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HongLeong Industries Berhad

A Member of the Hong Leong Group

Registration No. 196401000167 (5486-P)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The resolutions in respect of the above proposal will be tabled at the forthcoming Annual General Meeting (“AGM”) of HLI to be held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia on Wednesday, 1 November 2023 at 10.30 a.m. or at any adjournment thereof. The Notice of AGM and the Form of Proxy are set out in the 2023 Annual Report of HLI, which is available on HLI’s website at www.hli.com.my/general-meetings-current/.

This Circular is dated 3 October 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board” or “Directors”	:	Board of Directors of HLI
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“GCA”	:	GuoLine Capital Assets Limited
“Goods”	:	Finished goods, components and raw materials, including ceramic tiles, cement, hardware products, motorcycles, scooters, marine related products and fibre cement products
“Group Management And/Or Support Services”	:	Include services such as corporate finance, corporate advisory, secretarial, legal, treasury and risk management, internal audit, accounting and tax, share registration, nominees, custodian and executive share scheme administration, human resources management, payroll administration, credit control, information technology related services, training, investment, business development, support on corporate social responsibility initiatives, corporate affairs and public relations, strategic business planning and any other services as may be agreed between the parties from time to time
“HLCM”	:	Hong Leong Company (Malaysia) Berhad, the ultimate holding company of HLI with 75.20% equity interest
“HLI” or “Company”	:	Hong Leong Industries Berhad
“HLI Group”	:	HLI and its subsidiaries
“HLMG”	:	Hong Leong Manufacturing Group Sdn Bhd, the holding company of HLI with 74.57% direct interest
“HYM”	:	HLY Marine Sdn Bhd, a wholly-owned subsidiary of HLI
“HLYR”	:	HL Yamaha Motor Research Centre Sdn Bhd, a company owned by Hong Leong Yamaha Motor Sdn Bhd (“HLYM”), a 69.41% subsidiary of HLI, and Yamaha Motor Co., Ltd (“YMC”) in the equity ratio of 49% and 51% respectively
“LPD”	:	5 September 2023, being the latest practicable date prior to the printing of this Circular
“Main Market Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time

DEFINITIONS (Cont'd)

- “Proposed Renewal of Shareholders’ Mandate” : Shareholders’ general mandate in relation to recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the HLI Group
- “RM” and “sen” : Ringgit Malaysia and sen respectively
- “Services” : Include investment and fund management services, sales and marketing services, security services, technical and management services, research and development services, property management services, information technology related services, e-commerce and technology related services, corporate affairs and public relations services and any other services as may be agreed between the parties from time to time
- “Shares” : Issued ordinary shares in HLI

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HongLeong Industries Berhad

A Member of the Hong Leong Group

Registration No. 196401000167 (5486-P)

Registered Office:
Level 31, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Malaysia

3 October 2023

DIRECTORS:

YBhg Datuk Kwek Leng San (Chairman; Non-Executive/Non-Independent)
YBhg Prof. Dato' Dr Jim Khor Mun Wei (Group Managing Director/Non-Independent)
Mr Peter Ho Kok Wai (Non-Executive Director/Independent)
Ms Quek Sue Yian (Non-Executive Director/Non-Independent)
YBhg Datuk Noharuddin bin Nordin @ Harun (Non-Executive Director/Independent)
Mr Edward Chin Fook Ling (Non-Executive Director/Independent)
Ms Cheryl Khor Hui Peng (Non-Executive Director/Independent)

To: The Shareholders of Hong Leong Industries Berhad

Dear Sir/Madam

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the Company's AGM held on 2 November 2022, the Company obtained mandates from its shareholders for the HLI Group to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations with related parties. The said mandates shall, in accordance with the Main Market Listing Requirements, expire at the conclusion of the forthcoming AGM of the Company to be held on Wednesday, 1 November 2023 at 10.30 a.m. ("Said AGM"), unless they are renewed at the Said AGM.

In connection thereto, on 23 August 2023, the Company announced that your Directors propose to seek shareholders' approval for the Proposed Renewal of Shareholders' Mandate at the Said AGM.

The purpose of this Circular is to provide you with the details of the Proposed Renewal of Shareholders' Mandate and to seek your approval for the proposed ordinary resolutions pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the Said AGM.

The Notice of the Said AGM together with the Form of Proxy are set out in the 2023 Annual Report of HLI, which is available on HLI's website at www.hli.com.my/general-meetings-current/.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Provisions under the Main Market Listing Requirements

Paragraph 10.09(2) of the Main Market Listing Requirements provides that a listed issuer may seek a mandate from its shareholders for related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of a listed issuer or its subsidiaries subject to, inter-alia, the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Main Market Listing Requirements;
- (c) the listed issuer's circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular, where applicable, must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain the shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution in respect of the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution in respect of the transactions; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a recurrent related party transaction entered into by the listed issuer exceeds the estimated value of the recurrent related party transaction disclosed in the circular to shareholders by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured a shareholder mandate pursuant to the above, the provisions of paragraph 10.08 of the Main Market Listing Requirements will not apply with regard to transactions as detailed in Section 2.3 of this Circular.

The Company proposes to seek its shareholders' approval for the Proposed Renewal of Shareholders' Mandate for the HLI Group to enter into transactions with related parties which are of a revenue or trading nature and necessary for the day-to-day operations on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not detrimental to the minority shareholders.

The Proposed Renewal of Shareholders' Mandate, if approved at the Said AGM, will take immediate effect upon the conclusion of the Said AGM and will continue in force until the conclusion of the next AGM of the Company or until the expiration of the period within which the next AGM is required by law to be held (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act), unless revoked or varied by the Company in a general meeting, whichever is the earlier.

2.2 Classes of related parties

Shareholders' approval is sought for the Proposed Renewal of Shareholders' Mandate involving recurrent related party transactions which are carried out by companies within the HLI Group with any of the following classes of related parties:

- HLCM (a major shareholder of HLI through HLMG), GCA (a person connected with certain major shareholders of HLI) and persons connected with them (collectively referred to as "Hong Leong Group") including but not limited to those as listed in Appendix II of this Circular;
- Hong Bee Hardware Company, Sdn Berhad ("Hong Bee Hardware") and Hong Bee Motors Sdn Bhd ("Hong Bee Motors"). Hong Bee Motors is a wholly-owned subsidiary of Hong Bee Hardware. Mr Kwek Leng Beng (a major shareholder of HLI) has 0.04% direct interest in Hong Bee Hardware. Mr Kwek Leng Kee (a major shareholder of HLI) and Mr Kwek Leng Beng have indirect interests of 32.48% and 42.89% respectively in Hong Bee Hardware;
- YMC and persons connected with YMC ("YMC Group"), including but not limited to Yamaha Motor Asia Pte Ltd ("Yamaha Asia"), Yamaha Motor Distribution Singapore Pte Ltd ("YDS"), Thai Yamaha Motor Co Ltd ("TYM"), P.T. Yamaha Indonesia Motor Manufacturing ("YIM"), Yamaha Motor Taiwan Trading Co Ltd ("YMTT"), Yamaha Motor (China) Co Ltd ("YMCC"), Yamaha Motor Vietnam Co., Ltd ("YMVN") and Yamaha Motor Biz Partner Co., Ltd ("YMBP"). YMC is a major shareholder of HLYM. Yamaha Asia, YDS, TYM, YIM, YMTT, YMCC, YMVN and YMBP are subsidiaries of YMC; and
- Hong Leong Investment Holdings Pte. Ltd. ("HLIH") (a major shareholder of HLI through HLCM) and persons connected with HLIH ("HLIH Group") including but not limited to Tasek Corporation Berhad and its subsidiaries and associated corporations. Mr Kwek Leng Beng and Mr Kwek Leng Kee are directors and major shareholders of HLIH.

YMC does not hold any share, either directly or indirectly, in HLI. The details of shareholdings of HLCM, HLMG, HLIH, YBhg Tan Sri Quek Leng Chan (a major shareholder of HLI), Mr Kwek Leng Beng, Mr Kwek Leng Kee and YBhg Datuk Kwek Leng San in HLI are set out in Section 5 of this Circular.

2.3 Nature of recurrent related party transactions contemplated

HLI is principally an investment holding company whilst the principal activities engaged in by its subsidiaries are that of investment holding, manufacturing and assembling of motorcycles, scooters and related parts and products; distribution of motorcycles and motorcycle components; manufacturing and sale of ceramic tiles; provision of research and development services for ceramic tiles; manufacturing, sale and distribution of fibre cement; and distribution, trading and provision of services in marine related products. Details of subsidiaries of HLI undertaking these activities are set out in Appendix III of this Circular.

The Hong Leong Group is also involved in a diverse range of industries including, inter-alia, the following:

- manufacturing, procuring and assembling of motorcycles, motorcycle engines and related parts; provision of maintenance and repair services for motorcycles; provision of research and development services for motorcycles;
- manufacturing services of semiconductor packaging and testing; manufacturing and sale of leadframes;

- manufacturing and sale of cement and cement related products; manufacturing, marketing and sale of concrete and concrete related products;
- manufacturing, sale and trading in billets, steel bars, wire rods, wire mesh, pre-stressed concrete strands, bars and wires, steel pipes, steel wires and other related products;
- provision of management services; property investment;
- commercial banking business and provision of related services which include Islamic banking business, property investment and management, investment holding and nominee services;
- underwriting of life and general insurance businesses; Family Takaful business including investment-linked business;
- investment banking, stockbroking business, futures broking and related financial services; nominee and custodian services; investment activities; unit trust management, fund management including Islamic fund management and sale of unit trusts;
- property investment and development; provision of project, property and related management services; hotel operations; and
- provision of management, healthcare and security services.

In view of the diversity of the Hong Leong Group's businesses, it is envisaged that in the normal course of business of the HLI Group, transactions in respect of Goods and/or Services between companies in the HLI Group and the Hong Leong Group will occur with some degree of frequency from time to time and may arise at any time.

The Services which may be engaged by the HLI Group, as and when required, may comprise any of the abovementioned services available under the businesses of the Hong Leong Group.

The Group Management And/Or Support Services are part of the shared services of companies within the Hong Leong Group. These shared services are provided in-house in order to align with the Hong Leong Group's corporate objective and management disciplines and to reduce operating cost and improve efficiency such as through economies of scale, better utilisation and allocation of resources, standardisation of processes and operating procedures and information technology. Accordingly, the Board considers it beneficial to enter into transactions in respect of the Group Management And/Or Support Services.

The Services and the Group Management And/Or Support Services are carried out on commercial terms and on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable, and which will not be detrimental to the minority shareholders of HLI.

Details of recurrent related party transactions carried out/contemplated shall include, but not limited to, those described below:

(A) Recurrent related party transactions with the Hong Leong Group are as follows:

Transaction	Vendor/ Provider	Purchaser/ Recipient	Interested related parties	Estimated aggregate value as disclosed in the Circular to Shareholders dated 4 October 2022 ("Estimated Value") (RM'million)	Actual value transacted (from date of AGM on 2 November 2022 up to the LPD) ("Actual Value") (RM'million)	*Estimated aggregate value during the validity period of the Proposed Renewal of Shareholders' Mandate ("Current Estimated Value") (RM'million)
(a) Sale of Goods	HLL Group	Hong Leong Group	Tan Sri Quek Leng Chan, Datuk Kwek Leng San, Kwek Leng Beng, Kwek Leng Kee, HLMG and HLCM	40.00	0.02	40.00
(b) Purchase of goods such as motorcycle engines and components, building materials, and other products	Hong Leong Group	HLL Group	Tan Sri Quek Leng Chan, Datuk Kwek Leng San, Kwek Leng Beng, Kwek Leng Kee, HLMG and HLCM	600.00	466.05	600.00
(c) Rental of properties from the Hong Leong Group, such as the following: (i) Office space at Block D, 15A, Jalan 51A/219, 46100 Petaling Jaya, Selangor Darul Ehsan# (ii) Meeting rooms and related facilities	Hong Leong Group	HLL Group	Tan Sri Quek Leng Chan, Datuk Kwek Leng San, Kwek Leng Beng, Kwek Leng Kee, HLMG and HLCM	5.05	1.22	5.05

(A) Recurrent related party transactions with the Hong Leong Group are as follows: (cont'd)

Transaction	Vendor/ Provider	Purchaser/ Recipient	Interested related parties	Estimated aggregate value as disclosed in the Circular to Shareholders dated 4 October 2022 ("Estimated Value") (RM'million)	Actual value transacted (from date of AGM on 2 November 2022 up to the LPD) ("Actual Value") (RM'million)	*Estimated aggregate value during the validity period of the Proposed Renewal of Shareholders' Mandate ("Current Estimated Value") (RM'million)
(d) Receipt of Services	Hong Leong Group	HLI Group	Tan Sri Quek Leng Chan, Datuk Kwek Leng San, Kwek Leng Beng, Kwek Leng Kee, HLMG and HLCM	9.00	0.99	9.00
(e) Receipt of Group Management And/Or Support Services	Hong Leong Group	HLI Group	Tan Sri Quek Leng Chan, Datuk Kwek Leng San, Kwek Leng Beng, Kwek Leng Kee, HLMG and HLCM	60.00	23.10	60.00
(f) Payment for usage of the Hong Leong Group trade mark	Hong Leong Group	HLI Group	Tan Sri Quek Leng Chan, Datuk Kwek Leng San, Kwek Leng Beng, Kwek Leng Kee and HLCM	0.50	Nil	0.50
(g) Payment for usage of the HUME trade mark	Hong Leong Group	HLI Group	Tan Sri Quek Leng Chan, Datuk Kwek Leng San, Kwek Leng Beng, Kwek Leng Kee, HLMG and HLCM	0.02	Nil	0.02

(B) Recurrent related party transactions with major shareholders and persons connected with directors and major shareholders are as follows:

Transaction	Vendor/ Provider	Purchaser/ Recipient	Interested related parties	Estimated aggregate value as disclosed in the Circular to Shareholders dated 4 October 2022 ("Estimated Value") (RM'million)	Actual value transacted (from date of AGM on 2 November 2022 up to the LPD) ("Actual Value") (RM'million)	*Estimated aggregate value during the validity period of the Proposed Renewal of Shareholders' Mandate ("Current Estimated Value") (RM'million)
(a) Sale of Goods	HLI Group	Hong Bee Hardware and Hong Bee Motors	Kwek Leng Beng and Kwek Leng Kee	100.00	43.09	100.00
(b) Sale of Goods	HLYM	YMC Group	YMC	100.00	3.72	100.00
(c) Purchase of building materials	Hong Bee Hardware	HLI Group	Kwek Leng Beng and Kwek Leng Kee	1.00	Nil	1.00
(d) Purchase of motorcycle components and parts and other Yamaha related products	YMC Group	HLYM	YMC	1,500.00	788.91	1,500.00
(e) Purchase of marine related components and parts	YMC Group	HYM	YMC	75.00	67.01	100.00
(f) Provision of advertising and promotional services	HLYM	YMC	YMC	1.00	0.11	1.00
(g) Payment of royalties and technical fees for usage of the Yamaha trade mark and technical support	YMC	HLYM	YMC	100.00	78.89	100.00

(B) Recurrent related party transactions with major shareholders and persons connected with directors and major shareholders are as follows: (cont'd)

Transaction	Vendor/ Provider	Purchaser/ Recipient	Interested related parties	Estimated aggregate value as disclosed in the Circular to Shareholders dated 4 October 2022 ("Estimated Value") (RM' million)	Actual value transacted (from date of AGM on 2 November 2022 up to the LPD) ("Actual Value") (RM' million)	*Estimated aggregate value during the validity period of the Proposed Renewal of Shareholders' Mandate ("Current Estimated Value") (RM' million)
(h) Rental of property from HLYM, such as: [^] - Office space at Kompleks Hong Leong Yamaha, Lot 57, Persiaran Bukit Rahman Putra 3, 47000 Sungai Buloh, Selangor Darul Ehsan	HLYM	HLYR	YMC	2.00	0.14	2.00
(i) Receipt of research and development services	HLYR	HLYM	YMC	10.00	4.06	10.00
(j) Purchase of cement and related products	HLJH Group	HLL Group	Kwek Leng Beng and Kwek Leng Kee	30.00	10.58	30.00

Notes:

* The Current Estimated Value of the transactions is based on the Actual Value transacted and/or management's estimate of the value to be transacted during the validity period of the Proposed Renewal of Shareholders' Mandate. The Current Estimated Value of these transactions may be subject to changes.

Tenancy agreement entered into for the rental of the said office space is for a tenure of 3 years. The rental payment is on a monthly basis.

^ Tenancy agreement entered into for the rental of the said office space is for a tenure of 2 years with an option to renew for 3 years. The rental payment is on a monthly basis.

None of the Actual Value of the recurrent related party transactions as disclosed above has exceeded the Estimated Value by 10% or more.

2.4 Amount due and owing by related parties

The total outstanding receivables arising from the recurrent related party transactions of HLI Group which exceeded the credit term for the following periods as at 30 June 2023 is as follows:

	Principal Sum <u>RM'000</u>	Interest <u>RM'000</u>
A period of 1 year or less	426.27	-
A period of more than 1 to 3 years	-	-
A period of more than 3 to 5 years	-	-
A period of more than 5 years	-	-
	-----	-----
	426.27	-
	=====	=====

Late payment interest is not imposed on customers with long term business relationships and with no long overdue amounts that exceed their credit term for a period of more than 12 months.

The above outstanding amount has been fully settled.

2.5 Methods or procedures on which transaction prices are determined/review procedures for recurrent related party transactions

To ensure that the recurrent related party transactions are conducted on commercial terms consistent with the HLI Group's usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders, the following principles will apply:

- (i) the sale of Goods, purchase of goods such as motorcycles and parts, building materials and receipt of Services shall be determined based on prevailing rates/prices of the Goods or Services (including where applicable, preferential rates/prices/discounts accorded to a class or classes of customers or for bulk purchases) according to commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations;
- (ii) the rental of properties shall be at the prevailing market rates for the same or substantially similar properties and shall be on commercial terms;
- (iii) the receipt of Group Management And/Or Support Services is based on commercial terms;
- (iv) the payment for usage of the Hong Leong Group and HUME trade marks is based on commercial terms;
- (v) the provision of advertising and promotional services shall be based on reimbursement of costs and/or rates and is based on commercial terms;
- (vi) the payment of royalties and technical fees for usage of the Yamaha trade mark and technical support is based on commercial terms; and
- (vii) the receipt of research and development services for motorcycles and related accessories is based on commercial terms.

At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the Board Audit & Risk Management Committee of the Company, in its review of the recurrent related party transactions may, as it deems fit and whenever available, request for additional information pertaining to the transactions from independent sources or advisers.

To monitor, track and identify the recurrent related party transactions, the following review procedures have been implemented:

- (i) A register is maintained to record all recurrent related party transactions which are entered into pursuant to the Proposed Renewal of Shareholders' Mandate; and
- (ii) The Board Audit & Risk Management Committee will undertake a quarterly review of recurrent related party transactions to ensure that such transactions are undertaken on commercial terms and on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders and are in the best interest of the HLI Group.

There are no specific thresholds for approval of recurrent related party transactions within the HLI Group. However, all recurrent related party transactions are subject to the approval of the Heads of the relevant operating companies or such persons to whom they may delegate such power subject always to any HLI Group's policies that may be issued from time to time.

The Board Audit & Risk Management Committee will review the existing procedures and processes, on an annual basis and as and when required, to ensure that the recurrent related party transactions are at all times carried out on commercial terms consistent with the HLI Group's usual business practices and policies.

The Board Audit & Risk Management Committee of the Company has reviewed the above procedures and is satisfied that the said procedures are adequate to monitor, track and identify recurrent related party transactions in a timely and orderly manner and are sufficient to ensure that the recurrent related party transactions will be carried out on commercial terms consistent with the HLI Group's usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not detrimental to the minority shareholders. Any member of the Board Audit & Risk Management Committee who is interested in any transaction shall abstain from reviewing and deliberating on such transaction.

2.6 Validity period of the Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate, if approved at the Said AGM, shall take immediate effect and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

The Proposed Renewal of Shareholders' Mandate is subject to the satisfactory review by the Board Audit & Risk Management Committee of the Company of its continued application to recurrent related party transactions.

2.7 Disclosure

Disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of the recurrent related party transactions made during the financial year, types of transactions made, names of the related parties involved and their relationship with the HLI Group pursuant to the Proposed Renewal of Shareholders' Mandate in accordance with paragraph 10.09(2) and Practice Note No. 12 of the Main Market Listing Requirements.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The rationale for and the benefits of the Proposed Renewal of Shareholders' Mandate to the HLI Group are as follows:

- (i) The Proposed Renewal of Shareholders' Mandate will facilitate transactions with related parties which are in the ordinary course of business of the HLI Group and undertaken on commercial terms and on terms not more favourable to the related parties than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders.
- (ii) The Proposed Renewal of Shareholders' Mandate will enhance the HLI Group's ability to pursue business opportunities which are time-sensitive in nature and will eliminate the need for the Company to convene separate general meetings to seek shareholders' approval for each transaction.
- (iii) For certain transactions, where it is vital that confidentiality be maintained, it would not be viable to obtain shareholders' prior approval, as releasing details of the transactions prematurely may adversely affect and prejudice the HLI Group's interests and place the HLI Group at a disadvantage as compared with its competitors who may not require shareholders' approval to be obtained.
- (iv) The Proposed Renewal of Shareholders' Mandate will substantially reduce the expenses associated with convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow resources to be channeled towards attaining other corporate objectives.
- (v) In respect of the Group Management And/Or Support Services, the Proposed Renewal of Shareholders' Mandate will enable the HLI Group to reduce operating cost and to improve efficiency, thereby improving business and administrative efficacy for the HLI Group.

4. CONDITION OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate is subject to the approval of the shareholders of HLI at the Said AGM.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

HLMG, a wholly-owned subsidiary of HLCM, is a major shareholder of HLI. YBhg Tan Sri Quek Leng Chan is a major shareholder of HLI, and a Director and major shareholder of HLMG, HLCM and GCA. YBhg Datuk Kwek Leng San is a Director of HLI, HLMG and HLCM, and a shareholder of HLI, HLCM and GCA. Mr Kwek Leng Beng is a Director of HLCM, and a major shareholder of HLI, HLCM and GCA. Mr Kwek Leng Kee is a major shareholder of HLI, HLCM and GCA. YBhg Tan Sri Quek Leng Chan and YBhg Datuk Kwek Leng San are brothers.

HLIH is a major shareholder of HLI through HLCM. Mr Kwek Leng Beng and Mr Kwek Leng Kee are directors and major shareholders of HLIH.

YMC does not hold any shares, either directly or indirectly, in HLI. The shareholdings of HLMG, HLCM, HLIH, YBhg Tan Sri Quek Leng Chan, YBhg Datuk Kwek Leng San, Mr Kwek Leng Beng and Mr Kwek Leng Kee in HLI as at LPD are as follows:

	No. of Shares held			
	Direct	%#	Indirect	%#
HLMG	238,217,035	74.57	-	-
HLCM	-	-	240,259,170	75.20 *
HLIH	-	-	242,230,503	75.82**
Tan Sri Quek Leng Chan	-	-	242,805,970	76.00***
Datuk Kwek Leng San	2,632,500	0.82	-	-
Kwek Leng Beng	-	-	242,230,503	75.82**
Kwek Leng Kee	-	-	242,230,503	75.82**

Notes:

* *Held through subsidiary(ies).*

** *Held through HLCM and a company in which the major shareholder has interest.*

*** *Held through HLCM and companies in which Tan Sri Quek Leng Chan and his children have interests.*

Based on the issued ordinary share capital (excluding treasury shares) of HLI.

YBhg Datuk Kwek Leng San has abstained and will continue to abstain from deliberating and voting on the relevant proposed ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate in which he is interested at the Board level.

HLMG, HLCM, HLIH, YBhg Tan Sri Quek Leng Chan, YBhg Datuk Kwek Leng San, Mr Kwek Leng Beng and Mr Kwek Leng Kee will abstain from voting, in respect of their direct and/or indirect interests, on the relevant proposed ordinary resolutions pertaining to the Proposed Renewal of Shareholders' Mandate at the Said AGM. HLMG, HLCM, HLIH, YBhg Tan Sri Quek Leng Chan, YBhg Datuk Kwek Leng San, Mr Kwek Leng Beng, Mr Kwek Leng Kee and YMC will ensure that persons connected with them will also abstain from voting on their direct and/or indirect interests on the relevant proposed ordinary resolutions pertaining to the Proposed Renewal of Shareholders' Mandate at the Said AGM.

Save as disclosed above, none of the other Directors and major shareholders of HLI and persons connected with them, has any interest, direct or indirect, in the resolution pertaining to the Proposed Renewal of Shareholders' Mandate.

6. DIRECTORS' RECOMMENDATION

Your Directors (except for YBhg Datuk Kwek Leng San who had abstained from expressing any opinion in relation to the proposed Ordinary Resolution 5 in view of his interest), having taken into consideration all aspects of the Proposed Renewal of Shareholders' Mandate, are of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the HLI Group and accordingly, your Directors (except for YBhg Datuk Kwek Leng San who had abstained from expressing any opinion in relation to the proposed Ordinary Resolution 5 in view of his interest) recommend that you vote in favour of the proposed ordinary resolutions pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the Said AGM.

7. RESOLUTIONS ON THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND AGM

The proposed ordinary resolutions on the Proposed Renewal of Shareholders' Mandate will be tabled at the Said AGM to be held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia on Wednesday, 1 November 2023 at 10.30 a.m. or at any adjournment thereof. The said resolutions are set out in the 2023 Annual Report of HLI.

The Notice of the Said AGM and the Form of Proxy are enclosed in the 2023 Annual Report of HLI, which is available on HLI's website at www.hli.com.my/general-meetings-current/.

If you are unable to attend the Said AGM and wish to appoint other person(s) to be your proxy, please complete the Form of Proxy and deposit it at the Registered Office of HLI at Level 31, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia or lodged electronically via email at cosec-hlmg@hlmg.com.my, not less than forty-eight (48) hours before the time appointed for holding of the Said AGM or at any adjournment thereof.

The completion and deposit of the Form of Proxy will not preclude you from attending and voting at the Said AGM should you wish to do so. The Form of Proxy should be completed strictly in accordance with the instructions contained therein.

8. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix IV of this Circular for further information.

Yours faithfully
For and on behalf of the Board

PETER HO KOK WAI
Independent Non-Executive Director

DEFINITIONS PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS

- “related party(ies)”
- (a) in relation to a corporation, means a director, major shareholder or person connected with such director or major shareholder;
 - (b) in relation to a business trust, means the trustee-manager, a director or major shareholder of the trustee-manager, a major unit holder of the business trust or person connected with any of the aforesaid persons;
 - (c) in relation to a closed-end fund, means the Managers, a director or major shareholder of the Managers or the closed-end fund, or person connected with any of the aforesaid persons; or
 - (d) in relation to a real estate investment trust (“REIT”), means the management company, the trustee, a director or major shareholder of the management company, major unit holder of the REIT, or person connected with any of the aforesaid persons.

For the purpose of this definition, “director”, “major shareholder” and “major unit holder” have the meanings given in paragraph 10.02 of the Main Market Listing Requirements and “Managers” has the meaning given in paragraph 1.01 of the Main Market Listing Requirements.

- “director”
- has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon:
- (a) a director of the listed issuer, its subsidiary or holding company;
 - (b) a chief executive of the listed issuer, its subsidiary or holding company;
 - (c) in relation to a special purpose acquisition company (“SPAC”), a member of the SPAC’s management team;
 - (d) in relation to a business trust, a director or chief executive of the trustee-manager, its subsidiary or holding company;
 - (e) in relation to a closed-end fund, in addition to a director or chief executive of the closed-end fund, a director or chief executive of the Managers, its subsidiary or holding company; and
 - (f) in relation to a REIT, a director or chief executive of the management company.

“major shareholder”

includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:

- (a) 10% or more of the total number of voting shares in the corporation; or
- (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation

(For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act).

“person connected”

in relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories:

- (a) a family member of the said Person;
- (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
- (c) a partner of the said Person;
- (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
- (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- (g) a body corporate which is a related corporation of the said Person.

PERSONS CONNECTED WITH HLCM AND GCA AS AT LPD

(1) Persons Connected With HLCM

Company	Interest of HLCM as at LPD (%)	Nature of business
1. HL Management Co Sdn Bhd and its subsidiaries and/or its related corporations	100.00	Provision of management services; and investment holding
2. Hong Leong Share Registration Services Sdn Bhd	100.00	Provision of share registration services
3. Hong Leong Manufacturing Group Sdn Bhd and its unlisted subsidiaries and associated corporations	100.00	Investment holding; provision of management services; and property investment
4. Hong Leong Financial Group Berhad and its unlisted subsidiaries and associated corporations	51.94	Investment holding; provision of services to its subsidiaries to enhance group value; underwriting of life and general insurance businesses; and Family Takaful business including investment-linked business
5. Hong Leong Bank Berhad and its subsidiaries and associated corporations	64.37	Commercial banking business and provision of related services which include Islamic banking business, property investment and management, investment holding and nominee services
6. Hong Leong Capital Berhad and its subsidiaries and associated corporations	70.40	Investment holding; investment banking, stockbroking business, futures broking and related financial services; nominee and custodian services; investment activities; and unit trust management, fund management including Islamic fund management and sale of unit trusts
7. Malaysian Pacific Industries Berhad and its subsidiaries and associated corporations	57.92	Investment holding; manufacturing services of semiconductor packaging and testing; and manufacturing and sale of leadframes
8. Hume Cement Industries Berhad and its subsidiaries and associated corporations	67.83	Investment holding; manufacturing and sale of cement and cement related products; and manufacturing, marketing and sale of concrete and concrete related products

(1) **Persons Connected With HLCM (Cont'd)**

Company	Interest of HLCM as at LPD (%)	Nature of business
9. Southern Steel Berhad and its subsidiaries and associated corporations	69.97	Investment holding; and manufacturing, sale and trading in billets, steel bars, wire rods, wire mesh, pre-stressed concrete strands, bars and wires, steel pipes, steel wires and other related products
10. Guardian Security Consultants Sdn Bhd	20.00	Provision of security services
11. BIB Insurance Brokers Sdn Bhd and its subsidiaries	30.00	Investment holding; insurance brokers and consultants; commission agents; and rent-a-captive insurance business
12. Columbia Asia Healthcare Pte Ltd and its subsidiaries	50.00	Investment holding; operating hospitals; and provision of healthcare related activities
13. IMU Health Sdn Bhd and its subsidiaries	38.66	Investment holding; provision of management and healthcare services; managing educational institutions, colleges, schools and other centres of learning, research and education; provision of educational programs and training courses for healthcare and related fields; and managing dialysis centre for the provision of haemodialysis services

(2) Persons Connected With GCA

Company	Interest of GCA as at LPD (%)	Nature of business
1. GuoLine Group Management Company Pte Ltd	100.00	Provision of management services
2. GuoLine Intellectual Assets Limited	100.00	Intellectual properties holding company
3. Gaia Investment Partners Sdn Bhd (formerly known as GuoLine Alternative Investments Advisory Sdn Bhd)	100.00	Provision of investment advisory services
4. Hong Leong Financial Group Berhad and its unlisted subsidiaries and associated corporations	25.37	Investment holding; provision of services to its subsidiaries to enhance group value; underwriting of life and general insurance businesses; and Family Takaful business including investment-linked business
5. Hong Leong Bank Berhad and its subsidiaries and associated corporations	64.50	Commercial banking business and provision of related services which include Islamic banking business, property investment and management, investment holding and nominee services
6. Hong Leong Capital Berhad and its subsidiaries and associated corporations	70.40	Investment holding; investment banking, stockbroking business, futures broking and related financial services; nominee and custodian services; investment activities; and unit trust management, fund management including Islamic fund management and sale of unit trusts
7. GuocoLand (Malaysia) Berhad and its subsidiaries and associated corporations	65.03	Investment holding; property development; property investment; hotel operations; trading in securities; provision of management and property-related services; and operation of oil palm estates
8. Guoco Group Limited and its non-Malaysian subsidiaries and associated corporations	71.88	Investment holding and management; principal investment; property development and investment; hospitality and leisure business; banking and insurance as well as production and distribution of honey and related products
9. Lam Soon (Hong Kong) Limited and its subsidiaries and associated corporations	57.53	Investment holding; importing, processing and trading of flour products; manufacturing, processing and trading of edible oils and specialty fats products and processing and trading of home care products

ACTIVITIES OF THE HLI GROUP AS AT LPD

Name of Company	Effective % Held	Principal Activities
Subsidiaries		
Guocera Holdings Sdn Bhd and its subsidiaries:	100.00	Investment holding
Guocera Tile Industries (Meru) Sdn Bhd	100.00	Manufacture of ceramic tiles
Guocera Sdn Bhd and its subsidiary:	100.00	Manufacture and general trading in ceramic tiles and investment holding
Guocera Marketing Singapore Pte Ltd	100.00	General trading in ceramic tiles
Ceramic Research Company Sdn Bhd	100.00	Research and development of ceramic tiles and related products
Guocera Tile Industries Sdn Bhd	100.00	Rental of properties
Hong Leong Yamaha Motor Sdn Bhd	69.41	Manufacture and distribution of motorcycles and other components, assembly of motorcycles and investment holding
HLY Marine Sdn Bhd	100.00	Distribution, trading and provision of services in marine related products and investment holding
Hume Cemboard Industries Sdn Bhd	100.00	Manufacture and sale of fibre cement products
Micalux Sdn Bhd	100.00	Investment holding
Stableview Sdn Bhd	100.00	Investment holding
HLI Trading Limited	100.00	Investment holding
Prima Perfection Sdn Bhd	100.00	Investment holding
Knight Star Sdn Bhd	100.00	Investment holding

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular had been seen and approved by the Directors of HLI who collectively and individually accept full responsibility for the accuracy of the information given and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, HLI Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and is not aware of any proceeding pending or threatened against the HLI Group or any facts likely to give rise to any proceeding which might materially and adversely affect the business and financial position of the HLI Group.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by the HLI Group within the two (2) years immediately preceding the date of this Circular:

- A conditional Sale and Purchase Agreement dated 14 June 2023 (“SPA”) entered into between HLI and Saint-Gobain Malaysia Sdn Bhd (“SGM”) for the proposed disposal by HLI to SGM of the entire issued and paid-up share capital of Hume Cemboard Industries Sdn Bhd (“HCB”) (“Sale Shares”) for a cash consideration to be determined in accordance with the terms set out in the SPA (“Proposed Disposal”). As set out in the announcement dated 14 June 2023, for illustrative purpose, assuming the completion date of the Proposed Disposal is 30 November 2023, the indicative purchase price of the Sale Shares based on the value of assets and liabilities of HCB comprised in the Proposed Disposal is RM79.5 million. As part of the conditions precedent of the Proposed Disposal, HCB is to sell certain agreed lands and assets to related corporation(s) of HLI for the consideration and upon the terms as specified in the SPA.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of HLI at Level 31, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular to the date of the Said AGM:

- (i) Constitution of HLI;
- (ii) audited consolidated financial statements of HLI for the past two (2) financial years ended 30 June 2022 and 2023; and
- (iii) material contracts referred to in Section 3 above.