

For Immediate Release

Hong Leong Capital Group Records a Net Profit Attributable To Shareholders of RM203.3 Million for its Financial Year Ended 30 June 2021

KUALA LUMPUR, 30 AUGUST 2021 - Hong Leong Capital Berhad (“HLCB” or the “Company”) today announced the results of the Company and its subsidiaries (“HLCB Group”) for the financial year ended 30 June 2021 (“FY21”).

- The Group recorded a net profit attributable to shareholders of RM203.3 million, an increase of 115.8% year-on-year (“y-o-y”) due to stronger profit contributions from its key operating subsidiary; Hong Leong Investment Bank Berhad (“HLIB” or the “Bank”).
- Book value per share increased from RM3.48 as at 30 June 2020 to RM4.06 as at 30 June 2021.
- In view of the current economic conditions, we have adopted a more prudent approach in respect of our dividend payment despite a much better current year performance; we declared a final dividend of 26 sen, higher than last year by 3 sen.

Hong Leong Capital Berhad’s Chairman, Tan Kong Khoon commented, “The operating environment remained challenging as the tight containment measures were imposed to address the resurgence of COVID-19 cases. Despite these challenges, the Group had managed to deliver solid performance across our core operating businesses in FY21.

We anticipate the Malaysian economy to gradually recover, on the back of improved sentiment arising from the global and domestic deployment of COVID-19 vaccines, together with various ongoing policy support. We will continue to emphasize corporate governance and prudently manage the key business risks. Our business strategies will be constantly monitored and recalibrated to adjust and adapt to the evolving market environment. We will also focus on driving digital solutions to manage cost efficiency and productivity with the objective of delivering long-term sustainable growth as well as increase our shareholder value. Our key operating subsidiaries will also be accelerating their sustainability initiatives and will look to transforming and integrating sustainability into our business practices and processes.”

Investment Banking

- Our investment banking subsidiary, HLIB's net profit after tax increased 151.1% y-o-y to RM176.6 million, supported by higher profit contribution from its stockbroking division and investment banking division. HLIB contributed 86.9% of HLCB Group's profit after tax.
- Our stockbroking division benefited from higher market activity for FY21, with transaction volume increasing by 91% y-o-y. The significantly higher retail participation during this year has also led HLIB to achieve a higher market share. Profit contribution for FY21 increased by 2.2 times compared to the previous financial year.
- The better performance of the investment banking division was underpinned by stronger revenue from treasury and markets, as well as improved deal flows from the debt and equity market units during the year.
- The Bank continued to exercise fiscal prudence and our operating expenses ("Opex") remained tightly controlled with Cost-to-Income ratio improving to 43.3%. The Bank will continue to focus on strategic cost management initiatives to manage our cost structure.
- Capital position remained robust, with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 34.4%, 34.4% and 45.3% respectively as at 30 June 2021.
- HLIB has started integrating Environmental, Social and Governance ("ESG") assessments into their investment banking and financing activities based on the guiding principles outlined in its ESG Risk Guidance Note. The assessments cover the economic activities of prospective clients and their broader impact to the environment.
- Our research team has also produced ESG-related write-ups and reports to cater to the growing focus on ESG investing from our clients. Some topics covered in our FY21 briefing and takeaway reports include ESG updates of stock picks, as well as thematic ESG reports for the banking industry.

Fund Management and Unit Trust Management

- The fund management business of HLCB Group, undertaken via our subsidiary, Hong Leong Asset Management Berhad Group ("HLAM") recorded a drop in profit after tax by 10.8% due to lower average assets under management ("AUM") during this year compared to 30 June 2020.
- The low interest rate coupled with mobility restrictions imposed under the MCO had led to renewed interest in the stock markets. Trading volumes surged and many investors took the opportunity to switch out of money market funds into equity investments in search of higher investment return. HLAM also experienced similar withdrawals on some of the money market funds under our management.

- For the calendar year 2021, HLAM continued to focus and emphasize on fund performance, winning 9 individual Refinitiv Lipper Fund awards and the Best Equity Group - Provident Group award (for EPF approved funds only), which is a highly coveted award.
- The Islamic fund management subsidiary of HLAM, Hong Leong Islamic Asset Management (“HLISAM”) which started its business operations in January 2020 had encountered limitations in their marketing activities due to the MCO. For the coming months, the team will work closely with HLAM, their distributors and clients via the digital platform and virtual engagements to build AUM.
- HLAM and HLISAM have, in measurable ways, embedded socially responsible investing (“SRI”) via their Shariah funds and green investing into the investment process.

End

About Hong Leong Capital Group

Hong Leong Capital Berhad (“HLCB”) is an investment holding company of the investment banking and asset management business group under Hong Leong Financial Group. It aims to be a leading regional financial services institution providing diversified clients with a full range of value propositions and financial solutions in the areas of investment banking, stockbroking, futures broking, nominees and custodian services, unit trust and fund management and related financial services, and investment management services. These segments are serviced by HLCB’s key operating subsidiaries, namely Hong Leong Investment Bank Berhad (“HLIB”) and Hong Leong Asset Management Berhad (“HLAM”).

Supported by strong business acumen, its firm foundation of values, efficient customer support, and distribution and communications channels, HLCB, together with HLIB and HLAM, are focused on assisting its wide range of clients in achieving superior long term risk-adjusted returns.

For further details, visit www.hlcap.com.my or www.bursamalaysia.com, and for further clarification, please contact:

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Hong Leong Capital Berhad is a subsidiary of:

 **HongLeong Financial Group**

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/// **12TH STRONGEST BANK IN ASIA PACIFIC**
BY BALANCE SHEET, 2020

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