

For Immediate Release

Hong Leong Capital Group Records a Net Profit Attributable To Shareholders of RM28.8 Million for its First Quarter Financial Results Ended 30 September 2021

KUALA LUMPUR, 29 NOVEMBER 2021 - Hong Leong Capital Berhad (“HLCB” or the “Company”) today announced the first quarter results of the Company and its subsidiaries (“HLCB Group”) for the period ended 30 September 2021 (“1QFY22”).

- The Group recorded a net profit attributable to shareholders of RM28.8 million, a decrease of 36.7% year-on-year (“y-o-y”) due to lower profit contributions from its key operating subsidiary; Hong Leong Investment Bank Berhad (“HLIB” or the “Bank”) in current period.
- Book value per share decreased from RM4.06 as at 30 June 2021 to RM3.89 as at 30 September 2021 after declaration of a final single-tier dividend of 26 sen for financial year ended 30 June 2021.

Hong Leong Capital Berhad’s Chairman, Tan Kong Khoon commented, “We anticipate the Malaysia economy to recover progressively supported by the reopening of economic activities, high vaccination rates and accommodative policy stance amidst rising inflationary pressures from global supply chain issues and high commodity prices. Following an exceptionally high trading volume recorded in the Bursa Malaysia market last year, the traded volume has been on a down trend during the period under review and this has affected the performance of our Stockbroking business. We shall remain cautious on the outlook of our business and be vigilant against the risk of resurgence in COVID-19 cases yet hopeful that the economy will continue to be in the recovery mode into 2022.”

Investment Banking

- Our investment banking subsidiary, HLIB's net profit after tax decreased 50.0% y-o-y to RM19.0 million, from lower profit contribution from its stockbroking division and investment banking division. HLIB contributed 66.0% of HLCB Group's profit after tax.
- Our stockbroking division experienced lower market activity in 1QFY22, with Bursa traded volume decreasing by 47.8% y-o-y. The lower retail participation during this period has also led HLIB to record a lower market share.
- New business initiatives are being implemented by our stockbroking business to add new dimensions of revenue to compensate for the decrease in brokerage related income.
- The Bank continues to exercise prudence with operating expenses and will continue to focus on strategic cost management initiatives to optimise our cost structure.
- Capital position remained robust with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 32.4%, 32.4% and 42.8% respectively as at 30 September 2021.
- HLIB is in the midst of integrating Environmental, Social and Governance ("ESG") assessments into their investment banking and financing activities. During these unprecedented times, the Bank remains focused on its commitment to creating a sustainable future by setting out a clear vision with goals, targets and roadmap.
- The Research team in HLIB will continue to produce ESG-related write-ups and reports to create more awareness for sustainable investments to our clients.

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 an increase in profit after tax by 37.7% to RM6.1 million attributed to higher average assets under management (“AUM”) during this period compared to 30 September 2020.
- The Islamic fund management subsidiary of HLAM, Hong Leong Islamic Asset Management (“HLISAM”) has successfully grown its AUM by more than double the AUM in the previous corresponding quarter despite being constrained by limitations in their marketing activities due to movement restrictions during the period under review. The team shall continue to work closely with HLAM, their distributors and clients via the digital platform and virtual engagements to build AUM.

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:

Investor Relations

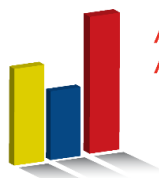
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Hong Leong Capital Berhad is a subsidiary of:

 **HongLeong Financial Group**

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BY BALANCE SHEET, 2020

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