

General Announcement

Form Version 7 (Enhanced)
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Submitting Investment

HONG LEONG INVESTMENT BANK BERHAD

Bank/Advisor (if applicable)

Submitting Secretarial Firm

(if applicable)

Company name *

HONG LEONG FINANCIAL GROUP BERHAD

Stock name *

HLFG

Stock code *

1082

Contact person *

SARAH LIM

Designation *

EXECUTIVE

Type *
Subject :*

Announcement O Reply to query

HONG LEONG FINANCIAL GROUP BERHAD ("HLFG")

Proposed strategic partnership between HLA Holdings Sdn Bhd ("HLAH") and Mitsui Sumitomo Insurance Company, Limited ("MSIJ") in relation to the insurance businesses of Hong Leong Assurance Berhad ("HLA") and MSIG Insurance (Malaysia) Bhd ("MSIM")

Note: If the announcement is a long announcement, please summarize the announcement in the contents and enter the details of the announcement in the Announcement Details or attached the full details of the announcement as attachment.

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(This field is to be used for the summary of the announcement)

On behalf of the Board of Directors of HLFG, Hong Leong Investment Bank Berhad wishes to announce that HLFG's wholly-owned subsidiary, HLAH and HLA, which is a wholly-owned subsidiary of HLAH, had on 18 June 2010 entered into various agreements with MSIJ and its subsidiary, MSIM, in relation to the insurance businesses of HLA and MSIM ("Proposed Strategic Partnership").

The Proposed Strategic Partnership involves the following:

- (a) Proposed merger of both Non-Life Businesses of HLA and MSIM via a transfer of the Non-Life Business of HLA (except for certain excluded assets and liabilities) to MSIM for a consideration of RM618,646,291 to be satisfied via the issuance of such number of new shares as shall represent 30% of the ordinary issued and paid-up capital of MSIM, in accordance with the terms of the conditional business transfer agreement dated 18 June 2010; and
- (b) Upon completion of the Proposed Non-Life Business Merger, HLAH will dispose of 60,000,000 ordinary shares of RM1.00 each (representing a 30% equity interest) in HLA to MSIJ for a cash consideration of RM940 million in accordance with the terms of the conditional sale and purchase agreement dated 18 June 2010.

Upon completion of the Proposed Strategic Partnership, HLFG (through its subsidiaries) will effectively hold a 30% equity interest in the enlarged MSIM entity (i.e. the combined Non-Life Business of HLA and MSIM) and a 70% equity interest in HLA (which will only be involved in Life Business). MSIJ will hold the

remaining 30% equity interest in HLA.

Please refer to the attachment for the full text on the Proposed Strategic Partnership.

This announcement is dated 18 June 2010.

Announcement Details :- (This field is for the details of the announcement, if applicable)

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement:

<u>Attachment(s)</u>:- (please attach the attachments here)

HLFG-Announcement.pdf