

GENERAL ANNOUNCEMENT::MINUTES OF THE 60TH ANNUAL GENERAL MEETING HELD ON 28 APRIL 2021**Issuer & Securities**

Issuer/ Manager

HONG LEONG ASIA LTD.

Securities

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Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the attachment relating to the minutes of 60th Annual General Meeting held on 28 April 2021.

Attachments [HLA AGM Mins 20210428.pdf](#)

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HONG LEONG ASIA LTD.

Co. Reg. No. 196300306G
(Incorporated in the Republic of Singapore)

Minutes of the Sixtieth Annual General Meeting (“**AGM**” or the “**Meeting**”) of HONG LEONG ASIA LTD. (“**HLA**” or the “**Company**”) held on Wednesday, 28 April 2021 at 10.00 a.m. by way of electronic means via live audio-visual webcast and live audio-only stream.

AGM Attendance:

Board of Directors

Present on-site

- | | |
|------------------------------------|---|
| Mr Kwek Leng Peck | - Executive Chairman |
| Mr Stephen Ho Kiam Kong | - Executive Director and Chief Executive Officer (“ CEO ”) |
| Ms Kwong Ka Lo @
Caroline Kwong | - Independent Director |
| Mr Ng Sey Ming | - Independent Director |
| Mr Tan Chian Khong | - Independent Director and Chairman of the Audit and Risk Committee |

Absent with apologies

- | | |
|---------------------|---|
| Mr Ernest Colin Lee | - Lead Independent Director and Chairman of the Nominating Committee, the Remuneration Committee and the Hong Leong Asia Share Option Scheme 2000 Committee |
|---------------------|---|

Attended via live webcast :

Company Secretaries : Ms Jaslin Ng Siew Ping
Ms Joanne Yeo Swee Gim

Auditors : Ernst & Young LLP
Mr Tan Swee Ho
Ms Belinda Teo

Independent Scrutineers : TS Tay Public Accounting Corporation
Mr Andrew Teoh

The full attendance list of shareholders and observers who had attended the AGM via live audio-visual webcast and audio conference is separately maintained by the Company Secretary.

Minutes of the 60th Annual General Meeting held on 28 April 2021 – cont'd

CHAIRMAN'S WELCOME

Mr Kwek Leng Peck, the Executive Chairman of the Board of Directors ("**Board**") of the Company, welcomed the shareholders to the AGM of the Company. He informed shareholders that the AGM had been convened and was being held by electronic means via 'live' audio-visual webcast and 'live' audio-only stream in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

There being a requisite quorum, he called the Meeting to order and introduced Mr Stephen Ho Kiam Kong, also a Board member and the CEO and the other members of the Board who were present in person with him at the site of the webcast.

The Chairman informed the Meeting that Mr Ernest Colin Lee, the Lead Independent Director, had extended his apologies for not being able to attend the Meeting. Mr Lee, who was also due to retire by rotation at the Meeting had notified the Company that he would not be seeking re-election as a Director and would be stepping down from the Board upon the conclusion of the Meeting. The Chairman, on behalf of the Board of Directors, formally placed on record its sincere appreciation to Mr Lee for his invaluable contribution to the Company since his appointment to the Board in April 2000.

The Chairman informed the Meeting that the Company Secretaries, together with the representatives of the Company's external auditor, Ernst & Young LLP ("**EY**"), were also in attendance online at the Meeting.

Shareholders accessing the Meeting via electronic means would be recorded in the minutes of the Meeting as having attended the Meeting.

NOTICE

The Notice convening the Meeting ("**AGM Notice**") which had been made available to all Shareholders by electronic means via publication on the Company's website and on the SGXNET was taken as read.

QUESTIONS AND ANSWERS

The Chairman thanked shareholders who had submitted questions in advance of the AGM and informed the Meeting that the Company had published its responses to all the substantial and relevant questions submitted by shareholders on its corporate website and on the SGXNET on 27 April 2021, a copy of which is annexed to these minutes as Annexure A.

PRESENTATION BY THE CEO

The Chairman called upon the CEO to brief the shareholders on the Group's business and financial performance for the financial year ended 31 December 2020. The CEO provided the update by way of a slides presentation (a copy of which was released via SGXNET after the Meeting on 28 April 2021, and has also been uploaded onto the Company's corporate website and is annexed to these minutes as Annexure B) and reported, *inter alia*, the following:

Minutes of the 60th Annual General Meeting held on 28 April 2021 – cont'd

I. The Group

Despite the tough macro environment brought about by COVID-19, a global health crisis, the Group's revenue and profit after tax and minority interest (PATMI) for FY 2020 increased respectively by 9.8% and 35.7% year-on-year.

II. Diesel Engines Unit ("Yuchai")

Yuchai recorded an increase in sales volume by 14.4% for FY 2020 as compared to FY 2019 due mainly to:

- a. the Chinese government providing stimulus packages which boosted the sales of engines in the truck and off-road segments;
- b. the crackdown on overloading of trucks for road safety spurred the sales of trucks; and
- c. the on-going regulations to dispose older trucks with higher emissions by the end of 2020.

However, Yuchai's profit after tax ("**PAT**") fell by 7% for FY 2020 as compared to FY 2019 attributed mainly to higher sales discount and higher rectification cost for the new National VI engines. Taking into consideration the lockdown in some major cities in China to control the spread of COVID-19 in 2020, Yuchai did relatively well with a PAT of \$155.5 million for FY 2020 *vis-à-vis* \$167.2 million for FY 2019.

III. Building Materials Unit ("**BMU**")

BMU reported a decline in revenue for FY 2020 by 28.2% year-on-year mainly due to project delays in the second and third quarters of 2020 as a result of the Circuit Breaker measures and the Movement Control Order implemented by the Singapore and Malaysian governments respectively to contain the spread of COVID-19. Nevertheless, BMU's PAT was not significantly affected due in part to higher average selling prices, lower operating costs and the subsidies/grants provided by the governments to help businesses. It ended the year with a PAT of \$12.8 million, a marginal decline of 0.1% as compared to FY 2019.

IV. Rigid Packaging Unit ("**Rex**")

The loss after tax of Rex had decreased by 63.2% from \$1.5 million for FY 2019 to \$0.6 million for FY 2020 attributed mainly to lower raw material costs and improved operational efficiency. Management would continue to work towards turning around Rex's performance.

V. Discontinued Operation

The Discontinued Operation referred to the Air-conditioning Systems Unit ("**Airwell**"). As announced by the Company on 30 September 2020, Airwell had entered into a sale and purchase agreement for the sale of its property for a consideration of RMB141 million. The sale had been completed with a net gain of RMB14.6 million recorded. Airwell had also completed the retrenchment exercise in March 2021 and would be commencing the voluntary liquidation.

The CEO also briefed the Meeting on highlights of the Group's cash flow and key businesses as well as the vision 2025 driving its sustainability agenda, details of which were set out in the CEO's update.

Minutes of the 60th Annual General Meeting held on 28 April 2021 – cont'd

VOTING

The Chairman thanked shareholders who had taken the effort to submit their proxy forms to cast their votes for the resolutions as contained in the AGM Notice and informed that each of the resolutions would be taken as duly tabled, proposed and seconded for voting. As the Chairman had been appointed as proxy for these shareholders, he had voted on all the resolutions in accordance with their specific instructions.

The Company had appointed Trusted Services Pte Ltd as the polling agent and TS Tay Public Accounting Corporation as the independent scrutineers. All proxy votes cast had been reviewed by the polling agent and verified by the scrutineers.

The Chairman proceeded to announce the results of the votes cast for each of the resolutions contained in the AGM Notice.

ORDINARY BUSINESS:

1. DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER ("FY") 2020 AND THE AUDITOR'S REPORT THEREON

1.1 The Annual Report 2020 of the Company ("AR") had been published on the Company's website and on the SGXNET.

1.2 IT WAS RESOLVED:

That the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2020 together with the Auditor's Report thereon be and are hereby received.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
602,120,957	601,784,157	99.94	336,800	0.06

The Chairman declared the resolution carried.

2. FIRST AND FINAL DIVIDEND

IT WAS RESOLVED:

That a first and final one-tier tax exempt dividend of 1 cent per ordinary share in respect of the year ended 31 December 2020 as recommended by the Directors be and is hereby declared for payment on 18 May 2021 to the shareholders registered on 6 May 2021.

Minutes of the 60th Annual General Meeting held on 28 April 2021 – cont'd

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
602,628,077	602,624,477	100.00	3,600	0.00

The Chairman declared the resolution carried.

3. DIRECTORS' AND AUDIT AND RISK COMMITTEE'S ("ARC") FEES

IT WAS RESOLVED:

That the Directors' Fees of \$415,776 for FY 2020; and the ARC Fees comprising \$58,000 payable to the ARC chairman and \$38,000 payable to each ARC member for FY 2021, with payment of the ARC Fees to be made quarterly in arrears at the end of each calendar quarter except for the first quarter of 2021 which shall be made upon the approval by the shareholders at the Meeting, be and are hereby approved.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
602,628,077	602,624,477	100.00	3,600	0.00

The Chairman declared the resolution carried.

4. ELECTION/RE-ELECTION OF DIRECTORS

4.1 The Chairman informed the Meeting that Mr Stephen Ho Kiam Kong who was appointed on 3 August 2020, was due to retire in accordance with the Company's Constitution while Mr Tan Chian Khong was due to retire by rotation in accordance with the Company's Constitution at the AGM. They being eligible, had offered themselves for election/re-election. Information on the Directors seeking election/re-election could be found in the AR and the AGM Notice. The Nominating Committee had recommended their election/re-election as Directors.

4.2 IT WAS RESOLVED:

That Mr Stephen Ho Kiam Kong who is due to retire at this Meeting, be and is hereby elected as a Director of the Company.

Minutes of the 60th Annual General Meeting held on 28 April 2021 – cont'd

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
602,524,577	602,463,234	99.99	61,343	0.01

The Chairman declared the resolution carried.

4.3 IT WAS RESOLVED:

That Mr Tan Chian Khong who is due to retire at this Meeting, be and is hereby re-elected as a Director of the Company.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
602,628,077	601,388,809	99.79	1,239,268	0.21

The Chairman declared the resolution carried.

5. RE-APPOINTMENT OF AUDITOR

5.1 The Meeting noted that the ARC had recommended the re-appointment of EY as Auditor of the Company and EY had expressed their willingness to accept re-appointment.

5.2 IT WAS RESOLVED:

That Ernst & Young LLP, Public Accountants and Chartered Accountants, be and is hereby re-appointed as Auditor of the Company to hold office until the conclusion of the next AGM and that the Directors be authorised to fix their remuneration.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
602,628,077	602,624,477	100.00	3,600	0.00

The Chairman declared the resolution carried.

SPECIAL BUSINESS:

ORDINARY RESOLUTIONS

6. AUTHORITY FOR DIRECTORS TO ISSUE SHARES AND/OR MAKE OR GRANT OFFERS, AGREEMENTS OR OPTIONS PURSUANT TO SECTION 161 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE AND THE LISTING MANUAL OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

6.1 The Chairman informed the shareholders that the resolution under item 6 of the AGM Notice related, *inter alia*, to the grant of authority for Directors to issue shares and/or make or grant Instruments that might require shares to be issued up to a number not exceeding 100% of the Company's total number of issued shares, excluding treasury shares and subsidiary holdings, with a limit of 20% for any issue of shares not made on a *pro rata* basis to shareholders. This authority would expire at the next AGM of the Company, unless revoked or varied at a general meeting.

6.2 IT WAS RESOLVED:

That authority be and is hereby given to the Directors to:

- (a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

- (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution is in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 100% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20% of the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company (as calculated in accordance with sub-paragraph (2) below);

Minutes of the 60th Annual General Meeting held on 28 April 2021 – cont'd

- (2) (subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares, excluding treasury shares and subsidiary holdings, shall be based on the total number of issued shares, excluding treasury shares and subsidiary holdings, of the Company at the time this Ordinary Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Listing Manual of SGX-ST;
- (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next annual general meeting (“**AGM**”) of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
602,628,077	590,055,982	97.91	12,572,095	2.09

The Chairman declared the resolution carried.

7. AUTHORITY FOR DIRECTORS TO OFFER AND GRANT OPTIONS TO ELIGIBLE PARTICIPANTS UNDER THE HONG LEONG ASIA SHARE OPTION SCHEME 2000 (THE “SOS”) OTHER THAN PARENT GROUP EMPLOYEES AND PARENT GROUP NON-EXECUTIVE DIRECTORS AND TO ISSUE SHARES IN ACCORDANCE WITH THE PROVISIONS OF THE SOS

- 7.1 The Chairman informed the Meeting that the resolution under item 7 related to the grant of authority for Directors to offer and grant options to eligible participants under the SOS other than Parent Group Employees and Parent Group Non-Executive Directors.
- 7.2 Shareholders who were eligible to participate in the SOS and were not Parent Group Employees and Parent Group Non-Executive Directors had abstained from voting on this resolution.

Minutes of the 60th Annual General Meeting held on 28 April 2021 – cont'd

7.3 IT WAS RESOLVED:

That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Hong Leong Asia Share Option Scheme 2000 (the “SOS”) to eligible participants under the SOS other than Parent Group Employees and Parent Group Non-Executive Directors (each as defined under the terms of the SOS) and to allot and issue from time to time such number of shares of the Company as may be required to be issued pursuant to the exercise of the options granted under the SOS, provided that the aggregate number of shares to be issued pursuant to the SOS shall not exceed 15% of the total number of issued shares excluding treasury shares of the Company and subsidiary holdings (as defined in the Listing Manual of the SGX-ST) from time to time.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
594,153,877	576,677,221	97.06	17,476,656	2.94

The Chairman declared the resolution carried.

8. RENEWAL OF SHARE PURCHASE MANDATE

8.1 The Chairman informed the shareholders that the Share Purchase Mandate, which was renewed at the last AGM of the Company held on 18 June 2020, would expire at this AGM.

8.2 The Share Purchase Mandate is intended to empower the Directors to purchase or acquire issued shares of the Company from time to time. Such authority would continue in force until the next AGM of the Company, unless previously revoked or varied at a general meeting.

8.3 IT WAS RESOLVED:

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) market purchase(s) on SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted (“**Other Exchange**”); and/or
 - (ii) off-market purchase(s) (if effected otherwise than on SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may, in their absolute discretion, deem fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

Minutes of the 60th Annual General Meeting held on 28 April 2021 – cont'd

and otherwise in accordance with all other laws, regulations and rules of SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:
- (i) the date on which the next AGM of the Company is held or required by law to be held;
 - (ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked in general meeting; or
 - (iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (c) in this Ordinary Resolution:

“Average Closing Price” means the average of the closing market prices of a Share for the five consecutive market days on which the Shares are transacted on SGX-ST or, as the case may be, Other Exchange immediately preceding the date of market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of SGX-ST for any corporate action which occurs during the relevant five-day period and the day on which the purchase is made;

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price) for each Share, and the relevant terms of the equal access scheme for effecting the off-market purchase;

“Maximum Limit” means that number of issued Shares representing 10% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of SGX-ST)) as at the date of the passing of this Ordinary Resolution; and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties (if applicable), commission, applicable goods and services tax and other related expenses (if applicable)) which shall not exceed:

- (i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 110% of the Average Closing Price of the Shares; and

Minutes of the 60th Annual General Meeting held on 28 April 2021 – cont'd

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
602,570,334	602,566,734	100.00	3,600	0.00

The Chairman declared the resolution carried.

9. RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS ("IPT")

9.1 The Chairman informed the shareholders that the IPT Mandate, which was last renewed on 18 June 2020, would expire at this AGM. The IPT Mandate if approved, would continue in force until the next AGM of the Company, unless revoked or varied at a general meeting.

9.2 The Chairman further informed that the Directors, CEO and those companies under the Hong Leong Investment Holdings Pte Ltd group that held shares in the Company as well as the controlling shareholders of the Company and their associates had abstained from voting on this resolution.

9.3 IT WAS RESOLVED:

- (a) That approval be and is hereby given for the purpose of Chapter 9 of the Listing Manual of SGX-ST, for the Company, its subsidiaries and its associated companies that are not listed on SGX-ST, or an approved exchange, over which the Company, its subsidiaries and/or its interested person(s), have control, or any of them, to enter into any of the transactions falling within the category of Interested Person Transactions, particulars of which are set out in the Letter to Shareholders dated 30 March 2021 (the "**Letter to Shareholders**") with any party who is of the class or classes of Interested Persons described in the Letter to Shareholders; provided that such transactions are entered into in accordance with the review procedures for Interested Person Transactions as set out in the Letter to Shareholders, and that such approval (the "**IPT Mandate**"), shall unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company; and
- (b) That the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Ordinary Resolution.

Minutes of the 60th Annual General Meeting held on 28 April 2021 – cont'd

The detailed voting results for the above resolution were as follows:

Total Number of Shares represented by Votes Cast	No. of Shares FOR	% FOR	No. of Shares AGAINST	% AGAINST
31,268,220	31,264,620	99.99	3,600	0.01

The Chairman declared the resolution carried.

As there was no other business, the Meeting was declared closed at 10.30 am.

Read and signed as correct

(Signed by Mr Kwek Leng Peck)

.....
Chairman

HONG LEONG ASIA LTD.

(Company Registration No. 196300306G)
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING (“AGM”) TO BE HELD ON 28 APRIL 2021
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

Hong Leong Asia Ltd. (“**HLA**” or the “**Company**”) refers to its announcement of 30 March 2021 on the alternative arrangements for the AGM, and in particular to the invitation to shareholders to submit questions in advance of the AGM.

The Company has received some questions from shareholders and the Company’s responses to the questions received that are relevant to the AGM resolutions and the business of the Company are set out below.

Q1	<p><u>On Tasek Corporation Berhad (“TCB”)</u></p> <p>HLA has privatised Tasek Cement (TCB) last year. May I know how HLA has benefited from this transaction?</p>
A1	<p>TCB was privatized in August 2020 and it is now 98.28% owned by the HLA group (the “Group”). Through the privatization, TCB derives savings in listing-related costs and can further leverage on the Group’s existing resources and infrastructure to make itself more efficient. We continue to drive down the overhead costs to become more competitive. At the same time, the Group is prepared to invest and strengthen its integrated operations. TCB made a small profit in 2020 versus a loss the previous year. The cement industry continues to be difficult. It faces the challenges from excess capacity and soft demand. But with TCB’s long history of operations in Malaysia and a strong brand name in the domestic market, we are confident that TCB will do well by putting the customers first and creating better solutions for their customers.</p>
Q2	<p><u>On China Yuchai International Limited (“CYI”)</u></p> <p>China is pushing very hard on Electric Vehicles (“EV”) for buses and commercial vehicles. Will this affect the Diesel engine business longer term? If so, would it be better to divest the business now?</p>
A2	<p>The transport electrification process in China is evolving and has mostly impacted the segment of passenger cars and buses with some penetration in the truck segment. These buses and smaller commercial vehicles ply along shorter distance, intra-city routes given ready access to charging points for the batteries. Penetration in vehicles for longer distance inter-city travel remain small given infrastructure and technology limitations. CYI’s business remains strong on segments such as heavy duty and medium duty trucks, industrial machineries, agricultural machineries and marine and genset applications. CYI continues to invest in research and development to develop products that meet more stringent emissions standards set by the Chinese Government. In July 2021, the China National VI standard will be implemented which is equivalent to the Euro VI standard. CYI’s new engine products meet this new industry emission standard. CYI’s continued product innovation has increased its product competitiveness over time.</p> <p>CYI is developing alternative new energy solutions in new generation hybrid power, e-CVT power-split hybrid system, integrated electric bridge and fuel cell system. The</p>

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ANNUAL GENERAL MEETING (“AGM”) TO BE HELD ON 28 APRIL 2021 RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

	<p>strategy is to work closely with our customers to create innovative and sustainable urban solutions for the future. These projects are in early stage of development and will take time to develop their full potential. Longer term, CYI believes that alternative energy solutions can be developed into a viable and profitable business. Together with policy support from the Government to complement its engine business, the Group remains confident in CYI’s growth potential.</p>
Q3	<p>As per CGS-CIMB Research dated April 6, 2021, CYI is seen as grossly undervalued compared to its peers. Since CYI is expected to do well in the next few years, has the Board considered privatising it and re-list in Hong Kong? Alternatively, would you consider a secondary listing in Hong Kong as suggested by CGS-CIMB Research?</p>
A3	<p>As a matter of corporate policy, the HLA Board does not comment on opinions or speculation in the market. It will continue to focus its attention on best options to increase potential across the Group’s assets and maximise returns to the shareholders of the Company.</p>
Q4	<p><u>On the HLA Group</u></p> <p>HLA has 3 main businesses - Diesel engines, Building materials and Rigid Packaging. They do not have anything in common and are not synergistic. Has the Board considered restructuring the entire portfolio and list them separately? The value from the sum of the parts may be higher than the whole.</p>
A4	<p>The Group’s Vision is to be a diversified Asian multinational working with its customers to create urban solutions, particularly in the areas of construction and transport that are needed for cities in the future. Its focus is to be amongst the top players in the sectors and the segments that we operate in. Please also see page 11 of the Company’s Annual Report 2020 (“AR”) under Chairman’s message on Business Portfolio Optimization for more information.</p>
Q5	<p><u>On the Financials</u></p> <p>Referring to page 183 of the AR on “Revenue” particularly “Contract balances”. There were “Capitalised contract costs relating to service charges on development of technology know-how” of \$25.962 million as at 31 Dec 2020, which are “the costs incurred in fulfilling a contract for the development of technology know-how for heavy-duty engines platforms for a joint venture company of the Group”. I suppose this is regarding the said “New Energy on hybrid power and fuel cell systems”. Is this referring to EV/batteries technology? How will this investment bring future revenue to the Group?</p>
A5	<p>It is referring to the development of technology know-how relating to diesel and gas engines (National VI and Tier 4), but not on the new energy solutions.</p>

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Company Registration No. 196300306G

ANNUAL GENERAL MEETING (“AGM”) TO BE HELD ON 28 APRIL 2021 RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Q6	<p>Referring to page 136 of the AR about “Intangible assets”, particularly “development expenditure”. Here, it was stated that “Development expenditure for the design, construction and testing of new diesel engines amounting to \$222,255,000 (2019: \$108,596,000) is not amortised as the development has not been completed and is not available for use”, which is “for new engines that comply with National VI and Tier 4 emission standards”. On page 137, it was stated that “Management assumed no revenue growth from 2026 to 2028 after reaching the commercial deployment of technology”. On page 138, it was stated that “If the demand decreases by 25.9% (2019: 4.5%) from management’s estimate, it would result in impairment of the development costs.” Given the speed of technological change and the possibility of new entrants e.g. EV/batteries technology players may make the demand of diesel engines redundant faster than estimated in future, are we over-investing on this development expenditure?</p>
A6	<p>These are assumptions made for the impairment test on the development costs on engines that are not available for use and the sensitivity analysis that was performed by varying the assumptions. Based on these assumptions made, no impairment was identified in 2019 and 2020. As for the impact of new entrants and technology change, please see the Company’s response to Question 2 above.</p>
Q7	<p>Referring to page 155 of the AR on “Interests in joint ventures”. For the Group’s 17.09% interest in JV (Y&C Engine Co., Ltd.), while its revenue has increased by 27% from \$474 million in 2019 to \$603 million in 2020, this JV went from a profit of \$8.782 million in 2019 to a loss of \$17.719 million in 2020. What went wrong with the business of “manufacturing of off-road diesel engines”? What have the Board and Management planned to do about it?</p>
A7	<p>The loss in 2020 was mainly due to higher costs involved in the earlier development phase for the National VI gas engines and increased cost for the rare metals used in the after-treatment system. The joint venture (“JV”) will continue to improve its cost of production and the design of its engines.</p>
Q8	<p>Referring to page 180 of the AR on “Revenue”. May I know sale of agricultural engines is classified under sale of heavy/medium/light-duty engines? Or how was the allocation like in 2020?</p>
A8	<p>It is classified by engine capacity, under the respective “heavy/medium/light-duty engines” categories. We are unable to provide specific allocation details as it is commercially sensitive information.</p>
Q9	<p>Referring to page 180 of the AR on “Revenue”. Revenue from “Others” seemed to have shown good performance, growing 32.8% from \$722.850 million in 2019 to \$959.940 million in 2020. What particularly is driving the growth (e.g. sale of power generator sets, or engine components, or service-type maintenance services, or etc)?</p>
A9	<p>This mainly relates to the sale of engine spare parts and components, driven by strong sales growth in both the on-road and off-road markets.</p>

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Q10	Referring to page 133 of the AR on “Property, plant and equipment”. Noted that there were transfers of \$155.140 million into “Plant and machinery” in 2020. What were these transfers pertaining to?
A10	These mainly relate to production plant and machinery for National VI engines that were transferred from Construction in progress (“CIP”) category under “Property, plant and equipment”. Plant and machinery that are partially installed and/or still in the test-run stages are first classified under CIP category, and subsequently transferred to “Plant and Machinery” category when the assets are ready for production or other business use.
Q11	Referring to page 164 of the AR about “Trade and other receivables”. In the 4th paragraph, it was stated that “As at 31 December 2020, other receivables included an amount of approximately \$229,664,000 (2019: \$219,414,000) due from former subsidiaries. The balance had been fully provided for in prior years, pending the outcome of the liquidation process in China.” What are these subsidiaries? Is the liquidation process in China coming to the tail-end? If not, how is the progress? How much of the \$229.664 million is expected to be collected back?
A11	Please refer to the Company’s announcement made on 26 March 2021 on the update on the de-consolidation of the Consumer Products Unit for information.
Q12	Referring to page 194 of the AR on “Commitments”. How will the “capital commitments” trend be like over the next 2-3 years? How will they be funded?
A12	The Group expects to continue to invest in the growth of its key businesses. The Group has sufficient liquidity with its net cash position of \$213 million and unused bank lines to meet the capital commitments over the next 2 to 3 years. Furthermore, the Group is generating positive net cash flow from operating activities to fund the capital commitments in future years.
Q13	Referring to page 70 of the AR on “Corporate governance”. The total remuneration of Executive Chairman Kwek Leng Peck has increased by 7.1% from \$1.162 million in 2019 to \$1.245 million in 2020. Can the Remuneration Committee share what remuneration factor(s) specifically led to the increase? How much is attributable to each of these remuneration factor(s)?
A13	The Company had performed well for the year ended 31 December 2020 with net profits attributable to the shareholders of the Company of \$46.7 million, an increase of 35.7% despite the challenging operating environment caused by the global health crisis. The Board has rewarded the Executive Chairman, Mr Kwek Leng Peck an increase in remuneration that reflects his stewardship, his vision and strategy setting during these difficult times.

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Q14	Referring to page 185 of the AR on “Employee benefits”. Why had “Wages and salaries” increased by 12.2% from \$293.333 million in 2019 to \$329.306 million in 2020? How have the Remuneration Committee planned to manage it?
A14	<p>The increase in wages and salaries reflects the better performance of the Group in 2020 with net profits attributable to the shareholders increasing by 35.7%.</p> <p>The Company has in place a remuneration framework for its Group’s employees which advocates a performance-based remuneration system that is flexible and responsive to the market, and the performance of the Group’s business units and individual employees.</p> <p>Information on the remuneration policy and framework for Directors and key management personnel which are applicable to the Group’s employees can be found on pages 68 and 69 of the AR. The compensation structure of an employee is directly linked to corporate and individual performance, both in terms of financial and non-financial metrics and the creation of shareholder value. Employees, who have a greater ability to influence the Group’s outcomes, would have a greater proportion of their remuneration comprising the variable component that is directly linked to corporate and individual performance.</p>

By Order of the Board
HONG LEONG ASIA LTD.

Ng Siew Ping, Jaslin
Yeo Swee Gim, Joanne
Company Secretaries

27 April 2021



HONG LEONG ASIA LTD.

ANNUAL GENERAL MEETING

28TH APRIL 2021

MR. STEPHEN HO - CEO

2020 FINANCIALS

	2020	2019	Change (%)
Revenue (S\$'000)	4,496,207	4,094,448	9.8
Net Profit (S\$'000)	155,207	145,770	6.5
Net Profit Excluding Discontinued Operation (S\$'000)	152,993	162,837	(6.0)
PATMI (S\$'000)	46,745	34,443	35.7
Earnings Per Share (Cent)	6.25	4.61	N.M.
Dividends Per Share (Cent)	1.00	1.00	N.M.
Net Debt ¹ / Equity Ratio	1.98	1.63	N.M.
Net Cash Flow Generated from Operating Activities (S\$'000)	306,072	441,355	(30.7)

¹ Net Debt is defined as Trade and Other Payables and Loans and Borrowings, less Cash and Deposits and does not include Trade and Other Receivables. Including Trade and Other Receivables, the Group is in a Net Cash position of S\$212,988,000 (2019: S\$519,573,000).

SEGMENT RESULTS


	Unless specified, figures are in S\$'000	2020	2019	Change (%)
Diesel Engines	Volume (Units)	430,320	376,148	14.4
	Revenue	4,102,795	3,549,762	15.6
	Profit After Tax	155,537	167,204	(7.0)
Building Materials	Revenue	362,988	505,787	(28.2)
	Profit After Tax	12,748	12,763	(0.1)
Rigid Packaging	Revenue	25,732	31,835	(19.2)
	Loss After Tax	(560)	(1,523)	63.2
Corporate and Others	Revenue	4,692	7,064	(33.6)
	Loss After Tax ¹	(14,732)	(15,607)	5.6
Discontinued Operation	Revenue	10,206	9,641	5.9
	Profit/(Loss) After Tax	2,214	(17,067)	N.M.

¹ Included mainly interest expense of S\$8.8 million (2019: S\$11.4 million).

HIGHLIGHTS OF CASH FLOW

S\$'000	2020	2019
Operating Cash Flow before Working Capital Changes	404,777	395,662
Net Cash Flow Generated from Operating Activities	306,072	441,355
(Less)/Add:		
Capital Expenditure (PPE)	(137,310)	(164,152)
Capital Expenditure (Intangible Assets)	(105,105)	(102,123)
Purchase of Other Investments	-	(6,811)
Net Cash Inflow from Disposal of PPE, Right-of-Use Assets and Other Investments	22,833	5,929
Acquisition of Non-Controlling Interests in Subsidiaries	(49,147)	(32,171)
Additional Investment in Joint Ventures	-	(8,126)
Contribution by Non-Controlling Interests	11,149	-
Dividends Received from Associate, Joint Ventures and Other Investments	1,123	3,433
Dividends Paid to Shareholders of the Company	(7,478)	-
Dividends Paid to Non-Controlling Interests of Subsidiaries	(69,459)	(68,427)
Net Increase/(Decrease) from Borrowings	39,921	(169)
Net Release/(Placement) of Deposits with Banks	14,344	(29,880)
Interest Paid, Net	(2,597)	(3,416)
Repayment of Obligations under Lease Liabilities	(13,454)	(15,902)
Tax and Relevant Expenses in Relation to a Subsidiary Disposed Previously	-	(7,677)
Net Cash Flow	10,892	11,863
Free Cash Flow	63,657	175,080

KEY BUSINESS HIGHLIGHTS

Business Segment	Business Updates
Diesel Engines	<ul style="list-style-type: none">• Significant investments in Research and Development (“R&D”) to develop products to meet the stringent National VI emission standard.• Collaborating with third parties on New Energy solutions on hybrid power and fuel cell systems. Yuchai launched prototype of new energy powertrain systems which include ISG power generation powertrain, e-CVT power-split hybrid powertrain, integrated electric drive axel powertrain and fuel cell system.• Introduced new high-powered marine engine to address the growing demand of the domestic marine industry, particularly vessels in the yacht class.• Off-road engine received European Stage V EU Certification.• Formed new strategic partnership with Sany Truck to enhance the core competitiveness of both companies.• List of awards received by GYMCL in 2020: 

KEY BUSINESS HIGHLIGHTS

Business Segment	Business Updates
Building Materials	<ul style="list-style-type: none"> • Privatization of Tasek – Delisted from Bursa Malaysia in August 2020. • Strengthening our building materials supply chain. <ul style="list-style-type: none"> ➤ Agreement with a quarry owner to purchase all the granite produced in Karimun Quarry, Indonesia. ➤ Long-term agreement with Sunway Group to lease part of the latter’s newly acquired quarry, Sunway Dolomite Quarry to secure a greater supply of 20mm aggregates and quarry fines. • Identified critical projects to re-engineer and digitalize the business processes. Continue to execute these projects in 2021. • On-going construction of Precast manufacturing facility in Pulau Punggol Barat (“ICPH”) which will enable our Precast business division to remain a significant player in Singapore. • Island Concrete signed a long term lease agreement with Jurong Port to build and operate a ready-mixed concrete plant within the future JP RMC EcoSystem.
Others	<ul style="list-style-type: none"> • As part of our strategy to rationalize the business portfolio, we have discontinued the Group’s air-conditioning systems business (“Airwell”), following the disposal of Airwell’s assets as announced on 30 September 2020.

VISION 2025 DRIVING OUR SUSTAINABILITY AGENDA

Hong Leong Asia Vision 2025

Established Asian Multinational Known for Our Market Leadership And Financial Strength, Working Closely with Our Customers to Develop and Deliver Sustainable and Innovative Urban Solutions for Cities of the Future

Hong Leong Asia Values

Keep the Customer First

Do the Right Things

Think Fast, Work Faster

Mind the Details that Matter

Create an Impact Beyond Our Business

Hong Leong Asia Sustainability Agenda



OPERATIONAL EFFICIENCY



SOCIAL & WELFARE



INDUSTRY EXPERTISE



DYNAMIC DIALOGUE



THANK YOU

HONG LEONG ASIA LTD.
16 RAFFLES QUAY
#26-00 HONG LEONG BUILDING
SINGAPORE 048581

T: +65 6322 6220

F: +65 6220 8411

WWW.HLASIA.COM.SG