

HONG LEONG INDUSTRIES BERHAD

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Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	HONG LEONG INDUSTRIES BERHAD - INVESTMENT IN UNIT TRUST FUND

Hong Leong Industries Berhad ("HLI" or the "Company") wishes to announce that on 7 August 2012, Maxider Sdn Bhd and Stableview Sdn Bhd, both wholly-owned subsidiaries of HLI, had invested in aggregate RM270 million in Hong Leong Income Management Fund – II (the "Fund"), comprising 270 million units at RM1.00 per unit (the "Investment").

The Fund is managed by Hong Leong Asset Management Bhd ("HLAM"). It is a Wholesale Fund with a fixed maturity of three (3) years and it invests in securities. The purpose of the Fund is to provide consistent returns and regular income distributions via investment in Credit-Linked Investments, fixed income securities, money market instruments, bank deposits and collective investment schemes. The Investment, funded from borrowings and internally generated funds, is part of the financial planning of the HLI Group to enhance the profit after tax of the HLI Group.

The Investment will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of HLI, nor is it expected to have any material effect on the net assets of the HLI Group. However, the gearing ratio of the HLI Group is expected to increase from 0.66 times (based on the audited consolidated financial statements of HLI Group for the financial year ended 30 June 2011 and after adjusting for the RM255 million investment in the Fund on 5 August 2011) to 0.90 times as a result of the Investment.

Hong Leong Company (Malaysia) Berhad is a deemed major shareholder of HLI and HLAM. Saved as disclosed, the Company is not aware of any of its other directors and major shareholders and/or any persons connected with them having interest, direct or indirect, in the Investment.

The Investment is not regarded as a related party transaction as it is an exempted transaction pursuant to paragraph 10.08 (11)(g)(iii)(aa) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The highest percentage ratio applicable to the Investment pursuant to Paragraph 10.02(g) of the Listing Requirements is 24.6%. The Investment is not subject to the approval of the shareholders of HLI or any Malaysian governmental authorities.

The Directors of HLI are of the opinion that the Investment is in the best interest of the HLI Group.

This announcement is dated 7 August 2012.