

Hong Leong Capital Records a Net Profit Attributable To Shareholders of RM72.5 Million for its Financial Year Ended 30 June 2022

KUALA LUMPUR, 30 AUGUST 2022 – Hong Leong Capital Berhad (“HLCB” or the “Company”) today announced the results of the Company and its subsidiaries (“HLCB”) for the financial year ended 30 June 2022 (“FY22”).

- HLCB recorded a net profit attributable to shareholders of RM72.5 million, a decrease of 64.4% year-on-year (“y-o-y”), reflecting the much reduced market activity in our local stock market. The lower profit contribution was recorded by its key operating subsidiary; Hong Leong Investment Bank Berhad (“HLIB” or the “Bank”) in the current financial year.
- Book value per share decreased from RM4.06 as at 30 June 2021 to RM4.01 as at 30 June 2022 arising from lower valuation of financial investments at fair value through other comprehensive income for the financial year.
- In view of the weaker performance and to remain prudent ahead of the uncertain economic outlook in financial year 2023 (“FY23”), we declared a final dividend of 19 sen, lower than last year by 7 sen.

Hong Leong Capital Berhad’s Chairman, Tan Kong Khoon commented, “Moving into FY2023, we expect market conditions to remain challenging with global inflationary pressures continuing to exert pressure on interest rates. Economic recovery post the COVID-19 pandemic, was hampered by geopolitical tension causing disruptions to supply chain and spikes in food and energy prices.

Notwithstanding the rising external headwinds, domestic growth prospects have improved following the nation’s transition to endemicity, reopening of international borders and improvement in labour market conditions.

We remain committed to deliver sustainability and long-term value of our business. To this end, we will continuously adjust our business strategies to adapt to market conditions which are constantly evolving, and we will remain prudent and exercise vigilance as we strive to improve our business performance and services. We will invest, emphasise and harness more digital solutions to our customers in order to achieve better cost efficiency and operational productivity.”

Investment Banking

- Our investment banking subsidiary, HLIB's net profit after tax decreased 69.2% y-o-y to RM54.4 million, arising from lower profit contribution from the stockbroking division and investment banking division. HLIB contributed 75.0% of HLCB's profit after tax.
- Our stockbroking division's financial performance was affected by the significantly lower Bursa market activity in our financial year FY22, with Bursa traded value decreasing by 46.7% y-o-y. The increase in foreign trading activity coupled with decreasing retail participation during the financial year has also led to HLIB recording a lower market share during this period.
- In spite of the challenging conditions, HLIB was again named the 2nd runner up for Best Retail Equities Participating Organisation – Investment Bank in the Bursa Excellence Awards 2021.
- We will soon be launching a shariah trading platform to cater for shariah investing for our retail clients. In addition, we will be enhancing and providing our clients with a fully digital account opening experience.
- Continuous efforts on digitalisation to enhance clients' trading experiences and improve operational efficiencies will also remain as our key focus.
- Our investment banking division's performance was affected by lower market activity and delays in the completion of some mandated deals within the current financial year caused by disruptions from the movement restrictions.
- Capital position remained robust with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 35.4%, 35.4% and 46.4% respectively as at 30 June 2022.

Fund Management and Unit Trust Management

- The fund management business of HLCB, undertaken via our subsidiary, Hong Leong Asset Management Berhad (“HLAM”) and its subsidiary, Hong Leong Islamic Asset Management (“HLISAM”) recorded a profit after tax of RM19.0 million.
- HLAM received 21 Lipper awards in this financial year and has won a total of 52 awards in the past 6 years.
- HLISAM recorded its maiden profit after tax and has continued to record a steady growth in its Assets under Management (“AUM”). The team shall continue to work closely with their distributors and clients via the digital platform and virtual engagements to further build and diversify our AUM base.

Sustainability Journey

- HLCB is committed and focused in managing its Environmental, Social and Governance (“ESG”) footprint by setting out our vision with goals, targets and a roadmap. A Sustainability Framework (“Framework”) guided by four central pillars, namely Engaging on Sustainability, Addressing Climate Change, Strengthening Internal Capabilities and Impactful Digitalisation along with ambitions and strategic action plans have been recently developed. This Framework will be used as a foundation and guide to embed sustainability into HLCB’s strategies with the objective of delivering sustainability-linked value to stakeholders.
- HLCB acknowledges the increased global emphasis by regulators and stakeholders on the potential impact of climate change. As part of HLCB’s effort in managing the impact of climate change, HLCB initiated measuring its Greenhouse Gas (“GhG”) emissions in FY22.
- Our Investment Banking business under HLIB has also begun looking at collaborating with clients in accelerating their transition towards sustainable practices given the increasing demand from investors for ESG and sustainable investments or products. HLCB is actively seeking investment opportunities in ESG and/or green bonds such as solar and hydro plants and these will also be one of the key focus in the coming year.

- HLAM and HLISAM had in October 2021 developed and formalised an ESG Framework into their investment policy, where ESG considerations are embedded into the investment philosophy and processes. The systematic inclusion of ESG risks and opportunities into the investment analysis will drive deeper insights into value creation going forward.

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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