

**REGISTRATION NO. 200901003214 (846141-D)**

**HLA HOLDINGS SDN BHD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)

(Incorporated in Malaysia)

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 30 June 2022.

**PRINCIPAL ACTIVITY**

The Company is an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements. There has been no significant change in the nature of this activity during the financial year.

**FINANCIAL RESULTS**

	<b>RM'000</b>
Net profit for the financial year	<u>138,259</u>

**DIVIDEND**

Since the last financial year ended 30 June 2021, a final single-tier dividend of 20 sen per share in respect of the financial year ended 30 June 2021 amounting to RM62.5 million was paid on 11 November 2021.

As at the date of the financial statements, the Directors have not recommended any final dividend to be paid for the financial year under review.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

**SHARE CAPITAL**

There were no changes in the issued and paid-up share capital of the Company during the financial year.

## **HLA HOLDINGS SDN BHD**

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **DIRECTORS**

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

YBhg Dato' Siow Kim Lun @ Siow Kim Lin  
(Chairman, Independent Non-Executive Director)  
Ms Loh Guat Lan  
(Group Managing Director/ Chief Executive Officer)  
Ms Lim Tau Kien  
(Independent Non-Executive Director)  
Ms Koid Swee Lian  
(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:

YBhg Tan Sri Quek Leng Chan  
Mr Tan Kong Khoon  
Ms Shalet Marian  
Mr Sim Hong Kee  
YBhg Dato' Ng Wan Peng  
Mr Masayuki Takahashi (Appointed with effect from 19 July 2021)  
Mr Martin Giles Manen  
Encik Zulkiflee bin Hashim  
YBhg Dato' Nicholas John Lough @ Sharif Lough bin Abdullah  
YBhg Dato' Bakarudin bin Ishak (Appointed with effect from 2 September 2021)  
Mr Kwek Leng Hai  
Mr Wong Kwok Tim  
Mr Liew Chin Choong  
Mr Chew Seong Aun  
Mr Au Chee Ming  
Ms Gan Siok Loon  
Mr Mark Nelligan  
Mr Wong Mun Heng  
Mr Khoo Teng Kar  
Mr Masakatsu Komaita (Resigned with effect from 19 July 2021)

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

**DIRECTORS (CONT'D)**

**Directors' remuneration**

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

	<b>RM'000</b>
<u>Directors of the Company</u>	
Directors' fees	403
Directors' other emoluments	43
<u>Directors of the Company's subsidiaries</u>	
Directors' fees	1,238
Directors' other emoluments	134

There was 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 and the Company 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 and the Company subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers of the HLF Group was RM10.0 million.

Details of Directors' remuneration of the Company are set out in Note 14 to the financial statements.

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****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 end who had beneficial interests in the ordinary shares and/or options over ordinary shares of the Company and/or its related corporations during the financial year are as follows:

	<b>Director's direct interest</b>			
	<b>Number of ordinary shares/ ordinary shares</b>			
	<b>issued or to be issued or acquired</b>			
	<b>arising from the exercise of options*</b>			
	<b>At</b>		<b>(Sold/</b>	<b>At</b>
	<b>1/7/2021</b>	<b>Acquired</b>	<b>exercised)</b>	<b>30/6/2022</b>
<b>Interest of</b>				
<b>Ms Loh Guat Lan in:</b>				
Hong Leong Financial	560,000	-	-	560,000
Group Berhad ("HLFG")	5,400,000 *	-	(5,400,000) #	-

# Options lapsed

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the Directors of the Company received or became entitled to receive any benefit (other than the benefits shown under Directors' Remuneration in Note 14(c) to the financial statements) 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 the 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 share options granted pursuant to the Executive Share Scheme of a subsidiary.

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE**

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

The Board also reviewed the manner in which the Bank Negara Malaysia ("BNM") policy document on Corporate Governance ("BNM CG Policy") is applied in the Group, where applicable, as set out below.

#### **A. Board of Directors ("Board")**

##### **I 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 was reviewed periodically by the Board. The Board Charter is published on the Company's website. The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Company'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 and such other responsibilities that are required as specified in the guidelines and circulars issued by BNM from time to time.

The day-to-day business of the Company is managed by the Group Managing Director/Chief Executive Officer ("GMD/CEO") who is assisted by the management team. The GMD/CEO and her management team are accountable to the Board for the performance of the Company. 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.

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****A. Board (cont'd)****I Roles and Responsibilities of the Board (cont'd)**

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions and internal controls to the Group Board Audit Committee ("GBAC") under HLA Holdings Sdn Bhd ("HLAH"); and risk management to the Group Board Risk Management Committee ("GBRMC") under HLAH. The Nomination and Remuneration Committee ("NRC") is delegated the authority to, inter alia, assess and review Board, Board Committees and GMD/CEO appointments and re-appointments and oversee management succession planning. Although the Board has granted such authority to Board Committees, the ultimate responsibility and the final decision rest with the Board. The chairmen of 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.

There is a clear division of responsibilities between the Chairman of the Board and the GMD/CEO. This division of responsibilities between the Chairman and the GMD/CEO ensures an appropriate balance of roles, responsibilities and accountability.

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

The GMD/CEO is responsible for formulating the vision and recommending policies and the strategic direction of the Company for approval by the Board, implementing the decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, providing management of the day-to-day operations of the Company and tracking compliance and business progress.



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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **A. Board (cont'd)**

###### **I Roles and Responsibilities of the Board (cont'd)**

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 the INEDs' independent judgment or their ability to act in the best interest of the Company and its shareholders.

The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia ("CCM") which is available at CCM's website at 'www.ssm.com.my'. In addition, the Company also has a Code of Conduct and Ethics 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 Company and it provides a structured channel for all employees of the Company and any other persons providing services to, or having a business relationship with the Company, to report any concerns about any improper conducts, wrongful acts or malpractice committed within the Company.

###### **II Board Composition**

The Board currently comprises four (4) Directors. The four (4) Directors are made up of one (1) Executive Director and three (3) Independent Non-Executive Directors.

The Company is guided by BNM CG Policy in determining its board composition. The Board shall determine the appropriate size of the Board to enable efficient and effective conduct of Board deliberation. The Board shall have a balance of skills and experience 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 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.

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****A. Board (cont'd)****II Board Composition (cont'd)**

Based on the review of the Board composition in July 2022, 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.

**III Board Meetings**

The Board met six (6) times during the financial year ended 30 June 2022 with timely notices of issues to be discussed. Details of attendance of each director are as follows:

<u>Directors</u>	<u>Attendance</u>
YBhg Dato' Siow Kim Lun @ Siow Kim Lin	6/6
Ms Loh Guat Lan	6/6
Ms Lim Tau Kien	6/6
Ms Koid Swee Lian	6/6

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **A. Board (cont'd)**

###### **Directors' Profile**

###### **YBHG DATO' SIOW KIM LUN @ SIOW KIM LIN**

**Chairman/Non-Executive/Independent**

**Age 72, Male, Malaysian**

YBhg Dato' Siow Kim Lun @ Siow Kim Lin holds an MBA from the Catholic University of Leuven, Belgium and a Bachelor of Economics (Hons) from the National University of Malaysia. He has also attended the Advanced Management Program at Harvard Business School.

YBhg Dato' Siow started his career in investment banking with Malaysia International Merchant Bankers Berhad in 1981 and had served as a Manager in its Corporate Finance Division. In 1985, he joined Permata Chartered Merchant Bank Berhad (now known as Affin Hwang Investment Bank Berhad) as Manager of Corporate Finance and subsequently became the Divisional Head of its Corporate Finance Division. From 1993 to 2006, YBhg Dato' Siow was with the Securities Commission, where he served as the Director of its Issues and Investment Division and the Director of its Market Supervision Division. He has also served as a member of the Listing Committee of Bursa Malaysia Securities Berhad from May 2007 to May 2009.

YBhg Dato' Siow is the Chairman of HLAH and was appointed to the Board of HLAH on 1 July 2015. He is also a member of the GBAC, GBRMC and NRC of HLAH.

YBhg Dato' Siow is currently a board member of EITA Resources Berhad, Eco World International Berhad, Sunway Construction Group Berhad, Radiant Globaltech Berhad, RHB Investment Bank Berhad, Malaysian Trustee Berhad, RHB Trustee Berhad and RHB Securities (Thailand) Public Company Limited.

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****A. Board (cont'd)****Directors' Profile (cont'd)****MS LOH GUAT LAN****GMD/CEO/Non-Independent****Age 57, Female, Malaysian**

Ms Loh Guat Lan holds a Bachelor of Science in Human Development and is a Fellow Member of Life Management Institute (FLMI) and Life Office Management Association (LOMA) as well as Associate, Customer Service. She is also a Certified Financial Planner (CFP) and Registered Financial Planner (RFP).

Ms Loh has extensive experience in the insurance industry, including agency management, branch management, and agency development and training. She was previously the Chief Operating Officer (Life Division) of HLA and was subsequently appointed as the GMD/CEO of HLA on 1 September 2009. Prior to joining HLA, she was in the employment of American International Assurance Company Limited where her last position was Vice President & Senior Director of Agency (Malaysia).

Ms Loh was appointed to the Board of HLAH on 1 September 2009.

Ms Loh is the Chairman of HL Assurance Pte. Ltd. ("HLAS") and a Director of MSIG Insurance (Malaysia) Bhd, Hong Leong MSIG Takaful Berhad ("HLMT") and Hong Leong Insurance (Asia) Limited, L.I.A.M. Holding Sdn Bhd and L.I.A.M. Property Sdn Bhd. She is also the President of the Life Insurance Association of Malaysia (LIAM), a Director of The Malaysian Insurance Institute and a Board Member of Financial Industry Collective Outreach (FINCO).

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****A. Board (cont'd)****Directors' Profile (cont'd)****MS LIM TAU KIEN**

**Non-Executive Director/Independent**

**Age 64, Female, Malaysian**

Ms Lim Tau Kien graduated with a Bachelor of Accountancy from the University of Glasgow, Faculty of Law and is a Chartered Accountant registered with the Institute of Chartered Accountants of Scotland. She is also a member of the Malaysian Institute of Accountants.

Ms Lim began her career with Ernst & Young, United Kingdom, before serving the Ministry of Finance and Prime Minister's Department as a Federal Accountant. She subsequently joined the Royal Dutch Shell Group where she held various senior finance positions over a period of 25 years in Malaysia, Australia and China, her last position being the Country Chief Financial Officer/Finance Director/Country Controller of the Shell Companies of China from 2004 to 2008.

Ms Lim has been a Director of listed and non-listed companies since 1997. She was appointed to the Board of HLAH on 1 July 2015 and is the Chairman of the GBAC and the NRC of HLAH.

Ms Lim is also a Director of GLM REIT Management Sdn Bhd, the Manager of Tower Real Estate Investment Trust, a company listed on the Main Market of Bursa Malaysia Securities Berhad and a Director of Digital Nasional Berhad.

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****A. Board (cont'd)****Directors' Profile (cont'd)****MS KOID SWEE LIAN**

**Non-Executive Director/Independent**

**Age 64, Female, Malaysian**

Ms Koid Swee Lian graduated in 1981 with a Bachelor of Laws (Honours) degree from the University of Malaya and was called to the Malaysian Bar as an Advocate & Solicitor in 1983.

Ms Koid was a career officer of BNM for more than 30 years from 1981 until her retirement in 2013 and had held various senior positions including Deputy Director of Legal Department, Head of Financial Intelligence Unit and her last position with BNM being the Director of Consumer and Market Conduct Department. During her tenure, Ms Koid was also appointed as the inaugural Secretary to the National Coordinating Committee to Counter Money Laundering.

Ms Koid was a member of an international team of experts from the Financial Action Task Force and Asia Pacific Group on Anti-Money Laundering that conducted a joint mutual evaluation of the USA's Anti-Money Laundering regime in 2005 to 2006. She had collaborated with various national and international organisations such as the World Bank, International Monetary Fund, Organisation for Economic Co-operation and Development, Consultative Group to Assist the Poor, and Alliance for Financial Inclusion where Ms Koid was engaged to speak at various forums on Anti-Money Laundering/Anti-Terrorist Financing, financial consumer protection and financial education.

From 2008 to 2011, Ms Koid was appointed by BNM to serve as a Board member of the Credit Counseling and Debt Management Agency (Agensi Kaunseling dan Pengurusan Kredit or AKPK), BNM's wholly-owned subsidiary. She was seconded to AKPK as Chief Executive Officer from 2011 to 2014 where she had led the agency in elevating adult consumers' financial literacy and eliminating their financial hardship with debt relief programmes.

Ms Koid was appointed to the Board of HLAH on 8 May 2017. She is a member of the NRC and GBRMC of HLAH.

Ms Koid is currently a board member of HLA, Deutsche Bank (Malaysia) Berhad and Genting Berhad. In addition, she was appointed by Securities Commission as a public interest director on the Board of the Federation of Investment Managers Malaysia (FIMM). She was also an Adviser for the Consumer Financial Education Initiative of the Financial Planning Association of Malaysia (FPAM).

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **A. Board (cont'd)**

###### **Directors' Training**

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

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.

The Company regularly organises in-house programmes, briefings and updates by external and 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-a-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 and/or statutory/regulatory compliance, be recommended and arranged for the Directors to enhance their contributions to the Board.

During the financial year ended 30 June 2022, the Directors received regular briefings and updates on the Company's businesses, operations, risk management and compliance, internal controls, corporate governance, finance and any changes to relevant legislation, rules and regulations from in-house professionals.

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.

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **A. Board (cont'd)**

###### **Directors' Training (cont'd)**

During the financial year ended 30 June 2022, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- Enterprise Risk Management – Actualising its Effectiveness
- Business Foresight Forum 2021 – Transformative Innovation Reshaping Business Realities in Extraordinary Times
- ESG / Sustainability and Climate Change Risk Management
- Khazanah Megatrends Forum 2021
- BNM - Day 4 MyFintech Week 2022  
Session A: BNM-FIDE Forum Masterclasses during MyFintech Week  
Session B: Web 3.0 and the Future of Finance  
Session C: Deep dive into DeFi
- Becoming A Boardroom Star
- Corruption Risk Management & Organisational Anti-Corruption Plan
- KPMG Management & Risk Consulting Sdn Bhd – Sustainable Insurance
- ESG Investing: Perspective for the Stockbroking Industry
- HLF Group – In-House Directors' Training: Anti-Corruption Empowerment Talk Series by Malaysian Anti-Corruption Commission
- Invest ASEAN 2022: Framing a Future
- IIUM Institute of Islamic Banking and Finance (IiBF) in collaboration with Malaysian Takaful Association, KTO Karatay University and Universitas Andalas - International Conference on Islamic Financial Literacy (ICiFIL 2021)
- HLMT - In House Directors' Training - Overview of Valuation for Insurance and Takaful
- Citigroup - Briefing on "Rise of Fintech and Future of Banking"
- Insurance Industry Leadership Forum 2021 "RESET. RENEWAL. HOPE AND OPPORTUNITY."
- BNM-FIDE Forum Dialogue with Senior Leaders on "Risk- Based Capital Framework for Insurers and Takaful Operators"
- Bursa-FIDE Forum Dialogue on Sustainability
- CTOS Financial Health Webinar Series Finale - Retirement Planning Forum
- BNM : Perlindungan Tenang Virtual Townhall
- Annual Dialogue with Governor of BNM
- MMA Insider Forum on Healthcare Reform
- BNM - MyFintech Week 2022 Opening Ceremony and Launch of Financial Sector Blueprint 2022-2026



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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **A. Board (cont'd)**

###### **Directors' Training (cont'd)**

- Leading the Future of Insurance Workshop
- BNM-FIDE Forum Dialogue on Licensing Framework for Digital Insurers and Takaful Operators
- BNM-FIDE Forum Dialogue on Climate Risk Management and Scenario Analysis
- BNM-World Bank Group Report Launch
- The Net Zero Journey: What Board Members Need to Know
- The New Reality Of Cyber Hygiene
- Updated Malaysian Code of Corporate Governance 2021
- Essentials on Corporate Reporting and Assurance
- Responsible Management Talk Series 2021: Discover the secrets to the most successful sustainability strategies
- Success Next Industry Series: Redefining customer engagement in a digital first, financial services world
- US Forced Labour Legislation: Impact on Corporate Malaysia
- Reshape Virtual Summit 2021
- 2021 International Monetary Fund and World Bank Annual Meetings - In Conversation with Jose Viiials "The New Social Contract : Standing for a Just Transition"
- Anti-Money Laundering / Countering the Financing of Terrorism
- Responsible Management Talk Series 2021: Building a profit for purpose business
- Navigating the Security Frontier in 2022
- ESG Strategy for the Board: Turning Rhetoric into Reality in a VUCAWorld
- Reimaging Risk Management Post- Pandemic
- Leading for Good
- Leading the Digital Transformation of the Accounting Profession in Malaysia
- DEi Conversations: Elevating Investability
- TEDTalk 1 - Entering the 5G Era
- TEDTalk 2 - The Future Relevance of CFOs - ESG and Sustainability Reporting
- Sustainable Insurance
- China Conference: Southeast Asia 2022 WATCH (CCSEA2022)
- Thriving in an AI-enabled Digital Economy
- 2022 Board and Audit Committee Priorities

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **B. Board Committees**

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

##### **(a) GBAC of HLAH**

The GBAC was established under HLAH effective from 13 December 2017, subsequent to the approval by BNM on 28 September 2017 for the centralisation of the Audit Committees of HLAH, HLA and HLMT at HLAH, being the financial holding company. The Board Audit and Risk Management Committee ("BARMC") of HLAH was disbanded on 13 December 2017 with the establishment of the GBAC and GBRMC under HLAH.

The financial reporting and internal control system of the Company is overseen by the GBAC which comprises the following members:

Ms Lim Tau Kien

(Chairman of GBAC and Independent Non-Executive Director of HLAH)

YBhg Dato' Siow Kim Lun @ Siow Kim Lin

(Chairman, Independent Non-Executive Director of HLAH)

Ms Shalet Marian

(Independent Non-Executive Director of HLA)

Mr Martin Giles Manen

(Chairman, Independent Non-Executive Director of HLMT)

Mr Sim Hong Kee

(Independent Non-Executive Director of HLA)

YBhg Dato' Bakarudin bin Ishak

(Independent Non-Executive Director of HLMT)

*(Appointed as GBAC member with effect from 10 February 2022)*

##### **Secretary**

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

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **B. Board Committees (cont'd)**

###### **(a) GBAC of HLAH (cont'd)**

###### **Group Governance**

- Noted that:
  - a) HLFG as an apex entity has overall responsibility for ensuring the establishment and operation of a clear governance structure within its group of companies ("HLFG Group").
  - b) HLFG Board's responsibility is to promote the adoption of sound corporate governance principles throughout the HLFG Group.
  - c) HLFG's audit, risk and compliance functions may propose objectives, strategies, plans, governance framework and policies for adoption and implementation HLFG Group-wide.
  - d) The respective subsidiaries' board and senior management must validate that the objectives, strategies, plans, governance framework and policies set at HLFG level are fully consistent with the regulatory obligations and the prudential management of the subsidiary and ensure that entity specific risks are adequately addressed in the implementation of HLFG Group-wide policies.
- The GBAC shall validate that the objectives, strategies, plans, governance framework and policies set at HLFG level are fully consistent with the regulatory obligations and the prudential management of the subsidiary and to check that the entity specific risks are adequately addressed in the implementation of HLFG Group-wide policies.
- HLAH, as the financial holding company of the Insurance and Takaful entities of the HLFG Group ("Insurance Group") shall align the responsibilities as set out above for the Insurance Group.

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

**CORPORATE GOVERNANCE (CONT'D)**

**B. Board Committees (cont'd)**

**(a) GBAC of HLAH (cont'd)**

**Terms of Reference**

**External Audit**

- To make recommendations to the Board of HLAH and its subsidiaries on the appointment, removal and remuneration of the external auditor, where applicable.
- To review the terms of engagement and the audit plan prior to engaging the external auditors and/or re-appointment of the external auditors.
- To monitor and assess the independence of the external auditor, including the approval of non-audit services by the external auditor.
- To review the assistance given by the officers of HLAH and its subsidiaries to the external auditor, where applicable.
- To maintain regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to the GBAC on significant matters.
- To review the report of the external auditor, including any significant matters, and to ensure that management has taken the necessary corrective actions in a timely manner to address the external audit findings and recommendations.
- To review third-party opinions on the design and effectiveness of HLAH and its subsidiaries' internal control framework, where applicable.

**Financial Reporting**

- To review the accuracy and adequacy of the chairman's statement in the directors' report and corporate governance disclosures of the HLAH and its subsidiaries, where applicable.
- To review the interim financial reports and annual financial statements of HLAH and its subsidiaries before submission to the Board of HLAH and its subsidiaries where applicable, focusing particularly on changes in accounting policies and practices, significant adjustments arising from the audit, the going concern assumptions, and compliance with accounting standards and other legal requirements.

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **B. Board Committees (cont'd)**

###### **(a) GBAC of HLAH (cont'd)**

###### **Terms of Reference (cont'd)**

###### **Related Party/Connected Party Transactions**

- To review and update the Board of HLAH and its subsidiaries on any related party transactions that may arise within the Group, where applicable.
- To monitor compliance with the Board of HLAH and its subsidiaries' conflict of interest policy, where applicable.

###### **Internal Audit**

- To review and approve the adequacy of the internal audit scope, procedures, plan, and assess the performance and effectiveness of the internal audit function.
- To review the adequacy and effectiveness of internal controls and risk management processes.
- To review reports and significant findings by internal audit function, including any findings of internal investigations, and to ensure that management has taken the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions.
- To review reports and findings issued by regulatory authorities, and to check that management has taken the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the regulatory authorities.
- To support the Board of HLAH and its subsidiaries in meeting the expectations on internal audit management as set out in BNM's policy document, "Guidelines on Internal Audit Function of Licensed Institutions".
- To decide on the appointment, remuneration, appraisal, transfer and dismissal of the Head of Insurance Audit, and to provide oversight on the adequacy of resources and remuneration of the internal auditors.
- To engage privately with the Head of Insurance Audit on a regular basis (and in any case at least once annually) to provide the opportunity for the Head of Insurance Audit to discuss issues faced by the internal audit function.

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**CORPORATE GOVERNANCE (CONT'D)**

**B. Board Committees (cont'd)**

**(a) GBAC of HLAH (cont'd)**

**Terms of Reference (cont'd)**

**Internal Audit (cont'd)**

- To review the Audit Charter of HLAH and its subsidiaries and recommend for respective Board's approval.
- To review any significant disagreement between the Head of Insurance Audit and any member(s) of the senior management team where such disagreement may have adverse impact on the audit process or findings, and to recommend resolutions of such disagreement if they remain unresolved within a reasonable period of time.
- To establish an appropriate mechanism to address and manage situations where there is a threat to the objectivity of internal audit.
- To satisfy itself that the internal audit function is effective by establishing a mechanism to assess its performance and effectiveness.
- To ensure that the terms and scope of the engagement, the working arrangements with the internal auditors and reporting requirements are clearly established when engaging external experts, where the internal audit function lacks the expertise needed to perform the audit of specialized areas.
- Other audit functions as may be agreed to by the GBAC and the Board of HLAH and its subsidiaries.

**Whistleblowing**

- In relation to HLAH and its subsidiaries' Whistleblowing Policy and Procedures:
  - a) oversee the implementation and effectiveness of HLAH and its subsidiaries' Whistleblowing Policy and Procedures; and
  - b) exercise its powers and carry out its responsibilities as set out under HLAH and its subsidiaries' Whistleblowing Policy and Procedures.

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****B. Board Committees (cont'd)****(a) GBAC of HLAH (cont'd)****Authority**

The GBAC is authorised by the Board of HLAH and its subsidiaries to review any activity of the Group within its TOR. It is authorised to seek any information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the GBAC.

The GBAC is authorised by the Board of HLAH and its subsidiaries to obtain independent legal or other professional advice if it considers necessary.

**Meetings**

The GBAC meets at least six (6) times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such financial updates and annual financial statements being presented to the Board of HLAH and its subsidiaries for approval.

The Group Managing Director/Chief Executive Officer, Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Internal Auditor, Chief Compliance Officer, Head of Insurance Audit, other senior management and external auditors may be invited to attend the GBAC meetings, whenever required.

At least twice a year, the GBAC will have separate sessions with the external auditors without the presence of Executive Directors and management.

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

Majority with at least one representative from each of the BNM regulated entities in the HLAH Group in Malaysia, who shall be independent and non-executive, shall constitute a quorum.

After each GBAC meeting, the GBAC shall report and update the Board of each of the BNM regulated entities in the HLAH Group in Malaysia on significant issues and concerns discussed during the GBAC meetings and where appropriate, make the necessary recommendations to the Board of each of the BNM regulated entities in the HLAH Group in Malaysia.

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### DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

#### CORPORATE GOVERNANCE (CONT'D)

##### B. Board Committees (cont'd)

###### (a) GBAC of HLAH (cont'd)

###### Activities

The GBAC carried out its duties in accordance with its TOR.

During the financial year ended 30 June 2022, six (6) GBAC meetings were held and the attendance of the members was as follows:

<u>Members</u>	<u>Attendance</u>
Ms Lim Tau Kien	6/6
YBhg Dato' Siow Kim Lun @ Siow Kim Lin	6/6
Ms Shalet Marian	6/6
Mr Martin Giles Manen	6/6
Mr Sim Hong Kee	6/6
YBhg Dato' Bakarudin bin Ishak (Independent Non-Executive Director of HLMT) (Appointed as GBAC member with effect from 10 February 2022)	1/1

###### Insurance Audit Department ("IAD")

The Company's subsidiaries' internal audit function is carried out by the IAD. IAD employs a risk-based assessment approach in auditing the Company's subsidiaries' business and operational activities. An annual audit plan is developed and approved by the GBAC. All internal audit reports which incorporates the management's responses were tabled for discussion at the GBAC meetings.

During the financial year ended 30 June 2022, IAD carried out its duties covering key audit areas on actuarial, operational, investment, information systems, risk management, retakaful, agency training, branches and regulatory compliance audit. These audits are performed in line with BNM Guidelines on Internal Audit Function.



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### DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)

#### CORPORATE GOVERNANCE (CONT'D)

##### B. Board Committees (cont'd)

##### (b) GBRMC of HLAH

The GBRMC was established under HLAH effective from 13 December 2017, subsequent to the approval by BNM on 28 September 2017 for the centralisation of the Risk Management Committees of HLAH, HLA and HLMT at HLAH, being the financial holding company. The BARMC of HLAH was disbanded on 13 December 2017 with the establishment of GBAC and GBRMC under HLAH.

The risk management and compliance system of the Company is overseen by the GBRMC which comprises the following members:

Mr Sim Hong Kee

(Chairman of GBRMC and Independent Non-Executive Director of HLA)  
*(Appointed as GBRMC Chairman with effect from 10 February 2022)*

Ms Koid Swee Lian

(Independent Non-Executive Director of HLA and HLAH)  
*(Redesignated as GBRMC member with effect from 10 February 2022)*

YBhg Dato' Siow Kim Lun @ Siow Kim Lin

(Chairman, Independent Non-Executive Director of HLAH)

Encik Zulkiflee bin Hashim

(Independent Non-Executive Director of HLMT)

YBhg Dato' Nicholas John Lough @ Sharif Lough bin Abdullah

(Independent Non-Executive Director of HLMT)

##### Secretary

The secretary to the GBRMC meetings is rotated among the Chief Risk Officer ("CRO") and Chief Compliance Officer ("CCO") of HLA and HLMT.

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**CORPORATE GOVERNANCE (CONT'D)**

**B. Board Committees (cont'd)**

**(b) GBRMC of HLAH (cont'd)**

**Group Governance**

WHEREAS:

- a) Hong Leong Financial Group Berhad (“HLFG”) as an apex entity has overall responsibility for ensuring the establishment and operation of a clear governance structure within its group of companies (“HLFG Group”).
- b) HLFG Board’s responsibility is to promote the adoption of sound corporate governance principles throughout HLFG Group.
- c) HLFG’s risk and compliance functions may propose objectives, strategies, plans, governance framework and policies for adoption and implementation throughout HLFG Group.
- d) The respective subsidiary’s Board and Senior Management must validate that the objectives, strategies, plans, governance framework and policies set at HLFG level are fully consistent with the regulatory obligations and the prudential management of the subsidiary and ensure that entity specific risks are adequately addressed in the implementation of HLFG Group-wide policies.

THEREFORE:

HLAH, as the financial holding company of the Insurance and Takaful entities of the HLFG Group shall align the responsibilities set out above for the following subsidiaries:

- a) Hong Leong Assurance Berhad (“HLA”)
- b) Hong Leong MSIG Takaful Berhad (“HLMT”)
- c) Hong Leong Insurance (Asia) Limited
- d) HL Assurance Pte. Ltd.

The GBRMC shall validate that the objectives, strategies, plans, governance framework and policies set at HLFG level are fully consistent with the regulatory obligations and the prudential management of the Company and its subsidiaries and to check that the entity specific risks are adequately addressed in the implementation of Group-wide policies.

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **B. Board Committees (cont'd)**

###### **(b) GBRMC of HLAH (cont'd)**

###### **Terms of Reference**

###### **Risk Management**

- The GBRMC shall review the management's:
  - a) activities in managing principal risks such as (but are not limited to) capital adequacy, credit risk, market risk, liquidity risk, operational risk, compliance risk, Shariah compliance risk (applicable to HLMT only), insurance risk as well as environmental, social and governance risk;
  - b) reports to the Boards of the Company and its subsidiaries on measures taken to:
    - identify and examine principal risks faced by the Company and its subsidiaries;
    - implement appropriate systems and internal controls to manage these risks;
  - c) major risk management strategies, policies and risk tolerance, and where appropriate endorse and recommend the same for the approval of the respective Boards of the Company and its subsidiaries;
  - d) overall framework on the Internal Capital Adequacy Assessment Process ("ICAAP"), including management's stress testing programme, annual risk appetite, Individual Target Capital Level ("ITCL") and Capital Management Plan, and where appropriate endorse and recommend the same for the approval of the respective Boards of the Company and its subsidiaries;
  - e) development and effective implementation of the ICAAP;
  - f) periodic reports on risk appetite, risk exposure, risk portfolio composition and risk management activities;
  - g) internal controls and risk management process to ensure their adequacy and
  - h) risk management policies and frameworks in identifying, measuring, monitoring and controlling risk to ensure their adequacy and the extent to which these are operating effectively; and
  - i) implementation of risk management as set out in BNM's policy documents on Risk Governance, Approach to Regulating and Supervising Financial Groups, Corporate Governance, and in respect of HLMT, Shariah Governance.

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **B. Board Committees (cont'd)**

##### **(b) GBRMC of HLAH (cont'd)**

###### **Terms of Reference (cont'd)**

###### **Risk Management (cont'd)**

- The GBRMC shall:
  - a) review risk management function's infrastructure, resources and systems and to ensure that the staff responsible for implementing risk management systems perform those duties independently of the Company and its subsidiaries' risk-taking activities;
  - b) receive and review reports from pertinent management committees;
  - c) review and advise on the appointment, remuneration, removal and redeployment of the CRO of HLA and HLMT;
  - d) engage privately with each CRO on a regular basis (and in any case at least once annually) to provide the opportunity for the CRO to discuss issues faced by the risk management function; and
  - e) undertake such other risk management functions as may be agreed to by the GBRMC and the respective Boards of the Company and its subsidiaries.

###### **Compliance**

- The GBRMC shall assist the respective Boards of the Company and its subsidiaries in the oversight of the management of their compliance risk by:
  - a) reviewing compliance policies and overseeing the implementation of the same;
  - b) reviewing the establishment of the compliance function and the position of the CCOs of HLA and HLMT to ensure the compliance function and CCOs are provided with appropriate standing, authority and independence;
  - c) discussing and deliberating regularly the compliance issues of the Company and its subsidiaries and oversee that such issues are resolved effectively and expeditiously;
  - d) reviewing annually the effectiveness of the Company and its subsidiaries' overall management of compliance risk, having due regard to the assessments of their respective senior managements and internal audits, as well as their interactions with the CCOs; and
  - e) updating the respective Boards of the Company and its subsidiaries on all significant compliance matters, including providing its views on (a) to (d) above.

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **B. Board Committees (cont'd)**

###### **(b) GBRMC of HLAH (cont'd)**

###### **Terms of Reference (cont'd)**

###### **Compliance (cont'd)**

- In relation to the role of the CCOs, support the respective Boards of the Company and its subsidiaries in meeting the expectations on compliance management as set out in BNM's policy document on Compliance by:
  - a) reviewing and advising on the appointment, remuneration, termination and redeployment of the CCOs;
  - b) ensuring that the CCOs have sufficient stature to allow for effective engagement with the Group Managing Director/Chief Executive Officer ("GMD/CEO") or CEO, as the case may be, and other members of senior management;
  - c) engaging privately with each CCO on a regular basis (and in any case at least once annually) to provide the opportunity for the CCO to discuss issues faced by the compliance function; and
  - d) ensuring that the CCOs are supported with sufficient resources, including competent officers, to perform his/her duties effectively.
- Where a CCO also carries out responsibilities in respect of other control functions, the GBRMC must be satisfied they do not compromise the soundness of the overall control environment by the combination of responsibilities performed by the CCO.
- The CCOs shall undertake such other compliance function as may be agreed to by the GBRMC as well as the respective Boards of the Company and its subsidiaries.

###### **Authority**

The GBRMC is authorised by the Boards of the Company and its subsidiaries to:

- review their activities within these Terms of Reference; and
- seek such information as it may require from any Director or member of their managements, and all their employees are directed to co-operate with any request made by the GBRMC; and
- obtain independent legal or other professional advice as it considers necessary.

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**CORPORATE GOVERNANCE (CONT'D)**

**B. Board Committees (cont'd)**

**(b) GBRMC of HLAH (cont'd)**

**Meetings**

The GBRMC meets at least six (6) times a year and additional meetings may be called at any time as and when necessary.

The GMD/CEO, CEO, Chief Financial Officer, CRO, Chief Internal Auditor, CCO, Head of Insurance Audit and other senior management of the Company and its subsidiaries may be invited to attend the GBRMC meetings, whenever required.

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

A majority with at least one independent and non-executive director from each of the BNM regulated entities in the HLAH Group (i.e., the Company, HLA and HLMT) shall constitute a quorum.

After each GBRMC meeting, it shall report and update the Boards of the Company, HLA and HLMT on significant issues and concerns discussed during the meeting and where appropriate, make the necessary recommendations to their respective Boards.

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**CORPORATE GOVERNANCE (CONT'D)**

**B. Board Committees (cont'd)**

**(b) GBRMC of HLAH (cont'd)**

**Activities**

The GBRMC carried out its duties in accordance with its TOR.

During the financial year ended 30 June 2022, seven (7) GBRMC meetings were held and the attendance of the members was as follows:

<u>Members</u>	<u>Attendance</u>
Mr Sim Hong Kee	7/7
Ms Koid Swee Lian	7/7
YBhg Dato' Siow Kim Lun @ Siow Kim Lin	6/7
Encik Zulkiflee bin Hashim	7/7
YBhg Dato' Nicholas John Lough @ Sharif Lough bin Abdullah	7/7

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **B. Board Committees (cont'd)**

###### **(c) NRC**

The composition of the NRC is as follows:

Ms Lim Tau Kien  
(Chairman, Independent Non-Executive Director)  
YBhg Dato' Siow Kim Lun @ Siow Kim Lin  
(Independent Non-Executive Director)  
Ms Koid Swee Lian  
(Independent Non-Executive Director)

###### **Secretary**

The Secretary(ies) of the Company or such other person as nominated by the Board will be the Secretary(ies) of the NRC.

###### **Terms of Reference**

The nomination responsibilities of NRC are as follows:

- (i) Support the Board in carrying out its functions in the following matters concerning the Board, senior management and company secretary(ies):
  - (a) appointments and removals;
  - (b) composition;
  - (c) performance evaluation and development; and
  - (d) fit and proper assessments.
- (ii) Recommend to the Board the minimum criteria and skill sets for appointments to the Board, Board Committees and for the position of Chief Executive Officer.
- (iii) Review and recommend to the Board all Board and Board Committees appointments, re-appointments and removals including of the Chief Executive Officer.
- (iv) Review annually the overall composition of the Board in terms of the appropriate size and skills, and the balance between executive directors, non-executive directors and independent directors, and mix of skills and other core competencies required.
- (v) Assess annually the performance and effectiveness of the Board, Board Committees and each individual director.



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**CORPORATE GOVERNANCE (CONT'D)**

**B. Board Committees (cont'd)**

**(c) NRC (cont'd)**

**Terms of Reference (cont'd)**

The nomination responsibilities of NRC are as follows: (cont'd)

- (vi) Oversee the appointment, management of succession planning and performance evaluation of key senior management officers and recommend if they are found ineffective, errant and negligent in discharging their responsibilities.
- (vii) Ensure that the Board receives an appropriate continuous training programme.

The remuneration responsibilities of NRC are as follows:

- (i) Recommend to the Board the framework and policies governing the remuneration of the:
  - Directors;
  - Chief Executive Officer;
  - Senior management officers; and
  - Other material risk takers.
- (ii) Review and recommend to the Board for approval the specific remuneration packages of executive directors and the Chief Executive Officer.
- (iii) Review and recommend to the Board for approval the remuneration of senior management officers and other material risk takers.

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****B. Board Committees (cont'd)****(c) NRC (cont'd)**

During the financial year ended 30 June 2022, one (1) NRC meetings was held and the attendance of the members was as follows:

<u>Members</u>	<u>Attendance</u>
Ms Lim Tau Kien	1/1
YBhg Dato' Siow Kim Lun @ Siow Kim Lin	1/1
Ms Koid Swee Lian	1/1

The Group's remuneration scheme for Executive Directors is linked to performance, service seniority, 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 fees of Directors are recommended and endorsed by the Board for approval by the shareholder of the Company at its Annual General Meeting.

**Disclosure**

The detailed remuneration of each Director during the financial year ended 2022 is set out in Note 14(c) to the financial statements.

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### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

#### **CORPORATE GOVERNANCE (CONT'D)**

##### **B. Board Committees (cont'd)**

##### **(c) NRC (cont'd)**

###### **Remuneration Policy**

HLAH's remuneration strategy supports and promotes a high performance culture to deliver HLAH's vision to be a highly digital and innovative company. It also forms a key part of our Employer Value Proposition with the aim to drive the right behaviours, create a workforce of strong values, high integrity, clear sense of responsibility and high ethical standards.

The remuneration framework provides a balanced approach between fixed and variable components that is measured using a robust and rigorous performance management process which incorporates meritocracy in performance, HLAH values, key behaviours in accordance to our Code of Conduct and risk and compliance management as part of the key performance indicators for remuneration decisions.

The remuneration framework also reinforces robust internal governance on performance and remuneration of control functions which are measured and assessed independently from business units/functions they support to avoid any conflict of interests. The framework stipulates that for effective segregation these staff will be appraised principally based on achievement of their control objectives.

The remuneration process includes strict adherence to regulatory requirements and active oversight by the Board where the remuneration of Group Managing Director, senior management officers and other material risk takers are reviewed and approved by the Remuneration Committee and Board annually. HLAH maintains and regularly reviews a list of officers who fall within the definition of "other material risk takers".

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****C. Independence**

The Company has in place a policy in relation to the tenure for independent Directors of the Company ("Tenure Policy") under the Fit and Proper 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. Upon completion of the 9 years, an independent director shall retire on the expiry date of his or her term of office approved by BNM.

The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Although a longer tenure of directorship may be perceived as relevant to the determination of a Director's independence, the Board recognises that an individual's independence should not be determined solely based on tenure of service. Further, the continued tenure of directorship brings considerable stability to the Board, and the Company benefits from Directors who have, over time, gained valuable insight into the Company, its market and the industry.

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 objective judgment to the Board deliberations and decision making. The tenure of all the independent directors on the Board does not exceed 9 years.

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****D. Commitment**

The Directors are aware of their responsibilities and devote sufficient time to carry out such responsibilities. 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 75% of Board meetings held in each financial year pursuant to the BNM CG Policy.

All Board members are supplied with information in a timely manner. The Company has moved towards electronic Board reports. 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 management's proposals which require the approval of the Board.

All Directors have access to the advice and services of qualified and competent Company Secretaries to facilitate the discharge of their duties effectively. The Company Secretaries are qualified to act under Section 235 of the Companies Act 2016. They support the effective functioning of the Board, provide 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 flow 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 or the Chief Executive Officer 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 Secretaries accordingly. A Director who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the Board meeting where the material transaction or material arrangement is being deliberated by the Board.

**E. Internal Control Framework**

The Board of the Company and its subsidiaries has overall oversight responsibility to ensure that the Company and its subsidiaries maintain an adequate system of internal controls and is equipped with adequate operations and procedures to ensure compliance with laws, regulations, internal guidelines and requirements to safeguard assets of the Company, its subsidiaries and stakeholders' interests.

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****E. Internal Control Framework (cont'd)**

The Company's subsidiaries have established system of internal controls which provide reasonable but not absolute assurance that they would not be adversely affected by any event that could be reasonably foreseen as they strive to achieve their business objectives. It is noted that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The Company's subsidiaries have well-defined organisational structures with clearly defined authorities, accountability and segregation of duties which provides reasonable assessment of adequate operations, internal financial controls and compliance with applicable laws and regulations.

**F. Corporate Independence**

The Company and its subsidiaries have complied with BNM's Guidelines on Related Party Transactions (BNM/RH/GL-018-6) in respect of all its related party undertakings. All necessary disclosures have been made to the Board regularly and where required, prior Board approval has been obtained. All material related party transactions are disclosed in Note 14 to the financial statements.

**G. Management Accountability**

The Company and its subsidiaries operate in an organisational structure and environment which are constantly being reviewed and enhanced to ensure that it remains appropriate for the operating environment. Human resource procedures of the Company's subsidiaries provide for the setting of goals and training of each employee. The Company's subsidiaries conduct formal appraisals for each employee on an annual basis.

The Company's subsidiaries have an office of Corporate Communications to guide its communication policy.

**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)

(Incorporated in Malaysia)

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****CORPORATE GOVERNANCE (CONT'D)****H. Relationship with Auditors**

The external auditors are appointed on the recommendation by the GBAC, which determines the remuneration of the external auditors. The external auditors meet with the GBAC to:

- a) Present the scope of the audit before the commencement of audit; and
- b) Review the results of the financial year as well as the Internal Control recommendations after the conclusion of the audit.

**STATUTORY INFORMATION REGARDING THE COMPANY****(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Company were prepared, the Directors took reasonable steps to:
  - (i) 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 satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) ensure that the values of current assets, other than debts unlikely to be collected in the ordinary course of business, have been written down to amounts which they might be expected to be realised.
- (b) In the opinion of the Directors, the results of the operations of the Company during the financial year had not been substantially affected by any item, transaction or event of a material and unusual nature.

**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)

(Incorporated in Malaysia)

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

**STATUTORY INFORMATION REGARDING THE COMPANY (CONT'D)**

**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (a) The Directors are not aware of any circumstances:
  - (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or
  - (iii) which had arisen that would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (b) In the opinion of the Directors:
  - (i) the results of the operations of the Company for the financial year ended 30 June 2022 were 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
  - (ii) 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 Company to meet its obligations as and when they fall due.

**(III) AS AT THE DATE OF THIS REPORT**

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



**HLA HOLDINGS SDN BHD**

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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)****SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

There were no significant events during the financial year under review.

**SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR**

There were no material subsequent events after the financial year that require disclosure or adjustments to the financial statements.

**IMMEDIATE HOLDING AND ULTIMATE HOLDING COMPANIES**

The immediate holding and ultimate holding companies of the Company are HCFG and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia.

**SUBSIDIARIES**

Details of subsidiaries are set out in Note 4 to the financial statements.

**AUDITORS' REMUNERATION**

Auditors' remuneration of the Company is RM58,000. Details of auditors' remuneration are set out in Note 10 to the financial statements.

**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)  
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**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

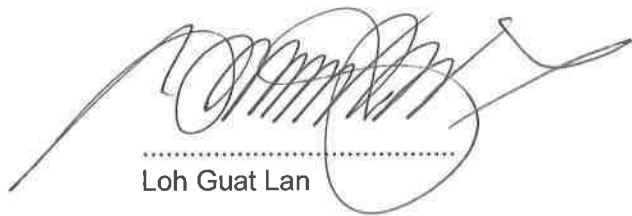
**AUDITORS**

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

This report was approved by the Board of Directors on 12 September 2022. Signed on behalf of the Board of Directors.



.....  
Dato' Siow Kim Lun  
@ Siow Kim Lin



.....  
Loh Guat Lan

Petaling Jaya  
12 September 2022

**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)  
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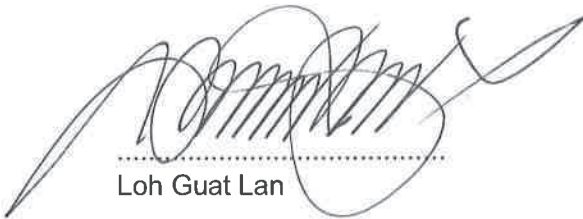
**STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Dato' Siow Kim Lun @ Siow Kim Lin and Loh Guat Lan, two of the Directors of HLA Holdings Sdn Bhd, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 47 to 76 are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2022 and financial performance of the Company for the financial year ended 30 June 2022 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 September 2022.



.....  
Dato' Siow Kim Lun  
@ Siow Kim Lin



.....  
Loh Guat Lan

Petaling Jaya  
12 September 2022

**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)  
(Incorporated in Malaysia)

**STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016**

I, Ong Kheng Heng, the officer primarily responsible for the financial management of HLA Holdings Sdn Bhd, do solemnly and sincerely declare that, the financial statements set out on pages 47 to 76 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 abovenamed Ong Kheng Heng )  
at Selangor Darul Ehsan )  
this 12 September 2022 )



**PETALING JAYA**

Before me:



Commissioner for Oath

3 Damansara Shopping Mall  
3, Jalan SS20/27  
47400 Petaling Jaya  
Selangor Darul Ehsan



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF HLA HOLDINGS SDN. BHD.**  
(Incorporated in Malaysia)  
Registration No. 200901003214 (846141-D)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Our opinion

In our opinion, the financial statements of HLA Holdings Sdn. Bhd. (“the Company”) give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 76.

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 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.

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PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, [www.pwc.com/my](http://www.pwc.com/my)



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF HLA HOLDINGS SDN. BHD. (CONTINUED)**  
(Incorporated in Malaysia)  
Registration No. 200901003214 (846141-D)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

**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, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements 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 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 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 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 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 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.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF HLA HOLDINGS SDN. BHD. (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 200901003214 (846141-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 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 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.
- (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 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 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 Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBER OF HLA HOLDINGS SDN. BHD. (CONTINUED)  
(Incorporated in Malaysia)  
Registration No. 200901003214 (846141-D)

OTHER MATTERS

This report is made solely to the member 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.

A handwritten signature in black ink, appearing to be 'Dany', written over a horizontal line.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Wong Hui Chern', written over a vertical line.

WONG HUI CHERN  
03252/05/2024 J  
Chartered Accountant

Kuala Lumpur  
12 September 2022



**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)

(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	<b>Note</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Non-current assets</b>			
Intangible assets	3	-	81
Investment in subsidiaries	4	731,198	731,198
Investment in associated company	5	618,646	618,646
Fair value through profit or loss financial assets	6	126,926	45,294
		<u>1,476,770</u>	<u>1,395,219</u>
<b>Current assets</b>			
Amount due from holding company		-	34
Amount due from subsidiary companies	14	-	107
Amount due from associated company	14	39,977	-
Amount due from related companies	14	-	16
Tax recoverable		-	44,447
Cash and cash equivalents		26	20
		<u>40,003</u>	<u>44,624</u>
<b>Current liabilities</b>			
Other payables and accruals		550	550
Amount due to related companies	14	1,163	-
Tax payable		8	-
		<u>1,721</u>	<u>550</u>
<b>Net assets</b>		<u>1,515,052</u>	<u>1,439,293</u>
<b>Shareholders' equity</b>			
Share capital	7	314,000	314,000
Reserves	8	1,201,052	1,125,293
		<u>1,515,052</u>	<u>1,439,293</u>

*The accompanying notes form an integral part of the financial statements.*

**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)

(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<b>Note</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Revenue	9	141,743	18,653
Realised losses		(3)	(1)
Fair value gains/(losses)		979	(2)
Other income		153	105
Other operating expenses		(4,537)	(1,588)
<b>Profit before taxation</b>	10	<u>138,335</u>	<u>17,167</u>
Taxation	11	<u>(76)</u>	<u>(26)</u>
<b>Net profit/total comprehensive income for the financial year</b>		<u><u>138,259</u></u>	<u><u>17,141</u></u>

*The accompanying notes form an integral part of the financial statements.*

**HILA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Note	Issued and fully paid ordinary shares	Distributable reserves	Total	
		No. of shares '000	Share capital RM'000	Retained earnings RM'000	RM'000
<b>At 1 July 2020</b>		312,500	314,000	1,108,152	1,422,152
Total comprehensive income for the financial year		-	-	17,141	17,141
<b>At 30 June 2021</b>		<u>312,500</u>	<u>314,000</u>	<u>1,125,293</u>	<u>1,439,293</u>
<b>At 1 July 2021</b>		312,500	314,000	1,125,293	1,439,293
Total comprehensive income for the financial year		-	-	138,259	138,259
Dividend paid during the financial year	12	-	-	(62,500)	(62,500)
<b>At 30 June 2022</b>		<u>312,500</u>	<u>314,000</u>	<u>1,201,052</u>	<u>1,515,052</u>

*The accompanying notes form an integral part of the financial statements.*

**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
Net profit for the financial year	138,259	17,141
Adjustments for:		
Dividend income	(141,742)	(18,650)
Interest income	(1)	(3)
Amortisation charge	81	96
Realised losses on fair value through profit or loss financial assets	3	1
Fair value (gains)/losses on fair value through profit or loss financial assets	(979)	2
Tax expense	76	26
Operating losses before working capital changes	<u>(4,303)</u>	<u>(1,387)</u>
<b>Changes in working capital:</b>		
Decrease in other payables and accruals	-	(156)
Decrease/(increase) in amount due from holding company	34	(34)
Decrease/(increase) in amount due from subsidiary companies	107	(90)
Increase in amount due from associated company	(39,977)	-
Decrease in amount due from related companies	16	11
Increase in amount due to related companies	1,163	-
Tax refund/(paid)	44,418	(21)
Net cash inflow/(outflow) from operating activities	<u>1,458</u>	<u>(1,677)</u>
<b>Investing activities</b>		
Dividend income received	140,931	18,003
Interest income received	1	3
Purchase of fair value through profit or loss financial assets	(124,635)	(18,115)
Proceeds from disposal of fair value through profit or loss financial assets	44,751	1,794
Net cash inflow from investing activities	<u>61,048</u>	<u>1,685</u>

**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financing activities</b>		
Dividend paid	(62,500)	-
Net cash outflow from financing activities	<u>(62,500)</u>	<u>-</u>
Net increase in cash and cash equivalents	6	8
Cash and cash equivalents at beginning of the financial year	<u>20</u>	<u>12</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u><u>26</u></u>	<u><u>20</u></u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	- *	- *
Deposits with maturity of less than 3 months		
- Licensed financial institutions	<u>26</u>	<u>20</u>
	<u><u>26</u></u>	<u><u>20</u></u>

\* - Balances less than RM1,000

*The accompanying notes form an integral part of the financial statements.*

## **HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)

(Incorporated in Malaysia)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. CORPORATE INFORMATION**

The Company is a private limited company that is incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur.

The immediate holding and ultimate holding companies of the Company are Hong Leong Financial Group Berhad ("HLFG") and Hong Leong Company (Malaysia) Berhad ("HLCM") respectively, both incorporated in Malaysia.

The Company is an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements. There has been no significant change in the nature of this activity since its incorporation.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 September 2022.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material to the financial statements.

##### **(a) Basis of preparation**

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

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and the liabilities simultaneously. Income and expense will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

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

**HLA HOLDINGS SDN BHD**

Registration No. 200901003214 (846141-D)

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**NOTES TO THE FINANCIAL STATEMENTS**

**2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(a) Basis of preparation (cont'd)**

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 period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note

**(i) Standards, amendments to published standards and interpretations to existing standards that are applicable for the Company's financial year on or after 1 July 2021**

There are no new accounting standards, amendments to published standards and interpretations to existing standards that are applicable for financial year beginning on or after 1 July 2021.

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

Financial year beginning on/after 1 July 2022

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

## HLA HOLDINGS SDN BHD

Registration No. 200901003214 (846141-D)

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### NOTES TO THE FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (a) Basis of preparation (cont'd)

##### (ii) Standards, amendments to published standards and interpretations to existing standards that are applicable for the Company but not yet effective (cont'd)

###### Financial year beginning on/after 1 July 2022 (cont'd)

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

###### Financial year beginning on/after 1 July 2023

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at reporting date is not affected by expectations of the entity or events after the reporting date.

The amendments shall be applied retrospectively.

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 to the Company.



**HLA HOLDINGS SDN BHD**

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**NOTES TO THE FINANCIAL STATEMENTS****2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Intangible assets****Computer software**

Computer software licenses acquired separately are capitalised on the basis of the costs incurred to acquire and bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

Costs that are directly associated with knowledge-based software and computer applications which are unique to the requirements of the business are recognised as intangible assets. These software and applications are expected to generate economic benefits beyond one year. Directly attributable costs include the software development employee costs and an appropriate portion of relevant overheads to prepare the asset for its intended use. These costs are recognised as assets and amortised over their useful lives which are estimated to be 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense when they are incurred.

**(c) Investment in subsidiaries/basis of consolidation**

Subsidiary companies are those companies in which the Company has control. The Company controls an entity when the Company 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 over the entity.

Investment in subsidiary is stated at cost less accumulated impairment losses. When an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. (See accounting policy Note 2(g) to the financial statements).

These financial statements are the separate financial statements of the Company. The Company has applied the exemption in accordance with paragraph 4(a) of MFRS 10 to prepare the consolidated financial statements as the Company is a wholly-owned subsidiary of HLFM, a Malaysian-incorporated company which produces consolidated financial statements available for public use that comply with MFRS. The consolidated financial statements are obtainable at its office at Level 30, Menara Hong Leong, No. 6, Jalan Damansara, Bukit Damansara, 50490 Kuala Lumpur.

The income from the subsidiaries is accounted for only to the extent of dividends received.

**HLA HOLDINGS SDN BHD**

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**NOTES TO THE FINANCIAL STATEMENTS****2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Investment in associate**

Associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

In the Company's separate financial statements, investment in associate is carried at cost less accumulated impairment losses. On disposal of investment in associate, the difference between disposed proceeds and the carrying amount of the investment is recognised in profit or loss.

**(e) Financial assets**

The Company classifies its financial assets as FVTPL if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

Financial assets at FVTPL are initially recognised at fair value, and transaction costs are expensed in statement of comprehensive income. Financial assets at FVTPL are subsequently carried at fair value. Changes in the fair values of financial assets at FVTPL, including the effects of currency translation, interest and dividend income are recognised in statement of comprehensive income in the period in which the changes arise.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control of substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of comprehensive income as realised gain or loss.

**(f) Cash and cash equivalents**

Cash and cash equivalents consist of cash, balances and deposits held at call with financial institutions with maturities of three months or less that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value.

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**NOTES TO THE FINANCIAL STATEMENTS****2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) 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. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of the net realisable value and the value in use, which is measured where applicable, by reference to discounted cash flows. Recoverable amounts are estimated for individual assets, or, if it is not possible, for the cash-generating unit. Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

The impairment loss is charged to the statement of comprehensive income immediately. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statement of comprehensive income immediately.

The following are impairment indicators that the Company has considered, as a minimum, when assessing whether there is any indication of impairment of its investment in a subsidiary or associate:

When the Company recognises a dividend from its investment in a subsidiary or associate and evidence is available that:

- (i) the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets, including associated goodwill; or
- (ii) the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared.

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**NOTES TO THE FINANCIAL STATEMENTS**

**2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Taxation**

Taxation on the statement of comprehensive income comprises current and deferred tax. Current tax is the expected amount of tax payable in respect of the taxable income for the financial year, using tax rates enacted or substantially enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous financial years.

Deferred taxation is provided using the liability method, on temporary differences at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from the initial recognition of an asset or a liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, using tax rates enacted or substantially enacted at the date of the statement of financial position.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**(i) Revenue recognition**

Dividend income is recognised when the shareholders' right to receive payment is established.

Interest income is recognised on accrual basis.

**(j) Dividends**

Dividends on ordinary shares are accounted for in the shareholders' equity as an appropriation of retained earnings in the year in which they are declared.

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**NOTES TO THE FINANCIAL STATEMENTS****2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Foreign currencies****Functional and presentation currency**

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**(l) Provisions**

Provisions are recognised when the Company has a present legal constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and when a reliable estimate of the amount can be made.

**(m) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares and options are shown in equity as a deduction, net of tax, from the proceeds.

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**NOTES TO THE FINANCIAL STATEMENTS****2 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(n) Critical accounting estimates and judgments in applying accounting policies**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

**(i) Impairment of investment in subsidiaries**

The Company assesses whether there is any indication that investment in subsidiaries are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use.

The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on industry trends, economic conditions and other available information.

During the year, after reviewing the business environment as well as the Company's strategies and past performance of its cash-generating units, management concluded that no provision for impairment loss is needed.

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**NOTES TO THE FINANCIAL STATEMENTS****3 . INTANGIBLE ASSETS**

	<b>Computer Software</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>		
At 1 July / At 30 June	483	483
	<hr/> <hr/>	<hr/> <hr/>
<b>Accumulated amortisation</b>		
At 1 July	402	306
Charge for the financial year	81	96
At 30 June	483	402
	<hr/> <hr/>	<hr/> <hr/>
Net carrying amount	-	81
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS****4 . INVESTMENT IN SUBSIDIARIES**

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	731,198	731,198
	<u>731,198</u>	<u>731,198</u>
At 1 July/At 30 June	<u>731,198</u>	<u>731,198</u>

The subsidiaries are listed below:

<b><u>Name of company</u></b>	<b><u>Place of incorporation</u></b>	<b><u>Principal activities</u></b>	<b><u>Effective Interest (%)</u></b>	
			<b>2022</b>	<b>2021</b>
Hong Leong Assurance Berhad	Malaysia	Life insurance business	70	70
*Hong Leong Insurance (Asia) Limited	Hong Kong	General insurance business	100	100
Hong Leong MSIG Takaful Berhad	Malaysia	Family takaful business	65	65
#RC Holdings Sdn Bhd	Malaysia	Investment holding	100	100
*HL Assurance Pte. Ltd.	Singapore	General insurance business	100	100

\*Audited by other audit firm.

#voluntary winding-up in progress

These financial statements are the separate financial statements of the Company. The Company has applied the exemption in accordance with paragraph 4(a) of MFRS 10 to prepare the consolidated financial statements as the Company is a wholly-owned subsidiary of HLF, a Malaysian-incorporated company which produces consolidated financial statements available for public use that comply with MFRS. The consolidated financial statements are obtainable at its office at Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur.



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**NOTES TO THE FINANCIAL STATEMENTS****5. INVESTMENT IN ASSOCIATED COMPANY**

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	618,646	618,646

Income and expenses of the associate is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	1,663,531	1,542,339
Profit after taxation	258,910	266,095
Other comprehensive losses	(42,550)	(34,417)
Total comprehensive income	216,360	231,678

Assets and liabilities of the associate is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Non-current assets	4,429,274	4,813,921
Current assets	1,979,718	1,004,258
Total assets	6,408,992	5,818,179
Non-current liabilities	2,716,666	2,044,695
Current liabilities	412,466	310,212
Total liabilities	3,129,132	2,354,907

Details of the associate held are as follows:

<b><u>Name of company</u></b>	<b><u>Place of incorporation</u></b>	<b><u>Principal activities</u></b>	<b><u>Effective Interest (%)</u></b>	
			<b>2022</b>	<b>2021</b>
*MSIG Insurance (Malaysia) Berhad	Malaysia	General insurance business	30	30

\*Audited by other audit firm.

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**NOTES TO THE FINANCIAL STATEMENTS****6 . FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS**

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value:</b>		
Unit trusts	126,926	45,294

**(i) Fair value hierarchy**

The table below analyses those financial instruments carried at fair value by their valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Input for the asset or liability that are not based on observable market data (unobservable inputs).

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>FVTPL financial assets</b>		
Level 1	126,926	45,294

**(ii) Carrying value of financial assets**

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 July	45,294	28,329
Purchases	124,635	18,115
Dividend reinvested	772	647
Disposals	(44,751)	(1,794)
Fair value gains/(losses)	979	(2)
Realised losses	(3)	(1)
At 30 June	126,926	45,294

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**NOTES TO THE FINANCIAL STATEMENTS****7. SHARE CAPITAL**

	2022		2021	
	No. of shares '000	Share capital RM'000	No. of shares '000	Share capital RM'000
<b><u>Issued and fully paid capital:</u></b>				
At 1 July / At 30 June				
- ordinary shares	312,500	314,000	312,500	314,000

**8. RESERVES**

	2022 RM'000	2021 RM'000
Retained earnings	1,201,052	1,125,293

The Company can distribute dividends out of its entire retained earnings under the single-tier system.

**9. REVENUE**

	2022 RM'000	2021 RM'000
Dividend income	141,742	18,650
Interest income	1	3
	141,743	18,653

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**NOTES TO THE FINANCIAL STATEMENTS****10 . PROFIT BEFORE TAXATION**

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation is stated after charging:		
Audit fee *		
- Current financial year	58	58
Management fees (Note 14(b))		
- Current financial year	3,565	460
- Over provision in prior financial year	-	(61)
	<u>                    </u>	<u>                    </u>

\* There was no indemnity given or insurance effected for the auditors of the Company during the financial year.

**11 . TAXATION**

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current tax:</b>		
Current financial year	76	26
	<u>                    </u>	<u>                    </u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax (income)/expense at the effective tax rate of the Company is as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	138,335	17,167
Taxation at Malaysian statutory tax rate of 24% (2021:24%)	33,200	4,120
<b>Tax effect in respect of:</b>		
Expenses not deductible for tax purpose	1,089	381
Income not subject to tax	(34,213)	(4,475)
Tax (income)/expense for the financial year	<u>                    </u>	<u>                    </u>

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**NOTES TO THE FINANCIAL STATEMENTS****12 . DIVIDEND**

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
In respect of the financial year ended 30 June 2021:		
- Single-tier dividend of 20 sen per share	62,500	-

As at the date of the financial statements, the Directors have not recommended any final dividend to be paid for the financial year under review.

**13 . EMPLOYEES INFORMATION**

There was no employee (except Directors) in the Company and as such, no staff cost was incurred.

**14 . SIGNIFICANT RELATED PARTY TRANSACTIONS****(a) Related parties and relationships**

The related parties of, and their relationships with the Company, other than disclosed elsewhere in Note 4 and Note 5 are as follows:

<b><u>Related Parties</u></b>	<b><u>Relationship</u></b>
Hong Leong Company (Malaysia) Berhad ("HLCM")	Ultimate holding company
Hong Leong Financial Group Berhad ("HLFG")	Immediate holding company
Subsidiaries and associated companies of HLFG as disclosed in its financial statements ("HLFG Group")	Subsidiaries and associated companies of holding company
Subsidiary companies of the Company as disclosed in Note 4	Subsidiary companies of the Company

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**NOTES TO THE FINANCIAL STATEMENTS**

**14 . SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

**(a) Related parties and relationships (cont'd)**

The related parties of, and their relationships with the Company, other than disclosed elsewhere in Note 4 and Note 5 are as follows: (cont'd)

**Related Parties**

**Relationship**

Key Management Personnel

The key management personnel of the Company consists of:  
- All Directors of the Company  
- Key management personnel of the Company who make certain critical decisions in relation to the strategic direction of the Company

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 significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly by key management personnel or its close family members

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**NOTES TO THE FINANCIAL STATEMENTS****14 . SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)****(b) Related party transactions and balances**

The significant related party transactions and balances during the financial year are set as below:

	<b>Immediate holding company RM'000</b>	<b>Subsidiary companies RM'000</b>	<b>Other related parties RM'000</b>
<b>2022</b>			
<b>Assets</b>			
Dividend receivables	-	-	39,977
Cash and cash equivalents	-	-	26
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>			
Payables	-	-	1,163
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Income</b>			
Dividend income	-	21,000	119,931
Money market interest	-	-	1
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Expenditure</b>			
Management fees	45	-	3,520
Outsourcing fees	62	196	-
Logo fees	-	-	5
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS****14 . SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)****(b) Related party transactions and balances (cont'd)**

The significant related party transactions and balances during the financial year are set as below: (cont'd)

	<b>Immediate holding company RM'000</b>	<b>Subsidiary companies RM'000</b>	<b>Other related parties RM'000</b>
<b>2021</b>			
<b>Assets</b>			
Other receivables	34	107	16
Cash and cash equivalents	-	-	20
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Income</b>			
Dividend income	-	6,010	11,993
Money market interest	-	-	3
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Expenditure</b>			
Management fees	64	-	335
Outsourcing fees	-	562	-
Logo fees	-	-	4
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The above transactions are transacted in the normal course of business of the Company based on agreed terms and conditions.



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**NOTES TO THE FINANCIAL STATEMENTS****14 . SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)****(c) Compensation of key management personnel**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Company are the Directors of the Company and their remunerations are as follows:

	<b>Director fees RM'000</b>	<b>Other remuneration RM'000</b>
<b>2022</b>		
<b>Executive Director:</b>		
Ms Loh Guat Lan	-	-
<b>Non-Executive Directors:</b>		
Ms Koid Swee Lian	103	11
YBhg Dato' Siow Kim Lun @ Siow Kim Lin	165	19
Ms Lim Tau Kien	135	13
	<hr/> 403	<hr/> 43
<b>2021</b>		
<b>Executive Director:</b>		
Ms Loh Guat Lan	-	-
<b>Non-Executive Directors:</b>		
Ms Koid Swee Lian	118	13
YBhg Dato' Siow Kim Lun @ Siow Kim Lin	156	17
Ms Lim Tau Kien	135	13
	<hr/> 409	<hr/> 43

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**NOTES TO THE FINANCIAL STATEMENTS**

**14 . SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

**(c) Compensation of key management personnel (cont'd)**

Non-executive directors only received director's fees and meeting allowance as remuneration.

During the financial year, Directors and Officers of the Group and the Company 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 and the Company subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers of the HLF Group was RM10.0 million.

**15 . CAPITAL RISK MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholder. The Company is not subject to externally imposed requirements on capital management.

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**NOTES TO THE FINANCIAL STATEMENTS****16 . FINANCIAL RISKS**

The Board of Directors has the overall responsibility of financial risk management to ensure there is proper oversight of the management of risks.

The main risks arising from the Company's financial instruments are summarised below:

**(a) Credit risk**

Credit risk is the risk of loss due to inability or unwillingness of a counterparty to service its debt obligations. The credit risk and investment activities are monitored regularly with respect to single customer limit, sectorial exposure, credit rating and residual maturity, in accordance with the investment guidelines and limits approved by the Board of Directors and the authorities.

**Credit exposure by credit rating**

The below tabulation provides the breakdown of the Company's financial assets in relation to credit risk exposure:

	<b>AA to AAA</b>	<b>Not rated</b>	<b>Not subject to credit risk</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2022</b>				
FVTPL financial assets	-	-	126,926	126,926
Amount due from associated company	-	39,977	-	39,977
Cash and cash equivalents	26	-	-	26
	<u>26</u>	<u>39,977</u>	<u>126,926</u>	<u>166,929</u>
<b>2021</b>				
FVTPL financial assets	-	-	45,294	45,294
Amount due from holding company	34	-	-	34
Amount due from subsidiary companies	107	-	-	107
Amount due from related companies	-	16	-	16
Cash and cash equivalents	20	-	-	20
	<u>161</u>	<u>16</u>	<u>45,294</u>	<u>45,471</u>

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**NOTES TO THE FINANCIAL STATEMENTS****16 . FINANCIAL RISKS (CONT'D)****(b) Liquidity risk**

Liquidity risk arises due to inability of the Company to meet its financial obligations as and when they fall due. A significant amount of investible funds are placed with financial institutions as fixed deposits and other money market instruments. The Company endeavors to manage the maturity profiles of these instruments in order to ensure that sufficient funds are available at all times, to meet the day-to-day working capital requirements.

**Maturity profile of financial assets**

The table below analyses the carrying amount of financial assets based on the remaining contractual maturities:

	<b>Carrying value RM'000</b>	<b>Up to 1 year RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b>2022</b>				
FVTPL financial assets	126,926	-	126,926	126,926
Amount due from associated company	39,977	39,977	-	39,977
Cash and cash equivalents	26	26	-	26
Total financial assets	<u>166,929</u>	<u>40,003</u>	<u>126,926</u>	<u>166,929</u>
<b>2021</b>				
FVTPL financial assets	45,294	-	45,294	45,294
Amount due from holding company	34	34	-	34
Amount due from subsidiary companies	107	107	-	107
Amount due from related companies	16	16	-	16
Cash and cash equivalents	20	20	-	20
Total financial assets	<u>45,471</u>	<u>177</u>	<u>45,294</u>	<u>45,471</u>

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**NOTES TO THE FINANCIAL STATEMENTS****16 . FINANCIAL RISKS (CONT'D)****(b) Liquidity risk (cont'd)****Maturity profile of financial liabilities**

The table below shows the contractual undiscounted cash flows payable for financial liabilities of the Company based on the remaining contractual maturities:

	<b>Carrying value RM'000</b>	<b>Up to 1 year RM'000</b>	<b>Total RM'000</b>
<b>2022</b>			
Other payables and accruals	550	550	550
Amount due to related companies	1,163	1,163	1,163
Total financial liabilities	<u>1,713</u>	<u>1,713</u>	<u>1,713</u>
<b>2021</b>			
Other payables and accruals	550	550	550
Total financial liabilities	<u>550</u>	<u>550</u>	<u>550</u>

**(c) Market risk****(i) Currency risk**

The Company is exposed to foreign currency risk as a result of investment in the subsidiary and remittances from the subsidiary where the currency differs from Ringgit Malaysia ("RM").

The Company has no significant exposure to foreign currency risk as at 30 June 2022 and 30 June 2021.

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**NOTES TO THE FINANCIAL STATEMENTS**

**16 . FINANCIAL RISKS (CONT'D)**

**(c) Market risk (cont'd)**

**(ii) Interest rate risk**

Investment activities are inherently exposed to interest rate risk. Interest rate risk arises principally from changes in the level of interest rates. Investment in unit trusts are insensitive to interest rate risk.

The Company has no significant exposure to interest rate risk as at 30 June 2022 and 30 June 2021.

**(iii) Price risk**

The Company's price risk exposure relates to financial assets and liabilities, whose values will fluctuate as a result of the change in market prices. Such investment securities are subject to price risk due to change in market values of instruments arising either from factors specific to the individual instruments or their issuers or factors affecting all instruments traded in the market.

The Company has no significant exposure to price risk as at 30 June 2022 and 30 June 2021.

**(d) Operational risk**

Operational risk is the risk of losses resulting from inadequate or failed internal processes, risk management policies and procedures, system failures, human performance failures or from external events. The Company seeks to minimise exposure by ensuring appropriate internal controls and systems, together with trained and competent people are in place throughout the Company.

**17 . SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

There were no significant events during the financial year under review.

**18 . SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR**

There were no material subsequent events after the financial year that require disclosure or adjustments to the financial statements.