

HONG LEONG CAPITAL BERHAD

(Company No. 213006-U)

(Incorporated in Malaysia)

Summary of key matters discussed at the **26th Annual General Meeting** (“AGM”) of **Hong Leong Capital Berhad** (“HLCB” or the “Company”) held at the Theatre, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Thursday, 26 October 2017 at 2.30 p.m.

1. It was noted from the financial year 2017 Annual Report that the gross impaired loan ratio had deteriorated to 4.9% in 2017 compared to an average of 0.2% over the last 3 financial years.

Explanation was sought for the higher impaired loan ratio and on whether there will be concern to the asset quality for the 1st quarter figures FY 2018.

Response:

- The higher gross impaired loan ratio was mainly affected by an impairment made to one of the Company’s term loan during the financial year.

The Company took a prudent stance to impair the loan due to the weaker financial performance of the client affected by the slowdown in its related oil and gas industry. The client has been servicing the term loan promptly up to-date. In fact the term loan has been amortised and paid down by more than 60% incorporating very stringent protection and ring-fencing of cash flows with more than 100% collateral.

Management has assessed the operating cash flows provided by the client and no shortfall in repayment was noted. Hence, no individual impairment allowance was made for this account.

This is an isolated case and the Company do not see similar signs in the other term loans. Hence, the Company do not foresee further worsening of the Company’s asset quality in the immediate future.

2. The Board suggested to give due consideration to address long service independent directors serving more than nine years and the retention of these directors above twelfth year taking into consideration the two-tier voting process in FY 2018.

Response:

- The Board has taken note of the two-tier process in FY2018. As mentioned in the Statement on Corporate Governance in the Annual Report, on an annual basis and in considering any re-appointment of independent directors, the Nomination Committee would assess the independence and contribution of the independent directors based on the assessment criteria and guidelines set out in the Company’s Fit & Proper Policy and the Main Market Listing Requirements, and would make an appropriate recommendation to the Board. The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board.