

# HAP SENG CONSOLIDATED BERHAD

197601000914 (26877-W)

Incorporated in Malaysia

**MINUTES OF THE FORTY-SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED VIRTUALLY THROUGH REMOTE PARTICIPATION AND ELECTRONIC VOTING FACILITIES AT THE BROADCAST VENUE, THE KINABALU ROOM, GROUND FLOOR, MENARA HAP SENG, JALAN P. RAMLEE, 50250 KUALA LUMPUR ON THURSDAY, 25 MAY 2023 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)  
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 : 248 members as per attendance sheet  
: 42 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, 82 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 2022, 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 Borneo Post and posted on the Company's website on 27 April 2023. The annual report 2022 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 71 proxy forms and a corporate representative authorization from the shareholders representing 70.62% of the issued share capital of the Company. Out of those, there were 38 shareholders who had appointed the Chairman of the meeting as their proxy to vote on their behalf and the shares representing 64.76% 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 since the beginning of the meeting 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 2022 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. THOMAS KARL RAPP, 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. Thomas Karl Rapp, 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 MS. CHEAH YEE LENG, 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** Ms. Cheah Yee Leng, 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 MR. TAN BOON PENG, WHO RETIRES AS DIRECTOR BY ROTATION IN ACCORDANCE WITH CLAUSE 116 OF THE COMPANY'S CONSTITUTION**

The chairman tabled the following proposed ordinary resolution 3:-

“**THAT** Mr. Tan Boon Peng, 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 APPROVE THE PAYMENT OF DIRECTORS’ FEES OF THE COMPANY AND ITS SUBSIDIARIES AMOUNTING TO RM1,011,000.00 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

The chairman tabled the following proposed ordinary resolution 4:-

“**THAT** the payment of directors’ fees of the Company and its subsidiaries amounting to RM1,011,000.00 for the financial year ended 31 December 2022, 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 4.

**ORDINARY RESOLUTION 5**

**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 5:-

“**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 6**

**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 6:-

“**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 7**

#### **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 Consultants Sdn Bhd;
- 5) Incorporated Consortium Sdn Bhd; and
- 6) 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 27 April 2023.

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 7:-

“**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 27 April 2023 be and is hereby approved.”

#### **ORDINARY RESOLUTION 8**

#### **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 8:-

“**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”) had submitted their questions to the Company. The questions and responses thereto are enclosed herewith as Appendix A 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 B.

## POLL VOTING

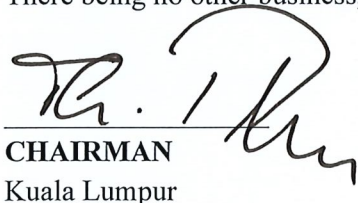
The chairman informed the meeting that the voting session would be closed in 5 minutes and the counting of votes as well as the validation by independent scrutineer would take approximately 10 minutes. He also added that the meeting should resume approximately at 15 minutes later for declaration of the 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 C 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 11.05 am with a vote of thanks to the chair.

  
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CHAIRMAN  
Kuala Lumpur



APPENDIX A

**Operational & Financial Matters**

1. For the property development business,
  - a) Q: What were the property unbilled sales as of 31 December 2022?  
  
*A: Property unbilled sales as at 31 December 2022 were RM53.6 million.*
  - b) Q: What were the property sales achieved in FY2022?  
  
*A: The property sales achieved were RM453 million in FY2022.*
  - c) Q: What is the property sales target for FY2023?  
  
*A: The property market is still challenging but with supportive government initiatives and measures outlined in the revised Budget 2023, we are hopeful that our property sales would improve in 2023.*
2. Q: What is the current development status of Aria Luxury Residences and Akasa Cheras South? And what is the current take-up rate for Aria Luxury Residences in Akasa Cheras South?  
  
*A: Aria Luxury Residences and Akasa Cheras South were completed in 2019 and 2021 respectively. The current take-up rate for Aria Luxury Residences is 86%. As for Akasa South Cheras, the residential component has achieved a 91% take-up rate whereas the commercial component has recorded slightly more than 50% take-up rate.*
3. KL Midtown Mixed Development is a mixed-use integrated development which will include the 5-star Hyatt Regency Kuala Lumpur Hotel and Service Suites, two signature office towers, a corporate tower and three service residence towers.
  - a) Q: When will the project be launched?  
  
*A: Barring unforeseen circumstances, the 5-star Hyatt Regency Hotel is slated for opening in 2025. In addition, KL Midtown has signed an agreement to lease with AEON Malaysia pursuant to which AEON will become the master lessee of the retail mall upon completion of the same in 2025.*  
  
*KL Midtown is also leveraging on the synergies of the Hap Seng group to bring in potential suitors for the signature office towers.*

3. b) Q: *MSWG has made reference to the Malaysia Property Outlook 2023 issued by Henry Butcher Malaysia and the extract is “Concerns of an oversupply of office space in the Klang Valley will continue to be a major issue to contend with and the imminent completion of a number of mega office projects in the coming one to two years will worsen the oversupply situation.” (Malaysia Property Outlook 2023 by Henry Butcher Malaysia). And the question is what differentiation strategy will be implemented to increase the take-up rate for the signature office towers and corporate tower? Additionally, what potential factors could contribute to achieving a high take-up rate?*

*A: The signature office and corporate tower in KL Midtown are part of an integrated development consisting of residential, hotel, and retail components. It is located within the prime location of KL Metropolis and neighboring Mont Kiara. At present, there are no grade A offices with GreenRE Gold compliant in the vicinity offering integrated retail convenience and facilities at its doorstep.*

*The commercial viability of this project is supported by the near full occupancy of neighbouring commercial developments i.e. Publika @ Solaris Dutamas, Solaris @ Mont Kiara, Plaza Mont Kiara, One Mont Kiara and 163 Retail Park. In addition, the MET Corporate Towers located within the KL Metropolis, offering stratified corporate office towers, slated to complete in 2023, have achieved approximately 90% take-up rate.*

4. The occupancy rate at Menara Hap Seng 3, which was completed in 2019, has improved from 42% in 2021 to 60% in 2022.

a) Q: What is the targeted occupancy rate for Hap Seng 3 in 2023?

*A: The division targets to increase the occupancy rate of Menara Hap Seng 3 to above 80%.*

b) Q: What initiatives or strategies have been put in place to increase the occupancy rate at Menara Hap Seng 3?

*A: The division will continue to promote Menara Hap Seng 3 with aggressive leasing initiatives to increase the occupancy rate, among others:*

- leveraging on group business network to approach the potential corporate tenants;*
- establish relationship/maintain good rapport with real estate agencies/existing tenants for potential prospects.*



**HAP SENG CONSOLIDATED BERHAD**

197601000914 (26877-W)

**Minutes of the Forty-Seventh Annual General Meeting held on 25 May 2023**

**Queries from the Minority Shareholder Watch Group (MSWG)**

Letter dated 12 May 2023

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5. Q: With the total carrying value of Hap Seng's investment properties in excess of RM2b, does the group have the intention to set up a Real Estate Investment Trust (REIT)? If not, please explain why.

A: *The Group does not have any immediate plan to set up a REIT for its investment properties. At this juncture, the Group is of the view that it is more comfortable with bilateral borrowings instead of using REIT as a financing instrument.*

**APPENDIX B**

- (a) In response to the 12 shareholders' request for eVoucher and/or door gift be given to shareholders or proxies who attended the virtual annual general meeting ("AGM"), the chairman informed the meeting that the practice had been dispensed with by the Company for more than 10 years. The Company would constantly review the mode of convening AGM and should it be physical mode, the practice of serving light food as well as refreshments would be continued.
- (b) In relation to the question on the Company's declining share price raised by 8 shareholders, the chairman replied that it was not influenced by the Company. Datuk Edward Lee Ming Foo added that the management focused on the business performance and improving the financial position as share price performance is very much market driven. In response to the question on share buy-back by the Company, Datuk Edward Lee Ming Foo explained that the said exercise had to consider several factors including the minimum public shareholding spread of 25% as the present public shareholding stood at 25.47% only.
- (c) Datuk Edward Lee Ming Foo responded to 2 shareholders' question on the Company's future outlook. He outlined that the Group would continue to focus on its 6 existing core businesses and expected positive growth form Harafy Holdings Limited ("Harafy") business as it has a 70% market share in Singapore.
- (d) Encik Mohd Tahir Bin Maulut enquired when would the Company convene physical AGM. The chairman replied that the Company would continue with the fully virtual meeting until such time no longer appropriate or consider to have hybrid AGM.
- (e) Ms Low Swee Yau sought the board's clarification on the impact to balance sheet due to the change of Mercedes-Benz dealership business model. The chairman informed the meeting that an announcement had been made to Bursa Securities Malaysia Berhad in relation to Hap Seng Star Sdn Bhd ("HSS") had entered into a memorandum of understanding with Mercedes-Benz Malaysia to commence negotiations to change from the present dealership model to a proposed new agency model. The proposed change is part of the global direction of Daimler AG, Germany and would affect all Mercedes-Benz passenger vehicles dealers in Malaysia. HSS is in the midst of finalizing the agreement.
- (f) In response to Ms Low Swee Yau's question on the disposal of HS Credit (Manchester) Ltd, Ms Cheah Yee Leng highlighted that the question would be addressed during the extraordinary general meeting to be held after conclusion of AGM.
- (g) In relation to the question on whether the Company could maintain the dividend payout rate despite the continuing decrease of net profits, the chairman replied that the resolution to approve the 1<sup>st</sup>-interim dividend for FYE 2023 would be discussed at the Company's board meeting later today.



- (h) Ms Low Swee Yau enquired about the improvement of the Company's profitability by maintaining or exceeding at pre-pandemic level. Datuk Edward Lee responded that for the past few years, the Group had undergone restructuring and downsizing underperforming business within the Group. Malaysian Mosaics Sdn Bhd ("MMSB") had transferred the tiles manufacturing business to Hafary. The restructuring would benefit Hafary by strengthening its tiles business in Singapore and Vietnam. The chairman was of the view that comparison should not be made to pre and post pandemic levels as the Group's businesses structure and circumstances were different. Thus, the Group would focus on the profitability achievement as budgeted in FYE 2023 business plan.
- (i) Mr Loo Yeo Ming sought the board's clarification on succession planning. He suggested that the board should not seek the shareholders' approvals to re-elect the directors who should retire by rotation in accordance with clause 116 of the Company's constitution. The chairman responded the board noted the 9-year timeframe for the independent directors to be served at the board as stated in the Malaysian Code on Corporate Governance ("MCCG"). The Company had complied this MCCG best practise. One of the directors, namely, Datuk Abdul Aziz had retired at the conclusion of AGM 2022 after serving as the independent non-executive director for more than 9 years. Succession planning is a continuing process and for female director appointment, the nominating committee would assess the right candidate as and when vacancy arises.



**GovernAce Advisory & Solutions Sdn. Bhd.**  
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Date: 25<sup>th</sup> May 2023

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 25<sup>th</sup> May 2023**

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 25<sup>th</sup> May 2023 have performed the procedures as listed in our letter of engagement dated 6<sup>th</sup> March 2023.

Thank you.

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

A handwritten signature in black ink, appearing to be "J. J. J.", written over a horizontal line.



**Independent Scrutineer**





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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	1,752,959,730	464	99.6575	6,024,611	97	0.3245	1,758,984,341
Resolution 2	1,756,919,911	500	99.8477	2,680,517	65	0.1523	1,759,600,428
Resolution 3	1,758,840,319	513	99.9568	760,109	51	0.0432	1,759,600,428
Resolution 4	1,759,287,257	483	99.9868	232,348	75	0.0132	1,759,519,605
Resolution 5	1,757,610,894	501	99.8869	1,989,534	66	0.1131	1,759,600,428
Resolution 6	1,759,353,183	510	99.9859	247,245	53	0.0141	1,759,600,428
Resolution 7	197,068,138	497	98.4645	3,073,168	67	1.5355	200,141,306
Resolution 8	1,758,608,601	516	99.9476	921,927	45	0.0524	1,759,530,528

A handwritten signature in black ink, appearing to be "Dji".

