



HongLeong Capital Berhad

Annual Report **2024**



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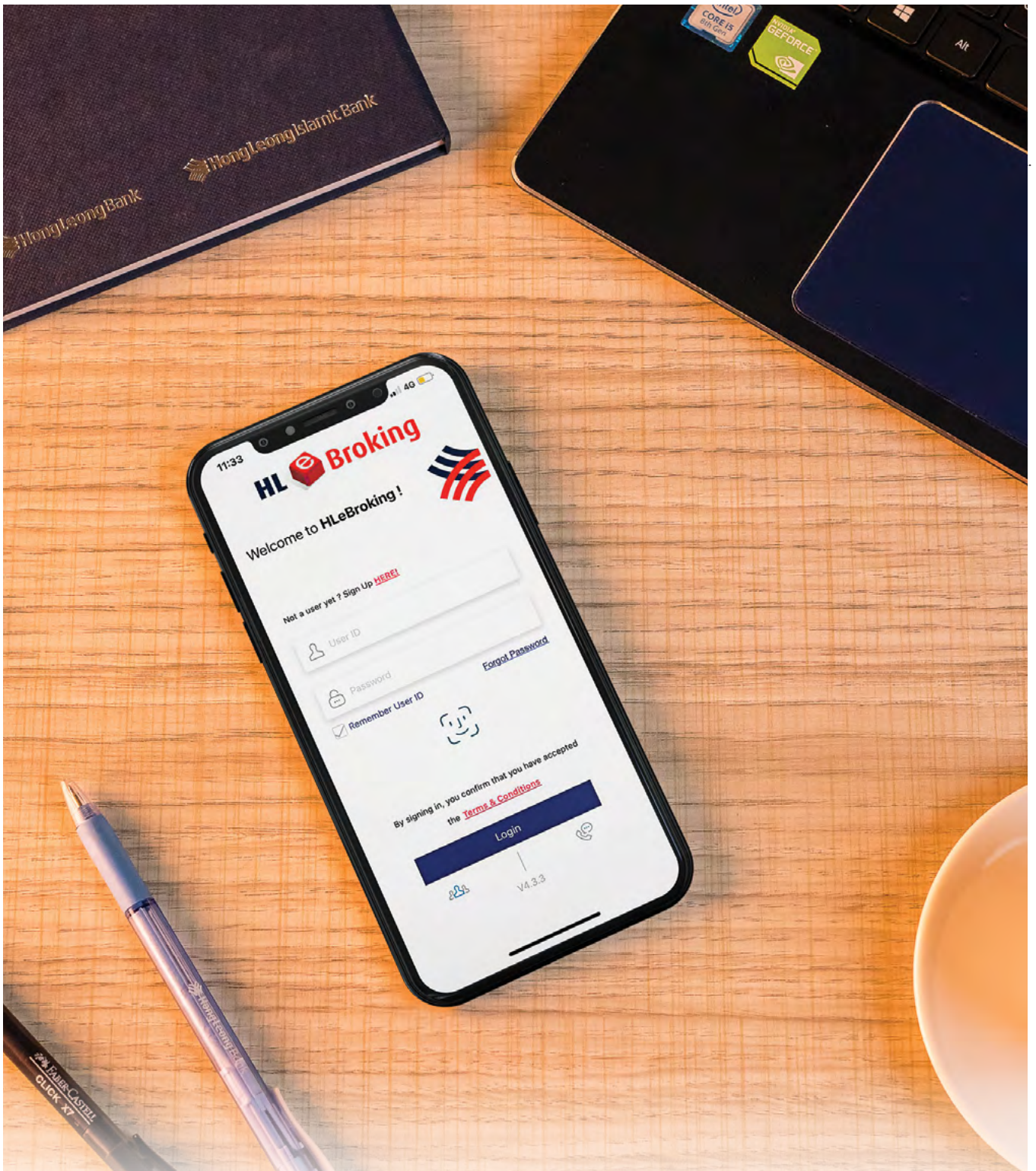
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**To be the Foremost Integrated
Financial Services Group
Providing Unrivalled Value to
Our Clients**

Introduction

Hong Leong Capital Berhad (“HLCB”) is the 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”), Hong Leong Asset Management Bhd (“HLAM”) and Hong Leong Islamic Asset Management Sdn Bhd (“HLISAM”) (which is a wholly owned subsidiary of HLAM).

HLIB has two main business divisions, namely the Investment Banking Division and the Stockbroking Division. There are three business pillars within the Investment Banking Division namely Debt Markets, Equity Markets and Treasury & Markets that offer a wide range of financial services which include the advisory and arranger roles for debt and equity fund raising exercises, placement of securities, corporate-related advisory works, debt and equity underwriting, deposit-taking, treasury related solutions as well as trading and distribution services. These services are provided through our head office at Menara Hong Leong, Kuala Lumpur (“MHL”).

The Stockbroking Division of HLIB provides the complete range of retail and institutional stockbroking services for both local and foreign stock markets, equity research, margin financing, nominees and custody services as well as futures and option broking services. These services are provided through the head office at MHL, 2 branches situated at Plaza Zurich, Kuala Lumpur and Persiaran Greenhill, Ipoh as well as 6 trading hubs across Malaysia.

HLIB Investment Banking



Debt Markets



Equity Markets





Treasury & Markets

Core Activities

- Arranging and structuring of debt financing (including Environmental, Social and Governance (“ESG”)/sustainability linked) in the form of:
 - Corporate bond and sukuk issuance
 - Asset securitisation
 - Hybrid securities
 - Syndicated/Bridging loans
- Debt underwriting
- Lending that complements the corporate exercises undertaken by HLIB and to offer comprehensive investment banking packages to clients
- Agency services for corporate bonds, sukuk and syndicated loans

- Arranging and managing equity fund raising:
 - Initial public offering
 - Rights issues
 - Restricted issues
 - Special issues
 - Private placements
- Corporate-related advisory works:
 - Equity underwriting
 - Merger and acquisition

- Deposits-taking
- Trading and investment of:
 - Short-term money market investments
 - Fixed income
 - Interest rate instruments
- Market making of fixed income/bonds
- Treasury related solutions:
 - Interest rate hedging
 - Foreign exchange hedging

HLIB Stockbroking	
 <p>Institutional Sales</p>	 <p>Retail Business</p>
Core Activities	
<ul style="list-style-type: none"> ○ Research, advisory and trade executions for institutional and corporate clients 	<ul style="list-style-type: none"> ○ Provision of stockbroking services to retail clients which include trade executions and online trading for both local and foreign markets ○ Provision of share margin financing to clients for investment in listed equities ○ Provision of nominees and custodian services ○ Provision of futures broking services

HLAM, is an established fund management and unit trust company offering and managing a broad spectrum of investment solutions through equities, fixed income, money market and multi-assets for segregated customised portfolio, unit trust funds, wholesale funds and private retirement schemes. At HLAM, the pillars behind the success of the business are its talent pool of people, quality of services and the continuous incorporation of technology. HLAM also adopts the Group’s values and guiding principles whilst leveraging on the Group’s diversified regional businesses, resources and experience. Commitment and integrity are part of HLAM’s principles in sustaining growth and we aim to provide focused investments to preserve assets, generate added value and deliver superior returns over time. Our clientele includes amongst others, financial institutions, insurance companies, endowments, family offices, charitable organisations, corporations, retail and high net worth individuals. These services are provided through its head office at Plaza Zurich, Kuala Lumpur, two branches located in Penang and Ipoh, and two Satellite offices in Malacca and Johor Bahru.

HLISAM is a wholly owned subsidiary of HLAM. HLISAM was issued with its Islamic fund management license in November 2019 by the Securities Commission Malaysia to undertake the regulated activity of Islamic fund management business.

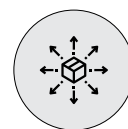
In view of the growing demand for Islamic products and services, HLISAM endeavours to expand into the Islamic fund management business to meet the demand and capture growth opportunities by offering its products and services. This is in tandem with the liberalisation of the Islamic capital market industry in Malaysia that has encouraged the continuous rapid growth of the Islamic fund management industry.

Similar to the parent company, HLISAM offers a broad spectrum of investment solutions through equities, sukuk, money market and multi-assets. As a member of Hong Leong Group, HLISAM has the advantage of leveraging on the Group’s diverse businesses, resources and regional experience. Through a disciplined and systematic investment process, we aim to identify and invest in companies with sustainable competitiveness that seek to deliver consistent portfolio performance and generate superior value for our investors.

Introduction

HLAM AND HLISAM

Fund Management, Unit Trust Management and Private Retirement Schemes

**Investment****Product****Distribution****Core Activities**

- Managing broad spectrum of investment securities comprising equities, fixed income, sukuk, money market and multi-assets

- Design innovative product solutions for its private mandate, financial institutional and retail clientele
- Tailor made investment portfolios based on the risk scale ranging from cautious to dynamic

- Distribute and promote range of products and investment portfolios for its private mandate, institutional and retail clientele
- Distribute and focus to build principled relationships by introducing investment solutions to preserve clients' assets, generate added value and deliver returns
- Distribution channels include but not limited via Direct Sales, Institutional Unit Trust Scheme Advisers, Unit Trust Scheme Consultants and online platform









Note: For HLISAM, investments and wholesale products mentioned above are in compliance with Shariah requirements.

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



Core Values

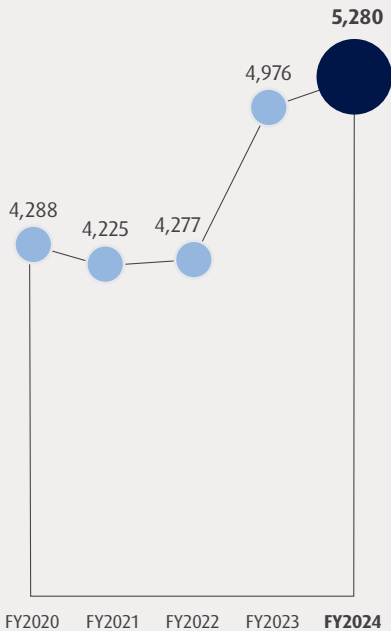
HLCB strongly believes that its core values form its foundation and framework. Its values build its character; they are the binding cord that holds its people together, the driving force towards the successful accomplishment of the Group’s vision. Our long term goal has always been creating sustainable value towards the Group and focus on improving the well-being of our stakeholders in all aspects.

 <p>QUALITY</p> <p>To provide products and services that consistently exceed customers’ expectations</p>	 <p>INNOVATION</p> <p>To nurture and be committed to innovation</p>
 <p>HUMAN RESOURCES</p> <p>To enhance the quality of human resources as the essence of management excellence</p>	 <p>PROGRESS</p> <p>To continuously improve existing operations and to position for expansion and new business opportunities</p>
 <p>ENTREPRENEURSHIP</p> <p>To pursue management vision and foster entrepreneurship</p>	 <p>HONOUR</p> <p>To conduct business with honour</p>
 <p>UNITY</p> <p>To ensure oneness in purpose, harmony and friendship in the pursuit of prosperity for all</p>	 <p>SOCIAL RESPONSIBILITY</p> <p>To create wealth for the betterment of society</p>

Five Year Group Financial Highlights

Group Total Assets

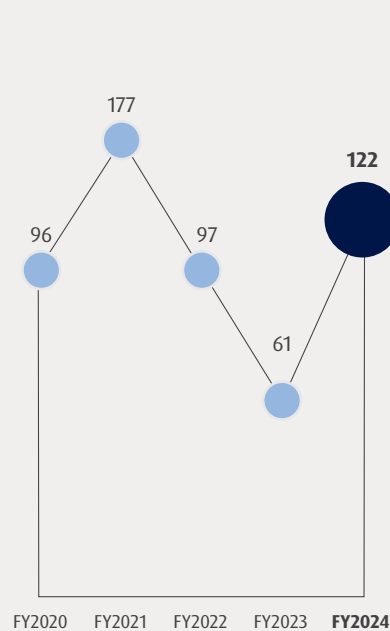
(RM'million)



6.1% YoY
5.3% CAGR

Group Profit Before Taxation

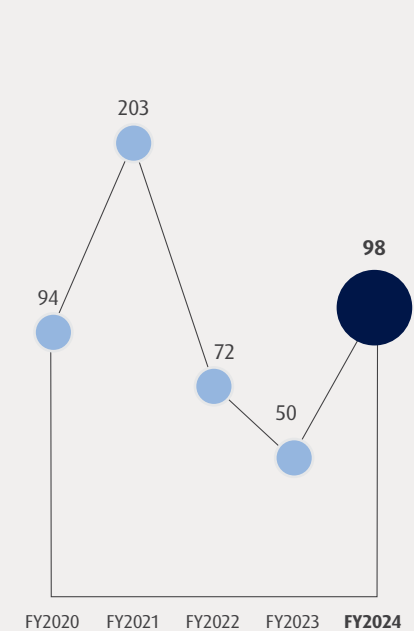
(RM'million)



98.4% YoY
6.2% CAGR

Group Net Profit

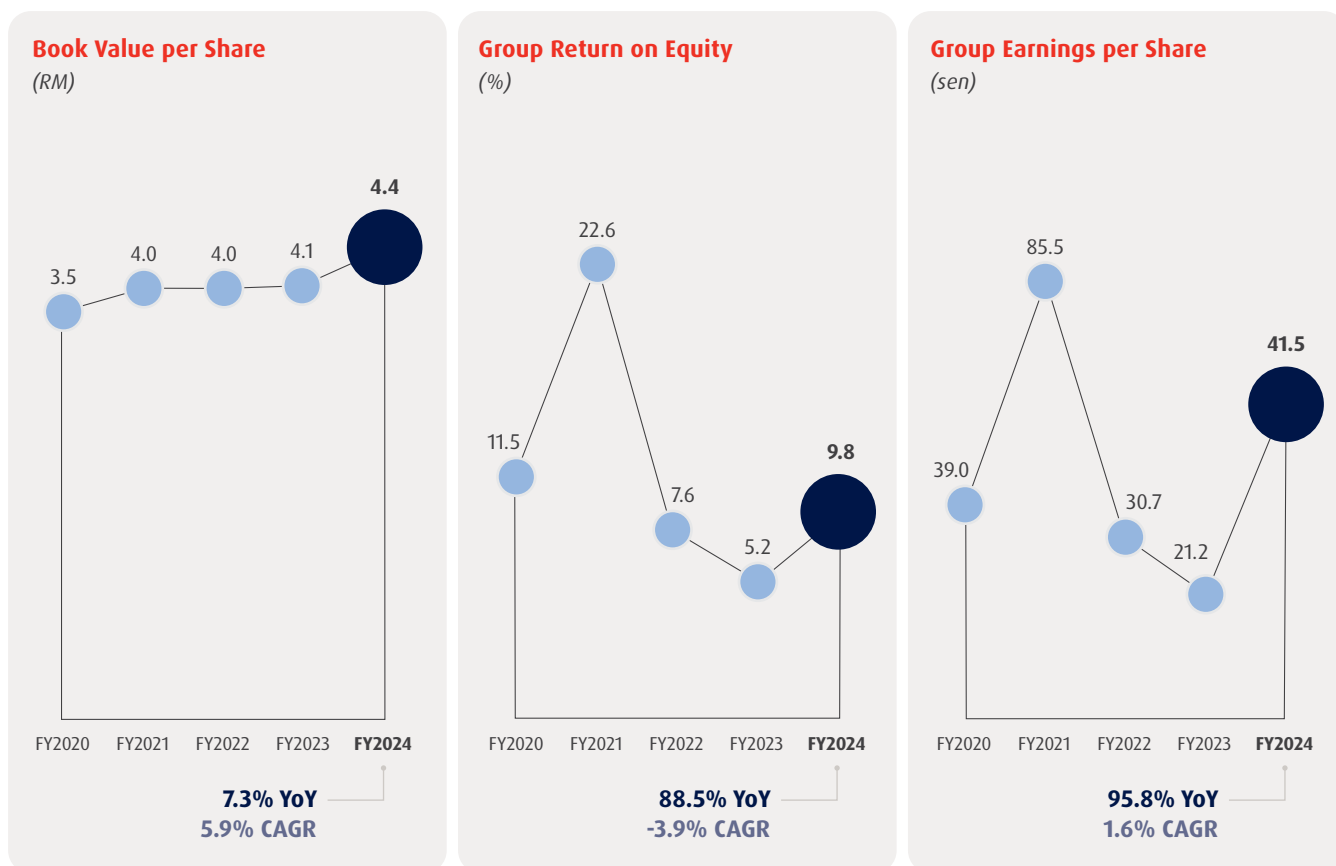
(RM'million)



96.5% YoY
1.0% CAGR

The Group	FY2020 RM'million	FY2021 RM'million	FY2022 RM'million	FY2023 RM'million	FY2024 RM'million
Statements of Financial Position					
Total Assets	4,288	4,225	4,277	4,976	5,280
Net Loans	316	336	394	410	309
Total Liabilities	3,448	3,268	3,332	4,010	4,252
Deposits from Customers	738	702	760	704	759
Shareholders' Funds	840	957	945	965	1,027
Commitments and Contingencies	6,967	5,994	5,968	8,279	10,849
Statements of Income					
Revenue	233	316	223	196	270
Profit Before Taxation	96	177	97	61	122
Net Profit	94	203	72	50	98
Key Performance Indicators					
Book Value per Share (RM)	3.5	4.0	4.0	4.1	4.4
Earnings per Share (sen)	39.0	85.5	30.7	21.2	41.5
Net Dividend per Share (sen)	23.0	26.0	19.0	17.0	22.0

Five Year Group Financial Highlights



The Group	FY2020	FY2021	FY2022	FY2023	FY2024
	%	%	%	%	%
Financial Ratios					
Profitability Ratios					
Return on Equity	11.5%	22.6%	7.6%	5.2%	9.8%
Return on Average Assets	2.1%	4.8%	1.7%	1.1%	1.9%
Cost to Income Ratio	57.9%	44.9%	56.8%	68.8%	54.9%
Asset Quality/Loan Ratios					
Gross Loans to Deposits Ratio	43.3%	47.9%	51.9%	58.3%	40.7%
Gross Impaired Loans Ratio	2.0%	0.1%	0.0%	0.0%	0.0%

Chairman's Statement

In the financial year under review, the global economic landscape was softer on the back of persistent headwinds and uneven growth across major economies, led by the resilient economy of the United States ("US") and emerging markets in Asia. Global inflation remains a key theme throughout the year despite trending lower, but remains elevated as compared to pre-pandemic levels, complicating monetary policy normalisation efforts. Additionally, the year in review also saw heightened geopolitical concerns with the emergence of new conflicts and tensions in the Middle East in addition to the ongoing Russia-Ukraine war.



On the local front, the Malaysian economy registered higher economic activity in financial year ended 2024 ("FY2024"), driven by a recovery in exports and resilient domestic consumption. Steady employment and wage growth augmented by increased foreign direct investment and tourism sector recovery remains supportive of Malaysia's economic expansion.

Chairman's Statement



In the local Debt Capital Markets space, total gross corporate issuances were reduced by RM33.7 billion year-on-year (“y-o-y”) to RM116.8 billion in FY2024 amid the uncertainty in the interest rate outlook and the lack of new infrastructure projects during the financial year. The bulk of the gross issuances continued to be from financial institutions’ capital instruments and Government-Linked Companies entities (including Cagamas Berhad). The Malaysian capital market witnessed the emergence of an alternative business financing channel via a debt fund raising platform offered by BR Capital Sdn Bhd (a joint venture entity between Bursa Malaysia and RAM Holdings) targeted at public listed and unlisted small to mid-sized companies to issue credit-rated investment notes with the aim to lower issuance costs, reduce reliance on only banking facilities, and widen access to capital markets, reinforcing regulators’ commitment to meet the evolving needs of the market.

The Malaysian stock market performed better, with the FTSE Bursa Malaysia KLCI (“FBMKLCI”) ending higher at 1,590 points on 30 June 2024, a 16% increase from the start of the financial year. The gains were underpinned by the laggard local bourse playing “catch-up” to its regional peers, alongside the emergence of key investment themes such as tourism recovery, clean energy transition, Johor’s development reinvigoration and certain sectors benefitting from the ongoing US-China trade tension. Local institutions played an important role in the FBMKLCI’s strong performance, being the key net buyers in FY2024, by responding to the government’s call to invest more in the domestic market.

Overall, I am pleased with Hong Leong Capital Berhad’s (“HLCB” or “the Group”) robust performance this financial year under a challenging operating environment and I am confident that our solid foundation and strategic focus are well positioned to continue generating long-term value for all our shareholders.

On behalf of the Board of Directors, I am honoured to present the Annual Report and Audited Financial Statements of HLCB for the financial year ended 30 June 2024.

REVIEW OF THE YEAR’S FINANCIAL PERFORMANCE

Our Group had achieved commendable performance as a reflection of improved local market conditions for our businesses and execution of the right strategies to drive results. To that end, our net profit increased by 96% to RM97.9 million driven by the improved performance of all operating entities and higher returns of HLCB’s equity investment. Correspondingly, the Board is pleased to declare a final dividend of 22 sen per share, representing an increase of 5 sen per share from last year, totaling RM54.3 million.

Hong Leong Investment Bank Berhad’s (“HLIB”) Stockbroking business staged a strong rebound, recording a 73% increase in Profit before Tax (“PBT”) to RM50.9 million, fueled by vibrant trading activities on Bursa Malaysia. More significantly, our market share in FY2024 grew by 0.23% to 4.08%, contributed by the increase flows from our institutional client segment. Our strength in execution and performance has been recognised with our fifth consecutive award as the 2nd runner up for Best Retail Equities Participating Organisation – Investment Bank at Bursa Malaysia’s annual Excellence Awards.

HLIB’s investment banking business delivered a robust financial performance in FY2024 with revenue increasing by 20% y-o-y to RM63.9 million and PBT growing by 58% y-o-y to RM20.7 million. The better results were driven by the improved performance of Debt and Equity Market teams.

Chairman's Statement

Our Debt Market division sustained its positive trajectory in FY2024 following the completion of key mandated deals, including a RM390.0 million sukuk issuance which earned multiple accolades. The Equity Market division also mirrored similar growth in FY2024, marked by the execution of HLIB's first Environmental, Social and Governance ("ESG") Initial Public Offering ("IPO") on the ACE Market of Bursa Malaysia, raising RM58.9 million. Our investing and trading activities under Treasury & Markets division were impacted by the persistently elevated funding cost and coupled with the uncertain interest rates outlook, had resulted in a 23% decline in their revenue from the last financial year but were able to mitigate the impact through better trading performance.

Hong Leong Asset Management Bhd's ("HLAM") fund management business recorded a 94% y-o-y increase in PBT to RM19.8 million. This strong improvement was boosted by performance fee earned from managing private mandates for corporate clients, underscoring our effective management and investment strategies. This commendable performance was achieved despite the Assets Under Management ("AUM") experiencing slight moderation of 1% y-o-y to RM10.1 billion as of 30 June 2024 driven by redemptions in Fixed Income and Money Market funds. Separately, the AUM for our Islamic funds managed by Hong Leong Islamic Asset Management Sdn Bhd ("HLISAM") grew by 61% y-o-y to RM1.8 billion, solidifying our presence in the Islamic funds space. Our Hong Leong Dana Makmur Fund and Hong Leong Dana Maa'rof Fund were honoured with a combined total of 8 awards at the LSEG (formerly known as Refinitiv) Lipper Fund Awards Malaysia 2024, showcasing our commitment to excellence in fund management.

The Group's balance sheet and risk metrics remained strong and well supported by solid and healthy asset quality. Our capital remains adequate with total capital ratio of our subsidiary, HLIB, remained healthy at 45.16% as at 30 June 2024, well above the minimum regulatory requirement of 10.5%.

STRATEGIC PRIORITIES

Driven by the Group's entrepreneurial philosophy and our commitment to customer centricity, HLCB is focused on value creation by executing our strategic priorities and delivering improved financial performance. In addition, the Group will also continue to play our role as a responsible financial services provider by actively engaging in sustainability-linked investment and financing activities.

DRIVEN BY TECHNOLOGY AND INNOVATION

HLCB's steadfast commitment towards leveraging digitalisation to fuel growth and innovation in our business remains resolute, as the Group continues to invest in our digital infrastructure and capabilities. These efforts aimed at improving our operational resiliency and customer experience underscore our proactive approach in delivering enhanced value to our customers.

In FY2024, the Group successfully rolled out digital client account opening for our stockbroking and fund management businesses respectively. This initiative has improved customer accessibility by reducing account opening turnaround time by up to 60%. As at June 2024, we had successfully opened more than 1,800 new stockbroking accounts and over 440 new fund management accounts digitally. In addition, we are also in the midst of extending digitalising our stockbroking's Shariah products, to broaden our reach into this segment.

The Group is also focused on expanding our suite of offerings in a bid to bolster our customer base and meet the unique needs of customers. With this in mind, our stockbroking arm has introduced an innovative solution which is a hybrid trading limit combining cash and collateral, called Flexi-Trade. This product offers our customers with a lower brokerage rate and higher trading limit in a single account.

Recognising the shift towards e-commerce, our stockbroking business partnered with Shopee, an online shopping platform, in April 2024 in a campaign to widen our reach to potential customers. Through the partnership, Shopee customers will enjoy brokerage fee waivers, making it easier for Malaysian to start their investment journey. HLIB was the first investment bank in Malaysia to offer such services via an online shopping platform.

PEOPLE AND SUSTAINABILITY AT THE FOREFRONT

Our employees are our greatest asset and their development into the Group's future leaders is essential in building a high-performance culture. In addition, we have also proactively expanded the scope of our employee development programme to equip our workforce with distinct adaptability skills in today's ever-evolving business and technological landscape. This is exemplified by the Group's decision to make ESG training mandatory in line with the increasing importance of sustainability, which led to a 90% y-o-y increase in total training hours amounting to 12,545 hours in FY2024 with an average total training hour of 22.6 hours per employee.

Chairman's Statement

In addition, HLCB also provided financial support for qualified employees pursuing their professional accreditation, benefitting 43 employees in FY2024.

On the sustainability front, HLCB remains focused on embedding sustainability in our strategy and operations. Guided by our Sustainability Framework, the Group's focus is based on four pillars, namely Engaging on Sustainability, Addressing Climate Change, Strengthening Internal Capabilities and Impactful Digitalisation.

Since embarking on its sustainability journey in 2022, HLIB has successfully completed RM8.24 billion worth of ESG/sustainability financing as at end June 2024. Additionally, the debt and equity teams achieved praiseworthy milestones in ESG/sustainability related fund raising transactions by completing Malaysia's and the World's first Climate Bond Initiatives qualified solar powered sukuk, the first green building asset securitisation and HLIB's first ESG IPO listing on Bursa Malaysia, demonstrating HLIB's commitment and capability in this space.

In June 2024, HLIB issued its first green RM100 million Tier 2 capital under its Green Framework, underscoring our commitment to sustainable finance. Additionally, we continue to drive ESG awareness via workshops conducted across the Group with 64% of our HLCB workforce having participated in these workshops.

Our dedication to the sustainability agenda has been widely acknowledged within the market with the winning of various notable awards and accolades on our completed deals and our inclusion in FTSE4Good Bursa Malaysia Index since December 2022. More meaningfully, our score improved to 3.1, which was above the industry average of 2.6 in December 2023.

STRENGTHENING CORPORATE GOVERNANCE

We uphold the highest standards of corporate governance through a robust framework of internal controls and risk management practices. Our Board committees oversee risk management, compliance, controls, technology, cybersecurity and sustainability to ensure transparency and accountability.

Our comprehensive Code of Conducts emphasises ethical behaviour, enforcing a zero-tolerance policy towards bribery and corruption. Compliance controls are diligently monitored, with results reported to the relevant committees and continuous training is provided for directors and employees to up-hold high ethical standards and integrity.

OUTLOOK

Moving forward, we anticipate a modest expansion of the global economy for the upcoming financial year, supported by a resilient US economy and continued growth in Asia's emerging markets. However, growth could be constrained from several factors, including a slower than anticipated monetary easing by major central banks, protracted geopolitical tensions and tightening in financial market conditions.

On the local front, Malaysia's economy is expected to sustain its growth momentum backed by firm fundamentals, stable labour market conditions and its diversified economic structure. Steady domestic demand, services sector growth especially tourism and government investment and infrastructure projects, will augur well for economic growth and competitiveness in the long run.

For the new financial year, we will pursue our growth agenda with vigor and at the same time, be prepared to navigate a competitive and challenging business environment. We shall focus on our strategic priorities to deliver sustainable business performance and create long-term value for all our stakeholders, and stay disciplined in managing our capital, liquidity, cost efficiencies and embracing ESG principles into our business practices.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my appreciation and gratitude to the Board of Directors, management and our staff for their stewardship, dedication and hard work. My sincere appreciation also goes to our regulators, shareholders, customers, business partners and all other stakeholders. We value and look forward to their continued support.

TAN KONG KHOON

Chairman

18 September 2024

Management Discussion & Analysis

We are pleased to present the Management Discussion and Analysis for the financial year ended 30 June 2024. In this report, we would like to provide a review of Hong Leong Capital Berhad's business operations and financial performance during financial year ended 30 June 2024 ("FY2024").

PERFORMANCE HIGHLIGHTS

Hong Leong Capital Berhad ("HLCB" or "the Group") successfully navigated a challenging operating landscape and staged a strong rebound in financial performance in FY2024 attaining a net profit of RM97.9 million, marking a 96% improvement from last year.

The Group's improved performance underscores the resilience of our business and our ability to seize opportunities in a dynamic market. Our stockbroking business, under Hong Leong Investment Bank Berhad ("HLIB"), leveraged on Bursa Malaysia's buoyant market activity, which saw traded volume surged by 51% from last year. Likewise, our Debt and Equity Market teams delivered stronger results driven by the completion of more Debt Issuances and equity related mandates. Similarly, our asset management business under Hong Leong Asset Management Bhd ("HLAM") posted improved results on the back of an improved equity performance.

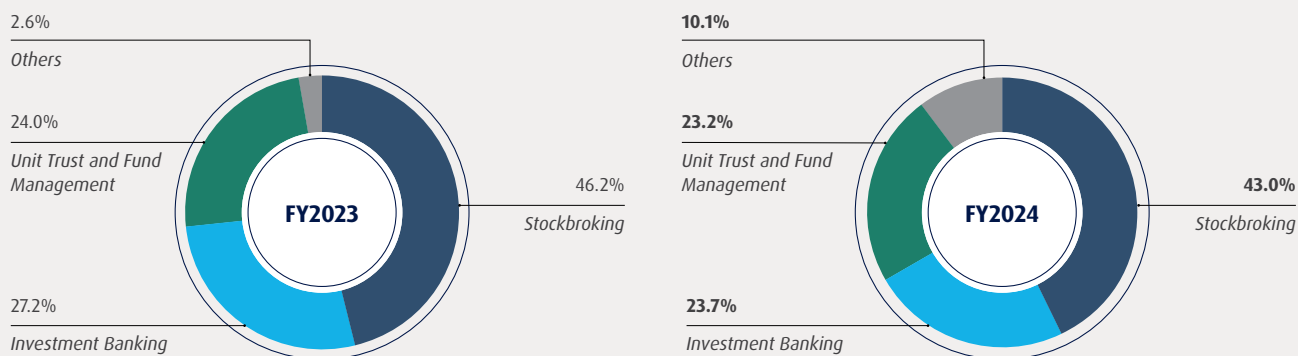
Accordingly, HLCB's Profit before Tax ("PBT") increased by 98% year-on-year ("y-o-y") to RM121.9 million driven by improvement in all business segments and higher equity investment gains. Overall, this translates to a higher earnings per share ("EPS") of 41.5 sen and 460 basis points improvement in Return on Equity ("ROE") to 9.8%.

In recognition of the improved performance, the Board of Directors declared a final single-tier dividend of 22.0 sen per share, amounting to total dividends payable of RM54.3 million for FY2024. This represents a 5.0 sen increase from last year.

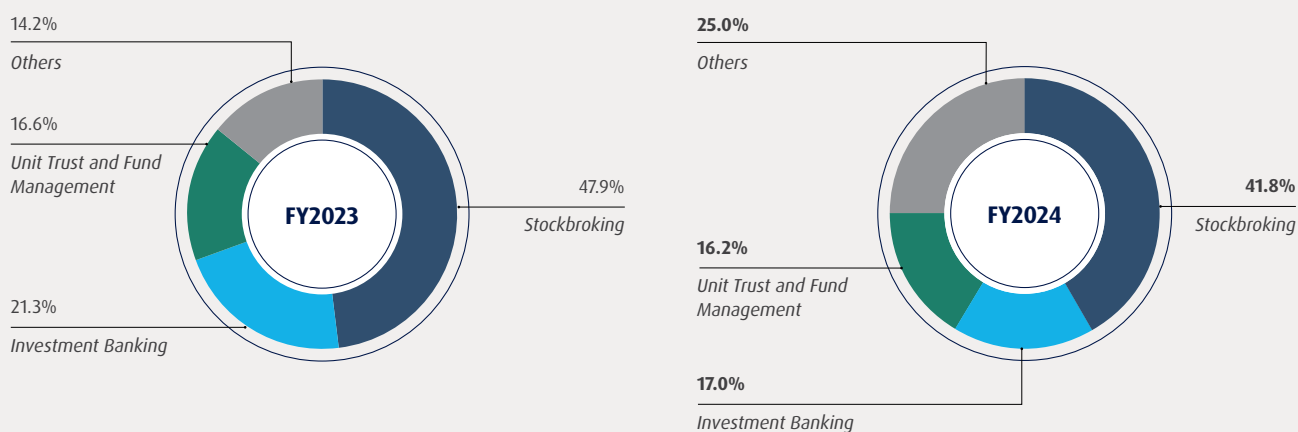
	Investment Banking RM Million	Stock- broking RM Million	Unit Trust and Fund Management RM Million	Others RM Million	Total RM Million
FY2024					
Revenue	63.9	116.0	62.6	27.3	269.8
PBT	20.7	50.9	19.8	30.5	121.9
FY2023					
Revenue	53.4	90.7	47.0	5.2	196.3
PBT	13.1	29.4	10.2	8.7	61.4

Management Discussion & Analysis

Composition of Revenue by Business Segment (%)



Composition of PBT by Business Segment (%)



The Stockbroking business remains the main contributor for the Group's performance in FY2024 accounting for 43.0% contribution in Revenue and 41.8% in PBT respectively. Additionally, higher returns delivered by our equity investments further bolstered earnings, contributing up to 25% of the Group's PBT.

A detailed analysis of each business division's performance is provided in the Segmental Review section.

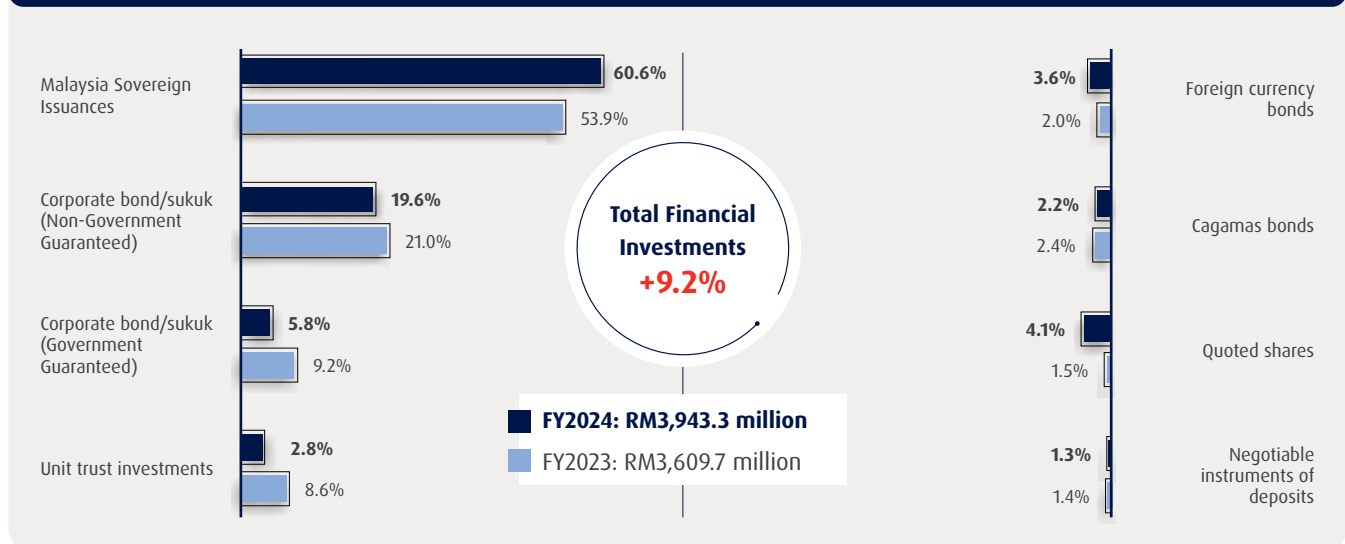
Management Discussion & Analysis

ASSET QUALITY AND LIQUIDITY MANAGEMENT

HLCB's total assets expanded by 6.1%, primarily due to financial investment portfolio growing by 9.2% y-o-y to RM3,943.3 million as of June 2024. The Group remains committed to prudent management of its financial investments, with 60.6% allocated into Malaysian Sovereign issuances and 7.1% into AAA rated corporate bonds, providing the Group with access to high-quality and liquid securities.

Our key operating subsidiary, HLIB, upholds a robust liquidity management framework with our Liquidity Coverage Ratio standing at 129.4% as at 30 June 2024, ensuring sufficient liquidity to navigate potential market volatility. We have also implemented comprehensive risk controls and measures to protect HLCB's asset quality. In line with the Group's commitment to embrace sustainability, we have integrated Environmental, Social and Governance ("ESG") assessments as a key component of our client risk profiling.

Composition of Financial Investments by Type (%)



CAPITAL MANAGEMENT

Capital Management Framework

HLCB maintained its capital plan based on its risk profile and strategic objectives set by the Board of Directors to meet shareholders' requirements and expectations. The Group maintained a balanced approach between growth and capital management to ensure sustainable dividend payouts to the shareholders.

Our key operating subsidiary, HLIB, has a capital management framework approved by the Board of Directors aimed at:

Meeting regulatory capital requirements at all times

Optimising returns to shareholders

Maintaining an adequate level of capital and an optimum mix of different capital components

Maintaining a strong external credit rating to support business growth and reduce the cost of funding and capital

Credit Ratings

RAM Ratings Services Berhad has reaffirmed HLIB's financial institution ratings of AAA/Stable/P1 as of June 2024. The affirmation of the ratings underscores HLIB's strong asset quality and robust capitalisation with sturdy capital position.

Management Discussion & Analysis

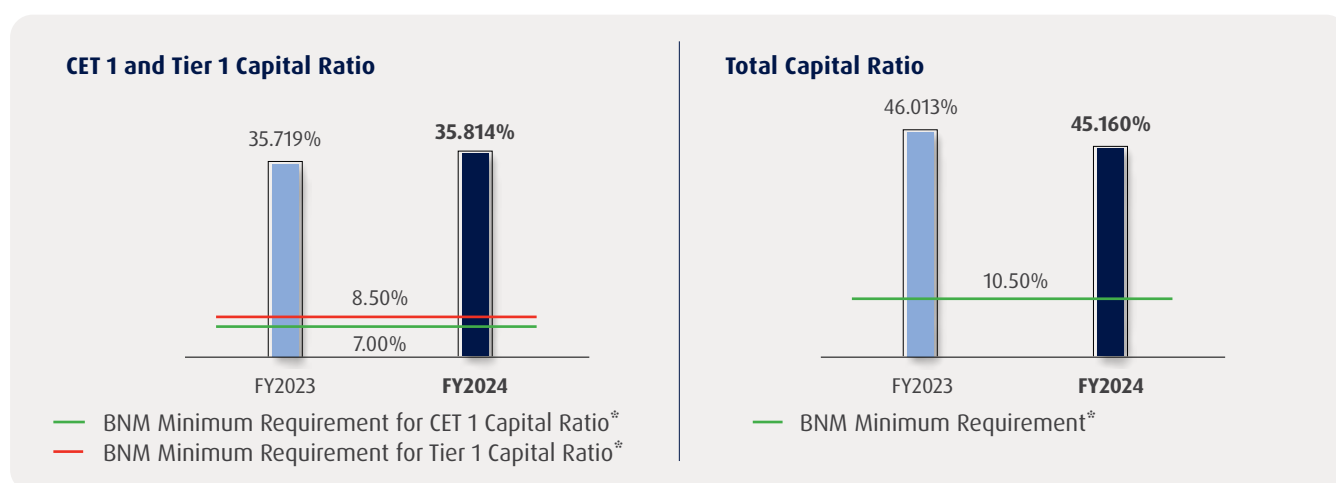
Capital Initiatives

The Group is committed to maintain a stringent capital position that meets regulatory capital and stakeholder requirements, while aligning with the strategic business objectives. Summarised below the major initiatives undertaken over the years:

Equity Capital	As at 30 June 2024, HLCB held 11.1 million treasury shares that had been bought back previously from HLCB under HLCB's Executive Share Option Scheme ("ESOS").
Debt Capital	<p>HLIB established a 20 years Tier 2 RM1.0 billion Multi-Currency Subordinated Notes ("Sub-Notes") Programme in year 2014, which have been utilised as follows:</p> <ul style="list-style-type: none"> On 6 November 2014, HLIB completed the first issuance of RM50.0 million nominal value of Tier 2 Sub-Notes out of its Sub-Notes Programme. The Sub-Notes were fully redeemed on 6 November 2019. On 14 June 2019, HLIB completed the second tranche issuance of RM100.0 million nominal value of Tier 2 Sub-Notes. The Sub-Notes were fully redeemed on 14 June 2024. On 13 June 2024, HLIB issued its third tranche of RM100.0 million nominal value of Tier 2 Green Subordinated Notes ("Green Sub-Notes") as part of its initiatives under its Sustainability Framework to fund the investment and financing of green assets that meet the eligibility criteria stipulated in HLIB's Green Bond Framework. <p>The RAM Rating Services Berhad rated the Green Sub-Notes as AA₁ with stable outlook. This rating is a recognition of our strong asset quality and robust capitalisation with sturdy capital position.</p>
Dividend Payout	HLCB does not have a fixed dividend payout policy but takes into consideration a balance between growth and proactive capital management to ensure the long-term sustainability of dividend payouts to shareholders. The Board of Directors has declared a final single-tier dividend of 22.0 sen per share amounting to dividends payable of RM54.3 million for FY2024.

Capital Adequacy Ratios

HLIB's capital position remained robust with its Common Equity Tier 1 ("CET 1") capital ratio, Tier 1 capital ratio and total capital ratio remained well above BNM's minimum requirements as at 30 June 2024.



* Inclusive of Capital Conservation Buffer ("CCB") of up to 2.50%

Management Discussion & Analysis

SEGMENTAL REVIEW

Investment Banking Business

Financial Highlights

	FY2024 RM Million	FY2023 RM Million	Growth %
Revenue:			
• Debt Markets	21.1	13.8	53%
• Equity Markets	21.4	12.5	71%
• Treasury & Markets	17.1	22.3	(23%)
• Others	4.3	4.8	(10%)
Total revenue	63.9	53.4	20%
PBT	20.7	13.1	58%

The Investment Banking business demonstrated a strong performance, recording a 58% increase in PBT, amounting to RM20.7 million with revenue reaching RM63.9 million driven by improved performance from our Debt and Equity Market teams despite challenging operating environment.

DEBT MARKETS

Our Debt Markets division continued its positive momentum in FY2024 and registered 53% growth in its revenue to RM21.1 million compared to the previous year. The improvements were due to completion of mandated deals with total fund raising of RM6.8 billion in FY2024, which doubled the arranger and placement income for the division as compared to last year. Among the deals completed in FY2024 includes assets securitisation of RM2.9 billion and capital instruments and senior debts for related entities within the Hong Leong Financial Group of RM2.1 billion. In addition, HLIB has further solidified our presence within the debt capital market by securing 3rd place for Lead Manager by number of issues under the RAM's Award of Distinction 2023.



Management Discussion & Analysis

On the sustainability front, Debt Markets division completed five transactions amounting to RM1.8 billion worth of ESG/sustainability related financing in the form of sukuk/bonds issuances and syndicated financing. A notable highlight was the landmark issuance of RM390.0 million Sukuk by reNIKOLA Solar II Sdn Bhd, marking Malaysia's and the World's first Climate Bond Initiatives ("CBI") certified solar power Sukuk. As a testament to HLIB's quality of work in ESG/sustainability, our investment bank is well recognised within the industry and has received various accolades as follows:

Eternal Icon Sdn Bhd – RM339 million ASEAN Green ABS Medium Term Notes

- **Best Green Securitisation** by The Asset Triple A Sustainable Finance Awards 2024

reNIKOLA Solar II Sdn Bhd – RM390 million Sukuk under ASEAN Green SRI Sukuk Programme

- **First CBI-Certified Green Sukuk in Malaysia and the World**
- **Best Sustainable Finance Deal (Market Winner) and Best Islamic Finance Deal (Highly Commended)** by FinanceAsia
- **Best ASEAN Green SRI Sukuk of the Year** by Alpha Southeast Asia
- **Social Impact, SRI, ESG Deal of the Year (Honourable Mention)** by IFN
- **Best ASEAN Green SRI Sukuk (Renewable Energy/Solar) – Best in Sustainable Finance and Best Deals by Country** by The Asset Triple A

NUR Power Sdn Bhd – RM850 million Syndicated Term Financing Facility

- **Utility Deal of the Year** by The Asset Triple A Awards: Sustainable Infrastructure Awards 2024



EQUITY MARKETS

In FY2024, our Equity Markets division exhibited stellar growth this year by registering 71% growth in its revenue to RM21.4 million. This was driven by more successful completion of equity-related deals.

A worthy highlight in FY2024 was the successful execution of HLIB's first ESG IPO for KJTS Group Berhad on the ACE Market of Bursa Malaysia, raising RM58.9 million with HLIB acted as the Principal Adviser, Sponsor, Sole Underwriter and Sole Bookrunner. In addition, the IPO was oversubscribed by more than 31 times, reflecting the strong investor interest in ESG offerings. The success of this landmark deal not only underscores our commitment to sustainable finance but also positions us as a leader in the evolving ESG space.

Management Discussion & Analysis

Some of the key mandates completed by our Equity Markets division during the financial year are:

IPO Exercise

- Listing of KJTS Group Berhad, a one stop integrated building support services on the ACE Market of Bursa Malaysia, raising RM58.9 million

Corporate Advisory Exercise

- Acquisition of RM69.3 million of properties by AME Real Estate Investment Trust
- Disposal of RM69.3 million of properties by AME Elite Consortium Berhad, an industrial property developer, construction, engineering services and property management services provider company
- Secondary listing of TSH Resources Berhad, a plantation company, on the Main Board of the Singapore Exchange Securities Trading Limited
- Acquisition of RM46.0 million or 100% equity interest in Broadwise Corporation Sdn Bhd and acquisition of land for RM47.0 million by HIL Industries Berhad, a plastic components manufacturing and property developer company
- Acquisition of 100% equity interest in iConn Inc for USD16.5 million by Cape EMS Berhad, an electronics manufacturing services company

TREASURY & MARKETS

FY2024 presented challenges for our Treasury & Markets (“T&M”) division, as a result of declining net interest margin from elevated funding costs, a trend observed across the industry. This has resulted in total revenue declining by 23% y-o-y but was partially cushioned by trading income improving 47% y-o-y on the back of commendable trading performance, as the team capitalised on market volatility by actively pursuing trading opportunities.

Additionally, the team continued to prioritise the ESG agenda, with the Green Bond portfolio expanding by 120% y-o-y to RM165 million in FY2024, underscoring our focus on sustainable investments.

Moving Forward

Guided by our strategic priorities, our Debt Markets and Equity Market divisions constantly refine the strategies to enhance our competitive edge in pursuit of high-value deals. Leveraging our growing success in the ESG/sustainability space, we will remain focused and continue to seek opportunities that strengthen our position in sustainable financing. Additionally, our T&M division will capitalise on its strong trading track record amid interest rates easing conditions. Furthermore, net interest income is anticipated to improve as the team’s active management of the funding profile begins to translate into a better net interest margin.

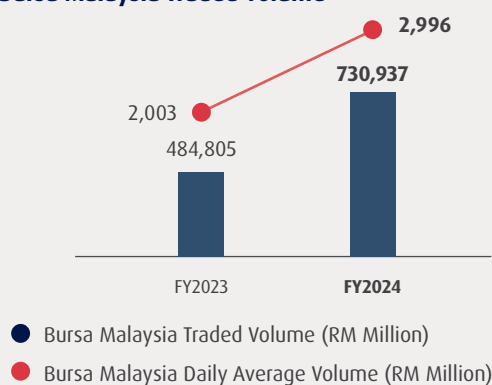
Management Discussion & Analysis

Stockbroking Business

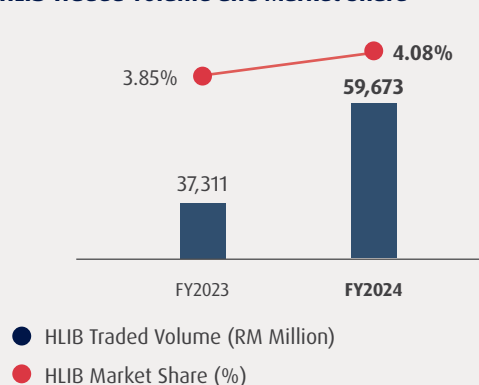
Financial Highlights

	FY2024 RM Million	FY2023 RM Million	Growth %
Revenue:			
• Stockbroking	104.8	83.3	26%
• Futures	8.3	5.1	63%
• Equity derivatives	2.9	2.3	26%
Total revenue	116.0	90.7	28%
PBT	50.9	29.4	73%

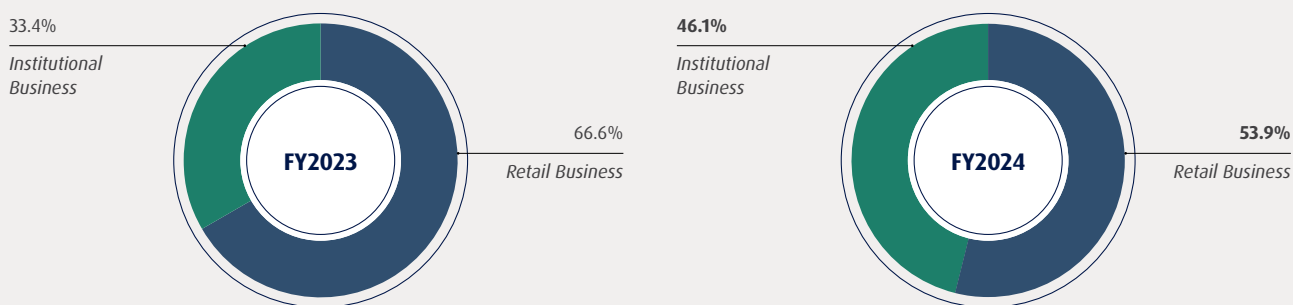
Bursa Malaysia Traded Volume



HLIB Traded Volume and Market Share



Contribution of Net Brokerage Income by Business Segments (%)



The Stockbroking division staged a strong comeback in FY2024, recording revenue of RM116.0 million, a 28% y-o-y increase compared to the previous financial year. This commendable growth was accompanied by a 73% surge in PBT, reaching RM50.9 million. This strong performance was largely driven by 47% y-o-y improvement in net brokerage income to RM65.6 million on the back of our ability to capitalise on Bursa Malaysia's buoyant trading activity. The total traded value of Bursa Malaysia rose to RM731 billion from RM485 billion last year, whilst average daily trading value reached RM3.0 billion as compared to RM2.0 billion in the prior year. In addition, our market share rose by 0.23% to 4.08% primarily due to more investments by our institutional client segment who were responding to the Malaysian government's push for greater domestic investment.

In terms of retail foreign segment, we experienced a decline in traded volume to RM3.4 billion from RM4.1 billion in the previous year due to heightened competition. Nevertheless, we continue to enhance our digital trading platform to include the Australian stock exchange, expanding the list of tradeable foreign stock exchanges to eight (8) markets. We also launched targeted brokerage campaigns to acquire new clients and incentivise our valued retail clients to trade on our digital trading platform. Furthermore, our Futures and Equity Derivatives segments showed strong growth, with revenue increasing 63% and 26% respectively.

Management Discussion & Analysis

Our share margin financing utilisation decreased to RM279.7 million from RM303.9 million in FY2024 in line with our prudent risk management practices of reducing exposure to certain high-risk equities.

Overall, our stockbroking arm's commitment to excellence has continued to be recognised throughout the industry in the Bursa Excellence Awards 2023, where we were honoured as the 2nd runner up for Best Retail Equities Participating Organisation – Investment Bank. This marks our fifth consecutive year receiving this prestigious award, a testament to our sustained efforts and industry-leading position. In addition, we also won another 8 individuals awards for the following categories:



Highest traded value ETFs

Highest number of new accounts opened
(4 awards)

Highest traded value
– new accounts

Highest reactivation – untraded accounts

People's Choice Analyst award

ELEVATING MARKET REACH AND EXPANDING CLIENT BASE

We are constantly focused in expanding our market presence and implemented a series of strategic initiatives to broaden our reach and attract a diverse clientele. Amongst the key initiatives undertaken during the financial year are:

Market Outreach

Bursa Malaysia – HLIB Stratum Focus Series 17th Edition on Semiconductors: Light at The End of The Tunnel

- Collaboration with Bursa Malaysia hosting the 17th conference, offering insights into the global semiconductor industry.
- The keynote address was delivered by YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of Investment, Trade and Industry ("MITI").

Client Acquisitions

Hong Leong Bank Berhad's Referral Campaign

- The campaign aims to reach a bigger audience of potential investors in promoting accessibility to financial products offered by Stockbroking division.
- More than 400 new accounts opened over the period of 6 months.



Management Discussion & Analysis

Market Outreach

Market Outlook Talks and Roadshows

- HLIB hosted a number of online webinars and physical roadshows throughout FY2024 with the goal to enhance the public's overall financial understanding. Up to 11 investment and market outlook webinars and roadshows conducted with more than 700 participants.

Client Acquisitions

Women's Choice Campaign 2024

- To further improve on the accessibility of financial products and promote financial literacy for female investors.



INNOVATIVE SOLUTIONS AND STRATEGIC PARTNERSHIP

Innovation remains a cornerstone of our strategy, as demonstrated by the launch of our Flexi-Trade product in March 2024. This innovative offering is a hybrid trading limit combining cash and collateral shares. This product offers attractive low brokerage rates and higher trading limit in a single account.

To further expand our reach and accessibility, we have forged a strategic partnership with Shopee in April 2024. This collaboration allows us to offer our brokerage services via this popular online shopping platform, making us the first investment bank in Malaysia to provide such an offering.

STREAMLINED AND DIGITISE OPERATIONS

During the financial year, we streamlined our operations by consolidating our stockbroking operations in Menara HLX branch to Plaza Zurich branch for greater efficiency. The transition of services was executed smoothly with no disruptions to daily operations or client service.

Additionally, we launched a digital client account opening platform in May 2023, enhancing operational efficiency by reducing turnaround times by up to 60%. Since the launch of this initiative, more than 1,800 new accounts have been opened through this digital channel.

Moving Forward

Looking ahead to the new financial year, we are committed to further strengthening our market position and delivering seamless client experiences. Our strategic priorities include growing our affluent and Small Medium Enterprise ("SME") client segment as these two groups represent opportunities for growth and diversification. We will be investing in building our capabilities and expanding our network to grow this client segment.

In addition, we are also expanding our trading hub footprint across the nation to strengthen our market presence and provide greater accessibility to a broader client base. This expansion is aimed at enhancing the convenience and availability of our services, ensuring that clients across the country have seamless access to our full suite of trading and investment solutions.

Concurrently, we will also be expanding our foreign market access by adding the Japanese market, exemplifying our commitment to deliver a comprehensive suite of product offerings for our clients.

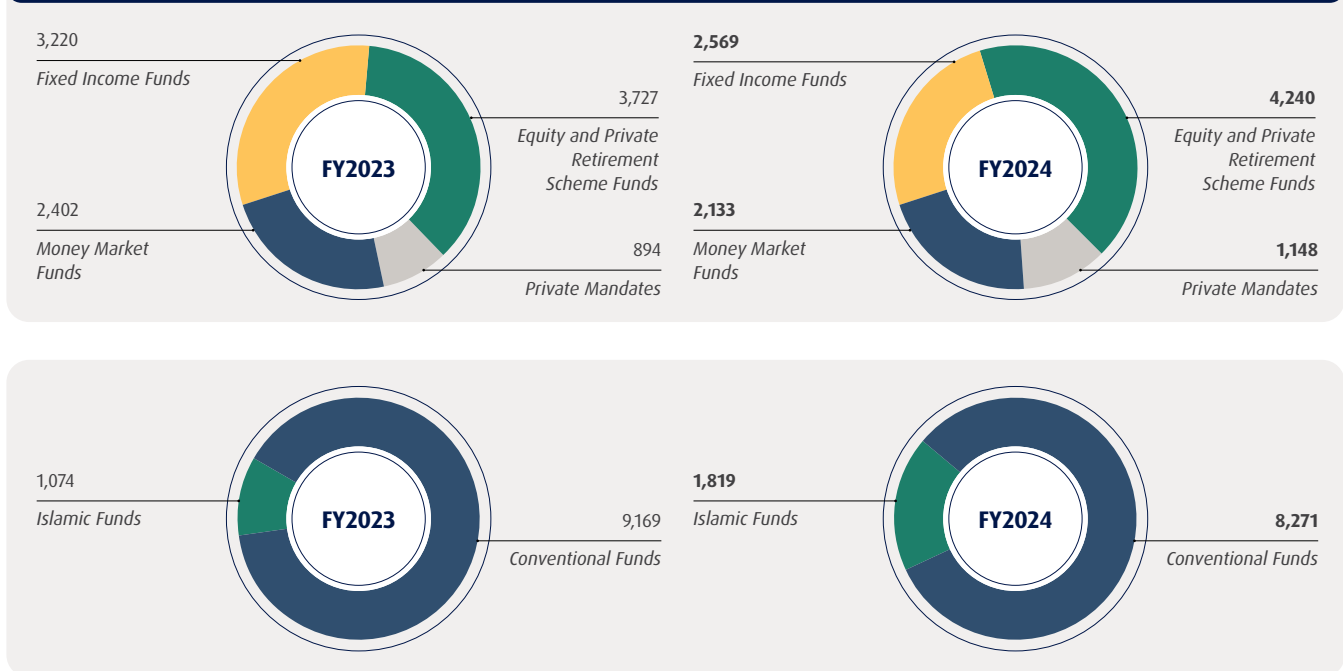
Alongside this, we will continuously elevate our digital platforms with customer-centric initiatives to ensure clients are able to enjoy a more seamless access to our services. This is encapsulated in our initiative to expand our digital account opening process for Shariah products, which provide our clients with a convenient access to our services.

Management Discussion & Analysis

Unit Trust and Fund Management Business

	FY2024 RM Million	FY2023 RM Million	Growth %
Revenue	62.6	47.0	33%
PBT	19.8	10.2	94%

Assets Under Management by Fund Class (RM Million)



Our unit trust and fund management business operated under HLAM and its subsidiary, Hong Leong Islamic Asset Management Sdn Bhd (“HLISAM”), delivered a 94% growth in PBT, reaching RM19.8 million. This strong growth was driven by performance fees earned from managing private mandates for corporate clients.

The commendable performance was achieved despite the Assets Under Management (“AUM”) experiencing slight moderation of 1% y-o-y to RM10.1 billion as of 30 June 2024, impacted by redemptions in Fixed Income and Money Market funds. This was partially offset by HLAM and HLISAM range of Equity funds AUM that increased 14% y-o-y, which now stands at RM4.2 billion. Additionally, we have also strengthened our private mandate AUM, which rose 28% y-o-y to RM1.1 billion as of 30 June 2024.

In terms of distribution, our unit trust and fund management arm has expanded its Direct Agency channel and currently having a total agency force of close to 500 agents, which lead to 105% y-o-y increase in sales contribution from the channel. Additionally, HLAM has also introduced a digital client account opening capability which offers clients’ a seamless and efficient accounts opening experience, registering more than 440 new accounts through this digital channel.



Management Discussion & Analysis

Islamic Asset Management

Our Islamic funds continue to see healthy growth, with AUM surging by 69% to RM1.8 billion driven by the robust performance of our Fixed Income funds that saw increasing demand for our Islamic investment products.

In FY2024, we introduced three Islamic Private Retirement Schemes (“PRS”) and continue to foresee a strong growth potential within this segment on the back of Shariah-compliant investment products gaining wider acceptance as preferred investment schemes.

In terms of performance, both of our flagship shariah funds, Hong Leong Dana Makmur and Hong Leong Dana Maa’rof, have continued their impressive returns of 126% and 78% over a 10 years period respectively. Both of these funds also collectively saw a total AUM increase of RM161.4 million y-o-y and continued its award-winning performance, earning eight individual awards at the LSEG (formerly Refinitiv) Lipper Fund Awards Malaysia 2024.



Hong Leong Dana Makmur

Equity Malaysia – Malaysia Islamic, 10 Years

Rank: **1/43** Growth rate: **▲ 125.59**

Equity Malaysia – Global Islamic, 10 Years

Rank: Not applicable Growth rate: **▲ 125.59**

Hong Leong Dana Maa’rof

Mixed Asset MYR Balanced – Malaysia Provident, 5 Years

Rank: **1/14** Growth rate: **▲ 64.59**

Mixed Asset MYR Balanced – Malaysia Provident, 10 Years

Rank: **1/13** Growth rate: **▲ 78.46**

Mixed Asset MYR Balanced – Malaysia Islamic, 5 Years

Rank: **1/15** Growth rate: **▲ 64.59**

Mixed Asset MYR Balanced – Malaysia Islamic, 10 Years

Rank: **1/13** Growth rate: **▲ 78.46**

Mixed Asset MYR Balanced – Global Islamic, 5 Years

Rank: Not applicable Growth rate: **▲ 64.59**

Mixed Asset MYR Balanced – Global Islamic, 10 Years

Rank: Not applicable Growth rate: **▲ 78.46**

Management Discussion & Analysis

Moving Forward

Looking forward, HLAM, together with HLISAM will continue to focus on building sustainable distribution channels while establishing a strong presence in both the conventional and Islamic capital markets. This includes expanding our direct agency channel by growing the agency force, enhancing market reach and improving client engagement. Alongside this, we will also expand our non-bank third party Institutional Unit Trust Adviser (“IUTA”) network, enabling a broader range of options for investors through trusted intermediaries.

We are also expanding our digital distribution efforts through partnership with platforms such as iFAST, a leading portal covering unit trust and PRS, providing seamless and convenient access to our products. In parallel, we will actively pursue private mandate deals, focusing on delivering highly customised investment solutions to high net worth individuals and corporate clients. These bespoke solutions allow us to cater to specific client needs, offering tailored strategies that align with their long-term objectives.

In addition to expanding distribution channels, product innovation remains a key priority. We plan to expand our offerings by launching global products, addressing the growing demand for international diversification. This will position us to capture opportunities in global markets while catering to the varying preferences and risk profiles of our investors.

At the same time, we will continue investing in technology to strengthen our digital capabilities, supporting business expansion and improving operational efficiencies.

OUTLOOK FOR HLCB

Looking ahead, we expect our Malaysian economy to continue its growth momentum, supported by improved external demand and the continued resilience of the domestic economy, driven by rising consumer and investment spending. Meanwhile, the trading value on Bursa Malaysia has shown a steady upward trend, with the average daily trading value reaching RM3.8 billion in July 2024. As such, we are cautiously optimistic on the positive momentum in local institutional trading activity will carry into the new financial year, aligning with the Malaysian government’s call to boost domestic investments.

Nevertheless, we will continue to exert disciplined management of our capital, liquidity and operational efficiency. We will also remain vigilant of our business operating environment and shall recalibrate our strategic priorities if necessary to deliver sustainable long-term value for all our stakeholders.

ACKNOWLEDGEMENT

We would like to express our sincere appreciation and gratitude to all our stakeholders for their continued support given to HLCB. We also extend our heartfelt appreciation to the Board of Directors, management and our employees for their unwavering dedication and commitment.

Our sincere gratitude also goes out to the regulators for their guidance and support during the year. We value and look forward to their continued support.

Sustainability Statement



OUR APPROACH TO SUSTAINABILITY

ABOUT THIS REPORT

Hong Leong Capital Berhad (“HLCB” or “the Group”) is pleased to present our Sustainability Statement for the financial year spanning 1 July 2023 to 30 June 2024 (“FY2024”). This report offers a comprehensive overview of our sustainability strategies, initiatives and progress across the environmental, social and governance (“ESG”) spectrum. It reflects our dedicated efforts to integrate sustainability considerations throughout our operations, ensure our practices align with our values and contribute positively to society as we strive towards our long-term growth ambitions.

REPORTING SCOPE AND BOUNDARIES

All data disclosed in this statement relates solely to the operations of the following three entities within the reporting boundary of Malaysia:

- Hong Leong Investment Bank Berhad (“HLIB”)
- Hong Leong Asset Management Bhd (“HLAM”)
- Hong Leong Islamic Asset Management Sdn Bhd (“HLISAM”)



Sustainability Statement



OUR APPROACH TO SUSTAINABILITY



FTSE4Good

HLCB has been a proud constituent of the Bursa Malaysia FTSE4Good Index since December 2022. During the 2023 annual review we **achieved a rating of 3.1**, placing us **above the industry average of 2.6**.

ABOUT HONG LEONG CAPITAL

Hong Leong Capital Berhad (“HLCB”) is an investment holding company for the investment banking and asset management business group under Hong Leong Financial Group. Guided by our goal of being a leading regional financial services institution, we provide diverse clientele groups with a wide spectrum of financial solutions via our key operating subsidiaries, namely Hong Leong Investment Bank Berhad (“HLIB”), Hong Leong Asset Management Bhd (“HLAM”) and Hong Leong Islamic Asset Management Sdn Bhd (“HLISAM”), which is a wholly owned subsidiary of HLAM.

For more information on our business activities, please refer to page 2-5 of this report.

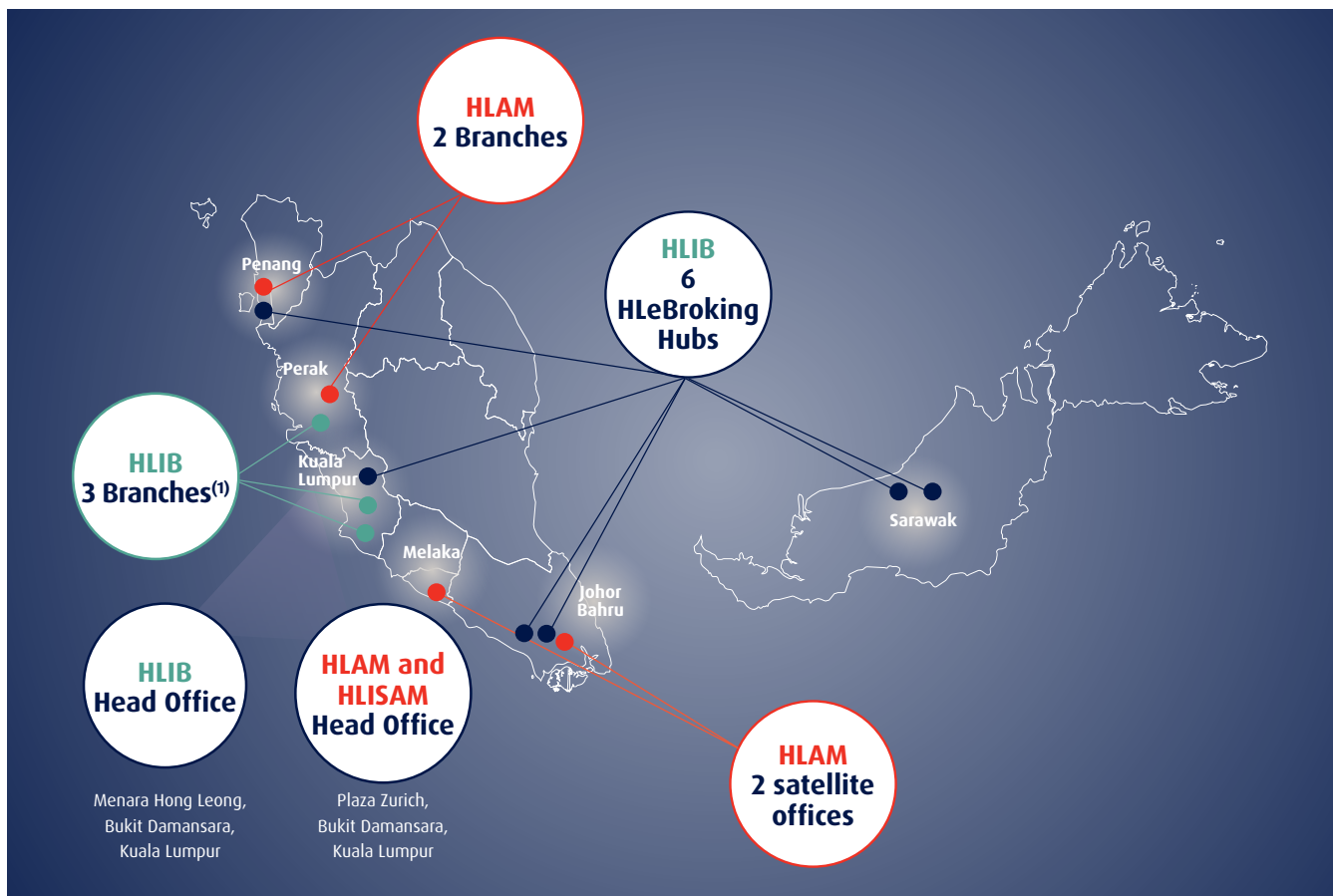
Our Core Values

Our core values form the foundation of our character and are the driving forces guiding us towards our vision and long-term ambitions. Steered by these values, we are empowered to generate sustainable value while delivering positive impacts to all stakeholders.



For more information on our business activities, please refer to page 2-5 of this report.

Sustainability Statement



REPORTING PERIOD AND CYCLE

This report covers the period of 1 July 2023 to 30 June 2024 unless specified otherwise. Our Sustainability Statements are prepared annually, with our previous Sustainability Statement for FY2023 published on 27 September 2023.

GUIDELINES AND STANDARDS

This sustainability statement has been prepared with reference to the following regulations, standards, and guidelines:

- Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements;
- Bursa Malaysia's Sustainability Reporting Guide (3rd edition)
- Global Reporting Initiative ("GRI") Universal Standards 2021
- United Nations Sustainable Development Goals ("UN SDGs")

The specific GRI topics covered in this report are listed in our GRI Content Index from pages 81 to 82.

⁽¹⁾ Effective May 2024, we have relocated our operations in Menara HLX to Plaza Zurich.

Our climate-related disclosures follow the recommendations and reporting requirements of Bank Negara Malaysia's ("BNM") Task Force on Climate-Related Financial Disclosures ("TCFD") Application Guide for Malaysian Financial Institutions ("FI"), in addition to the Climate Risk Management and Scenario Analysis ("CRMSA") reporting requirements.

APPROVAL AND FEEDBACK ASSURANCE

This sustainability statement has been prepared with input and guidance from the Sustainability Steering Committee ("SSC"). It has been reviewed by the Board Audit and Risk Management Committee ("BARMC") and approved by Board of Directors ("Board"). External assurance for this sustainability statement was provided by SIRIM QAS International Sdn Bhd, with their assurance statement included on page 86 of this document.

Sustainability Statement



OUR APPROACH TO SUSTAINABILITY

OUR SUSTAINABILITY HIGHLIGHTS

FY2024 SUSTAINABILITY HIGHLIGHTS

HLCB's Sustainability Framework ("Sustainability Framework") guides the organisational effort in advancing sustainability. Through our Sustainability Framework, we take strategic steps in addressing our material sustainability matters. Our concerted efforts have enabled us to achieve key progress across several areas in FY2024.



IMPACTFUL DIGITALISATION

Digitalisation & Innovation

Increased Internet and Mobile transactions by 18.0%.

Client Experience

Our HLeBroking portal now allows to trade foreign shares.

Opened 441 new accounts via HLAM/HLISAM iSmart Invest module's new digital client onboarding.

Privacy, Data Protection & Cybersecurity

Delivered 12 awareness sessions and 4 training sessions across HLIB and HLAM/HLISAM.

Continues to demonstrate a strong cybersecurity record with no data breaches or cyber intrusions reported.



ADDRESSING CLIMATE CHANGE

Managing our Environmental Footprint

14.9% Scope 1 and Scope 2 Greenhouse gas ("GHG") emission reduction from FY2019 (Base Year).

15.7% electricity consumption reduction from FY2019 (Base Year).

32.6% water consumption reduction from FY2023.

Building Climate Resilience

Introduced a qualitative climate-related Risk Appetite Statement.

Commenced portfolio level analysis, enabling us to assess overall climate risk across our portfolio.



STRENGTHENING INTERNAL CAPABILITIES

Talent Attraction, Development & Retention

Achieved an average of 22.6 training hours per employee.

Diverse & Inclusive Workforce

60% female representation in the HLCB Board.

About 53% of the Group's workforce comprising women.

Creating a Fair & Nurturing Workplace

We continue in our efforts towards creating a safe, conducive and equitable workspace.

Fostering a Sustainability-Driven Culture

468 employees attended various sustainability training programmes.

33.7% of our average training hours were dedicated to sustainability awareness training.

Sustainability Statement



ENGAGING ON SUSTAINABILITY

Good Governance & Ethical Business Conduct

Preserved our track record of zero incidents related to corruption or unethical business conduct.

Recorded a total of 3.24 training hours per employee spent for Anti-Money Laundering, Counter Financing of Terrorism, Countering Proliferation Financing & Targeted Financial Sanctions (“AML/CFT/CPF & TFS”) training.

Sound Risk Management

Our Board attended 5 ESG training sessions to keep abreast with emerging ESG risks and opportunities.

Established a Sustainability and Credit Risk Unit.

Established our Board Policy on Sustainability Risk.

ESG Integration into Financial Products

Increased investments in green bonds by 120%.

Generated ESG Research Snapshot for 96% of KLCI constituents under our coverage.

Completed RM1.78 billion in advisory works for sustainability related financing transactions, including the issuance of a first of its kind Climate Bonds initiatives-qualified solar power Sukuk.

Financial Inclusion & Literacy

Conducted 11 educational investment engagements, attended by more than 700 participants.

Our International Women’s Day campaign attracted 34 participants and garnered RM340,000 in net investment sales.

Human & Labour Rights

Preserved our track record of zero reported grievances or incidents related to harassment, bullying or discrimination.

Supporting Social Enterprises & Communities

Contributed RM24,785 worth of cash and in-kind donations for various causes, impacted 330 individuals.



AWARDS & RECOGNITIONS

Awards by Alpha Southeast Asia

- **Best Islamic Project Finance Deal**
- **Most Innovative Islamic Finance Deal**
- **Best Domestic M&A Deal of the Year**
- **Best ASEAN Green SRI Sukuk of the Year (ESG Green Finance Awards 2023)**

Awards by The Asset Triple A

- **Transport Deal of the Year, Best Sustainability Sukuk (Transport)**
- **Awarded the Sustainable Finance Awards 2024 - Best Green Securitisation**
- **Awarded the Sustainable Infrastructure Awards 2024 - Utility Deal of the Year**

Awards by FinanceAsia

- **Best Sustainable Finance Deal (Market Winner)**
- **Best Islamic Finance Deal (Highly Commended) - Achievement Awards 2023 (Asia)**

Awards by IFN

- **Social Impact, SRI, ESG (Honourable Mention)**

Sustainability Statement



OUR APPROACH TO SUSTAINABILITY

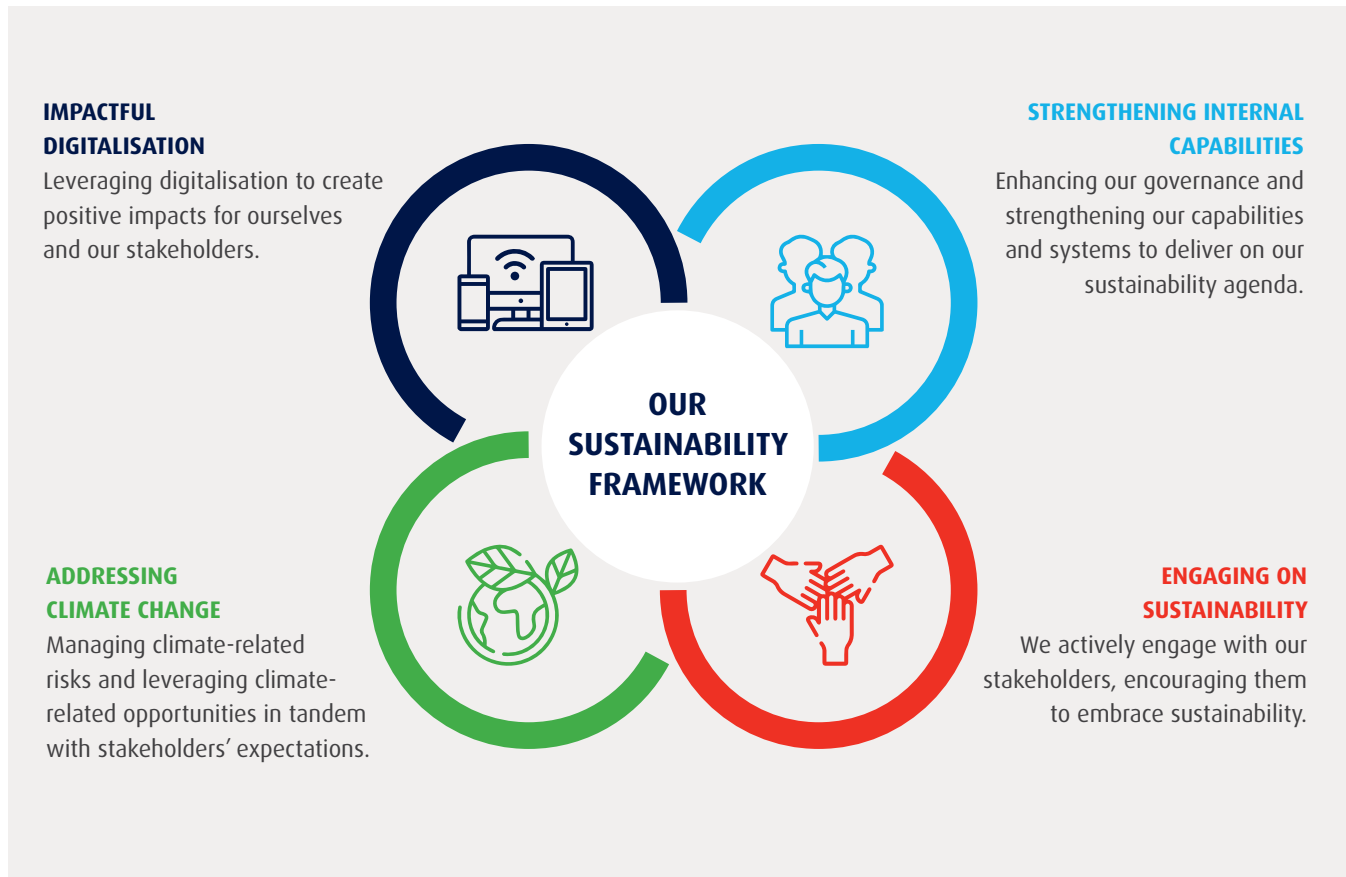
OUR APPROACH TO SUSTAINABILITY

OUR SUSTAINABILITY FRAMEWORK

As a key player in the Malaysian investment banking sector, we recognise the role we can play in driving sustainability within the organisation as well as for our industry. Therefore, aligning our business goals with our socio-environmental objectives is crucial, as this enables us to advance across the ESG spectrum while pursuing our growth targets.

Our commitments towards strengthening sustainable practices within the organisation have been embedded within the Sustainability Framework, established in July 2022. This framework guides us in integrating sustainability practices across our operations, laying the foundation for a resilient and responsible organisation.

The framework is built on four pillars, which outline our primary sustainability considerations across the Group and strategically directs key departments to identify focus areas that generate positive impacts for our business, the environment and surrounding communities. Using this framework, we continually enhance our internal capabilities and system efficiency, driven by our goal to responsibly transition to a low-carbon economy.



By aligning our operations with ESG principles, we uncover common ground between our business needs and sustainability goals. As we subsequently embed our sustainability commitments and address these gaps, we aim to make meaningful contributions to society and the environment, creating a positive legacy for future generations.

Sustainability Statement

OUR SUSTAINABILITY GOVERNANCE

We recognise the importance of upholding robust sustainability governance to align our operations with the principles of sustainability, ensuring we can continue to thrive in the long run while responsibly addressing ESG concerns. Our dedication to adopting leading sustainability governance practices and embedding ESG expertise across the organisation is central to our sustainability framework, particularly under the pillar of "Strengthening Internal Capabilities".

Robust Leadership from the Top

Ensuring sustainability is driven from the top of our organisation, the Board serves as the highest level of sustainability governance within HLCB. The Board provides strategic direction for the Group's overall sustainability agenda, integrates key sustainability considerations into the Group's strategies and oversees the implementation of sustainability initiatives.

In fulfilling its responsibilities, the Board collaborates closely with the BARMC, leveraging their support and recommendations to embed sustainability throughout the organisation. Together, they ensure adequate resources, systems and processes are in place to effectively manage sustainability matters. With guidance from the BARMC, the Board also supervises the Group's strategic initiatives to address ESG risks and opportunities, ensuring alignment with the Group's business strategies and principles.

Dedicated Sustainability Committees

The Board and BARMC are further supported by the SSC, which is led by the Group Managing Director and Chief Executive Officer ("CEO") of HLIB, and features the presence of the CEO of HLISAM. In addition to advising and making recommendations to the BARMC on business and operation strategies in the areas of sustainability, the SSC reviews and endorses all sustainability related strategies, policies and initiatives, while overseeing their implementation across the Group.

The execution of our strategies are supported by our Sustainability Department and Sustainability Working Committee ("SWC"), both of which are led by our Chief Sustainability Officer ("CSO"). The SWC comprises representatives from various business units and support departments involved in the planning, coordination and implementation of initiatives related to sustainability matters, including climate-related considerations. The SSC, SWC and CSO collectively cooperate to implement and promote sustainability efforts across the Group, as directed by the Board and BARMC.

Engagement and Training

While each department holds ownership and overall responsibility for sustainability initiatives, the SWC provides quarterly progress updates to the SSC. Similarly, the SSC reports quarterly on sustainability matters, including progress on the Group's sustainability plan, to the BARMC, which then reports to the Board.

To spur cohesive action amongst our leadership, the management of our ESG impacts are taken into consideration during the Board's Annual Assessment. The Board stays informed about evolving sustainability regulatory requirements and participates in training programmes and seminars to equip themselves with the necessary knowledge to effectively address sustainability risks and opportunities.

Throughout FY2024, sustainability-related matters were discussed during 5 Board meetings. The Board members had also attended 5 key training sessions on subjects related to sustainability.

For more information on sustainability training for our Board, please refer to page 72.

Sustainability Statement



OUR APPROACH TO SUSTAINABILITY

BOARD ROLES AND RESPONSIBILITIES

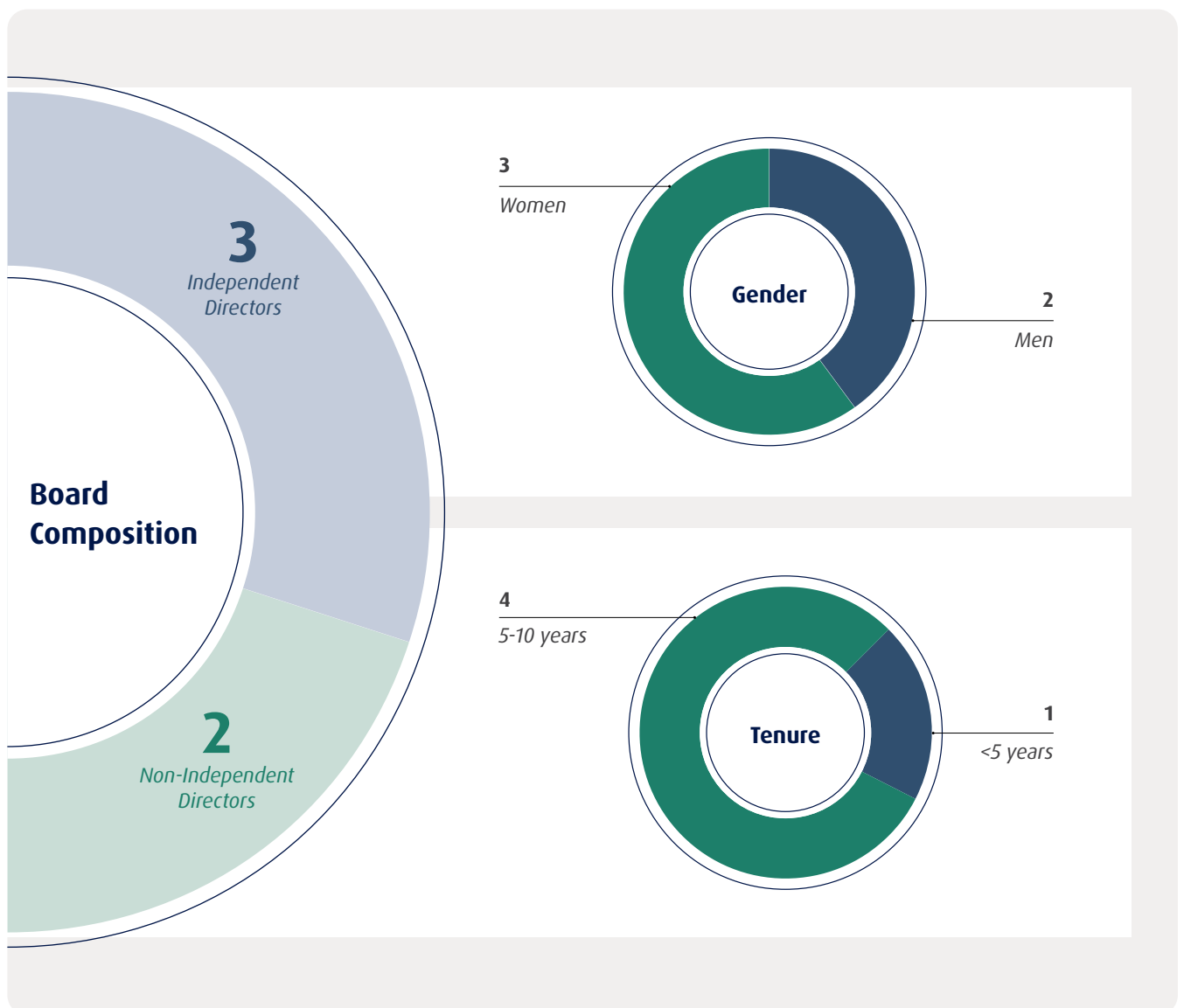
The following table describes the specific responsibilities of each body or committee in our sustainability governance structure.

Governing Body	Roles and Responsibilities
Board of Directors	<ul style="list-style-type: none"> • Acts as the ultimate governing body overseeing the implementation of sustainability initiatives, including climate-related governance, and provides direction for the Group's sustainability agenda • Promotes sound corporate governance principles and ensures sustainability policies are aligned with the Group's business strategies
Board Audit and Risk Management Committee	<ul style="list-style-type: none"> • Supports the Board in overseeing sustainability, including climate-related governance, within the Group • Oversees senior management's implementation of HLCB's governance framework, compliance risk management, and internal control policies
Committees	Roles and Responsibilities
Sustainability Steering Committee	<ul style="list-style-type: none"> • Headed by the Group Managing Director and CEO of HLIB, the committee provides advice and recommendations to the BARMC on sustainability-related business and operational strategies • Evaluates and approves sustainability-linked strategies, material sustainability topics, climate-related issues, sustainability disclosures and the implementation of related policies and initiatives • Supervises and tracks the execution of sustainability-linked strategies, policies and initiatives throughout the Group
Sustainability Working Committee	<ul style="list-style-type: none"> • Led by the CSO, the committee consists of representatives from various business units and support departments responsible for planning, coordinating and executing sustainability initiatives, including climate-related considerations • Oversees and monitors the progress and milestones of ongoing sustainability initiatives • Subject matter experts within the committee manage action plans and sustainability considerations specific to their expertise
Sustainability Department	<ul style="list-style-type: none"> • Collaborates closely with business and support functions to implement the Group's sustainability strategy, ensuring alignment with established targets and goals • Plans and facilitates sustainability awareness programmes to enhance sustainability awareness across the Group • Serves as the secretariat to the Group's SSC and coordinates sustainability reporting to all stakeholders

Sustainability Statement

Board Diversity

A diverse board plays a crucial role in overseeing key material topics and guiding the organisation towards inclusive action. Board members are selected based on meritocracy, with no distinctions based on gender, race, or religion. Our Board Diversity Policy underscores our commitment to achieving a balanced and diverse board composition aligned with our objectives. As of FY2024, women comprise 60% of HLCB’s Board.



Sustainability Statement



OUR APPROACH TO SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

Engaging closely with our stakeholders to acknowledge and address their primary interests is vital for our business success. Embodied by our sustainability pillar of “Engaging on Sustainability,” we recognise that constant engagement with stakeholders enables us to develop deep and meaningful connections that enhance our ability to meet their expectations. To this end, we maintain strong and valued relationships with stakeholders through frequent engagement via various channels, as depicted in the accompanying table.

Stakeholder	Engagement Channel	Areas of Interest
Employees	• Daily operations	• Effective communication
	• Performance management	• Professional development
	• Whistleblowing channels	• Job security
	• Corporate communications	• Benefits and well-being
	• Training and development	• Transparency
Investors	• Corporate website	• Corporate governance
	• Annual reports	• Financial performance
	• Announcements	• Regulatory compliance
	• Financial reports	• Transparency
	• General meetings	
Regulators and Authorities	• Daily operations	• Regulatory compliance
	• Audits	• Corporate governance
	• Meetings	• Ethical business conduct
	• Circulars	
	• Enforcement	
Clients	• Daily operations	• Client experience
	• Social media	• Value-added products and services
	• Corporate communications	• Data privacy and cybersecurity
	• Corporate events/workshops	• Ethical business conduct
Community	• Daily operations	• Ethical business conduct
	• Social media	• Transparency
	• Roadshows and events	• Community investment
	• Corporate communications	• Financial inclusion
	• Corporate social responsibility events	• Financial literacy

Sustainability Statement

Stakeholder	Engagement Channel	Areas of Interest
Vendors and Suppliers	• Procurement process	• Fair procurement
	• Tender process	• Transparent tender process
	• Due diligence reviews (for outsourced service providers)	• Ethical business conduct
	• Proof of Concept engagement	
Analysts and Media	• Social media	• Transparency
	• Corporate website	• Strategic communication
	• Media announcements	
Associations	• Meetings	• Industry stewardship
	• Corporate events	• Regulatory compliance
	• Online correspondences	

MATERIALITY

Engaging with our stakeholders helps us identify key sustainability topics through which we can deliver the most meaningful impacts to our stakeholders. These topics also play a crucial role in enabling us to recognise and navigate emerging sustainability risks and opportunities, prioritise our resource allocations and create long-lasting value for our organisation and society.

Our structured approach to identifying our material topics takes into account the diverse views and evolving needs of our broad range of stakeholders across all operating entities, including the Board, senior management, employees, remisers, media, vendors, suppliers and community. Leveraging internal and external feedback and findings, we conduct comprehensive evaluations to gauge the overall relevance and significance of each topic.



Materiality assessments are undertaken biennially or as and when required, with our most recent exercise conducted in FY2023. In FY2024, we reviewed our material matters to confirm their ongoing relevance to our business operations and impacts, as well as to ensure their alignment with stakeholder interests and concerns.

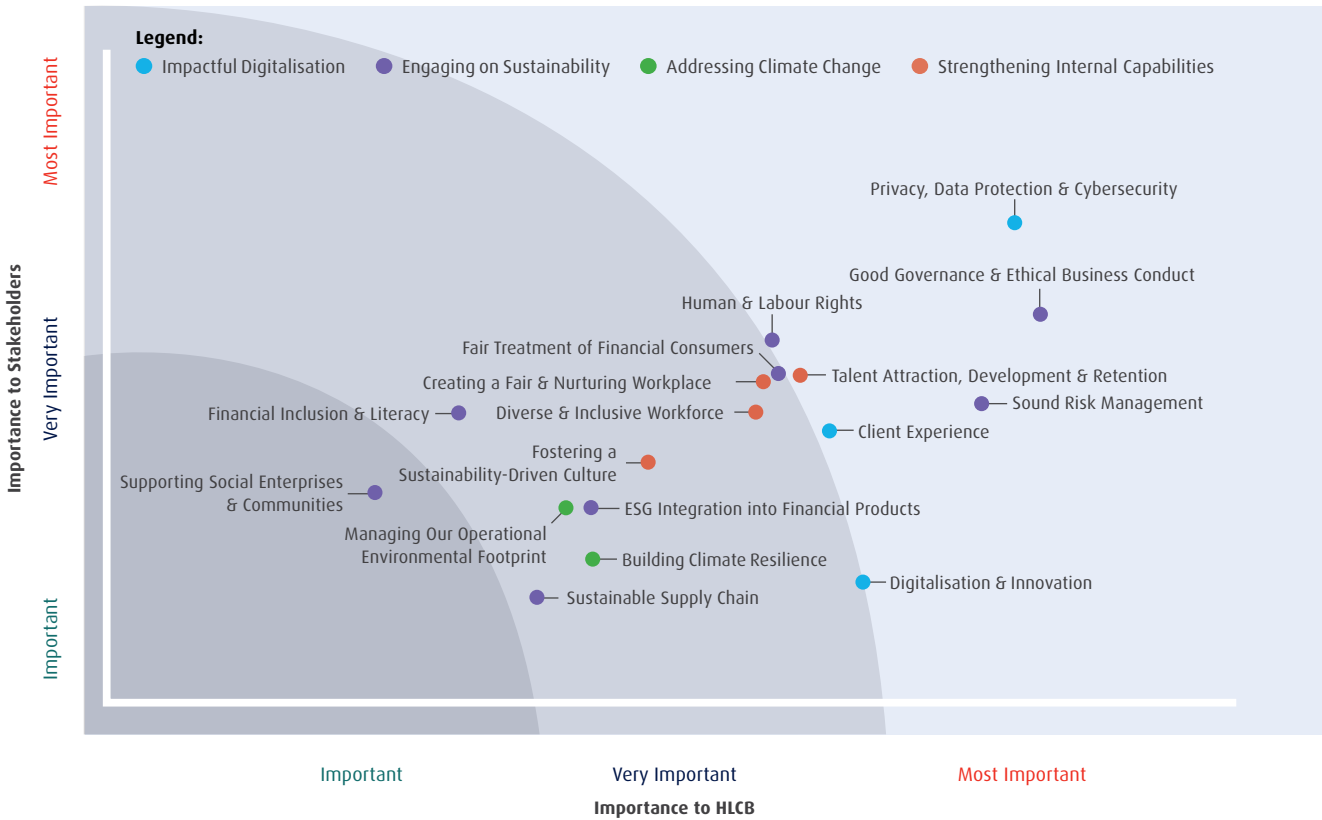
Sustainability Statement



OUR APPROACH TO SUSTAINABILITY


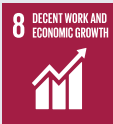



Following our recent assessment, we have maintained our 17 key topics as they are still relevant and critical to our operations. The significance of each topic, both for our business and stakeholders, is documented in the materiality matrix below and further elaborated in the subsequent section.

Materiality Matrix



Sustainability Statement

About Our Material Matters

Framework Pillars	Material Matter	Description	Contribution to SDGs
 <p>Impactful Digitalisation</p>	Digitalisation & Innovation	Leveraging advanced data analytics and digital systems to develop innovative products aligned with customers' needs, whilst simultaneously increasing accessibility of our products to new and existing customers.	 
	Client Experience	Embedding a client-centric culture throughout the organisation and undertaking initiatives to enhance end-to-end client experience satisfaction; leading to higher client retention rates.	
	Privacy, Data Protection & Cybersecurity	Safeguarding employees' and clients' data from unauthorised access, cyber attacks and threats through responsible collection, handling, storage and protection of personal and proprietary data.	
 <p>Addressing Climate Change</p>	Managing Our Operational Environmental Footprint	Responsibly optimising resource efficiency to effectively manage the environmental footprint of our operations, especially in the area of energy management, paper consumption, water consumption, and GHG emissions.	
	Building Climate Resilience	Embedding climate-related risks into our risk management and operational framework to facilitate a seamless transition towards a low-carbon economy, including reducing exposure to high-risk sectors and supporting low carbon solutions.	

Sustainability Statement



OUR APPROACH TO SUSTAINABILITY

Framework Pillars	Material Matter	Description	Contribution to SDGs
 Strengthening Internal Capabilities	Talent Attraction, Development & Retention	Establishing a sustainable, high-quality talent stream, whilst also fostering a growth mindset in our employees to ensure their adaptability in the ever-evolving business and technological landscape.	
	Diverse & Inclusive Workforce	Promoting and embracing a diverse and inclusive workplace, whereby all employees are treated equally and without discrimination, thus encouraging productivity and innovation.	
	Creating a Fair & Nurturing Workplace	Creating an inclusive and supportive work environment which prioritise employees health and safety, improve their well-being, and promote work-life balance via effective policies, processes, and labour standards.	
	Fostering a Sustainability-Driven Culture	Establishing a corporate culture that embraces and promotes sustainable practices, values, and behaviours throughout the organisation, including encouraging employee volunteerism and implementing ESG capacity-building programmes.	
 Engaging on Sustainability	Fair Treatment of Financial Consumers	Ensuring fair treatment of our customers throughout our operations by prioritising their financial needs and risk appetite, as well as providing transparent, accurate, and comprehensive information about our products and services.	
	Good Governance & Ethical Business Conduct	Committed to conducting our business and operations professionally, while adopting the highest standards of ethics, integrity, transparency, and accountability, in order to maintain stakeholders' trust in the organisation.	
	Sound Risk Management	<p>Upholding a strong compliance culture throughout the organisation to ensure adherence to applicable laws, regulations, and standards, as well as preventing financial crimes including money laundering, terrorism financing, fraud, corruption, and bribery.</p> <p>Adopting a systematic and comprehensive risk management approach in identifying and mitigating emerging risks to our business activities by investing in people, technology, policies, and processes.</p>	

Sustainability Statement

Framework Pillars	Material Matter	Description	Contribution to SDGs
 <p>Engaging on Sustainability</p>	ESG Integration into Financial Products	Integrating ESG factors into fund management processes including through impact investing and screening, as well as supporting our clients' low-carbon transition journey via the issuance of green and sustainable finance.	
	Financial Inclusion & Literacy	Empowering individuals and businesses to improve their financial well-being by promoting financial literacy and facilitating accessibility of affordable financial services to all segments of society.	
	Sustainable Supply Chain	Upholding sustainability procurement principles across the supply chain via robust supplier policies, assessment, and engagement practices, whilst also encouraging supplier diversity to include local businesses.	
	Human & Labour Rights	Implementing policies and performing due diligence to ensure the protection and respect of human rights throughout our value chain and business operations, including prevention of human rights violations.	
	Supporting Social Enterprises and Communities	Forming strategic partnerships with social enterprises for community empowerment programmes as a way of creating long-term environmental and social impact for underserved communities across our operations.	

MEMBERSHIPS & ASSOCIATIONS

We actively participate in a variety of organisations and associations, leveraging our membership to influence discussions and foster collaboration on key sustainability issues that impact our industry and the wider business community.

MALAYSIAN
INVESTMENT
BANKING
ASSOCIATION

FEDERATION
OF INVESTMENT
MANAGERS
MALAYSIA

ASSOCIATION OF
STOCKBROKING
COMPANIES
MALAYSIA

INSTITUTIONAL
INVESTORS
COUNCIL
MALAYSIA

MALAYSIAN
FUTURES
BROKERS
ASSOCIATION

MALAYSIAN
ASSOCIATION OF
ASSET MANAGERS

Sustainability Statement



IMPACTFUL DIGITALISATION



DIGITALISATION & INNOVATION

WHY IT MATTERS

In today's evolving financial landscape, our emphasis on digitalisation and innovation provides vital benefits to our business, enhancing our operational efficiency, elevating customer experiences and preserving our competitive edge. Digitalising our operations and continually innovating our financial solutions and processes allows us to meet our clients' evolving needs while positioning ourselves for sustained growth and resilience. This forward-thinking approach ensures we deliver cutting-edge services, streamline operations and quickly adapt to new trends, driving sustainable success for the company.

OUR APPROACH

Robust IT Infrastructure Investment

Guided by our dedicated IT Department, we are focused on driving digital transformation and innovation to enhance financial inclusion and create investment opportunities for the community. By leveraging rapidly advancing digital technology, we aim to improve the accessibility of our financial services and boost productivity and system efficiency across the Group.

A key element of our digital transformation commitment is establishing a secure and sustainable digital infrastructure, which includes strengthened cybersecurity measures.

Each year, we set aside an allocated capital expenditure to ensure that our digital infrastructure and cybersecurity systems are robust and resilient.

Digitalising Our Services

Our digitalisation initiatives are geared towards delivering value to both the internal business as well as our clients. Key focus areas include developing new digital trading platforms, enabling digital onboarding, transitioning to e-statements and enhancing the personalisation of our services.

By deploying digital platforms, we can offer a wide range of easily accessible products and services to clients, while also leveraging customer data to tailor services to their individual needs. To ensure smooth adoption of these technologies, we provide comprehensive support and assistance, helping our clients navigate these new tools with ease.

A Culture of Innovation

Innovation in our products, services and processes is crucial for the Group's sustainable success. By harnessing innovation to meet market needs and enhance client solutions, we secure a vital competitive edge in the dynamic financial services sector.

Our drive to innovation to enhance our digital product offerings not only enhances the sustainability of our business activities but also optimises procedures and resource use, thereby boosting productivity and efficiency.

Sustainability Statement

Our Digital Portals

Both HLIB and HLAM have established comprehensive digital platforms with robust functionality to meet the diverse needs of our clients.

Digital Platforms Customised for Our Clients' Needs

HLeBroking Digital Platform

- Online share trading portal that offers all the services of a conventional broker and more
- Upgraded in April 2024 to enable existing clients to apply for foreign shares trading
- Convenient digital onboarding for conventional accounts. Similar capabilities for Shariah accounts to be introduced in FY2025

Direct Market Access Trading

- An electronic trading solution launched for clients to execute investment orders in real time at lower costs
- Algorithmic trading capabilities to be introduced in the near future. This system is currently in the User Acceptance Testing ("UAT") stage

HLAM Online Transaction Platform

- The HL iSmart Invest online cash investment module allows clients to conveniently invest in a wide selection of funds
- We subsequently added the EPF i-Invest to this platform, enabling EPF members to invest in HLAM's EPF-approved funds through the EPF's Members Investment Scheme

HLAM Client Onboarding System

- A paperless onboarding system introduced in FY2024 that transforms the experience into a seamless, digital journey for clients
- This system simplifies submissions, reviews and document storage, improving the customer experience and operational productivity

HLAM Agency System

- A system introduced in FY2024 that enables digital onboarding of new unit trust and private retirement scheme consultants ("UTC/PRC") and provides convenient access to consolidated client information
- The library module offers easy navigation with customisable profiles, unique QR codes and seamless sharing modes
- Includes a training module for users to discover the full functionality of this new digital system

Sustainability Statement



IMPACTFUL DIGITALISATION

Digitalising our Processes

Understanding the advantages of digitalising our processes for both people and the environment, we have been actively pursuing opportunities to adopt digital internal systems. These efforts have been underscored by our IT Department's establishment of a data warehouse system in June 2023, creating a central repository of integrated data from various sources.

We have since launched the first phase of automating our regulatory reports and are gradually developing data analytics tools to enhance business processes and decision-making through actionable insights. In July 2024, we successfully completed the digitalisation of our Central Depository System ("CDS") forms, facilitating convenient and timely e-submission to Bursa Malaysia.

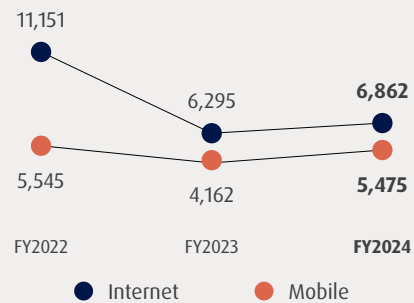
Our HLAM electronic communication system for all critical client updates, including statements, dividend vouchers, reports and transaction slips, has also gone live in FY2024. This shift will enable us to reduce printing costs and improve the speed at which unitholders receive updates on their investment values. It will also enhance our compliance with the SC's requirements for delivering statements to unitholders.

OUR PERFORMANCE

The Usership of our Digital Platforms

In FY2024, our total Internet transactions increased by 9.0% and our Mobile transactions increased by 31.5% compared to FY2023. This marked an overall increase of 18.0% across both platforms. This increase is testament to our drive in creating enhanced digital experiences for our customers.

Number of transactions (millions)*



* Data represents total transaction volume for HLEBroking (including Remisiers) and HLAM



CLIENT EXPERIENCE

WHY IT MATTERS

Delivering an exceptional client experience is not just a commitment but a fundamental driver of our long-term success. By consistently enhancing client interactions and processes, we build trust, foster loyalty and differentiate ourselves in a competitive market. This focus on client experience not only strengthens our relationships and improves client satisfaction but also drives sustainable growth by ensuring our services meet and exceed expectations, leading to increased retention and long-term value for the company.

OUR APPROACH

Progressively Enhancing Experiences

Over the past financial year, we have introduced several new systems and processes designed to enhance the services and experiences provided to our customers.

In November 2023, HLAM launched a new digital client onboarding service for its HLAM/HLISAM iSmart Invest module, facilitating seamless remote onboarding of new customers. By the end of FY2024, this module had successfully opened 441 new accounts.

In July 2024, HLIB successfully migrated to the new HLBB e-Commerce Payment Platform, enabling clients to make seamless payment transfers for large sums up to RM1 million from their HLBB account to HLIB's collection account. This upgrade enables instant creation of receipts in clients' trust accounts upon receipt of payment and immediately updates trading limits upon transfer completion.



Sustainability Statement



IMPACTFUL DIGITALISATION

Driving Meaningful Engagement

By actively engaging with our stakeholders, we gain crucial insights that allow us to identify gaps and create tailored solutions, thus helping foster financial inclusion that meets specific needs.

We organise a range of activities to facilitate meaningful interactions, including workshops, events, seminars and online webinars designed to cater to our clients' investment requirements. During FY2024, we conducted the following client engagement initiatives:

FY2024 Client Engagement Initiatives

11 investment and market outlook webinars and roadshows with more than **700** participants.

Published more than **1,445** educational resources and research reports.

Participated at **InvestSmart® Fest 2023**, a key industry investor education initiative organised by the Securities Commissions Malaysia that was held at KLCC from 17-19 November 2023.

Collaborated with Bursa Malaysia to hold three sessions of the **Bursa-HLIB Stratum Focus Mini Conference** for clients during FY2024.

Set up booths at the **Bursa Marketplace Fair** in Kota Kinabalu as well as the **SC's InvestSmart®@Johor 2024** event, both of which were held during May 2024.

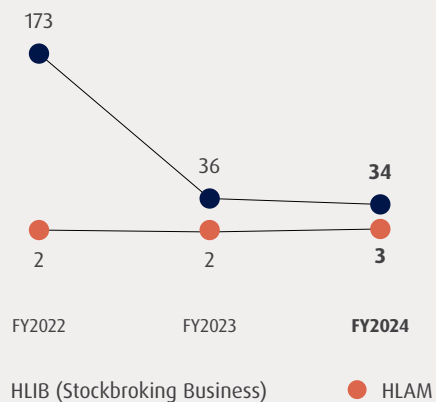
Collaborated with **iMoney** to produce an educational article to promote Sustainable Shariah Investing and the **Hong Leong Global Shariah ESG Fund**. iMoney shared the article to their subscribers via EDM and their Facebook page. We also ran a ROS Ad to promote the Fund on the iMoney portal from June to July 2023.

We ran an **ESG Campaign** from 1 February to 30 April 2024 to promote HLAM's ESG fund offerings.

OUR PERFORMANCE

We take pride in the high level of services provided to all our clients throughout FY2024. Our commitment to customer satisfaction is reflected by our effective management of customer feedback or complaints. We have continued to preserve our track record of resolving complaints satisfactorily, with 88% of all complaints received during FY2024 having been effectively addressed.

Customer Complaints



Sustainability Statement

PRIVACY, DATA PROTECTION & CYBERSECURITY

WHY IT MATTERS

As our clients increasingly embrace digital trading channels, we recognise the vital importance of implementing robust cybersecurity measures to safeguard personal data, maintain client privacy and protect against potential threats. These efforts are fundamental to advancing the “Impactful Digitalisation” pillar of our Sustainability Framework. By enhancing the resilience of our digital infrastructure, we not only pave the way for long-term growth but also boost client satisfaction, ensure regulatory compliance, drive operational efficiency and bolster our reputation in the financial services industry.

OUR APPROACH

A Robust Policy to Ensure Compliance

Our Group IT and Personal Data Protection Policy govern data privacy and cybersecurity, outlining measures to ensure secure data management and maintain a robust cybersecurity posture. The guidelines within this policy ensures our full compliance with the regulations of the Financial Services Act 2013 (“FSA”), Capital Markets and Services Act 2007 (“CMSA”), and Personal Data Protection Act 2010 (“PDPA”), while following guidelines prescribed by BNM, SC and Bursa Malaysia.

To protect our operational stability and safeguard client data, we have implemented robust physical, electronic and procedural controls. Regular compliance assessments and security audits are conducted to identify and address any potential gaps, ensuring the ongoing security of our digital systems and confidentiality of our clients’ information.

Our Controls and Measures

We are committed to maintaining our impeccable track record of zero data breaches and cyber intrusions. To this end, we are continuously implementing additional assessments and exercises, often in collaboration with regulators, to improve our response and recovery processes for cyber-related incidents.

In order to bolster our cyber defences and prevent cyberattacks, our IT department has instituted various measures to mitigate cybersecurity risks, encompassing risk identification, threat detection and timely response to cyber threats.

Bolstering Cybersecurity and Data Privacy Awareness

As we move towards impactful digitalisation, it is crucial to ensure that all employees are ready to embrace this change and are equipped to recognise the risks that come hand in hand with our innovation and digital progress. Hence, continuous training is required to ensure that employees are kept up-to-date with the latest cybersecurity threats and possess the know-how to wisely utilise technology without compromising the Group’s digital security.

To this end, all our operating entities are constantly rolling out structured training programmes to enhance cybersecurity awareness and enhance internal expertise, alongside organising various educational initiatives to improve Group-wide engagement on the subject matter.

OUR PERFORMANCE

In FY2024, we conducted various forms of cybersecurity engagements throughout the organisation. A total of 12 cybersecurity-awareness related materials were sent to all HLCB employees. Additionally, we rolled out a total of 4 mandatory cybersecurity training modules, of which all 4 were rolled out to HLIB employees and 3 were rolled out to HLAM/HLISAM employees.

These methods of engagement have strengthened cybersecurity awareness and resilience across the organisation, and, in FY2024, we preserved our strong track record of zero identified leaks, thefts or losses of customer data.



Zero

identified leaks, thefts or losses
of customer data

Sustainability Statement



ADDRESSING CLIMATE CHANGE



MANAGING OUR ENVIRONMENTAL FOOTPRINT

WHY IT MATTERS

We recognise the importance of responsibly managing and reducing our environmental footprint, not only to ensure regulatory compliance and meet investor expectations, but also from an ethical standpoint of using resources wisely and protecting natural ecosystems. Through the development, enhancement and implementation of environmental management initiatives across our operations, we are committed to collectively minimising our emissions and waste while optimising energy and resource consumption.

OUR APPROACH AND PERFORMANCE

Driving Collective Action Across the Group

Guided by our established Sustainability Framework, we are progressively incorporating greater sustainability considerations into our business operations and processes. In addition to refining our strategic approach, we recognise the greater impact we can achieve by engaging the collective efforts of our employees. To this end, we actively foster a culture of sustainability within the organisation, encouraging our employees to be mindful of their environmental impacts at all times.

This is supported by robust performance monitoring covering key metrics that help us identify, track and reduce emissions, energy and resource consumption, and waste. By implementing measures that enhance resource efficiency, we also anticipate economic benefits through reduced long-term expenditure.

Sustainability Statement

Some of the key environmental initiatives undertaken during FY2024 include:

Digitalisation		Culture Shift	Energy Efficiency
<p>Going Paperless via Digital Onboarding</p> <p>Our HLeBroking platform enables digital onboarding for conventional accounts via eKYC, which reduces the need for paper consumption. We seek to expand this feature to Shariah accounts by FY2025.</p>	<p>Transitioning to Electronic Communication</p> <p>HLAM's efforts to transition all communication with clients, including statements, dividend vouchers, reports and transaction slips, to electronic mediums will significantly reduce the paper utilised for printing purposes while improving the speed at which unitholders receive updates.</p>	<p>Recycling Bin Project</p> <p>To promote recycling awareness and cultivate waste management responsibility amongst staff, HLAM/HLISAM launched a new Recycling Bin Project in February 2024.</p>	<p>Energy Efficient Lighting</p> <p>We have continued to upgrade all fluorescent tubes with LED tubes in Plaza Zurich to optimise energy used for lighting.</p>

In FY2024, we took a significant step forward in our commitment to reducing our operational emissions. We are cognisant of the role we can play in achieving Malaysia's ambition of Carbon Neutrality by 2030.

Our Short-Term Carbon Reduction Targets

We are committed to reducing our Scope 1 and Scope 2 emissions by 15%-25% by FY2026 against our FY2019 Base Year

Mitigating GHG Emissions

Our GHG emissions accounting and reporting are aligned to The GHG Protocol: A Corporate Accounting and Reporting Standard and Intergovernmental Panel on Climate Change ("IPCC") Guidelines for National Greenhouse Gas Inventories, while we also utilise local emissions factors where applicable. Our GHG emissions have been systematically recorded and disclosed across all three scopes since FY2019, which was established as our baseline year. Our emissions disclosures cover operations at our main offices in Menara Hong Leong and Plaza Zurich, three HLIB branches, two HLAM branches, two HLAM satellite offices and six HLeBroking hubs across various states.

Sustainability Statement



ADDRESSING CLIMATE CHANGE

Our FY2024 GHG Emissions

Scope 1 Direct Emissions

36 tCO₂e

Includes combustion of fuel in stationary sources (e.g. backup generator sets), combustion of fuel in mobile vehicles controlled or owned by HLCB, and fugitive emissions (e.g. leaked emissions from air-conditioning units)

Scope 2 Indirect Emissions

623 tCO₂e

Encompasses total electricity purchased and utilised during the year

Scope 3 Indirect Emissions

699 tCO₂e

Comprises emissions from business travel and employee commuting

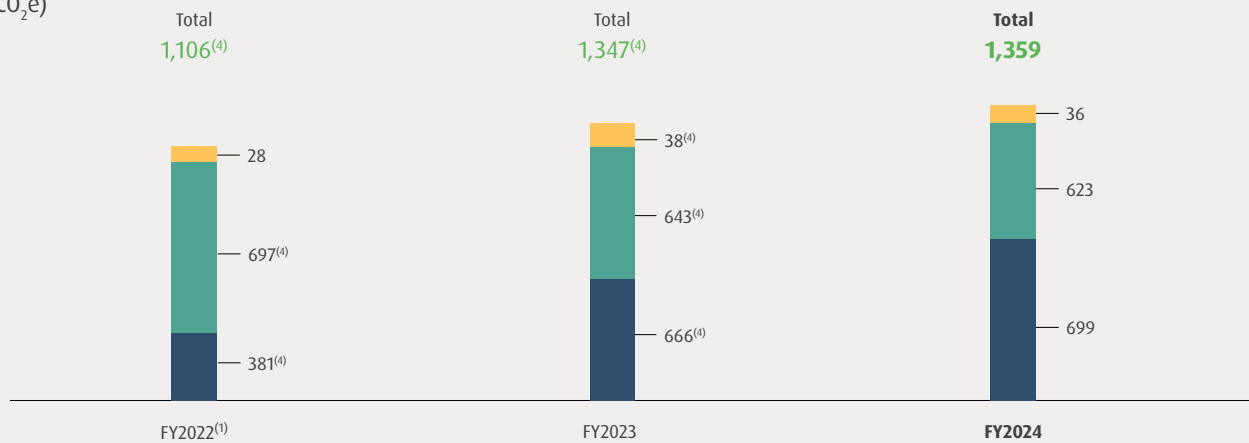
Total Emissions⁽⁶⁾: 1,359 tCO₂e

In FY2024, the Group recorded total emissions of 1,359 tCO₂e. Our Scope 1 and Scope 2 GHG emissions are 14.9% lower than our FY2019 Base Year.

Three-Year GHG Emissions by Scope

(tCO₂e)

● Scope 1 ⁽¹⁾ ● Scope 2 ⁽²⁾ ● Scope 3 ⁽³⁾



⁽¹⁾ Scope 1 boundary includes company-owned vehicles, back-up gensets and air conditioning equipment

⁽²⁾ Scope 2 boundary includes energy consumption in Menara Hong Leong, Plaza Zurich and seven branches across different states

⁽³⁾ Scope 3 includes Category 6 (Business Travel) and Category 7 (Employee Commuting)

⁽⁴⁾ Revisions due to changes in emissions factor and global warming potential (GWP), as well as expansion of Scope 3 emissions to include Category 7 (Employee Commuting)

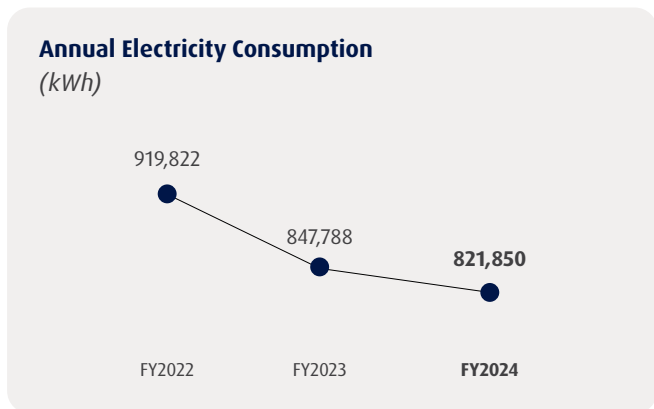
⁽⁵⁾ Operational control approach used as consolidation method

⁽⁶⁾ Due to rounding, the sum of Scope 1, Scope 2 and Scope 3 may not equal to total annual GHG emission

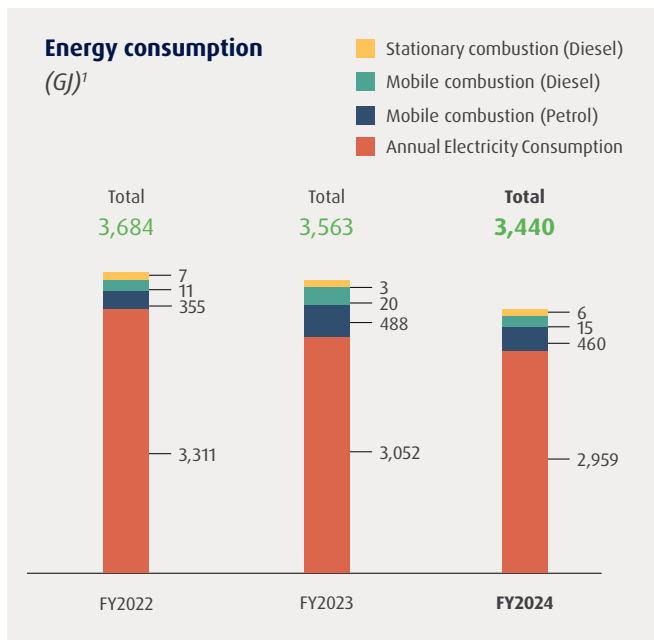
Sustainability Statement

Optimising Energy Consumption

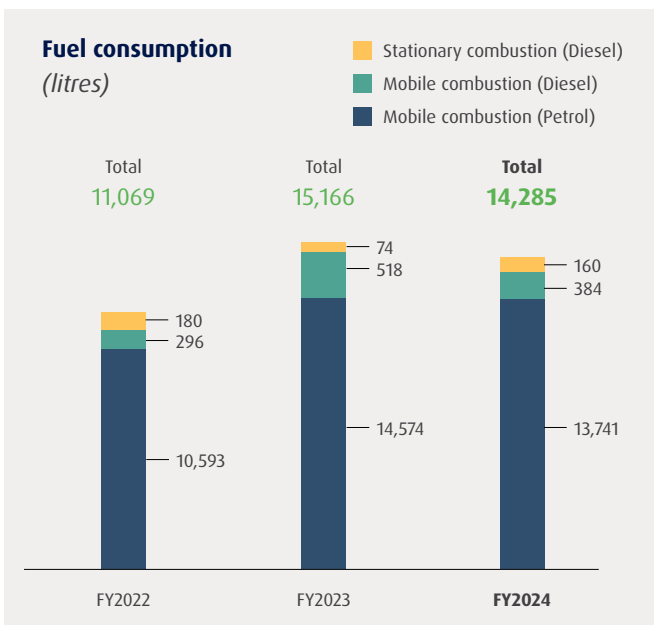
To manage our overall emissions, we are committed to steadily utilising strategies and solutions to reduce and optimise energy consumption across the Group. The energy we consume comes primarily from grid electricity and fuel consumption. Our wide-ranging efforts to reduce electricity consumption include initiatives such as optimising the use of air-conditioning and lighting systems within our office premises.



These efforts have been fruitful, resulting in a steady decrease in our energy consumption since FY2020. Over the past year alone, we decreased electricity consumption by 3.1% which represents a 15.7% reduction compared to our FY2019 Base Year of 974,664kWh.



¹ kWh (electricity) and litres (fuel) conversion to Gigajoule (Gj) is based on the energy conversion calculator from the U.S. Energy Information Administration

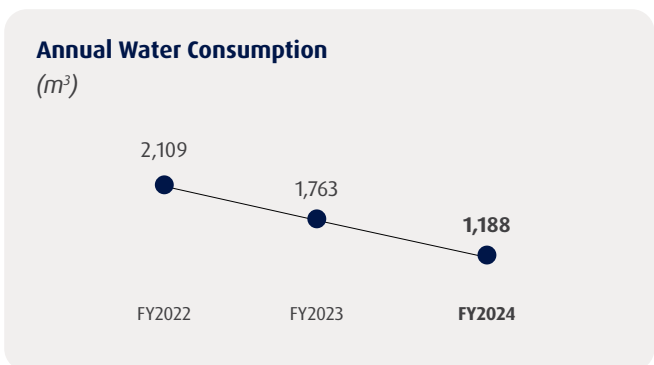


Our fuel consumption primarily comes from utilising a combination of petrol and diesel for our company owned vehicles as well as gensets. In FY2024, we reduced our total fuel consumption by 5.8% compared to FY2023.

Overall, our total energy consumption from fuel and grid electricity reduced by 3.5% down to 3,440 Gj in FY2024 compared to 3,563 Gj in FY2023.

Managing Water Consumption

As part of our ongoing commitment to sustainable business operations, we continue to prioritise responsible and sustainable water management across the Group. We recognise the potential of minimising our water usage without compromising the safety, comfort and reliability of our workforce and physical operations, and we are pleased to report that our efforts have delivered robust results.



Sustainability Statement



ADDRESSING CLIMATE CHANGE

Due to the absence of separate water meters in most of our operations, our data boundary for water consumption disclosure is limited to our Plaza Zurich office and Ipoh branch. In FY2024, water consumption at these two locations reduced by 32.6% compared to FY2023. This decrease was a result of office space downsizing in our Ipoh Branch.

Managing Consumption and Mitigating Waste

Our physical footprint is relatively small, with 15 branches across Malaysia. The materials we consume are primarily paper and electronic equipment. As a financial institution, the waste that we generate is comparably smaller to other industries. Despite these, we remain cognisant in monitoring our consumption and mitigating waste generation.

Our digitalisation efforts have created multi-pronged benefits. It has enabled us to offer better products to meet clients demands and enabled cost savings internally. In addition to this, it has also enabled us to take proactive steps in minimising paper consumption, thus reducing waste to landfills. Our efforts in managing our paper consumption can be further broken down into the key areas below:

Process-centric Initiatives

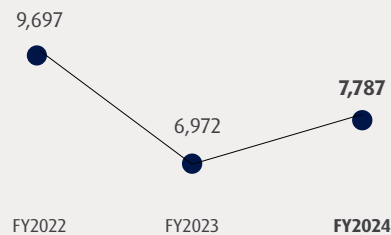
- Implementing digital onboarding processes for our digital portals
- Leveraging digital data and document repositories to minimise printing and storage of hard copies
- Digitising internal service request forms

Client-centric Initiatives

- Discontinuing of cheques, statements and contract notes printing
- Transitioning to digital marketing services and modes of communication
- Enhancing website and app functionality to reduce usage of hard copy forms

Annual Paper Consumption

Total Weight (kg)



Our ongoing and new initiatives are coupled with consistent efforts to raise employee awareness on responsible paper usage, encouraging them to print less, use recycled paper, and adopt e-storage solutions. However, we observed about an 11.7% increase in our paper consumption during FY2024 due to increased client activity for processes and services that rely on a hard copy of forms. Despite this, we will strive to further optimise the usage of paper within the organisation.

We also seek to embed a culture of embracing circularity within the organisation. To this extent, we have begun introducing recycling bins and promoting a culture of recycling via desktop screensaver message reminders. Additionally, our ongoing partnership with HP has ensured that our e-waste is properly collected, recycled and disposed of responsibly.



Via our partnership with HP, we successfully recycled approximately

147kg of e-waste in FY2024

BUILDING CLIMATE RESILIENCE

WHY IT MATTERS

We are cognisant of the risk and opportunities associated with the impacts of climate change and seek to progressively incorporate climate-related considerations into aspects of our business. This approach empowers us to keep pace with the evolving regulatory landscape and meet the expectations of our discerning stakeholders, while also enabling us to minimise exposure to high-risk sectors and enhance support for low-carbon solutions, facilitating a seamless transition to a low-carbon economy.

Our Net Zero Ambition

We understand the importance of setting clear goals to galvanise collective action towards our sustainability ambitions. With this in mind, we are committed to achieving Net Zero and are working on setting our targets in the near future. To ensure these targets are feasible, our strategy involves a stepwise approach across a few key areas:

Setting Short Term Targets

We have established an internal targets to reduce our Scope 1 and Scope 2 emissions by 15%-25% by FY2026, against our FY2019 Base Year.

Investing in Our People

We invest in ESG capacity building for our employees. To this extent, HLIB invests in enabling its analysts to achieve the CFA UK Certificate in Climate and Investing.
Please refer to page 67 for more information.

Embedding ESG Considerations

We are progressively incorporating ESG factors into our product development and operational processes.
Please refer to page 75 for more information.

Improving Data Robustness

Over the years, we have made progressive improvements in how we internally monitor our GHG data. Our GHG disclosures since our initial reporting in FY2022 has been improved and expanded.
Please refer to page 50 for more information.

Enhanced Risk Management

We are continually improving our awareness and management of climate-related risks.
Please refer to page 74 for more information.

Client Engagement

We are intensifying our engagement with clients to raise industry-wide awareness about our sustainability-linked product offerings.

Our structured approach, supported by our Sustainability Framework, will be pivotal in guiding our organisation towards setting and achieving our Net Zero targets in the near future. Moving forward, we will work towards adopting the 2050 Net Zero target in line with Malaysia's commitment.

Sustainability Statement



ADDRESSING CLIMATE CHANGE

OUR APPROACH

Robust Climate Risk Management

In implementing a comprehensive framework for managing climate-related risks, we are committed to supporting the climate strategies put forth in the 12th Malaysia Plan and by our primary regulator, BNM, while adhering strictly to regulatory guidelines. These include BNM's TCFD Application Guide for Malaysian Financial Institutions, Climate Change and Principle-based Taxonomy ("CCPT") and CRMSA, as well as Bursa Malaysia's Sustainability Reporting Guide.

Our efforts and planning revolve around the four core themes established by the TCFD, namely Governance, Strategy, Risk Management and Metrics & Targets. This ensures that our efforts to enhance climate resilience are guided by effective leadership and aimed at achieving measurable progress.

A key focus area during FY2024 was addressing the requirements of BNM's CRMSA policy document, for which we have completed the gap analysis, identified action plans and committed to a time bound implementation plan. Guided by this blueprint for action, we have made significant progress across various areas over the past two years.

The following table outlines the completed, ongoing and planned initiatives we are undertaking to ensure compliance with evolving climate action and risk management guidelines, reinforcing our role in the transition to a low-carbon economy.

Climate Risk Management and Scenario Analysis

COMPLETED INITIATIVES

Setup of the Sustainability and Credit Risk Unit

We have established a Sustainability and Credit Risk Unit within our Risk Management Department to enhance our focus on sustainability risk management.

Qualitative Risk Appetite Statement

We introduced a Board-approved qualitative climate-related Risk Appetite Statement ("RAS") in July 2023, further solidifying our commitment to addressing climate-related risks.

Portfolio Analysis

A portfolio level analysis was completed in August 2023 and has since been integrated as a regular periodic process to enable continuous climate risk assessment across the organisation.

Board Policy on Sustainability Risk

In October 2023, we implemented the Board Policy on Sustainability Risk, which includes a framework for sustainability risk assessment and outlines the roles and responsibilities of all stakeholders.

Sustainability Statement

IN-PROGRESS INITIATIVES

Assessment of Risk Drivers

We are in the midst of evaluating how climate risk drivers transition into financial risks and are concurrently assessing the severity of impact on the Bank.

Enhancing Data Collection

Our ongoing efforts focus on refining data collection and metrics, along with developing tools and methods for tracking and measuring climate risk, to bolster the Bank's climate risk management capabilities.

Quantification of Climate Risks

We aim to quantify climate risks by December 2024, establishing FY2024 as the baseline for future performance evaluations.

Strengthening Internal Reporting and Oversight

We are actively improving our Risk Reports by incorporating climate-related risk analysis, which will be regularly presented to the Board and Senior Management.

PLANNED INITIATIVES

Quantitative Risk Appetite Statement

We aim to establish Board approved, quantitative climate-related RAS by December 2024.

Climate-Related Limits and Thresholds

By December 2024, we aim to define our climate-related indicators, including limits and thresholds across various metrics, to enhance future risk monitoring and assessments.

Climate-Related Scenario Planning

We will develop and analyse the impact of climate-related scenarios based on globally recognised sources, such as the IPCC, TCFD and the Network of Central Banks and Supervisors for Greening the Financial System ("NGFS").

For more information on our sustainability governance, which includes climate-related matters, refer to page 32.

For more information on our ESG Risk management framework, refer to page 73.

For more information on our efforts to manage GHG emissions, refer to page 48.

Sustainability Statement



ADDRESSING CLIMATE CHANGE



Embedding Climate Considerations Across our Portfolio

Given their role in the global economy, financial institutions have a unique opportunity to drive significant positive change. Embracing this responsibility, we are committed to providing climate-friendly financial solutions that deliver impactful results. To this end, HLAM already launched two ESG-focused funds: the Hong Leong Global ESG Fund (“HLGESGF”) and the Hong Leong Global Shariah ESG Fund (“HLGSESGF”).

Further to this, HLIB established its Green Bond framework in May 2024, which sets out internal guidelines for the Bank’s green bond issuances in accordance with the established principles and standards. Subsequently, HLIB completed the issuance of RM100 million in Green Tier 2 Subordinated Notes under its RM1 billion Multi-Currency Subordinated Notes Programme, which adheres to Green Bond Principles issued by International Capital Market Association and ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum.

Building upon these efforts, we remain dedicated to integrating ESG criteria into our investment decisions, enabling us to mitigate portfolio risks while expanding our investments in green bonds and sustainability-driven projects, such as green energy ventures.

Read more on our efforts to integrate ESG considerations into our products on page 75 of this report.

Engaging the Investment Community

Engaging with the broader investment community helps us stay informed about recent developments and promotes our commitment to climate responsibility. In FY2024, HLAM supported and participated in the Southeast Asia Climate Investment Summit (“SEACIS”) 2024, a pivotal event aimed at tackling climate change and advocating for responsible investment practices throughout Southeast Asia. The event took place at Shaftbury Asteria Cyberjaya on 22 June 2024, with HLAM represented at Forum 2 of the event, titled “Sustainable Solutions: From Ideas to Implementation”.

OUR PERFORMANCE

Growing our Green Portfolio

Our commitment to expand our green portfolio is evidenced by our continuous efforts to grow our green bonds and sukuk over the past 12 months, which increased from a total of RM75 million as at end-June 2023 to RM165 million as at end-June 2024. The green bonds and sukuk (as at end-June 2024) include investments in renewable energy such as solar, hydropower and public transportation.

Sustainability Statement

Progressing Our TCFD Alignment

We are dedicated to progressively aligning our approach with TCFD recommendations, empowering us to assess and disclose climate-related risks and opportunities, adapt our strategies proactively and embrace emerging opportunities. An outline of our ongoing performance across the four key TCFD pillars — Governance, Strategy, Risk Management and Metrics and Targets — is described below.

TCFD Pillars	TCFD Recommendations
<p>Governance</p>	<p>Board Oversight of Sustainability and Climate-related Matters</p> <ul style="list-style-type: none"> The Board and BARMC provide overarching oversight of the Group’s sustainability initiatives, including strategies and performance related to climate change. <p>Sustainability Governance Structure</p> <ul style="list-style-type: none"> The SSC advises the BARMC and oversees the implementation of the Group’s sustainability strategies, including climate-related governance. The SWC is involved in the comprehensive process of executing sustainability-related initiatives, including efforts related to climate change. The CSO leads the Sustainability Department in the tracking and reporting of sustainability initiatives, ensuring their progress aligns with the Group’s overall goals and targets. <p>Sustainability Upskilling for our Board</p> <ul style="list-style-type: none"> We provide regular training to our Board towards ensuring that they are constantly abreast with shifting sustainability-linked issues, including climate change. In FY2024, our Board attended 5 training sessions related to sustainability and climate change. <p><i>For more information, please refer to page 31</i></p>
<p>Strategy</p>	<p>Identification of Climate-related Risks and Opportunities</p> <ul style="list-style-type: none"> We are conducting thorough assessments of climate-related risks and opportunities to understand their impact, implications and management strategies. ESG factors are being integrated into our products and services to promote sustainable investing. <p>Strategy on Climate Change Related Risks and Sustainability Measures</p> <ul style="list-style-type: none"> We have established a time-bound plan to address the requirements of BNM’s CRMSA policy document in the short and medium term. We have initiated plans to analyse the impact of climate-related scenarios based on globally recognised guidelines and frameworks. Introduced in July 2022, our Sustainability Framework guides our business operations and strategies, including the integration of climate-related considerations. HLAM launched the HLGESGF and HLGSESGF, both of which place emphasis on ESG driven investments. HLIB established its Green Bond framework in May 2024 and completed the issuance of RM100 million in Green Tier 2 Subordinated Notes under its RM1 billion Multi-Currency Subordinated Notes Programme. We work continuously with clients to support their transition to sustainable practices. <p><i>For more information, please refer to page 75</i></p>

Sustainability Statement



ADDRESSING CLIMATE CHANGE

TCFD Pillars	TCFD Recommendations
Risk Management	<p>Process for Identifying, Assessing, and Managing Climate-related Risks</p> <ul style="list-style-type: none"> The BARMC oversees risk management, including the establishment of risk appetites, limits and controls within the Group. ESG aspects have been integrated into our investment banking activities to better assess and manage associated risks. Clients in sensitive sectors with high environmental and social risks are subject to enhanced due diligence screening. <p>Integrating Climate-related Risk Management into HLCB's Overall Risk Management</p> <ul style="list-style-type: none"> HLIB has embedded the requirements of BNM's CCPT into its Core Credit Risk Policy, enhancing our evaluation of credit facilities, new investments and underwriting risk. Climate stress components are incorporated into semi-annual stress tests conducted by Risk Management, with outcomes influencing the Group's risk appetite. A qualitative RAS has been developed to guide the Group's business and operational activities from FY2024, with a quantitative RAS set to be implemented in FY2025. <p><i>For more information, please refer to page 73</i></p>

Identifying Potential Climate Risks and Impacts

We are cognisant of the importance of identifying and understanding the risk that climate change poses on our business. In FY2024, HLIB conducted an assessment of our climate risk drivers and their potential impacts over relative time horizons. These were then mapped and classified into nine types of relevant risk accordingly.

ST: Short-term (1-3 Years)

MT: Medium-term (4-10 Years)

LT: Long-term (>10 Years)

Type(s) of Risk	Climate Risk Drivers		Potential Impacts	Time Horizon (ST / MT / LT)
	Transition	Physical		
Credit	<ul style="list-style-type: none"> Regulatory changes: Industry transitions to a lower-carbon economy, affecting client's creditworthiness. Changing market sentiment: Consumers become more eco-conscious, leading to reduced demand for non-environmentally friendly products and services. 	<ul style="list-style-type: none"> Natural disaster: Client's collateral destroyed. Increased insurance cost for clients in flood-prone areas. 	<ul style="list-style-type: none"> Credit quality deterioration of clients that were unable to transition to low-carbon businesses and adapt to the demand of eco-conscious consumers. Increased default risk due to the client's physical asset being damaged. 	<p>MT</p> <p>LT</p>

Sustainability Statement

Type(s) of Risk	Climate Risk Drivers		Potential Impacts	Time Horizon (ST / MT / LT)
	Transition	Physical		
Market	<ul style="list-style-type: none"> • Sudden regulatory changes that led to devaluation of carbon-intensive stocks. • Investor perception: Eco-conscious investors refuse to finance non-climate supporting projects, leading to funding challenges and reduced market valuation for affected companies. 		<ul style="list-style-type: none"> • Abrupt asset price decline: Market adjusts to new climate policies and investors shift towards sustainable investments. • High volatility in securities linked to carbon-intensive. 	ST MT LT
Operational		<ul style="list-style-type: none"> • Branches and data centres prone to adverse weather events (e.g. flooding). • Disruption in supply chains. 	<ul style="list-style-type: none"> • Forced closure: Office or branch closure due to damages from climate-related adverse events. • Increased costs for disaster recovery and business continuity planning. 	ST MT LT
Liquidity	<ul style="list-style-type: none"> • Bank's transitioning to sustainable practices and investment in new technologies may increase operational costs and capital outflow, impacting cash reserves. 	<ul style="list-style-type: none"> • Prolong drought and other climate related disasters may impact the revenue streams of our clients. 	<ul style="list-style-type: none"> • Disruption in Bank's cash flows: <ul style="list-style-type: none"> - From clients unable to meet obligations. - Large withdrawal of deposits to finance depositors' expenditures on low-carbon equipment and restoration works. • Liquidity strain due to emergency funding needs. 	ST MT LT
Policy & Legal	<ul style="list-style-type: none"> • New climate regulations and enhanced reporting obligations. • Legal liabilities from non-compliance with new environmental laws. 		<ul style="list-style-type: none"> • Increased compliance burden: New stringent reporting and disclosure requirements. • Legal penalties and fines for non-adherence to new environmental laws. 	ST MT LT

Sustainability Statement



ADDRESSING CLIMATE CHANGE

Type(s) of Risk	Climate Risk Drivers		Potential Impacts	Time Horizon (ST / MT / LT)
	Transition	Physical		
Technology	<ul style="list-style-type: none"> • Cost of transitioning to sustainable/green technology to reduce emissions. 		<ul style="list-style-type: none"> • High R&D cost for new technologies. • Stranded assets and write-offs for outdated technologies. 	MT LT
Reputational	<ul style="list-style-type: none"> • Shifts in investors and clients preference towards sustainable products and practices. • Public backlash from perceived greenwashing practices. 		<ul style="list-style-type: none"> • Brand and reputation damage. • Decreased investors and client confidence, resulting in lower revenue and decreased demand for goods and services. 	ST MT LT
Strategic	<ul style="list-style-type: none"> • Inability to transition to green financing solutions. 		<ul style="list-style-type: none"> • Loss of competitive advantage & market trend misalignment towards green investments, decreasing market share and overall profitability. 	MT LT
Enterprise-wide	<ul style="list-style-type: none"> • Late/slow to incorporate climate risk considerations into the capital adequacy and risk management process. 	<ul style="list-style-type: none"> • Lack of operational resilience to natural disasters or climate events, disrupting the Bank's operation in multiple locations simultaneously. 	<ul style="list-style-type: none"> • Inadequate capital buffer from climate-related risk threatens the financial stability of the Bank, leading to more financial and non-financial losses. • Operational resilience challenged by the need to continuously adapt and recover from severe weather events. 	MT LT

Sustainability Statement

By understanding climate risk transmissions, we are able to form a forward-looking high level overview of Climate Risks transmission and its impact on financial and non-financial risks. This exercise also enables us to identify, mitigate and manage potential disruptions by integrating climate risk considerations into overall risk management, while boosting our ability to meet regulatory expectations and align with industry best practices. Moving forward, we seek to conduct a climate risk transmission assessment for HLAM/HLISAM as well.

Metrics and Targets

Key Climate-related Metrics

- We monitor Scope 1 and Scope 2 emissions as well as Scope 3 emissions, specifically under Category 6 and Category 7, which covers business travel and employee commuting.
- Each department or unit within the organisation is responsible for implementing and tracking the sustainability key metrics identified in our Sustainability Framework, ensuring accountability and ongoing progress towards our climate-related goals.
- We have set targets to reduce our Scope 1 and Scope 2 emissions by 15%-25% compared to our FY2019 Base Year. We aim to achieve this target by FY2026.

For more information, please refer to page 48.

Sustainability Statement



STRENGTHENING INTERNAL CAPABILITIES

TALENT ATTRACTION, DEVELOPMENT & RETENTION

WHY IT MATTERS

Recognising our employees as our most valuable asset, we aim to empower and support their personal and professional growth alongside the growth of our business. Our development programmes equip employees with distinct skills, while meaningful engagements maintain a high-performing workforce consistently driven to deliver exceptional results. Through these efforts, we establish a sustainable, high-quality talent stream and foster adaptability in an ever-evolving business and technological landscape.

OUR APPROACH

Our Talent Development Strategy

Our commitment to developing our talent is encapsulated within our core values, underscoring our dedication to enhancing the quality of our human capital as the foundation of management excellence. We have formulated a talent development strategy aimed at attracting, nurturing and retaining motivated and inquisitive candidates who can make meaningful contributions to our business.

Investing in Robust Training Programmes

To cultivate a high-performance workforce, we conduct regular training sessions across the Group. These sessions include diverse development programmes designed to equip employees with the knowledge and skills needed to excel in their roles.

In FY2024, HLAM conducted a training series aimed at enhancing agents' sales credibility and their ability to build customer trust while reinforcing their responsibilities and compliance as agents. The comprehensive training covered all aspects of their roles, and featured topics such as:

- Agency Market Outlook
- HLAM's Fund Update
- Induction Training for Unit Trust Consultants and PRS Consultants
- Online Account Opening & iSmart Invest
- The Power of Consistency Regular Saving Plans
- Code of Ethics
- Anti-Money Laundering / Anti-Terrorist Financing
- EPF-MIS
- Cybersecurity & Technology Risk Management
- Anti-Bribery & Anti-Corruption

We organised 62 training sessions on these topics, with a total of 3,689 agents participating across all events. These training sessions were conducted online to improve accessibility for participants.

We have also continued to support our licensed employees in fulfilling their Continuing Professional Education ("CPE") requirements by backing their annual attendance at recognised CPE programmes provided by relevant authorities.

Sustainability Statement

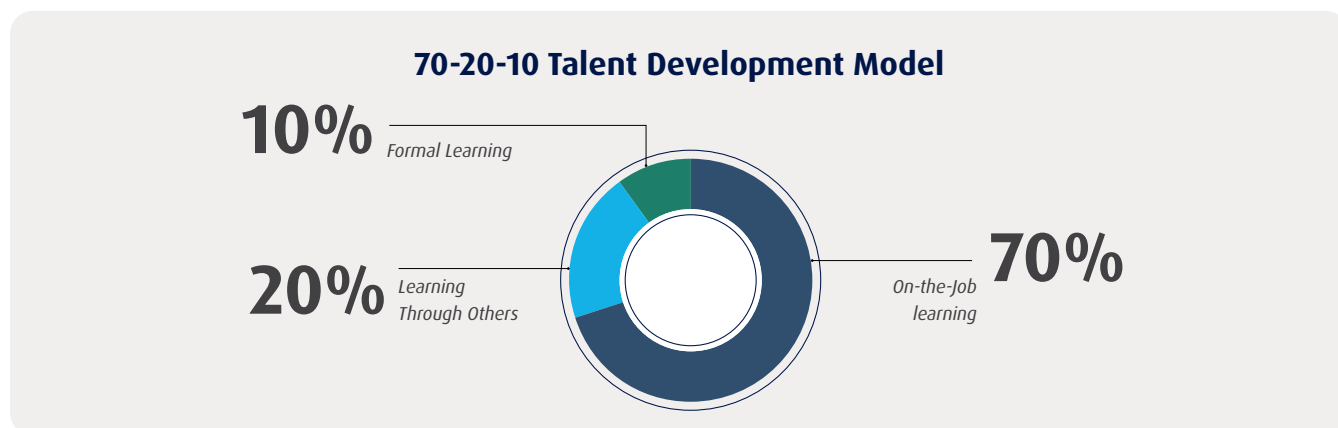
Leveraging our Competency Structure for Targeted Training

Supporting our human capital development efforts is a Competency Structure designed to identify Leaders, People Managers and Contributors within our workforce. This structure enables us to tailor training and development programmes to match the specific skills and attributes required for each role in line with current industry demands.

Leaders	People Managers	Contributors
Leaders are crucial in driving organisational success by embracing functional excellence, fostering desirable traits and influencing employees to align with the Group’s long-term goals.	People Managers play a key role in transforming business and operational capacities by focusing on performance, quality and effective employee management to ensure smooth daily operations.	Contributors, which comprise technical managers and executives, use their expertise and creative skills to identify opportunities, overcome challenges and drive the development of a sustainable business strategy.

Ensuring a Talent Pipeline

We recognise the importance of ensuring a robust talent pipeline to protect our business stability and continuity, and have continued to leverage on our High Potential (“HiPo”) initiative to identify and nurture promising internal talents. Via this initiative, candidates are identified, assessed and supported through their professional development using the 70-20-10 model to meet desired goals. Subsequent to our FY2024 talent development review, we have thus far identified 55 high performers and 27 potential successors for critical roles.



In partnership with the Securities Commission Malaysia, we have launched a Graduate Trainee programme to nurture graduate talent in the capital market industry. The six-month programme provides hands-on experience to graduates with relevant qualifications, with 14 trainees successfully completing it and 8 transitioning to executive positions within HLCB as of FY2024.

Fostering Two-Way Communication and Engagement

Recognising the value of effective two-way communication, we conduct formal mid-term performance reviews across the organisation to ensure alignment between managers and employees. These reviews help identify skill gaps and provide insights that guide targeted development and action plans.

Sustainability Statement



STRENGTHENING INTERNAL CAPABILITIES

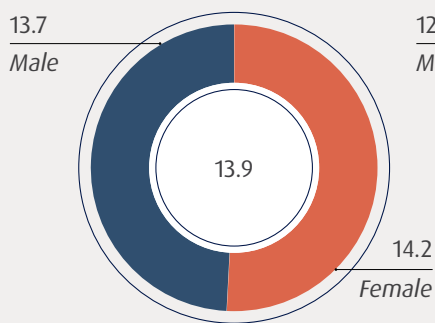


The Group also regularly organises internal contests to engage employees' creativity and encourage friendly competition. During FY2024, several art contests were held to coincide with festive celebrations. In February 2024, two traditional art contests were organised for Chinese New Year, focusing on showcasing and preserving the cultural heritage of Chinese ink painting, with 40 employees participating. A similar batik painting contest was held during Hari Raya in April 2024, which saw the participation of 60 employees.

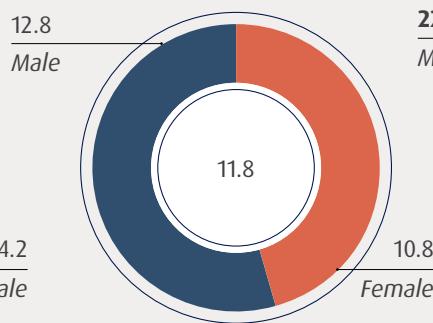
OUR PERFORMANCE

Backed by our robust training framework, the Group recorded a higher average of 22.6 training hours per employee. During the year, 100% of all employees received performance and career development reviews.

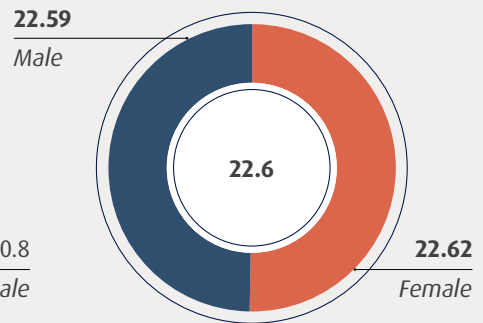
Average Hours of Training per Employee



FY2022



FY2023



FY2024

Sustainability Statement

DIVERSE & INCLUSIVE WORKFORCE

WHY IT MATTERS

We are committed to promoting and embracing a diverse and inclusive workplace, where all employees are treated equally and without discrimination. This approach not only ensures our regulatory compliance but also enables us to build a workforce with various backgrounds, experiences and perspectives. This diversity empowers more informed and creative decision-making while fostering a welcoming environment that enhances productivity, creativity and innovation.

OUR APPROACH

Robust Practices that Uphold Diversity and Inclusion

Diversity and inclusion are central to our culture and business growth, enhancing employee engagement, retention and performance, and contributing to a more resilient and successful organisation.

Our commitment to diversity and inclusion, along with our strong stance against harassment, is enshrined in our Code of Conduct and Ethics and applied across the Group. Guided by our recruitment policies, we employ individuals from various backgrounds, origins, experiences and cultures, and strive to maintain a respectful working environment.

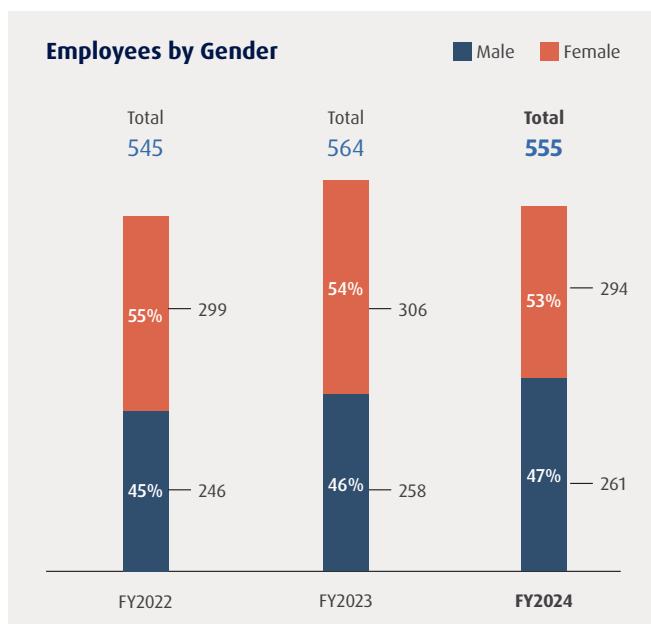
Discrimination of any kind is strictly prohibited, including discrimination based on race, colour, nationality, ancestry, citizenship status, creed, religion, age, gender, pregnancy, maternity, marital status or physical disability. Employees are expected to avoid and not support any acts of harassment or inappropriate or abusive conduct towards employees, customers or business partners. Unacceptable behaviour includes unwelcome jokes, threats, physical contact, derogatory comments, teasing, bullying, intimidation or any other offensive or abusive language or actions.

In preserving the diversity of our organisation, we are pleased to report that female employees now make up 53% of our Group’s total workforce, reflecting our commitment to gender representation and equality.



OUR PERFORMANCE

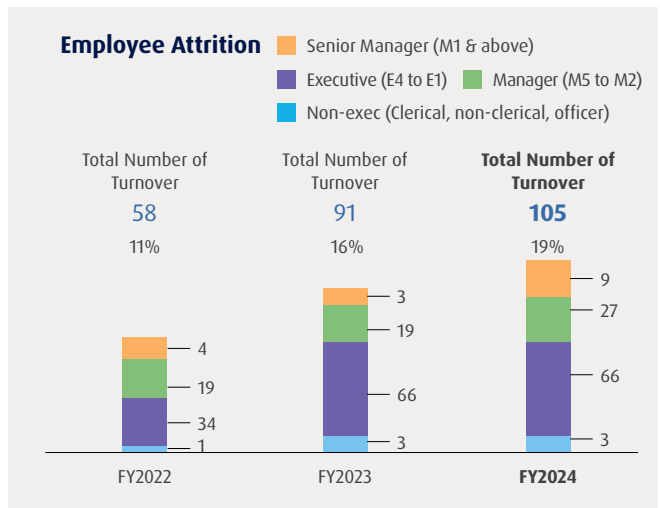
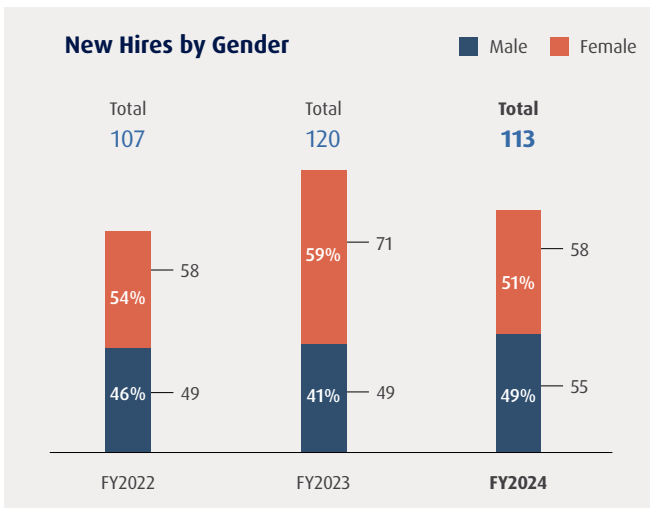
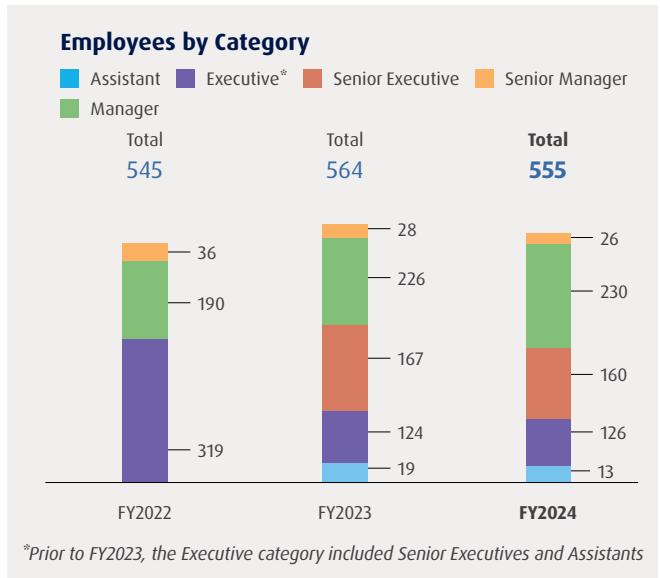
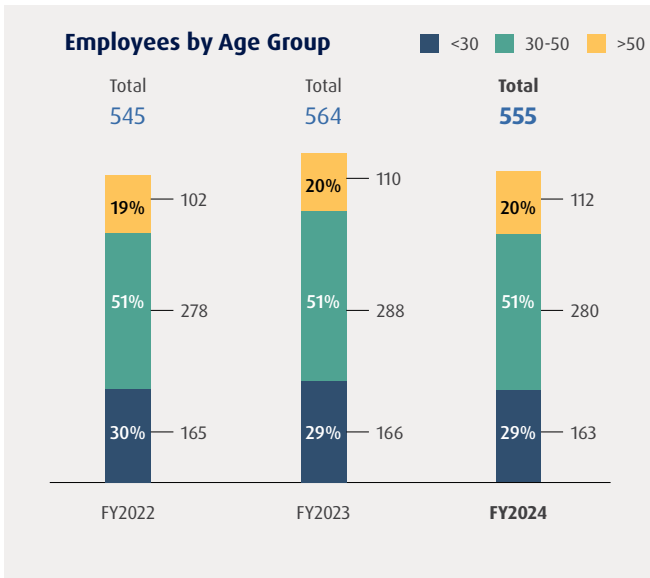
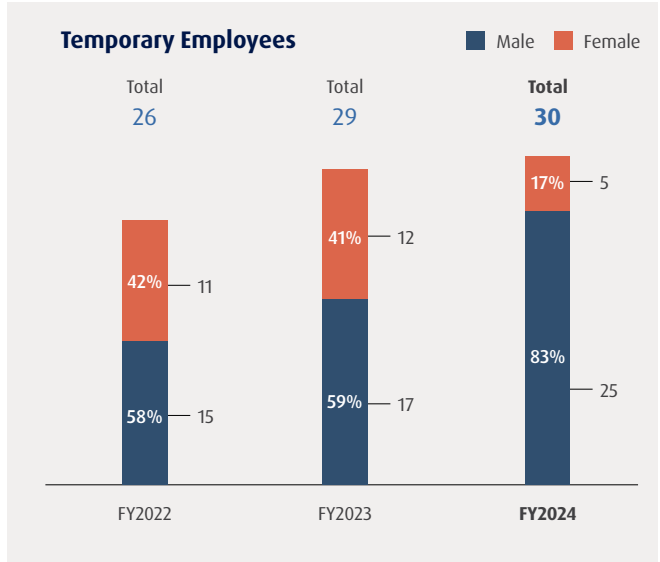
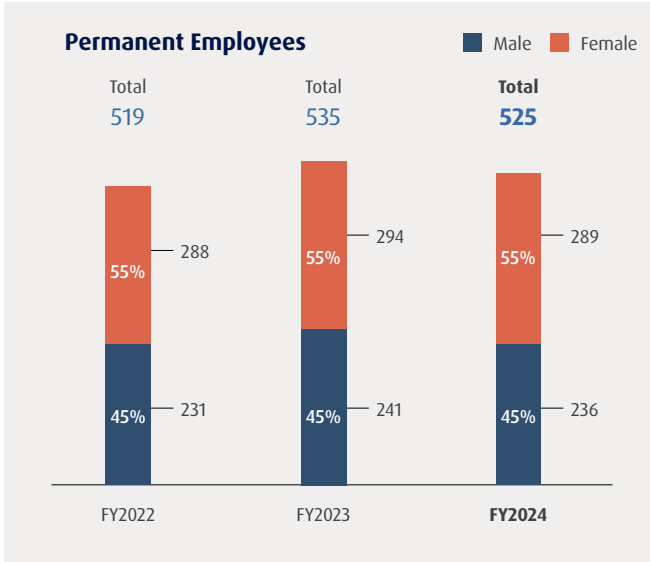
In FY2024, we did not receive any reports on grievances or incidents related to harassment, bullying, or discrimination. The following section provides a breakdown of our employees’ diversity, as well as our hiring and attrition data.



Sustainability Statement



STRENGTHENING INTERNAL CAPABILITIES



CREATING A FAIR & NURTURING WORKPLACE

WHY IT MATTERS

Our employees' safety, well-being and contentment are at the heart of our organisational focus in creating a secure and nurturing work environment. By prioritising their overall well-being and offering benefits that enhance job satisfaction, we aim to foster motivation and loyalty, enabling employees to thrive both professionally and personally. Our comprehensive approach to these issues concurrently grows the collective strength of our workforce and improves employee retention.

OUR APPROACH

Rigorously Safeguarding Employee Health, Safety and Well-being

We understand that prioritising the health, safety and well-being of our employees is vital for our success, benefitting both our staff and our business through improved productivity, job security and satisfaction. Our commitment is underscored by strict adherence to the Malaysian Occupational Safety and Health Act ("OSH Act") 1994, ensuring we take all necessary precautions to protect our workforce and promote a safe working environment that supports physical and emotional wellness.

Our workplace policies and practices are continuously evolving to address emerging health, safety and well-being concerns, while we take a proactive approach in identifying and addressing potential risks. This includes conducting training exercises and drills, such as fire drills, to ensure employees are well-versed in the appropriate actions to take during emergencies.

We are also dedicated to consistently expanding the support we provide for our employees' mental, emotional and physical well-being, helping them excel both professionally and personally, which in turn enhances our business performance and continuity.

Ensuring Fair Remuneration and Benefits

We conduct thorough annual bonus, increment and promotion reviews to ensure our employees are fairly remunerated and to address any potential pay gaps in line with current market standards. This helps us maintain a competitive and equitable pay structure, fostering employee satisfaction and loyalty.

In addition, we offer a comprehensive range of benefits to enhance our employees' financial stability and well-being, including medical benefits, insurance and mortgage loan interest subsidies. To support our employees through various life stages, we provide diverse leave options such as prolonged illness leave, paternity leave, marriage leave, study and examination leave and pilgrimage leave.

Providing Support to Employee's Families

Our support for employees also extends to their immediate families, as we recognise the role of their loved ones as a crucial source of emotional support and motivation. To this end, the Hong Leong Group Scholarship Awards ("GSA") sponsors the higher education needs of our employees' children who qualify for the awards.

This initiative alleviates the financial burden on our employees, allowing them to play a meaningful role in supporting their loved ones. The GSA provides financial assistance from the scholars' pre-university years until the completion of their undergraduate education, demonstrating our robust commitment to supporting employee needs beyond the workplace.

OUR PERFORMANCE

To ensure the safety of our workforce in emergencies requiring building evacuation, we regularly conduct fire drills to reinforce proper evacuation routes and practices. These drills help ensure that employees can evacuate the building safely and in an orderly manner. In FY2024, we conducted two such drills:



A fire drill at Menara HLX on 20 July 2023, with

19 employees participating



A fire drill at Menara Hong Leong on 10 May 2024, involving

151 employees

Sustainability Statement



STRENGTHENING INTERNAL CAPABILITIES



FOSTERING A SUSTAINABILITY-DRIVEN CULTURE

WHY IT MATTERS

We highly value the crucial role our employees play in integrating sustainability into our organisation and creating value for stakeholders. Our commitment to fostering a culture that embraces sustainable practices is supported by implementing ESG capacity-building programmes and encouraging employee involvement in outreach activities. By enhancing their knowledge, skills and awareness across the ESG spectrum, we prepare ourselves to adapt to future market changes and strengthen our reputation as a responsible corporate citizen.

OUR APPROACH

Instilling ESG Considerations Across the Group

Our commitment to embedding sustainable and responsible practices across the Group is supported by a strong sustainability governance structure, which includes our SSC and SWC.

These committees foster collaboration across departments, uniting efforts to advance sustainability initiatives throughout the Group. To this end, we recognise the vital role of ESG capacity-building in driving us towards our sustainability goals, and we aim to equip employees at all levels to contribute meaningfully to these ambitions.

We are also consistently updating and enhancing our various policies and Standard Operating Procedures (“SOPs”) to ensure that ESG considerations are effectively integrated into our operations. This includes our Risk Management Policy, Core Credit Risk Policy, Debt Capital Markets’ (“DCM”) SOPs and Corporate Banking’s SOPs. These guidelines are reviewed periodically to maintain their relevance in a shifting regulatory landscape, with 12 policies and procedures reviewed and assessed during FY2024.

ESG Capacity Building

To equip our employees to advance our sustainability objectives, the Group is dedicated to developing structured ESG training programmes in collaboration with relevant partners.

We have recently teamed up with Asian Banking School to introduce a comprehensive ESG awareness-training programme titled ‘Sustainability Transformation: Driving Positive Change Through Personal Actions and Commitment to ESG’. Designed to empower our employees to address ESG at personal level, both as employees and as advisors, the programme was launched in August 2023 and is scheduled to be conducted until October 2024.

Meanwhile, both HLIB and HLAM have actively moved to strengthen the ESG advisory and financing capabilities of staff by encouraging their participation in ESG related seminars, conferences and workshops.

Sustainability Statement

OUR PERFORMANCE

In FY2024, a total of 468 employees attended various sustainability training programmes for which we recorded an average of 7.63 training hours. These training programmes are inclusive of externally organised training programmes as well as our in-house efforts via the team up with the Asian Banking School to deliver ESG awareness training.

Overall Sustainability Training Programmes

53

No. of training sessions

468

Total employees trained

3,572.50

Total training hours

7.63

Avg. training hours

Out of the total, 353 employees attended the ESG awareness training, with an average of 8 training hours recorded for this specific programme. Additionally, 296 HLIB employees attended 20 ESG-related seminars, and 108 HLAM employees participated in 16 similar seminars. In FY2024, HLIB also successfully certified two ESG analysts, one of whom also achieved the CFA UK Certificate in Climate and Investing.

Strong interest and participation rates among employees in attending ESG related training programmes show our success in working towards progressively embedding an ESG culture within the organisation. Driven by this spirit of learning and personal development, we are confident in moving forward towards achieving our sustainability goals.

Sustainability Statement



ENGAGING ON SUSTAINABILITY



FAIR TREATMENT OF FINANCIAL CONSUMERS

WHY IT MATTERS

We emphasise the fair treatment of financial consumers as a critical aspect of sustaining our operations. Alongside developing investment solutions that cater to their financial needs and risk appetite, we are dedicated to offering transparent, accurate and comprehensive information about our products and services. This approach builds strong confidence among our clients, fostering enduring loyalty that supports our ongoing business growth.

OUR APPROACH

Building Trust Through Fair Banking

As a business that manages significant investments and capital flow, we understand the crucial importance of ensuring fair banking practices and conducting business responsibly. Across our product portfolio and client interactions, we are guided by our Code of Conduct and Ethics in upholding the principles of transparency, integrity and ethics, ensuring compliance in all undertakings.

Ensuring Transparency

Transparency remains a cornerstone of our efforts to uphold fair banking principles, meet legal and regulatory requirements as well as foster customer trust, and we have clearly articulated these commitments in our policies and practices.

We provide clients with comprehensive information on all aspects of our operations and ensure that all contracts indicate mutually agreed-upon terms with clarity and accuracy.

To keep pace with evolving regulatory requirements and our internal standards, we regularly review our Code of Conduct and Ethics, as well as all other relevant policies and SOPs.

Instilling Integrity

To ensure employees and agents comply with all applicable laws and regulations, we provide regular training to maintain their competencies and have established control measures such as Key Risk Areas and other SOPs.

For those involved in regulated activities, we require employees to hold a Capital Markets Services Representative's Licence issued by the Securities Commission Malaysia. Additionally, individuals within the Group who wish to market and distribute Unit Trust Schemes or Private Retirement Schemes must be registered with the Federation of Investment Managers Malaysia as Unit Trust Scheme Consultants or Private Retirement Scheme Consultants, respectively.

We are also committed to ensuring the integrity of our customers' data privacy and confidentiality.

For more information on how we manage these, please refer to page 45.

Responsible Marketing

Our steadfast approach to responsible marketing underpins our efforts to offer equitable products tailored to individual client needs. We conduct thorough due diligence in crafting terms and conditions, memorandums, and pricing supplements, ensuring all marketing communications comply with regulatory standards before they are submitted to regulators or distributed to clients.

Sustainability Statement

GOOD GOVERNANCE & ETHICAL BUSINESS CONDUCT

WHY IT MATTERS

Our track record of conducting business professionally and ethically is crucial for maintaining trust among our diverse groups of stakeholders' and preserving the stability of our operations. We are dedicated to fostering a compliance culture grounded in integrity and transparency, ensuring ongoing adherence to evolving regulations and enabling our business to uphold the highest standards of professionalism, trust and accountability in all aspects of daily operations.

OUR APPROACH

Robust Governance

With oversight from the Board, our Code of Conduct and Ethics outlines the values, principles, standards and norms of behaviour expected from our employees and management. This is further underscored by the stipulations put forth in our Anti-Bribery and Corruption Policy ("ABC Policy"), Gifts and Entertainment Procedures, and Donation and Sponsorship Policy.

Shaped by our corporate mission, financial industry standards and best practices, our policies align with regulations issued by BNM, SC and Bursa Malaysia, and guidelines from the Financial Services Professional Board ("FSPB"). By providing clear guidelines that detail employees' obligations and responsibilities, we promote a clear understanding of expected behaviour and foster a workplace culture that prioritises accountability and professionalism.

All employees must acknowledge and adhere to the Code of Conduct and Ethics upon starting their employment and provide annual declarations of compliance with the Code. Reviews of all relevant policies and SOPs are regularly conducted to ensure their ongoing relevance.

Anti-Bribery and Corruption

In maintaining good governance, the Group has adopted a strict zero-tolerance stance on any form of bribery or corruption, leveraging on the guiding principles of our ABC Policy for managing bribery and corruption risks across all our activities.

In exceptional cases where it is customary to present a gift or attend an event, employees must obtain approval from authorised personnel before offering or receiving gifts and entertainment. Any actual or suspected violations of the ABC Policy can be reported through our whistleblowing channel, as outlined in the Whistleblowing Policy.

Embedding a Culture of Compliance

We are committed to integrating regulatory requirements into our business operations to ensure compliance with relevant laws and regulations, including the Malaysian Anti-Corruption Commission Act (2009), Personal Data Protection Act (2010) and other regulations issued by BNM, SC and Bursa Malaysia.

To uphold compliance and strengthen our compliance culture, the Group continually enhances its monitoring and advisory services. In addition to the various policies outlined above, we have also established supplementary policies such as our Compliance Policy, AML/CFT/CPF & TFS Policy and Material Information Policy.

For external third parties, our zero-tolerance stance on bribery and corruption is clearly outlined in contract clauses, with the full ABC Policy made available on our corporate websites.

Sustainability Statement



ENGAGING ON SUSTAINABILITY

Due Diligence and Training

As part of our due diligence process, we screen all internal and external parties such as Board members, employees, partners, contractors, subcontractors, vendors, suppliers, service providers, consultants, and any other individuals associated with the Bank before hiring or engaging their services. This helps us identify and mitigate any corruption and money laundering related risks.

To raise awareness about anti-bribery and corruption (“ABC”) measures, the Group provides mandatory regular training programmes and assessments related to ABC.

Additionally, we use creative approaches to reinforce our commitment, such as displaying the message “Say No to Bribery and Corruption” on employees’ desktops and laptops to keep awareness high and encourage active engagement.

Whistleblowing Policy

Our Whistleblowing Policy was established to uphold the integrity of our operations. Under this policy, all employees, associates, and customers are encouraged to report any concerns about improper conduct within the organisation. Reports can be made anonymously and may cover issues such as fraud, theft, criminal breach of trust, corruption, bribery and blackmail. Whistleblowers who disclose in good faith will be protected from punitive measures to the extent allowed by law and subject to the conditions stipulated in the Whistleblowing Policy.



Scan this QR Code for more info on our Whistleblowing Policy.

OUR PERFORMANCE

In FY2024, we recorded zero incidents related to corruption and have continued to provide mandatory AML/CFT/CPF & TFS training to all employees. During the year, a total of 608 employees attended the training, encompassing an average of 3.24 training hours.

AML/CFT/CPF & TFS Training

57

No. of Training sessions

608

Total employees trained*

1,968.50

Total training hours

3.24

Avg. training hours

* Total employee attendance may differ from our total number of employees within the financial year due to attrition and onboarding.

SOUND RISK MANAGEMENT

WHY IT MATTERS

Effective risk management is essential for ensuring the sustainability of our business in a dynamic regulatory and market environment. By employing a systematic and comprehensive approach to risk management, we identify and address emerging risks while strengthening our defences against potential non-compliance.

OUR APPROACH

Robust Risk Governance

Our approach to risk management is led from the very top, with the Board, supported by the BARMC, overseeing the Group's strategic initiatives in managing sustainability risks and opportunities.

Our Risk Management Framework promotes continuous risk and regulatory compliance awareness, placing emphasis on enhancing our understanding of procedures and conventions to improve the overall control environment. This enables us to confidently navigate the complexities of the business landscape as we strive to continually enhance stakeholder value.

Upholding Compliance Risk Management

The Board and Senior Management are jointly responsible for upholding sound corporate governance principles and overseeing the effective management of compliance risk within the Bank. Senior Management must manage compliance and other inherent risks by developing, maintaining and regularly updating clear and comprehensive policies, procedures and internal controls to ensure adherence to regulatory requirements.



Our Compliance Department manages the Group's compliance risk by conducting risk-based reviews and testing business operations to assess internal controls. Updated versions of the ABC Policy and other SOPs are communicated to Board members and all employees, and are accessible on the Group's intranet. Employees are required to annually declare their compliance with essential policies and are encouraged to propose innovative ideas to improve the compliance process.

In line with the Bank's Governing Documents Policy, relevant departments are required to review and update their policies and SOPs at least annually to reflect the latest regulatory requirements and any changes to their activities. The Compliance Department monitors and follows up with all department heads to ensure they conduct their annual reviews and updates as needed.

Sustainability Statement



ENGAGING ON SUSTAINABILITY

Managing ESG Risks and Opportunities

Our Board is the highest governing body within the organisation that has oversight on sustainability risks and opportunities. To ensure the Board is well-equipped to integrate ESG considerations into our overall strategy, decision-making processes and risk management, we prioritise ongoing board training on sustainability-related topics. In FY2024, our Board attended 5 training sessions covering various aspects of sustainability.

ESG Training for our Board

Bursa 2023 Market Intermediaries and Advocacy Programmes: Understanding Cybersecurity

11 July 2023

Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions ("AML/CFT & TFS"): Adopt, Evolve, Transform Towards Effective Compliance

11 September 2023

Mandatory Accreditation Programme
Part 2 on Sustainability for Directors: Leading for Impact

6 November 2023

26 February 2024

13 May 2024

ESG and Islamic Finance: Implications for Boards and Corporate Governance

7 November 2023

AML/CFT ("AML"): Anti-Money Laundering Key Considerations

5 December 2023

Sustainability Statement

In FY2024, 4 out of 5 of our Board attended the Mandatory Accreditation Programme (“MAP”) Part 2 on Sustainability for Directors: Leading for Impact. The programme is an initiative under the Securities Commission Malaysia’s Corporate Governance Strategic Priorities 2021-2023 and was organised by the Institute of Corporate Directors Malaysia.

Through this programme, our Board was empowered with important foundational knowledge in addressing sustainability risks and opportunities effectively, and to have better oversight on our material matters. One remaining Board member is expected to attend this programme in November 2024 and is expected to gain important sustainability knowledge that will strengthen the effectiveness of our Board’s oversight on sustainability.

ESG Risk Management in Investment Banking

To further support our Board, the Sustainability and Credit Risk Unit was recently established by the Risk Management Department. The unit leads sustainability-related risk identification, measurement, monitoring and reporting for the Group. Their efforts are guided by our Board Policy on Sustainability Risk, which plays a key role in supporting the evaluation of environmental and social impacts of new business proposals, ensuring thorough due diligence before embarking on any ventures.

Our Three Lines of Defence Model

To ensure sound integrity in our daily operations and support employees in adhering to applicable regulations, HLIB has implemented a three lines of defence model for effective compliance and sustainability risk management. The model is outlined as follows:



Sustainability Statement



ENGAGING ON SUSTAINABILITY

Our Core Credit Risk Policy integrates ESG assessment into lending, underwriting and bond investments to mitigate sustainability risks in accordance with BNM's CCPT guidelines. This assessment evaluates client risk profiles and sustainability commitments, including environmental impact and climate mitigation. It also identifies sensitive sectors with high environmental and social risk, requiring clients to undergo enhanced due diligence screening. Leveraging these assessments, we are better equipped to support the transition to a low-carbon economy and promote financial flows that support climate goals.

This policy and our established screening process, depicted below, is crucial in shaping decisions regarding credit allocation to new clients and investments, and provides direction for annual reviews of existing facilities and investments.

Initial Screening

Evaluate the client's climate change and environmental considerations, while verifying the client's alignment with the Bank's general exclusions, covering areas including biodiversity degradation, harmful fishing practices and involvement in forced labour.

Sector/Sub-sector Screening

Determine whether the client falls under high Environmental and Social ("E&S") risk sectors.

Clients that are categorised within this sector will be subjected to enhanced E&S due diligence screening, while others will proceed to the business as usual ("BAU") credit assessment process.

Enhanced E&S Due Diligence Screening

Assess the client's E&S risks and existing mitigation plans.

High risk clients are required to address their key E&S issues before they can proceed to the BAU credit assessment process.

ESG Risk Management in Asset Management

Recognising that sustainability risks can significantly impact asset management, HLAM and HLISAM have implemented rigorous assessments and proactive measures to address all potential sustainability risks, from climate-related challenges to social and governance issues.

We have established ESG Risk Management Policies that form a subset of our Risk Management Framework. These policies align with industry best practices and regulatory requirements, highlighting sustainability as a key risk driver. Supported by other risk policies, these ESG Risk Management Policies provide a comprehensive approach to sustainability risk management, detailing principles and guidelines across major components such as risk identification, assessment, evaluation and governance.

To manage sustainability risks effectively and integrate ESG concerns into our sustainability strategy, we are committed to continuously enhancing our organisational capabilities and undertake regular collaborations with regulators to boost our team's knowledge and skills.

Sustainability Statement

ESG INTEGRATION INTO OUR BUSINESS

WHY IT MATTERS

The growing importance of equitable and inclusive investment approaches is aligned with increasing climate risks and social concerns. To ensure our relevance in the marketplace while capitalising on emerging opportunities, the Group remains committed to integrating ESG factors into our business.

OUR APPROACH

Driving Responsible Investing

Recognising our responsibility to drive positive socio-economic impacts, we are steadily expanding ESG-linked portfolios. Over the past year, our Treasury & Markets ("T&M") team has continued to expand investments in green bonds, particularly in the green energy sector, including hydropower and solar energy. A prime example is our investment in Bakun Hydro bonds, which increased by 60% in FY2024. As the owner of the largest hydropower plant in Southeast Asia, Bakun Hydro Power Generation Sdn Bhd produces renewable energy with zero carbon emissions, supporting our nation's resilience against climate change.

Embedding ESG Considerations into Market Research Processes

HLAM has integrated ESG considerations into its investment philosophy and research processes, establishing both quantitative and qualitative metrics within its ESG methodology. These measures guide our fund managers in making well-informed decisions.

Encouraging Stronger ESG Adoption Among Clients

We actively encourage our clients to adopt ESG practices and commitments that align with industry standards. In doing so, we play a meaningful role in progressing ESG performance across the broader investment industry, while enabling clients that improve their ESG ratings to raise capital through green and sustainable financing, such as ASEAN Sustainability-Linked Bonds and Sukuk.

Since April 2024, our Client Coverage conducted six pitches to potential clients on green debt instruments, such as Green Bonds/Sukuk, and Sustainability-Linked Bonds/Sukuk. These pitches are utilised to encourage issuers to commit to sustainability by setting corporate sustainability targets and using bond or sukuk proceeds for green initiatives.

Additionally, our Debt Markets team completed five sustainability related financing transactions with total issuances of RM1.78 billion. These include the issuance of a Climate Bonds Initiatives-qualified solar power Sukuk, marking the deal as the first issuance of its kind in Malaysia and the world.



Completed

RM1.78 billion

in advisory works for sustainable financing

Promoting ESG Funds

The Group currently manages two global funds emphasising ESG investments: the Hong Leong Global ESG Fund and the Hong Leong Global Shariah ESG Fund. Both funds focus on ESG criteria in their investment processes, targeting companies that effectively manage environmental and social impacts, including supply chain risks, and demonstrate leadership in addressing ESG challenges within their industry.

OUR PERFORMANCE

In our ongoing commitment to integrating ESG considerations across our business portfolio, we are focused on expanding our green bond and sukuk holdings, while ensuring greater ESG coverage within our assets under management ("AUM") and enhancing our monitoring of our clients ESG performance.

Our T&M team increased our green bond and sukuk holdings from RM75 million in FY2023 to RM165 million in FY2024 which represented a 120% increase. Additionally, approximately 96% of the stocks under our coverage include ESG Research Snapshot produced by our HLIB Research Team, providing valuable guidance in our efforts to bolster sustainable investing practices.

To raise awareness of HLGESGF, HLAM launched a digital marketing campaign from 1 February 2024 to 30 April 2024. The campaign aimed to attract 200 new investors and increase the fund's AUM by RM800,000.

Sustainability Statement



ENGAGING ON SUSTAINABILITY

FINANCIAL INCLUSION & LITERACY

WHY IT MATTERS

As a leading investment banking and asset management entity, we embrace our responsibility to enhance financial inclusion by facilitating accessibility of affordable financial services to all segments of society. By engaging meaningfully with the community, we also aspire to promote financial literacy and empower individuals and businesses to improve their financial well-being and resilience. Through these efforts, we enhance our businesses sustainability by expanding our customer base while contributing to national objectives aimed at enhancing access to diverse financial services.

OUR APPROACH

Driving Financial Inclusivity via our Products

We are consistently growing our efforts to enhance accessibility and inclusivity in fund management and investment banking services, offering a wide range of financial services to clients from all backgrounds and enabling them to invest and prosper for a secure future. Below are some of our key ongoing and new initiatives:

Our Financial Inclusion Focus	Encouraging Impact Investing	Enabling Access to Retirement Planning	Promoting Shariah-compliant Trading	Empowering Female Investors
Our Product Offerings	Hong Leong Global ESG Fund and Hong Leong Global Shariah ESG Fund	Hong Leong Private Retirement Scheme ("PRS") Conventional and Islamic	Including Shariah-compliant stocks in HLeBroking	International Women's Day Campaign
Key Impact	Caters to ESG-conscious investors and enables capital growth via investments in a globally diversified portfolio of sustainable companies	Enables investors to optimise their retirement savings. We launched our PRS Islamic Funds in December 2023. Since launch, the fund has grown its AUM from RM163,000 to RM226,000 in May 2024	Provides access to customers wanting to invest based on Shariah principles of ethical and socially responsible investing	Aimed at increasing female participation in investing, our FY2024 campaign attracted 34 participants and achieved net investment sales of RM340,000

Enhancing Accessibility to Our Services

Ensuring the accessibility of our comprehensive financial services to the community, both digitally and physically, is our utmost priority.

In an ever-evolving digital landscape, we continued to prioritise digital transformation during FY2024 by adopting new digital onboarding modules to enable new clients to access our website and digital platforms without the need for visiting our offices in person.

We also further digitalised our communication and marketing activities, increasing the speed and accuracy with which customers can stay updated on their investments.

At the same time, we remain committed to maintaining a robust presence in the physical space to cater to our clients' diverse needs. Underlining our mission to provide diverse support and accessibility, we currently operate 15 physical offices, with ten¹ premises operated by HLIB and five by HLAM, including their respective headquarters.

¹ Effective May 2024, we have relocated our operations in Menara HLX to Plaza Zurich.

Sustainability Statement

SUSTAINABLE SUPPLY CHAIN

WHY IT MATTERS

Recognising the importance of transparency, ethics, and fairness in our procurement process and business conduct, we have enacted stringent policies to support a fair and transparent procurement process. This approach enhances our oversight of vendor and supplier practices, ensuring alignment with our values and sustainability objectives.

By doing so, we not only uphold the overall ESG responsibility of the Group's supply chain but also safeguard our operations against potential reputational or financial risks associated with irresponsible practices within our supply chain.

OUR APPROACH

Guidelines to Drive Responsible Practices

In nurturing a sustainable supply chain and ensuring effective oversight over their practices, we are guided by policies that mandate due diligence, manage conflicts of interest and embed stringent approval requirements.

Our Group-wide ABC Policy sets clear expectations for suppliers and vendors to adhere to our zero-tolerance stance against bribery and corruption. To ensure a fair procurement process and safeguard supplier integrity, we reinforce staff knowledge and awareness through reminders and training, and have established robust procedures to ensure the conducting of background checks, document verification and interviews with suppliers and vendors both prior to formal engagement and periodically thereafter.

HLIB has also established a Procurement Management Policy that underscores our commitment to minimising the environmental impact of our operations throughout the value chain by leveraging collaborative efforts between internal teams and external suppliers.

The policy is regularly updated to incorporate evolving ESG considerations in supplier and vendor selection, reflecting the latest guidelines on procurement and outsourcing processes. The latest revision of the policy, effective from July 2023, includes a comprehensive assessment of our suppliers' management practices and policy adoption in areas such as environmental performance, AML/CFT/CPF & TFS guidelines, human rights, cybersecurity and personal data protection, among others.



For more information on our Procurement/Tender requirements, please refer to Hong Leong Investment Bank Anti-Bribery and Corruption Policy which is accessible through the QR code.

Supporting Local Procurement

Supporting local suppliers is a key component of our ethical procurement policies, ensuring a reliable and sustainable supply chain. Our procurement needs are generally categorised into assets and supplies, services, works, and IT equipment and software applications.

OUR PERFORMANCE

Total Procurement Spend on Local Suppliers

As of FY2024, the majority of our suppliers and service providers are locally based in Malaysia. Local suppliers and service providers received 90% of the Group's procurement spending during the past financial year, underscoring our commitment to supporting the Malaysian market.

Sustainability Statement



ENGAGING ON SUSTAINABILITY

HUMAN & LABOUR RIGHTS

WHY IT MATTERS

We are committed to treating people with dignity and respect, recognising this as both a moral imperative and a necessity for regulatory compliance concerning labour and human rights. These commitments are embedded in our key policies and supported by rigorous due diligence and preventative measures, ensuring the protection and respect of human rights in our business.

OUR APPROACH

Our Human Rights Commitment

In our people-focused industry, human rights are central to our values and culture. Aligning with the principles of the United Nations Global Compact, we are committed to upholding human and labour rights. We are conscious of our impact on employees, business partners and the community, and are committed to addressing any adverse social effects arising from our operations. This commitment extends beyond our internal workforce to include upholding labour rights within our supply chain.

Our Code of Conduct and Ethics policies for HLIB, HLAM and HLISAM underpin our efforts to safeguard human rights for our employees, encompassing areas such as creating a safe workplace, fostering diversity and preventing any form of harassment, discrimination or intimidation. These policies respectively cover all employees within HLIB, HLAM and HLISAM. We require that all hiring practices and procedures, both within the Group and across our supply chain, strictly comply with local laws.

As for our vendors and suppliers, our Procurement Management policy outlines human rights protection and fair employment practices as a criteria for the evaluation and selection process. Through our Whistleblowing Policy, employees, associates and customers are encouraged to report concerns about any relevant violations. Any actual or potential issues raised will be swiftly addressed to minimise any impact to our business caused by matters of non-compliance.

OUR PERFORMANCE

In FY2024, there were zero grievances or incidents reported related to harassment, bullying or discrimination. Similarly, zero instances of labour or human rights violations were recorded.



Sustainability Statement



SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

WHY IT MATTERS

Our commitment to community empowerment programmes is not only a reflection of our values but also a vital aspect of fostering sustainable development and inclusivity across our operations. By forming strategic partnerships with social enterprises, we aim to empower underserved communities and create long-term impact. Through these initiatives, we strive to make a positive difference in the lives of those who are often overlooked, contributing to a more equitable and sustainable future.

OUR APPROACH

Harnessing External and Internal Resources to Undertake Outreach Initiatives

To maximise our social impact through community investment, we carefully select strategic partners whose activities are guided by clear social and environmental goals. This approach ensures that we collaborate with organisations that share our values, amplifying the positive social and environmental outcomes we can achieve together.

We also recognise the importance of collective efforts in driving meaningful change. Our employees are involved in supporting local communities, participating in various Group initiatives throughout the year, including those held in conjunction with Malaysia's festive celebrations.

Sustainability Statement



ENGAGING ON SUSTAINABILITY

Our FY2024 Community Engagement Initiatives

Supporting Local SMEs

Supporting local SMEs is a core emphasis of our community support initiatives. By engaging local enterprises to provide goods and services during our festive celebrations, we create a win-win situation that enables the Group to meaningfully engage employees while providing income and publicity for deserving local businesses.

For the Chinese New Year celebration in February 2024, we sourced products worth RM4,505 from Little Eden Succulents, a local business that donates a portion of its annual profit to charitable organisations. Additionally, we collaborated with Deliccia, a social enterprise employing urban poor housewives and single mothers, to cater our internal CNY celebration at a cost of RM5,736. During our FY2024 Raya celebration, we engaged Seven Tea One, a non-profit enterprise that employs differently abled teens, urban housewives and single mothers, investing RM6,720 for their catering services.

Thematic Donation Drive

In collaboration with Hong Leong Bank and Financial Industry Collective Outreach, which engages with underprivileged children and youth, a donation drive for pre-loved denim clothes and books was held in February 2024 to support underprivileged and B40 mothers that earn their living through sewing, as well as to provide educational resources to underprivileged children and youth. This initiative enabled us to collect pieces of used denim which were donated to SURI, a social enterprise that supports underprivileged and B40 mothers. Additionally, books were donated to two schools.

Festive Donation Drives

Leveraging a Ramadan donation drive amongst HLAM and HLISAM staff, we were able to donate RM1,650 worth of breaking fast meals for 300 people to the PERTIWI Soup Kitchen charity for the homeless. Meanwhile, we also had a New Year's donation drive for two old folks' homes, with the Pertubuhan Kebajikan Pusat Jagaan Sri Mesra at Ampang receiving a cash donation of RM1,500 and RM400 in food and essential items, while Pusat Jagaan Siti Nor Aini at Kajang also receiving a donation of RM1,500, alongside food and essential items, including a freezer.

Additionally, to support underprivileged and essential communities during Ramadan, we distributed dates to various suraus and old folks' homes. An investment of RM1,584 facilitated this initiative, reaching seven suraus and two old folks' homes.

Well Project 2024 Program

This project aimed to support the construction of a well to provide clean water to communities in Tanzania and Malawi, helping to uplift these underprivileged communities. A total of RM1,190 was raised by staff and HLAM collectively during May and June 2024, with a QR Code provided to staff to encourage convenient donations.

OUR PERFORMANCE

Our initiatives in being a responsible corporate citizen is further strengthened by our dedicated employees that look to give back to society. Our concerted efforts in FY2024 have enabled us to contribute RM24,785 worth of cash and in-kind donations from the Group and the employees, for various causes, impacted 330 individuals.

GRI Content Index

Statement of use	Hong Leong Capital Berhad has reported the information cited in this GRI content index for the period 1 July 2023 to 30 June 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)	
GRI 2: General Disclosures 2021	2-1 Organizational details	2	
	2-2 Entities included in the organization's sustainability reporting	27	
	2-3 Reporting period, frequency and contact point	25	
	2-4 Restatements of information	48,49	
	2-5 External assurance	86-88	
	2-6 Activities, value chain and other business relationships	2-4	
	2-7 Employees	62-64	
	2-9 Governance structure and composition	31-33	
	2-10 Nomination and selection of the highest governance body	104-106	
	2-11 Chair of the highest governance body	92,101	
	2-12 Role of the highest governance body in overseeing the management of impacts	31-32	
	2-13 Delegation of responsibility for managing impacts	31-32	
	2-14 Role of the highest governance body in sustainability reporting	27	
	2-15 Conflicts of interest	94	
	2-16 Communication of critical concerns	31-32	
	2-17 Collective knowledge of the highest governance body	108-109	
	2-18 Evaluation of the performance of the highest governance body	106	
	2-19 Remuneration policies	107,117	
	2-20 Process to determine remuneration	107,117	
	2-22 Statement on sustainable development strategy	30	
	2-23 Policy commitments	45,66,69-71,74,77-78,102	
	2-24 Embedding policy commitments	45,66,69-71,74,77-78,102	
	GRI 3: Material Topics 2021	2-25 Processes to remediate negative impacts	69
		2-26 Mechanisms for seeking advice and raising concerns	69
2-27 Compliance with laws and regulations		31	
2-28 Membership associations		39	
2-29 Approach to stakeholder engagement		34-35	
3-1 Process to determine material topics		35	
3-2 List of material topics		36-39	
GRI 201: Economic Performance 2016	3-3 Management of material topics	36-39	
	201-1 Direct economic value generated and distributed	6	
	201-2 Financial implications and other risks and opportunities due to climate change	72-75	
GRI 203: Indirect Economic Impacts 2016	201-3 Defined benefit plan obligations and other retirement plans	23,76	
	203-1 Infrastructure investments and services supported	40-43	
GRI 204: Procurement Practices 2016	203-2 Significant indirect economic impacts	40-43	
	204-1 Proportion of spending on local suppliers	77	

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION (PAGE)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	69-71
	205-2 Communication and training about anti-corruption policies and procedures	69-70
	205-3 Confirmed incidents of corruption and actions taken	70
GRI 301: Materials 2016	301-1 Materials used by weight or volume	50
GRI 302: Energy 2016	302-1 Energy consumption within the organization	49
	302-4 Reduction of energy consumption	49
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	49
	303-5 Water consumption	49
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	48
	305-2 Energy indirect (Scope 2) GHG emissions	48
	305-3 Other indirect (Scope 3) GHG emissions	48
	305-4 GHG emissions intensity	48
	305-5 Reduction of GHG emissions	47-48
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	50
	306-4 Waste diverted from disposal	85
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	77
	308-2 Negative environmental impacts in the supply chain and actions taken	77
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	64
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	65
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	65,84
	403-4 Worker participation, consultation, and communication on occupational health and safety	84
	403-5 Worker training on occupational health and safety	84
	403-6 Promotion of worker health	65
	403-9 Work-related injuries	84
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	10,28,62
	404-2 Programs for upgrading employee skills and transition assistance programs	60-62
	404-3 Percentage of employees receiving regular performance and career development reviews	62
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	33,63-64
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	78
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	78-79
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	79-80
	413-2 Operations with significant actual and potential negative impacts on local communities	79-80
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	68
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	45,85

ESG Performance Data Table

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Supervisory ⁽¹⁾	Percentage	94.68	10.46	88.45
Non-Supervisory ⁽¹⁾	Percentage	1.10	0.00	0.72
Bursa C1(b) Percentage of operations assessed for corruption-related risks ⁽²⁾	Percentage	98.00	98.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	-	-	24,785.00
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	Number	-	122	330
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Managerial Under 30	Percentage	0.00	0.00	0.00
Senior Managerial Between 30-50	Percentage	41.70	51.70	46.20
Senior Managerial Above 50	Percentage	58.30	48.30	53.80
Managerial Under 30	Percentage	1.60	3.60	3.50
Managerial Between 30-50	Percentage	78.40	74.70	73.50
Managerial Above 50	Percentage	20.00	21.80	23.00
Supervisory Under 30	Percentage	52.00	52.90	53.80
Supervisory Between 30-50	Percentage	35.80	33.70	32.50
Supervisory Above 50	Percentage	12.20	13.40	13.60
Non-Supervisory Under 30	Percentage	34.80	21.10	7.70
Non-Supervisory Between 30-50	Percentage	34.80	36.80	46.20
Non-Supervisory Above 50	Percentage	30.40	42.10	46.20

ESG Performance Data Table

Indicator	Measurement Unit	2022	2023	2024
Bursa (Diversity)				
Gender Group by Employee Category				
Senior Managerial Male	Percentage	58.30	72.40	76.90
Senior Managerial Female	Percentage	41.70	27.60	23.10
Managerial Male	Percentage	50.00	45.30	46.10
Managerial Female	Percentage	50.00	54.70	53.90
Supervisory Male	Percentage	39.20	41.60	43.40
Supervisory Female	Percentage	60.80	58.40	56.60
Non-Supervisory Male	Percentage	60.90	73.70	84.60
Non-Supervisory Female	Percentage	39.10	26.30	15.40
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	40.00	40.00	40.00
Female	Percentage	60.00	60.00	60.00
Under 60	Percentage	0.00	0.00	0.00
Between 60-70	Percentage	100.00	100.00	100.00
Above 70	Percentage	0.00	0.00	0.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption ⁽³⁾	Megawatt	1,027.28	995.09	690.58
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities ⁽⁴⁾	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR") ⁽⁴⁾	Rate	0.00	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	-	170
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Supervisory	Hours	7,524	6,597	12,406
Non-Supervisory	Hours	44	14	140
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.77	5.14	5.41

ESG Performance Data Table

Indicator	Measurement Unit	2022	2023	2024
Bursa (Labour practices and standards)				
Bursa C6(c) Total number of employee turnover by employee category				
Senior Managerial	Number	4	3	9
Managerial	Number	19	19	27
Supervisory	Number	34	66	66
Non-Supervisory	Number	1	3	3
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	93.00	94.00	90.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	2.110000	1.760000	1.190000
Bursa (Waste management)				
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	0.15
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	28.00	38.00	36.00
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	697.00	643.00	623.00
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	381.00	666.00	699.00
Internal assurance	External assurance	No assurance	(*)Restated	

⁽¹⁾ Anti-corruption training is scheduled based on calendar year which may result in lower than actual % of employees trained in the financial year.

⁽²⁾ Full corruption risk assessments are conducted biennially based on company policy. For financial years without a full corruption risk assessment, we conduct a Risk & Control Self-Assessment ("RCSA").

⁽³⁾ Our energy figures have been recorded in GJ as per Bursa's Sustainability Reporting Guide (3rd Edition), and the figures in this table have been converted from GJ to MWh.

⁽⁴⁾ Our HR Department received zero reports on fatalities and LTIR from FY2022-FY2024. We are in the midst of developing trackers for internal record keeping purposes.

SIRIM Independent Assurance Statement



SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Hong Leong Capital Berhad (hereafter referred to as HLCB) to perform an independent verification and provide assurance of HLCB Sustainability Statement FY2024. The main objective of the verification process is to provide assurance to HLCB and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to all sustainability performance information (subject matter) as listed below, within the assurance scope which is included in HLCB Sustainability Statement FY2024.

The management of HLCB was responsible for the preparation of the Sustainability Statement FY2024. The objectivity and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the HLCB Sustainability Statement and the Annual Report 2024.

The assurance engagement was designed to provide limited assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance process involves verification of 17 material matters as presented in the Sustainability Statement within the sustainability framework pillars as follows i.e., Impactful Digitalisation, Addressing Climate Change, Strengthening Internal Capabilities, and Engaging on Sustainability. Details are provided in Appendix 1.

The verification was carried out by SIRIM QAS International between August and September 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Statement includes a detailed assessment of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the statement in order to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of the work did not involve verification of other information reported in HLCB's Annual Report 2024.
- The head office at Hong Leong Tower, Bukit Damansara was visited as part of this assurance engagement. The verification process did not include physical inspections of any of HLCB's operations and assets; and,
- The verification team did not verify any contractor or third-party data.

SIRIM Independent Assurance Statement

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO 17021-1:2015 and ISO 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of HLCB relating to the accuracy of some of the information contained in the statement. In response to the raised findings, the Sustainability Statement was subsequently reviewed and revised by HLCB. It is confirmed that changes that have been incorporated into the final version of the statement have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of data accuracy included in HLCB Sustainability Statement FY2024, is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the statement was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the statement;
- The Sustainability Statement FY2024 provides a reasonable and balanced presentation of the sustainability performance of Hong Leong Capital Berhad.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Aine Jamaliah Mohamad Zain	:	Team Member
3)	Ms. Suzalina Kamaralarifin	:	Team Member
4)	Ms. Nur Ruzaini Ab Razak	:	Team Member
5)	Ms. Farhanah Ahmad Shah	:	Team Member

Statement Prepared by:



AERNIDA BINTI ABDUL KADIR

Team Leader

Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 2 September 2024

Statement Approved by:



Ts. MD ADHA BIN RAHMAT

Senior General Manager

Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 6 September 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (2 September 2024).

SIRIM Independent Assurance Statement

Appendix 1 The subject matter covered in this assessment are tabulated below.	CLASSIFICATION OF DATA			
	HIGH	MEDIUM	LOW	UN SUBSTANTIATED
OUR APPROACH TO SUSTAINABILITY				
IMPACTFUL DIGITALISATION				
Digitalisation and Innovation				
Client Experience				
¹ No. of educational resources and research report				
Privacy, Data Protection & Cybersecurity				
ADDRESSING CLIMATE CHANGE				
Managing Our Operational Environmental Footprint				
¹ Our FY2024 GHG Emissions	Prepared by third party			
Building Climate Resilience				
STRENGTHENING INTERNAL CAPABILITIES				
Talent Attraction, Development & Retention				
Diverse & Inclusive Workforce				
Creating a Fair and Nurturing Workplace				
Fostering a Sustainability-Driven Culture				
ENGAGING ON SUSTAINABILITY				
Fair Treatment of Financial Consumers				
Good Governance & Ethical Business Conduct				
Sound Risk Management				
ESG Integration into Financial Products				
Financial Inclusion & Literacy				
Sustainable Supply Chain				
Human & Labour Rights				
Supporting Social Enterprises and Communities				
¹ No. of individuals impacted by in kind donation				

Note 1:

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (2 September 2024).

Note 2:

The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.

Note 3:

Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data in this Appendix 1.

HIGH: The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.

MEDIUM: Data and information have been confirmed with the direct owners. However, the source of the data has been based on secondary data, where the data origin is not accessible by the verifiers during the conduct of the assessment.

LOW: Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.

UNSUBSTANTIATED: The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

Corporate Information

DIRECTORS

Tan Kong Khoon (Chairman)

Lee Jim Leng

Tai Siew Moi

Leong Ket Ti

Peter Ho Kok Wai

GROUP COMPANY SECRETARY

Jack Lee Tiong Jie
MAICSA 7060133
SSM PC No. 202008001704

AUDITORS

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146)
Chartered Accountants
Level 10, Menara TH 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Tel : 03-2173 1188
Fax : 03-2173 1288

REGISTRAR

Hong Leong Share Registration Services Sdn Bhd
Level 25, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2088 8818
Fax : 03-2088 8990
Email : hlsrs@hongleong.com

REGISTERED OFFICE

Level 30, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2080 9888
Fax : 03-2080 9801
Email : cosec-hlfg@hongleong.com.my

WEBSITE

www.hlcap.com.my

Awards & Accolades

HONG LEONG INVESTMENT BANK BERHAD

FinanceAsia Achievement Awards 2023

Deal Awards (Asia)

Best Sustainable Finance Deal (Market Winner)

Organised by *FinanceAsia*

FinanceAsia Achievement Awards 2023

Deal Awards (Asia)

Best Islamic Finance Deal (Highly Commended)

Organised by *FinanceAsia*

17th Annual Best Deal & Solution Awards 2023

Best ASEAN Green SRI Sukuk of the Year

Organised by *Alpha Southeast Asia*

IFN Deal of the Year 2023

Social Impact, SRI, ESG (Honourable Mention)

Organised by *Islamic Finance News*

RAM Award of Distinction 2023

Lead Manager Award by Number of Issues - 3rd ranking

Organised by *RAM Ratings*

RAM Award of Distinction 2023

Lead Manager Award (Sukuk) by Number of Issues - 3rd ranking

Organised by *RAM Ratings*

The Asset Triple A Awards: Sustainable Finance Awards 2024

Best Green Securitisation

Organised by *The Asset*

The Asset Triple A Awards: Sustainable Infrastructure Awards 2024

Utility Deal of the Year

Organised by *The Asset*

The Asset Triple A - Islamic Finance Awards 2024

Best ASEAN Green SRI Sukuk - Renewable Energy / Solar (Best in Sustainable Finance)

Organised by *The Asset*

The Asset Triple A - Islamic Finance Awards 2024

Best ASEAN Green SRI Sukuk - Renewable Energy / Solar (Best Deals By Country)

Organised by *The Asset*

Bursa Excellence Awards 2023

Best Retail Equities Participating Organisation - Investment Bank - 2nd runner up

Organised by *Bursa Malaysia*

Top Dealer for Highest Traded Value for ETFs

Retail Investor Campaign - Sales Force Awards 2023

Organised by *Bursa Malaysia*

Top Dealer for Highest Traded Value for New Accounts Opened

Retail Investor Campaign - Sales Force Awards 2023

Organised by *Bursa Malaysia*

Top Dealer for Highest Number of New Accounts Opened

Retail Investor Campaign - Sales Force Awards 2023

Organised by *Bursa Malaysia*

Awards & Accolades

HONG LEONG INVESTMENT BANK BERHAD

People's Choice of Analyst
(Mirror, Learn and Trade ("MLT") - Analyst Award 2023)

**Retail Investor Campaign
- Sales Force Awards 2023**

Organised by *Bursa Malaysia*

Top Dealer for Highest Reactivation of Untraded
Accounts

**Retail Investor Campaign
- Sales Force Awards 2023**

Organised by *Bursa Malaysia*

HONG LEONG ASSET MANAGEMENT BHD

LSEG Lipper Fund Awards 2024 –
Malaysia Provident

**Hong Leong Dana Maa'rof Fund
Best Fund over 5 Years:
Mixed Asset MYR Balanced**

Organised by *LSEG Lipper*

LSEG Lipper Fund Awards 2024 –
Malaysia Provident

**Hong Leong Dana Maa'rof Fund
Best Fund over 10 Years:
Mixed Asset MYR Balanced**

Organised by *LSEG Lipper*

LSEG Lipper Fund Awards 2024 –
Malaysia Islamic

**Hong Leong Dana Maa'rof Fund
Best Fund over 5 Years:
Mixed Asset MYR Balanced**

Organised by *LSEG Lipper*

LSEG Lipper Fund Awards 2024 –
Malaysia Islamic

**Hong Leong Dana Maa'rof Fund
Best Fund over 10 Years:
Mixed Asset MYR Balanced**

Organised by *LSEG Lipper*

LSEG Lipper Fund Awards 2024 –
Global Islamic

**Hong Leong Dana Maa'rof Fund
Best Fund over 5 Years:
Mixed Asset MYR Balanced**

Organised by *LSEG Lipper*

LSEG Lipper Fund Awards 2024 –
Global Islamic

**Hong Leong Dana Maa'rof Fund
Best Fund over 10 Years:
Mixed Asset MYR Balanced**

Organised by *LSEG Lipper*

LSEG Lipper Fund Awards 2024 –
Malaysia Islamic

**Hong Leong Dana Makmur
Best Fund over 10 Years:
Equity Malaysia**

Organised by *LSEG Lipper*

LSEG Lipper Fund Awards 2024 –
Global Islamic

**Hong Leong Dana Makmur
Best Fund over 10 Years:
Equity Malaysia**

Organised by *LSEG Lipper*

Board of Directors' Profile

TAN KONG KHOON

Chairman/
Non-Executive/Non-Independent

Singaporean | 67 | Male

Mr Tan Kong Khoon holds a Bachelor of Business Administration degree from Bishop's University, Canada and is an alumnus of the Harvard Business School Advanced Management Program. He is a Chartered Banker of the Asian Institute of Chartered Bankers ("AICB").

Mr Tan is the President & Chief Executive Officer of Hong Leong Financial Group Berhad ("HLFG"). He was the Group Managing Director/Chief Executive Officer of Hong Leong Bank Berhad ("HLB") from 1 July 2013 to 4 February 2016. Prior to joining HLB, Mr Tan was the Group Executive, Consumer Banking Group of DBS Bank Ltd ("DBS") from 1 December 2010 to 15 April 2013 where he led and managed strategy formulation and execution for consumer banking globally across the DBS Group.

Mr Tan began his banking career with DBS in 1981. Since then, he has successfully built consumer banking franchises across multiple markets in Asia for Citibank, Standard Chartered Bank and ANZ Bank.

From March 2007 to December 2009, Mr Tan was the President and Chief Executive Officer of Bank of Ayudhya, the fifth largest financial group in Thailand listed on the Thailand Stock Exchange. The group businesses included commercial and investment banking, life and non-life insurance, stockbroking, asset management and consumer finance subsidiaries.

Mr Tan was appointed to the Board of Directors ("Board") of Hong Leong Capital Berhad ("HLCB") on 24 February 2016. He is presently the Chairman of HLCB.

Mr Tan is a Director of HLFG and HLB, both companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and a Director of Hong Leong Assurance Berhad and Hong Leong Investment Bank Berhad ("HLIB"), both public companies. He is also the Chairman of Hong Leong Bank (Cambodia) PLC and Chief Controller on the Board of Controllers of Hong Leong Bank Vietnam Limited.

LEE JIM LENG

Non-Executive Director/
Non-Independent

Malaysian | 61 | Female

Ms Lee Jim Leng obtained a Bachelor of Business Administration degree in 1984 from the Acadia University, Canada and a Master of Business Administration in 1987 from the Dalhousie University, Canada. She is a Fellow Chartered Banker with the AICB.

Ms Lee joined HLIB on 24 November 2009 and is presently the Group Managing Director/Chief Executive Officer of HLIB.

Ms Lee has more than 20 years of experience in the financial industry, specialising mainly in investment banking. Prior to joining HLIB, she was the Managing Director of a local investment bank where she was responsible for the overall development of the bank's investment business in Malaysia. From 1999 to 2007, she was attached to a Singapore based regional bank and was tasked to spearhead their investment banking division in Malaysia and the ASEAN region.

Ms Lee was appointed to the Board of HLCB on 17 September 2021.

Ms Lee is the Chairman of Hong Leong Asset Management Bhd, a public company. She is also the Council Chairman of the Malaysian Investment Banking Association (MIBA) and a Board member of Asian Banking School Sdn Bhd and AICB.

Board of Directors' Profile

TAI SIEW MOI**Non-Executive Director/
Independent**

Malaysian | 66 | Female

Ms Tai Siew Moi graduated from University of Malaya with a Bachelor of Accounting Degree and holds a Masters Degree in Business Administration from Cranfield, United Kingdom. She is a Chartered Accountant registered with the Malaysian Institute of Accountants.

Ms Tai has 18 years experience in the derivatives broking industry. She held the position of Executive Director of the derivatives broking subsidiary of Hwang-DBS Group from 2006 to 2015. Thereafter, she held the position of Executive Vice President, Futures, heading the derivatives broking business of Affin Hwang Investment Bank Berhad till 2016.

Prior to joining Hwang-DBS Group, she held various management positions in the area of corporate affairs and corporate services with a few companies including public listed companies, handling corporate exercise like mergers and acquisitions, initial public offerings, rights issues, bonds and warrants issue. Prior to that, she was attached to a management consultants firm doing consultancy work which included project feasibility studies, accounting and internal control systems review. Earlier on in her career, she was attached with the Accountant General's Department of Malaysia as a Treasury Accountant.

Ms Tai was appointed to the Board of HLCB on 18 September 2017. She is the Chairman of the Nomination and Remuneration Committee ("NRC") and a member of the Board Audit and Risk Management Committee ("BARMC") of HLCB.

Ms Tai is a member of the Market Participants Committee of Bursa Malaysia Berhad.

LEONG KET TI**Non-Executive Director/
Independent**

Malaysian | 61 | Female

Ms Leong Ket Ti graduated from University of Cambridge, England with a Bachelor of Arts (Hons) Cantab and holds a Degree in Economics.

Ms Leong has 28 years of experience in the banking industry, having been with JP Morgan Chase Bank Berhad ("JPMorgan") from February 1990 to January 2018 where she held various senior positions, the last being the Executive Director ("ED"), Malaysia Country Credit Officer from 2011 to 2018. As the ED, Malaysia Country Credit Officer of JPMorgan, she was responsible for a diverse portfolio of over 300 obligors across all businesses and industries. She also had a strong oversight role on regulatory issues and worked closely with the business/product partners in developing solutions to meet clients' needs.

Prior to her position as ED, Malaysia Country Credit Officer, Ms Leong was Vice President/ED, Leveraged Finance, Regional Client Credit Management of JPMorgan from 2005 to 2010 where she worked with their Investment Bank and Debt Capital Markets teams to structure and underwrite financing transactions.

From 2002 to 2005, Ms Leong served as Vice President & General Manager of JPMorgan Chase at Labuan, and from 2001 to 2002, she was the Vice President of Corporate Banking of JPMorgan Malaysia.

Ms Leong was appointed to the Board of HLCB on 15 November 2018. She is currently a member of the BARMC and NRC of HLCB.

Ms Leong is also a Director of HLFGL, a company listed on the Main Market of Bursa Securities.

Board of Directors' Profile

PETER HO KOK WAI

Non-Executive Director/
Independent

Malaysian | 65 | Male

Mr Peter Ho Kok Wai is a Chartered Accountant and a member of the Malaysian Institute of Accountants, Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants.

Mr Peter Ho forged his early career with Everett Pinto & Co., a central London Firm of Chartered Accountants, and qualified as a Chartered Accountant in 1984. Subsequently, in 1987, Mr Peter Ho joined KPMG, Kuala Lumpur ("KPMG KL"), where he progressed to Head of Department in 1992. He was transferred to KPMG, Ipoh in 1993 to head the branch and was admitted as Partner in 1995. He was transferred back to KPMG KL in 2005 where he headed the Technical Committee, Audit Function and Marketing Department. He has more than 27 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution and financial services. Mr Peter Ho retired from KPMG in December 2014.

Mr Peter Ho was appointed to the Board of HLCB on 20 December 2018. He is currently the Chairman of the BARMC and a member of the NRC of HLCB.

Mr Peter Ho is an Independent Director of Allianz Malaysia Berhad and PMB Technology Berhad, companies listed on the Main Market of Bursa Securities. He is also an Independent Director of Allianz Life Insurance Malaysia Berhad, a public company, and serves as an Independent Director on the Board of First Resources Limited, a company listed on the Singapore Exchange Limited.

Notes:

- 1. Family Relationship with Director and/or Major Shareholder**
 None of the Directors has any family relationship with any other Director and/or major shareholder of HLCB.
- 2. Conflict of Interest/Potential Conflict of Interest**
 None of the Directors has any conflict of interest or potential conflict of interest, including any interest in any competing business with HLCB and its subsidiaries.
- 3. Conviction of Offences**
 None of the Directors has been convicted of any offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.
- 4. Attendance of Directors**
 Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview, Risk Management & Internal Control Statement in this Annual Report.

Key Senior Management of the Group

LEE JIM LENG

Group Managing Director/Chief Executive Officer,
Hong Leong Investment Bank Berhad (“HLIB”),
a wholly-owned subsidiary of HLCB

Malaysian | 61 | Female

Ms Lee Jim Leng obtained a Bachelor of Business Administration degree in 1984 from the Acadia University, Canada and a Master of Business Administration in 1987 from the Dalhousie University, Canada. She is a Fellow Chartered Banker with the Asian Institute of Chartered Bankers (“AICB”).

Ms Lee joined HLIB on 24 November 2009 and is presently the Group Managing Director/Chief Executive Officer of HLIB.

Ms Lee has more than 20 years of experience in the financial industry, specialising mainly in investment banking. Prior to joining HLIB, she was the Managing Director of a local investment bank where she was responsible for the overall development of the bank’s investment business in Malaysia. From 1999 to 2007, she was attached to a Singapore based regional bank and was tasked to spearhead their investment banking division in Malaysia and the ASEAN region.

Ms Lee is a Director of HLCB and the Chairman of Hong Leong Asset Management Bhd (“HLAM”), a public company. She is also the Council Chairman of the Malaysian Investment Banking Association (“MIBA”) and a Board member of Asian Banking School Sdn Bhd and AICB.

SAN KAH YEE

Acting Chief Financial Officer, HLIB,
a wholly-owned subsidiary of HLCB

Malaysian | 51 | Female

Ms San Kah Yee is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA).

Ms San joined HLCB as the Finance Manager in September 2010. She was transferred to HLIB in August 2017. She was appointed as Acting Chief Financial Officer of HLIB on 1 February 2024.

Ms San has more than 20 years of experience in Finance. She is well versed with various key financial functions and business functions. Prior to joining HLCB, she was the Finance Manager in Public Investment Bank Bhd. Prior to that, she was with ECM Libra Investment Bank Bhd, Affin Investment Bank Berhad, AEON Credit Service (M) Sdn Bhd, AmSecurities Sdn Bhd and Wijaya Baru Global Bhd.

Key Senior Management of the Group

CHONG POH CHOON

Head, Treasury & Markets, HLIB,
a wholly-owned subsidiary of HLCB

Malaysian | 46 | Male

Mr Chong Poh Choon holds a Bachelor of Business Administration (Hons) majoring in Finance; graduating with a first class honours from the Multimedia University. He also procured his Chartered Financial Analyst (“CFA”) and Chartered Financial Planner (“CFP”) qualifications in year 2005 and 2014 respectively.

Mr Chong joined HLIB on 16 September 2009 as Senior Vice President, Treasury & Markets. He was appointed as the Head of Treasury & Markets on 28 June 2017.

Mr Chong has extensive experience in the banking and financial sectors, with 20 years across a gamut of institutions such as Ernst & Young, Malaysian Rating Corporation Berhad, United Overseas Bank (M) Berhad and HwangDBS Investment Bank Berhad (now known as Affin Hwang Investment Bank Berhad). He was the pioneering member in setting up the Treasury & Markets business for HLIB and HwangDBS Investment Bank Berhad.

LING YUEN CHENG

Head, Debt Markets, HLIB,
a wholly-owned subsidiary of HLCB

Malaysian | 56 | Male

Mr Ling Yuen Cheng holds a Master of Applied Finance and Bachelor of Economics (Accounting & Finance) from the Macquarie University, Sydney, Australia. He also procured his Chartered Financial Analyst (CFA) qualification in year 2001.

Mr Ling joined HLIB on 16 September 2009 as Co-Head of Debt Markets and was re-designated as the Head of Debt Markets since 1 March 2012.

Mr Ling has over 20 years of working experience in the banking industry. Prior to joining HLIB in September 2009, he was the Co-Head of Debt Markets in HwangDBS Investment Bank Berhad (now known as Affin Hwang Investment Bank Berhad). Prior to that, he was with United Overseas Bank (M) Berhad, OCBC Bank (Malaysia) Berhad, Kien Huat Realty Sdn Bhd and Southern Bank Berhad. Over his entire banking career, he was exposed to various areas including treasury operations, risk management, corporate banking, assets & liabilities management and investment banking related activities including debt origination, execution and placement.

Key Senior Management of the Group

PHANG SIEW LOONG

Head, Equity Markets, HLIB,
a wholly-owned subsidiary of HLCB

Malaysian | 56 | Male

Mr Phang Siew Loong holds a Master of Business Administration from the Georgia State University, United States and a Bachelor of Science in Economics from the University of Louisiana in Lafayette, United States (formerly known as University of Southwestern Louisiana).

Mr Phang joined HLIB on 11 October 2010 as Co-Head of Equity Markets. Mr Phang was re-designated as the Head of Equity Markets since 13 June 2017.

Prior to HLIB, Mr Phang was with Public Investment Bank Berhad for almost 10 years, his last position being the Head of Corporate Finance. Prior to that, he was with Affin Merchant Bank Berhad and Sime Merchant Bankers Berhad.

TAN JEE KHEN

Head of Broking, HLIB,
a wholly-owned subsidiary of HLCB

Malaysian | 53 | Male

Mr Tan Jee Khien holds a Bachelor of Science in Business Administration (Finance and Banking) from the University of Missouri, Columbia, Missouri, USA.

Mr Tan joined HLIB on 1 January 2024 as the Head of Broking, bringing with him over 30 years of experience in the capital markets, with a specialisation in Malaysian equities. Prior to joining HLIB, he served as the Management Advisor / Chief Executive Officer at Apex Securities Berhad. His career also includes key roles at Kenanga Investment Bank Berhad, JPMorgan Securities (Malaysia) Sdn Bhd, Maybank Kim Eng Securities (Singapore) Pte Ltd, and Maybank Investment Bank Berhad.

Throughout his career, he has gained extensive experience in both the dealing and operational aspects of the stockbroking industry.

Key Senior Management of the Group

CHUE KWOK YAN

Chief Executive Officer/Executive Director,
HLAM, a wholly-owned subsidiary of HLCB

Malaysian | 47 | Male

Mr Chue Kwok Yan holds a Bachelor of Engineering in Electrical and Electronic Engineering from Imperial College, University of London, England.

Mr Chue was appointed as an Executive Director of HLAM on 15 July 2024 and as Chief Executive Officer of HLAM on 11 September 2024.

Mr Chue has more than 24 years of extensive investment management experience in equity and fixed income investment. Prior to joining HLAM, he was the Chief Executive Officer and the Chief Investment Officer of KAF Investment Funds Bhd. He was responsible for the firm's day-to-day portfolio management of funds, preparation of in-house investment strategies and overseeing the marketing, sales, finance, operations, and compliance functions. Prior to that, he was with Affin Hwang Capital as Executive Vice President and Head of Research, KAF Research Sdn Bhd as Deputy Head of Research, CLSA Securities Malaysia as Senior Investment Analyst, and ABN AMRO Asia Equity Research as Junior Investment Analyst.

NOOR AINI BINTE SHAIK AWAB

Chief Executive Officer/Executive Director,
Hong Leong Islamic Asset Management Sdn Bhd
("HLISAM"),
a wholly-owned subsidiary of HLAM, which in turn
is a wholly-owned subsidiary of HLCB

Singaporean | 62 | Female

Puan Noor Aini binte Shaik Awab holds a Diploma in Business Administration and Diploma in National Computer Studies, Singapore.

Puan Aini joined HLAM in April 2014 as the Chief Operations Officer. She was appointed as Chief Executive Officer of HLISAM on 1 November 2019 and as an Executive Director of HLISAM on 23 June 2022.

Puan Aini has more than 30 years of experience in the asset management industry. She started her career with Schroder Investment Management (Singapore) Ltd; and prior to joining HLAM, she was with UOB Asset Management (Malaysia) Berhad as Director, Special Projects & Administration. She was also formerly with Kenanga Investors Berhad as Senior Vice President II, Operations and Amanah SSCM Asset Management Bhd (now known as MIDF Amanah Asset Management Berhad) as Head of Operations.

Notes:

1. **Family Relationship with Director and/or Major Shareholder**

None of the Key Senior Management has any family relationship with any Director and/or major shareholder of HLCB.

2. **Conflict of Interest/ Potential Conflict of Interest**

None of the Key Senior Management has any conflict of interest or potential conflict of interest, including any interest in any competing business with HLCB and its subsidiaries.

3. **Conviction of Offences**

None of the Key Senior Management has been convicted of any offences (excluding traffic offences) in the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

Board Audit and Risk Management Committee Report

CONSTITUTION

The Board Audit Committee of Hong Leong Capital Berhad (“HLCB” or “the Company”) had been established since 23 March 1994 and had been re-designated as the Board Audit and Risk Management Committee (“BARMC”) on 29 August 2001.

COMPOSITION

MR PETER HO KOK WAI

(Chairman, Independent Non-Executive Director)

MS TAI SIEW MOI

(Independent Non-Executive Director)

MS LEONG KET TI

(Independent Non-Executive Director)

SECRETARY

The Secretary(ies) to the BARMC are the Company Secretary(ies) of the Company.

TERMS OF REFERENCE

The terms of reference of the BARMC are published on the Company’s website at www.hlcap.com.my.

AUTHORITY

The BARMC is authorised by the Board to:

1. review any activity of the Group within its Terms of Reference;
2. seek any information it requires from any Director or member of Senior Management and in this respect, all employees are directed to co-operate with any request made by the BARMC, including but not limited to providing the BARMC with sufficient support and resources required to investigate any matter within the mandates of the BARMC; and
3. obtain independent legal or other professional advice as it considers necessary.

The Board remains fully accountable for any authority delegated to the BARMC.

MEETINGS

The BARMC meets at least four (4) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the interim financial reports and annual financial statements are held prior to such interim financial reports and annual financial statements being presented to the Board for approval.

The Chief Executive Officers, Chief Risk Officer (“CRO”), Chief Compliance Officer/Head of Compliance (“CCO”), Head of Internal Audit, Chief Financial Officer, employees and external auditors may be invited to attend the BARMC meetings, whenever required. At least twice a year, the BARMC will have separate sessions with the external auditors without the presence of Senior Management.

The BARMC will also engage privately with the CCO, Head of Internal Audit and CRO on a regular basis (and in any case at least twice annually) to provide the opportunity for the CCO, Head of Internal Audit and CRO to discuss issues faced by compliance, internal audit and risk management functions.

Issues raised, discussions, deliberations, decisions and conclusions made at the BARMC meetings are recorded in the minutes of the BARMC meetings. A BARMC member who has, directly or indirectly, an interest in a material transaction or material arrangement or conflict of interest situation shall not be present at the BARMC meeting when the material transaction or material arrangement or conflict of interest situation is being deliberated by the BARMC.

Two (2) members of the BARMC, who shall be independent, shall constitute a quorum and the majority of members present must be independent directors. No business shall be transacted at any BARMC meeting unless a quorum is present at the commencement of the meeting and when conducting the business of the meeting.

After each BARMC meeting, the BARMC shall report and update the Board on significant issues and concerns discussed during the BARMC meetings and where appropriate, make the necessary recommendations to the Board.

ACTIVITIES

The BARMC carried out its duties in accordance with its Terms of Reference.

Board Audit and Risk Management Committee Report

During the financial year ended 30 June 2024 (“FY2024”), four (4) BARMC meetings were held and the attendance of the BARMC members were as follows:

Member	Attendance
Mr Peter Ho Kok Wai	4/4
Ms Tai Siew Moi	4/4
Ms Leong Ket Ti	4/4

HOW THE BARMC DISCHARGES THEIR RESPONSIBILITIES

FINANCIAL REPORTING

The BARMC reviewed the interim financial reports and annual financial statements of the Company and of the Group focusing particularly on:

- (i) any changes in accounting policies and practices;
- (ii) significant matters highlighted including financial reporting issues, material judgements made by management, material and unusual events or transactions, and how these matters are addressed;
- (iii) material adjustments arising from the audit;
- (iv) the going concern assumptions; and
- (v) compliance with accounting standards and other legal requirements.

The legal and regulatory environment was monitored and consideration given to changes in law, regulation, accounting policies and practices including the disclosure requirements under the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.

EXTERNAL AUDIT

The external auditors of the Group for the FY2024 is PricewaterhouseCoopers PLT (“PwC”). The BARMC discussed and reviewed with the external auditors, before the audit commenced for the financial year, the audit plan and timetable for the financial audit of the Group including the focus areas and approach to the current financial year’s audit and any significant issues that can be foreseen, either as a result of the past year’s experience or due to new accounting standards or other changes in statutory or listing requirements.

The BARMC reviewed the report and audit findings of the external auditors and considered management’s responses to the external auditors’ audit findings and investigations. The BARMC also had two (2) separate sessions with the external auditors without the presence of management whereby matters discussed included key reservations noted by the external auditors during the course of their audit; whilst the BARMC Chairman maintained regular contact with the audit partner throughout the year.

The BARMC reviewed the external audit fees and their scope of services. The fees payable to PwC for the FY2024 amounted to RM557,949, of which RM104,464 was payable in respect of non-audit services. The non-audit services accounted for 19% of the total fees payable. The BARMC assessed the objectivity and independence of the external auditors prior to the appointment of the external auditors for ad-hoc non-audit services.

The BARMC also evaluated the performance of PwC in the following areas in relation to their re-appointment as auditors for the FY2024 and considered PwC to be independent:

- (i) level of knowledge, capabilities, experience and quality of previous work;
- (ii) level of engagement with BARMC;
- (iii) ability to provide constructive observations, implications and recommendations in areas which require improvements;
- (iv) adequacy in audit coverage, effectiveness in planning and conduct of audit;
- (v) ability to perform the audit work within the agreed timeframe;
- (vi) non-audit services rendered by PwC does not impede independence;
- (vii) ability to demonstrate unbiased stance when interpreting the standards/policies adopted by HLCB; and
- (viii) risk of familiarity threat to ensure that the independence and objectivity of the external auditors was not compromised.

Board Audit and Risk Management Committee Report

PwC, in accordance with professional ethical standards, have provided the BARMC with confirmation of their independence for the duration of the FY2024 and the measures used to control the quality of their work.

The BARMC has therefore recommended to the Board that PwC be re-appointed as the auditors. Resolution concerning the re-appointment of PwC will be proposed to shareholders at the 2024 Annual General Meeting.

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

The BARMC conducted quarterly review of the recurrent related party transactions (“RRPT”) entered into by the Group to ensure that such transactions are undertaken on commercial terms and on terms not more favourable to the related parties than those generally available to and/or from the public.

The Group had put in place procedures and processes to monitor, track and identify the RRPT as well as to ensure that the RRPT are conducted on commercial terms consistent with the Group’s usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable.

The BARMC reviewed the said procedures and processes on an annual basis and as and when required, to ensure that the said procedures are adequate to monitor, track and identify RRPT in a timely and orderly manner, and are sufficient to ensure that the RRPT will be carried out on commercial terms consistent with the Group’s usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public.

The BARMC assisted the Board in reviewing and monitoring any conflict of interest and potential conflict of interest situations within the Company. In this regard, the BARMC reviewed and endorsed for the Board’s approval the revised Conflict of Interest Policy of the Company, which was amended to broaden its scope to cover indirect financial interests, non-financial interests, and any competing interests, to ensure that actual and potential conflicts of interest are identified and managed effectively in line with the MMLR of Bursa Malaysia Securities Berhad.

There were no conflicts of interest or potential conflicts of interest reported in FY2024, other than related party transactions and RRPT.

INTERNAL AUDIT

The BARMC reviews the adequacy of internal audit scope, internal audit plan and resources of the various internal audit functions within Internal Audit Department (“IAD”).

During the financial year, BARMC noted that IAD had effectively carried out internal audits on all business entities of the Group and reviewed the IAD’s reports on the audits performed on the investment banking business, stockbroking business and asset management business as set out under Internal Audit Function of this report.

The review of BARMC on the audit findings and recommendations of the IAD focused on the adequacy and integrity of internal control systems, business and compliance audits on the respective divisions. The management’s responses to IAD’s findings were also presented for the BARMC’s consideration. The BARMC also reviewed at every BARMC meeting the status update of management’s corrective action plans for the resolution of internal audit’s findings and recommendations. Recommendations were made by BARMC to ensure that the root causes raised by IAD in their audit reports were effectively resolved and that any outstanding audit findings be tracked for timely resolution.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The BARMC considered reports on risk management for the purpose of overseeing and reporting to the Board, on the proper functioning of Risk Management as part of its responsibilities to monitor the Group’s compliance with the business objectives, policies, reporting standards and control procedures of the Group.

The CRO was invited to present to the BARMC the Risk Management Dashboard covering among others Credit Risk, Market Risk, Liquidity Risk, Operational Risk, IT Risk and Sustainability Risk. The BARMC also considered and reviewed the processes put in place to identify, evaluate and manage significant risks encountered by the Group as well as the adequacy and integrity of internal control systems, including risk management and relevant management information system.

COMPLIANCE

The BARMC considered reports on compliance for the purpose of overseeing and reporting to the Board on the compliance functions of the Group as part of its responsibilities to monitor the Group’s compliance with regulatory requirements and internal policies.

The CCO was invited to present to the BARMC the compliance reports and deliberations on significant compliance issues that were made.

Board Audit and Risk Management Committee Report

WHISTLEBLOWING

The BARMC provided oversight on the implementation and effectiveness of the Company's Whistleblowing Policy and Standard Operating Procedures ("Whistleblowing Policy and Procedures"), which set out an avenue and the process for directors and employees of the Company and any (legal or natural) person, including those providing services to, or having a business relationship with, the Company to raise genuine concerns about any improper conduct or wrongful act in relation to the Company, confidentially through a dedicated whistleblowing channel to the BARMC Chairman. In FY2024, the BARMC had reviewed the Whistleblowing Policy and Procedures of the Company to ensure the whistleblowing procedures and communication plans in relation thereto remain effective.

SUSTAINABILITY

The BARMC considered the reports on the Group's initiatives on integrating sustainability into its business and operations. The BARMC was apprised of the reclassification of the Climate Change and Principle-based Taxonomy ratings for Hong Leong Investment Bank Berhad ("HLIB")'s financial investment and the adoption of HLIB's Green Bond Framework. The BARMC also considered the engagement of an external assurance service provider to conduct independent assessment and assurance of the Group's Sustainability Statement.

INTERNAL AUDIT FUNCTION

The Internal Audit function is established at its subsidiary, HLIB. The provision of Internal Audit Function to Hong Leong Asset Management Bhd and its subsidiary, Hong Leong Islamic Asset Management Sdn Bhd is through their respective shared service agreements. IAD employs a risk-based assessment approach in auditing the Group's business and operational activities. All pertinent high risk activities areas (i.e. specified through regulatory requirements/internal assessment) in investment banking, stockbroking and asset management have been audited on an annual basis.

IAD provides an independent and objective assessment of Hong Leong Capital Group companies' activities, with the aim to add value as well as to improve the efficiency and effectiveness of the governance, operational processes, information systems, risk management and internal controls.

IAD utilises a risk-based, systematic and disciplined approach to evaluate and improve the effectiveness of the risk management, internal controls and governance processes and provides the BARMC with information, recommendations and reasonable assurance to assist them in the effective discharge of their responsibilities to the shareholders and stakeholders.

To this effect, the IAD function assesses the following areas:

- (i) Risks are appropriately identified and managed.
- (ii) Control environments are effective and sufficient.
- (iii) Governance processes are adequate and effective, and interaction with the various governance groups occurs as needed.
- (iv) Significant financial, managerial, and operating information is accurate, reliable, and timely.
- (v) Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- (vi) Resources are acquired economically, being used efficiently, and are adequately protected.
- (vii) Programmes, plans, and objectives are achieved.
- (viii) Quality and continuous improvement are fostered in the organisation's control process.
- (ix) Significant legislative or regulatory issues impacting the organisation are recognised and adequately addressed.
- (x) Effectiveness and robustness of stress testing procedures and practices.
- (xi) Adequacy and effectiveness in assessing the entity's capital in relation to its estimation of risk.
- (xii) Compliance with internal and external policies, procedures, rules, guidelines, directives, laws and regulations.
- (xiii) Compliance with Shariah rules and principles as determined by relevant Islamic authorities (for Islamic operations).
- (xiv) Identification of opportunities and area of improvements in management control, profitability, and the organisation's image.

The cost incurred for the Internal Audit function in respect of the FY2024 was RM2,057,859.

This BARMC Report is made in accordance with the resolution of the Board.

Corporate Governance Overview, Risk Management & Internal Control Statement

“Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders.”

Finance Committee on Corporate Governance

The Board of Directors (“Board”) is pleased to present this statement with an overview of the corporate governance (“CG”) practices of the Group which supports the three key principles of the Malaysian Code on Corporate Governance (“MCCG”) 2021, namely board leadership and effectiveness; effective audit and risk management; and integrity in corporate reporting and meaningful relationship with stakeholders.

The CG Report 2024 of the Company in relation to this statement is published on the Company’s website, www.hlcap.com.my (“the Company’s Website”).

A. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference (“TOR”) to assist in the discharge of this responsibility.

In discharging its responsibilities, the Board has established functions which are reserved for the Board and those which are delegated to management. The key roles and responsibilities of the Board are set out in the Board Charter, which is reviewed annually by the Board and published on the Company’s Website. The Board Charter was last reviewed by the Board in July 2023. The key roles and responsibilities of the Board broadly cover reviewing and approving corporate policies and strategies; overseeing and evaluating the conduct of the Group’s businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure.

In addition, the Board has established Board Committees which operate within clearly defined TOR primarily to support the Board in the execution of its duties and responsibilities.

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions, internal controls and risk management to the Board Audit and Risk Management Committee (“BARMC”). The Nomination and Remuneration Committee (“NRC”) is delegated the authority to, inter alia, assess and review Board, Board Committees and Chief Executive Officer (“CEO”) appointments and re-appointments and oversee management succession planning. Although the Board has granted such authority to the Board Committees, the ultimate responsibility and the final decision rest with the Board. The chairmen of the Board Committees report to the Board on matters dealt with at their respective Board Committee meetings. Minutes of Board Committee meetings are also tabled at Board meetings.

The Chairman leads the Board and ensures its smooth and effective functioning.

Independent Non-Executive Directors (“INEDs”) are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. There are no relationships or circumstances that could interfere with or are likely to affect the exercise of INEDs’ independent judgment or their ability to act in the best interest of the Company and its shareholders.

Corporate Governance Overview, Risk Management & Internal Control Statement

The Board is responsible to promote sustainability through appropriate environmental, social and governance (“ESG”) considerations in the Company’s business strategies. The Group continues to operate in a sustainable manner and seeks to contribute positively to the well-being of stakeholders. The Group takes a progressive approach in integrating sustainability into its businesses as set out in the Sustainability Statement in this Annual Report.

The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia (“CCM”), which has been adopted by the Board and published on the Company’s Website. In addition, the Group has in place a Code of Conduct and Ethics for Employees that sets out sound principles and standards of good practice which are to be observed by the employees. A Whistleblowing Policy has also been established by the Group and it provides a structured channel for all employees and any other persons providing services to the Group, or having a business relationship with the Group, to raise genuine concerns about any improper conduct or wrongful acts involving the Group.

B. BOARD COMPOSITION

The Board currently comprises five (5) Directors, all of whom are Non-Executive whilst three (3) are Independent. The profiles of the members of the Board are set out in this Annual Report.

The Company is guided by the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”) in determining its Board composition. The Board shall determine the appropriate size of the Board to enable an efficient and effective conduct of Board deliberation. The Board shall have a balance of skills and experience to commensurate with the complexity, size, scope and operations of the Company. Board members should have the ability to commit time and effort to carry out their duties and responsibilities effectively.

The Company has in place a Board Diversity Policy. The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board. The Board will consider appropriate targets in Board diversity including gender balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate. The Board currently has five (5) Directors, of whom three (3) are women Directors. The Board will work towards maintaining diversity on the Board in line with the MCGG.

Based on the review of the Board composition in July 2024, the Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group’s strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

C. BOARD COMMITTEES

Board Committees have been established by the Board to assist in the discharge of its duties.

(A) BARMC

The composition of the BARMC and a summary of its activities in the discharge of its functions and duties for the financial year and explanation on how the BARMC had met its responsibilities are set out in the BARMC Report in this Annual Report.

The BARMC’s functions and responsibilities are set out in the TOR which is published on the Company’s Website.

(B) NRC

The composition of the NRC is as follows:

- Ms Tai Siew Moi (Chairman)
- Ms Leong Ket Ti
- Mr Peter Ho Kok Wai

The NRC’s functions and responsibilities are set out in the TOR which is published on the Company’s Website.

NOMINATION RESPONSIBILITIES

The Company has in place a Fit and Proper (“F&P”) Policy as a guide for the following process and procedure for assessment of, inter alia, (i) new appointments and re-appointments of Chairman, Directors and CEO, (ii) appointment of Board Committee members, and (iii) annual F&P assessment of Chairman, Directors and CEO, and the criteria and guidelines used for such assessment.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (CONTINUED)

(B) NRC (CONTINUED)

(i) New appointments

The nomination, assessment and approval process for new appointments is as follows:

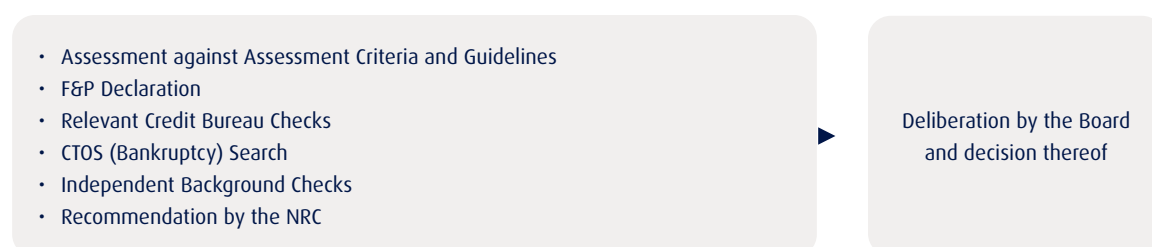


In assessing the candidates for Board appointments, the NRC will take into account, inter alia, the strategic and effective fit of the candidates for the Board, the overall desired composition and required mix of expertise and experience of the Board as a whole and having regard to the candidates' attributes, qualifications, management, leadership, business experience and their F&P Declarations in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant guidelines. The Company will also conduct independent background checks to verify the information disclosed in the F&P Declarations. The Company has taken steps to build and maintain a pool of potential Board candidates from internal and external introductions, recommendations and independent sources with director databases in its search for suitable Board candidates.

In the case of CEO, the NRC will take into account the candidate's knowledge and experience in the industry, market and segment. The NRC will also consider the candidate's F&P Declaration in line with the standards required under the relevant guidelines.

(ii) Re-appointments

The assessment and approval process for re-appointments is as follows:



For re-appointments, the Chairman, Directors and CEO will be evaluated on their performance in the discharge of duties and responsibilities effectively, including, inter alia, contribution to Board deliberations and commitment, and for independent directors, their independence. The NRC will also consider the results of the Annual Board Assessment (as defined below), their contributions during the term of office, attendance at Board meetings, F&P Declarations in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant guidelines and for Independent Directors, their continued independence. Independent background checks will also be conducted to verify the information disclosed in their F&P Declarations.

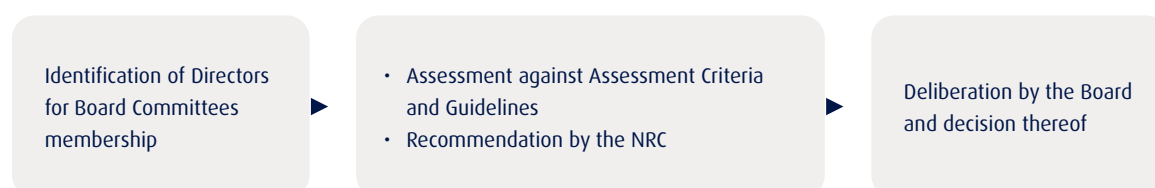
Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (CONTINUED)

(B) NRC (CONTINUED)

(iii) Board Committees Appointments

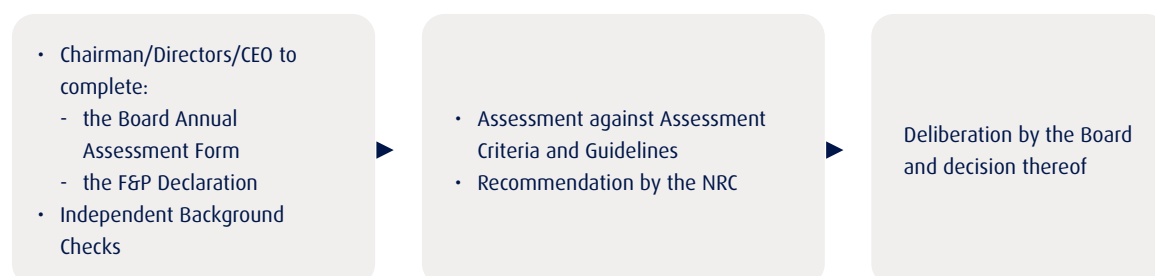
The nomination, assessment and approval process for appointments to Board Committees (“Board Committees Appointments”) is as follows:



The assessment for Board Committees Appointments will be based on the Directors’ potential contributions and value-add to the Board Committees with regard to Board Committees’ roles and responsibilities.

(iv) Annual F&P Assessment

The annual F&P assessment process is as follows:



A formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each individual Director on an annual basis (“Annual Board Assessment”) in conjunction with the annual F&P assessment of Chairman, Directors and CEO. Directors are required to complete the F&P Declaration in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity in line with the standards required under the relevant guidelines. Independent background checks will also be conducted to verify the information disclosed in their F&P Declarations.

The NRC will deliberate the results of the Annual Board Assessment and submit its recommendation to the Board for consideration and approval. For newly appointed Directors, the Annual Board Assessment will be conducted at the next annual assessment exercise following the completion of one year of service.

Assessment criteria for Board as a whole include, inter alia, the effectiveness of the Board composition in terms of size and structure vis-à-vis the complexity, size, scope and operations of the Company; the core skills, competencies and experience of the Directors; and the Board’s integrity, competency, responsibilities and performance. The assessment criteria for Board Committees include the effectiveness of the respective Board Committees’ composition in terms of mix of skills, knowledge and experience to carry out their respective roles and responsibilities in accordance with the Board Committees’ TOR and the contribution of the Board Committees members. Each individual Director is assessed on, inter alia, the effectiveness of his/her competency, expertise and contributions. The skills, experience, soundness of judgment as well as contributions towards the development of business strategies and direction of the Company and analytical skills to the decision-making process are also taken into consideration.

For management succession planning, it has been embedded in the Group’s process over the years to continuously identify, groom and develop key talents from within the Group. The Group also has a talent development programme to identify, retain and develop young high potential talents.

Corporate Governance Overview, Risk Management & Internal Control Statement

C. BOARD COMMITTEES (CONTINUED)

(B) NRC (CONTINUED)

REMUNERATION RESPONSIBILITIES

The Group's remuneration scheme for Executive Directors is linked to performance, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of Non-Executive Directors reflects the scope of responsibilities and commitment undertaken by them.

The NRC, in assessing and reviewing the remuneration packages of Executive Directors, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices. INEDs are paid fixed annual director fees, Board Committee fees and meeting allowance for each Board and Board Committee meeting attended. The remuneration of INEDs is recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting ("AGM"), and payable in cash to INEDs upon approval of the shareholders of the Company.

The detailed remuneration of each Director during the financial year ended 30 June 2024 ("FY2024") is as set out in Note 32 of the Audited Financial Statements in this Annual Report.

The NRC meets at least once in each financial year and additional meetings may be called at any time as and when necessary.

During the FY2024, two (2) NRC meetings were held and the attendances of the NRC members were as follows:

Member	Attendance
Ms Tai Siew Moi	2/2
Ms Leong Ket Ti	2/2
Mr Peter Ho Kok Wai	2/2

The NRC carried out the following activities in the discharge of its duties in accordance with its TOR during the FY2024:

- Carried out the Annual Board Assessment and was satisfied that the Board as a whole, Board Committees and individual Directors have continued to effectively discharge their duties and responsibilities in accordance with their respective TORs, and that the current Board composition in terms of Board balance, size and mix of skills is appropriate and effective for the discharge of its functions. The NRC took cognisance of the merits of Board diversity including women participation on the Board, in adding value to the Company. The NRC will continue to work towards maintaining diversity on the Board in line with the MCCG;
- Considered and assessed the position of Independent Directors of the Company and was satisfied that the Independent Directors met the regulatory requirements for Independent Directors;
- Reviewed the F&P Declarations by Directors and Company Secretary in line with the Company's F&P Policy and was satisfied that the Directors and Company Secretary met the requirements as set out in the Company's F&P Policy;
- Reviewed the terms of office and performance of the BARMC and each of its members in accordance with the TOR of BARMC and was of the view that the BARMC and each of its members had carried out their duties in accordance with the BARMC TOR for the periods under review;
- Considered the re-election of Directors who are due for retirement at the AGM pursuant to the Constitution of the Company;
- Reviewed the management succession plan of the Company's subsidiaries; and
- Reviewed the Board Policy on Succession Planning for the Board and recommended to the Board for consideration and approval.

Corporate Governance Overview, Risk Management & Internal Control Statement

D. INDEPENDENCE

The Board takes cognisance of the provisions of the MCGG, which states that the tenure of an Independent Director should not exceed a cumulative term of 9 years and upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. It further states that in the event the Board wishes to retain an Independent Director who has served a cumulative term of 9 years and above, shareholders' approval shall be annually sought with justification through a two-tier voting process.

The tenure of all the Independent Directors on the Board of the Company does not exceed 9 years. The Independent Directors have declared their independence, and the NRC and the Board have determined, at the annual assessment carried out, that the Independent Directors have continued to bring independent and objective judgment to Board deliberations and decision-making.

The Company has in place a policy in relation to the tenure for Independent Directors of the Company ("Tenure Policy") under the F&P Policy of the Company. Pursuant to the Tenure Policy, the tenure of an Independent Director shall not exceed a cumulative term of 9 years from the date of his or her first appointment in the Company. The Independent Director may retire at the AGM immediately preceding or following the expiry of the 9-year term.

E. COMMITMENT

The Directors are aware of their responsibilities and devote sufficient time to carry out such responsibilities. In line with the MMLR of Bursa, Directors are required to comply with the restrictions on the number of directorships in public listed companies. Directors provide notifications to the Board for acceptance of any new Board appointments. This ensures that their commitment, resources and time are focused on the affairs of the Company to enable them to discharge their duties effectively. Board meetings are scheduled a year ahead in order to enable full attendance at Board meetings. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions. Directors are required to attend at least 50% of Board meetings held in each financial year pursuant to the MMLR of Bursa.

All Board members are supplied with information in a timely manner. The Company has moved towards electronic Board reports since 2015. Board reports are circulated electronically prior to Board and Board Committee meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

All Directors have access to the advice and services of a qualified and competent Company Secretary to facilitate the discharge of their duties effectively. The Company Secretary is qualified to act under Section 235 of the Companies Act 2016. The Company Secretary supports the effective functioning of the Board, provides advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitates effective information flows amongst the Board, Board Committees and senior management. All Directors also have access to the advice and services of the internal auditors and in addition, to independent professional advice, where necessary, at the Company's expense, in consultation with the Chairman of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretary accordingly. Any Director who has, directly or indirectly, an interest in the subject matter to be deliberated or conflict of interest situation shall abstain from deliberating and voting on the same during the meetings.

The Board met five (5) times for the FY2024 with timely notices of issues to be discussed. Details of attendance of each Director are as follows:

Director	Attendance
Mr Tan Kong Khoon	5/5
Ms Tai Siew Moi	5/5
Ms Leong Ket Ti	5/5
Mr Peter Ho Kok Wai	5/5
Ms Lee Jim Leng	5/5

The Company recognises the importance of continuous professional development and training for its Directors.

Corporate Governance Overview, Risk Management & Internal Control Statement

The Company is guided by a Directors' Training Policy, which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Company. The Induction Programme is organised for newly appointed Directors to assist them to familiarise and to get acquainted with the Company's business, governance process, roles and responsibilities as Director of the Company. The CPD encompasses areas related to the industry or business of the Company, governance, risk management and regulations through a combination of courses and conferences. A training budget is allocated for Directors' training programmes.

All Directors of the Company have completed the Mandatory Accreditation Programme ("MAP") Part I. In line with the amendments to the MMLR of Bursa in relation to sustainability training for Directors, the Directors of the Company will complete MAP Part II within the prescribed timeframe.

The Company regularly organises in-house programmes, briefings and updates by its in-house professionals. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

The Company has prepared for the use of its Directors, a Director Manual which highlights, amongst others, the major duties and responsibilities of a Director vis-à-vis various laws, regulations and guidelines governing the same.

In assessing the training needs of Directors, the Board has determined that appropriate training programmes covering matters on corporate governance, finance, legal, risk management, information technology, cyber security, sustainability, internal control and/or statutory/regulatory compliance, be recommended and arranged for the Directors to enhance their contributions to the Board.

During the FY2024, the Directors received regular briefings and updates on the Company's businesses, strategies, operations, risk management, compliance, internal controls, corporate governance, finance and any changes on relevant legislation, rules and regulations from in-house professionals. In-house programmes were also organised for the Directors and senior management of the Company.

The Directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors.

During the FY2024, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- Allianz Malaysia Berhad ("Allianz") – Compliance Updates on New/Revised Policy Documents issued by Bank Negara Malaysia ("BNM")
- Allianz/DTT – DTT Tax Webinar – e-Invoicing
- Allianz/LGMS Berhad – Board's roles and responsibilities on Cloud
- Asian Institute of Chartered Bankers ("AICB") and United Nations Environment Programme Finance Initiative ("UNEP FI") – AICB-UNEP FI Joint Technical Session Advancing Sustainable Finance – Sustainability, Climate, and Nature
- AICB – Bank Audit Conference 2024: Future of Internal Audit – Embracing Change, Staying Relevant
- AICB – The Future Skills Framework Dialogue Session
- Asia School of Business ("ASB") – ESG and Islamic Finance: Implications for Boards and Corporate Governance
- ASB – Kuala Lumpur International Sustainability Conference
- BNM/Malaysian Institute of Accountants (MIA) – Anti-Money Laundering ("AML")/Countering Financing of Terrorism ("CFT")/Countering Proliferation Financing (CPF) and Targeted Financial Sanctions ("TFS") Policy Document for Designated Non-Financial Businesses and Professions and Non-Bank Financial Institutions
- BNM – Engagement session with Chairpersons and CEOs of banking institutions and associations together with the release of annual report, economic & monetary review and second half financial stability review for 2023
- BNM – BNM Sasana Symposium:
 - (i) Addressing medical inflation – A-whole-of-nation approach
 - (ii) Ringgit, Bonds and Equity Market
 - (iii) Diversifying funding sources in the economy
 - (iv) Structural reforms – Making it a reality for Malaysia
 - (v) Micro, Small and Medium Enterprises (MSME) Growth: Supporting the backbone of Malaysia's economy
 - (vi) Roles of finance in implementing structural reform
- BNM – Climate Risk Management and Scenario Analysis for CEOs
- BNM – Engagement session to share key insights derived from the assessment of FI's gap analysis and implementation plan of the climate risk management and scenario analysis document
- BNM – Responsibility Mapping Session for CEOs
- Bursa Malaysia – Advocacy Session for Directors and CEOs of Main Market Listed Issuers
- Bursa Malaysia – Bursa 2023 Market Intermediaries and Advocacy Programmes: Governance and Risk Management
- Bursa Malaysia – Conflict of Interest

Corporate Governance Overview, Risk Management & Internal Control Statement

- Bursa Malaysia/ Hong Leong Investment Bank Berhad (“HLIB”) – Stratum Focus Series XV (15th) – Food Security: Where Are We Now
- Bursa Malaysia/HLIB – Stratum Focus Series XVI (16th) – Welcoming A New Dawn
- Bursa Malaysia/HLIB – Stratum Focus Series XVII (17th) Semicon: Light at the End of the Tunnel?
- CHK Consultancy – KSY119 : AML, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA), Ethics and Best Practice for Capital Market Services Professionals
- Deloitte – Asia Pacific Conduct Watch Survey Report
- Deloitte – Briefing on e-Invoicing
- Financial Institutions Directors’ Education (FIDE) Forum – Artificial Intelligence (“AI”) and Financial Institutions: Friend or Foe?
- Hong Leong Bank Berhad (“HLB”) – Extraordinary sales leadership (ESL) 2.0 training for Regional Community General Managers
- HLB – Revisiting Section 17A of Malaysian Anti-Corruption Commission (MACC) Act 2009 on Corporate Liability Provision – Developing a robust anti bribery & corruption framework as lines of defence
- HLCB Group – AML/CFT & TFS: Adopt, Evolve, Transform Towards an Effective Compliance
- Institute of Chartered Accountants in England and Wales (“ICAEW”) – Impact of ESG Reporting on the Accountancy Profession
- ICAEW – Prepare for carbon accounting – 5 actions for your organisation to take in 2024
- Institute of Corporate Directors Malaysia (“ICDM”) – Climate Governance 101 – A Board’s Guide to Effective Oversight
- ICDM – Future-Proofing Malaysian Businesses: Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape
- ICDM – MAP Part II on Sustainability for Directors: Leading for Impact
- ICDM – Powertalk Series: Generative AI – An Opportunity or Risk?
- KPMG – Briefing Session on Sustainability Reporting Requirements
- KPMG – Integration of Corporate Social Due Diligence Directive
- KPMG – KPMG Board Leadership Centre Exclusive – What do you need to know about the Bursa Amended Listing Requirements on Conflict of Interest
- KPMG – KPMG Tax Summit
- KPMG – Navigating Capital Gains Tax
- Malaysian Accounting Standards Board – Seminar of International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards
- Malaysian Economic Association – 2024 BNM Governor’s Address on the Malaysian Economy & Panel Discussion
- Malaysian Investment Banking Association (“MIBA”) – Coffee Chat with CEOs
- MIBA – MIBA Launchpad : Empowering Investment Banking Professionals
- McKinsey & Co/HLB – Leadership Expert Engagement Workshop – Getting The Net Zero Pathway Right
- PricewaterhouseCoopers (PwC) – Asia Pacific Workforce Hopes and Fears Survey 2023 – Is your workforce reinvention ready?
- Securities Commission Malaysia (“SC”) – InvestED Career Talk 2023
- SC – SC’s Audit Oversight Board Conversation with Audit Committees
 - (i) Sustainability Reporting: Current Developments in Malaysia
 - (ii) Impact of climate change and ESG related risks on the financial statements of Public Listed Companies
- SC – Supervisory Dialogues with CEOs (Broking Industry)
- SC – The Equity Markets & Debt Markets Session of the SC Industry Dialogue 2023
- Tatler – Tatler Sustainability Weekend. Green Capital: Navigating the Landscape of Sustainable Finance for a Greener Future
- The Institute of Internal Auditors (IIA) – AML/CFT (AMLA): AML Key Considerations
- Wong & Partners – Conflict of Interest
- Wong & Partners – Online Sharing Session on Conflict of Interest

F. ACCOUNTABILITY AND AUDIT

The Company has put in place a framework of processes whereby Board Committees provide oversight on critical processes of the Company’s reporting of financial statements, in order to ensure that accountability and audit are integral components of the said processes.

I FINANCIAL REPORTING

The Board has a fiduciary responsibility to ensure the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC, which assesses the integrity of financial statements with the assistance of the external auditors.

II RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining a system of internal controls which covers financial and operational controls and risk management. This system provides reasonable but not absolute assurance against material misstatements, losses and fraud.

The BARMC is delegated with the responsibility to provide oversight on the Company’s management of critical risks that the Group faces, and to review the effectiveness of internal controls implemented in the Company.

Corporate Governance Overview, Risk Management & Internal Control Statement

The Statement on Risk Management and Internal Control as detailed under Section I of this Statement provides an overview of the system of internal controls and risk management framework of the Group.

III RELATIONSHIP WITH AUDITORS

The appointment of external auditors is recommended by the BARMC, which also reviews the remuneration of the external auditors. The BARMC reviews the suitability and independence of the external auditors annually. In this regard, an annual assessment is conducted by the BARMC to evaluate the performance, independence and objectivity of the external auditors prior to making any recommendation to the Board on the re-appointment of the external auditors.

The Company also has a Policy on the Use of External Auditors for Non-Audit Services to govern the professional relationship with the external auditors in relation to the non-audit services. Assessment will be conducted by the BARMC for non-audit services to ensure that the provision of non-audit services does not interfere with the exercise of independent judgment of the external auditors.

During the financial year under review, the external auditors met with the BARMC to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit as well as the management letter after the conclusion of the audit.

The external auditors meet with the BARMC members at least twice a year without the presence of management.

G. DISCLOSURE

The Company has in place a Corporate Disclosure Policy for compliance with the disclosure requirements set out in the MMLR of Bursa, and to raise awareness and provide guidance to the Board and management on the Group's disclosure requirements and practices.

All timely disclosure and material information documents will be posted on the Company's Website after release to Bursa.

H. SHAREHOLDERS

I DIALOGUE BETWEEN COMPANIES AND INVESTORS

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders and quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Company's Website, Bursa's website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate in general meetings either in person, by corporate representative, by proxy or by attorney.

Shareholders can access the Company's Website for information such as the Board Charter, TORs of Board Committees, corporate information, announcements/press releases/briefings, financial information and investor relations. The minutes of the AGM are published on the Company's Website.

The Board has identified Mr Peter Ho Kok Wai, the Chairman of the BARMC, as the INED of the Board to whom concerns may be conveyed, and who would bring the same to the attention of the Board.

In addition, shareholders and investors have a channel of communication with the Chief Financial Officer to direct queries and provide feedback to the Group.

Queries may be conveyed to the Chief Financial Officer at:

Tel No. : 03-20831800
E-mail address : ir@hlcb.hongleong.com.my

II AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Senior management and the external auditors are also available to respond to shareholders' queries during the AGM. All Directors of the Company attended the last AGM held on 26 October 2023 to engage with shareholders and address issues of concern raised by the shareholders.

Corporate Governance Overview, Risk Management & Internal Control Statement

Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa, all resolutions tabled at the last AGM held on 26 October 2023 were put to a vote by way of a poll and the voting results were announced at the meeting and through Bursa. The Company had adopted electronic voting for the conduct of poll on all resolutions at the AGM and provided e-lodgement channel for shareholders to lodge form of proxy electronically to the Company.

I. STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

I THE RESPONSIBILITIES OF THE BOARD

The Board recognises the practice of good governance as an important continuous process and has established the BARMC to ensure consistent adherence to internal control and good risk management practices. Both risks and control assessment are being reviewed in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

The Board acknowledges its overall responsibility for the risk management and internal control environment and its effectiveness in safeguarding shareholders' interests and the Group's assets. The presence of risk management and internal control framework is designed to manage rather than eliminate the risk of failure in the achievement of goals and objectives of the Group. It provides reasonable assurance against material misstatements, losses or frauds.

Prevailing risk management and internal control framework currently being practiced by the Group is updated continuously to align with the dynamic changes in the business environment as well as relevant process improvement implemented from time to time. The management team has assured the Board that all regulatory guidelines, internal policies and procedures have been duly implemented accordingly.

The Board has received assurance from the Group Managing Director/Chief Executive Officer of HLIB, Chief Executive Officer/Executive Director of Hong Leong Asset Management Bhd ("HLAM"), Chief Financial Officer and the Heads of Risk Management, Compliance and Internal Audit functions that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Based on the outcome of these reviews as well as the assurance it has received from management, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively for the financial year under review and up to the date of approval of this report.

II KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The key risk management and internal control processes that are established in determining the adequacy and integrity of the system of risk management and internal controls are as follows:

a) Risk Management

Managing risks is an integral part of the Group's overall business strategy. It involves a process for identifying, assessing and managing risks and uncertainties that could inhibit the Group's ability to achieve its strategy and strategic objectives.

Risk governance oversight is underpinned by the core pillars of risk culture, appetite, policies, surveillance, escalation and capacity. Above all, the approaches need to be relevant, forward looking and sustainable.

In addition, the risk management ("RM") framework is effected through an organisational construct and escalation structure as depicted below:

- The Board provides effective stewardship and control.
- BARMC presents a single view of risks and ensures adequate policies and controls within the Group.
- Risk management monitors and reports the Group's Credit, Market, Liquidity, Operational, IT and ESG Risks.
- Operating business and support units are responsible for the day-to-day management of risks inherent in the various business activities.

At the apex of the RM framework, the Board has the overall responsibility to ensure there is proper oversight of the management of risks in the Group. The Board sets the risk appetite and tolerance level, and allocates the Group's capital in a manner that is consistent with the Group's overall objectives and desired risk profile. The BARMC deliberates and evaluates the reports prepared by RM and provides updates to the Board, and where appropriate, makes necessary recommendations to the Board.

Corporate Governance Overview, Risk Management & Internal Control Statement

b) Internal Control Review

The internal audit function is established at its subsidiary, HLIB. The provision of internal audit service to HLAM and its subsidiary, Hong Leong Islamic Asset Management Sdn Bhd is through their respective shared service agreements. Internal Audit Department (“IAD”) employs a risk-based assessment approach in auditing the Company’s business and operational activities. IAD will carry out review and assessment on all high risk areas (i.e. specified through regulatory requirements/internal assessment) on an annual basis. Other operational areas (including branches) are prioritised according to the potential risk exposure and impact. IAD regularly reviews the critical operations (as defined by the respective regulators) to ensure that the internal controls are in place and working effectively.

The results of the audits conducted by IAD are reported to the BARMC. Follow-up action and the review of the status of action taken as per the auditors’ recommendation are carried out by management.

Implementation of audit recommendations is followed up on a monthly basis and reported to the Management Committee and on a quarterly basis to the BARMC. Highlights of the BARMC meetings are submitted to the Board for review and further deliberation. In addition, internal controls are also effected through the following processes:

- The Board receives and reviews regular reports from the management on the key operating statistics, business dynamics, legal matters, market surveillance on stockbroking activity, AML/CFT and regulatory issues that would have implications on internal control measures.
- The BARMC on a quarterly basis, reviews and holds discussion with management on the actions taken on internal control issues identified in the reports prepared by the IAD, external auditors and regulatory authorities.

- Policies on delegation and authority limits are strictly implemented to ensure a culture that respects integrity and honesty, and thereby reinforce internal controls.
- Relevant policies and procedures are set out in respective departments’ Policies and Standard Operating Procedures and disseminated to relevant staff in support of a learning culture, so as to reinforce an environment of internal controls disciplines.
- Policies for recruitment, promotion and termination of staff are in place to ensure the Group’s human resources comply with internal controls requirements.

c) Compliance

The Group’s Compliance Officers monitor and assess daily operations of licensed subsidiaries to ensure compliance with regulatory requirements and approved internal policies. All breaches and exceptions are brought to the attention of the BARMC and other relevant committees which are kept informed of the causes and the status of remedial measures taken.

J. DIRECTORS’ RESPONSIBILITY IN FINANCIAL REPORTING

The MMLR of Bursa requires the Directors to prepare a statement explaining the Board’s responsibility for preparing the annual audited financial statements and the Companies Act 2016 requires the Directors to make a statement stating whether in their opinion, the audited financial statements are drawn up, in accordance with the applicable accounting standards, to give a true and fair view of the financial position and of the financial performance of the Group and of the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the FY2024, the Group has used the appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

This Statement on Corporate Governance Overview, Risk Management & Internal Control Statement is made in accordance with the resolution of the Board.

Directors' Report

for the financial year ended 30 June 2024

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are investment banking, stockbroking business, futures broking and related financial services, nominees and custodian services, investment activities, unit trust management, fund management including islamic fund management service and sale of unit trusts as disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	The Group RM'000	The Company RM'000
Net profit for the financial year	97,911	58,268

DIVIDENDS

Since the previous financial year ended 30 June 2023, a final single-tier dividend of 17.0 sen per share, amounting to RM42.0 million in respect of the financial year ended 30 June 2023, was paid on 21 November 2023.

Dividend paid on the shares held in trust pursuant the Company's Executive Share Option Scheme ("ESOS") which are classified as treasury shares held for ESOS scheme are not accounted for in the total equity. An amount of RM1,888,819 being dividend paid for these shares was added back to the appropriation of retained profits.

The Directors have declared a final single-tier dividend of 22.0 sen per share on the Company's issued and paid-up ordinary shares of RM246,896,668 comprising of 246,896,668 ordinary shares, amounting to RM54.3 million for the financial year ended 30 June 2024, to be paid on a date to be determined.

BUSINESS STRATEGY FOR THE CURRENT FINANCIAL YEAR

The business strategy for the current financial year is disclosed in the annual report.

OUTLOOK AND BUSINESS PLAN FOR THE COMING FINANCIAL YEAR

The outlook and business plan for the coming financial year are disclosed in the annual report.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 45 to the financial statements.

Directors' Report

for the financial year ended 30 June 2024

SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

Significant events subsequent to the financial year are disclosed in Note 46 to the financial statements.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements and notes to the financial statements.

DIRECTORS

The Directors of the Company who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Kong Khoon	(Chairman, Non-Independent Non-Executive Director)
Tai Siew Moi	(Independent Non-Executive Director)
Leong Ket Ti	(Independent Non-Executive Director)
Peter Ho Kok Wai	(Independent Non-Executive Director)
Lee Jim Leng	(Non-Independent Non-Executive Director)

The Directors of the Company's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are:

Raja Noorma binti Raja Othman
Musa bin Mahmood
Datuk Manharlal a/l Ratilal
Chee Fei Meng
Dato' Abdul Majit bin Ahmad Khan
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Chue Kwok Yan (*Appointed with effect from 15 July 2024*)
Ang Beng Kuan
Noor Aini binte Shaik Awab
Lau Yew Sun
Sharan Kaur a/p Jaswant Singh
Tan Chan Yien
Muhammad Awi Goo @ Goo Kim Hooi
Norhayati binti Abu Bakar (*Ceased with effect from 3 August 2023*)
Mohd Faizal bin Ali (*Ceased with effect from 3 August 2023*)
Yong Yoong Fa (*Retired with effect from 23 November 2023*)
Hoo See Kheng (*Resigned with effect from 30 June 2024*)

Directors' Report

for the financial year ended 30 June 2024

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, the Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares and/or preference shares and/or loan stocks and/or options over ordinary shares of the Company and/or its related corporations during the financial year ended 30 June 2024 are as follows:

	Directors' direct interests			
	Number of ordinary shares/preference shares/ordinary shares issued or to be issued or acquired or to be received arising from vesting of share grant*			
	As at 01.07.2023	Acquired	(Sold)	As at 30.06.2024
Interests of Tan Kong Khoon in:				
Hong Leong Financial Group Berhad	250,246	125,122 ⁽¹⁾	-	375,368
	125,122 *	-	(125,122) ^{*(1)}	-
Interests of Tai Siew Moi in:				
Hong Leong Bank Berhad	14,500	-	-	14,500
Interests of Lee Jim Leng in:				
Hong Leong Capital Berhad	250,000	-	-	250,000

Notes:

⁽¹⁾ Vesting of share grant

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company received or became entitled to receive any benefits (other than the benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements or as fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any other arrangements to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than the shares options granted pursuant to the Executive Share Option Scheme.

Directors' Report

for the financial year ended 30 June 2024

DIRECTORS' REMUNERATION

The remuneration in aggregate for Directors of the Company and its subsidiaries for the financial year are as follows:

Directors of the Company	The Group RM'000	The Company RM'000
Director fees	385	385
Director other emoluments	4,241	53

Directors of the Company's Subsidiaries		
Director fees	829	-
Director other emoluments	2,511	-

There were no amount paid to or receivable by any third party for services provided by Directors of the Company and its subsidiaries.

During the financial year, Directors and Officers of the Group are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors and Officers of the immediate holding company and its subsidiaries was RM10.0 million. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the immediate holding company and its subsidiaries was RM85,500 (2023: RM71,250) and the apportioned amount of the said premium paid by Hong Leong Investment Bank Berhad was RM657 (2023: RM1,793).

Details of Directors' remuneration are set out in Note 32 to the financial statements.

SHARE CAPITAL

There was no change in the issued and paid-up capital of the Company during the financial year.

STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**(a) As at the end of the financial year**

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, other than debts, which were unlikely to be realised at their book values in the ordinary course of business had been written down to their estimated realisable values.

Directors' Report

for the financial year ended 30 June 2024

STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(b) From the end of the financial year to the date of this report

(i) The Directors are not aware of any circumstances:

- which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any material extent;
- which would render the values attributed to current assets in the financial statements misleading; or
- which had arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

(ii) In the opinion of the Directors:

- the results of the operations of the Group and the Company for the financial year ended 30 June 2024 are not likely to be substantially affected by any item, transaction or event of a material and unusual nature which had arisen in the interval between the end of the financial year and the date of this report; and
- no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

(c) As at the date of this report

- (i) There are no charges on the assets of the Group and the Company which had arisen since the end of the financial year to secure the liabilities of any other person.
- (ii) There are no contingent liabilities which had arisen since the end of the financial year.
- (iii) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

HOLDING AND ULTIMATE HOLDING COMPANIES

The immediate holding and ultimate holding companies are Hong Leong Financial Group Berhad (“HLFG”) and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia. HLFG is listed on the Main Market of Bursa Malaysia Securities Berhad.

SUBSIDIARIES

Details of subsidiaries are set out in Note 12 to the financial statements.

Directors' Report

for the financial year ended 30 June 2024

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company are RM558,000 and RM101,000 respectively.

Details of auditors' remuneration are set out in Note 29 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors in accordance with their resolution dated 18 September 2024.

Peter Ho Kok Wai
Director

Tan Kong Khoon
Director

Kuala Lumpur
18 September 2024

Statements of Financial Position

as at 30 June 2024

	Note	The Group		The Company	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Assets					
Cash and short-term funds	2	153,589	352,914	4,997	34,892
Clients' and brokers' balances	3	236,831	140,476	-	-
Deposits and placements with banks and other financial institutions	4	163,053	140,012	223,300	-
Financial assets at fair value through profit or loss ("FVTPL")	5	595,107	633,386	185,398	358,334
Financial investments at fair value through other comprehensive income ("FVOCI")	6	2,042,860	1,838,115	-	-
Financial investments at amortised cost	7	1,305,285	1,138,237	-	-
Loans and advances	8	308,912	409,817	-	-
Other assets	9	251,063	47,745	784	187
Derivative financial assets	21	26,918	67,036	-	-
Statutory deposits with Bank Negara Malaysia ("BNM")	10	61,265	52,350	-	-
Tax recoverable		598	155	595	125
Deferred tax assets	11	78,570	97,574	-	-
Investment in subsidiary companies	12	-	-	246,574	246,574
Property and equipment	13	2,966	5,398	-	-
Right-of-use ("ROU") assets	14	13,724	13,799	-	-
Other intangible assets	15	5,759	5,688	-	-
Goodwill	16	33,059	33,059	-	-
Total assets		5,279,559	4,975,761	661,648	640,112
Liabilities					
Clients' and brokers' balances		233,891	145,393	-	-
Deposits from customers	17	758,755	703,676	-	-
Deposits and placements of banks and other financial institutions	18	2,807,836	2,858,234	-	-
Lease liabilities	19	13,015	13,432	-	-
Other liabilities	20	309,760	135,271	4,508	1,139
Derivative financial liabilities	21	27,154	54,074	-	-
Current tax liabilities		2,040	110	-	-
Subordinated obligations	22	99,945	100,195	-	-
Total liabilities		4,252,396	4,010,385	4,508	1,139
Equity					
Share capital	23	246,896	246,896	246,896	246,896
Reserves	24	811,424	749,637	441,288	423,121
Treasury shares for ESOS scheme	25	(31,157)	(31,157)	(31,044)	(31,044)
Total equity		1,027,163	965,376	657,140	638,973
Total equity and liabilities		5,279,559	4,975,761	661,648	640,112
Commitments and contingencies	36	10,848,756	8,278,632	-	-

Income Statements

for the financial year ended 30 June 2024

	Note	The Group		The Company	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Interest income	26a	162,679	133,084	1,221	561
Interest income for financial assets at FVTPL	26b	19,125	22,110	-	-
Interest expense	27	(130,608)	(101,772)	-	-
Net interest income		51,196	53,422	1,221	561
Non-interest income	28	218,585	142,904	59,832	56,408
		269,781	196,326	61,053	56,969
Overhead expenses	29	(148,020)	(135,097)	(2,291)	(1,774)
Operating profit before allowances		121,761	61,229	58,762	55,195
Write-back of allowance for impairment losses on loans and advances	30	74	9	-	-
Write-back of allowance for impairment losses on financial investments and other financial assets	31	26	190	-	-
Profit before taxation		121,861	61,428	58,762	55,195
Taxation	33	(23,950)	(11,552)	(494)	(92)
Net profit for the financial year		97,911	49,876	58,268	55,103
Earnings per share (sen)					
- Basic	34	41.5	21.2		
- Diluted	34	41.5	21.2		

Statements of Comprehensive Income

for the financial year ended 30 June 2024

	Note	The Group		The Company	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Net profit for the financial year		97,911	49,876	58,268	55,103
Other comprehensive income:					
Items that will be reclassified subsequently to income statements:					
Debt instruments at FVOCI					
- Net fair value changes		5,070	20,127	-	-
- Net changes in expected credit losses		107	9	-	-
Income tax relating to net fair value changes on financial investments at FVOCI	11	(1,217)	(4,830)	-	-
Other comprehensive income for the financial year, net of tax		3,960	15,306	-	-
Total comprehensive income for the financial year, net of tax		101,871	65,182	58,268	55,103

Statements of Changes In Equity

for the financial year ended 30 June 2024

The Group	Note	Attributable to owners of the parent					Total RM'000
		Share capital RM'000	Treasury shares for ESOS scheme RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
At 1 July 2023		246,896	(31,157)	14,429	(4,486)	739,694	965,376
Net profit for the financial year		-	-	-	-	97,911	97,911
Other comprehensive income, net of tax		-	-	-	3,960	-	3,960
Total comprehensive income for the financial year		-	-	-	3,960	97,911	101,871
Transfer to regulatory reserve	24	-	-	2,748	-	(2,748)	-
Dividend paid	35	-	-	-	-	(40,084)	(40,084)
At 30 June 2024		246,896	(31,157)	17,177	(526)	794,773	1,027,163

The Group	Note	Attributable to owners of the parent					Total RM'000
		Share capital RM'000	Treasury shares for ESOS scheme RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
At 1 July 2022		246,896	(31,157)	12,148	(19,792)	736,898	944,993
Net profit for the financial year		-	-	-	-	49,876	49,876
Other comprehensive expense, net of tax		-	-	-	15,306	-	15,306
Total comprehensive income for the financial year		-	-	-	15,306	49,876	65,182
Transfer to regulatory reserve	24	-	-	2,281	-	(2,281)	-
Dividend paid	35	-	-	-	-	(44,799)	(44,799)
At 30 June 2023		246,896	(31,157)	14,429	(4,486)	739,694	965,376

Statements of Changes In Equity

for the financial year ended 30 June 2024

The Company	Note	Non-distributable		Distributable		Total RM'000
		Share capital RM'000	Treasury shares for ESOS scheme RM'000	Retained profits RM'000		
At 1 July 2023		246,896	(31,044)	423,121		638,973
Net profit for the financial year		-	-	58,268		58,268
Total comprehensive income for the financial year		-	-	58,268		58,268
Dividend paid	35	-	-	(40,101)		(40,101)
At 30 June 2024		246,896	(31,044)	441,288		657,140
At 1 July 2022		246,896	(31,044)	412,837		628,689
Net profit for the financial year		-	-	55,103		55,103
Total comprehensive income for the financial year		-	-	55,103		55,103
Dividend paid	35	-	-	(44,819)		(44,819)
At 30 June 2023		246,896	(31,044)	423,121		638,973

Statements of Cash Flows

for the financial year ended 30 June 2024

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Cash flows from operating activities		
Profit before taxation	121,861	61,428
Adjustments for:		
Depreciation of property and equipment	3,397	4,532
Depreciation of ROU assets	3,904	4,001
Amortisation of intangible assets - computer software	2,445	2,311
Gain on disposal of property and equipment	-	(3)
Gain on liquidation of a subsidiary	-	(232)
Write-back of allowance for impairment losses on loans and advances	(74)	(9)
Allowance for/(Write-back of) allowance for impairment losses on financial investments and other financial assets	30	(157)
Net unrealised (gain)/loss on revaluation of:		
- Financial assets at FVTPL	(17,787)	1,041
- Derivative financial instruments	12,686	(215)
Net (gain)/loss on discontinued fair value hedges	(3,562)	74
Net realised gain arising from sale of financial investments at FVOCI	(11,607)	(3,826)
Interest income from:		
- Financial assets at FVTPL	(19,125)	(22,110)
- Financial investments at FVOCI	(67,198)	(48,019)
- Financial investments at amortised cost	(38,044)	(33,157)
Interest expense from:		
- Derivative financial instruments	6,456	8,413
- Subordinated obligations	4,251	4,232
- Lease liabilities	540	714
Dividend income from:		
- Financial assets at FVTPL	(14,183)	(12,290)
	(137,871)	(94,700)
Operating loss before working capital changes	(16,010)	(33,272)
(Increase)/Decrease in operating assets		
Deposit and placements with banks and other financial institutions with original maturity of more than three months	(72,000)	(10,000)
Clients' and brokers' balances	(96,321)	175,932
Financial assets at FVTPL	55,292	(251,078)
Loans and advances	100,979	(16,089)
Other assets	(203,248)	(6,633)
Derivative financial instruments	-	(2)
Statutory deposits with BNM	(8,915)	(52,350)
	(224,213)	(160,220)

Statements of Cash Flows

for the financial year ended 30 June 2024

	Note	The Group	
		30.06.2024 RM'000	30.06.2023 RM'000
Increase/(Decrease) in operating liabilities			
Clients' and brokers' balances		88,498	(161,508)
Deposits from customers		55,079	(55,960)
Deposits and placements of banks and other financial institutions		(50,398)	950,999
Other liabilities		174,321	(77,040)
		267,500	656,491
Cash generated from operating activities		27,277	462,999
Net income tax paid		(4,676)	(4,239)
Net cash generated from operating activities		22,601	458,760
Cash flows from investing activities			
Net purchases of financial investments at FVOCI		(194,307)	(563,743)
Net (purchases)/proceeds of financial investments at amortised cost		(173,665)	101,946
Dividends received from:			
- Financial assets at FVTPL		13,920	12,290
Interest received from financial assets at FVTPL, financial investments at FVOCI, financial investments at amortised cost and derivatives		142,055	117,862
Interest paid on derivative financial instruments		(6,440)	(9,866)
Proceeds from liquidation of a subsidiary		-	232
Proceeds from disposal of property and equipment		-	3
Purchase of property and equipment		(965)	(659)
Purchase of intangible assets		(2,516)	(3,006)
Net cash used in investing activities		(221,918)	(344,941)
Cash flows from financing activities			
Interest paid on subordinated obligations		(4,242)	(4,230)
Proceeds from issuance of subordinated obligations		99,741	-
Repayment of subordinated obligations		(100,000)	-
Dividend paid		(40,084)	(44,799)
Lease payments		(4,382)	(4,559)
Net cash used in financing activities		(48,967)	(53,588)
Net (decrease)/increase in cash and cash equivalents		(248,284)	60,231
Cash and cash equivalents at beginning of the financial year		482,926	422,695
Cash and cash equivalents at end of the financial year		234,642	482,926
Cash and cash equivalents comprise:			
Cash and short-term funds	2	153,589	352,914
Deposit and placements with banks and other financial institutions	4	163,053	140,012
		316,642	492,926
Less:			
Deposit and placements with banks and other financial institutions with original maturity of more than three months		(82,000)	(10,000)
		234,642	482,926

Statements of Cash Flows

for the financial year ended 30 June 2024

	Note	The Company	
		30.06.2024 RM'000	30.06.2023 RM'000
Cash flows from operating activities			
Profit before taxation		58,762	55,195
Adjustments for:			
Net unrealised (gain)/loss on revaluation of financial assets at FVTPL		(18,557)	554
Dividend income from:			
- Financial assets at FVTPL		(11,473)	(10,680)
- Subsidiary companies		(28,710)	(46,440)
		(58,740)	(56,566)
Operating profit/(loss) before working capital changes		22	(1,371)
Decrease/(Increase) in financial assets at FVTPL		191,493	(3,673)
Increase in deposit and placements with banks and other financial institutions with original maturity of more than three months		(80,000)	-
(Increase)/Decrease in other assets		(333)	146
Increase in other liabilities		3,369	33
Cash generated from/(used in) operating activities		114,551	(4,865)
Net income tax paid		(964)	(437)
Net cash generated from/(used in) operating activities		113,587	(5,302)
Cash flows from investing activities			
Dividends received from:			
- Financial assets at FVTPL		11,209	10,680
- Subsidiary companies		28,710	46,440
Net cash generated from investing activities		39,919	57,120
Cash flows from financing activity			
Dividend paid		(40,101)	(44,819)
Net cash used in financing activity		(40,101)	(44,819)
Net increase in cash and cash equivalents		113,405	6,999
Cash and cash equivalents at beginning of the financial year		34,892	27,893
Cash and cash equivalents at end of the financial year		148,297	34,892
Cash and cash equivalents comprise:			
Cash and short-term funds	2	4,997	34,892
Deposits and placements with banks and other financial institutions	4	223,300	-
		228,297	34,892
Less:			
Deposit and placements with banks and other financial institutions with original maturity of more than three months		(80,000)	-
		148,297	34,892

Statements of Cash Flows

for the financial year ended 30 June 2024

Analysis of changes in liabilities arising from financing activities as follows:

	Cash changes				Non-cash changes			Balance at the end of the financial year RM'000
	Balance at the beginning of the financial year RM'000	Proceeds from issuance RM'000	Repayment RM'000	Interest paid RM'000	Accrued interest RM'000	Amortisation RM'000	Other non-cash RM'000	
The Group								
30.06.2024								
Lease Liabilities	13,432	-	(3,842)	(540)	540	-	3,425	13,015
Subordinated obligations	100,195	99,741	(100,000)	(4,242)	4,248	3	-	99,945
	113,627	99,741	(103,842)	(4,782)	4,788	3	3,425	112,960
30.06.2023								
Lease Liabilities	16,548	-	(3,845)	(714)	714	-	729	13,432
Subordinated obligations	100,193	-	-	(4,230)	4,230	2	-	100,195
	116,741	-	(3,845)	(4,944)	4,944	2	729	113,627

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial investments at FVOCI and financial assets/financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates. The area involving higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements includes the following:

Deferred tax asset (Note 11)

Deferred tax assets are recognised for unutilised tax credits to the extent that it is probable that future taxable profits will be available against which the tax credits can be utilised. Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the probability and level of future taxable profits. Management assesses the probability of future taxable profit based on the profit projections approved by Directors covering three year period. Management has also considered the estimated growth rate in the capital markets and Kuala Lumpur Composite Index ("KLCCI") in deriving the profit projections. Profits beyond the three year period are extrapolated using the estimated growth rate of 4.1% (2023: 4.2%), based on the forecasted Gross Domestic Product ("GDP") growth rate of the country. Management has assumed a percentage of probability factors for taxable profits for the fourth year and onwards.

(a) Standards, amendments and improvements to published standards that are applicable to the Group and the Company and are effective

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 July 2023:

- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to MFRS 108 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities from a Single Transaction'
- Amendments to MFRS 112 'International Tax Reform-Pillar Two Model Rules'

The adoption of above amendments have resulted in changes in accounting policies.

The adoption of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) Standards, amendments and improvements to published standards that are applicable to the Group and the Company and are effective (continued)

Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'

The amendments to MFRS 101 require the Group and the Company to disclose material accounting policies rather than significant accounting policies. The Group and the Company are expected to make disclosure of accounting policies specific to the Group and the Company and not generic disclosures on MFRS applications.

The amendments explains an accounting policy is material if, when considered together with other information included in the Group and the Company's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to MFRS 108 'Definition of Accounting Estimates'

The amendments is redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors.

Examples of accounting estimates include expected credit losses, fair value of an asset or liability and depreciation of property and equipment.

Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations.

In accordance with the transition provisions, the Group and the Company applied the amendments and recognises both deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities as at 1 July 2022 for all deductible and taxable temporary differences arising from:

- a) right-of-use assets and lease liabilities; and
- b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments was recognised in the opening balance of retained earnings as at 1 July 2022, or other component of equity, as appropriate.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(a) Standards, amendments and improvements to published standards that are applicable to the Group and the Company and are effective (continued)

Amendments to MFRS 112 'International Tax Reform-Pillar Two Model Rules'

The amendments clarify that MFRS 112 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development, including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments provide a mandatory temporary exception from the MFRS 112 requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The Group and the Company actively monitor the progress of the legislative process in each jurisdictions in which the Group and the Company operate. The amendments had no impact on the Group and the Company's consolidated financial statements as none of the jurisdictions were subject to Pillar Two income taxes as of the reporting date.

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 July 2024. None of these is expected to have a significant effect on the financial statements of the Group and the Company, except the following:

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the "lease payments" or "revised lease payments" in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

- There are two amendments to MFRS 101 'Presentation of Financial Statements'. The first amendments, 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 'Financial Instruments: Presentation' does not impact the current or non-current classification of the convertible instrument.

The second amendments, 'Non-current Liabilities with Covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

Both amendments are effective for the annual reporting periods beginning on or after 1 January 2024.

The amendments shall be applied retrospectively.

- Amendments to MFRS 121 'The effects of Changes in Foreign Exchange Rates - Lack of Exchangeability' (effective 1 January 2025) clarify that a currency is exchangeable when an entity is able to exchange it into other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

The amendments do not specify how to estimate the spot exchange rate, but an entity can use observable exchange rate without adjustment or another estimation technique, that could meet the objective of the new requirements for estimating the spot exchange rate.

The amendments shall be applied prospectively.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

- Amendments to MFRS 107 Statement of Cash Flows 'Supplier Finance Arrangements' and MFRS 7 Financial Instruments 'Supplier Finance Arrangements' (effective 1 January 2024) require entities to disclose information about the supplier finance arrangements ("SFA") that enable users to understand the effects of SFA on an entity's liabilities, cash flow and exposure to liquidity risk.

The amendments shall be applied prospectively.

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.

The new MFRS introduces a new structure of profit or loss statement.

- a) Income and expenses are classified into three new main categories:
 - Operating category which typically includes results from the main business activities;
 - Investing category that presents the results of investment in associates and joint venture and other assets that generate a return largely independently of other resources; and
 - Financing category that presents income and expenses from financing liabilities.
- b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

Management-defined performance measure ("MPMs") are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS accounting standards.

Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The amendments shall be applied retrospectively.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

A BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

- MFRS 19 'Subsidiaries without Public Accountability: Disclosures' (effective 1 January 2027) is to allow eligible subsidiaries to apply the reduced disclosure requirements, while still applying the recognition, measurement and presentation requirements in accounting standards. An entity is eligible to apply MFRS 19 in its consolidated, separate or individual financial statements if it meets the eligibility criteria as listed below at the end of the reporting period.
 - a) It is a subsidiary as defined in MFRS 10 Consolidated Financial Statements;
 - b) It does not have public accountability; and
 - c) It has a parent (either ultimate or intermediate) that prepare consolidated financial statements, available for public use that comply with MFRS accounting standards.

An intermediate parent does not have public accountability and meets above eligibility conditions is permitted to apply these standards in its separate financial statements even if it does not apply these standards in its consolidated financial statements. An entity has public accountability if:

- a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market; or
- b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

An entity is permitted to elect to apply MFRS 19 more than once. An entity that has elected to apply MFRS 19 may later revoke that election.

The standards requires to disclose the fact that it is applying the standards as part of its general compliance statement. Apart from this, these standards requires the financial statements to comply with accounting standards and the disclosure requirements to make an explicit and unreserved statement of such compliance.

In developing the disclosures relating to each accounting standard, the Malaysian Accounting Standards Board adopted the following approach:

- a) If the recognition and measurement requirements were the same, the disclosure requirements in the MFRS for SMEs accounting standard have been issued in these standards with the wording alligned used in other MFRS accounting standards; and
- b) If recognition and measurement requirements are different in the MFRS for SMEs accounting standards, the disclosure requirements in these standards have been tailored applying the principles used in developing the disclosure requirements in the MFRS for SMEs accounting standard.

Some disclosure requirements in MFRS accounting standards remain applicable to entities applying MFRS 19. Such disclosure requirements are specified under the subheading of each MFRS accounting standard.

The amendments shall be applied prospectively.

The adoption of the above new accounting standards, amendments to published standards, and interpretations are not expected to give rise to any material financial impact on the Group and the Company.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

B CONSOLIDATION

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements include the financial statements of the Group and all its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared in the same reporting date as the Group.

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statements.

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (at the date of the transaction) of the acquired entity is recorded as an adjustment to retained profits. No additional goodwill is recognised. Acquisition-related costs are expensed as incurred. The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred and the corresponding amounts for the previous year are also not restated.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in income statements. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in income statements. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

B CONSOLIDATION (CONTINUED)

(i) Subsidiaries (continued)

Inter-company transactions, balances, unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of financial position respectively.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(iii) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in income statements. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statements.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) Investment in subsidiaries

In the Company's separate financial statements, the investment in subsidiaries is stated at cost less accumulated impairment losses. At each reporting date, the Company assesses whether there is an indication of impairment. If such indication exist, an analysis is performed to assess whether the carrying amount of the investment is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. Any subsequent increase in recoverable amount is recognised in the income statements.

On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in income statements.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in subsidiaries.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

C PROPERTY AND EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes its purchase price and any cost that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the income statements during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life. Property and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Buildings on freehold land	50 years
Office and computer equipment	3 - 10 years
Furniture and fittings	3 - 10 years
Renovations	5 - 10 years
Motor vehicles	4 - 5 years

The assets' residual value and useful lives are reviewed and adjusted if appropriate, at each reporting period.

Property and equipment are reviewed for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Any subsequent increase in the recoverable amount is recognised in the income statements. Refer to Note V on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in other operating income in income statements.

D INTANGIBLE ASSETS

(a) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 8 years. Computer software classified as intangible assets are stated at cost less accumulated amortisation and accumulated impairment loss, if any.

(b) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in income statements.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose. Each CGU represents the lowest level at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill is stated at cost less accumulated impairment loss and is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

E LEASES

Leases are recognised as ROU assets and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date). Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are lessees, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated). The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

Right-of-use (“ROU”) assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

The ROU assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU assets is depreciated over the underlying asset’s useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments depend on index or rate;
- The exercise price of a purchase options if the Group and the Company are reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option; and
- The amount expected to be payable by the Group and the Company under residual value guarantees.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

E LEASES (CONTINUED)

Lease liabilities (continued)

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU assets in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the interest expense in the income statements.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an operating expense in the income statements.

F FINANCIAL ASSETS

(i) Classification

The Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- those to be measured at amortised cost.

The Group and the Company reclassify debt investments when and only when its business model for managing those financial assets changes.

The Group and the Company do not change the classification of the remaining financial assets held in the business model, but consider the circumstances leading to the model change when assessing newly originated or newly purchased financial assets going forward.

Business model assessment

The Group and the Company conduct assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

F FINANCIAL ASSETS (CONTINUED)

(i) Classification (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (“SPPI”)

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Company assess whether the financial assets’ contractual cash flows represent solely payment of principal and interest. In applying the SPPI test, the Group and the Company consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the income statements.

Debt instruments

Subsequent measurement of debt instruments depends on the Group and the Company’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in to which the Group and the Company classify its debt instruments:

(a) Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statements as presented in net realised gain/(loss) on financial instruments (as per Note 28) and impairment losses are presented as separate line item (as per Note 31) in the income statements.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

F FINANCIAL ASSETS (CONTINUED)

(iii) Measurement (continued)

Debt instruments (continued)

(b) FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the income statements. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the income statements and recognised in net realised gain/(loss) on financial instruments. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the income statements.

(c) FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in the income statements and presented net within net unrealised gain/(loss) on revaluation in the period which it arises.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the income statements following the derecognition of the investment. Cumulative gain or loss previously recognised in OCI is not subsequently reclassified to the income statements, but may be transferred within equity. Dividends from such investments continue to be recognised in the income statements as other income when the Group and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in net gain/(loss) on revaluation in the income statements.

(iv) Reclassification

Reclassification of financial assets is required when, and only when, the Group and the Company change their business model for managing the assets. In such cases, the Group and the Company are required to reclassify all affected financial assets.

However, it will be inappropriate to reclassify financial assets that have been designated at fair value through profit or loss, or equity instruments that have been designated as at fair value through other comprehensive income even when there is a change in business model. Such designations are irrevocable.

(v) Modification of financial assets

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within impairment in the income statements with a corresponding decrease in the gross carrying value of the asset. If the modification involved a concession that the Group and the Company would not otherwise consider, the instrument is considered to be credit impaired and is considered forborne.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

G FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in income statements. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held-for-trading, and financial liabilities designated at fair value through profit or loss upon initial recognition. The Group and the Company does not have any non-derivative financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held-for-trading unless they are designated and effective as hedging instruments.

(b) Financial liabilities at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost.

H IMPAIRMENT OF FINANCIAL ASSETS

The Group and the Company assesses on a forward looking basis the expected credit loss (“ECL”) associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represent a probability-weighted estimate of the difference between the present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach

At each reporting date, the Group and the Company measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. The Group and the Company applies 3-stage approach on debt instruments measured at amortised cost and FVOCI, except for those that are under simplified approach, as explained below.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

H IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(ii) Simplified approach

The Group and the Company applies MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for clients and brokers' balances and other assets.

Significant increase in credit risk

At each reporting date, the Group and the Company assess whether there has been a significant increase in credit risk for exposures since initial recognition to determine whether the exposure is subject to 12-month ECL or lifetime ECL. This is performed by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition.

When determining whether the risk of default has increased significantly since initial recognition, the Group and the Company consider both quantitative and qualitative information and assessments based on the Group and the Company's historical experience and credit risk assessments, including forward-looking information. A backstop of 30 days or 1-month past due from its contractual payment is applied and a financial asset will still be designated as having significant increase in credit risk regardless if it meets both the quantitative and qualitative assessments.

Definition of default and credit-impaired financial assets

The definition of credit-impaired of the Group and the Company remained the same under MFRS 139 and MFRS 9. At each reporting period, the Group and the Company assess whether financial assets are impaired. Qualitative and quantitative information are used to determine if a financial asset is credit impaired. Nevertheless, a backstop is applied and a financial asset is considered as credit impaired if it is more than 90 days or 3 months past due on its contractual payments.

Where measurement of ECL is relying on external published sources, in determining if a financial asset is credit-impaired, the Group and the Company will consider factors, such as, but not limited to, rating agencies' assessment of creditworthiness and country's ability to access to capital markets for new debt issuance.

Measurement of ECL

ECL are measured using three main components, which include probability of default ("PD"), loss given default ("LGD") and exposures at default ("EAD"). These components are derived from either published information from External Credit Assessment Institutions ("ECAI") or proxy to the internally developed statistical models from the related company, Hong Leong Bank Berhad and adjusted to reflect forward-looking information.

The 12-month and lifetime PD represent the expected point-in-time probability of default over the next 12 months and remaining lifetime of a financial instrument, based on the conditions that exist at the reporting date and taking into consideration of future economic conditions that affect credit risk. The LGD component represents that expected loss if a default event occurs at a given time, taking into account the mitigating effects of collateral, its expected value when realised and time value of money. The EAD represents the expected exposure at default, taking into account the repayment of principal and interest from the reporting date to the default event together with expected drawdown and utilisation of a facility. The 12-month ECL is equal to the discounted sum over the next 12 months of monthly PD multiplied by LGD and EAD. The discount rate used in the ECL measurement is the original effective interest rate or an approximation thereof.

The measurement of ECL reflects an unbiased and probability-weighted amount that is derived by evaluating a range of possible macroeconomic outcome, the time value of money together with reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

H IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

Forward looking information

The Group and the Company incorporate forward looking macroeconomic (“MEV”) which consists of economic indicators and industry statistics in the measurement of ECL. This involves incorporation of MEV forward looking into PD estimation, which is determined based on probability-weighted outcome from a range of economic scenarios. No MEV is incorporated into LGD estimation due to insufficient data points and lack of solid statistical results supporting the said application.

The Group and the Company apply three economic scenarios to reflect an unbiased probability-weighted range of possible future outcome in estimating ECL:

Base case: This represents ‘most likely outcome’ of future economic conditions which are backed by consensus forecast from various sources.

Best and worst case: This represent the ‘upside’ and ‘downside’ outcome of future economic conditions by making references to past historical cyclical conditions together with incorporation of best estimates and judgements on an unbiased basis.

I DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral furnished by the Group under standard repurchase agreements transactions is not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

J OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

K SALE AND REPURCHASE AGREEMENTS

Securities purchased under resale agreements are securities which the Group and the Company have purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the statements of financial position.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group and the Company have sold from its portfolio, with a commitment to repurchase at future dates. Such financing and the obligation to repurchase the securities is reflected as a liability on the statements of financial position.

The difference between sale and repurchase price as well as purchase and resale price are amortised as interest income and interest expense respectively on an effective yield method.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

L CLIENTS' AND BROKERS' BALANCES

In accordance with the Rules of Bursa Malaysia Securities Berhad ("Bursa Securities"), clients' accounts are classified as impaired accounts (previously referred to as non-performing) under the following circumstances:

Types	Criteria for classification as impaired
Contra losses	When an account remains outstanding from more than 16 calendar days from the date of contra transaction
Overdue purchase contracts	When an account remains outstanding from T+5 market days onwards (non-margin purchase) and T+9 market days onwards (discretionary financing)

Bad debts are written-off when identified. Impairment allowances are made for balances due from clients and brokers which are considered doubtful or which have been classified as impaired, after taking into consideration collateral held by the Group and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Securities.

M DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values at the end of each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the income statements.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group and the Company recognises the fair value of derivatives in income statements immediately.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Company designated certain derivatives as hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

At the inception of the transaction, the Group and the Company document the relationship between hedging instruments and hedged items, as well as their risk management objective and strategy for undertaking various hedge transactions. The Group and the Company also documents their assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statements of income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to statements of income over the period to maturity using a recalculated effective interest rate.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

M DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONTINUED)

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statements of income.

N MANAGER'S STOCKS AND CONSUMABLES

Manager's stocks represent units in the unit trust funds managed by the unit trust management subsidiary. Manager's stocks are classified as a financial asset at fair value through profit or loss. Consumables for future use are stated at cost and are written off when they are not foreseen to be used.

O CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash and short-term funds held for the purpose of meeting short-term commitments and readily convertible into cash without significant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and short-term funds and deposits and placements with financial institutions, with original maturity of three months or less.

P BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between initial recognised amount and the redemption value is recognised in the income statements over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in income statements within interest expense.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in income statements, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

All other borrowing costs are recognised in income statements in the period in which they are incurred.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

Q INCOME TAXES

Tax expense for the period comprises current and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred income tax related to fair value re-measurement of financial investments at FVOCI, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statements together with the deferred gain or loss.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

R PROVISIONS

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present values of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

S RECOGNITION OF INTEREST INCOME

Interest income and expense for all interest-bearing financial instruments are recognised within “interest income” and “interest expense” in the income statements using the effective interest method. Interest income for financial assets at FVTPL is disclosed as separate line item in income statements.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and the Company take into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

T RECOGNITION OF FEES AND OTHER INCOME

Loan arrangement fees and commissions are recognised as income when all conditions precedent are fulfilled. For a service that is provided over a period of time, commitment fees and guarantee fees which are material are recognised as income based on time apportionment. Fees for these services will be billed periodically over time.

For a transaction-based service, charges and other fee income are recognised as income when the services are rendered. These fees constitute a single performance obligation.

Dividends from financial assets at FVTPL, financial investments at FVOCI and subsidiary companies are recognised when the rights to receive payment is established.

Net profit from financial assets at FVTPL and financial investments at FVOCI are recognised upon disposal of the financial instruments, as the difference between net disposal proceeds and the carrying amount of the financial instruments.

Brokerage income is recognised when contracts are executed. Fees that constitute single performance obligation is recognised upon completion of transactions such as rollover fees, nominees services and handling charges.

Corporate advisory fees are recognised as income after fulfilling each of the performance obligation.

Management fees charged for management of clients’ and unit trust funds is recognised over the period of time in accordance with the rates provided for in the prospectuses of unit trust funds and investment mandate with private customers. Other management fees charged for underwriting, placement and advisory fees are recognised over the period during which the related service is provided or credit risk is undertaken.

Service charge from sales of unit trust comprises gross proceeds from sales of unit trust less direct cost of unit trust created, net of cancellations. Such revenue is recognised upon the allotment of unit trust.

Commission from futures clients is recognised upon the execution of trade on behalf of clients.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

U EMPLOYEE BENEFITS

Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The Group and the Company recognise a liability and an expense for bonuses. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (fund) on mandatory, contractual or voluntary basis and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group and the Company contribute to a national defined contribution plan (the Employee Provident Fund) on a mandatory basis and the amounts contributed to the plan are charged to the income statements in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Share-based compensation

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the income statements over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Company revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statements, with a corresponding adjustment to share option reserve in equity.

A trust has been set up for the Employee Share Option Scheme ("ESOS") and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's stocks from the open market for the purposes of this trust, recognised as treasury shares in the equity.

When the options are exercised, the Company delivers the treasury shares to the employees. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained profits. The difference between the net proceeds received and the cost of treasury shares is recorded as an adjustment to retained profits.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

V IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the income statements unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

W CURRENCY TRANSLATIONS

(a) Functional and presentation currency

Items included in the financial statements of each of the Group and the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Group's presentation currency and the Company's functional and presentation currency.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

Changes in the fair value of monetary securities denominated in foreign currency classified as FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in income statements, and other changes in the carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial investments at FVOCI are included in other comprehensive income.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

X SHARE CAPITAL

(a) Classification

Ordinary shares are classified as equity. Other shares, if any, are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument.

(b) Share issue costs

Incremental external costs directly attributable to the issue of new shares or options are deducted against equity.

(c) Dividends

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument are charged directly to equity.

Y SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

Segment revenue, expense, assets and liabilities are those amount resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Z FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans and other banking facilities.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the ECL model under MFRS 9 'Financial instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

Summary of Material Accounting Policies

for the financial year ended 30 June 2024

AA CONTINGENT ASSETS AND LIABILITIES

The Group and the Company do not recognise contingent assets and liabilities other than those arising from business combination, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

AB TRANSACTION WITH OWNERS

Transaction with owners in their capacity as owners are recognised in statements of changes in equity and are presented separately from non-owner changes in equity.

AC EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

for the financial year ended 30 June 2024

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are investment banking, stockbroking business, futures broking, related financial services, nominees and custodian services, investment activities unit trust management, fund management including islamic fund management service and sale of unit trusts as disclosed in Note 12 to the financial statements.

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The immediate holding and ultimate holding companies are Hong Leong Financial Group Berhad ("HLFG") and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia. HLFG is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 30, Menara Hong Leong, No 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur.

2 CASH AND SHORT-TERM FUNDS

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Cash and balances with banks and other financial institutions	104,444	71,533	4,997	5,592
Money at call and deposit placements maturing within one month	49,145	281,381	-	29,300
	153,589	352,914	4,997	34,892

Inclusive in cash and short-term funds of the Group are accounts in trust for dealer's representative amounting to RM13,914,000 (2023: RM13,893,000).

Cash and short term funds of the Group also include restricted cash which could be utilised only for the creation and cancellation of units of the funds management by the Group in accordance with Section 111 of the Capital Markets and Services Act 2007. The total restricted cash of the Group amounted to RM16,753,000 (2023: RM16,726,000).

Notes to the Financial Statements

for the financial year ended 30 June 2024

3 CLIENTS' AND BROKERS' BALANCES

Clients' and brokers' balances represent amounts receivable from outstanding purchase contracts in respect of the Group's stockbroking business entered on behalf of clients, amounts due from brokers and contra losses.

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Performing accounts	236,351	139,919
Impaired accounts	1,312	1,423
	237,663	141,342
Less: Expected credit losses	(832)	(866)
	236,831	140,476

Movements of impaired accounts are as follows:

At 1 July	1,423	2,861
New financial assets originated	76	54
Financial assets derecognised	(158)	(779)
Impaired during the financial year	6,534	15,948
Written-back during the financial year	(6,563)	(16,661)
At 30 June	1,312	1,423

Movements in expected credit losses on clients' and brokers' balances are as follows:

The Group	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 1 July 2023	9	857	866
New financial assets originated	38	30	68
Financial assets derecognised	(60)	(21)	(81)
Allowance made	61	54	115
Allowance written-back	(41)	(95)	(136)
At 30 June 2024	7	825	832
At 1 July 2022	49	949	998
New financial assets originated	38	12	50
Financial assets derecognised	(49)	(11)	(60)
Allowance made	27	240	267
Allowance written-back	(56)	(333)	(389)
At 30 June 2023	9	857	866

Notes to the Financial Statements

for the financial year ended 30 June 2024

4 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Licensed banks	163,053	140,012	223,300	-

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Money market instruments				
Malaysian Government Securities	60,170	61,789	-	-
Malaysian Government Investment Issues	121,639	122,507	-	-
Negotiable instruments of deposits	50,071	49,885	-	-
	231,880	234,181	-	-
Quoted securities				
In Malaysia:				
Shares	162,911	55,593	75,165	49,699
Unit trust investment	110,442	308,839	110,233	308,635
	273,353	364,432	185,398	358,334
Unquoted securities				
Corporate bond and/or sukuk	89,874	34,773	-	-
	595,107	633,386	185,398	358,334

IBOR Reform

The Group holds the following financial assets at FVTPL which are referenced to the current benchmark interest rates and have yet to transition to an alternative benchmark interest rate.

	30.06.2024		30.06.2023	
	Total RM'000	Of which contract yet to transition to an alternative benchmark RM'000	Total RM'000	Of which contract yet to transition to an alternative benchmark RM'000
The Group				
Unquoted securities				
Corporate bond and/or sukuk				
- Kuala Lumpur Interbank Offered Rate ("KLIBOR")	89,874	89,874	34,773	34,773

Notes to the Financial Statements

for the financial year ended 30 June 2024

6 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Money market instruments		
Malaysian Government Securities	361,331	214,625
Malaysian Government Investment Issues	580,790	449,106
Cagamas bonds	85,597	85,085
	1,027,718	748,816
Unquoted securities		
Foreign currency bonds	141,927	72,512
Corporate bond and/or sukuk	873,215	1,016,787
	1,015,142	1,089,299
	2,042,860	1,838,115

The carrying amount of debt instruments at FVOCI is equivalent to their fair value. The expected credit losses is recognised in other comprehensive income and does not reduce the carrying amount in the statements of financial position.

Movements in expected credit losses of debt instruments at FVOCI are as follows:

The Group	12 Months ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total ECL RM'000
At 1 July 2023	167	-	-	167
Allowances made	33	-	-	33
Amount written-back	(26)	-	-	(26)
New financial assets originated or purchased	218	-	-	218
Financial assets derecognised	(142)	-	-	(142)
Exchange differences	24	-	-	24
At 30 June 2024	274	-	-	274
At 1 July 2022	158	-	-	158
Allowances made	8	-	-	8
Amount written-back	(14)	-	-	(14)
New financial assets originated or purchased	40	-	-	40
Financial assets derecognised	(24)	-	-	(24)
Exchange differences	(1)	-	-	(1)
At 30 June 2023	167	-	-	167

Notes to the Financial Statements

for the financial year ended 30 June 2024

7 FINANCIAL INVESTMENTS AT AMORTISED COST

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Money market instruments		
Malaysian Government Securities	622,679	597,232
Malaysian Government Investment Issues	642,612	501,501
	1,265,291	1,098,733
Unquoted securities		
Corporate bond and/or sukuk	39,994	39,504
Less: Expected credit losses	-	-
	1,305,285	1,138,237

8 LOANS AND ADVANCES

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Term loan financing	29,473	106,109
Share margin financing	279,689	303,898
Staff loans	14	22
Other loans	-	126
Gross loans and advances	309,176	410,155
Less: Expected credit losses	(264)	(338)
Total net loans and advances	308,912	409,817

Notes to the Financial Statements

for the financial year ended 30 June 2024

8 LOANS AND ADVANCES (CONTINUED)

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
(i) The maturity structure of loans and advances is as follows:		
Maturity within one year	309,162	374,785
One year to three years	14	30,022
Three years to five years	-	5,222
Over five years	-	126
Gross loans and advances	309,176	410,155
(ii) The loans and advances are disbursed to the following types of customers:		
Domestic non-bank financial institutions		
- others	29,473	30,082
Domestic business enterprises:		
- small and medium enterprises	51,964	53,024
- others	45,532	121,410
Individuals	177,384	200,679
Foreign entities	4,823	4,960
Gross loans and advances	309,176	410,155
(iii) Loans and advances analysed by interest rate sensitivity are as follows:		
Variable rate:		
- cost plus	309,162	410,007
Fixed rate:		
- staff housing loans	14	22
- other fixed rate loans	-	126
Gross loans and advances	309,176	410,155

Notes to the Financial Statements

for the financial year ended 30 June 2024

8 LOANS AND ADVANCES (CONTINUED)

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
(iv) Loans and advances analysed by their economic purposes are as follows:		
Purchase of securities	279,689	374,699
Working capital	-	5,226
Purchase of landed property	14	148
Others	29,473	30,082
Gross loans and advances	309,176	410,155
(v) Loans and advances analysed by geographical distribution are as follows:		
Malaysia	309,176	410,155
(vi) Impaired loans and advances		
Movements in the impaired loans and advances are as follows:		
At 1 July	126	128
Impaired during the financial year	2	6
Amount written-back during the financial year	(128)	(8)
At 30 June	-	126
Impaired loans and advances analysed by their economic purposes are as follows:		
Purchase of landed properties	-	126
Impaired loans and advances analysed by geographical distribution are as follows:		
Malaysia	-	126

Notes to the Financial Statements

for the financial year ended 30 June 2024

8 LOANS AND ADVANCES (CONTINUED)

(vii) Movements in expected credit losses of loans and advances:

The Group	12 Months ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total ECL RM'000
At 1 July 2023	315	23	-	338
Change in ECL due to transfer within stages:	2	(2)	-	-
Transferred to Stage 1	6	(6)	-	-
Transferred to Stage 2	(4)	4	-	-
New financial assets originated	18	-	-	18
Financial assets derecognised	(62)	(19)	-	(81)
Allowance made	176	1	-	177
Allowance written-back	(185)	(3)	-	(188)
At 30 June 2024	264	-	-	264
At 1 July 2022	310	37	-	347
Change in ECL due to transfer within stages:	3	(3)	-	-
Transferred to Stage 1	20	(20)	-	-
Transferred to Stage 2	(17)	17	-	-
New financial assets originated	5	-	-	5
Financial assets derecognised	(4)	-	-	(4)
Allowance made	105	14	-	119
Allowance written-back	(104)	(25)	-	(129)
At 30 June 2023	315	23	-	338

(viii) Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses:

The Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 July 2023	400,672	9,357	126	410,155
Total transfer within stages:	5,849	(5,849)	-	-
Transferred to Stage 1	13,703	(13,703)	-	-
Transferred to Stage 2	(7,854)	7,854	-	-
New financial assets originated	168,638	3,119	2	171,759
Financial assets derecognised	(266,680)	(5,930)	(128)	(272,738)
At 30 June 2024	308,479	697	-	309,176

Notes to the Financial Statements

for the financial year ended 30 June 2024

8 LOANS AND ADVANCES (CONTINUED)

(viii) Movement in the gross carrying amount of financial assets that contributed to changes in the expected credit losses:
(continued)

The Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 July 2022	382,110	11,829	128	394,067
Total transfer within stages:	2,685	(2,685)	-	-
Transferred to Stage 1	40,580	(40,580)	-	-
Transferred to Stage 2	(37,895)	37,895	-	-
New financial assets originated	236,555	2,011	6	238,572
Financial assets derecognised	(220,678)	(1,798)	(8)	(222,484)
At 30 June 2023	400,672	9,357	126	410,155

9 OTHER ASSETS

	Note	The Group		The Company	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Amounts due from holding company	(a)	11	-	-	-
Amounts due from related companies	(a)	24	-	-	-
Deposits		14,791	6,232	4	5
Prepayments		4,048	4,308	14	19
Fee income receivables		5,432	9,100	-	-
Collaterals pledged for derivative transactions		5,207	9,651	-	-
Treasury related receivables		193,304	-	-	-
Amount due from unit trust funds		20,237	8,212	-	-
Other receivables		8,213	5,890	766	163
Manager's stocks and consumables		1,138	5,737	-	-
		252,405	49,130	784	187
Less: Expected credit losses		(1,342)	(1,385)	-	-
		251,063	47,745	784	187

Notes to the Financial Statements

for the financial year ended 30 June 2024

9 OTHER ASSETS (CONTINUED)

- (a) The amounts due from holding company and related companies are unsecured, interest free and repayable on demand.
- (b) Movements of expected credit losses on fee income receivables are as follows:

The Group	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total ECL RM'000
At 1 July 2023	5	1,380	1,385
New financial assets originated	59	-	59
Financial assets derecognised	(5)	(182)	(187)
Allowance made	5	80	85
At 30 June 2024	64	1,278	1,342
At 1 July 2022	6	1,964	1,970
New financial assets originated	4	-	4
Financial assets derecognised	(5)	(168)	(173)
Allowance made	-	472	472
Allowance written-back	-	(337)	(337)
Allowance written-off	-	(551)	(551)
At 30 June 2023	5	1,380	1,385

10 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA ("BNM")

The non-interest bearing statutory deposits are maintained by the banking subsidiary with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act 2009, the amount of which is determined at set percentages of total eligible liabilities.

Notes to the Financial Statements

for the financial year ended 30 June 2024

11 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Note	The Group	
		30.06.2024 RM'000	30.06.2023 RM'000
Deferred tax assets		78,570	97,574
At 1 July		97,574	112,034
Charged to income statements	33	(17,787)	(9,630)
Charged to equity		(1,217)	(4,830)
At 30 June		78,570	97,574
Deferred tax assets			
- settled more than 12 months		62,972	77,597
- settled within 12 months		18,657	23,247
Deferred tax liabilities			
- settled more than 12 months		(2,080)	(1,854)
- settled within 12 months		(979)	(1,416)
		78,570	97,574

The movements in deferred tax assets and liabilities during the financial year comprise the following:

The Group	Note	Property and equipment RM'000	Financial investments at FVOCI RM'000	Unutilised tax credits RM'000	Provisions RM'000	ROU assets RM'000	Lease liabilities RM'000	Total RM'000
At 1 July 2023		(318)	1,470	89,605	6,551	(2,952)	3,218	97,574
Credited/(Charged) to income statements	33	184	-	(18,471)	560	28	(88)	(17,787)
Charged to equity		-	(1,217)	-	-	-	-	(1,217)
At 30 June 2024		(134)	253	71,134	7,111	(2,924)	3,130	78,570
At 1 July 2022		(641)	6,300	98,747	7,382	(3,714)	3,960	112,034
Credited/(Charged) to income statements	33	323	-	(9,142)	(831)	762	(742)	(9,630)
Charged to equity		-	(4,830)	-	-	-	-	(4,830)
At 30 June 2023		(318)	1,470	89,605	6,551	(2,952)	3,218	97,574

Notes to the Financial Statements

for the financial year ended 30 June 2024

11 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**Unrecognised deferred tax assets**

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Tax losses		
Unutilised tax losses for which the related tax credit has not been recognised in the financial statements	31	113
Capital allowances		
Unutilised capital allowances for which the related tax credit has not been recognised in the financial statements	169	391

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits will be available against which the unutilised tax losses, tax credit and capital allowances can be utilised.

The Group's unutilised tax credit and capital allowances have no expiration date under current tax legislation.

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period amounting to RM31,000 as at 30 June 2024 (2023: RM113,000) will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2019 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2020 to 2026).

12 INVESTMENT IN SUBSIDIARY COMPANIES

	Note	The Company	
		30.06.2024 RM'000	30.06.2023 RM'000
Subsidiary companies:			
Unquoted shares at cost		374,256	374,256
Less: Accumulated impairment losses	(a)	(127,682)	(127,682)
		246,574	246,574

- (a) The impairment allowance was due to reduction in a subsidiary's estimated future cash flows. In determining the impairment allowance, management has assessed the recoverable amount, being the higher of the fair value less costs to sell and value in use.

Notes to the Financial Statements

for the financial year ended 30 June 2024

12 INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

The investment in subsidiary is included within the reportable segment of 'Investment holding and others'.

Details of the subsidiary companies are as follows:

Name of companies	Country of incorporation	Effective equity interest		Principal activities
		2024 %	2023 %	
Hong Leong Investment Bank Berhad ("HLIB") and its subsidiaries	Malaysia	100	100	Investment banking, stockbroking business, futures broking and related financial services
- HLIB Nominees (Tempatan) Sdn Bhd	Malaysia	100	100	Nominee and custodian services for Malaysian clients
- HLIB Nominees (Asing) Sdn Bhd	Malaysia	100	100	Nominee and custodian services for foreign clients
- SSSB Jaya (1987) Sdn Bhd	Malaysia	-	100	Dissolved
HLG Securities Sdn Bhd	Malaysia	100	100	In member's voluntary liquidation
HLCB Assets Sdn Bhd	Malaysia	100	100	Investment activities
Hong Leong Asset Management Bhd and its subsidiary	Malaysia	100	100	Unit trust management, fund management and sale of unit trusts
- Hong Leong Islamic Asset Management Sdn Bhd	Malaysia	100	100	Islamic fund management service
Unincorporated trust for ESOS	Malaysia	-	-	Special purpose vehicle for ESOS purpose

Notes to the Financial Statements

for the financial year ended 30 June 2024

13 PROPERTY AND EQUIPMENT

The Group 30.06.2024	Freehold land RM'000	Office and computer equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 July 2023	350	27,528	2,750	23,407	1,228	55,263
Additions	-	355	4	606	-	965
Write-off	-	(145)	-	-	-	(145)
At 30 June 2024	350	27,738	2,754	24,013	1,228	56,083
Accumulated depreciation						
At 1 July 2023	-	25,575	2,677	20,645	968	49,865
Charge for the financial year	-	1,240	27	2,052	78	3,397
Write-off	-	(145)	-	-	-	(145)
At 30 June 2024	-	26,670	2,704	22,697	1,046	53,117
Net book value						
At 30 June 2024	350	1,068	50	1,316	182	2,966

The Group 30.06.2023	Freehold land RM'000	Office and computer equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 July 2022	350	26,928	2,733	23,368	1,238	54,617
Additions	-	603	17	39	-	659
Disposals	-	(3)	-	-	-	(3)
Write-off	-	-	-	-	(10)	(10)
At 30 June 2023	350	27,528	2,750	23,407	1,228	55,263
Accumulated depreciation						
At 1 July 2022	-	23,828	2,527	18,161	830	45,346
Charge for the financial year	-	1,750	150	2,484	148	4,532
Disposals	-	(3)	-	-	-	(3)
Write-off	-	-	-	-	(10)	(10)
At 30 June 2023	-	25,575	2,677	20,645	968	49,865
Net book value						
At 30 June 2023	350	1,953	73	2,762	260	5,398

Notes to the Financial Statements

for the financial year ended 30 June 2024

14 RIGHT-OF-USE (“ROU”) ASSETS

The Group 30.06.2024	Leasehold Land RM'000	Leasehold Building RM'000	Properties RM'000	Equipment RM'000	Total RM'000
Cost					
At 1 July 2023	783	871	25,140	855	27,649
Additions	-	-	64	-	64
End of lease term	-	-	(114)	(69)	(183)
Adjustment	-	-	145	-	145
Modifications	-	-	3,620	-	3,620
At 30 June 2024	783	871	28,855	786	31,295
Accumulated depreciation					
At 1 July 2023	90	240	13,298	222	13,850
Charge for the financial year	8	16	3,752	128	3,904
End of lease term	-	-	(114)	(69)	(183)
At 30 June 2024	98	256	16,936	281	17,571
Net book value					
At 30 June 2024	685	615	11,919	505	13,724

The Group 30.06.2023	Leasehold Land RM'000	Leasehold Building RM'000	Properties RM'000	Equipment RM'000	Total RM'000
Cost					
At 1 July 2022	783	871	25,166	517	27,337
Additions	-	-	25	704	729
End of lease term	-	-	-	(366)	(366)
Adjustments	-	-	(51)	-	(51)
At 30 June 2023	783	871	25,140	855	27,649
Accumulated depreciation					
At 1 July 2022	82	224	9,466	443	10,215
Charge for the financial year	8	16	3,832	145	4,001
End of lease term	-	-	-	(366)	(366)
At 30 June 2023	90	240	13,298	222	13,850
Net book value					
At 30 June 2023	693	631	11,842	633	13,799

Notes to the Financial Statements

for the financial year ended 30 June 2024

15 OTHER INTANGIBLE ASSETS

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Computer software		
Cost		
At 1 July	34,986	31,980
Additions*	2,516	3,006
At 30 June	37,502	34,986
Amortisation		
At 1 July	(29,298)	(26,987)
Charge for the financial year	(2,445)	(2,311)
At 30 June	(31,743)	(29,298)
Net book value		
At 30 June	5,759	5,688

* Includes RM1,576,885 as Work-In-Progress (“WIP”) as at 30 June 2024 (2023: RM931,858). The amount will be capitalised and commence amortisation when the project goes live.

16 GOODWILL

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Cost		
At 1 July/30 June	33,059	33,059

Allocation of goodwill to cash-generating units

Goodwill has been allocated to the following cash-generating units (“CGUs”):

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
CGUs		
Investment banking and stockbroking	28,986	28,986
Unit trust management	4,073	4,073
	33,059	33,059

Notes to the Financial Statements

for the financial year ended 30 June 2024

16 GOODWILL (CONTINUED)

Impairment test on goodwill

The recoverable amount of CGUs have been determined based on value in use calculation. These calculations use pre-tax cash flows projections based on financial budgets approved by Directors covering a three year period. Cash flows beyond the three year period are extrapolated using the estimated growth rates of 4.1% (2023: 4.2%), based on the forecasted Gross Domestic Product ("GDP") growth rate of the country for all CGUs and discounted using pre-tax discount rates which reflect the specific risks relating to CGU.

The cash flows projections are derived based on a number of key factors including the past performance and management's expectations of the market development. The following are the discount rates used in determining the recoverable amount of each CGUs:

	The Group	
	30.06.2024	30.06.2023
	%	%
<u>CGUs</u>		
Investment banking and stockbroking	9.2	8.6
Unit trust management	9.0	8.8

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

For the current financial year, impairment was not required for goodwill arising from investment banking and stockbroking, and unit trust management. Management believes that any reasonable possible change to the assumptions applied is not likely to cause the recoverable amount to be lower than carrying amount.

17 DEPOSITS FROM CUSTOMERS

	The Group	
	30.06.2024	30.06.2023
	RM'000	RM'000
Fixed deposits	758,755	703,676
(i) Maturity structure of fixed deposits is as follows:		
Due within:		
- six months	758,755	703,676
(ii) The deposits are sourced from the following customers:		
Government and statutory bodies	481,823	440,357
Business enterprises	262,313	250,563
Individual	14,619	12,756
	758,755	703,676

Notes to the Financial Statements

for the financial year ended 30 June 2024

18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Licensed banks	307,700	449,219
Licensed investment banks	47,481	132,865
Other financial institutions	2,452,655	2,276,150
	2,807,836	2,858,234

19 LEASE LIABILITIES

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
At 1 July	13,432	16,548
Additions	64	729
Interest expense	540	714
Lease payment	(4,382)	(4,559)
Adjustments	(23)	-
Modifications	3,384	-
At 30 June	13,015	13,432

20 OTHER LIABILITIES

	Note	The Group		The Company	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Amount due to holding company	(a)	376	156	15	13
Amount due to related companies	(a)	1,548	621	179	263
Remisiers' trust deposits		13,914	13,893	-	-
Treasury related payables		193,882	14,782	-	-
Advance payments received for corporate exercise		5,008	8,108	-	-
Other payables and accrued liabilities		50,695	97,489	4,314	863
Equity related payables		44,113	-	-	-
Post employment benefits obligation:					
- defined contribution plan		224	222	-	-
		309,760	135,271	4,508	1,139

(a) The amount due to holding company and related companies are unsecured, interest free and repayable on demand.

Notes to the Financial Statements

for the financial year ended 30 June 2024

21 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The table below shows the Group's derivative financial instruments as at the reporting date. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative assets) and gross negative (derivative liabilities) fair values at the reporting date are analysed below.

The Group	Contract or underlying principal amount RM'000	Year-end positive fair value RM'000	Year-end negative fair value RM'000
30.06.2024			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	5,441,000	15,552	(14,555)
(ii) Foreign exchange related contracts:			
- foreign currency swaps	4,478,060	11,327	(12,356)
- foreign currency forwards	58,946	38	(243)
- foreign currency spots	1,042	1	-
	9,979,048	26,918	(27,154)
30.06.2023			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	4,270,000	23,444	(13,793)
(ii) Foreign exchange related contracts:			
- foreign currency swaps	2,914,410	42,691	(40,058)
- foreign currency forwards	175,559	879	(223)
(iii) Equity related contracts:			
- call options	200	22	-
	7,360,169	67,036	(54,074)

Notes to the Financial Statements

for the financial year ended 30 June 2024

21 DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)**IBOR Reform**

As at 30 June 2024, the Group holds the following derivative financial instruments which are referenced to the current benchmark interest rates and have yet to transition to an alternative benchmark interest rate.

	The Group and the Company			
	Assets	Of which contract yet to transition to an alternative benchmark	Liabilities	Of which contract yet to transition to an alternative benchmark
	RM'000	RM'000	RM'000	RM'000
Interest rate derivatives:				
30.06.2024				
Interest rate swaps				
- KLIBOR	15,552	15,552	(14,555)	(14,555)
30.06.2023				
Interest rate swaps				
- KLIBOR	23,444	23,444	(13,793)	(13,793)

22 SUBORDINATED OBLIGATIONS

	The Group	
	30.06.2024	30.06.2023
	RM'000	RM'000
RM100.0 million Tier 2 Subordinated Notes, at par	100,000	100,000
Add: Interest payable	203	197
	100,203	100,197
Less: Unamortised discounts	(258)	(2)
	99,945	100,195

Notes to the Financial Statements

for the financial year ended 30 June 2024

22 SUBORDINATED OBLIGATIONS (CONTINUED)

On 6 November 2014, HLIB had completed the first issuance of RM50.0 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50.0 million Sub-Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub-Notes which bears interest rate of 5.30% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM. On 6 November 2019, HLIB had fully redeemed the first issuance of RM50.0 million nominal value of this Sub-Notes.

The Sub-Notes constitute unsecured liabilities of HLIB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of the HLIB in accordance with the terms and conditions of the issue, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub-Notes. The Sub-Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLIB.

Subsequently, on 14 June 2019, HLIB issued a second tranche of RM100.0 million nominal value of 10-year non-callable 5 years Sub-Notes callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The coupon rate for this second tranche of the Sub-Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of the issue. On 14 June 2024, HLIB had fully redeemed the second tranche of RM100.0 million nominal value of this Sub-Notes.

On 13 June 2024, HLIB issued a third tranche of RM100.0 million nominal value of 10-year non-callable 5 years Tier 2 Green Subordinated Notes ("Green Sub-Notes") under its RM1.0 billion Multi-Currency Sub-Notes Programme. The third tranche Green Sub-Notes are callable on the 5th anniversary date from the issue date and on every coupon payment date thereafter with the first call date on 13 June 2029, subject to the approval of BNM.

The coupon rate for this third tranche of the Sub-Notes is 4.11% per annum, which is payable semi-annually in arrears from the date of this issue. The proceeds shall be utilised for purposes that meet the criteria as set out in the HLIB Green Bond Framework (as may be amended, revised and/or substituted from time to time) in accordance with the ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum and the Green Bond Principles issued by the International Capital Market Association.

23 SHARE CAPITAL

	The Group and the Company			
	30.06.2024		30.06.2023	
	Number of ordinary shares '000	RM'000	Number of ordinary shares '000	RM'000
Ordinary share issued and fully paid:				
At 1 July/30 June - Ordinary shares	246,896	246,896	246,896	246,896

Notes to the Financial Statements

for the financial year ended 30 June 2024

24 RESERVES

	Note	The Group		The Company	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Retained profits	(a)	794,773	739,694	441,288	423,121
Regulatory reserve	(b)	17,177	14,429	-	-
Fair value reserve	(c)	(526)	(4,486)	-	-
		811,424	749,637	441,288	423,121

(a) Retained profits

The Company can distribute dividends out of its entire retained earnings under the single-tier system.

(b) Regulatory reserve

Regulatory reserves represent the Group's banking subsidiary, HLIB, compliance with BNM's Revised Policy Documents on Financial Reporting with effect from 1 January 2023, whereby HLIB and its domestic banking subsidiaries must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

(c) Fair value reserve

Movement of the fair value reserve is as follows:

	Note	The Group		The Company	
		30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
At 1 July		(4,486)	(19,792)	-	-
Net gain from change in fair value		5,070	20,127	-	-
Net changes in expected credit losses		107	9	-	-
Deferred taxation	11	(1,217)	(4,830)	-	-
Net change in fair value reserve		3,960	15,306	-	-
At 30 June		(526)	(4,486)	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

25 TREASURY SHARESTreasury shares for ESOS scheme

MFRS 132 - Financial Instruments: Presentation and Disclosure requires that if an entity reacquires its own equity instruments, those instruments shall be deducted from equity and are not recognised as a financial asset regardless of the reason for which they are reacquired.

In accordance with MFRS 132 - Financial Instruments: Presentation and Disclosure, the shares purchased for the benefit of the ESOS holders are recorded as "Treasury Shares for ESOS Scheme" in the equity on the statements of financial position. As at reporting date, the number of shares held by the appointed trustee for the Group and the Company are as follows:

	30.06.2024		30.06.2023	
	Number of trust shares held '000	Cost RM'000	Number of trust shares held '000	Cost RM'000
The Group				
As at 1 July	11,111	31,157	11,111	31,157
Purchase of treasury shares	-	-	-	-
As at 30 June	11,111	31,157	11,111	31,157
The Company				
As at 1 July	11,006	31,044	11,006	31,044
Purchase of treasury shares	-	-	-	-
As at 30 June	11,006	31,044	11,006	31,044

26A INTEREST INCOME

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Loans and advances	18,234	19,404	-	-
Money at call and deposit placements with financial institutions	4,459	4,012	1,221	561
Financial investments at FVOCI	67,198	48,019	-	-
Financial investments at amortised cost	38,044	33,157	-	-
Others	34,744	28,492	-	-
	162,679	133,084	1,221	561

Notes to the Financial Statements

for the financial year ended 30 June 2024

26B INTEREST INCOME FOR FINANCIAL ASSETS AT FVTPL

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Financial assets at FVTPL	19,125	22,110

27 INTEREST EXPENSE

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Deposits and placements of banks and other financial institutions	23,528	22,626
Deposits from customers	95,250	65,344
Derivative financial instruments	6,456	8,413
Subordinated obligations	4,251	4,232
Lease liabilities	540	714
Others	583	443
	130,608	101,772

Notes to the Financial Statements

for the financial year ended 30 June 2024

28 NON-INTEREST INCOME

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Fee income				
Brokerage income	65,574	44,721	-	-
Unit trust fee income	57,741	46,106	-	-
Commission for futures contracts	1,091	913	-	-
Fees on loans and advances	10	1,009	-	-
Arranger fees	3,805	2,740	-	-
Placement fees	8,882	10,238	-	-
Corporate advisory fees	5,760	5,006	-	-
Underwriting commissions	333	854	-	-
Other fee income	7,284	5,554	-	-
	150,480	117,141	-	-
Net income from securities				
Net realised gain/(loss) arising from sale of:				
- Financial assets at FVTPL	20,231	(1,808)	1,092	(158)
- Financial investments at FVOCI	11,607	3,826	-	-
- Derivative financial instruments	15,861	31,611	-	-
Net unrealised gain/(loss) on revaluation of:				
- Financial assets at FVTPL	17,787	(1,041)	18,557	(554)
- Derivative financial instruments	(12,686)	215	-	-
Dividend income from:				
- Financial assets at FVTPL	14,183	12,290	11,473	10,680
- Subsidiary companies	-	-	28,710	46,440
Net gain/(loss) on discontinued fair value hedges	3,562	(74)	-	-
	70,545	45,019	59,832	56,408
Other income				
Gain on disposal of property and equipment	-	3	-	-
Gain on liquidation of a subsidiary	-	232	-	-
Foreign exchange loss	(3,094)	(19,912)	-	-
Other non-operating income	654	421	-	-
	(2,440)	(19,256)	-	-
	218,585	142,904	59,832	56,408

Notes to the Financial Statements

for the financial year ended 30 June 2024

29 OVERHEAD EXPENSES

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Personnel costs	97,566	90,139	314	266
Establishment costs	25,303	24,814	72	56
Marketing expenses	2,345	2,249	-	-
Administration and general expenses	22,806	17,895	1,905	1,452
	148,020	135,097	2,291	1,774

(i) Personnel costs comprise the following:

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Salaries, allowances and bonuses	80,170	75,256	-	-
Other employees benefits	17,396	14,883	314	266
	97,566	90,139	314	266

(ii) Establishment costs comprise the following:

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Depreciation of property and equipment	3,397	4,532	-	-
Depreciation of ROU assets	3,904	4,001	-	-
Amortisation of intangible assets - computer software	2,445	2,311	-	-
Rental of premises	118	139	-	-
Information technology expenses	12,420	11,453	2	1
Others	3,019	2,378	70	55
	25,303	24,814	72	56

Notes to the Financial Statements

for the financial year ended 30 June 2024

29 OVERHEAD EXPENSES (CONTINUED)

(iii) Marketing expenses comprise the following:

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Advertisement and publicity	770	803	-	-
Entertainment and business improvement	1,075	1,016	-	-
Others	500	430	-	-
	2,345	2,249	-	-

(iv) Administration and general expenses comprise the following:

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Communication expenses	910	752	15	23
Management fees	6,750	4,309	1,071	420
Professional fees	1,292	1,555	36	181
Auditors' remuneration:				
- statutory audit fees	454	420	88	82
- regulatory related fees	72	197	13	13
- tax compliance fees	32	32	-	-
Others	13,296	10,630	682	733
	22,806	17,895	1,905	1,452

Included in the overhead expenses of the Group and the Company are Directors' remuneration amounting to RM7,966,000 (2023: RM10,099,000) and RM438,000 (2023: RM451,000) respectively.

There was no indemnity given or insurance effected for any auditor of the Group and the Company during the annual financial year and its comparative financial year.

30 WRITE-BACK OF ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS AND ADVANCES

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Expected credit losses written-back on:		
- Loans and advances	74	9

Notes to the Financial Statements

for the financial year ended 30 June 2024

31 WRITE-BACK OF ALLOWANCE FOR IMPAIRMENT LOSSES ON FINANCIAL INVESTMENTS AND OTHER FINANCIAL ASSETS

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Expected credit losses (made)/written-back on:		
(a) Financial investments:		
- Financial investments at FVOCI	(107)	(9)
(b) Other financial assets:		
(i) Clients' and brokers' balances:		
- Expected credit losses	34	132
- Impaired clients' and brokers' balances recovered	56	33
(ii) Other assets	43	34
	133	199
	26	190

32 DIRECTORS' REMUNERATION

	The Group			The Company		
	Director fees RM'000	Salaries, bonuses, allowances and defined retirement plan RM'000	Total RM'000	Director fees RM'000	Salaries, bonuses, allowances and defined retirement plan RM'000	Total RM'000
30.06.2024						
Non-Executive Directors:						
Tan Kong Khoon	-	-	-	-	-	-
Tai Siew Moi	125	18	143	125	18	143
Leong Ket Ti	125	17	142	125	17	142
Peter Ho Kok Wai	135	18	153	135	18	153
Lee Jim Leng	-	4,188	4,188	-	-	-
	385	4,241	4,626	385	53	438
Directors of subsidiaries	829	2,511	3,340			
Total Directors' remuneration	1,214	6,752	7,966	385	53	438

The movements and details of the Directors of the Company in office and interests in shares and share options are reported in the Directors' report.

Notes to the Financial Statements

for the financial year ended 30 June 2024

32 DIRECTORS' REMUNERATION (CONTINUED)

	The Group			The Company		
	Director fees	Salaries, bonuses, allowances and defined contribution retirement plan	Total	Director fees	Salaries, bonuses, allowances and defined contribution retirement plan	Total
30.06.2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors:						
Tan Kong Khoon	-	-	-	-	-	-
Tai Siew Moi	125	23	148	125	23	148
Leong Ket Ti	125	22	147	125	22	147
Peter Ho Kok Wai	135	21	156	135	21	156
Lee Jim Leng	-	4,916	4,916	-	-	-
	385	4,982	5,367	385	66	451
Directors of subsidiaries	822	3,910	4,732			
Total Directors' remuneration	1,207	8,892	10,099	385	66	451

Included in the Non-Executive Directors' remunerations are amounts paid to Directors in their capabilities as key management personnel for certain subsidiary companies.

The Directors' Remuneration in the current financial year represents remuneration for Directors of the Group, the Company and its subsidiaries to comply with the requirements of the Companies Act 2016. The names of directors of subsidiaries and their remuneration details are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made a part thereof.

During the financial year, Directors and Officers of the Group are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors and Officers of the immediate holding company and its subsidiaries was RM10.0 million. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the immediate holding company and its subsidiaries was RM85,500 (2023: RM71,250) and the apportioned amount of the said premium paid by HLIB was RM657 (2023: RM1,793).

Notes to the Financial Statements

for the financial year ended 30 June 2024

33 TAXATION

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Malaysian income tax:				
- current financial year's charge	6,121	1,929	469	92
- under/(over) provision in prior financial years	42	(7)	25	-
	6,163	1,922	494	92
Deferred taxation (Note 11):				
- relating to origination and reversal of temporary differences	17,787	9,630	-	-
	17,787	9,630	-	-
	23,950	11,552	494	92

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Profit before taxation	121,861	61,428	58,762	55,195
Tax calculated at a rate of 24%	29,247	14,743	14,103	13,247
Tax effects of:				
- Income not subject to tax	(7,908)	(2,831)	(14,098)	(13,535)
- Expenses not deductible for tax purposes	1,522	1,738	464	380
- Recognition of unabsorbed business losses previously not recognised	(192)	-	-	-
- Recognition of unutilised tax credit previously not recognised	(199)	(5)	-	-
- Origination of temporary differences previously not recognised	1,458	(2,077)	-	-
- Current year tax losses not recognised	-	(6)	-	-
- Utilisation of unutilised tax losses previously not recognised	(20)	(3)	-	-
- Under/(Over) provision in prior financial years	42	(7)	25	-
Tax expense for the financial year	23,950	11,552	494	92

Notes to the Financial Statements

for the financial year ended 30 June 2024

34 EARNINGS PER SHARE

The basic earnings per share has been calculated by dividing the net profit for the financial year of the Group by the number of ordinary shares in issue excluding the weighted average shares held by ESOS Trust during the financial year as follows:

	The Group	
	30.06.2024	30.06.2023
(a) Basic earnings per share		
Net profit attributable to equity holders of the Company (RM'000)	97,911	49,876
Weighted average number of ordinary shares in issue ('000)	235,785	235,785
Basic earnings per share (sen)	41.5	21.2

(b) Diluted earnings per share

There is no diluted earnings per share as the Group has no category of dilutive potential ordinary shares outstanding as at 30 June 2024 and 30 June 2023.

35 DIVIDENDS

Dividends declared as follows:

	The Group and the Company			
	30.06.2024		30.06.2023	
	Single-tier dividend per share Sen	Amount of dividend RM'000	Single-tier dividend per share Sen	Amount of dividend RM'000
Ordinary shares	22.0	54,317	17.0	41,972

The Directors of the Company have declared on 29 August 2024 the payment of a final single-tier dividend of 22.0 sen per share on the Company's issued and paid-up ordinary shares of RM246,896,668 comprising 246,896,668 of ordinary shares amounting to RM54.3 million for the financial year ended 30 June 2024, to be paid on a date to be determined.

Dividends recognised as distribution to ordinary equity holders of the Group and the Company:

	The Group and the Company			
	30.06.2024		30.06.2023	
	Single-tier dividend per share Sen	Amount of dividend RM'000	Single-tier dividend per share Sen	Amount of dividend RM'000
Ordinary shares	17.0	40,084	19.0	44,799

Notes to the Financial Statements

for the financial year ended 30 June 2024

35 DIVIDENDS (CONTINUED)

	The Group and the Company			
	30.06.2024		30.06.2023	
	Single-tier dividend per share Sen	Amount of dividend RM'000	Single-tier dividend per share Sen	Amount of dividend RM'000
Ordinary shares	17.0	40,101	19.0	44,819

In respect of the financial year ended 30 June 2023, dividend paid on the shares held in trust pursuant to the Company's Executive Share Option Scheme ("ESOS") which are classified as treasury shares held for ESOS scheme are not accounted for in the total equity. An amount of RM1,888,819 (Group) and RM1,870,969 (Company), being dividend paid for these shares was added back to the appropriation of retained profits.

36 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the investment banking subsidiary make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions. These commitments and contingencies are also not secured over the assets of the Group.

The commitments and contingencies are as follows:

	30.06.2024 Principal amount RM'000	30.06.2023 Principal amount RM'000
The Group		
Commitments and contingencies		
Direct credit substitutes	1,000	1,000
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- less than one year	600	-
Any commitment that are unconditionally cancelled at any time by the Group without prior notice		
- maturity less than one year	868,108	917,463
	869,708	918,463
Derivative financial instruments		
Interest rate related contracts [^] :		
- One year or less	1,736,000	768,000
- Over one year to five years	3,705,000	3,502,000
Foreign exchange related contracts [^] :		
- One year or less	4,538,048	3,089,969
Equity related contracts [^] :		
- Over one year to five years	-	200
	9,979,048	7,360,169
	10,848,756	8,278,632

[^] These derivatives are revalued at gross position basis and the fair value have been reflected in Note 21 to the financial statements as derivative financial assets or derivatives financial liabilities.

The Group does not have commitments and contingent liabilities other than as disclosed above.

Notes to the Financial Statements

for the financial year ended 30 June 2024

37 CAPITAL COMMITMENTS

	The Group	
	30.06.2024 RM'000	30.06.2023 RM'000
Property and equipment - approved and contracted but not provided for	3,540	1,590

38 CAPITAL MANAGEMENT

The Group's capital is in relation to its risk profile and strategic objectives set by the Board to meet shareholders' requirements and expectations. The components of the total capital are disclosed in Note 24 and 25. The Group's banking subsidiary's Capital Management framework for maintaining appropriate capital levels has complied with the requirements of Bank Negara Malaysia's Revised Risk Weighted Capital Adequacy Framework. The capital adequacy ratios of the banking subsidiary are disclosed in Note 39.

39 CAPITAL ADEQUACY

The Group's banking subsidiary's regulatory capital is governed by BNM's Capital Adequacy Framework guidelines. The capital adequacy ratios of the Group's banking subsidiary are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) (the "Framework"). The Framework sets out the approach for computing the regulatory capital adequacy ratios, the minimum levels of the ratios at which banking institutions are required to operate as well as requirement on Capital Conservation Buffer ("CCB") and Counter Cyclical Buffer ("CCyB"). The Group's banking subsidiary is also required to maintain CCB of up to 2.500% of total risk weighted assets ("RWA"), which is phased in starting with 0.625% in year 2016, 1.250% in year 2017, 1.875% in year 2018 and 2.500% in year 2019. The CCyB which ranges from 0% up to 2.500% is determined as the weighted average of prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposures.

The minimum capital adequacy including CCB for Common Equity Tier 1 ("CET 1") capital ratio, Tier 1 capital ratio and Total capital ratio are 7.000%, 8.500% and 10.500% respectively.

The Group's banking subsidiary has adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk computation in deriving the RWA.

- (i) The capital adequacy ratios of the banking subsidiary are as follows:

	HLIB	
	30.06.2024	30.06.2023
Before deducting proposed dividends:		
Common Equity Tier 1 ("CET 1") capital ratio	39.073%	38.498%
Tier 1 capital ratio	39.073%	38.498%
Total capital ratio	48.419%	48.792%
After deducting proposed dividends: ⁽¹⁾		
CET 1 capital ratio	35.814%	35.719%
Tier 1 capital ratio	35.814%	35.719%
Total capital ratio	45.160%	46.013%

Note:

⁽¹⁾ Proposed dividends of RM36,960,000 (2023: RM28,710,000).

Notes to the Financial Statements

for the financial year ended 30 June 2024

39 CAPITAL ADEQUACY (CONTINUED)

(ii) The components of CET 1, Tier 1 and Total capital of the banking subsidiaries are as follows:

	HLIB	
	30.06.2024 RM'000	30.06.2023 RM'000
CET 1 capital		
Paid-up ordinary share capital	252,950	252,950
Retained profits	301,631	280,317
Other reserves	(526)	(4,486)
Less: goodwill and intangibles	(33,766)	(33,936)
Less: deferred tax assets	(76,877)	(96,878)
Less: investment in subsidiary companies	(200)	(200)
Total CET 1 capital	443,212	397,767
Tier 1 capital	443,212	397,767
Tier 2 capital		
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves ⁽²⁾	6,015	6,356
Subordinated obligations	100,000	100,000
Total Tier 2 capital	106,015	106,356
Total capital	549,227	504,123

Note:

⁽²⁾ Includes the qualifying regulatory reserve for non-impaired loans and advances.

(iii) Breakdown of risk-weighted assets of the banking subsidiary company in the various risk weights:

	HLIB	
	30.06.2024 RM'000	30.06.2023 RM'000
Credit risk	481,209	508,514
Market risk	354,403	185,018
Operational risk	298,716	339,681
	1,134,328	1,033,213

Notes to the Financial Statements

for the financial year ended 30 June 2024

40 SIGNIFICANT RELATED PARTY TRANSACTIONS**(a) Related parties and relationships**

The related parties and their relationships with the Company are as follows:

Related parties	Relationship
Hong Leong Company (Malaysia) Berhad ("HLCM")	Ultimate holding company
Hong Leong Financial Group Berhad ("HLFG")	Immediate holding company
Subsidiary companies of the Company as disclosed in Note 12	Subsidiaries
Subsidiary companies of HLCM	Subsidiaries of ultimate holding company
Subsidiary companies of HLFG	Subsidiaries of immediate holding company
Key management personnel	The key management personnel of the Group and the Company consists of: <ul style="list-style-type: none">- All Directors of the Group and the Company- Key management personnel of the Group and the Company who have the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly
Related parties of key management personnel (deemed as related to the Company)	(i) Close family members and dependents of key management personnel (ii) Entities that are controlled, jointly controlled or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

Notes to the Financial Statements

for the financial year ended 30 June 2024

40 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions

Transactions with related parties are as follows:

The Group	Parent company RM'000	Other* related companies RM'000	Key management personnel RM'000
30.06.2024			
Income			
Interest income	-	9,836	-
Brokerage income	-	1,951	235
Arranger fee	-	180	-
Placement fee	-	2,200	-
Other fee income	60	14,268	-
Other income	-	87	-
Loss on securities and derivatives	-	(3,582)	-
	60	24,940	235
Expenses			
Interest expense	-	1,362	398
Direct cost to unit trust fee income	-	14,649	-
Management fees	2,457	4,253	-
Depreciation of ROU assets	-	3,680	-
Interest on lease liabilities	-	512	-
Others	13	5,611	-
	2,470	30,067	398
Amounts due from:			
Cash and short-term funds	-	47,506	-
Deposits and placements with banks and other financial institutions	-	2,000	-
Financial assets at FVTPL	-	3,348	-
Derivative financial assets	-	3,215	-
Clients' and brokers' balances	-	33,158	-
ROU assets	-	11,656	-
Other assets	11	1,075	-
	11	101,958	-
Amounts due to:			
Deposits from customers	-	-	9,555
Derivative financial liabilities	-	1,228	-
Clients' and brokers' balances	-	31,408	-
Lease liabilities	-	11,929	-
Other liabilities	376	1,526	460
	376	46,091	10,015
Commitments and contingencies			
Derivative financial instruments	-	551,000	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

40 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (continued)

Transactions with related parties are as follows: (continued)

The Company	Parent company RM'000	Subsidiaries RM'000	Other* related companies RM'000	Key management personnel RM'000
30.06.2024				
Income				
Interest income	-	829	339	-
Dividends	-	28,710	-	-
	-	29,539	339	-
Expenses				
Management fees	169	-	902	-
Others	-	409	33	-
	169	409	935	-
Amounts due from:				
Cash and short-term funds	-	-	1,439	-
Deposits and placements with banks and other financial institutions	-	112,300	-	-
Other assets	-	336	-	-
	-	112,636	1,439	-
Amounts due to:				
Other liabilities	15	-	179	460

Notes to the Financial Statements

for the financial year ended 30 June 2024

40 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (continued)

Transactions with related parties are as follows: (continued)

The Group	Parent company RM'000	Other* related companies RM'000	Key management personnel RM'000
30.06.2023			
Income			
Interest income	-	7,189	-
Brokerage income	-	971	22
Corporate advisory fee	-	150	-
Placement fee	-	1,410	-
Other fee income	60	1,619	-
Other income	-	237	-
Loss on securities and derivatives	-	(3,714)	-
	60	7,862	22
Expenses			
Interest expense	-	1,792	439
Direct cost to unit trust fee income	-	18,659	-
Rental	-	16	-
Management fees	1,799	2,509	-
Depreciation of ROU assets	-	3,758	-
Interest on lease liabilities	-	694	-
Others	-	4,190	-
	1,799	31,618	439
Amounts due from:			
Cash and short-term funds	-	54,127	-
Financial assets at FVTPL	-	2,443	-
Derivative financial assets	-	9,772	-
Clients' and brokers' balances	-	8,034	-
ROU assets	-	11,689	-
Other assets	-	2,144	-
	-	88,209	-
Amounts due to:			
Deposits from customers	-	-	12,001
Deposits and placements of banks and other financial institutions	-	316,882	-
Derivative financial liabilities	-	1,251	-
Clients' and brokers' balances	-	29,019	-
Lease liabilities	-	12,753	-
Other liabilities	156	621	418
	156	360,526	12,419
Commitments and contingencies			
Derivative financial instruments	-	692,428	-

Notes to the Financial Statements

for the financial year ended 30 June 2024

40 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions (continued)

Transactions with related parties are as follows: (continued)

The Company	Parent company RM'000	Subsidiaries RM'000	Other* related companies RM'000	Key management personnel RM'000
30.06.2023				
Income				
Interest income	-	-	561	-
Dividends	-	46,440	-	-
	-	46,440	561	-
Expenses				
Management fee	158	-	263	-
Others	-	-	364	-
	158	-	627	-
Amounts due from:				
Cash and short-term funds	-	-	29,350	-
Amounts due to:				
Other liabilities	13	-	263	418

* Other related companies refers to related parties stated in Note 40(a), excluding the parent company (Hong Leong Financial Group Berhad) and subsidiaries of the Company.

Notes to the Financial Statements

for the financial year ended 30 June 2024

40 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel

Key management compensation

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Salaries, allowances and other short-term employee benefits	8,409	10,375	53	66
Fees	385	385	385	385
	8,794	10,760	438	451

Included in the above is the Directors' remuneration which is disclosed in Note 32.

41 SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity.

No analysis by geographical segments is presented as the Group's operations are substantially carried out in Malaysia.

Inter-segment pricing is determined based on negotiated terms. These transactions are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

Investment banking and stockbroking	- Investment banking, stockbroking business, futures broking and related financial services
Fund management and unit trust management	- Unit trust management, fund management and sale of unit trusts
Investment holding and others	- Investment holdings and others

Notes to the Financial Statements

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41 SEGMENTAL INFORMATION (CONTINUED)

The Group	Investment banking and stockbroking RM'000	Fund management and unit trust management RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
30.06.2024					
Revenue					
External revenue	174,581	58,862	36,338	-	269,781
Inter-segment revenue	5,359	3,709	25,001	(34,069)	-
Total revenue ⁽¹⁾	179,940	62,571	61,339	(34,069)	269,781
Overhead expenses	(108,484)	(42,762)	(2,312)	5,538	(148,020)
Net allowance written-back for impairment losses on loans and advances and other losses	100	-	-	-	100
Results					
Segment results from operations	71,556	19,809	59,027	(28,531)	121,861
Tax expense for the financial year					(23,950)
Net profit for the financial year					97,911
Assets					
Segment assets	4,891,496	88,484	676,056	(376,477)	5,279,559
Liabilities					
Segment liabilities	4,320,264	57,478	4,477	(129,823)	4,252,396
Other informations					
Capital expenditure	2,983	498	-	-	3,481
Depreciation of property and equipment	2,834	563	-	-	3,397
Depreciation of ROU assets	3,346	558	-	-	3,904
Amortisation of intangible assets					
- computer software	2,240	205	-	-	2,445
Write-back of allowance for impairment losses on loans and advances	74	-	-	-	74
Allowance for impairment losses on financial investments	107	-	-	-	107
Write-back of allowance for impairment losses on clients' and brokers' balances	34	-	-	-	34
Impaired clients' and brokers' balances recovered	56	-	-	-	56
Write-back of allowance for impairment losses on other financial assets	43	-	-	-	43

Note:

⁽¹⁾ Total segment revenue comprises of net interest income and non-interest income.

Notes to the Financial Statements

for the financial year ended 30 June 2024

41 SEGMENTAL INFORMATION (CONTINUED)

The Group	Investment banking and stockbroking RM'000	Fund management and unit trust management RM'000	Investment holding and others RM'000	Elimination RM'000	Consolidated RM'000
30.06.2023					
Revenue					
External revenue	138,657	47,037	10,632	-	196,326
Inter-segment revenue	5,414	-	46,509	(51,923)	-
Total revenue ⁽¹⁾	144,071	47,037	57,141	(51,923)	196,326
Overhead expenses	(101,762)	(36,849)	(1,820)	5,334	(135,097)
Net allowance written-back for impairment losses on loans and advances and other losses	199	-	-	-	199
Result					
Segment results from operations	42,508	10,188	55,321	(46,589)	61,428
Taxation for the financial year					(11,552)
Net profit for the financial year					49,876
Assets					
Segment assets	4,515,577	65,201	641,940	(246,957)	4,975,761
Liabilities					
Segment liabilities	3,972,367	35,876	2,247	(105)	4,010,385
Other informations					
Capital expenditure	2,849	816	-	-	3,665
Depreciation of property and equipment	3,777	755	-	-	4,532
Depreciation of ROU assets	3,425	576	-	-	4,001
Amortisation of intangible assets					
- computer software	2,088	223	-	-	2,311
Allowance for impairment losses on loans and advances	9	-	-	-	9
Write-back of allowance for impairment losses on financial investments	9	-	-	-	9
Write-back of allowance for impairment losses on clients' and brokers' balances	132	-	-	-	132
Impaired clients' and brokers' balances recovered	33	-	-	-	33
Allowance for impairment losses on other financial assets	34	-	-	-	34

Note:

⁽¹⁾ Total segment revenue comprises of net interest income and non-interest income.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS

(a) Risk management objectives and policies

Risk management is one of the core activities of the Group to strike a balance between sound practices and risk-return. An effective risk management is therefore vital to ensure that the Group conducts its business in a prudent manner to ensure that the risk of potential losses is reduced.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, credit limits and monitoring procedures. Credit risk includes settlement risk, default risk and concentration risk. Exposure to credit risk arises mainly from financing, underwriting, securities and derivative exposures of the Group.

The Group has set out Board approved policies and guidelines for the management of credit risk. To oversee all credit related matters of the Group, the Management Credit and Underwriting Committee ("MCUC") was setup in 2011 in addition to an independent Credit Department.

The Board has delegated appropriate Delegation of Authority to the MCUC and senior management for the approval of credit facilities. Credit limit setting for Treasury activities are endorsed by the MCUC and approved by the Board at least annually. Adherence to established credit policies, guidelines and limits is monitored daily by the Credit Control Department, Credit Department and the Risk Management Department.

Market risk

Market risk is the risk of loss arising from adverse fluctuation in market prices, such as interest rates, equity prices and foreign currency. The Group monitors all such exposures arising from trading activities of the treasury and stockbroking business activities on a daily basis and management is alerted on the financial impact of these risks. To mitigate market risk, the Group also uses derivative financial instruments.

The Group has in place a set of policies, guidelines, measurement methodologies and control limits which includes Value-at-Risk ("VaR"), Present-Value-Basis-Point ("PVBP"), Management Action Trigger ("MAT"), notional limits and concentration limits to mitigate market risk.

Stress testing is also employed to capture the potential market risk exposures from unexpected market movements. Concerns and significant findings are communicated to the senior management at the Assets and Liabilities Management Committee ("ALMCO") and to the Board.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk of financial loss arising from the inability to fund increases in assets and/or meet obligations as they fall due. Financial obligations arises from the withdrawal of deposits, funding of loans committed and repayment of borrowed funds. It is the Group's policy to ensure that there is adequate liquidity across all business units to sustain ongoing operations, as well as sufficient liquidity to fund asset growth and strategic opportunities.

Interest rate benchmark reform

Interest rate benchmarks such as interbank offered rates ("IBORs") have played an important role in global financial markets. These benchmarks index trillions of dollars in a wide variety of financial products, ranging from mortgages to derivatives. With recent market developments, question has been brought in on the long-term reliability of such benchmarks. In some jurisdictions, it is now a clear steer towards replacing existing benchmarks with alternative, nearly risk-free rates (referred to as 'IBOR reform'). The introduction of new alternative reference rate ("ARR") or IBOR reform aims to facilitate usage of benchmarks rates that are more robust and based upon transaction in active, liquid markets. As at 30 June 2024, the Group has exposure to Kuala Lumpur Interbank Offered Rate ("KLIBOR").

On 27 September 2021, in line with the London Interbank Offered Rate ("LIBOR") reforms after the Global Financial Crisis, BNM has announced the launch of the Malaysia Overnight Rate ("MYOR") as the new ARR for Malaysia. Globally, ARRs are being introduced to improve the integrity of financial benchmark rates as part of a transition to transaction-based rates. The MYOR will run in parallel to the existing KLIBOR with periodic reviews to ensure that the financial benchmark rates remain robust and reflective of an active underlying market. The availability of two financial benchmark rates provides market participants with the flexibility to choose the rate that best suits their needs and facilitates the development of MYOR-based products.

The BNM had discontinued the publication of the 2- and 12-month KLIBOR tenors, which are the least referenced rates in the market for financial contracts, on 1 January 2023. The remaining 1-, 3- and 6-month KLIBOR tenors, which continue to reflect an active underlying market continued to be published. The Financial Markets Committee ("FMC") will engage the International Swaps and Derivatives Association ("ISDA") to ensure continuity of KLIBOR derivative contracts in the event of a temporary or permanent discontinuation of KLIBOR publication.

There remain key differences between KLIBOR and MYOR. KLIBOR is a 'term rate', which means it is published for a borrowing period (i.e. 3- or 6-month tenor) and is 'forward looking', because it is published at the beginning of the borrowing period. MYOR is a 'backward-looking' rate, based on unsecured overnight Malaysian Ringgit interbank transactions in the Malaysian financial market, and it is published on the next business day (i.e. at the end of the overnight borrowing period). Furthermore, KLIBOR includes a credit spread over the risk-free rate, while MYOR currently does not. On transition existing contracts and agreements that reference KLIBOR to MYOR, adjustments for term and credit differences might need to be applied to MYOR, to enable the two benchmark rates to be economically equivalent on transition.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)**(a) Risk management objectives and policies (continued)****Interest rate benchmark reform (continued)**

The Group has set up an internal working group and the key objectives of the internal working group include the followings:

- identifying contracts in scope of benchmark reform;
- considering changes to internal systems, processes, risk management and valuation models;
- allocation of roles and responsibilities and identification of relevant responsible parties to execute and implement the transition; and
- managing any related tax and accounting implications.

The main risks to which the Group has been exposed as a result of IBOR reform are operational. The operational risks will arise during the renegotiation of financial contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform and regulatory risks. Financial risk is predominantly limited to interest rate risk.

As at 30 June 2024, changes required to systems, processes and models have been identified and have been partially implemented. The Group has identified all KLIBOR-linked contracts as at 30 June 2024 and all contracts was referenced to 3-month KLIBOR. The Group will closely monitor the regulators' announcements on MYOR or discontinuation of publication of the KLIBOR for the relevant tenors and continues to engage with industry participants, to ensure an orderly transition to MYOR and to minimise the risks arising from transition, and it will continue to identify and assess risks associated with KLIBOR replacement.

For the financial instruments that the Group hold as at 30 June 2024 which referenced to KLIBOR, kindly refer to Note 5 and Note 21 of the financial statements.

(b) Market risk

Market risk sensitivity assessment is based on the changes in key variables, such as interest rates and foreign currency rates, while all other variables remain constant. The sensitivity factors used are assumptions based on parallel shifts in the key variables to project the impact on the assets and liabilities position of the Group as at reporting date.

The scenarios used are simplified whereby it is assumed that all key variables for all maturities move at the same time and by the same magnitude and do not incorporate actions that would be otherwise taken by the business unit and risk management to mitigate the effect of this movement in key variables. In reality, the Group and the Company proactively seek to ensure that the interest rate risk profile is managed to minimise losses and optimise net revenues.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)**(b) Market risk (continued)****(i) Interest rate sensitivity analysis**

The following table shows the sensitivity of the Group's profit after tax and its equity to an immediate up and down +/-100 basis points ("bps") parallel shift in the interest rate.

The Group	30.06.2024		30.06.2023	
	Impact on profit after tax RM'000	Impact on equity RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
+100 bps	14,719	(47,877)	2,425	(37,864)
-100 bps	(14,719)	47,877	(2,425)	37,864

(ii) Foreign currency sensitivity analysis

The foreign currency sensitivity represents the effect of the appreciation or depreciation of the foreign currency rates against Ringgit Malaysia on the consolidated currency position, while other variables remain constant.

Impact of profit after tax by currency

The Group	30.06.2024		30.06.2023	
	+1% RM'000	-1% RM'000	+1% RM'000	-1% RM'000
USD	(123)	123	(175)	175
SGD	14	(14)	5	(5)
Others	3	(3)	(15)	15
	(106)	106	(185)	185

(iii) Equity prices sensitivity analysis

The Group and the Company's exposure to equity securities price risk arises from investments held by the Group and classified in the statements of financial position as financial assets at FVTPL and financial investments at FVOCI. The Group and the Company does not have significant exposure to equity price risks.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk

The tables below summarise the Group's and the Company's exposure to interest rate risks. Included in the tables are the Group's and the Company's financial assets and financial liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates. As interest rates and yield curves change over time, the Group and the Company may be exposed to loss in earnings due to the effects of interest rates on the structure of the statement of financial position. Sensitivity to interest rates arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding.

The Group 30.06.2024	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Assets								
Cash and short-term funds	22,157	-	-	-	-	131,432	-	153,589
Clients' and brokers' balances	-	-	-	-	-	236,831	-	236,831
Deposits and placements with banks and other financial institutions	-	163,053	-	-	-	-	-	163,053
Financial assets at FVTPL	-	-	-	-	-	-	595,107	595,107
Financial investments at FVOCI	40,014	24,991	359,140	1,001,048	595,138	22,529	-	2,042,860
Financial investments at amortised cost	100,020	90,037	80,422	1,020,274	-	14,532	-	1,305,285
Loans and advances	279,510	-	29,315	14	-	73	-	308,912
Other financial assets	-	-	-	-	-	247,015	-	247,015
Derivative financial assets	-	-	-	-	-	-	26,918	26,918
Statutory deposits with BNM	-	-	-	-	-	61,265	-	61,265
Total assets	441,701	278,081	468,877	2,021,336	595,138	713,677	622,025	5,140,835

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

The Group 30.06.2024	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Liabilities								
Clients' and brokers' balances	-	-	-	-	-	233,891	-	233,891
Deposits from customers	549,437	100,417	105,657	-	-	3,244	-	758,755
Deposits and placements of banks and other financial institutions	2,674,454	131,151	-	-	-	2,231	-	2,807,836
Lease liabilities	510	678	2,904	7,883	1,040	-	-	13,015
Other financial liabilities	-	-	-	-	-	309,760	-	309,760
Derivative financial liabilities	-	-	-	-	-	-	27,154	27,154
Subordinated obligations	-	-	-	-	99,740	205	-	99,945
Total liabilities	3,224,401	232,246	108,561	7,883	100,780	549,331	27,154	4,250,356
Net interest sensitivity gap	(2,782,700)	45,835	360,316	2,013,453	494,358			
Direct credit substitutes	-	-	-	-	-	1,000	-	1,000
Credit related commitments and contingencies	-	-	-	-	-	868,708	-	868,708
Net interest sensitivity gap	-	-	-	-	-	869,708	-	869,708

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

The Group 30.06.2023	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Assets								
Cash and short-term funds	281,181	-	-	-	-	-	-	352,914
Clients' and brokers' balances	-	-	-	-	-	140,476	-	140,476
Deposits and placements with banks and other financial institutions	-	130,012	10,000	-	-	-	-	140,012
Financial assets at FVTPL	-	-	-	-	-	-	633,386	633,386
Financial investments at FVOCI	50,013	55,079	275,973	1,042,178	393,739	21,133	-	1,838,115
Financial investments at amortised cost	-	50,031	20,114	1,033,946	20,717	13,429	-	1,138,237
Loans and advances	303,830	-	69,952	35,148	-	887	-	409,817
Other financial assets	-	-	-	-	-	43,437	-	43,437
Derivative financial assets	-	-	-	-	-	-	67,036	67,036
Statutory deposits with BNM	-	-	-	-	-	52,350	-	52,350
Total assets	635,024	235,122	376,039	2,111,272	414,456	343,445	700,422	4,815,780

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (continued)

Interest rate risk (continued)

The Group 30.06.2023	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
Liabilities								
Clients' and brokers' balances	-	-	-	-	-	145,393	-	145,393
Deposits from customers	467,207	158,783	76,681	-	-	1,005	-	703,676
Deposits and placements of banks and other financial institutions	2,568,043	282,218	5,000	-	-	2,973	-	2,858,234
Lease liabilities	443	654	2,980	9,325	30	-	-	13,432
Other financial liabilities	-	-	-	-	-	135,271	-	135,271
Derivative financial liabilities	-	-	-	-	-	-	54,074	54,074
Subordinated obligations	-	-	-	-	99,998	197	-	100,195
Total liabilities	3,035,693	441,655	84,661	9,325	100,028	284,839	54,074	4,010,275
Net interest sensitivity gap	(2,400,669)	(206,533)	291,378	2,101,947	314,428	-	-	-
Direct credit substitutes	-	-	-	-	-	1,000	-	1,000
Credit related commitments and contingencies	-	-	-	-	-	917,463	-	917,463
Net interest sensitivity gap	-	-	-	-	-	918,463	-	918,463

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk

Liquidity risk is defined as the current and prospective risk arising from the inability of the Group and the Company to meet its contractual or regulatory obligations when they fall due without incurring substantial losses. Liquidity obligations arise from withdrawal of deposits, repayments of purchased funds at maturity, extensions of credit and working capital needs. The Group and the Company seek to project, monitor and manage its liquidity needs under normal as well as adverse circumstances.

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline:

The Group 30.06.2024	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	153,589	-	-	-	-	-	-	153,589
Clients' and brokers' balances	236,831	-	-	-	-	-	-	236,831
Deposits and placements with banks and other financial institutions	-	-	163,053	-	-	-	-	163,053
Financial assets at FVTPL	-	89,874	50,071	-	-	181,809	273,353	595,107
Financial investments at FVOCI	20,491	20,377	25,306	263,703	98,007	1,614,976	-	2,042,860
Financial investments at amortised cost	-	101,950	90,801	30,323	50,904	1,031,307	-	1,305,285
Loans and advances	279,510	-	-	29,388	-	14	-	308,912
Derivative financial assets	74	1,791	6,081	1,593	5,395	11,984	-	26,918
Other assets *	8	130	47	-	250,876	-	195,943	447,004
Total assets	690,503	214,122	335,359	325,007	405,182	2,840,090	469,296	5,279,559

* Includes property and equipment, ROU assets, other intangible assets, statutory deposits with BNM, tax recoverable, deferred tax assets and goodwill.

Notes to the Financial Statements

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42 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline: (continued)

The Group 30.06.2024	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Clients' and brokers' balances	233,891	-	-	-	-	-	-	233,891
Deposits from customers	459,582	91,830	101,329	106,014	-	-	-	758,755
Deposits and placements of banks and other financial institutions	2,412,479	263,491	131,866	-	-	-	-	2,807,836
Derivative financial liabilities	233	4,099	4,230	3,876	1,828	12,888	-	27,154
Subordinated obligations	-	-	-	203	-	99,742	-	99,945
Lease liabilities	3	507	678	1,027	1,878	8,922	-	13,015
Other liabilities **	-	15,153	8	-	296,415	224	-	311,800
Total liabilities	3,106,188	375,080	238,111	111,120	300,121	121,776	-	4,252,396
Total equity	-	-	-	-	-	-	1,027,163	1,027,163
Total liabilities and equity	3,106,188	375,080	238,111	111,120	300,121	121,776	1,027,163	5,279,559

** Includes current tax liabilities.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline: (continued)

The Group 30.06.2023	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	317,614	35,300	-	-	-	-	-	352,914
Clients' and brokers' balances	140,476	-	-	-	-	-	-	140,476
Deposits and placements with banks and other financial institutions	-	130,012	-	-	10,000	-	-	140,012
Financial assets at FVTPL	-	49,885	29,757	-	-	189,312	364,432	633,386
Financial investments at FVOCI	20,471	30,537	55,833	85,652	192,238	1,453,384	-	1,838,115
Financial investments at amortised cost	-	-	50,734	20,183	-	1,067,320	-	1,138,237
Loans and advances	304,718	-	-	-	69,952	35,147	-	409,817
Derivative financial assets	3,307	14,919	16,598	5,354	4,682	22,176	-	67,036
Other assets *	130	-	-	-	48,059	-	207,579	255,768
Total assets	786,716	260,653	152,922	111,189	324,931	2,767,339	572,011	4,975,761

* Includes property and equipment, ROU assets, other intangible assets, statutory deposits with BNM, tax recoverable, deferred tax assets and goodwill.

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42 FINANCIAL INSTRUMENTS (CONTINUED)**(c) Liquidity risk (continued)**

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline: (continued)

The Group 30.06.2023	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Liabilities								
Clients' and brokers' balances	145,393	-	-	-	-	-	-	145,393
Deposits from customers	365,695	101,965	159,116	76,900	-	-	-	703,676
Deposits and placements of banks and other financial institutions	2,076,454	492,649	284,130	-	5,001	-	-	2,858,234
Derivative financial liabilities	2,756	10,767	12,112	7,014	8,671	12,754	-	54,074
Subordinated obligations	-	-	-	197	-	99,998	-	100,195
Lease liabilities	-	443	654	986	1,994	9,355	-	13,432
Other liabilities **	-	13,893	-	-	121,488	-	-	135,381
Total liabilities	2,590,298	619,717	456,012	85,097	137,154	122,107	-	4,010,385
Total equity	-	-	-	-	-	-	965,376	965,376
Total liabilities and equity	2,590,298	619,717	456,012	85,097	137,154	122,107	965,376	4,975,761

** Includes current tax liabilities.

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for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline: (continued)

The Company 30.06.2024	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets								
Cash and short-term funds	4,997	-	-	-	-	-	-	4,997
Deposits and placements with banks and other financial institutions	-	-	223,300	-	-	-	-	223,300
Financial assets at FVTPL	-	-	-	-	-	-	185,398	185,398
Other assets	-	-	382	-	402	-	-	784
Tax recoverable	-	-	-	-	-	-	595	595
Investment in subsidiary companies	-	-	-	-	-	-	246,574	246,574
Total assets	4,997	-	223,682	-	402	-	432,567	661,648
Liabilities								
Other liabilities	-	-	-	-	4,508	-	-	4,508
Total liabilities	-	-	-	-	4,508	-	-	4,508
Total equity	-	-	-	-	-	-	657,140	657,140
Total liabilities and equity	-	-	-	-	4,508	-	657,140	661,648

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for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)**(c) Liquidity risk (continued)**

The table below analyses the carrying amount of assets and liabilities (include non-financial instruments) as at reporting date based on the remaining contractual maturity and is disclosed in accordance with the requirements of BNM Guideline: (continued)

	The Company 30.06.2023	Up to 1 week RM'000	1 week to 1 month RM'000	1 to 3 months RM'000	3 to 6 months RM'000	6 to 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
Assets									
Cash and short-term funds	5,592	29,300	-	-	-	-	-	-	34,892
Financial assets at FVTPL	-	-	-	-	-	-	-	358,334	358,334
Other assets	-	-	-	-	-	187	-	-	187
Tax recoverable	-	-	-	-	-	-	-	125	125
Investment in subsidiary companies	-	-	-	-	-	-	-	246,574	246,574
Total assets	5,592	29,300	-	-	-	187	-	605,033	640,112
Liabilities									
Other liabilities	-	-	-	-	-	1,139	-	-	1,139
Total liabilities	-	-	-	-	-	1,139	-	-	1,139
Total equity	-	-	-	-	-	-	-	638,973	638,973
Total liabilities and equity	-	-	-	-	-	1,139	-	638,973	640,112

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42 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

The Group 30.06.2024	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities							
Clients' and brokers' balances	233,891	-	-	-	-	-	233,891
Deposits from customers	551,699	209,693	-	-	-	-	761,392
Deposits and placements of banks and other financial institutions	2,676,924	132,899	-	-	-	-	2,809,823
Derivative financial liabilities							
- Gross settled derivatives							
- Inflow	(1,651,138)	(3,201,997)	(1,069,881)	-	-	-	(5,923,016)
- Outflow	1,651,770	3,201,888	1,071,488	-	-	-	5,925,146
- Net settled derivatives	(510)	(1,202)	(1,466)	(45)	(824)	-	(4,047)
Lease liabilities	335	1,924	2,099	6,093	2,477	1,060	13,988
Other liabilities	15,152	7	294,377	-	-	224	309,760
Subordinated obligations	-	2,072	2,049	8,231	8,220	120,561	141,133
Total financial liabilities	3,478,123	345,284	298,666	14,279	9,873	121,845	4,268,070

Notes to the Financial Statements

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42 FINANCIAL INSTRUMENTS (CONTINUED)**(c) Liquidity risk (continued)**

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows. (continued)

	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
The Group 30.06.2023							
Liabilities							
Clients' and brokers' balances	145,393	-	-	-	-	-	145,393
Deposits from customers	468,064	238,599	-	-	-	-	706,663
Deposits and placements of banks and other financial institutions	2,570,614	285,444	5,140	-	-	-	2,861,198
Derivative financial liabilities							
- Gross settled derivatives							
- Inflow	(1,665,230)	(1,480,965)	(304,585)	-	-	-	(3,450,780)
- Outflow	1,662,654	1,475,403	310,140	-	-	-	3,448,197
- Net settled derivatives	(1,075)	(1,628)	(2,061)	(2,656)	111	-	(7,309)
Lease liabilities	496	1,883	2,241	7,912	1,981	30	14,543
Other liabilities	13,909	-	121,140	-	-	222	135,271
Subordinated obligations	-	2,132	2,121	8,460	8,472	104,230	125,415
Total financial liabilities	3,194,825	520,868	134,136	13,716	10,564	104,482	3,978,591

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the table below will not agree to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows. (continued)

The Company	Up to 1 month RM'000	1 to 6 months RM'000	6 to 12 months RM'000	1 to 3 years RM'000	3 to 5 years RM'000	Over 5 years RM'000	Total RM'000
30.06.2024							
Liabilities							
Other liabilities	-	-	4,508	-	-	-	4,508
Total financial liabilities	-	-	4,508	-	-	-	4,508
30.06.2023							
Liabilities							
Other liabilities	-	-	1,139	-	-	-	1,139
Total financial liabilities	-	-	1,139	-	-	-	1,139

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The following table presents the contractual expiry by maturity of the Group's commitments and contingencies:

The Group	Less than 1 year RM'000	Over 1 year RM'000	Total RM'000
30.06.2024			
Direct credit substitutes	1,000	-	1,000
Other commitments, such as formal standby facilities and credit lines	600	-	600
Any commitments that are unconditionally cancelled at anytime by the Group without prior notice	868,108	-	868,108
	869,708	-	869,708
30.06.2023			
Direct credit substitutes	1,000	-	1,000
Any commitments that are unconditionally cancelled at anytime by the Group without prior notice	917,463	-	917,463
	918,463	-	918,463

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk

(i) Maximum exposure to credit risk

The maximum exposure to credit risk at the statements of financial position is the amounts on the statement of financial position as well as off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Company would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers. The table below shows the maximum exposure to credit risk for the Group and the Company:

	The Group		The Company	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Credit risk exposure relating to on-balance sheet assets:				
Short-term funds (exclude cash in hand)	153,581	352,900	4,997	34,892
Clients' and brokers' balances	236,831	140,476	-	-
Deposits and placements with banks and other financial institutions	163,053	140,012	223,300	-
Financial assets and investments portfolios (exclude shares and unit trust investment)				
- financial assets at FVTPL	321,754	268,954	-	-
- financial investments at FVOCI	2,042,860	1,838,115	-	-
- financial investments at amortised cost	1,305,285	1,138,237	-	-
Loans and advances	308,912	409,817	-	-
Other assets	247,015	43,437	770	168
Derivative financial assets	26,918	67,036	-	-
	4,806,209	4,398,984	229,067	35,060
Credit risk exposure relating to off-balance sheet items:				
Commitments and contingencies	869,708	918,463	-	-
Total maximum credit risk exposure	5,675,917	5,317,447	229,067	35,060

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(ii) Collaterals

The main type of collaterals obtained by the Group are as follows:

- (a) Fixed deposits, Mudharabah General Investment Account, negotiable instrument of deposits, foreign currency deposits and cash deposits/margins
- (b) Land and buildings
- (c) Aircrafts, vessels and automobiles
- (d) Quoted shares, unit trust, Malaysian Governments Bonds and securities and private debt securities
- (e) Other tangible business assets, such as inventory and equipment

The Group also accept non-tangible securities such as support, guarantees from individuals, corporates and institutions, bank guarantees, debentures, assignment of contract payments, which are subject to internal guidelines on eligibility.

The outstanding balance for loans and advances for which no allowances is recognised because of collaterals as at 30 June 2024 amounted to RM Nil (2023: RM0.1 million) for the Group.

The financial effect of collateral (quantification of the extent to which collateral and other credit enhancements mitigate credit risk) held for loans and advances as at 30 June 2024 for the Group is 100% (2023: 99.1%). The financial effect of collateral held for the other financial assets is not significant.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans and advances that are credit impaired as at 30 June 2024 for the Group is 100% (2023: 99.1%).

(iii) Credit exposure by stage

Financial assets of the Group are classified into three stages as below:

Stages	Description
Stage 1: 12-months ECL – not credit impaired	Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-months ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
Stage 2: Lifetime ECL – not credit impaired	Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.
Stage 3: Lifetime ECL – credit impaired	Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

For further details on the stages, refer to accounting policy Note H.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality

The Group and the Company assess credit quality of loans and advances using internal rating techniques tailored to the various categories of products and counterparties. These techniques have been developed internally and combine statistical analysis with credit officers judgement.

Credit quality description is summarised as follows:

Credit Quality	Description
Good	Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss to the Group
Fair	Exposures demonstrate fairly acceptable capacity to meet financial commitments and may require varying degrees of concern to the Group
Un-graded	Counterparties which do not satisfy the criteria to be graded based on internal credit rating system
Credit impaired	Exposures that have been assessed as credit-impaired

The credit quality of financial assets other than loans and advances are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined below:

Credit Quality	Rating
Good	AAA to AA3
Good	A1 to A3
Fair	Baa1 to Baa3
Fair	P1 to P3
Un-graded	Non-rated
Credit impaired	Default

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

The Group 30.06.2024	(Stage 1)	(Stage 2)	(Stage 3)	Total ECL RM'000
	12-Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Short-term funds and placements with banks				
Good	50,053	-	-	50,053
Fair	266,390	-	-	266,390
Un-graded	191	-	-	191
Gross carrying amount	316,634	-	-	316,634
Expected credit losses	-	-	-	-
Net carrying amount	316,634	-	-	316,634
Financial investments at FVOCI				
Good	806,566	-	-	806,566
Fair	56,535	-	-	56,535
Un-graded	1,179,759	-	-	1,179,759
Gross carrying amount	2,042,860	-	-	2,042,860
Expected credit losses	-	-	-	-
Net carrying amount	2,042,860	-	-	2,042,860
Financial investments at amortised cost				
Un-graded	1,305,285	-	-	1,305,285
Gross carrying amount	1,305,285	-	-	1,305,285
Expected credit losses	-	-	-	-
Net carrying amount	1,305,285	-	-	1,305,285
Loans and advances				
Fair	29,473	-	-	29,473
Un-graded	279,006	697	-	279,703
Gross carrying amount	308,479	697	-	309,176
Expected credit losses	(264)	-	-	(264)
Net carrying amount	308,215	697	-	308,912

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

The Group 30.06.2023	(Stage 1)	(Stage 2)	(Stage 3)	Total ECL RM'000
	12-Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Short-term funds and placements with banks				
Good	355,030	-	-	355,030
Fair	137,858	-	-	137,858
Un-graded	24	-	-	24
Gross carrying amount	492,912	-	-	492,912
Expected credit losses	-	-	-	-
Net carrying amount	492,912	-	-	492,912
Financial investments at FVOCI				
Good	827,174	-	-	827,174
Fair	24,055	-	-	24,055
Un-graded	986,886	-	-	986,886
Gross carrying amount	1,838,115	-	-	1,838,115
Expected credit losses	-	-	-	-
Net carrying amount	1,838,115	-	-	1,838,115
Financial investments at amortised cost				
Un-graded	1,138,237	-	-	1,138,237
Gross carrying amount	1,138,237	-	-	1,138,237
Expected credit losses	-	-	-	-
Net carrying amount	1,138,237	-	-	1,138,237
Loans and advances				
Good	100,883	5,226	-	106,109
Un-graded	299,789	4,131	-	303,920
Credit impaired	-	-	126	126
Gross carrying amount	400,672	9,357	126	410,155
Expected credit losses	(315)	(23)	-	(338)
Net carrying amount	400,357	9,334	126	409,817

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision: (continued)

The Company 30.06.2024	(Stage 1)	(Stage 2)	(Stage 3)	Total ECL RM'000
	12-Months ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Short-term funds and placements with banks				
Fair	228,297	-	-	228,297
Gross/Net carrying amount	228,297	-	-	228,297
30.06.2023				
Short-term funds and placements with banks				
Fair	34,892	-	-	34,892
Gross/Net carrying amount	34,892	-	-	34,892

(a) Loans and advances

All loans and advances are categorised as either:

- neither past due nor impaired;
- past due but not impaired; or
- impaired.

Past due loans and advances refers to loans that are overdue by one day or more. Impaired loans and advances are loans and advances with days-in-arrears more than 90 days or with impaired allowances.

The Group	30.06.2024 RM'000	30.06.2023 RM'000
Neither past due nor impaired	309,176	410,029
Past due but not impaired	-	-
Individually impaired	-	126
Gross loans and advances	309,176	410,155
Less: Expected credit losses	(264)	(338)
Total net loans and advances	308,912	409,817

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(a) Loans and advances (continued)

(i) Loans and advances neither past due nor impaired

Analysis of loans and advances that are neither past due nor impaired analysed based on the Group's internal credit grading system is as follows:

The Group	30.06.2024 RM'000	30.06.2023 RM'000
Grading classification:		
- Good	-	106,109
- Satisfactory	29,473	-
- Un-graded	279,703	303,920
	309,176	410,029

The definition of the grading classification of loans and advances can be summarised as follow:

Good:

Refers to internal credit grading from 'Favourable' to 'Prime Quality', indicating strong ability to repay principal and interest.

Satisfactory:

Refers to internal credit grading of 'Satisfactory', indicating adequate ability and no difficulty to repay principal and interest.

Loans and advances classified as un-graded mainly comprise of share margin financing and staff loans.

(ii) Loans and advances past due but not impaired

A financial asset is defined as "past due" when the counterparty has failed to make a principal or interest payment when contractually due.

Late processing and other administrative delays on the side of the borrower can lead to a financial asset being past due but not impaired. Therefore, loans and advances less than 90 days past due are not usually considered impaired, unless other information is available to indicate the contrary.

There were no loans and advances past due but not impaired for the Group.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(a) Loans and advances (continued)

(iii) Loans and advances that are individually determined to be impaired as at reporting date are as follows:

The Group	30.06.2024 RM'000	30.06.2023 RM'000
Gross amount of individually impaired loans	-	126
Less: Expected credit losses	-	-
Total net amount of individually impaired loans	-	126

(b) Other financial assets

The credit quality of financial assets other than loans and advances are determined based on the ratings of counterparties as defined by Moody's or equivalent ratings of other international rating agencies as defined belows:

- AAA to AA3
- A1 to A3
- Baa1 to Baa3
- P1 to P3

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

Short-term funds and deposits and placements with banks and other financial institutions, financial assets and investments portfolios, clients' and brokers' balances, other assets and derivative financial assets are summarised as follows:

The Group	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Clients' and brokers' balances RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Other assets RM'000	Derivative financial assets RM'000
30.06.2024							
Neither past due nor impaired	316,634	236,351	321,754	2,042,860	1,305,285	247,079	26,918
Individually impaired	-	1,312	-	-	-	1,278	-
Less: Impairment losses	-	(832)	-	-	-	(1,342)	-
	316,634	236,831	321,754	2,042,860	1,305,285	247,015	26,918
30.06.2023							
Neither past due nor impaired	492,912	139,919	268,954	1,838,115	1,138,237	43,442	67,036
Individually impaired	-	1,423	-	-	-	1,380	-
Less: Impairment losses	-	(866)	-	-	-	(1,385)	-
	492,912	140,476	268,954	1,838,115	1,138,237	43,437	67,036

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

Short-term funds and deposits and other assets are summarised as follows:

The Company	Short-term funds and deposits RM'000	Other assets RM'000
30.06.2024		
Neither past due nor impaired	228,297	770
Individually impaired	-	-
Less: Impairment losses	-	-
	228,297	770
30.06.2023		
Neither past due nor impaired	34,892	168
Individually impaired	-	-
Less: Impairment losses	-	-
	34,892	168

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

Analysis of short-term funds and deposits and placements with banks and other financial institutions, financial assets and investments portfolios, clients' and brokers' balances, other assets and derivative financial assets that are neither past due nor impaired by rating agency designation as at reporting date are as follows:

	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Clients' and brokers' balances RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Other assets RM'000	Derivative financial assets RM'000
The Group							
30.06.2024							
AAA to AA3	50,053	-	-	711,358	-	168,235	22,625
A1 to A3	-	-	50,071	95,208	-	-	837
Baa1 to Baa3	-	-	-	46,719	-	-	-
P1 to P3	266,390	-	89,874	9,816	-	4,048	-
Non-rated, of which:							
- Bank Negara Malaysia	191	-	-	-	-	-	-
- Malaysia Government Investment Issues	-	-	121,639	580,790	642,612	-	-
- Malaysian Government Securities	-	-	60,170	361,331	622,679	20,508	-
- Government guaranteed corporate bond and/or sukuk	-	-	-	188,419	39,994	4,560	-
- Others	-	236,831	-	49,219	-	49,664	3,456
	191	236,831	181,809	1,179,759	1,305,285	74,732	3,456
	316,634	236,831	321,754	2,042,860	1,305,285	247,015	26,918

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)**(d) Credit risk (continued)****(iv) Credit quality (continued)**

(b) Other financial assets (continued)

Analysis of short-term funds and deposits and placements with banks and other financial institutions, financial assets and investments portfolios, clients' and brokers' balances, other assets and derivative financial assets that are neither past due nor impaired by rating agency designation as at reporting date are as follows: (continued)

	Short-term funds and deposits and placements with banks and other financial institutions	RM'000	Clients' and brokers' balances	RM'000	Financial assets at FVTPL	RM'000	Financial investments at FVOCI	RM'000	Financial investments at amortised cost	RM'000	Other assets	RM'000	Derivative financial assets	RM'000
The Group														
30.06.2023														
AAA to AA3	355,030		-		54,901		778,718		-		-		55,570	
A1 to A3	-		-		-		48,456		-		-		7,114	
Baa1 to Baa3	-		-		-		24,055		-		-		-	
P1 to P3	137,858		-		29,757		-		-		9,234		-	
Non-rated, of which:														
- Bank Negara Malaysia	24		-		-		-		-		-		-	
- Malaysia Government Investment Issues	-		-		122,507		449,106		501,501		-		-	
- Malaysian Government Securities	-		-		61,789		214,625		597,232		-		-	
- Government guaranteed corporate bond and/or sukuk	-		-		-		294,220		39,504		-		-	
- Others	-		140,476		-		28,935		-		34,203		4,352	
	24		140,476		184,296		986,886		1,138,237		34,203		4,352	
	492,912		140,476		268,954		1,838,115		1,138,237		43,437		67,036	

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

Analysis of short-term funds and deposits and other assets that are neither past due nor impaired by rating agency designation as at reporting date are as follows:

The Company	Short-term funds and deposits RM'000	Other assets RM'000
30.06.2024		
P1 to P3	228,297	-
Non-rated, of which:		
- Others	-	770
	-	770
	228,297	770
30.06.2023		
P1 to P3	34,892	-
Non-rated, of which:		
- Others	-	168
	-	168
	34,892	168

(v) Collateral and other credit enhancements obtained

(a) Repossessed collateral

As and when required, the Group will take possession of collateral they hold as securities and will dispose of them as soon as practicable but not later than 5 years from the date they take possession, with the proceeds used to reduce the outstanding indebtedness. Repossessed collaterals are classified in the statements of financial position as other assets. There is no repossessed collateral as at the reporting date.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

(vi) Write-off policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will be written back as bad debts recovered in the income statements.

There were no contractual amount outstanding on loans and advances and securities portfolio that were written off during the financial year ended 30 June 2024, and are still subject to enforcement activities for the Group.

(vii) Sensitivity analysis

The Group has performed ECL sensitivity assessment on loans and advances and financial investments at FVOCI based on the changes in the key macroeconomic variable i.e. banking system credit while all other variables remain unchanged. The sensitivity factors used are assumptions based on parallel shifts in the macroeconomic variable to project the impact to ECL of the Group.

The table below outlines the effect of ECL on the changes in the macroeconomic variable used while other variables remain constant:

	Changes	
Banking credit system	+/- 100bps	
The Group	30.06.2024	30.06.2023
	RM'000	RM'000
The effect of ECL on the positive changes in macroeconomic variable	4	3
The effect of ECL on the negative changes in macroeconomic variable	(4)	(3)

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments are set out below:

The Group 30.06.2024	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Clients' and brokers' balances RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans and advances RM'000	Other assets RM'000	Derivative financial assets RM'000	On-balance sheet total RM'000	Credit related commitments and contingencies RM'000
Electricity, gas and water	-	-	-	207,808	-	-	50	-	207,858	-
Construction	-	-	-	20,024	-	-	83	-	20,107	1,000
Transport, storage and communications	-	-	-	118,437	-	-	628	-	119,065	-
Finance, insurance, real estate and business services	316,443	-	139,945	720,236	39,994	29,388	936	26,918	1,273,860	600
Government and government agencies	191	-	181,809	952,505	1,265,291	-	-	-	2,399,796	-
Education, health and others	-	-	-	-	-	-	728	-	728	-
Household	-	-	-	-	-	15	-	-	15	-
Purchase of securities	-	236,831	-	-	-	279,509	-	-	516,340	868,108
Others	-	-	-	23,850	-	-	244,590	-	268,440	-
	316,634	236,831	321,754	2,042,860	1,305,285	308,912	247,015	26,918	4,806,209	869,708

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments are set out below: (continued)

The Group 30.06.2023	Short-term funds and deposits and placements with banks and other financial institutions RM'000	Clients' and brokers' balances RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Loans and advances RM'000	Other assets RM'000	Derivative financial assets RM'000	On-balance sheet total RM'000	Credit related commitments and contingencies RM'000
Mining and quarrying	-	-	-	-	-	5,205	-	-	5,205	-
Electricity, gas and water	-	-	-	200,161	-	-	-	-	200,161	-
Construction	-	-	-	24,917	-	-	846	-	25,763	1,000
Wholesale and retail	-	-	-	-	-	-	1	-	1	-
Transport, storage and communications	-	-	5,016	179,920	-	-	-	-	184,936	-
Finance, insurance, real estate and business services	492,888	-	79,642	681,138	39,504	30,007	1,006	67,036	1,391,221	-
Government and government agencies	24	-	184,296	714,190	1,098,733	-	-	-	1,997,243	-
Education, health and others	-	-	-	-	-	-	80	-	80	-
Household	-	-	-	-	-	70,900	-	-	70,900	-
Purchase of securities	-	140,476	-	-	-	303,705	-	-	444,181	917,463
Others	-	-	-	37,789	-	-	41,504	-	79,293	-
	492,912	140,476	268,954	1,838,115	1,138,237	409,817	43,437	67,036	4,398,984	918,463

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk (continued)

Credit risk exposure analysed by industry in respect of the Group's and the Company's financial assets, including off-balance sheet financial instruments are set out below: (continued)

The Company	Short-term funds and deposits RM'000	Other assets RM'000	On-balance sheet total RM'000
30.06.2024			
Finance, insurance, real estate and business services	228,297	-	228,297
Others	-	770	770
	228,297	770	229,067
30.06.2023			
Finance, insurance, real estate and business services	34,892	-	34,892
Others	-	168	168
	34,892	168	35,060

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement

The Group and the Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active market where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities, unit trust investments and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2.

In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

The Group and the Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2023: Nil).

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

- (i) The table below summarises the fair value hierarchy of the Group's and the Company's financial assets and liabilities measured at fair values.

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.06.2024				
Financial assets				
Financial assets at FVTPL	273,353	321,754	-	595,107
- money market instruments	-	231,880	-	231,880
- quoted securities	273,353	-	-	273,353
- unquoted securities	-	89,874	-	89,874
Financial investments at FVOCI	-	2,042,860	-	2,042,860
- money market instruments	-	1,027,718	-	1,027,718
- unquoted securities	-	1,015,142	-	1,015,142
Derivative financial assets	-	26,918	-	26,918
	273,353	2,391,532	-	2,664,885
Financial liability				
Derivative financial liabilities	-	27,154	-	27,154
30.06.2023				
Financial assets				
Financial assets at FVTPL	364,432	268,954	-	633,386
- money market instruments	-	234,181	-	234,181
- quoted securities	364,432	-	-	364,432
- unquoted securities	-	34,773	-	34,773
Financial investments at FVOCI	-	1,838,115	-	1,838,115
- money market instruments	-	748,816	-	748,816
- unquoted securities	-	1,089,299	-	1,089,299
Derivative financial assets	-	67,036	-	67,036
	364,432	2,174,105	-	2,538,537
Financial liability				
Derivative financial liabilities	-	54,074	-	54,074

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 Financial instruments (continued)

(e) Fair value measurement (continued)

- (i) The table below summarises the fair value hierarchy of the Group's and the Company's financial assets and liabilities measured at fair values. (continued)

The Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30.06.2024				
Financial asset				
Financial assets at FVTPL				
- quoted securities	185,398	-	-	185,398
30.06.2023				
Financial asset				
Financial assets at FVTPL				
- quoted securities	358,334	-	-	358,334

There were no transfers between Level 1 and 2 during the financial year.

- (ii) The table below summarises the carrying amount and analyses the fair value within the fair value hierarchy of the Group's and the Company's assets and liabilities not measured at fair value at reporting date but for which fair value is disclosed:

The Group	Carrying amount RM'000	Fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
30.06.2024					
Financial assets					
Financial investments at amortised cost					
- money market instruments	1,265,291	-	1,262,289	-	1,262,289
- unquoted securities	39,994	-	39,670	-	39,670
Loans and advances	308,912	-	308,912	-	308,912
	1,614,197	-	1,610,871	-	1,610,871
Financial liabilities					
Deposits from customers	758,755	-	758,755	-	758,755
Deposits and placements of banks and other financial institutions	2,807,836	-	2,807,836	-	2,807,836
Subordinated obligations	99,945	-	99,625	-	99,625
	3,666,536	-	3,666,216	-	3,666,216

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 Financial instruments (continued)

(e) Fair value measurement (continued)

- (ii) The table below summarises the carrying amount and analyses the fair value within the fair value hierarchy of the Group's and the Company's assets and liabilities not measured at fair value at reporting date but for which fair value is disclosed: (continued)

The Group 30.06.2023	Carrying amount RM'000	Fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Financial assets					
Financial investments at amortised cost					
- money market instruments	1,098,733	-	1,091,404	-	1,091,404
- unquoted securities	39,504	-	38,735	-	38,735
Loans and advances	409,817	-	409,829	-	409,829
	1,548,054	-	1,539,968	-	1,539,968
Financial liabilities					
Deposits from customers	703,676	-	703,676	-	703,676
Deposits and placements of banks and other financial institutions	2,858,234	-	2,858,229	-	2,858,229
Subordinated obligations	100,195	-	99,925	-	99,925
	3,662,105	-	3,661,830	-	3,661,830

Other than as disclosed above, the total fair value of each financial assets and liabilities presented on the statements of financial position as at reporting date of the Group and the Company approximates the total carrying amount.

The fair values are based on the following methodologies and assumptions:

Short-term funds and deposits and placements with banks and other financial institutions

For deposits and placements with banks and other financial institutions with maturities of less than six months, the carrying value is a reasonable estimate of fair value. For deposits and placements with maturities six months and above, estimated fair value is based on discounted cash flows using prevailing money market interest rates at which similar deposits and placements would be made with financial institutions of similar credit risk and remaining period to maturity.

Financial investments at amortised cost

The estimated fair value is generally based on quoted and observable market prices. Where there is no ready market in certain securities, the Group and the Company will establish the fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flows analysis and other valuation techniques commonly used by market participants.

Notes to the Financial Statements

for the financial year ended 30 June 2024

42 Financial instruments (continued)

(e) Fair value measurement (continued)

The fair values are based on the following methodologies and assumptions: (continued)

Loans and advances

The value of fixed rate loans with remaining maturity of less than one year and floating rate loans are estimated to approximate their carrying amounts. For fixed rate loans with remaining maturity of more than one year, the fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of loans with similar credit risks and maturities.

The fair values of impaired floating and fixed rate loans are represented by their carrying value, net of expected credit loss, being the expected recoverable amount.

Clients' and brokers' balances

The carrying amount as at reporting date approximate fair values due to relatively short-term maturity of these financial instruments.

Other assets and liabilities

The carrying value less any estimated allowance for financial assets and liabilities included in 'other assets and liabilities' are assumed to approximate their fair values as these items are short term in nature.

Deposits from customers

For deposits from customers with maturities of less than six months, the carrying amounts are reasonable estimates of their fair values. For each deposit with maturities of six months and above, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Deposits and placements of other financial institutions

The estimated fair values of deposits and placements of other financial institutions with maturities of less than six months approximate the carrying values. For the items with maturities six months and above, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturities.

Subordinated obligations

The fair value of subordinated obligations are based on quoted market prices where available.

Credit related commitment and contingencies

The net fair value of these items was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risks and attract fees in line with market prices for similar arrangements. They are not presently sold nor traded. The fair value may be represented by the present value of fees expected to be received less associated costs.

Notes to the Financial Statements

for the financial year ended 30 June 2024

43 Offsetting financial assets and financial liabilities

In accordance with MFRS 132 'Financial Instrument: Presentation', the Group reports financial assets and financial liabilities on a net basis on the statements of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangement on:

- All financial assets and liabilities that are reported net on statements of financial position; and
- All derivative financial instruments and securities purchased under resale agreements and obligations on securities sold under repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

The table identifies the amounts that have been offset in the statements of financial position and also those amounts that are covered by enforceable netting arrangements (offsetting arrangements and financial collateral) but do not qualify for netting under the requirements of MFRS 132 described above.

The "Net amounts" presented below are not intended to represent the Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

The Group 30.06.2024	Effects of offsetting on statements of financial position			Related amounts not offset		
	Gross amount RM'000	Amount offset RM'000	Net amount reported on statements of financial position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
Financial assets						
Clients' and brokers' balances	491,730	(254,899)	236,831	-	-	236,831
Derivative financial assets	26,918	-	26,918	(11,648)	(3,640)	11,630
Total assets	518,648	(254,899)	263,749	(11,648)	(3,640)	248,461
Financial liabilities						
Clients' and brokers' balances	488,790	(254,899)	233,891	-	-	233,891
Derivative financial liabilities	27,154	-	27,154	(11,648)	(4,048)	11,458
Total liabilities	515,944	(254,899)	261,045	(11,648)	(4,048)	245,349

Notes to the Financial Statements

for the financial year ended 30 June 2024

43 Offsetting financial assets and financial liabilities (continued)

The Group 30.06.2023	Effects of offsetting on statements of financial position			Related amounts not offset		
	Gross amount RM'000	Amount offset RM'000	Net amount reported on statements of financial position RM'000	Financial instruments RM'000	Financial collateral RM'000	Net amount RM'000
Financial assets						
Clients' and brokers' balances	271,143	(130,667)	140,476	-	-	140,476
Derivative financial assets	67,036	-	67,036	(11,688)	(15,656)	39,692
Total assets	338,179	(130,667)	207,512	(11,688)	(15,656)	180,168
Financial liabilities						
Clients' and brokers' balances	276,060	(130,667)	145,393	-	-	145,393
Derivative financial liabilities	54,074	-	54,074	(11,688)	(9,234)	33,152
Total liabilities	330,134	(130,667)	199,467	(11,688)	(9,234)	178,545

Related amounts not offset**Derivative financial assets and liabilities**

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Repurchased and reverse repurchase agreements

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as global master repurchased agreements and global master securities lending agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transaction covered by the agreements if an event of default or other predetermined events occur.

Financial collateral typically comprises cash, highly liquid securities or other financial instruments which are legally transferred and can be liquidated in the event of counterparty default.

Notes to the Financial Statements

for the financial year ended 30 June 2024

44 Equity compensation benefits**Executive Share Scheme**

HLCB had on 14 October 2020 established an executive share scheme comprising an ESOS and an executive share grant scheme (“ESGS”) (collectively referred to as the “ESS” or the “Scheme”) in relation to ordinary shares in HLCB (“HLCB Shares”) for the eligible executives and/or Directors of HLCB and its subsidiaries (“HLCB Group”) (such executives and directors, “Eligible Executives”).

There were no options outstanding as at reporting date.

The number and market value of the ordinary shares held by the Trustee are as follows:

	30.06.2024		30.06.2023	
	Number of trust shares held '000	Market value RM'000	Number of trust shares held '000	Market value RM'000
The Group	11,111	47,776	11,111	68,553
The Company	11,006	47,325	11,006	67,905

45 Significant events during the financial year

There were no material significant events during the financial year.

46 Subsequent events after the financial year

There are no material subsequent events after the financial year that require disclosure or adjustments to the financial statements.

47 Approval of financial statements

The financial statements were authorised for issue by the Board of Directors of the Company in accordance with a resolution of the Directors on 18 September 2024.

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

We, Peter Ho Kok Wai and Tan Kong Khoon, being two of the Directors of Hong Leong Capital Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 120 to 239 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and financial performance of the Group and the Company for the financial year ended 30 June 2024, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 18 September 2024.

Peter Ho Kok Wai
Director

Tan Kong Khoon
Director

Kuala Lumpur
18 September 2024

Statutory Declaration

pursuant to Section 251(1) of the Companies Act 2016

I, San Kah Yee, the officer primarily responsible for the financial management of Hong Leong Capital Berhad, do solemnly and sincerely declare that the financial statements set out on pages 120 to 239 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the above named San Kah Yee (MIA No. 22565)
at Kuala Lumpur in Wilayah Persekutuan on
18 September 2024

Before me,

Commissioner for Oaths

Independent Auditors' Report

TO THE MEMBERS OF HONG LEONG CAPITAL BERHAD

(Incorporated in Malaysia)

(Registration No. 199101002695 (213006-U))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Hong Leong Capital Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 120 to 239.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Independent Auditors' Report

TO THE MEMBERS OF HONG LEONG CAPITAL BERHAD
(Incorporated in Malaysia)
(Registration No. 199101002695 (213006-U))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Recognition of deferred tax assets arising from unutilised tax credit</p> <p>Refer to Summary of Material Accounting Policies for the financial year ended 30 June 2024 Note A, Note Q, Note 11 and Note 33 to the financial statements.</p> <p>The Group recognised deferred tax assets on unutilised tax credit to the extent that is probable that future taxable profit will be available against which tax credit can be utilised. Deferred tax assets of RM71.1 million as at 30 June 2024 arose from unutilised tax credit of a banking subsidiary.</p> <p>Significant judgement is required to estimate the amount of deferred tax assets that could be recognised which is dependent on the availability of future taxable profits which are subject to future events and economic conditions that are inherently uncertain.</p> <p>Therefore, the extent of judgement and the amount of the deferred tax assets recognised resulted in this matter being identified as an area of audit focus.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding about the local tax developments, in particular those related to changes in the statutory income tax rate and of the statutes of limitation since these were key assumptions used in determining the amount of deferred tax assets recognised. • Checked the available tax credit to correspondence between the banking subsidiary and the Inland Revenue Board. • Checked the profit projection to the budgets approved by the Board of Directors. • Compared historical profits with the budget to assess the accuracy of forecasting. • Assessed the reasonableness of assumptions used by management in determining the amount of taxable profit. • Performed sensitivity analysis on management's assessment in determining the amount of the taxable profit. <p>Based on the procedures performed above, we concur with the Group's basis of recognition of the deferred tax assets arising from unutilised tax credit as at 30 June 2024.</p>

We have determined that there are no key audit matters to report for the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Annual Report 2024, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Independent Auditors' Report

TO THE MEMBERS OF HONG LEONG CAPITAL BERHAD

(Incorporated in Malaysia)

(Registration No. 199101002695 (213006-U))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report

TO THE MEMBERS OF HONG LEONG CAPITAL BERHAD

(Incorporated in Malaysia)

(Registration No. 199101002695 (213006-U))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

LEE TZE WOON KELVIN

03482/01/2026 J

Chartered Accountant

Kuala Lumpur
18 September 2024

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-third Annual General Meeting (“AGM”) of Hong Leong Capital Berhad (“Company”) will be held at Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Tuesday, 29 October 2024 at 10.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2024.
2. To approve the payment of Director Fees of RM437,500 for the financial year ended 30 June 2024, to be divided amongst the Directors in such manner as the Directors may determine and Directors’ Other Benefits of up to an amount of RM60,000 from the 33rd AGM to the 34th AGM of the Company. **(Resolution 1)**
3. To re-elect the following Directors pursuant to the Company’s Constitution:
 - (a) Ms Leong Ket Ti **(Resolution 2)**
 - (b) Ms Lee Jim Leng **(Resolution 3)**
4. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions as resolutions:

5. **Ordinary Resolution**
 - **Authority to Directors to Allot Shares**
 - **Waiver of Pre-emptive Rights over New Ordinary Shares (“Shares”) or Other Convertible Securities in the Company under Section 85(1) of the Companies Act 2016 (“Act”) read together with Clause 50 of the Constitution of the Company**

“**THAT** subject to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) [“MMLR”], the Company’s Constitution and approval of the relevant governmental regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new Shares in the Company, grant rights to subscribe for Shares in the Company, convert any security into Shares in the Company, or allot Shares under an agreement or option or offer at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, to any persons who are not caught by Paragraph 6.04(c) of the MMLR, provided that the aggregate number of Shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued Shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional Shares so allotted on Bursa Securities and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company;

AND THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 50 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all new Shares, options over or grants of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities, such new Shares when issued, to rank pari passu with the existing Shares in the Company.”

(Resolution 5)

Notice of Annual General Meeting

6. Ordinary Resolution

- Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Company (Malaysia) Berhad ("HLCM"), GuoLine Capital Assets Limited ("GCA") and Persons Connected with them

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as disclosed in Section 2.3(A) and (C) of the Company's Circular to Shareholders dated 30 September 2024 ("the Circular") with HLCM, GCA and persons connected with them ("Hong Leong Group"), as set out in Appendix II of the Circular provided that such transactions are undertaken in the ordinary course of business, on arm's length basis and on commercial terms which are not more favourable to Hong Leong Group than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

(Resolution 6)

7. Ordinary Resolution

- Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Tower Real Estate Investment Trust ("Tower REIT")

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature as disclosed in Section 2.3(B) of the Company's Circular to Shareholders dated 30 September 2024 with Tower REIT provided that such transactions are undertaken in the ordinary course of business, on arm's length basis and on commercial terms which are not more favourable to Tower REIT than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders;

Notice of Annual General Meeting

AND THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.”

(Resolution 7)

8. To consider any other business of which due notice shall have been given.

By Order of the Board

JACK LEE TIONG JIE

(MAICSA 7060133)

(SSM PC No. 202008001704)

Group Company Secretary

Kuala Lumpur

30 September 2024

Notice of Annual General Meeting

NOTES:

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 21 October 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
2. Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. A member who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
3. Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.
4. The Form of Proxy must be deposited at the Registered Office of the Company at Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur or lodged electronically via email at cosec-hlfg@hongleong.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.
5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in this Notice will be put to a vote by way of a poll.

EXPLANATORY NOTES

1. Resolution 1 on Director Fees and Other Benefits

- Director Fees of RM437,500 are inclusive of Board Committee Fees of RM145,000 and Meeting Allowance of RM52,500.
- Directors' Other Benefits refer to Directors' training benefits of up to RM60,000.

2. Resolutions 2 and 3 on Re-election of Directors

The Board, on the recommendation of the Nomination and Remuneration Committee of the Company ("NRC"), supports the re-election of the retiring Directors. The NRC has reviewed the results of the Board Annual Assessment conducted for the financial year ended 30 June 2024 and noted that the retiring Directors have effectively discharged their duties and responsibilities. The NRC has also conducted assessments on the fitness and propriety of the retiring Directors including the review of their Fit and Proper Declarations and results of their background checks, and was satisfied that the retiring Directors met the Fit and Proper criteria as set out in the Fit and Proper Policy of the Company. In addition, the NRC has assessed the declaration made by Ms Leong Ket Ti confirming that she fulfilled the Independent Director criteria as set out in the relevant regulatory requirements, and found it to be in order.

The retiring Directors had abstained from deliberations and decisions on their re-election at the NRC and Board meetings, as applicable.

The profiles and details of the retiring Directors are set out in the Board of Directors' Profile section of the Company's 2024 Annual Report.

3. Resolution 5 on Authority to Directors to Allot Shares and Waiver of Pre-emptive Rights

The proposed Ordinary Resolution, if passed, will renew the general mandate given to the Directors of the Company to allot ordinary shares ("Shares") of the Company from time to time and expand the mandate to grant rights to subscribe for Shares in the Company, convert any security into Shares in the Company, or allot Shares under an agreement or option or offer, provided that the aggregate number of Shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued Shares (excluding treasury shares) of the Company for the time being ("Renewed General Mandate"). In computing the aforesaid 10% limit, Shares issued or agreed to be issued or subscribed pursuant to the approval of shareholders in a general meeting where precise terms and conditions are approved shall not be counted. The Renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

Notice of Annual General Meeting

As at the date of this Notice, no new Shares in the Company were issued and allotted pursuant to the general mandate given to the Directors at the last AGM held on 26 October 2023 and which will lapse at the conclusion of the 33rd AGM. The Renewed General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or business opportunities or other circumstances arising or compliance with regulatory requirements which involve the issuance and allotment of new Shares, grant of rights to subscribe for Shares, conversion of any security into Shares, or allotment of Shares under an agreement or option or offer, in order to avoid delay and cost in convening general meetings to approve the same.

Pursuant to Section 85(1) of the Companies Act 2016 (“Act”) read together with Clause 50 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new Shares in the Company which rank equally to the existing issued Shares or other convertible securities.

Section 85(1) of the Act provides as follows:

“85. Pre-emptive rights to new shares

(1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”

Clause 50 of the Constitution of the Company provides as follows:

“50. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities, shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled..

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.”

In order for the Board to issue any new Shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution, if passed, will exclude your pre-emptive right over all new Shares, options over or grant of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities under the Authority to Directors to Allot Shares.

4. Resolutions 6 and 7 on Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolutions, if passed, will empower the Company and its subsidiaries (“HLCB Group”) to enter into recurrent related party transactions of a revenue or trading nature which are necessary for HLCB Group’s day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not, in the Company’s opinion, detrimental to the minority shareholders of the Company (“Proposed Shareholders’ Mandate”).

Detailed information on the Proposed Shareholders’ Mandate is set out in the Circular to Shareholders dated 30 September 2024 which is available on the Company’s Corporate website (<http://www.hlcap.com.my/agm2024>).

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- **Details of individuals who are standing for election as Directors**

No individual is seeking election as a Director at the forthcoming Thirty-third Annual General Meeting of the Company.

- **Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 3 of the Notice of Thirty-third Annual General Meeting.

Other Information

1. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors, chief executives and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

2. ANALYSIS OF SHAREHOLDINGS AS AT 2 SEPTEMBER 2024

Total number of issued shares	:	246,896,668
Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each share held

Distribution Schedule of Shareholders as at 2 September 2024

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	69	1.39	2,047	0.00
100 – 1,000	1,557	31.33	1,127,941	0.46
1,001 – 10,000	2,691	54.16	11,018,486	4.46
10,001 – 100,000	590	11.87	16,506,100	6.68
100,001 – less than 5% of issued shares	61	1.23	44,437,036	18.00
5% and above of issued shares	1	0.02	173,805,058	70.40
	4,969	100.0	246,896,668	100.00

List of Thirty Largest Shareholders as at 2 September 2024

Name of Shareholders	No. of Shares	%
1. Hong Leong Financial Group Berhad	173,805,058	70.40
2. MTrustee Berhad	11,005,700	4.46
- Exempt AN for Hong Leong Capital Berhad (ESOS)		
3. Citigroup Nominees (Tempatan) Sdn Bhd	9,710,145	3.93
- Exempt AN for Kenanga Investors Bhd		
4. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad	2,955,700	1.20
- Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund		
5. Citigroup Nominees (Asing) Sdn Bhd	2,790,100	1.13
- CBNY for Norges Bank (FI 17)		
6. Tong Chin Hen	1,763,500	0.71
7. Citigroup Nominees (Tempatan) Sdn Bhd	1,677,700	0.68
- Employees Provident Fund Board (Eastspring ESG)		
8. Citigroup Nominees (Tempatan) Sdn Bhd	1,325,000	0.54
- Employees Provident Fund Board (PHEIM)		
9. Cartaban Nominees (Tempatan) Sdn Bhd	1,271,100	0.51
- Prudential Assurance Malaysia Berhad for Prulink Strategic Fund		

Other Information

2. ANALYSIS OF SHAREHOLDINGS AS AT 2 SEPTEMBER 2024 (CONTINUED)

Name of Shareholders	No. of Shares	%
10. CGS International Nominees Malaysia (Tempatan) Sdn Bhd - Pledged Securities Account for Chong Chee Choon	780,000	0.31
11. Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)	747,200	0.30
12. HSBC Nominees (Asing) Sdn Bhd - Societe Generale Paris	745,000	0.30
13. Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	730,900	0.30
14. Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (ESPRING ABSR EQ)	462,000	0.19
15. Sim Ah Yoong	430,000	0.17
16. LTK (Melaka) Sdn Bhd	386,800	0.16
17. Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chong Chee Choon	300,000	0.12
18. Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Kenanga Investors Bhd	289,855	0.12
19. Chong Chiew Tshung	268,000	0.11
20. Lim Ah Hock	256,900	0.10
21. Lee Jim Leng	250,000	0.10
22. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for UBS AG (SG BR-TST-ASING)	238,200	0.10
23. Chay Chee Ken	232,000	0.09
24. Khaw Khoon Tee	230,000	0.09
25. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Chun Weng	222,300	0.09
26. HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Mohd Haneef Bin Mokhtar	216,000	0.09
27. Sin Boon Fei	211,700	0.09
28. Chong Cheng Sing	211,600	0.09
29. Chow Wen Chin	201,000	0.08
30. RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Kwan Foong	200,000	0.08
	213,913,458	86.64

Other Information

2. ANALYSIS OF SHAREHOLDINGS AS AT 2 SEPTEMBER 2024 (CONTINUED)**Substantial Shareholders**

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 2 September 2024 are as follows:

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Hong Leong Financial Group Berhad	173,805,058	70.40	-	-
Tan Sri Quek Leng Chan	-	-	173,805,058	70.40 ^B
Hong Leong Company (Malaysia) Berhad	-	-	173,805,058	70.40 ^A
HL Holdings Sdn Bhd	-	-	173,805,058	70.40 ^B
Kwek Holdings Pte Ltd	-	-	173,805,058	70.40 ^B
Kwek Leng Beng	-	-	173,805,058	70.40 ^B
Hong Realty (Private) Limited	-	-	173,805,058	70.40 ^B
Hong Leong Investment Holdings Pte Ltd	-	-	173,805,058	70.40 ^B
Davos Investment Holdings Private Limited	-	-	173,805,058	70.40 ^B
Kwek Leng Kee	-	-	173,805,058	70.40 ^B
Guoco Group Limited	-	-	173,805,058	70.40 ^A
GuoLine Overseas Limited	-	-	173,805,058	70.40 ^A
GuoLine Capital Assets Limited	-	-	173,805,058	70.40 ^A

Notes:

^A Held through Hong Leong Financial Group Berhad

^B Held through Hong Leong Company (Malaysia) Berhad

3. DIRECTORS' INTERESTS AS AT 2 SEPTEMBER 2024

Subsequent to the financial year end, there is no change, as at 2 September 2024, to the Directors' interests in the ordinary shares, preference shares and/or options over ordinary shares of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on page 116 and as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016.

4. LIST OF PROPERTIES

Location	Tenure	Description of property held	Gross Area (Sq-ft)	Approx. Age (Years)	Net book value (RM'000)	Date of acquisition
51-53, Persiaran Greenhill, 30450, Ipoh, Perak	Freehold & leasehold - 999 years	Branch premises	4,793	30	1,650	31/12/1993

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FORM OF PROXY

I/We _____

NRIC/Passport/Company No. _____

of _____

being a member of HONG LEONG CAPITAL BERHAD (the "Company"), hereby appoint _____

NRIC/Passport No. _____

of _____

or failing him/her _____

NRIC/Passport No. _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Thirty-third Annual General Meeting of the Company to be held at Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Tuesday, 29 October 2024 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote as indicated below with an "X":

RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of Director Fees and Directors' Other Benefits		
2.	To re-elect Ms Leong Ket Ti as a Director		
3.	To re-elect Ms Lee Jim Leng as a Director		
4.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
5.	To approve the ordinary resolution on Authority to Directors to Allot Shares and Waiver of Pre-emptive Rights		
6.	To approve the ordinary resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Hong Leong Company (Malaysia) Berhad, GuoLine Capital Assets Limited and persons connected with them		
7.	To approve the ordinary resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with Tower Real Estate Investment Trust		

Dated this _____ day of _____ 2024

Number of shares held

Signature(s) of Member

CDS Account No.

Notes:-

- For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 21 October 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
- If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.
- If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
- A proxy may but need not be a member of the Company.
- Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
- Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid (please see note 9 below).
- In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its duly authorised attorney or officer.
- All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur or lodged electronically via email at cosec-hlfg@hongleong.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.
- In the event two (2) or more proxies are appointed, please fill in the ensuing section:

Name of Proxies	% of shareholdings to be represented

- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice will be put to a vote by way of a poll.

Fold this flap for sealing

Then fold here

The Group Company Secretary

HONG LEONG CAPITAL BERHAD

Registration No. 199101002695 (213006-U)

Level 30, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Malaysia



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Hong Leong Capital Berhad

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this Annual Report is printed on Forest Stewardship Council (FSC) certified paper.*