

## **Hong Leong Capital Berhad (“HLCB”) Tax Strategy Statement**

This document, approved by HLCB’s Board Audit and Risk Management Committee (BARMC) and Board of Directors, sets out the Company’s tax strategy and approach in conducting its tax affairs and dealing with tax compliance risk.

This document is reviewed annually and any amendments will be submitted to the BARMC and Board for approval.

### **1. Key Principles**

HLCB is committed to conduct its tax affairs based on the following principles:

- Timely compliance with applicable tax laws and regulations of the countries in which it operates;
- Ensure that business transactions are driven by business purpose or commercial purpose;
- Apply due diligence and care, including seeking written opinion from external professional advisors where necessary and rulings/confirmations from the tax authorities, where possible, to ensure that the position taken is supportable in a tax audit; and
- Adopt open and collaborative relationship with the relevant tax authorities.

### **2. Tax Management**

The Tax Unit within the Finance Department works together with the business and other support departments to ensure compliance with the tax regulations and that business decision making is commercially justified. HLCB strives to ensure that its tax personnel are conversant in tax to achieve the expected standard and accountability in managing its tax obligations. Clear processes and controls such as tax checklists, sign-offs and standard operating procedures are in place to assist HLCB to manage its tax affairs.

### **3. Attitude to Tax Planning**

HLCB will utilize tax incentives and reliefs to minimize the tax costs of conducting its business in alignment with the policy objectives of the Governments which introduced the incentives, supported with genuine commercial activity and consistent with the business and/or operational objectives of HLCB.

### **4. Management of Tax Risks**

Written advice will be obtained from external tax advisors to support the decision-making process where there is uncertainty on the application/interpretation of tax law, and/or where the transaction carries reputational, monetary or regulatory risks.

Any changes in relevant tax laws and practices are monitored through regular updates from external tax advisors, discussions/dialogues with professional bodies and relevant tax authorities as well as participation in seminars/conferences.

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From time to time, our position may differ from those of the tax authorities with regard to the appropriate tax treatment. In such a situation, HLCB will work constructively with the tax authorities with a view to achieving resolution to such tax treatment.

The subjective nature in the interpretation of tax laws and rules makes it difficult to fully mitigate all tax risks. We endeavour to minimize tax risks by managing our tax affairs consistent with our key principles.

### **5. Tax Reporting**

HLCB is committed to ensure that all required tax returns/report are completed and submitted accurately and taxes are paid and settled on time.

HLCB is committed to ensure disclosure on any material tax matter as required under relevant rules and in the spirit of good reporting practices. Our tax reporting practices include reporting on related party transactions which we are committed to ensure conformity with the arm’s length principles in line with relevant laws, regulations and/or accounting standards requirements.

### **6. Relationship with Tax Authorities**

HLCB seeks to:

- Engage in open dialogue and deal with tax authorities in a collaborative, courteous and timely manner;
- Make accurate and timely disclosure in correspondences and returns; and
- Provide response to queries and information requests in a timely and co-operative manner, seek to resolve issues with the tax authorities to aim for early agreement on such issues, and to obtain ruling/confirmation on tax positions/treatments, where possible.

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