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If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this Circular prior to issuance as Hong Leong Financial Group Berhad (“HLFG”) has been selected by Bursa Securities as one of the eligible listed issuers under the Green Lane Policy. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



Registration No. 196801000439 (8024-W)

**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 HLFGB to be held on fully virtual basis through live streaming and online remote voting from the online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC – D6A357657) provided by Boardroom Share Registrars Sdn Bhd on Thursday, 28 October 2021 at 10.00 a.m. or at any adjournment thereof. The Notice of AGM and the Form of Proxy are set out in the 2021 Annual Report of HLFGB, which is available on HLFGB’s website at <http://www.hlfgb.com.my/agm2021>.

This Circular is dated 29 September 2021

## 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 HLFG
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Corporate Office Support Services”	:	The planning and support services provided by the HLFG Group including secretarial, legal, accounting, finance, tax, corporate planning, internal audit, human resources management, treasury and risk management, fund management, information technology related services, payroll administration, training services, productivity and quality improvement services and any other services as may be agreed between the parties from time to time
“GCA”	:	GuoLine Capital Assets Limited, which holds 25.37% indirect interest in HLFG
“Group Management And/Or Support Services”	:	Include services such as corporate advisory, secretarial and legal, treasury and risk management, internal audit, accounting and tax, share registration, nominees, custodian and executive share scheme administration, human resources management, training, investment, support on corporate social responsibility initiatives, strategic business planning and any other services as may be agreed between the parties from time to time
“HLA”	:	Hong Leong Assurance Berhad, a 70% subsidiary of HLAH
“HLAH”	:	HLA Holdings Sdn Bhd, a wholly-owned subsidiary of HLFG
“HLAH Regulated Group”	:	HLAH’s subsidiaries whose activities are regulated by any written laws relating to insurance and are subject to supervision by Bank Negara Malaysia or an equivalent foreign regulatory authority as the Bursa Securities deems appropriate
“HLB”	:	Hong Leong Bank Berhad, a 64.23% subsidiary of HLFG
“HLB Group”	:	HLB and its subsidiaries
“HLCB”	:	Hong Leong Capital Berhad, a 70.40% subsidiary of HLFG
“HLCB Group”	:	HLCB and its subsidiaries
“HLCM”	:	Hong Leong Company (Malaysia) Berhad, the holding company of HLFG with 51.94% direct interest
“HLFG” or “Company”	:	Hong Leong Financial Group Berhad
“HLFG Group”	:	HLFG and its unlisted subsidiaries (i.e. excluding HLB and HLCB and their respective subsidiaries)
“HLMT”	:	Hong Leong MSIG Takaful Berhad, a 65% subsidiary of HLAH

## DEFINITIONS (Cont'd)

“LPD”	:	30 August 2021, 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
“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 HLFG Group as set out in Section 2.3 herein
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“RRPT”	:	Related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations
“Securities”	:	Has the same meaning given in Capital Markets and Services Act 2007, as amended from time to time
“Services”	:	Include sale, maintenance and marketing services, property management services, security services, fund management 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 HLFG

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**NOTICE OF  
AGM** - ENCLOSED IN THE 2021 ANNUAL REPORT OF HLFV

**FORM OF  
PROXY** - ENCLOSED IN THE 2021 ANNUAL REPORT OF HLFV

Registered Office:  
Level 30, Menara Hong Leong  
No. 6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur

29 September 2021

**DIRECTORS:**

YBhg Tan Sri Quek Leng Chan (Chairman; Non-Executive/Non-Independent)  
Mr Tan Kong Khoo (President & Chief Executive Officer/Non-Independent)  
Ms Leong Ket Ti (Non-Executive Director/Independent)  
YM Raja Noorma binti Raja Othman (Non-Executive Director/Independent)  
Ms Chong Chye Neo (Non-Executive Director/Independent)  
YBhg Dato' Noorazman bin Abd Aziz (Non-Executive Director/Independent)  
Mr Ho Heng Chuan (Non-Executive Director/Independent)

To: The Shareholders of Hong Leong Financial Group 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 30 October 2020, the Company obtained mandates from its shareholders for the HLF Group to enter into RRPT 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 Thursday, 28 October 2021 at 10.00 a.m. ("Said AGM"), unless they are renewed at the Said AGM.

In connection thereto, on 22 September 2021, the Company announced that your Directors propose to seek your approval for the Proposed Renewal of Shareholders' Mandate at the Said AGM.

The purpose of this Circular is to provide you with 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 2021 Annual Report of HLF, which is available on HLF's website at <http://www.hlf.com.my/agm2021>.

**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 RRPT 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 RRPT entered into by the listed issuer exceeds the estimated value of the RRPT 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 shall not apply with regard to transactions as detailed in Section 2.3 of this Circular.

As HLFG's subsidiaries, HLAH Regulated Group falls under paragraph 9.20(2)(b) of the Main Market Listing Requirements i.e. companies whose activities are regulated by any written law relating to banking, finance companies or insurance and are subject to supervision by Bank Negara Malaysia, Practice Note No. 12 issued by Bursa Securities allows HLFG to procure a shareholders' mandate for the acquisition or disposal of Securities which is a recurrent transaction, involving the interests of related parties by the HLAH Regulated Group.

The Company proposes to seek your mandate for the HLFG Group to enter into RRPT 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 of HLFG.

The Proposed Renewal of Shareholders' Mandate, if approved at the Said AGM, will take immediate effect upon conclusion of the Said AGM and will continue to be 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 RRPT which are carried out by the HLFG Group with any of the following classes of related parties:

- HLCM and GCA (major shareholders of HLFG), 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; and
- Tower Real Estate Investment Trust ("Tower REIT"). The trustee and manager of Tower REIT are MTrustee Berhad and GLM REIT Management Sdn Bhd ("GLM REIT Management") respectively. GLM REIT Management is a wholly-owned subsidiary of GuocoLand (Malaysia) Berhad ("GLM"). YBhg Tan Sri Quek Leng Chan, a Director and a major shareholder of HLFG, is a major shareholder of GLM. As at LPD, GLM Equities Sdn Bhd and Asia Fountain Investment Company Limited (subsidiaries of GCA) and certain subsidiaries of HLCM, namely HLA, Associated Land Sendirian Berhad and Hong Leong Investment Bank Berhad, which are persons connected with YBhg Tan Sri Quek Leng Chan have a total of 54.13% in the units of Tower REIT.

The details of shareholdings of HLCM, GCA and YBhg Tan Sri Quek Leng Chan in HLFG are set out in Section 5 of this Circular.

## 2.3 Nature of RRPT contemplated

HLFG is principally an investment holding company and provides services to its subsidiaries to enhance group value. The principal activities of HLFG's unlisted subsidiaries include underwriting of life and general insurance businesses, Family Takaful business including investment-linked business and investment holding. Details of the unlisted subsidiaries of HLFG 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, scooters, motorcycle engines and related parts and products; distribution of motorcycles and motorcycle components; provision of maintenance and repair services for motorcycles; provision of research and development services for motorcycles;
- distribution, trading and provision of services in marine related products;
- manufacturing and sale of ceramic tiles; provision of research and development services for ceramic tiles;
- manufacturing, sale and distribution of fibre cement;
- 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;
- investment banking, stockbroking business, futures broking and related financial services; nominee and custodian services; 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, training and security services.

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

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 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, in the Company's opinion, detrimental to the minority shareholders of HLFG.

The Corporate Office Support Services represent the services provided by the HLFG Group in the planning, management and support of companies within the HLB Group and the HLCB Group. These shared services are provided in order to reduce operating cost and improve efficiency.

One of the recommendations under the Financial Sector Masterplan (launched by Bank Negara Malaysia in March 2001) was that financial institutions create one-stop financial centers offering customers a broad range of financial products and services. In line with this, HLFG and its subsidiaries (including HLB and HLCB and their respective subsidiaries) have embarked on cross selling of selected financial products and services as part of the cross-selling initiatives of the HLFG Group (including HLB and HLCB and their respective subsidiaries) and the following cross-selling services are carried out:

- selected financial products and services of the HLB Group and HLCB Group such as credit cards, home/car loans and unit trusts are sold to customers of the HLFG Group; and
- selected financial products and services of the HLFG Group such as insurance are sold to customers of the HLB Group and the HLCB Group.

Every successful sale completed by the product owner under the cross-selling programme entitles the company which had rendered the cross-selling service by referring or introducing its customers to the product owner, to receive a payment from the product owner. The cross-selling services are mutually beneficial to HLFG and its subsidiaries (including HLB and HLCB and their respective subsidiaries) in that it enlarges the customer base and delivery channels for their respective products and services.

The acquisition and disposal of Securities by the HLAH Regulated Group are in the ordinary course of business of the HLAH Regulated Group.



Details of RRPT carried out/contemplated shall include, but not limited to, those described below:

(A) RRPT 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 1 October 2020 (“Estimated Value”) (RM’million)	Actual value transacted (from date of AGM on 30 October 2020 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) Rental of properties to the Hong Leong Group, such as business premises** and/or meeting rooms and related facilities	HLFG Group	Hong Leong Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCCM and GCA	30.00	8.83	20.00
(b) Provision of Corporate Office Support Services	HLFG Group	Hong Leong Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCCM and GCA	35.00	20.89	30.00
(c) Receipt of support services which include information technology services and other support services	HLB Group	HLFG Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCCM and GCA	12.00	5.63	10.00
(d) Purchase of goods such as building materials, motorcycles and other products	Hong Leong Group	HLFG Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCCM and GCA	5.00	Nil	5.00
(e) Receipt of Services	Hong Leong Group	HLFG Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCCM and GCA	10.00	1.30	5.00

(A) RRPT 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 1 October 2020 ("Estimated Value") (RM'million)	Actual value transacted (from date of AGM on 30 October 2020 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)
(f) Rental of properties from the Hong Leong Group, such as business premises** and/or meeting rooms and related facilities	Hong Leong Group	HLFG Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCM and GCA	2.00	1.23	2.00
(g) Receipt of Group Management And/Or Support Services	Hong Leong Group	HLFG Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCM and GCA	30.00	4.51	15.00
(h) Payment for usage of the Hong Leong Group logo and trade mark	Hong Leong Group	HLFG Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCM and GCA	0.50	0.05	0.50

(B) RRPT with Tower REIT are as follows:

Transaction	Vendor/ Provider	Purchaser/ Recipient	Interested related parties	Estimated aggregate value as disclosed in the Circular to Shareholders dated 1 October 2020 ("Estimated Value") (RM'million)	Actual value transacted (from date of AGM on 30 October 2020 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)
Rental of properties such as Menara HLX, Jalan Kia Peng from Tower REIT**	Tower REIT	HLFG Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCM and GCA	2.00	Nil	2.00

(C) RRPT for the acquisition and disposal of Securities are as follows:

Transaction	Vendor/ Provider	Purchaser/ Recipient	Interested related parties	Estimated aggregate value as disclosed in the Circular to Shareholders dated 1 October 2020 ("Estimated Value") (RM'million)	Actual value transacted (from date of AGM on 30 October 2020 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) Acquisition of Securities through direct business transactions, subscriptions and/or placements	Hong Leong Group	HLAH Regulated Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCM and GCA	500.00	Nil	500.00
(b) Disposal of Securities through direct business transactions and/or placements	HLAH Regulated Group	Hong Leong Group	Tan Sri Quek Leng Chan, Kwek Leng Beng, Kwek Leng Kee, HLCM and GCA	500.00	Nil	500.00

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.

\*\* The rental of office space is for a tenure of up to three (3) years and receipt/payment of rental is on a monthly basis.

None of the Actual Value of the RRPT as disclosed above has exceeded the Estimated Value by 10% or more.

## **2.4 Amount due and owing by related parties**

As at financial year ended 30 June 2021, there is no amount due and owing to the HLF Group by its related parties arising from the RRPT as set out in Sections 2.3(A) to 2.3(C) of this Circular, which exceeded the credit term.

## **2.5 Methods or procedures on which transaction prices are determined/review procedures for RRPT**

To ensure that the RRPT are conducted on commercial terms consistent with the HLF 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 purchase of goods, provision or receipt of Services and provision of property management 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 provision of Corporate Office Support Services is based on commercial terms.
- (iv) The receipt of Group Management And/Or Support Services is based on commercial terms.
- (v) The payment and receipt of payment for cross-selling services is based on commercial terms.
- (vi) The payment for usage of the Hong Leong Group logo and trade mark is based on commercial terms.
- (vii) The acquisition or disposal of Securities shall be based on prevailing market prices.

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 and Risk Management Committee ("BARMC"), in its review of the RRPT 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 RRPT, the following review procedures have been implemented:

- (i) A register is maintained to record all RRPT which are entered into pursuant to the Proposed Renewal of Shareholders' Mandate.

- (ii) The BARMC will undertake a quarterly review of RRPT 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 HLFG Group.

There are no specific thresholds for approval of RRPT within the HLFG Group. However, all RRPT 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 HLFG Group's policies that may be issued from time to time.

The BARMC will review the existing procedures and processes, on an annual basis and as and when required, to ensure that the RRPT are at all times carried out on commercial terms consistent with the HLFG Group's usual business practices and policies.

The BARMC of the Company has reviewed the above procedures and is satisfied that the said procedures are adequate to monitor, track and identify RRPT in a timely and orderly manner and are sufficient to ensure that the RRPT will be carried out on commercial terms consistent with the HLFG 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 BARMC 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 upon the conclusion of the Said AGM 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 satisfactory review by the BARMC of the Company of its continued application to RRPT.

## **2.7 Disclosure**

Disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of the RRPT made during the financial year, types of transactions made, names of the related parties involved and their relationship with the HLFG 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 HLFG 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 HLFG 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 detrimental to the minority shareholders of the Company.
- (ii) The Proposed Renewal of Shareholders' Mandate will enhance the HLFG 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 transaction prematurely may adversely affect and prejudice the HLFG Group's interests and place the HLFG 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 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 Corporate Office Support Services and Group Management And/Or Support Services, the Proposed Renewal of Shareholders' Mandate will enable the HLFG Group to reduce operating cost and to improve efficiency, thereby improving business and administrative efficacy for the HLFG Group.

### **4. CONDITION OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

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

### **5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

HLCM and GCA are major shareholders of HLFG. YBhg Tan Sri Quek Leng Chan is a Director and a major shareholder of HLFG, HLCM and GCA. Mr Kwek Leng Beng is a major shareholder of HLFG and GCA, and a Director and major shareholder of HLCM. Mr Kwek Leng Kee is a major shareholder of HLFG, HLCM and GCA.

The shareholdings of HLCM, GCA, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Beng and Mr Kwek Leng Kee in HLFG as at LPD are as follows:

	<b>No. of Shares</b>			
	<b>Direct</b>	<b>%</b>	<b>Indirect</b>	<b>%</b>
HLCM	595,982,955	51.94	-	-
GCA	-	-	291,117,141	25.37*
Tan Sri Quek Leng Chan	5,438,664	0.47	893,702,226	77.88**
Kwek Leng Beng	1,315,841	0.11	891,630,602	77.70**
Kwek Leng Kee	-	-	891,630,602	77.70**

Notes:

\* Held through Guoco Group Limited

\*\* Held through HLCM and company(ies) in which the major shareholder has interest

YBhg Tan Sri Quek Leng Chan has abstained and will continue to abstain from deliberating and voting on the proposed ordinary resolutions pertaining to the Proposed Renewal of Shareholders' Mandate in which he is interested at the Board level.

HLCM, GCA, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Beng and Mr Kwek Leng Kee shall abstain from voting and will ensure that persons connected with them will also abstain from voting, in respect of their direct and/or indirect interests, on the 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 HLFG or persons connected with the Directors or major shareholders of HLFG, has any interest, direct or indirect, in the relevant resolutions pertaining to the Proposed Renewal of Shareholders' Mandate.

## 6. DIRECTORS' RECOMMENDATION

Your Board (except for YBhg Tan Sri Quek Leng Chan who has abstained from expressing any opinion and voting in relation to the proposed ordinary resolutions in view of his interests), having taken into consideration all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the HLFG Group and accordingly, your Board (except for YBhg Tan Sri Quek Leng Chan) recommends that you vote in favour of the proposed ordinary resolutions relating 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 on fully virtual basis through live streaming and online remote voting from the online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC – D6A357657) provided by Boardroom Share Registrars Sdn Bhd on Thursday, 28 October 2021 at 10.00 a.m. or at any adjournment thereof. The said resolutions are set out in the 2021 Annual Report of HLFG.

The notice of the Said AGM and the Form of Proxy are enclosed in the 2021 Annual Report of HLFG, which is available on HLFG's website at <http://www.hlf.com.my/agm2021>.

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. The Form of Proxy must be deposited at the Registered Office of HLFGB at Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur or lodged electronically via email at cosec-hlfg@hongleong.com.my, not less than forty-eight (48) hours before the time appointed for holding of the 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

HO HENG CHUAN  
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 and training services; investment holding; and provision of nominees and custodian services
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 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
5. 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; and unit trust management, fund management including Islamic fund management and sale of unit trusts
6. Hong Leong Industries Berhad and its subsidiaries and associated corporations	75.19	Investment holding; manufacturing, procuring and assembling of motorcycles, scooters, motorcycle engines and related parts and products; distribution of motorcycles and motorcycle components; provision of maintenance and repair services for motorcycles; distribution, trading and provision of services in marine related products; manufacturing and sale of ceramic tiles; provision of research and development services for motorcycles and ceramic tiles; and manufacturing, sale and distribution of fibre cement

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

<b>Company</b>	<b>Interest of HLCCM as at LPD (%)</b>	<b>Nature of business</b>
7. Malaysian Pacific Industries Berhad and its subsidiaries and associated corporations	57.94	Investment holding; manufacturing services of semiconductor packaging and testing; and manufacturing and sale of leadframes
8. Hume Cement Industries Berhad (formerly known as Hume Industries Berhad) and its subsidiaries and associated corporations	69.21	Investment holding; manufacturing and sale of cement and cement related products; and manufacturing, marketing and sale of concrete and concrete related products
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

**(2) Persons Connected With GCA**

<b>Company</b>	<b>Interest of GCA as at LPD (%)</b>	<b>Nature of business</b>
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. 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
4. 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; and unit trust management, fund management including Islamic fund management and sale of unit trusts
5. GuocoLand (Malaysia) Berhad and its subsidiaries and associated corporations	65.04	Investment holding; property development; property investment; hotel operations; trading in securities; provision of management and property-related services; and operation of oil palm estates
6. 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
7. 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; processing and trading of home care products; and distribution of honey and health related products

## ACTIVITIES OF THE HLFG GROUP AS AT LPD

<b>Name of Company</b>	<b>Effective % held</b>	<b>Principal Activities</b>
<b>Subsidiaries</b>		
HLA Holdings Sdn Bhd and its subsidiaries:	100.00	Investment holding
Hong Leong Assurance Berhad	70.00	Underwriting of life insurance business
Hong Leong MSIG Takaful Berhad	65.00	Underwriting of Family Takaful business including investment -linked business
Hong Leong Insurance (Asia) Limited	100.00	General insurance business
HL Assurance Pte. Ltd.	100.00	Underwriting of general insurance business including reinsurance of all classes of risks in Singapore
HLFG Principal Investments (L) Limited	100.00	Investment holding

## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular had been seen and approved by the Directors of HLFG 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, HLFG Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors are not aware of any proceeding pending or threatened against the HLFG Group or any facts likely to give rise to any proceeding which might materially and adversely affect the business and financial position of the HLFG Group.

### 3. MATERIAL CONTRACTS

There are no contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by the HLFG Group within the two (2) years immediately preceding the date of this Circular.

### 4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of HLFG at Level 30, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur 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 HLFG; and
- (ii) audited consolidated financial statements of HLFG for the past two (2) financial years ended 30 June 2020 and 2021.