

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-third Annual General Meeting of Hong Leong Industries Berhad ("the Company") will be held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Monday, 24 October 2016 at 11.00 a.m. in order:

- To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2016.
- To approve the payment of Director fees of RM400,000/- for the financial year ended 30 June 2016 (2015: RM332,548/-), to be divided amongst the Directors in such manner as the Directors may determine. **Resolution 1**
- To pass the following motions as ordinary resolutions:
 - "THAT** Mr Chuan Chuan Thye who retires by rotation pursuant to Article 115 of the Company's Articles of Association, be and is hereby re-elected a Director of the Company." **Resolution 2**
 - "THAT** YAM Tunku Dara Tunku Tan Sri Naquiah bt Almarhum Tuanku Ja'afar who retires in compliance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company, and having served as an Independent Non-Executive Director of the Company for more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." **Resolution 3**
 - "THAT** YBhg Dato' Ahmad Johari bin Tun Abdul Razak who retires by rotation pursuant to Article 115 of the Company's Articles of Association, be and is hereby re-elected a Director of the Company, and having served as an Independent Non-Executive Director of the Company for more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." **Resolution 4**
- To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions:

- Ordinary Resolution**
-Authority To Directors To Issue Shares
"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being; AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**
- Ordinary Resolution**
-Proposed Renewal Of And New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad ("HLCM") And Persons Connected With HLCM
"THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(A) of the Circular to Shareholders dated 30 September 2016 with HLCM and persons connected with HLCM ("Hong Leong Group") provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Hong Leong Group 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 THAT such approval shall continue to be in force until:
 - the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
 - the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - revoked or varied by resolution passed by the shareholders in general meeting,whichever is the earlier;
AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 7**
- Ordinary Resolution**
-Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Bee Hardware Company, Sdn Berhad ("Hong Bee Hardware") And Hong Bee Motors Sdn Bhd ("Hong Bee Motors")
Proposed ordinary motion is the same as Ordinary Resolution 7 above except that (a) the recurrent related party transactions are as disclosed in Section 2.3(B) of the Circular to Shareholders dated 30 September 2016; and (b) the Related Party is "Hong Bee Hardware and Hong Bee Motors". **Resolution 8**
- Ordinary Resolution**
-Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Yamaha Motor Co., Ltd ("YMC") And Its Subsidiaries
Proposed ordinary motion is the same as Ordinary Resolution 7 above except that (a) the recurrent related party transactions are as disclosed in Section 2.3(B) of the Circular to Shareholders dated 30 September 2016; and (b) the Related Party is "YMC and its subsidiaries". **Resolution 9**
- Ordinary Resolution**
-Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Investment Holdings Pte. Ltd. ("HLIH") And Persons Connected With HLIH
Proposed ordinary motion is the same as Ordinary Resolution 7 above except that (a) the recurrent related party transactions are as disclosed in Section 2.3(B) of the Circular to Shareholders dated 30 September 2016; and (b) the Related Party is "HLIH and persons connected with HLIH". **Resolution 10**
- To consider any other business of which due notice shall have been given.

By Order of the Board

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
30 September 2016

Notes:

- For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 18 October 2016 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.
- Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.
- Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.
- The Form of Proxy must be deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all resolutions set out in this Notice will be put to vote by way of a poll.

Explanatory Notes:

- Resolutions 3 and 4 – Approval To Continue In Office As Independent Non-Executive Directors

The proposed Ordinary Resolutions 3 and 4, if passed, will enable YAM Tunku Dara Tunku Tan Sri Naquiah bt Almarhum Tuanku Ja'afar and YBhg Dato' Ahmad Johari bin Tun Abdul Razak to continue in office as Independent Non-Executive Directors of the Company.

Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") provides that approval of shareholders be sought in the event that the Company would like an independent director who has served in that capacity for more than 9 years to continue in office as an independent director.

The Company has in place an Independence of Directors Policy ("ID Policy") as set out in the Statement of Corporate Governance, Risk Management and Internal Control, and an annual assessment is conducted on the independence of independent directors by the Nominating Committee ("NC") and the Board of Directors ("Board") in accordance with the criteria set out in the MMLR and the ID Policy.

Pursuant to the MCCG 2012, the NC and the Board have assessed the performance and independence of YAM Tunku Dara Tunku Tan Sri Naquiah bt Almarhum Tuanku Ja'afar and YBhg Dato' Ahmad Johari bin Tun Abdul Razak who have served on the Board for more than 9 years and determined that they remain objective and continue to bring independent and objective judgment, based on the following justifications:

- They meet the criteria of "independent director" in accordance with the MMLR and continue to exercise independent judgment in expressing their views and deliberating issues objectively on the conduct of the Group's business and other issues raised at the Board and Board Committee meetings.
- They are free from any conflict of interest with the Company.
- The Company benefits from the experience of YAM Tunku Dara Tunku Tan Sri Naquiah bt Almarhum Tuanku Ja'afar and YBhg Dato' Ahmad Johari bin Tun Abdul Razak who have, over time, gained valuable insight into the Group, its market and the industry.
- Their knowledge of the Group's various core business operations during their tenure of office will enable them to discharge their duties effectively.
- They exercise due care and diligence as Independent Non-Executive Directors of the Company and carry out their professional duties in the best interest of the Company and its shareholders.

The Board recognises that independence should not be determined solely based on tenure of service and that the continued tenure of service brings considerable stability to the Board. The Company benefits from the mix of skills, experience and competencies for informed and balanced decision-making by the Board.

Accordingly, the NC and the Board recommend that YAM Tunku Dara Tunku Tan Sri Naquiah bt Almarhum Tuanku Ja'afar and YBhg Dato' Ahmad Johari bin Tun Abdul Razak continue in office as Independent Non-Executive Directors of the Company.

- Resolution 6 - Authority To Directors To Issue Shares

The proposed ordinary resolution, if passed, will give a renewed mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 29 October 2015 and which will lapse at the conclusion of the Fifty-third Annual General Meeting.

The Renewed Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

- Resolutions 7 to 10 - Proposed Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature

The proposed ordinary resolutions, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Hong Leong Industries Berhad Group, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company ("Proposed Shareholders' Mandate").

Detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 30 September 2016 which is despatched together with the Company's Annual Report.