

HAP SENG CONSOLIDATED BERHAD

197601000914 (26877-W)

Incorporated in Malaysia

MINUTES OF THE FORTY-FIFTH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED BY WAY OF A FULLY VIRTUAL MEETING HELD AT THE BROADCAST VENUE, THE KINABALU ROOM, GROUND FLOOR, MENARA HAP SENG, JALAN P. RAMLEE, 50250 KUALA LUMPUR ON TUESDAY, 25 MAY 2021 AT 10AM

- Present : **DIRECTORS**
Mr Thomas Karl Rapp
(Independent Non-Executive Chairman)
Datuk Edward Lee Ming Foo
(Managing Director)
Mr Lee Wee Yong
(Executive Director)
Ms Cheah Yee Leng
(Executive Director)
- Present via live streaming : Datuk Simon Shim Kong Yip
(Non-Independent Non-Executive Director)
Lt Gen (R) Datuk Abdul Aziz Hasan
(Independent Non-Executive Director)
Mr Jimmy Leow Ming Fong
(Independent Non-Executive Director)
Dato' Wan Mohd Fadzmi
(Independent Non-Executive Director)
Mr Patrick Tan Boon Peng
(Independent Non-Executive Director)
Mr Wong Yoke Nyen
(Independent Non-Executive Director)
- In Attendance : Ms Lim Guan Nee
(Company Secretary)
- Present via live streaming : 175 members as per attendance sheet
: 13 proxies as per attendance sheet
: 1 corporate representative as per attendance sheet
- By invitation : Mr Ng Kim Ling
(Auditor, Messrs Ernst & Young)
Mr Kisharn Thoolasy Das
(Auditor, Messrs Ernst & Young)
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QUORUM

The chairman welcomed all the shareholders, proxies and corporate representative who participated in the meeting through live streaming and online remote voting via remote participation and electronic voting facilities.

The chairman informed the meeting that in order to adhere to the social distancing protocol strictly, the non-executive directors participated in this meeting via live streaming. He added that as this was the 2nd virtual shareholders' meeting, the board and management would do their level best to make this virtual experience as seamless as possible. He also apologized for any inadequacies along the way.

The chairman reminded the shareholders and proxies that this AGM was a private event, strictly for the Company's shareholders and their proxies, board members and key management of the Company as well as auditors, scrutineer and other professionals whose presence are required to facilitate this AGM. Accordingly, any recording of this AGM in any form was strictly prohibited.

At the start of the meeting, 65 shareholders, proxies and corporate representative logged in for the meeting using the remote platform. The chairman declared the meeting duly convened.

NOTICE OF MEETING

The chairman informed the meeting that the notice convening this meeting, which was set out in the annual report 2020, had been sent out to all members of the Company, Bursa Malaysia Securities Berhad, auditors of the Company as well as being published in the New Straits Times and posted on the Company's website on 27 April 2021. The annual report 2020 was also posted on the Company's website on the same day.

The notice convening the meeting was taken as read.

PROXY

As part of good corporate governance practice, the chairman reported that the Company had received a total of 19 proxy forms and a corporate representative authorization from the shareholders representing 66.59% of the issued share capital of the Company. Out of those, there were 11 shareholders who had appointed the Chairman of the meeting as their proxy to vote on their behalf and the shares representing 66.53% of the issued share capital of the Company.

VOTING BY POLL

The chairman informed the meeting that in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), all the proposed resolutions would be voted on electronically by poll. Boardroom Share Registrars Sdn Bhd and GovernAce Advisory & Solutions Sdn Bhd ("GovernAce") had been appointed as poll administrator and independent scrutineer respectively.

The chairman explained that in the interest of time and efficacy, all the questions would be answered after he had tabled all the proposed resolutions to be carried in this meeting. He also encouraged the shareholders and proxies to submit their questions via this meeting portal.

The chairman informed the meeting that the poll had been opened and invited Boardroom to play the video explaining the remote electronic poll voting and the housekeeping rules for the electronic voting process before the shareholders and proxies proceeded to cast their votes.

ORDINARY BUSINESS:-

TO TABLE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 TOGETHER WITH THE REPORTS OF DIRECTORS AND AUDITORS

The chairman informed the meeting that the first item on the agenda was to table the audited financial statements together with the reports of directors and auditors. There would be no voting on this item.

The chairman proceeded to table the following proposed resolutions:-

ORDINARY RESOLUTION 1

TO RE-ELECT DATUK EDWARD LEE MING FOO, JP, WHO RETIRES AS DIRECTOR BY ROTATION IN ACCORDANCE WITH CLAUSE 116 OF THE COMPANY'S CONSTITUTION

The chairman tabled the following proposed resolution 1:-

“**THAT** Datuk Edward Lee Ming Foo, JP, who is retiring as director in accordance with clause 116 of the Company's constitution be hereby re-elected to serve on the board of directors of the Company.”

ORDINARY RESOLUTION 2

TO RE-ELECT MR. LEOW MING FONG @ LEOW MIN FONG, WHO RETIRES AS DIRECTOR BY ROTATION IN ACCORDANCE WITH CLAUSE 116 OF THE COMPANY'S CONSTITUTION

The chairman tabled the following proposed resolution 2:-

“**THAT** Mr. Leow Ming Fong @ Leow Min Fong, who is retiring as director in accordance with clause 116 of the Company's constitution be hereby re-elected to serve on the board of directors of the Company.”

ORDINARY RESOLUTION 3

TO RE-ELECT DATO' WAN MOHD FADZMI BIN CHE WAN OTHMAN FADZILAH, WHO RETIRES AS DIRECTOR BY ROTATION IN ACCORDANCE WITH CLAUSE 116 OF THE COMPANY'S CONSTITUTION

The chairman tabled the following proposed resolution 3:-

“**THAT** Dato’ Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah, who is retiring as director in accordance with clause 116 of the Company’s constitution be hereby re-elected to serve on the board of directors of the Company.”

ORDINARY RESOLUTION 4

TO RE-ELECT MR. WONG YOKE NYEN, WHO RETIRES AS DIRECTOR IN ACCORDANCE WITH CLAUSE 122 OF THE COMPANY’S CONSTITUTION

The chairman informed the meeting that Mr. Wong Yoke Nyen was appointed to the board on 1 January 2021 and tabled the following proposed resolution 4:-

“**THAT** Mr. Wong Yoke Nyen, who is retiring as director in accordance with clause 122 of the Company’s constitution be hereby re-elected to serve on the board of directors of the Company.”

ORDINARY RESOLUTION 5

TO APPROVE THE PAYMENT OF DIRECTORS’ FEES OF THE COMPANY AND ITS SUBSIDIARIES AMOUNTING TO RM795,245.00 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The chairman tabled the following proposed resolution 5:-

“**THAT** the payment of directors’ fees of the Company and its subsidiaries amounting to RM795,245.00 for the financial year ended 31 December 2020, be and is hereby approved.”

The chairman informed the shareholders and proxies that the interested directors had undertaken to abstain from voting in respect of resolution 5.

ORDINARY RESOLUTION 6

TO REAPPOINT MESSRS ERNST & YOUNG PLT AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING AT A REMUNERATION TO BE DETERMINED BY THE DIRECTORS OF THE COMPANY

The chairman tabled the following proposed resolution 6:-

“**THAT** Messrs Ernst & Young PLT be reappointed as auditors of the Company to hold office until the conclusion of the next annual general meeting and that the directors be authorised to fix their remuneration.”

SPECIAL BUSINESS:-

ORDINARY RESOLUTION 7

AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016

The chairman explained that the special business for this meeting was to consider and if thought fit, to approve the authority to the directors to issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company. As at the date of this meeting, no new shares had been issued pursuant to the mandate obtained at the last annual general meeting.

The chairman tabled the following proposed resolution 7:-

“**THAT** the directors of the Company be and are hereby empowered pursuant to section 75 of the Companies Act 2016 to allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company, and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.

ORDINARY RESOLUTION 8

CONTINUATION OF LT GEN (R) DATUK ABDUL AZIZ BIN HASAN AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

The chairman informed the meeting that Lt Gen (R) Datuk Abdul Aziz Bin Hasan, had served as an independent non-executive director of the Company for almost 9 years. The Malaysian Code on Corporate Governance recommended that shareholders' approval be sought at the annual general meeting in the event the board intended to retain a person who had served in that capacity for more than 9 years.

The chairman also informed the meeting that despite having served on the board as an independent director for almost 9 years, Lt Gen (R) Datuk Abdul Aziz Bin Hasan had continued to act objectively in the best interest of the Company and was in compliance with all criteria as set out in the Listing Requirements.

The chairman tabled the following proposed resolution 8:-

“**THAT** Lt Gen (R) Datuk Abdul Aziz Bin Hasan be and is hereby authorised to continue in office as an independent non-executive director of the Company until the conclusion of the next annual general meeting.”

ORDINARY RESOLUTION 9

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The chairman explained that item 8 on the agenda was to consider and if thought fit, to pass the resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions with the respective related parties. The related parties are:

- 1) Gek Poh (Holdings) Sdn Bhd Group;
- 2) Lei Shing Hong Limited Group;
- 3) Samling Strategic Corporation Sdn Bhd Group;
- 4) Corporated International Consultant; and
- 5) Messrs Shim Pang & Co.

The chairman mentioned that the proposed resolution 9, if passed, would allow Hap Seng Consolidated Berhad Group to enter into recurrent related party transactions pursuant to paragraph 10.09 of the Listing Requirements. Further information on the proposed shareholders' mandate for recurrent related party transactions with the respective related parties was set out in section 2.2 of Part A of the Circular/Statement to shareholders dated 27 April 2021.

For purpose of good order, the chairman highlighted to the meeting that the interested major shareholders, interested directors and/or persons connected to them had undertaken to abstain from voting in respect of their direct/indirect shareholdings on the resolution where they have an interest or deemed to have an interest.

The chairman tabled the following proposed resolution 9:-

“THAT proposed renewal of shareholders' mandate for the recurrent related party transactions with the related parties as set out in Section 2.2 of Part A of the Circular/Statement to shareholders dated 27 April 2021 be and is hereby approved.”

ORDINARY RESOLUTION 10

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The chairman explained that item 9 on the agenda was to consider and if thought fit, to pass the resolution to renew shareholders authorisation for the Company to purchase its own shares through Bursa Malaysia Securities Berhad up to a maximum of 10% of the total number of issued shares of the Company. Further information on the proposed renewal of the share buy-back authority was set out in the share buy-back statement, which has earlier been sent to all shareholders.

The chairman tabled the following proposed resolution 10:-

“THAT the proposed renewal of the share buy-back authority as set out in the Notice of meeting be and is hereby approved.”

Q&A SESSION

The chairman informed the meeting that prior to the annual general meeting, the Minority Shareholders Watch Group (“MSWG”) and 2 shareholders had submitted their questions to the Company. The questions and responses thereto are enclosed herewith as Appendix A and Appendix B respectively.

The chairman invited questions from shareholders and proxies via live web and all questions were dealt with accordingly. In summary, the questions and responses thereto are enclosed herewith as Appendix C.

POLL VOTING

The chairman informed the meeting that the voting session would be closed in 5 minutes and the counting of votes as well as the validation by independent scrutineer would take approximately 10 minutes. He also added that the meeting should resume approximately at 15 minutes later for declaration of the poll results.

POLL RESULTS

The chairman announced that the meeting had resumed for announcement of poll results. Based on the enclosed poll results as set out in Appendix D which had been validated by GovernAce, the independent scrutineer, the chairman declared that all the resolutions are carried.

CONCLUSION

There being no other business, the meeting concluded at 11.30 am with a vote of thanks to the chair.



CHAIRMAN

Kuala Lumpur

Queries from the Minority Shareholder Watch Group (MSWG)

Letter dated 17 May 2021

APPENDIX A

Operational & Financial Matters

Property Investment & Development Division

1. Faced with an unprecedented global COVID-19 pandemic, the division's operations were adversely affected by the various movement controls throughout 2020 (page 16 of Annual Report (AR) 2020). Construction activities and on-going property development projects were affected by stringent standard operating procedures (SOPs) imposed by the authorities and labour shortage.

- a) Q: What is the progress of all the property development projects? Are the projects on track to complete within the targeted timeframe?

A: *Implementation of the various property development projects is invariably impacted by the pandemic. Of the six active projects currently undertaken by the division, two are expected to be completed as scheduled whereas the other four may be delayed by up to six months.*

To the extent possible, the management has continued to work closely with the contractors to do the catching-up.

- b) Q: The supply chain for raw materials especially steel bars was affected by the pandemic. What measures have been taken by the division to deal with the increasing cost of raw materials?

A: *There is no provision for any increase in material costs under the current contracts awarded.*

2. The division's inventory of properties held for sale increased by RM117.3 million or 26.5% from RM441.8 million to RM559.1 million. (page 236 of AR 2020).

- a) Q: What percentage of the inventory of properties held for sale are properties that were completed in FY2020? Where are the names and locations of these properties and what are their values?

A: *Approximately 42% of the inventory of properties held for sale are from projects completed in FY2020. These projects are Kingfisher Putatan and Kingfisher Inanam in Kota Kinabalu and Ria Heights in Tawau with a total gross development value of approximately RM350 million.*

Queries from the Minority Shareholder Watch Group (MSWG)

Letter dated 17 May 2021

b) Q: In FY2020, the division intensified its efforts on digital marketing to reach out to potential buyers (page 16 of AR 2020). What is the success rate in selling properties to potential buyers through online marketing in terms of number of units sold and value as of April 2021?

A: *The property division has approximately 48% success rate of converting the online bookings received to sales which is equivalent to 45 units at a total value of approximately RM25 million as of April 2021.*

3. The division endeavours to expand and keep up with its future development plans and growth by looking out for land bank acquisitions in strategic locations. (page 25 of AR 2020).

a) Q: What is the current total landbank available for future property development?

A: *Currently, the total landbank is approximately 2,400 acres.*

b) Q: The Company has been on the lookout for land bank acquisitions for the past few years to sustain its future development plans, have there been any success in finding suitable landbanks?

A: *We have been acquiring suitable landbanks and this is an ongoing process.*

4. Q: The division's property development projects are concentrated in the Klang Valley and Sabah. Does the Group plan to expand to other major cities in Malaysia? If yes, which regions and if no, why?

A: *Currently, the division has no intention to explore beyond Klang Valley and Sabah.*

Credit Financing Division

5. Credit Financing division provides secured term loans and industrial hire purchase primarily to small and medium enterprises (SMEs) (page 26 of AR 2020). Gross non-performing loans (NPL) ratio increased to 2.35% in FY2020 (FY2019: 1.34%). (page 29 of AR 2020).

a) Q: Which are the sectors in the credit division's loan portfolio that were negatively affected by the Covid-19 pandemic? What percentage of the division's total loans are exposed to these sectors?

A: *The land transport sector (bus financing) is the main sector which was adversely affected by the pandemic in FY2020. This represents approximately 7% of the division's total loan base.*

Queries from the Minority Shareholder Watch Group (MSWG)

Letter dated 17 May 2021

b) Q: What is the percentage of the division's total loans that have been restructured, rescheduled and/or given other forms of indulgence?

A: *Currently, the restructured/rescheduled loans form approximately 17% of the total loan portfolio.*

c) Q: What is the outlook for the credit division's asset quality in FY2021 given the prolonged pandemic and slower economic recovery? To what extent is the credit division's NPL ratio expected to rise?

A: *With concerted efforts continue to be placed on credit control and debt collections, whilst strengthening its loan recovery and rehabilitation process to mitigate loan impairment, the division expects the NPL ratio to remain stable with NPL ratio as at 31 March 2021 at 2.30% as compared to 2.35% as at 31 December 2020.*

Automotive Division

6. Automotive division incurred higher operating loss of RM65.0 million in FY2020, compared to previous year's operating loss of RM34.4 million (page 268 & 270 of AR 2020).

Q: Is this division expected to turnaround and register operating profits in FY2021? What are the key drivers to turn it around?

A: *The automotive division is expecting an improvement in FY2021 on the back of improving consumer confidence with support from the government via the sales tax exemption which is still available up to 30 June 2021.*

However, the global shortage in semiconductors which impacts the supply of vehicles and the subsequent MCO imposed by the government may impact the division's performance.

Queries from the Minority Shareholder Watch Group (MSWG)

Letter dated 17 May 2021

Trading Division

7. In 2020, the ceramic tiles segment recorded an operating loss of RM99.6 million (FY2019: loss RM15.4 million), primarily due to the lower revenue as a result of the adverse impact of the Covid-19 pandemic and impairment of manufacturing assets and inventory, arising from the Company's strategic direction to discontinue manufacturing operations of ceramic tiles (page 40 of AR 2020).

a) Q: What are the implications and consequences from the discontinuation of manufacturing operations?

A: *Upon the discontinuation of the manufacturing operations, the Ceramic Tiles segment focuses on its trading operations by expanding the OEM trading through its existing channels.*

b) Q: Will there be any further losses expected from the manufacturing operations moving forward?

A: *At this juncture, the management does not foresee any further material losses from the manufacturing operations.*

Financials

8. Gek Poh (Holdings) Sdn Bhd (Gek Poh), the holding company, has provided a total guaranteed profit after tax of RM275.03 million over 5 financial years (FY2016 to FY2020) (Guaranteed PAT) in relation to the purchase price paid by HSCB for the acquisition of Malaysian Mosaics Sdn Bhd (MMSB) in FY2016. Based on the audited results of MMSB for FY2020, the Guaranteed PAT has not been fulfilled, hence, Gek Poh has an obligation to pay the profit guarantee shortfall. In FY2020, the profit guarantee shortfall receivable from Gek Poh amounted to RM179.9 million. (page 159 & note 11 (b)(i) page 231 of AR 2020)

Q: What is the status on the collection of the abovementioned receivable?

A: *The profit guarantee shortfall of RM179.9 million was received on 12 May 2021.*

9. Q: To which subsidiary does the impairment loss on investment of RM102 million in FY2020 (FY2019: RM25.9 million) relate to? (page 206 & note 6 (e) page 219 of AR 2020)

A: *The impairment loss on investment of RM102 million was in respect of Malaysian Mosaics Sdn Bhd. It has no impact at the Group level.*

Queries from the Minority Shareholder Watch Group (MSWG)

Letter dated 17 May 2021

10. Net inventories written down amounting to RM63.8 million in FY2020 (FY2019: RM22.4 million (Page 159 & 260 of AR 2020)).

a) Q: Please provide breakdowns and the type of inventories that have been written down in FY2020?

A: *The inventories that have been written down comprised:*

- i) finished goods of RM36.5 million comprising mainly tiles and vehicles (both passenger cars and commercial vehicles);*
- ii) raw materials and consumables of RM27.3 million.*

b) Q: What factors had triggered the need to write down the value of the inventories?

A: *The write down of inventories was mainly to reflect the current market value of these inventories. The market value of the finished goods written down was mainly on tiles which have been affected by the slow down in the market resulting from the COVID-19 pandemic.*

The raw materials and consumables were written down due to cessation of the tile manufacturing operations and change of product line in MMSB.

c) Q: With the economic uncertainties resulting from the COVID-19 pandemic which may impact the saleability of inventories, are further write-downs of inventories expected in FY2021?

A: *At this juncture, the management does not foresee further material write-downs of inventories.*

Queries from the Minority Shareholder Watch Group (MSWG)

Letter dated 17 May 2021

Corporate Governance Matters

11. HSCB falls under the category of Large Companies as defined under the Malaysian Code on Corporate Governance (MCCG 2017). As such, Step-up Practice 8.4 is applicable to the Company.

Step Up 8.4 - The Audit Committee should comprise solely of independent directors.

HSCB's response: Not adopted. (page 31 of CG Report 2020)

The Audit Committee of HSCB comprises of 3 Non-Executive Directors, 2 of whom including the Chairman of the Audit Committee are Independent Directors (Page 77 of AR 2020).

MSWG's comment: The Company's current board composition comprises of 6 Independent Non-Executive Directors (INED) and 1 Non-Independent Non-Executive Director and 3 Executive Directors. Majority of the Board members – 60% (i.e. 6 out of 10) are INEDs. HSCB is in a position to adopt this Step-up practice to constitute an Audit Committee which is comprised entirely of Independent Directors.

Q: Does the Company plan to have its Audit Committee comprised solely of independent directors?

A: *Currently, the Audit Committee of the Company comprises three members, all of whom are non-executive directors.*

As both the chair and the majority of the Audit Committee members are independent, the board is of the view that its Audit Committee is effective and independent. The board will review the Audit Committee composition as and when the need arises.

Queries from the shareholders

Pre-AGM

APPENDIX B

Shareholder: Mr Ong Kok Pak

1. Q: Others - Will our company publish all Q&A from shareholders & MSWG to the company website?
A: *Yes, within 30 business days from the AGM.*

2. Q: Policies - Will our company provide AGM Minutes to those shareholders who attend the AGM?
A: *The minutes of AGMs are published on the Company's website.*

3. Q: Policies - Will the board of directors answer every single shareholder question raised by shareholders on AGM?
A: *Yes, the directors will seek to answer every question by the shareholders at the AGM and all the questions and answers will be published on the Company's website within 30 business days from the AGM.*

4. Q: Policies - Our company does have Whistleblower Policy And Procedures, any whistleblower reports any wrongdoings in Year 2020? Any legal action taken against those wrongdoers?
A: *The whistle-blowing policy forms part of the board charter of the Company which is published on the Company's website. There were no whistleblowing cases reported in financial year 2020.*

5. Q: Policies - Will the BOD allow playback for this live AGM? This an advantage for those shareholders who cannot attend the AGM to at least watch the video after this AGM? And also in the event shareholders have internet service interruption, we will not miss the AGM presentation. Can the board of directors allow that?
A: *There will be no playback or video clip to be uploaded at the Company's website for this virtual AGM. As the Company views that AGM as a private event limited to only shareholders or the proxies.*

6. Q: Financial Performance - Does Hap Seng Credit Sdn Bhd still offer Loan Deferment or moratorium? Any impact toward the earning of Hap Seng Credit, if yes please provide the figure in number.
A: *We continue to offer rescheduling and restructure of loans as a form of repayment assistance to eligible borrowers affected by the COVID-19 pandemic. Accounts under restructuring and rescheduling constitute about 17% of the total loan base as at April 2021.*

Queries from the shareholders

Pre-AGM

7. Q: Policies - Can the board of directors provide shareholder an investor-relations calendar yearly (which many listed companies have such service), which clearly states the date of announcement of the quarterly financial result, date of presentations to shareholder and analyst, investors road shows, shareholder meetings and etc? By this investors can know in advance when the company will announce financial results, publish an annual report and etc.

A: *At this juncture, the Company does not publish on its website the yearly planner for its timeline for quarterly financial results, annual report, analysts briefing and annual general meeting.*

However, the Company will review the same from time to time to facilitate a wider investor coverage.

8. Q: Constitution - Can the board of directors allow the shareholder to speak on the AGM rather than just submit questions via typing? As it is difficult to exchange ideas and add more input on questions, I humbly refer to the fundamental rights of shareholders', as a shareholder we have the right to attend, participate and speak at a meeting and also vote on all resolutions of general meetings, I further refer to Section 71 of the Companies Act 2016.

A: *We agree that the shareholders should allow to speak and interact live with the board of directors at the AGM even they are attending the AGM remotely. However, at this moment, we are constrained by the technological capability of the service provider which does not allow voice mode of communication without risking the stability of the remote participation and electronic voting facilities.*

As you are aware, Malaysian PLCs only started to adopt RPV in AGMs last year. As and when there is a suitable technological platform to allow shareholders to speak and interact (remotely) live at AGMs, we will adopt and apply it to our AGMs. Until such time, we will follow the market standard which is to allow shareholders to communicate and ask questions during virtual meetings via the "chat box".

9. Q: Strategy - Will the company monthly or bi-monthly organize Analyst Briefing by allowing the shareholders to attend the briefing? So shareholders can have a better understanding of the company.

A: *The company currently holds quarterly Analyst Briefing for equity analyst, fund managers, institutional shareholders and bankers. In addition, the company makes available its quarterly results and quarterly corporate presentation on its website, and should any shareholder require further information, the shareholder may visit us the Company's website or at <https://www.hapseng.com.my/en/request-for-ir-information.php>*

Queries from the shareholders

Pre-AGM

10. Q: Dividend - Does the company intend to maintain a 50% payout ratio for dividend for Year 2021?
- A: *Yes, we do. The company has a dividend policy of distributing approximately 50% of the Group's profit attributable to owners of the company. The company has consistently paid dividends exceeding 50% over the last 5 years.*
11. Q: Business Outlook - Will the company or the subsidiary company apply for digital banking licenses?
- A: *At this juncture, Hap Seng Credit Sdn Bhd does not have a banking licence and there are no plans to apply for digital banking licenses.*
12. Q: Others - If a shareholder intends to attend AGM, when is the latest date he/she must register at boardroomlimited.my website? Can I register on the date of the AGM, if no what is the reason and it is allowed by Companies Act 2016?
- A: *The closing date to submit request for remote participation is on 24 May 2021 at 10am. We regret to inform you that the current remote participation and electronic facilities do not cater to verifying shareholders' registration or send remote access user ID and password to the shareholders on the day of the AGM.*

Shareholder: Lim Kheng Joo

1. Q: Financial Performance - What is the total expenditure allocated per year in pursuing the Environment, Social and Governance (ESG) activities under the Sustainability Program?
- A: *There is no specific yearly allocation under the Sustainability Program. The total expenditure incurred in 2020 was approximately RM10 million.*
2. Q: Financial Performance - Are Directors attending this virtual AGM being paid meeting allowances?
- A: *None of the directors are paid an allowance to attend to board meeting or shareholders meeting.*
3. Q: Financial Performance - What is the cost-savings for conducting this virtual AGM compared to last year virtual AGM and also to previous year's physical AGM?
- A: *The cost for conducting the first fully virtual meeting was almost similar to holding a physical meeting that was approximately RM52,000. However, for AGM 2021 the cost is approximately RM39,000 which is significantly lower than previous year as most of the infrastructure for conducting the virtual meeting is now in place.*

Queries from the shareholders

APPENDIX C

- (a) Datuk Edward Lee Ming Foo, the managing director responded to Mr Khew Jye Kang's question on the Group's business strategies, future plans on growth and expansion in which he outlined the previous year's initiative of restructuring and right sizing in the Group particularly, on business units that were not performing. Those actions would enable the Group to build up a strong cash and financial position as well as to grow organically or through acquisitions within its 6 existing core business.
- (b) Ms Lee Suan Bee put forward 3 questions namely on the costs for conducting the fully virtual annual general meeting ("AGM"), consideration for giving e-reward vouchers to shareholders and request for printed hard copies of annual report. The chairman replied that the costs for conducting the fully virtual AGM 2021 was approximately RM39,000 and hard copy of the annual report would be despatch to her in due course.
- (c) In response to the request for eVoucher or eWallet credits and door gifts, the chairman said although there were many requests from the shareholders but it would not be provided. Ms Cheah Yee Leng added that the Company had ceased giving out vouchers for more than 10 years instead the Company served light food and refreshments after the conclusion of general meetings. The Company look forward to continue serving light food and refreshments at the future physical AGMs.
- (d) Referred to Note 22 on page 246 of the Company's Annual Report 2020, where total Group's borrowings had increased from RM6.38 billion to RM6.49 billion in 2020. In view of the current economic uncertainty, compounded by COVID-19 pandemic, is the Group in a position to meet the repayment of short-term borrowings of RM3.18 billion?

Mr Lee Wee Yong explained that at the end of the last financial year, total borrowings of the Group stood at RM6.49 billion which included the short-term borrowings of RM3.18 billion and revolving credit of approximately RM1.95 billion. The revolving credit could be rolled over as when required by the Group subject to the bank's consent and approval. He also highlighted that the cash balance of the Group amounted to approximately RM2.4 billion and unutilized credit facilities of approximately RM4.5 billion. In summary, with the ability to rollover the revolving credit facilities, the availability of cash balances and unutilized credit facilities the Group is well placed to meet all the current liabilities as and when it falls due.

- (e) In relation to the inquiry on the directors' fee, the chairman clarified that there was no agenda on the proposed increase on the directors' fee.
- (f) Mr Ho Yueh Weng enquired the extent of plantation group capitalised on the record palm oil prices and did the plantation group sell its CPO forward at lower prices. Datuk Edward Lee mentioned that the plantation division's policy is to sell CPO at spot prices.

Queries from the shareholders

- (g) On the question of the auditors' independence, Low Chee Wai enquired whether the Company would consider on the rotation of the audit firm instead of audit partner for better corporate practice. Mr Lee Wee Yong responded that the change of an audit firm is not a small or routine matter. The audit partners have always demonstrated to the Company their independence when the audit partner is rotated every 7 years.

- (h) In respect of Mr Low Chee Wai's enquiry on the inconsistent performance, loss-making and turnaround plan for the building materials and trading divisions. Datuk Edward Lee explained that the management is focused on the potential, performance and profitability of its viable business units. During FYE 2020, three bricks factories had been closed and Malaysian Mosaics Sdn Bhd had since ceased its manufacturing operations to mitigate further losses and now focussed on trading of OEM tile products to improve profitability.



GovernAce Advisory & Solutions Sdn. Bhd.
Company Registration No. 201701029561 (1243730-W)

Unit 210, Block B, Phileo Damansara 1,
No. 9, Jalan 16/11, Off Jalan Damansara,
46350 Petaling Jaya,
Selangor Darul Ehsan.
Tel/ Fax: +603 7498 0875
Website: www.governaceadvisory.com

Date: 25th May 2021

The Chairman of the Meeting
Hap Seng Consolidated Berhad

Dear Sirs,

Independent Scrutineer Report for the conduct of poll for Hap Seng Consolidated Berhad's Annual General Meeting held on 25th May 2021

We, GovernAce Advisory & Solutions Sdn. Bhd., as the appointed independent scrutineer in attendance at the Annual General Meeting (AGM) of Hap Seng Consolidated Berhad held on 25th May 2021 have performed the procedures as listed in our letter of engagement dated 1st April 2021.

The results of the poll, as casted by the shareholders and proxy holders present and voting based on the results generated by the Polling System provided by Boardroom Share Registrars Sdn. Bhd. are as attached.

Thank you.

Yours sincerely,
For and on behalf of
GovernAce Advisory & Solutions Sdn. Bhd.

A handwritten signature in black ink is written over a blue circular stamp. The stamp contains the text "GovernAce Advisory & Solutions Sdn. Bhd." around the perimeter and the registration number "1243730-W" in the center.

Independent Scrutineer



GovernAce Advisory & Solutions Sdn. Bhd.
Company Registration No. 201701029561 (1243730-W)

Unit 210, Block B, Phileo Damansara 1,
 No. 9, Jalan 16/11, Off Jalan Damansara,
 46350 Petaling Jaya,
 Selangor Darul Ehsan.

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The results of the poll as follows:

Polling Results

RESOLUTION	Vote FOR			Vote AGAINST			TOTAL Vote	
	REC	UNITS	%	REC	UNITS	%	REC	UNITS
Ordinary Resolution 1	447	1,651,195,768	99.4963	58	8,359,929	0.5037	505	1,659,555,697
Ordinary Resolution 2	470	1,659,302,178	99.9851	34	247,119	0.0149	504	1,659,549,297
Ordinary Resolution 3	415	1,649,591,796	99.4000	90	9,957,501	0.6000	505	1,659,549,297
Ordinary Resolution 4	432	1,651,596,014	99.5208	73	7,953,283	0.4792	505	1,659,549,297
Ordinary Resolution 5	447	1,658,656,750	99.9526	53	785,991	0.0474	500	1,659,442,741
Ordinary Resolution 6	464	1,658,052,608	99.9121	38	1,458,733	0.0879	502	1,659,511,341
Ordinary Resolution 7	465	1,659,138,484	99.9773	38	375,957	0.0227	503	1,659,514,441
Ordinary Resolution 8	379	1,624,166,671	97.8700	125	35,347,770	2.1300	504	1,659,514,441
Ordinary Resolution 9	440	91,606,171	91.5555	61	8,449,148	8.4445	501	100,055,319
Ordinary Resolution 10	470	1,659,196,532	99.9847	31	254,408	0.0153	501	1,659,450,940

[Handwritten Signature]
