

Hong Leong Capital Records a Net Profit of RM28.6 Million for its First Half Financial Results Ended 31 December 2022

KUALA LUMPUR, 28 FEBRUARY 2023 - Hong Leong Capital Berhad (“HLCB” or the “Company”) today announced the second quarter results of the Company and its subsidiaries for the period ended 31 December 2022 (“1HFY23”).

- HLCB recorded a net profit after tax of RM28.6 million, a decrease of 35.3% year-on-year (“y-o-y”) due to lower profit contribution from its key operating subsidiaries; Hong Leong Investment Bank Berhad (“HLIB” or the “Bank”) and Hong Leong Asset Management Berhad (“HLAM”) in the current financial period.
- Book value per share decreased from RM4.01 as at 30 June 2022 to RM3.96 as at 31 December 2022 after payment of a final single-tier dividend of 19 sen for financial year ended 30 June 2022.

Hong Leong Capital Berhad’s Chairman, Tan Kong Khoon commented, “The global economy continues to be challenging, due to the elevated cost environment and the potential risk of a global economic recession. Consequently, the Malaysian economy might be weighed down by weaker external demand. Nevertheless, the adverse impact is expected to be cushioned by our domestic demand driven by improvement in our labour market conditions and the ongoing recovery in the tourism industry.

Looking ahead, we expect another challenging year and, we shall remain vigilant against the volatility in the external macro-environment by continuously recalibrating our business strategies and staying disciplined in managing our costs efficiency.”

Investment Banking

- Our investment banking subsidiary, HLIB’s net profit after tax decreased 39.5% y-o-y to RM18.4 million, arising from lower profit contribution from the stockbroking division and investment banking division. HLIB contributed 64.2% of HLCB’s profit after tax.
- Our stockbroking division’s financial performance was affected by the subdued Bursa market activity in 1HFY23, with traded value coming in 33.6% lower y-o-y. Market sentiments however started to improve in the 2nd quarter of FY2023 especially in November and December where activity picked up post the Malaysian election attracting better participation across the board from Retail and Local Institutional investors.

- In our efforts to diversify our business, we have continued to improve our other income streams such as Futures and Foreign Shares trading which saw growth in revenue by 5.1% y-o-y.
- Investment banking division's profit before tax retracted by 27.3% y-o-y mainly attributable to the tougher operating environment and lower net interest income arising from higher funding cost.
- We remain focused on digitalisation of our operations, product offerings and clients' trading experience which will feature the roll out of a fully digital account opening capability by 3rd quarter of FY2023.
- Our capital position remained robust with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 39.3%, 39.3% and 51.1% respectively as at 31 December 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 Sdn Bhd ("HLISAM") recorded a profit after tax of RM4.9 million, a decrease of 58.2% y-o-y owing to a substantial outflow in our retail money market funds following redemptions driven by a combination of the removal of tax exemption and competitive fixed deposits interest rates.
- On 20 December 2022, HLAM launched its first Private Retirement Scheme ("PRS") product – Hong Leong PRS-Conventional ("Hong Leong PRS") which is made available through HLAM offices and agency forces nationwide.

Sustainability Journey

- HLCB has been recognised for our efforts in embracing sustainability when we were successfully added into Bursa Malaysia FTSE4Good Index on 19 December 2022.
- HLCB will continue to embrace the four central pillars under the Sustainability Framework, and have marked the following milestones under the pillar of "Engaging on Sustainability":
 - On 9 January 2023, HLAM has launched the Hong Leong Global Shariah ESG Fund ("Fund") aimed at providing medium to long term capital growth.
 - To-date, HLIB has been honoured with three awards for advising and arranging ESG financing which comprises of the issuance of RM900 million Green Additional Tier 1 Capital Securities for Hong Leong Bank Berhad and RM5.5 billion Sustainability Sukuk for Amanat Lebuhraya Rakyat Berhad.

- HLCB is strengthening internal capabilities via staff trainings and awareness programs to ensure the embedment of sustainability into our business and operations.

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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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