4%).

The performance of the respective operating business segments for the three months ended 30 June 2020 as compared to the preceding quarter is analysed as follows:-

	The Group		Variance	
	Current	Preceding	RM'000	%
	quarter ended	quarter ended		
	30/06/2020	31/03/2020		
	RM'000	RM'000		
<b>Profit before tax by segments:</b>				
Investment banking and stockbroking	23,351	15,022	8,329	55.4%
Fund management and unit trust management	5,417	4,090	1,327	32.4%
Investment holding and others	8,917	(8,584)	17,501	>100.0%
	<u>37,685</u>	<u>10,528</u>	<u>27,157</u>	<u>&gt;100.0%</u>

Investment banking and stockbroking - higher PBT by RM8.3 million (55.4%) mainly due to higher profit contribution from its stockbroking division; offset by lower profit contribution from its investment banking division.

Fund management and unit trust management - PBT increased by RM1.3 million (32.4%) mainly due to higher net contribution from management fee income in current quarter.

Investment holding and others - PBT increased by RM17.5 million (>100.0%) mainly due to unrealised gain on revaluation of financial assets at FVTPL of RM7.2 million (3rd quarter March 2020: unrealised loss of RM9.1 million).

## 2. Prospects for 2021

Looking forward into the new financial year, the economic slowdown caused by the Covid-19 pandemic will certainly weigh down business activities. Capital raising activities will very much depend on the pace of public and private investments. This will, in turn, impact investment banking activities particularly in relation to fund raising activities. However, we are cautiously optimistic that, given the current low interest environment, more corporates will be encouraged to undertake debt refinancing exercises. In addition, we are expecting the low interest rate regime to be conducive and facilitative towards capital investments by sectors that are relatively less affected by the pandemic.

Given that this pandemic is unprecedented and global in scale, it will be difficult to fully and accurately predict its impact on our businesses. Nevertheless, the Group will continue to monitor the situation closely and we will continue to assess the impact to the Group's earnings and readjust our business strategies, if necessary, over time.

## 3. Variance in profit forecast and shortfall in profit guarantee

The Group had not entered into any scheme that requires it to present forecast results or guarantee any profits.

## 4. Taxation

The Group	Financial quarter ended		Financial year ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:				
- Current	<b>1,857</b>	2,433	<b>7,243</b>	6,398
- (Over)/Under provision in prior years	<b>(7)</b>	(122)	<b>15</b>	(134)
Deferred taxation	<b>(464)</b>	13,242	<b>(5,695)</b>	2,756
	<b>1,386</b>	15,553	<b>1,563</b>	9,020

## 5. Status of corporate proposals

There were no corporate proposals announced but not completed as at the latest practicable date which was not earlier than 7 days from the issue of this report.

## 6. Status of utilisation of proceeds raised from corporate proposals

The proceeds raised from the issuances of the debt securities in prior years have been used for as intended.

## HLCB Q4 (30.06.2020)

### 7. Off-balance sheet financial instruments

Details of financial instruments with off-balance sheet risk as at 30 June 2020:

<b>The Group</b>	<b>Principal amount RM'000</b>	<b>Fair Value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
Interest rate related contracts			
(i) Less than 1 year	1,365,000	5,075	(7,384)
(ii) 1 year to 3 years	2,165,700	18,389	(43,362)
(iii) More than 3 years	975,000	24,927	(25,935)
Foreign exchange related contracts			
(i) Less than 1 year	1,483,909	6,566	(4,939)
	<b>5,989,609</b>	<b>54,957</b>	<b>(81,620)</b>

The above contracts are subject to credit risk and market risk.

#### **Credit risk**

Credit risk arises when counterparties to derivatives contracts are not able to or willing to fulfil their obligation to pay the Bank the positive fair value or receivable resulting from the execution of contract terms. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to credit risk.

#### **Market risk**

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk.

#### **Related accounting policies**

The accounting policies applied for recognising the financial instruments concerned are the same as those applied for the audited financial statements.

**HLCB Q4 (30.06.2020)**

**8. Group borrowings and debt securities**

The Group Unsecured	More than 1 year		Less than 1 year		Sub-total		Total RM'000
	Foreign currency RM'000	Local currency RM'000	Foreign currency RM'000	Local currency RM'000	Foreign currency RM'000	Local currency RM'000	
<b>As at 30 June 2020</b>							
RM100.0 million Tier 2 subordinated notes	-	99,993	-	185	-	100,178	100,178
<b>As at 30 June 2019</b>							
RM150.0 million Tier 2 subordinated notes	-	149,902	-	603	-	150,505	150,505

On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB") had completed the first issuance of RM50 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50 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.

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.

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### 9. Material litigation

The Group and the Company do not have any material litigation which would materially and adversely affect the financial position of the Group and the Company.

### 10. Dividends

A final single-tier dividend of 23.0 sen per share has been proposed for the current quarter.

Amount per share:	23.0 sen
Previous corresponding quarter:	22.0 sen
Payment date:	To be announced later
Entitlement date:	To be announced later

### 11. Earnings per share

#### (a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Financial quarter ended		Financial period ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
<b>The Group</b>				
Net profit attributable to equity holders of the Company (RM'000):	<b>36,299</b>	5,225	<b>94,187</b>	67,712
Weighted average number of ordinary shares in issue ('000):	<b>241,283</b>	241,283	<b>241,283</b>	241,283
Basic earnings per share (sen)	<b>15.0</b>	2.2	<b>39.0</b>	28.1
<b>The Company</b>				
Net (loss)/profit attributable to equity holders of the Company (RM'000):	<b>26,699</b>	14,078	<b>49,251</b>	73,611
Weighted average number of ordinary shares in issue ('000):	<b>241,388</b>	241,388	<b>241,388</b>	241,388
Basic (loss)/earnings per share (sen)	<b>11.1</b>	5.8	<b>20.4</b>	30.5

#### (b) Fully diluted earnings per share

There is no diluted earnings per share as the Group and the Company have no category of dilutive potential ordinary shares outstanding as at 30 June 2020 and 30 June 2019.

Dated this 28 August 2020.