

## **Hong Leong Capital Registered Net Profit of RM38.7 Million for its First Half Financial Results Ended 31 December 2023**

**KUALA LUMPUR, 28 FEBRUARY 2024** - Hong Leong Capital Berhad (“HLCB” or the “Company”) today announced the six-month results of the Company and its subsidiaries for the financial period ended 31 December 2023 (“1HFY24”).

HLCB reported a higher net profit after tax of RM38.7 million for the current financial period, up 35.1% year-on-year (“y-o-y”) mainly attributable to the better performance of our key operating subsidiary, Hong Leong Investment Bank Berhad (“HLIB” or the “Bank”) and HLCB’s proprietary investment.

Book value per share increased to RM4.10 as at 31 December 2023 from RM4.09 as at 30 June 2023.

**Hong Leong Capital Berhad’s Chairman, Tan Kong Khoon** commented, “Our strong financial performance in 1HFY24 reflects our resilience and adaptability amidst challenging macroeconomic headwinds and volatile market conditions.

While we are optimistic about Malaysian economic growth in 2024, driven by resilient domestic expenditure, we maintain our cautious stance due to ongoing geopolitical tensions that pose challenges to the global economy.

HLCB remains committed to execute our strategic priorities to ensure sustainable business performance and long-term value for all stakeholders. These priorities include developing new product offerings and investing in technology to bolster our digital capabilities while maintaining strict financial discipline and cost efficiency.”

### **Investment Banking**

Our investment banking subsidiary, HLIB registered a net profit after tax of RM21.6 million, representing a 17.3% y-o-y growth. This increase was primarily fueled by higher profit contribution from the stockbroking division with increased market share, that rose by 0.20% y-o-y to 3.91% on the back of higher Bursa Malaysia average daily trading volume of RM2.5 billion as compared to RM1.9 billion a year earlier. HLIB will continuously innovate and plans to launch new offerings in 2024 to meet the diverse needs of our customers.

Separately, HLIB’s investment banking division’s PBT retracted by 34.9% y-o-y, mainly attributable to lower net interest income earned. Margin compression from higher funding costs had resulted in reduced income contribution from our treasury business. Nevertheless, HLIB shall continuously seek trading opportunities created by interest rate volatility in the market.

Fee-based income from capital markets activities showed improvement. The Bank's Debt Markets registered growth in income following completion of key transactions including two (2) Environmental, Social and Governance ("ESG") related financing mandates. Meanwhile, Equity Market's performance has been impacted by the delay in completion of some of the mandated deals.

Overall, the Bank's Capital position remained strong with Common Equity Tier 1, Tier 1 and Total Capital Ratios at 36.5%, 36.5% and 46.7% respectively as at 31 December 2023.

### **Fund Management and Unit Trust Management**

HLCB's fund management business, undertaken via its subsidiary, Hong Leong Asset Management Berhad ("HLAM") and HLAM's subsidiary, Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM") recorded net profit after tax at RM4.1 million. This represents a 16% y-o-y decrease, primarily on account of lower average asset under management ("AUM") and ongoing investment costs incurred in expanding and strengthening its distribution channels for agency and IUTAs ("Institutional Unit Trust Advisers").

HLAM reported an AUM size of RM9.3 billion, a 15% y-o-y decrease, largely driven by redemptions in its Fixed Income Funds. Conversely, HLISAM continued to demonstrate robust growth in its AUM, which reached RM1.1 billion, an increase of 109% y-o-y, bolstered by strong expansion in its Fixed Income Funds.

As part of HLAM's ongoing innovation in its offerings, three additional Islamic Private Retirement Schemes ("PRS") funds were launched in December 2023 to cater to diverse customers' needs. These funds have received positive response from the public.

### **Sustainability Journey**

Since HLCB's inclusion in the Bursa Malaysia's FTSE4Good Index in December 2022, our efforts to integrate sustainability into our operating environment have been recognised, as evidenced by the improvement in our FTSE4Good ESG Rating.

HLCB continues to advance in the sustainability space within the Malaysian capital market. We are delighted to announce that HLIB has been appointed as the principal adviser, sponsor, sole underwriter, and sole bookrunner for KJTS Group Berhad's ("KJTS") initial public offering ("IPO") and the listing of KJTS's shares on the ACE Market of Bursa Malaysia Securities Berhad.

The funds raised from the IPO will primarily be deployed to expand KJTS's cooling energy segment in Malaysia that involves systems designed to reduce carbon dioxide emissions by lowering electricity consumption for their customers.

In the Debt financing space, the two (2) completed transactions have won the Bank honourable deal awards including the Best Green Securitisation, Best Sustainable Finance Deal and Best ASEAN Green SRI Sukuk. There were also three (3) new ESG mandates being procured for the period under review with programme size of up to RM3.0 billion for the financing of sustainable forestry, renewable energy and construction of a green logistic hub.

On the operational front, to further support our sustainability efforts, HLAM has accelerated its digitalisation agenda with the launch of its Digital Onboarding Platform in November 2023. This will offer a seamless sign-on experience for clients and also help reduce the HLCB Group's operational carbon footprint.

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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 Bhd (“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](http://www.hlcap.com.my) or [www.bursamalaysia.com](http://www.bursamalaysia.com), and for further clarification, please contact:**

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