

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 46th annual general meeting of Hap Seng Consolidated Berhad will be conducted by way of a fully virtual meeting with its broadcast venue at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Thursday, 26 May 2022 at 10am to transact the following:-

AGENDA

ORDINARY BUSINESS

1. To table the audited financial statements for the financial year ended 31 December 2021 together with the reports of directors and auditors. Note 1

To consider and if thought fit, to pass the following ordinary resolutions:-

2. To re-elect the following directors who shall retire by rotation in accordance with clause 116 of the Company's constitution and being eligible, have offered themselves for re-election: - Notes 2 & 3

(a) Mr. Lee Wee Yong

Ordinary Resolution 1

(b) Datuk Simon Shim Kong Yip, JP

Ordinary Resolution 2

Lt Gen (R) Datuk Abdul Aziz Bin Hasan who retires in accordance with clause 116 of the Company's constitution, will not be seeking re-election and accordingly will retire at the conclusion of this 46th annual general meeting. Note 4

3. To approve payment of directors' fees of the Company and its subsidiaries amounting to RM1,080,000.00 for the financial year ended 31 December 2021. Note 5
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. Note 6

Ordinary Resolution 3

Ordinary Resolution 4

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

5. **Authority to allot shares pursuant to section 75 of the Companies Act 2016**

"That subject always to the approvals of the relevant authorities, 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 at any time upon such terms and conditions, and for such purposes as the directors of the Company may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." Note 7

Ordinary Resolution 5

NOTICE OF ANNUAL GENERAL MEETING

6. **Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

"That subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Part A, section 2.3 of the Circular/Statement to shareholders dated 28 April 2022, which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business, at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

That such approval shall continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company, at which time the said authority shall lapse, unless renewed by a resolution passed at the annual general meeting; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever is the earlier;

and that the directors of the Company 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 may consider expedient or necessary to give effect to the proposed renewal of and new shareholders' mandate." Note 8

Ordinary Resolution 6

7. **Proposed renewal of share buy-back authority**

"That subject always to section 127 of the Companies Act 2016, the Company's constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and the approvals of all relevant governmental and/or regulatory authorities, the directors of the Company be and are hereby authorised to purchase ordinary shares in the Company through Bursa Malaysia Securities Berhad, provided that:-

- (a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the total number of issued shares of the Company;
- (b) the maximum funds allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, based on the Company's audited financial statements for the financial year ended 31 December 2021; and

NOTICE OF ANNUAL GENERAL MEETING

(c) the authority conferred by this resolution shall continue to be in force until:-

- (1) the conclusion of the next annual general meeting of the Company, at which time the said authority shall lapse, unless renewed by the passing of a resolution at that meeting, either unconditionally or subject to conditions; or
- (2) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act 2016); or
- (3) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever occurs first;

and that the directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (i) cancel all the shares so purchased; and/or
- (ii) retain part thereof as treasury shares and cancel the remainder; and/or
- (iii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities Berhad; and/or
- (iv) transfer the treasury shares or any of the said shares as purchase consideration; and/or
- (v) in any other manner as prescribed by section 127(7) of the Companies Act 2016,

and further that the directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares.” ^{Note 9}

Ordinary Resolution 7

8. Proposed amendment to the constitution of the Company

“That the proposed amendment to the constitution of the Company as set out in Appendix A be and is hereby approved.” ^{Note 10}

Special Resolution

By order of the Board

Lim Guan Nee (MAICSA 7009321)
SSM Practising Certificate No. 202008003410
Company Secretary

Kuala Lumpur
28 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes to the Agenda:-

1. Pursuant to section 340(1) and (2) of the Companies Act 2016 ("Act"), the directors shall lay before the Company at its annual general meeting ("AGM") its audited financial statements made up to a date not more than 6 months before the date of the AGM. This agenda 1 is meant for discussion only and will not be put forward for voting.
2. Pursuant to clause 116 of the Company's constitution, at least one-third of the directors of the Company for the time being shall retire from office at every AGM and be eligible for re-election.
3. The nominating committee conducted directors' self and peer assessment to evaluate and determine the respective performance and eligibility of each of the directors who are to retire in accordance with clause 116 of the Company's constitution to stand for re-election. In their evaluation, the nominating committee took into account the skills, experience, integrity, tenure, competency, commitment and contribution of the respective director. Upon due deliberation, the nominating committee concluded that each such retiring director has performed to the expectation of the committee. Accordingly, the board approved of the recommendations of the nominating committee, namely such retiring directors are eligible to stand for re-election during the AGM.
4. Lt Gen (R) Datuk Abdul Aziz Bin Hasan, having served as an independent non-executive director of the Company for more than 9 years will retire by rotation as a director in accordance with clause 116 of the Company's constitution. As he will not be seeking re-election, Lt Gen (R) Datuk Abdul Aziz Bin Hasan will retire at the conclusion of this AGM.
5. Pursuant to section 230(1) of the Act, the Company shall at every AGM approve of the fees payable to the directors of the Company and its subsidiaries. The remuneration committee is responsible for conducting a regular review of the fees payable to non-executive directors and members of the board committees. This is to ensure that the chair and non-executive members of the board and the chair and members of the respective board committee are appropriately remunerated in line with the market benchmarking.

The last increase in fees payable to the chair and non-executive members of the board and the chair and members of the respective board committee was approved by shareholders of Company during the 42th AGM held on 30 May 2018. Based on the recommendations of the remuneration committee, the board had approved of the following proposed revised fees with effect from 1 January 2021 subject to shareholders' approval to be obtained during the forthcoming AGM:-

	Chairman	Non-executive director	Audit committee chairman	Audit committee member	Remuneration committee chairman	Remuneration committee member	Nominating committee chairman	Nominating committee member
Approved current fees (per annum)	RM180,000	RM100,000	RM15,000	RM15,000	RM2,500	RM2,500	RM2,500	RM2,500
Proposed fees to be approved (per annum)	RM210,000	RM115,000	RM20,000	RM17,500	RM10,000	RM8,750	RM10,000	RM8,750

The above total directors' fees of RM1,080,000.00 exclude directors' fees payable by the Company's listed subsidiaries, namely Hap Seng Plantations Holdings Berhad and Hafary Holdings Limited, which are subject to their own shareholders' approval being obtained.

NOTICE OF ANNUAL GENERAL MEETING

6. Pursuant to section 271(4) and section 273(b) of the Act, the Company shall at every AGM appoint its auditors who shall hold office until the conclusion of the next AGM. The audit committee had assessed the suitability and independence of Messrs Ernst & Young PLT ("EY"), the auditors of the Company based on the following criteria:-
- (a) their performance and quality of work;
 - (b) experience and competency of professional staff assigned to the audit;
 - (c) adequacy of resources;
 - (d) independence throughout the conduct of the audit engagement; and
 - (e) level of non-audit services and fees rendered to the Group.

The audit committee was satisfied with the suitability of EY in terms of their audit quality, performance, competency and sufficiency of resources as well as provisions of non-audit services, which did not impair their objectivity and independence as auditors of the Company. The board approved of the audit committee's recommendation for shareholders' approval to be sought at this AGM on the proposed reappointment of EY as auditors of the Company.

7. The proposed resolution 5 is to authorise the Company to allot shares pursuant to section 75 of the Act. This proposed resolution 5, if passed, will empower the directors of the Company to allot ordinary shares in the Company up to 10% of the total number of issued shares of the Company for the time being, subject to compliance with all other regulatory requirement and this authority will enable the Company to finance investment projects, working capital and/or acquisitions by issuing new shares as and when the need arises without delay or incurring costs in convening a separate general meeting. This authority, unless revoked or varied at an earlier general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this notice of AGM, the Company has not issued any new shares pursuant to the authority granted by the shareholders at the last AGM held on 25 May 2021, which authority shall lapse at the conclusion of this AGM.

8. The proposed resolution 6 is to authorise the Company and its subsidiaries to enter into recurrent related party transactions ("RRPT") which are necessary for day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not detrimental to the minority shareholders of the Company. This would eliminate the need to make regular announcements to Bursa Malaysia Securities Berhad or convene separate general meetings from time to time to seek shareholders' approval as and when RRPT arise, thereby reducing substantial administrative time and expenses in convening such meetings.

Further information on the said RRPT is set out in Part A of the Circular/Statement to shareholders dated 28 April 2022 which is issued together with the Company's Annual Report 2021.

9. The proposed resolution 7 is to authorise the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of next AGM of the Company. Further information on the proposed renewal of share buy-back authority is set out in Part B of the Circular/Statement to shareholders dated 28 April 2022 which is issued together with the Company's Annual Report 2021.
10. The proposed special resolution, if passed, shall cohere the constitution of the Company with the latest amendments made to Malaysian Code on Corporate Governance (as at 28 April 2021) in relation to seek shareholders' approval through a two-tier voting process to retain an independent director beyond the nine-year tenure.

NOTICE OF ANNUAL GENERAL MEETING

Notes to the notice of AGM:-

- 1. The AGM will be conducted by way of a fully virtual meeting through live streaming and online remote voting via the remote participation and electronic voting facilities ("RPEV") which is available on the online portal of Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>. Please follow the procedures provided in the administrative guide for the AGM in order to register, participate and vote remotely via RPEV.*
- 2. The chairman of the AGM will be at the broadcast venue in compliance with section 327(2) of the Act. No shareholder/proxy shall be physically present at the meeting venue.*
- 3. A depositor shall not be regarded as a member entitled to participate and vote thereat unless his/her name appears in the register of members and/or record of depositors as at 19 May 2022.*
- 4. Subject to note 5 below, a member entitled to participate and vote at this AGM is entitled to appoint a proxy or proxies to participate and vote in his/her stead. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. The proxy or proxies need not be a member of the Company and there shall be no restriction as to the qualification of the proxy or proxies.*
- 5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit on the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 6. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised. Such duly executed instrument appointing a proxy must either be (a) deposited at Reception Counter, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur; or (b) submitted electronically through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof.*

STATEMENT ACCOMPANYING NOTICE OF 46TH ANNUAL GENERAL MEETING

(Pursuant to paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of individuals who are standing for election as directors**

No individual is seeking election as a director at the forthcoming 46th AGM of the Company.

2. **General mandate for issue of securities in accordance to paragraph 6.03(3) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

The details of general mandate for directors to allot and issue shares in the Company pursuant to section 75 of the Companies Act 2016 are set out in item 7 of explanatory notes of the agenda in the notice of 46th AGM.

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>