

HAP SENG CONSOLIDATED BERHAD

197601000914 (26877-W)

Incorporated in Malaysia

**MINUTES OF THE FORTY-SIXTH 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 THURSDAY, 26 MAY 2022 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 : 205 members as per attendance sheet
: 27 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, the non-executive directors participated in this meeting via live streaming. He added that 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, 72 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 2021, 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 28 April 2022. The annual report 2021 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 58 proxy forms and a corporate representative authorization from the shareholders representing 66.75% of the issued share capital of the Company. Out of those, there were 44 shareholders who had appointed the Chairman of the meeting as their proxy to vote on their behalf and the shares representing 65.35% 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 ("Boardroom") 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 2021 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 MR. LEE WEE YONG, WHO RETIRES AS DIRECTOR BY ROTATION IN ACCORDANCE WITH CLAUSE 116 OF THE COMPANY'S CONSTITUTION**

The chairman tabled the following proposed ordinary resolution 1:-

“THAT Mr. Lee Wee Yong, 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 DATUK SIMON SHIM KONG YIP, JP, WHO RETIRES AS DIRECTOR BY ROTATION IN ACCORDANCE WITH CLAUSE 116 OF THE COMPANY'S CONSTITUTION**

The chairman tabled the following proposed ordinary resolution 2:-

“THAT Datuk Simon Shim Kong Yip, 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 3
TO APPROVE THE PAYMENT OF DIRECTORS' FEES OF THE COMPANY AND ITS SUBSIDIARIES AMOUNTING TO RM1,080,000.00 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

The chairman tabled the following proposed ordinary resolution 3:-

“**THAT** the payment of directors’ fees of the Company and its subsidiaries amounting to RM1,080,000.00 for the financial year ended 31 December 2021, 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 ordinary resolution 3.

ORDINARY RESOLUTION 4

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 ordinary resolution 4:-

“**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 5

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 ordinary resolution 5:-

“**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 6

PROPOSED RENEWAL OF AND NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The chairman explained that item 6 on the agenda was to consider and if thought fit, to pass the ordinary resolution on the proposed renewal of and new 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 ordinary resolution 6, 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 2.3 of Part A of the Circular/Statement to shareholders dated 28 April 2022.

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 ordinary resolution where they have an interest or deemed to have an interest.

The chairman tabled the following proposed ordinary resolution 6:-

“**THAT** proposed renewal of and new shareholders' mandate for the recurrent related party transactions with the related parties as set out in section 2.3 of Part A of the Circular/Statement to shareholders dated 28 April 2022 be and is hereby approved.”

ORDINARY RESOLUTION 7

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The chairman explained that item 7 on the agenda was to consider and if thought fit, to pass the ordinary 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 ordinary resolution 7:-

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

SPECIAL RESOLUTION

PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY

The chairman explained item 8 on the agenda was to consider and if thought fit, to pass the special resolution on proposed amendment to the existing Clause No. 113 of the constitution of the Company to be cohered with the latest amendments made to Malaysian Code on Corporate Governance in relation to seek shareholders' approval through a two-tier voting process to retain an independent director beyond the nine-year tenure.

The chairman tabled the following special resolution:-

“**THAT** the proposed amendment to the constitution of the Company as set out in Appendix A of 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 shareholders had submitted their questions to the Company. The questions and responses thereto are enclosed herewith as Appendix B and Appendix C 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 D.

RETIREMENT OF LT GEN (R) DATUK ABDUL AZIZ BIN HASAN

On the close of meeting, the chairman informed the meeting that our fellow board member, Lt Gen (R) Datuk Abdul Aziz Bin Hasan has expressed his intention to step down as director of the Company at the conclusion of the AGM, after having served as an independent director for more than 9 years. On behalf of the board, chairman thanked Lt Gen (R) Datuk Abdul Aziz Bin Hasan for his invaluable contributions and support rendered to the board and the Company during his tenure.

POLL VOTING

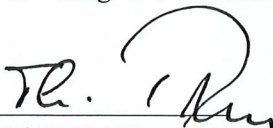
The chairman informed the meeting that the voting session would be closed in 5 minutes and the counting of votes as well as the validation by independent scrutineer would take approximately 10 minutes. He also added that the meeting should resume approximately at 15 minutes later for declaration of the 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 E 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 11.10 am with a vote of thanks to the chair.



CHAIRMAN

Kuala Lumpur

NOTICE OF ANNUAL GENERAL MEETING

Appendix A - Proposed Amendment to the Constitution of the Company

Clause No.	Existing Clause	Proposed Amendment
113	<p>The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a non-independent director. If the Board intends to retain a Director as Independent Director beyond nine (9) years, the Board may justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process.</p> <p>Subject to and in accordance with the provisions of the Act and the Listing Requirements and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to retain a Director as an Independent Director who has served on the Board beyond nine (9) years subject to the Board's justification and seeking annual shareholders' approval. If the Board continues to retain the Director as an Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders meeting:-</p> <p>(a) Tier 1: only the Large Shareholder(s) of the Company votes; and</p> <p>(b) Tier 2: shareholders other than the Large Shareholder(s) votes.</p> <p>For the purposes of this Clause, Large Shareholder means a person who:-</p> <p>(i) is entitled to exercise, or control the exercise of, not less than thirty three per centum (33%) of the voting shares in the Company;</p> <p>(ii) is the largest shareholder of voting shares in the Company;</p> <p>(iii) has the power to appoint or caused to be appointed a majority of the Directors; or</p>	<p>The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a non-independent director. If the Board intends to retain a Director as Independent Director beyond nine (9) years, the Board may justify <u>should provide justification</u> and seek annual shareholders' approval;If the Board continues to retain the Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process.</p> <p>Subject to and in accordance with the provisions of the Act and the Listing Requirements and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to retain a Director as an Independent Director who has served on the Board beyond nine (9) years subject to the Board's justification and seeking annual shareholders' approval. If the Board continues to retain the Director as an Independent Director after the twelfth (12) year, the Board may seek annual shareholders' approval through a two-tier voting process. Under the two-tier voting process, shareholders' votes will be cast in the following manner at the same shareholders meeting:-</p> <p>(a) Tier 1: only the Large Shareholder(s) of the Company votes; and</p> <p>(b) Tier 2: shareholders other than the Large Shareholder(s) votes.</p> <p>For the purposes of this Clause, Large Shareholder means a person who:-</p> <p>(i) is entitled to exercise, or control the exercise of, not less than thirty three per centum (33%) of the voting shares in the Company;</p> <p>(ii) is the largest shareholder of voting shares in the Company;</p> <p>(iii) has the power to appoint or caused to be appointed a majority of the Directors; or</p>

NOTICE OF ANNUAL GENERAL MEETING

Appendix A - Proposed Amendment to the Constitution of the Company (continued)

Clause No.	Existing Clause	Proposed Amendment
113	<p>(iv) has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to give effect to.</p> <p>The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one (1) Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.</p> <p>The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.</p> <p>However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting. If the resolution is defeated or deemed defeated, the said Director may (subject to any requirement to re-elect any such Director who may be retiring under Clause 116) remain in office but shall be re-designated as a non-independent director. Nothing in this Constitution shall require a Director to vacate his office as a Director merely because such a resolution relating to him is defeated or deemed defeated.</p>	<p>(iv) has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to give effect to.</p> <p>The decision for the above resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one (1) Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.</p> <p>The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.</p> <p>However, the resolution is deemed to be defeated where the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting. If the resolution is defeated or deemed defeated, the said Director may (subject to any requirement to re-elect any such Director who may be retiring under Clause 116) remain in office but shall be re-designated as a non-independent director. Nothing in this Constitution shall require a Director to vacate his office as a Director merely because such a resolution relating to him is defeated or deemed defeated.</p>

APPENDIX B

Operational & Financial Matters

1. Hap Seng reported profit attributable to owners of the company of RM900.4m for FY2021.

Q: Among the six core business divisions, does the Board foresee any of the divisions to be impacted by the one-off prosperity tax of 33% for year 2022? If so, what is the expected financial impact?

A: *Among the six core divisions, Plantation and Credit divisions would likely be impacted by the one-off prosperity tax of 33% for year 2022.*

At this juncture, the financial impact for Plantation division is highly dependent on the Crude Palm Oil prices and seasonal yield trend whilst Credit division is subject to the anticipated economic recovery as well as business activities returning to normalcy and gaining momentum.

Property Investment & Development Division

2. For the past five year, the property division was the biggest operating profit contributor to the group.

a) Q: Within the property division, what were the respective percentages of pre-tax profit contributed from the property development and the property investment segments for the past 5 years?

A: *In term of the operating profit for property division in the past 5 years, property development contributed between 89% and 98% whilst property investment contributed between 2% and 11%.*

	2021	2020	2019	2018	2017
Property Development	98%	89%	91%	92%	90%
Property Investment	2%	11%	9%	8%	10%

b) Q: What was the total amount of property sales achieved for FY2021?

A: *The total amount of property sales achieved for FY 2021 was RM1.44 billion.*

c) Q: What are the targeted property sales and gross development value of new launches for FY2022?

A: *The targeted property sales in FY2022 is approximately RM609 million. The total gross development value of new launches in 2022 is estimated at RM1.27 billion.*

d) Q: What were the property unbilled sales as of 31 December 2021?

A: *The property unbilled sales as of 31 December 2021 were RM41.5 million.*

3. As part of the expansion of the property division's investment portfolio, Hap Seng has embarked on hotel development in the Klang Valley and Kota Kinabalu. In Kuala Lumpur, two hotel projects, namely Hyatt Regency Kuala Lumpur and Hyatt Centric Kuala Lumpur are in the pipeline.

According to the Kuala Lumpur Hotel Market Outlook & Prospects 2022 report dated March 2022 by CBRE, for the period of 2015 to 2021, the occupancy rate, average daily rate and revenue per available room for hotels in Kuala Lumpur peaked in 2017 and started to decline in 2018 and 2019, even before the outbreak of Covid-19 pandemic. Furthermore, the upcoming openings of key hotels in Kuala Lumpur are expected to add 2,623 units of hotel room to the market this year and another 1,260 hotel rooms between 2023 and 2025. Besides the keen competition within the hotel industry in Kuala Lumpur, there are also a variety of lodging options available via online marketplace for lodging.

- a) Q: Given the industry landscape mentioned above, what are the reasons for the group to venture into hospitality business in Kuala Lumpur?

A: *The Group takes a long-term view in all its investment properties and believes that properties located in strategic areas would be viable in the long term. We have taken this approach in our venture into the hospitality industry. Both our upcoming hotels in the Klang Valley, namely Hyatt Regency Kuala Lumpur and Hyatt Centric Kuala Lumpur are located in strategic areas in Kuala Lumpur, within the division's respective integrated development. These hotels will support and complement the business and tourism activities of the respective integrated development and its surrounding neighbourhoods.*

Hyatt Regency Kuala Lumpur is situated within KL Midtown, a mixed development comprises residential, offices, retail, and hotel development. KL Midtown enjoys a seamless connection to the Malaysia International Trade and Exhibition Center (MITEC). MITEC is the largest meeting, incentive, convention and exhibition venue in Malaysia and South East Asia. It can accommodate up to approximately 47,700 visitors. Upon completion, the 5-star hotel will support and complement activities hosted by MITEC and cater to the needs of the exhibition/convention visitors for their accommodation, food, and meeting needs; as well as businesses, tourism, and guests from surrounding affluent neighbourhoods.

Hyatt Centric Kuala Lumpur is situated adjacent to and seamlessly connected with Plaza Hap Seng which comprises Menara Hap Seng 1,2 and 3 with close to 900,000 sq ft of office space. Upon opening, the 5-star hotel will form an integral part of Plaza Hap Seng and complement the business needs of office tenants whilst offering more choices of meeting spaces, bars, cafes, and restaurants. Hyatt Centric Kuala Lumpur will be the preferred choice among tourists as it is located within walking distance of the iconic Petronas Twin Towers, Kuala Lumpur Tower, Kuala Lumpur Conventional Centre, and various shopping centers supporting the tourism needs. Hyatt Centric Kuala Lumpur will elevate Plaza Hap Seng as a prime business and leisure destination in the city center.

b) Q: What is the budgeted development cost for each of the two hotels above?

A: *The estimated development cost for Hyatt Regency Kuala Lumpur and Hyatt Centric Kuala Lumpur are RM760 million and RM402 million respectively.*

Plantation Division

4. The Malaysian palm oil industry continues to face labour shortages and more so during the imposition of international border closure and movement restrictions to curb the spread of Covid-19 pandemic.

a) Q: What is the optimum harvest interval (number of days before the next harvesting of fresh fruit bunches of each palm) for oil palms in Hap Seng's estates and what was the actual harvest interval in FY2021?

A: *The harvesting interval depends on various factors, e.g. the age of palm, potential yield of the area, labour management etc. The actual average harvesting interval in FY2021 was 20 days.*

b) Q: What is the optimum coverage per worker in terms of hectare and what was the actual hectare covered per worker at Hap Seng's estates for FY2021?

A: *The optimum coverage per worker in terms of hectare depends on various factors, e.g. the age of palm, potential yield of the area, labour management etc. The average hectare per worker at Hap Seng's estates for FY2021 was about 20 hectare per worker.*

c) Q: With the recent easing of movement restrictions and reopening of international borders, does the Board expect the productivity to return to pre-pandemic level in the near future?

A: *The productivity of the worker is impacted by seasonal yield trends and palm age. As such, it is difficult to compare against pre-pandemic level. In addition, the foreign and Malaysia immigration policy would also have an impact on the return of foreign workers.*

HAP SENG CONSOLIDATED BERHAD

197601000914 (26877-W)

Minutes of the Forty-sixth Annual General Meeting held on 26 May 2022

Queries from the shareholders

Pre-AGM

APPENDIX C

Shareholder: Mr Stephen Lye Tuck Meng

1. Q: Dear Directors - Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times.

A: *We adopted the policy in serving light refreshments and meals for the shareholders after the AGM for more than 10 years. Since the AGM is being conducted by way of fully virtual meeting, hence, the Company is unable to serve light refreshments and meals.*

Queries from the shareholders
During the AGM

APPENDIX D

- (a) Mr Stephen Lye Tuck Meng requested the poll voting to begin at the start of meeting i.e. 10am. Ms Cheah Yee Leng clarified that the poll opened at 10.08 am and there was a short waiting time of 8 minutes only.
- (b) In response to requests for eVoucher and door gift be given to shareholders or proxies who attended the virtual annual general meeting (“AGM”), Ms Cheah Yee Leng informed the meeting that the practice had been dispensed with by the Company for more than 10 years already.
- (c) Ms Teh Peng Tin and Mr Pang Heng Cheong enquired about the costs of conducting the fully virtual AGM. Ms Cheah Yee Leng informed the meeting that the cost of the virtual AGM was approximately RM38,000 which included the hall rental and related facilities for remote participation, voting and etc. As to whether the virtual AGM would be continued when physical meeting is allowed, Ms Cheah Yee Leng responded that pursuant to Malaysian Code on Corporate Governance (“MCCG”), the listed companies are encouraged to leverage technology to facilitate remote participation and voting in absentia at general meetings. Therefore, AGM held virtually would be in compliance with Practice 13.3 of MCCG as it would enable more shareholders to participate in the Company’s AGM.
- (d) In response to the enquiry from 4 shareholders in relation to bonus issues, Ms Cheah Yee Leng clarified that the last bonus issue exercise was carried out in year 2011 and at this juncture, there was no bonus issue exercise being considered by the board.
- (e) Datuk Edward Lee Ming Foo responded to the question from 4 shareholders on declining Company’s share prices from RM9.50 to RM7.20. He said that the management’s focus had always been on business performance and strong financial position rather than share price performance. Further to the question on share buy-back by the Company, Ms Cheah Yee Leng highlighted the need for a minimum public shareholding spread of 25% and at present, the Company’s public shareholding spread stood at 25.47%. Hence, there was not much buffer to carry out share buy-backs aggressively.
- (f) In relation to the question on special dividend to be declared for FY 2022 raised by Mr Lee Kong Meng, Ms Cheah Yee Leng replied that the Company had been consistent in declaring and paying out 2 dividends for each financial year for the past 6 years. She added that the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is very strict in terms of sharing information ahead of time. Thus, the management was unable to answer the question on special dividend. As to the question on any impact on currency depreciation in relation to RM against USD, Mr Lee Wee Yong informed the meeting that the foreign borrowings by the Group are typically be hedged with currency swap and interest rate swap. As for fertilizers division, the importation of fertilizers are mainly transacted in USD, when a purchase order is issued, the hedging position would take place immediately. He then referred to the financial statement FYE 2021 of the Company which reflected minimal currency fluctuations only.

Queries from the shareholders

During the AGM

- (g) Mr Ho Yueh Weng sought the board's clarification on the reduction of Company's shareholdings in Hap Seng Plantations Holdings Berhad ("HSP"). Mr Ho queried whether the Company is expecting deteriorating profitability in the palm oil segment going forward. The chairman informed the members that the disposal of HSP shares was mainly to manage the public shareholding spread and not a reflection of expected yields in the plantation. Based on the current economic outlook, the plantation sector would remain very positive.

Ms Cheah Yee Leng further elaborated that the gradual paring down of the Company's stake in HSP was not a vote of no confidence. Instead, she explained that the Company had since the listing of HSP in 2017 had progressively increased its shareholdings from approximately 51% to 70% currently, which reflected the Company's confidence in the prospects of the plantation industry.

- (h) Mr Ho Yueh Weng enquired about the impact of elevating fertilizer prices and shortage of labour. Datuk Edward Lee said that Russia produced approximately 20% of the world fertilizers and due to the Ukraine-Russian war, it has led to shortages and substantial price increase of fertilizers. However, the Company has very good relationship with its existing supplier to obtain fair prices and assured supply. Labour shortage issue is faced by all industries and the Company had managed it well to minimize its impact on the businesses.
- (i) In respect of Ms Teh Peng Tin's inquiry on the impact on the performance of the automotive division when tax exemption ends in June, the chairman replied that the automotive division's order book was full currently and there was not enough cars to deliver to customers. The management had been aggressively trying to obtain more cars for delivery to the customers and unfulfilled orders could be cancelled at the end of the exemption period.
- (j) In relation to the question on the contribution in terms of percentage from each business divisions, Mr Lee Wee Yong referred members to segment reporting on page 258 of the financial statements which detailed the contribution from its 6 core businesses.
- (k) Mr Lee Cheng Thean sought the board's clarification on the poor return from the automotive segment for the last few years. He suggested that the Group review its role and put more emphasis on other more productive segment. Datuk Edward Lee said that for the past 2 years, the automotive division had been affected by the pandemic and as explained by the chairman that the demand for this year exceeded supply. As such, we could see a turnaround.



GovernAce Advisory & Solutions Sdn. Bhd.
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Tel: +603 9771 2283
Website: www.governaceadvisory.com

Date: 26th May 2022

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 26th May 2022

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 26th May 2022 have performed the procedures as listed in our letter of engagement dated 8th February 2022.

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 positioned to the left of a circular stamp. The stamp contains the text "GovernAce Advisory & Solutions Sdn. Bhd." around the perimeter and "1243730-W" in the center, with a small star symbol at the bottom.

Independent Scrutineer



GovernAce Advisory & Solutions Sdn. Bhd.
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The results of the poll as follows:

	VOTES FOR	NO. OF RECORDS	%	VOTES AGAINST	NO. OF RECORDS	%	VOTES TOTAL
RESOLUTION 1	1,660,907,143	476	99.8558	2,398,570	36	0.1442	1,663,305,713
RESOLUTION 2	1,647,152,198	394	99.0288	16,153,515	118	0.9712	1,663,305,713
RESOLUTION 3	1,661,702,331	450	99.9096	1,503,757	58	0.0904	1,663,206,088
RESOLUTION 4	1,661,704,745	474	99.9037	1,600,968	38	0.0963	1,663,305,713
RESOLUTION 5	1,662,719,775	470	99.9648	585,838	41	0.0352	1,663,305,613
RESOLUTION 6	98,027,307	460	94.3963	5,819,284	50	5.6037	103,846,591
RESOLUTION 7	1,662,948,926	484	99.9828	286,887	26	0.0172	1,663,235,813
SPECIAL RESOLUTION	1,662,936,301	482	99.9778	369,412	30	0.0222	1,663,305,713

A handwritten signature in black ink is positioned to the left of a circular stamp. The stamp contains the text "GovernAce Advisory & Solutions Sdn. Bhd." around the perimeter and "1243730-W" in the center, with a small star symbol below the registration number.