

## **HONG LEONG INDUSTRIES BERHAD (5486-P)**

Key Pertinent Questions and Answers at the 54<sup>th</sup> Annual General Meeting of HONG LEONG INDUSTRIES BERHAD held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Friday, 27 October 2017 at 3.00 p.m.

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- 1. The Board has seven Directors, of whom four are Independent Directors, more than 50% of the Board. In this regard, we noted that two Independent Directors have served for more than 36 years and 46 years respectively.**

**We hope the Board would look into board succession planning and would address the issue of long serving Independent Directors in line with the Malaysian Code on Corporate Governance.**

Response:

The Nominating Committee will continue to evaluate the performance and independence of the Independent Non-Executive Directors taking into consideration a set of criteria, on an annual basis. In the event the Company wishes to retain a long-serving Independent Non-Executive Director as Independent Non-Executive Director, shareholders' approval will be sought at the Annual General Meeting every year, with justifications and subject to favourable assessment of the Nominating Committee and the Board.

The Board will also continue to review its composition for renewal and/or to address any vacancies, taking into account the core competencies, criteria and skill sets of the Board members for effective Board stewardship, and having regard to the Company's business, strategic direction and visions.

The Company has taken steps to build and maintain a pool of potential Board candidates from internal and external introductions, recommendations and director databases in its search for suitable Board candidates either for renewal/refreshment of the Board or to address vacancies.

- 2. With reference to Page 91 on Note 7 (Investment In Associated Companies), does the information provided includes the amount from MNI?**

Response:

Yes. As the investment has been fully impaired in the financial year ("FY") ended 30 June 2017, the Group will no longer share losses (under equity accounting) from MNI from FY 2018 onwards.

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Re: Q&A (2017 AGM)

- 3. With reference to Page 60 on Statement of Cash Flow, was the dividend income from associated company derived from all 4 associates?**

Response:

Yes, dividend income covered all 4 associated companies. The major contributor was Yamaha Motor Vietnam.

- 4. What is the Group's dividend policy as we notice that the Group has been distributing almost 50% of its earnings in the form of dividend?**

Response:

Currently the Group does not have any dividend policy. The Board has to consider and evaluate the Group's performance, availability of funds and other relevant factors on a year-on-year basis in determining the actual dividend payout.

- 5. What is the Group's future growth plan on its motorcycles business? Any plan to expand the market to Cambodia, Laos or Myanmar?**

Response:

The Group acknowledge the market in those countries. As Yamaha is a franchise business. the decision to penetrate such markets is dependent on Yamaha Japan.

- 6. On building material business, what is the Group's future growth plan and how will the Group accommodates the impact of increasing China imports?**

Response:

The Group is in the trading of ceramic tiles and fibre cement board and the competitions in this industry are tight. The Group acknowledge that the entry of China into the Malaysian market is not an easy matter to be handled. However, information and statistics had been provided to the Government and the Government is serious in safeguarding the interests of local investors in Malaysia if China is found to be dumping into Malaysia.

However, the Group is not only trading building materials within Malaysia. It is also exporting some of its products and it is on an increasing trend.