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**IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused Part A of this Circular/Statement prior to its issuance as the Company has been selected by Bursa Securities as an eligible company under the Green Lane Policy and Bursa Securities also has not perused Part B of this Circular/Statement prior to its issuance as it is an exempt document pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular/Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular/Statement.



Creating  
Value  
Together

**Hap Seng Consolidated Berhad** 197601000914 (26877-W)

**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE  
FOR RECURRENT RELATED PARTY TRANSACTIONS**

**AND**

**PART B**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE  
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The above proposed resolutions will be tabled as special business at 46<sup>th</sup> annual general meeting ("AGM") of Hap Seng Consolidated Berhad to 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. The notice of AGM and the form of proxy, are set out in the annual report 2021 of the Company, which is issued together with this Circular/Statement. Please follow the procedures provided in administrative guide for the AGM in order to register, participate and vote remotely via remote participation and electronic voting facilities which is available on the online portal of Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>. The notice of the AGM, proxy form and administrative guide are available online and may be downloaded from the Company website at <https://www.hapseng.com.my/en/general-meeting.html>.

A member entitled to participate and vote at the AGM is entitled to appoint a proxy or proxies to participate and vote on his/her stead. In such event, the completed proxy form 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 the adjournment thereof. Accordingly, the last day and time for lodging the proxy form is 25 May 2022 at 10am or the adjournment thereof.

This Circular/Statement is dated 28 April 2022

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**PART A**

**CIRCULAR TO SHAREHOLDERS OF THE COMPANY  
IN RELATION TO THE  
PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE  
FOR RECURRENT RELATED PARTY TRANSACTIONS**

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout Part A of this Circular/Statement:

Act	:	Companies Act 2016
AGM	:	46 <sup>th</sup> annual general meeting of the Company
Annual Report 2021	:	Annual report of HSCB issued for the financial year ended 31 December 2021
Board	:	Board of Directors of the Company
Bursa Securities	:	Bursa Malaysia Securities Berhad Registration No. 200301033577 (635998-W)
CIC	:	Corporated International Consultant
Circular/Statement	:	This circular/statement issued by HSCB to its shareholders dated 28 April 2022
Director(s)	:	Shall have the meaning given in section 2(1) of the Capital Markets and Services Act 2007 and for purpose of the Proposed Shareholders' Mandate, the expression shall include any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Company, its subsidiary or holding company or a chief executive of the Company, its subsidiary or holding company
Gek Poh	:	Gek Poh (Holdings) Sdn Bhd Registration No. 197401003566 (20706-X)
Gek Poh Group	:	Gek Poh and its subsidiaries
HSCB or Company	:	Hap Seng Consolidated Berhad Registration No. 197601000914 (26877-W)
HSCB Group or Group	:	HSCB and its subsidiaries
HSCB Share(s) or Share(s)	:	Ordinary share(s) of HSCB
HSIS	:	Hap Seng Insurance Services Sdn Bhd Registration No. 197501000146 (21774-X), a wholly-owned subsidiary of Gek Poh
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	31 March 2022, being the latest practicable date prior to the printing and despatch of this Circular/Statement
LSH	:	Lei Shing Hong Limited Company No. 28253, a company incorporated in Hong Kong
LSH Group	:	LSH and its subsidiaries and associated companies

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## DEFINITIONS (Cont'd)

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Major Shareholder(s)	: A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:  (a) 10% or more of the total number of voting shares in the corporation; or (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.  For purpose of this definition, “interest in shares” has the meaning given in section 8 of the Act.  For purpose of the Proposed Shareholders’ Mandate, Major Shareholder (as defined above) includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company or any other corporation which is the Company’s subsidiary or holding company, in accordance with the definition in Chapter 10 of the Listing Requirements.
Mandate Period	: The period commencing from and inclusive of 26 May 2022, being the date of the forthcoming AGM and expiring upon the conclusion of the next annual general meeting of the Company; or 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 Act (but must not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or revoked or varied by a resolution passed by the shareholders of the Company in a general meeting of the Company, whichever is the earlier.
Proposed Shareholders’ Mandate	: Proposed renewal of and new shareholders’ mandate to be obtained from the shareholders of the Company at the forthcoming AGM pursuant to paragraph 10.09 of the Listing Requirements
Recurrent Related Party Transaction(s)	: Recurrent Transaction(s) which involve(s) the interest, direct and/or indirect, of a Related Party or Related Parties
Recurrent Transaction(s)	: Transaction(s) of a revenue or trading nature and which are necessary for the day-to-day operations of the Group
Registered Office	: 21 <sup>st</sup> Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
Related Party or Related Parties	: Director(s), Major Shareholder(s) and/or person(s) connected with such Director(s) or Major Shareholder(s)
RM and Sen	: Ringgit Malaysia and Sen respectively, the lawful currency of Malaysia
Samling Strategic	: Samling Strategic Corporation Sdn Bhd Registration No. 197901008998 (53282-H)
Samling Strategic Group	: Samling Strategic and its subsidiaries and associated companies

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**DEFINITIONS (Cont'd)**

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Shim Pang : Messrs Shim Pang & Co in Kota Kinabalu and Tawau

Tan Sri Lau : Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations. Any reference in Part A of this Circular/Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in Part A of this Circular/Statement shall be reference to Malaysian time, unless otherwise stated.

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### PART A

LETTER FROM THE BOARD TO SHAREHOLDERS OF THE COMPANY IN RELATION TO THE PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS CONTAINING:-

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**Registered Office:**

21<sup>st</sup> Floor, Menara Hap Seng  
Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia

28 April 2022

**Board of Directors**

Mr. Thomas Karl Rapp (*Independent Non-Executive Chairman*)  
Datuk Edward Lee Ming Foo, JP (*Managing Director*)  
Mr. Lee Wee Yong (*Executive Director*)  
Ms. Cheah Yee Leng (*Executive Director*)  
Datuk Simon Shim Kong Yip, JP (*Non-Independent Non-Executive Director*)  
Lt Gen (R) Datuk Abdul Aziz Bin Hasan (*Independent Non-Executive Director*)  
Mr. Leow Ming Fong @ Leow Min Fong (*Independent Non-Executive Director*)  
Dato' Wan Mohd Fadzmi Bin Che Wan Othman Fadzilah (*Independent Non-Executive Director*)  
Mr. Tan Boon Peng (*Independent Non-Executive Director*)  
Mr. Wong Yoke Nyen (*Independent Non-Executive Director*)

**To: Shareholders of the Company**

Dear Sir/Madam,

**PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS****1. INTRODUCTION**

The Company had at the annual general meeting held on 25 May 2021 obtained a general mandate from the shareholders which authorised the HSCB Group to enter into Recurrent Related Party Transactions, based on information set out in the circular to shareholders dated 27 April 2021 ("Circular 2021"). This mandate shall lapse upon conclusion of the forthcoming AGM to be convened on 26 May 2022, unless otherwise renewed.

The Company has on 13 April 2022 announced to Bursa Securities of its intention to seek a renewal of the existing mandate as well as to seek a new mandate from the shareholders to enable the HSCB Group to enter into Recurrent Related Party Transactions at any time during the Mandate Period.

Part A of this Circular/Statement is to provide shareholders with the relevant information on the Proposed Shareholders' Mandate, to set out the Board's recommendation thereof and to seek shareholders' approval on the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.



## **2. PROPOSED SHAREHOLDERS' MANDATE**

### **2.1 Provisions under the Listing Requirements**

Pursuant to Paragraph 10.09 of the Listing Requirements, the Company may seek its shareholders' mandate in respect of recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms that are not more favourable to the Related Party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value, in relation to a listed issuer with an issued and paid-up share capital of RM60 million and above, is as follows:
  - the consideration, value of the assets, capital outlay or costs of the aggregated transactions is RM1 million or more; or
  - the percentage ratio of such aggregated transactions is 1% or more,whichever is the higher;
- (iii) the circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities;
- (iv) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that the person connected with them abstain from voting on the resolution approving the transactions; and
- (v) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Recurrent Related Party Transactions that are contemplated under the Proposed Shareholders' Mandate are in compliance with paragraph 10.09(2) of the Listing Requirements and the relevant provisions under sections 3.1 and 3.2 of Practice Note 12 of the Listing Requirements.

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## 2.2 Principal business activities of the HSCB Group

As at LPD, the principal activity of the Company was investment holding and the principal activities of its subsidiaries are as follows:

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Equity Interest held (%)</b>	<b>Principal Activities</b>
Hap Seng Plantations Holdings Berhad	Malaysia	71.57	Investment holding
Hap Seng Land Sdn Bhd	Malaysia	100	Property development and investment holding
Hap Seng Credit Sdn Bhd	Malaysia	80	Provision of financial services
Sunrise Addition Sdn Bhd	Malaysia	100	Investment holding
HSC International Limited	Labuan, Malaysia	100	Investment holding
Hap Seng Auto Sdn Bhd	Malaysia	100	Investment holding
Hap Seng Fertilizers Sdn Bhd	Malaysia	100	Trading and distribution of fertilizers and agro-chemicals
Macro Arch (M) Sdn Bhd	Malaysia	100	Investment holding
Palms Edge (M) Sdn Bhd	Malaysia	100	Investment holding
Hap Seng Trading Holdings Sdn Bhd	Malaysia	100	Investment holding
Malaysian Mosaics Sdn Bhd	Malaysia	100	Investment holding, manufacture and sale of porcelain and ceramic tiles
Hap Seng Building Materials Holdings Sdn Bhd	Malaysia	100	Investment holding
Hap Seng Management Sdn Bhd	Malaysia	100	Centralised treasury management function
Hap Seng Investment Holdings Pte Ltd	Singapore	100	Investment holding
Hap Seng Management Services Sdn Bhd	Malaysia	100	Provision of management services
Hap Seng Equity Sdn Bhd	Malaysia	100	Trading of marketable securities
Sasco Company Ltd	British Virgin Islands	100	Investment holding
<b><u>Subsidiaries of Hap Seng Plantations Holdings Berhad:</u></b>			
Jeroco Plantations Sdn Bhd	Malaysia	100	Cultivation of oil palm and processing of fresh fruit bunches
Hap Seng Plantations (River Estates) Sdn Bhd	Malaysia	100	Cultivation of oil palm, processing of fresh fruit bunches and investment holding
Hap Seng Plantations (Kota Marudu) Sdn Bhd	Malaysia	100	Cultivation of oil palm

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Equity Interest held (%)</b>	<b>Principal Activities</b>
<u>Subsidiaries of Hap Seng Plantations Holdings Berhad (continued):</u>			
Pelipikan Plantation Sdn Bhd	Malaysia	100	Cultivation of oil palm
Hap Seng Edible Oils Sdn Bhd	Malaysia	100	Livestock farming (ceased operations)
<u>Subsidiaries of Hap Seng Plantations (River Estates) Sdn Bhd:</u>			
Hap Seng Plantations (Wecan) Sdn Bhd	Malaysia	100	Cultivation of oil palm
Hap Seng Plantations (Tampilit) Sdn Bhd	Malaysia	100	Cultivation of oil palm
Hap Seng Plantations (Ladang Kawa) Sdn Bhd	Malaysia	100	Cultivation of oil palm
<u>Subsidiaries of Hap Seng Land Sdn Bhd:</u>			
Hap Seng Land Development Sdn Bhd	Malaysia	100	Investment holding
Hap Seng Hospitality Sdn Bhd	Malaysia	100	Investment holding
Hap Seng Realty Sdn Bhd	Malaysia	100	Property investment and investment holding
Hap Seng Land Services Sdn Bhd	Malaysia	100	Provision of management services
<u>Subsidiaries of Hap Seng Land Development Sdn Bhd:</u>			
Hap Seng Properties Development Sdn Bhd	Malaysia	100	Property development and investment holding
Hap Seng Land Development (Kluang) Sdn Bhd	Malaysia	100	Property development
Hap Seng Land Development (Puchong) Sdn Bhd	Malaysia	100	Property development and construction
Hap Seng Land Development (JTR) Sdn Bhd	Malaysia	100	In liquidation
Hap Seng Land Development (Jesselton Hill) Sdn Bhd	Malaysia	100	Property development
Hap Seng Land Development (PJ) Sdn Bhd	Malaysia	100	Property development
Richmore Development Sdn Bhd	Malaysia	100	Investment in hotel development and carrying out hotel business operation
Pacific Emerald Properties Sdn Bhd	Malaysia	100	Provision of management services
Hap Seng Properties Services (Sabah) Sdn Bhd	Malaysia	100	Property management and property maintenance
Euro-Asia Brand Holding Company Sdn Bhd	Malaysia	100	Property development
Hap Seng Construction Sdn Bhd	Malaysia	100	Construction activities

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Equity Interest held (%)</b>	<b>Principal Activities</b>
<u>Subsidiaries of Hap Seng Land Development Sdn Bhd (continued):</u>			
Sunpoint Resources Sdn Bhd	Malaysia	100	Property development
Positive Tropical Sdn Bhd	Malaysia	100	Construction activities
Positive Harmony Sdn Bhd	Malaysia	100	Operating grocery stores and food and beverage business
Future Golden Development Sdn Bhd	Malaysia	100	Property development
Positive Sunland Sdn Bhd	Malaysia	100	Property development (has not commenced operations)
Sierra Positive Sdn Bhd	Malaysia	100	Property development (has not commenced operations)
Hap Seng Land Development (Bangsar) Sdn Bhd	Malaysia	80	In liquidation
Hap Seng Land Development (Balakong) Sdn Bhd	Malaysia	100	Property development
Hap Seng Land Development (JTR 2) Sdn Bhd	Malaysia	100*	Property development *60.02% equity interest is held by Hap Seng Land Development Sdn Bhd whilst the other 39.98% is held by the Company
Sierra Ventures Sdn Bhd	Malaysia	80	Carrying out food and beverage business
Suria Kapital Development Sdn Bhd	Malaysia	80	Property development
KL Midtown Sdn Bhd	Malaysia	70	Property development
Hap Seng Land Development And JCA Sdn Bhd	Malaysia	60	Property development
<u>Subsidiaries of Hap Seng Properties Development Sdn Bhd:</u>			
Hap Seng Commercial Development Sdn Bhd	Malaysia	100	Property development
Hap Seng Land Development (KK) Sdn Bhd	Malaysia	100	Property development
<u>Subsidiaries of KL Midtown Sdn Bhd:</u>			
Eden Sunrise Sdn Bhd	Malaysia	100	Property investment in retail mall and car park
Sunrise Gardencity Sdn Bhd	Malaysia	100	Ownership of hotel and carrying out the business of hotel operator
<u>Subsidiaries of Hap Seng Hospitality Sdn Bhd:</u>			
Sunrise Spring Sdn Bhd	Malaysia	100	Operating hotels and resort hotels
Trio Sunrise Sdn Bhd	Malaysia	100	Operating hotels and resort hotels

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Equity Interest held (%)</b>	<b>Principal Activities</b>
<u>Subsidiaries of Hap Seng Realty Sdn Bhd:</u>			
Menara Hap Seng Sdn Bhd	Malaysia	100	Property investment
Hap Seng Realty (Autohaus) Sdn Bhd	Malaysia	100	Property investment
Hap Seng Property Investment Sdn Bhd	Malaysia	100	Property investment
Hap Seng Realty (Auto) Sdn Bhd	Malaysia	100	Property investment
Hap Seng Realty (KK I) Sdn Bhd	Malaysia	100	Property investment
Prosperity Projections Sdn Bhd	Malaysia	100	Property investment
Lakaran Warisan Sdn Bhd	Malaysia	100	Property investment
Hap Seng Leisure Sdn Bhd	Malaysia	100	Providing recreational facilities and services
Hap Seng Realty (KL City) Sdn Bhd	Malaysia	100	Investment holding
Sunhill Ventures Sdn Bhd	Malaysia	100	Investment in hotel development and operation
Prosperity Sunland Sdn Bhd	Malaysia	100	Property investment
Desa Alam Mewah Sdn Bhd	Malaysia	100	Property investment
Caliber Suncity Sdn Bhd	Malaysia	100	Property investment
My Universal Properties Sdn Bhd	Malaysia	100	Property investment (has not commenced operations)
Trio Empireland Sdn Bhd	Malaysia	100	Property investment
<u>Subsidiary of Sunrise Addition Sdn Bhd:</u>			
Hap Seng Automotive Acceptance Sdn Bhd	Malaysia	100	Provision of financial services and operating leasing of vehicles
<u>Subsidiaries of HSC International Limited:</u>			
HSC Birmingham Holding Limited	Labuan, Malaysia	100	Investment holding
HSC Melbourne Holding Pte Ltd	Singapore	100	Investment holding
HSC Brisbane Holding Pte Ltd	Singapore	100	Investment holding
HSC Manchester Holding Pte Ltd	Singapore	100	Investment holding
HSC London Holding Pte Ltd	Singapore	100	Investment holding
HSC Leeds Holding Pte Ltd	Singapore	100	Investment holding
HSC Bristol Holding Pte Ltd	Singapore	100	Investment holding

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Equity Interest held (%)</b>	<b>Principal Activities</b>
<u>Subsidiaries of HSC International Limited (continued):</u>			
HSC Nottingham Holding Pte Ltd	Singapore	100	Investment holding
<u>Subsidiary of HSC Birmingham Holding Limited:</u>			
HS Credit (Birmingham) Ltd	United Kingdom	100	Provision of financial services
<u>Subsidiary of HSC Brisbane Holding Pte Ltd:</u>			
HS Credit (Brisbane) Pty Ltd	Australia	100	Dormant
<u>Subsidiary of HSC Manchester Holding Pte Ltd:</u>			
HS Credit (Manchester) Ltd	United Kingdom	100	Dormant
<u>Subsidiary of HSC London Holding Pte Ltd:</u>			
HS Credit (London) Ltd	United Kingdom	100	Dormant
<u>Subsidiary of HSC Leeds Holding Pte Ltd:</u>			
HS Credit (Leeds) Ltd	United Kingdom	100	Dormant
<u>Subsidiary of HSC Bristol Holding Pte Ltd:</u>			
HS Credit (Bristol) Ltd	United Kingdom	100	Dormant
<u>Subsidiary of HSC Nottingham Holding Pte Ltd:</u>			
HS Credit (Nottingham) Ltd	United Kingdom	100	Dormant
<u>Subsidiaries of Hap Seng Auto Sdn Bhd:</u>			
Hap Seng Star Sdn Bhd	Malaysia	100	Trading in motor vehicles, spare parts and servicing of motor vehicles
SKI Segar Sdn Bhd	Malaysia	100	Trading in motor vehicles
Hap Seng CarFleet Sdn Bhd	Malaysia	100	Rental and trading of motor vehicles
Hap Seng Trucks Distribution Sdn Bhd	Malaysia	100	Wholesale, distribution of trucks and vans and sales of respective spare parts including importation and assembly
Hap Seng Trucks Sdn Bhd	Malaysia	100	Dealing in commercial vehicles, spare parts and servicing of commercial vehicles
Hap Seng Body & Paint Sdn Bhd	Malaysia	100	Providing services and parts for repairing, painting and servicing of motor vehicles

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Equity Interest held (%)</b>	<b>Principal Activities</b>
<u>Subsidiary of Hap Seng Fertilizers Sdn Bhd:</u>			
Hap Seng Chemicals Sdn Bhd	Malaysia	70	Manufacture and sale of agro-chemicals
<u>Subsidiary of Macro Arch (M) Sdn Bhd:</u>			
PT. Sasco Indonesia	Indonesia	100*	Trading and distribution of fertilizers *90% equity interest is held by Macro Arch (M) Sdn Bhd whilst the remaining 10% is held by Palms Edge (M) Sdn Bhd
<u>Subsidiary of Sasco Company Ltd:</u>			
Sasco (China) Co., Ltd	People's Republic of China	100	Trading of plywood and wholesale, import and export of fertilizers
<u>Subsidiaries of Hap Seng Trading Holdings Sdn Bhd:</u>			
Hap Seng Trading (BM) Sdn Bhd	Malaysia	100	Trading in building materials
Hap Seng (Oil & Transport) Sdn Bhd	Malaysia	100	Trading in petroleum products
<u>Subsidiaries of Malaysian Mosaics Sdn Bhd:</u>			
MML Marketing Sdn Bhd	Malaysia	100	Trading and distribution of mosaics and ceramic tiles (ceased operations)
PT. MML Ceramic Indonesia	Indonesia	100*	In liquidation *98.75% equity interest is held by Malaysian Mosaics Sdn Bhd whilst the remaining 1.25% is held by MML Marketing Sdn Bhd
MML Marketing Pte Ltd	Singapore	100	Trading and distribution of porcelain and ceramic tiles
MML (Shanghai) Trading Co., Ltd	People's Republic of China	100	Trading and distribution of porcelain and ceramic tiles and fertilizers
<u>Subsidiaries of Hap Seng Building Materials Holdings Sdn Bhd:</u>			
Hap Seng Building Materials Sdn Bhd	Malaysia	100	Manufacture and trading of bricks, operating of stone quarries and asphalt plants
Hap Seng Clay Products Sdn Bhd	Malaysia	100	Manufacture and trading of clay products (ceased operations)
Hap Seng Building Materials Marketing Pte Ltd	Singapore	100	Trading in building materials
Hap Seng Seri Alam Sdn Bhd	Malaysia	100	Operation of stone quarry (ceased operations)

<b>Name of Company</b>	<b>Country of Incorporation</b>	<b>Equity Interest held (%)</b>	<b>Principal Activities</b>
<u>Subsidiary of Hap Seng Clay Products Sdn Bhd:</u>			
Kao Fu Bricks Sdn Bhd	Malaysia	100	In liquidation
<u>Subsidiary of Hap Seng Investment Holdings Pte Ltd:</u>			
Hafary Holdings Limited	Singapore	50.82	Investment holding
<u>Subsidiary of Hafary Holdings Limited:</u>			
Hafary Pte Ltd	Singapore	100	Importer and dealer of building materials
<u>Subsidiaries of Hafary Pte Ltd:</u>			
Surface Project Pte Ltd	Singapore	70	Distribution and wholesale of building materials
Surface Stone Pte Ltd	Singapore	90	Dealer of stones for home furnishing
Wood Culture Pte Ltd	Singapore	100	Dealer of wood for home furnishing
Hafary Centre Pte Ltd	Singapore	100	Investment holding
Hafary Vietnam Pte Ltd	Singapore	100	Investment holding
Hafary International Pte Ltd	Singapore	100	Importing and distribution of building materials
Hafary Trademarks Pte Ltd	Singapore	100	Intellectual property holding and management
Marble Trends Pte Ltd	Singapore	100	Dealer of stones for home furnishing
Hafary W+S Pte Ltd	Singapore	100	Storage and warehousing of furniture and related products
Hafary Building Materials Pte Ltd	Singapore	100	Investment holding
Hafary Trading Sdn Bhd	Malaysia	100	Trading and distribution of building materials
Hafary Crescent Pte Ltd	Singapore	100	Cutting, shaping and finishing of stone and Investment holding
World Furnishing Hub Pte Ltd	Singapore	81	Investment holding
Gres Universal Pte Ltd	Singapore	56	Distribution and wholesale of building materials
Hafary Balestier Showroom Pte Ltd	Singapore	51	Investment holding
Foshan Hafary Trading Co., Limited	People's Republic of China	100	Importing, exporting and distribution of building materials



## 2.3 Class and nature of the Recurrent Related Party Transactions for the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate will apply to the Recurrent Related Party Transactions expected to be entered into by the HSCB Group with certain degree of frequency during the Mandate Period. Set out below are details of the Recurrent Related Party Transactions:

No.	Type of Transactions	Transacting Parties	Basis <sup>(ii)</sup>	Estimated value set out in Circular 2021 (RM'000)	Actual value transacted from 25 May 2021 to LPD (RM'000)	*New estimated value (RM'000)
<b>REVENUE</b>						
1	Rental of office space	Gek Poh Group <sup>2.5(a)</sup>	Agreement	<sup>(i)(a)</sup> 190	154	<sup>(i)(a)</sup> 190
2	Sales of motor vehicles, net of trade-in	Gek Poh Group <sup>2.5(a)</sup>	Forecast	490	-	310
3	Handling fees	Gek Poh Group <sup>2.5(a)</sup>	Forecast	2,600	1,337	2,100
4	Rental of office space	LSH Group <sup>2.5(b)</sup>	Agreement	<sup>(i)(b)</sup> 110	89	<sup>(i)(b)</sup> 110
5	Project management, marketing and construction services @	LSH Group <sup>2.5(b)</sup>	Forecast	70,700	1,037	-
6	Rental of motor vehicles @	LSH Group <sup>2.5(b)</sup>	Forecast	150	102	-
7	Sales of tiles, furnishings and fittings	LSH Group <sup>2.5(b)</sup>	Forecast	21,200	3,520	13,000
8	Administration fees	LSH Group <sup>2.5(b)</sup>	Agreement/ Forecast	120	115	190
9	Handling fees	LSH Group <sup>2.5(b)</sup>	Forecast	1,000	678	1,000
10	Sales of property stocks @	LSH Group <sup>2.5(b)</sup>	Forecast	171,300	-	-
11	Sales of motor vehicles, spare parts and servicing of motor vehicles #	LSH Group <sup>2.5(b)</sup>	Forecast	-	-	440
12	Sales of motor vehicles, spare parts and servicing of motor vehicles	Samling Strategic Group <sup>2.5(c)</sup>	Forecast	12,100	1,172	11,400
13	Sales of agricultural fertilizers and chemicals	Samling Strategic Group <sup>2.5(c)</sup>	Forecast	44,100	18,539	68,100
14	Sales of petroleum products (i.e. petrol, diesel and lubricants)	Samling Strategic Group <sup>2.5(c)</sup>	Forecast	3,400	3,147	3,800
<b>TOTAL</b>				<b>327,460</b>	<b>29,890</b>	<b>100,640</b>

No.	Type of Transactions	Transacting Parties	Basis <sup>(ii)</sup>	Estimated value set out in Circular 2021 (RM'000)	Actual value transacted from 25 May 2021 to LPD (RM'000)	*New estimated value (RM'000)
<b>EXPENDITURE</b>						
1	Purchase of insurance policies	Gek Poh Group <sup>2.5(a)</sup>	Forecast	14,400	8,774	15,900
2	Rental of warehouses and showrooms	LSH Group <sup>2.5(b)</sup>	Agreement/ Forecast	<sup>(i)(c)</sup> 3,300	2,688	<sup>(i)(c), (i)(d)</sup> 3,400
3	Rental of office space	LSH Group <sup>2.5(b)</sup>	Agreement/ Forecast	<sup>(i)(e), (i)(f)</sup> 1,200	838	<sup>(i)(e), (i)(g)</sup> 1,500
4	Rental of land and building	LSH Group <sup>2.5(b)</sup>	Agreement/ Forecast	<sup>(i)(h)</sup> 6,300	4,683	<sup>(i)(h)</sup> 7,000
5	Administration charges @	LSH Group <sup>2.5(b)</sup>	Forecast	160	131	-
6	Quarry tribute	LSH Group <sup>2.5(b)</sup>	Forecast	1,300	896	1,400
7	Purchase of insurance policies	LSH Group <sup>2.5(b)</sup>	Forecast	530	112	240
8	Utilities and maintenance charges @	LSH Group <sup>2.5(b)</sup>	Forecast	100	34	-
9	Professional fees on engineering consultancy services	CIC <sup>2.5(d)</sup>	Forecast	6,000	1,442	6,600
10	Legal Fees	Shim Pang <sup>2.5(e)</sup>	Forecast	1,500	920	2,000
<b>TOTAL</b>				<b>34,790</b>	<b>20,518</b>	<b>38,040</b>

**Notes:**

\* The new estimated value during the Mandate Period may vary and is subject to changes.

@ The Company is not seeking renewal of shareholders' mandate for this item.

# New Recurrent Transaction not covered in the previous general mandate.

(i) Details on the location, approximate area and lease period of the property rented to/from the Related Parties:-

(a) Office at 18<sup>th</sup> Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, comprising an approximate area of 2,488 sq. ft. at RM15,426 per month for a lease period of 3 years from 29 October 2019 to 28 October 2022. \*\*

(b) Office at 14<sup>th</sup> Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, comprising an approximate area of 1,335 sq. ft. at RM8,945 per month for a lease period of 3 years from 1 August 2020 to 31 July 2023.

(c) 1) Timber Shed No. 7, Hap Seng Dockyard, Mile 1 ½, Jalan Tg. Batu Laut, Tawau, comprising an approximate area of 14,400 sq. ft. at RM4,320 per month for a lease period of 2 years from 1 December 2020 to 30 November 2022. \*\*

- 2) Timber Shed No. 10-15, Hap Seng Dockyard, Mile 1 ½, Jalan Tg. Batu Laut, Tawau, comprising an approximate area of 120,600 sq. ft. at RM42,210 per month for a lease period of 2 years from 1 April 2021 to 31 March 2023. \*\*
  - 3) Timber Shed No. 20, Hap Seng Dockyard, Mile 1 ½, Jalan Tg. Batu Laut, Tawau, comprising an approximate area of 21,600 sq. ft. at RM6,480 per month for a lease period of 2 years from 1 April 2021 to 31 March 2023. \*\*
  - 4) Warehouses at KM 2.5, Jalan Kastam Baru, Lahad Datu, comprising an approximate area of 290,875 sq. ft. at RM136,095 per month for a lease period of 1 year from 1 April 2022 to 31 March 2023. \*\*
  - 5) Warehouses at Jalan Batu Sapi, Sandakan, comprising an approximate area of 193,697 sq. ft. at RM75,500 per month for a lease period of 1 year from 1 April 2022 to 31 March 2023. \*\*
  - 6) Warehouses at Mile 5 ½, Jalan Tuaran, Inanam, Kota Kinabalu, comprising an approximate area of 4,500 sq. ft. at RM4,200 per month for a lease period of 2 years from 1 January 2022 to 31 December 2023.
- (d) Timber Shed No. 16-17, Hap Seng Dockyard, Mile 1 ½, Jalan Tg. Batu Laut, Tawau, comprising an approximate area of 28,800 sq. ft. at RM8,640 per month for a lease period of 3 years from 1 May 2022 to 30 April 2025.
- (e) 1) Office at Ground Floor of a 2-storey building at Mile 5 ½, Jalan Tuaran, Inanam, Kota Kinabalu, comprising an approximate area of 30,240 sq. ft. at RM35,145 per month for a lease period of 2 years from 1 February 2022 to 31 January 2024.
- 2) Office at Lot 8 - 10, Mile 10, Apas Road, Sin Onn Tiku, Tawau, comprising an approximate area of 15,804 sq. ft. at RM23,500 per month for a lease period of 2 years from 1 October 2020 to 30 September 2022. \*\*
- 3) Office at Part H, 10-3, Ground Floor, No.285, Gangao Road, China (Shanghai) Pilot Free Trade Zone 200131, People's Republic of China, comprising an approximate area 157 sq. ft. at RM798 per month for a lease period of 3 years from 1 June 2020 to 31 May 2023.
- 4) Office at 5/F,989 Hu Qing Ping Road, Min Hang District, Shanghai 201105, People's Republic of China, comprising an approximate area of 4,196 sq. ft. at RM23,685 per month for a lease period of 2 years from 1 September 2020 to 31 August 2022. \*\*
- 5) Office at Mercedes-Benz of Stockport, 7-8 Brighton Road, Stockport SK4 2BE, United Kingdom, comprising an approximate area of 750 sq. ft. at RM16,562 (2021: RM11,855) per month for a lease period of 9 months from 1 April 2022 to 31 December 2022. \*\*
- 6) Office at Lot 46 & 47, Block 3, Jalan Piasau Utara 2D, Miri, comprising an approximate area of 19,773 sq. ft. (2021: 7,790 sq. ft.) at RM3,500 per month for a lease period of 1 year from 1 January 2022 to 31 December 2022. \*\*
- (f) Office at H.S.(D) 160388, PT 86, Bandar Petaling Jaya, Selangor, comprising an approximate area of 589 sq. ft. at RM1,296 per month on a month to month basis and was terminated on 30 April 2021.
- (g) Office at Hap Seng Business Park, Lot 02-02 at 2nd floor, No. 12, Persiaran Perusahaan, Seksyen 23, 40300 Shah Alam, Selangor, comprising an approximate area of 5,355 sq. ft. at RM18,741 per month for a lease period of 3 years from 1 November 2021 to 31 October 2024.
- (h) 1) Land at KM 5, Jalan Tanjung Batu Laut, Tawau, comprising an approximate area of 317,557 sq. ft. at RM33,020 per month for a lease period of 2 years from 14 January 2021 to 13 January 2023. \*\*
- 2) Land at KM 2.5 Jalan Kastam Baru, Lahad Datu, comprising an approximate area of 56,812 sq. ft. at RM8,840 per month for a lease period of 2 years from 14 January 2021 to 13 January 2023. \*\*
- 3) Land at Mile 15, Tuaran Road, District of Tuaran, comprising an approximate area of 22.705 acres at RM68,115 per month for a lease period of 10 years from 1 March 2018 to 29 February 2028.
- 4) Land at Mile 8, Apas Road, Sin Onn Tiku, Tawau, comprising an approximate area of 290.89 acres at RM20,000 per month for a lease period of 1 year from 1 July 2021 to 30 June 2022. \*\*
- 5) Land at Tiku Estate, Tawau, comprising an approximate area of 11.37 acres at RM11,000 per month for a lease period of 1 year from 1 January 2022 to 31 December 2022. \*\*
- 6) Land at Mile 1, Jalan Kuhara, Tawau, Sabah, comprising an approximate area of 438,222 sq.ft. at RM43,822 per month for a lease period of 1 year from 1 February 2022 to 31 January 2023. \*\*
- 7) Land at CL 215463595 Kg. Madsiang, Penampang, comprising an approximate area of 7.79 acres at RM23,370 per month for a lease period of 2 years from 1 June 2020 to 31 May 2022. \*\*
- 8) Land and building at Hap Seng Business Park, Block 13, Body and Paint Centre, No. 12, Persiaran Perusahaan, Seksyen 23, 40300 Shah Alam, Selangor, comprising an approximate area of 217,448 sq. ft. for a lease period of 3 years from 1 April 2021 to 31 March 2024 at rental rate of RM300,932 per month for first year, RM366,596 per month for second year and RM395,678 per month for third year.

\*\* assumed renewal of tenancy agreement at the same rate upon the expiry of existing lease period

- (ii) Basis for forecasting the Recurrent Transactions during the Mandate Period in the table above is based on historical record and budget of the respective Recurrent Transactions.

## 2.4 Amount due and owing by the Related Parties pursuant to the Recurrent Related Party Transactions

Set out below is the breakdown of the total amount due and owing by the Related Parties under the Recurrent Related Party Transactions which exceeded the credit terms as at the end of the financial year ended 31 December 2021:

	<b>Outstanding Amount from Related Parties as at 31 December 2021</b>
Exceeded credit term for:	<b>Principal (RM'000)</b>
a period of 1 year or less	1,127
a period of more than 1 to 3 years	49
a period of more than 3 to 5 years	-
a period of more than 5 years	-

No late payment charges were imposed by the HSCB Group on the above outstanding amounts as the balances were pending reconciliation and would be settled as soon as the reconciliation was completed. The management has commenced discussions with the debtors for early settlement of the outstanding amounts and would closely monitor the same. As at the LPD, RM837,000 out of the abovementioned RM1,176,000 outstanding amounts had been reconciled and settled. The Board is optimistic that the balance of RM339,000 overdue amount is fully recoverable.

## 2.5 Details of the Related Parties

Interests of the Related Parties in the Recurrent Related Party Transactions set out in section 2.3 above as at LPD are as follows:

### (a) Gek Poh Group

Gek Poh is a Major Shareholder of HSCB by virtue of its substantial shareholding in HSCB comprising 54.63% direct shareholding and 8.01% indirect shareholding via HSIS.

### (b) LSH Group

Tan Sri Lau holds 56.00% direct shareholding in Gek Poh and 100.00% direct shareholding in Lead Star Business Limited ("Lead Star"). Gek Poh has an aggregate shareholding of 62.64% in HSCB, comprising 54.63% direct shareholding and 8.01% indirect shareholding via HSIS. Lead Star also holds 38.74% shareholding in LSH. Accordingly, Tan Sri Lau is deemed to have an interest of 52.92% shareholding in LSH comprising 14.18% shareholding held via Gek Poh and 38.74% shareholding held via Lead Star.

### (c) Samling Strategic

Tan Sri Lau is deemed a Major Shareholder of HSCB by virtue of his 56% direct shareholding in Gek Poh. Gek Poh has an aggregate shareholding of 62.64% in HSCB, comprising 54.63% direct shareholding and 8.01% indirect shareholding via HSIS. His daughter, Ms. Lau Soo Lui, a person connected with Tan Sri Lau has a deemed 44.40% interest in Samling Strategic.

### (d) CIC

Mr. Chiew Kim Hua, a partner in CIC, is the husband of Ms. Helen Lee Yun Oi, the sister of Datuk Edward Lee Ming Foo, the managing director of the Company. Hence, Mr. Chiew Kim Hua and Ms. Helen Lee Yun Oi are deemed persons connected with Datuk Edward Lee Ming Foo.

**(e) Shim Pang**

Datuk Simon Shim Kong Yip is a non-independent non-executive director of the Company, he is deemed interested in the Recurrent Transactions by virtue of his interest as a managing partner of Shim Pang.

**2.6 Rationale for the Recurrent Related Party Transactions**

The Recurrent Related Party Transactions which are to be entered into by the HSCB Group are in the ordinary course of its business. The Recurrent Related Party Transactions are conducted at arm's length, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. It is envisaged that in the ordinary course of the business of HSCB Group, the transactions between companies in the HSCB Group and the Related Parties are likely to occur with certain degree of frequency and it may be impractical to make the requisite announcement to the Bursa Securities or to seek shareholders' approval on a case-to-case basis before entering into such Recurrent Related Party Transactions.

With the Proposed Shareholders' Mandate in place, the Company would not be required to make the requisite announcement to the Bursa Securities or to convene separate general meetings to seek shareholders' approval as and when the Recurrent Related Party Transactions occur. This would substantially reduce administrative time, inconvenience and expenses associated with the release of such announcements or the convening of such meetings on an ad-hoc basis, and allow manpower resources and time to be channeled towards attaining corporate objectives.

Hence, the Board is seeking approval from the shareholders on the Proposed Shareholders' Mandate for the respective Recurrent Related Party Transactions as described in section 2.2 above.

**2.7 Benefits of the Recurrent Related Party Transactions**

Generally, the Recurrent Related Party Transactions provide the HSCB Group with an effective network of support to its operational needs which will enhance the overall business efficacy and effectiveness of the HSCB Group. The support and close working relationships between the HSCB Group and the Related Parties allow the HSCB Group to be more competitive in their core businesses. This is largely contributed by the familiarity and experience of the Related Parties in the requirements of the HSCB Group's operations as they have been reliable suppliers, customers, business associates and/or advisers for many years.

**2.8 Methods or procedures for determining prices of Recurrent Related Party Transactions**

Generally, the prices, terms and conditions of the Recurrent Related Party Transactions are based on market rates, the availability of the amount/resources to be transacted and negotiated on a *willing-buyer-willing-seller* basis.

Where practical and feasible, quotations and tenders will be obtained from third parties to ascertain appropriate prices. As such, at least two other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparisons, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

Where it is impractical or impossible for quotations and/or tenders to be obtained from unrelated third parties, or where there have not been any similar or substantially similar transactions between the HSCB Group and the unrelated third parties, the price and terms of the Recurrent Related Party Transactions for the products/services will be in accordance with applicable industry norms, prevailing commercial rates and at rates not more favourable to the Related Parties than those generally available to the public and are not detrimental to the HSCB Group.

The following internal review procedures have been established to ensure that the Recurrent Related Party Transactions are conducted at arm's length, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders:

- (i) A list of the Related Parties mandated pursuant to the Proposed Shareholders' Mandate will be circulated within the HSCB Group;
- (ii) A register has been created and will be maintained by the HSCB Group to capture notifications of all Recurrent Related Party Transactions entered into;
- (iii) The shareholding interests of the Related Parties will be monitored continuously. Any changes in the shareholdings of the Related Parties will be duly notified to the respective subsidiary companies;
- (iv) A register will be kept by the Company to keep track of the appointment of Directors within the HSCB Group and the Major Shareholders of the HSCB Group. Additionally, the register will serve to capture the immediate disclosure required from the Directors of the subsidiaries of the Company on any interests in a corporation/partnership which transacts or is expected to transact with the HSCB Group;
- (v) The respective management team of the subsidiaries of the Company is required to update the Company on a quarterly basis on the Recurrent Related Party Transactions which will be reviewed by the management of the HSCB Group; and
- (vi) The internal audit plan of HSCB Group shall include a critical review of the Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate to ensure that they are transacted on terms and conditions which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders in the light of the circumstances concerned. The Board and the Audit Committee shall review the internal audit reports to ascertain that the review procedures established to monitor the Recurrent Related Party Transactions have been complied with.

## **2.9 Conditions and the disclosure of the Proposed Shareholders' Mandate**

The Proposed Shareholders' Mandate is subject to annual renewal and shall continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company, at which time the said mandate 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 Act (but must not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever is the earlier.

The Company will disclose in its annual report the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year which requires a breakdown, amongst others, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and
- (b) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

## 2.10 Thresholds of Authority

Approving authority for the Recurrent Related Party Transactions is reviewed by the Board from time to time and set out below are the thresholds of authority as at LPD:

<u>APPROVING LIMIT</u>	<u>APPROVING AUTHORITY</u>										
1. Without limit	Approval by any one of the Audit Committee members										
2. ≤ RM5.0 million for each transaction	Approval by any two of the following: (i) Managing Director (ii) Executive Director (iii) Finance Director (iv) Chief Executive										
3. ≤ RM1.0 million for each transaction	Approval by one from Group One and one from Group Two <table><thead><tr><th><u>Group One</u></th><th><u>Group Two</u></th></tr></thead><tbody><tr><td>(i) Managing Director</td><td>(i) Operation Director</td></tr><tr><td>(ii) Executive Director</td><td>(ii) General Manager</td></tr><tr><td>(iii) Finance Director</td><td>(iii) Financial Controller</td></tr><tr><td>(iv) Chief Executive</td><td></td></tr></tbody></table>	<u>Group One</u>	<u>Group Two</u>	(i) Managing Director	(i) Operation Director	(ii) Executive Director	(ii) General Manager	(iii) Finance Director	(iii) Financial Controller	(iv) Chief Executive	
<u>Group One</u>	<u>Group Two</u>										
(i) Managing Director	(i) Operation Director										
(ii) Executive Director	(ii) General Manager										
(iii) Finance Director	(iii) Financial Controller										
(iv) Chief Executive											

Where any Director has interest, direct or indirect, in any Recurrent Related Party Transactions, such Director shall abstain from deliberation and voting on such transactions.

The aforesaid thresholds of authority shall remain in force until otherwise revoked or varied by the Board.

## 2.11 Statement by the Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures mentioned in section 2.8 above and is satisfied that the procedures are sufficient to ensure that the Recurrent Related Party Transactions are conducted at arm's length, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The HSCB Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner, which these procedures and processes are reviewed on a quarterly basis by the Audit Committee.

## 3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the other Directors, Major Shareholders and/or persons connected with a Director and/or Major Shareholder have any interests, direct and/or indirect, in the Proposed Shareholders' Mandate:

- (a) The direct and/or indirect interests of the interested Major Shareholders of HSCB based on the register of substantial shareholders as at LPD are as follows:

Interested Major Shareholders	Shareholdings in HSCB			
	No. of HSCB Shares			
	Direct	%#	Indirect	%#
Tan Sri Lau	-	-	1,559,459,122 <sup>(1)</sup>	62.64
Gek Poh	1,360,094,542	54.63	199,364,580 <sup>(2)</sup>	8.01
HSIS	199,364,580	8.01	-	-

**Notes:**

- # For purpose of computing the percentage shareholding above, the number of HSCB Shares used was 2,489,669,583 which was arrived at after deducting 12,000 treasury shares held by HSCB from its issued shares of 2,489,681,583 ordinary shares as at LPD.
- (1) Pursuant to section 8 of the Act, Tan Sri Lau is deemed to have interest in 1,360,094,542 HSCB shares constituting 54.63% shareholding in HSCB held by Gek Poh by virtue of his direct substantial interest in Gek Poh and 199,364,580 HSCB shares constituting 8.01% shareholding in HSCB held by HSIS by virtue of his direct substantial interest in Gek Poh as HSIS is the wholly-owned subsidiary of Gek Poh.
- (2) Pursuant to section 8 of the Act, Gek Poh is deemed to have interest in 199,364,580 HSCB Shares constituting 8.01% shareholding in HSCB held by HSIS.

- (b) Person connected with Major Shareholder

As stated in section 3(a)(1), Tan Sri Lau is deemed a Major Shareholder of the Company. His daughter, Ms. Lau Soo Lui, a person connected with him, has a deemed 44.40% interest in Samling Strategic. Hence, Tan Sri Lau is deemed interested in the Recurrent Transactions between HSCB Group and Samling Strategic Group.

- (c) The direct and/or indirect interests of the interested Directors and persons connected with an interested Director in the Company as at LPD:

Datuk Edward Lee Ming Foo is the managing director of both HSCB and Gek Poh. Mr. Lee Wee Yong is an executive director of HSCB and a director of Gek Poh. Premised on Datuk Edward Lee Ming Foo and Mr. Lee Wee Yong's common directorships in HSCB and Gek Poh, they are deemed interested in the Recurrent Transactions between HSCB Group and Gek Poh Group. They are also deemed interested in the Recurrent Transactions between the HSCB Group and LSH Group by virtue of Gek Poh being a major shareholder in LSH. Neither Datuk Edward Lee Ming Foo nor Mr. Lee Wee Yong holds any shares, direct and/or indirect, in the Company.

Datuk Simon Shim Kong Yip is a non-independent non-executive director of HSCB and a non-executive director of LSH as well as a managing partner of Shim Pang. Premised on Datuk Simon Shim Kong Yip's common directorships in HSCB and LSH, and he is a managing partner of Shim Pang, he is deemed interested in the Recurrent Transactions between the HSCB Group, LSH Group and Shim Pang. Datuk Simon Shim Kong Yip does not hold any shares, direct and/or indirect, in the Company.

Mr. Chiew Kim Hua, a partner in CIC, is the husband of Ms. Helen Lee Yun Oi, the sister of Datuk Edward Lee Ming Foo, the managing director of the Company. Hence, Mr. Chiew Kim Hua and Ms. Helen Lee Yun Oi are deemed persons connected with Datuk Edward Lee Ming Foo and Datuk Edward Lee Ming Foo is deemed interested in the Recurrent Transactions between the HSCB Group and CIC. Neither Mr. Chiew Kim Hua nor Ms. Helen Lee Yun Oi holds any shares, direct and/or indirect, in the Company.



The interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in HSCB on the resolution in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

The interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant board of directors meetings and on the resolution in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

Further, the interested Major Shareholders and interested Directors have undertaken that they will also ensure that persons connected with them who have interests in the shares in HSCB will abstain from voting in respect of their direct and/or indirect shareholdings in HSCB on the resolution in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

#### **4. DIRECTORS' RECOMMENDATION**

The Board (save for Datuk Edward Lee Ming Foo, Mr. Lee Wee Yong and Datuk Simon Shim Kong Yip who are the interested Directors in relation to the Proposed Shareholders' Mandate and as such, have abstained from expressing an opinion and recommendation in respect thereof), having considered all aspects of the Proposed Shareholders' Mandate and in particular, the rationale and benefits of the Recurrent Related Party Transactions set out in sections 2.6 and 2.7 above, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the HSCB Group and shareholders.

Accordingly, the Board (save for the interested Directors) recommends that shareholders vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

#### **5. AGM**

The Proposed Shareholders' Mandate for the Recurrent Related Party Transactions will be subject to the approval of the shareholders to be obtained at the forthcoming AGM to 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. The extract of the notice of AGM is enclosed with this Circular/Statement as Appendix II. Please follow the procedures provided in administrative guide for the forthcoming AGM in order to register, participate and vote remotely via remote participation and electronic voting facilities which is available on the online portal of Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>. The notice of the AGM, proxy form and administrative guide are available online and may be downloaded from the Company website at <https://www.hapseng.com.my/en/general-meeting.html>.

If you are unable to participate and vote at the forthcoming AGM, you should complete the proxy form as enclosed in the Annual Report 2021 in accordance to the instructions therein and 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 the adjournment thereof.

#### **6. FURTHER INFORMATION**

Shareholders are advised to refer to Appendix I of this Circular/Statement for further information.

Yours faithfully  
For and on behalf of the Board  
**HAP SENG CONSOLIDATED BERHAD**

**Thomas Karl Rapp**  
Independent Non-Executive Chairman

**PART B**

**SHARE BUY-BACK STATEMENT IN RELATION TO  
THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

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**PART B****SHARE BUY-BACK STATEMENT**

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## **1. INTRODUCTION**

Hap Seng Consolidated Berhad (“HSCB” or the “Company”) had at the annual general meeting held on 25 May 2021, obtained a renewal of authorisation from its shareholders to purchase and/or hold its own shares up to a maximum of 10% of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad (“Bursa Securities”). In accordance with the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”), this authorisation shall lapse upon the conclusion of the 46<sup>th</sup> annual general meeting of the Company to be convened on 26 May 2022 (“AGM”), unless otherwise renewed.

The Company has on 13 April 2022 announced to Bursa Securities of its intention to seek a renewal of the authorisation from its shareholders for the Company to purchase and/or hold its own shares up to a maximum of 10% of the Company’s total number of issued shares (“Proposed Renewal of Share Buy-back Authority”).

This statement is to provide the shareholders with the information on the Proposed Renewal of Share Buy-back Authority, to set out the recommendation from the board of directors of the Company (the “Board”) and to seek shareholders’ approval for the ordinary resolution pertaining to the Proposed Renewal of Share Buy-back Authority to be tabled at the forthcoming AGM to be held on 26 May 2022 at 10am (or the adjournment thereof).

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

### **2.1 The Rationale and Potential Advantage and Disadvantage**

The Board is of the opinion that authorising the Company to undertake the purchase of its own shares is in the best interest of the Company. The share buy-backs, if authorised, may stabilise the supply and demand of the Company’s shares and this may have a favourable impact on the share price of the Company. Upon the shares being purchased, the Company could either cancel or retain the shares (all or part thereof) as treasury shares. In the event that the repurchased shares are retained as treasury shares, it will give the Board an option to sell the treasury shares at a higher price and therefore make an exceptional gain for the Company. Alternatively, the treasury shares may be distributed as share dividends to shareholders or cancelled as and when the directors deem fit. In addition, the directors of the Company may, at their absolute discretion, be authorised to transfer the treasury shares or any of the said shares as purchase consideration or in any other manner as prescribed by the section 127(7) of the Companies Act 2016 (the “Act”).

The proposed purchase of its own shares is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be exercised only after in-depth consideration of the financial resources of the Company and of the resultant impact on its shareholders.

The proposed purchase of its own shares will however reduce the financial resources of the Company and may result in the Company having to forego any good investment opportunities that may emerge in the future and reduce income derived from depositing funds in interest-bearing instruments.

Nevertheless, the Board will be mindful of the interests of both the Company and its shareholders in implementing the proposed purchase of its own shares.

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## SHARE BUY-BACK STATEMENT

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### 2.2 The Maximum Number or Percentage of Own Shares to be Purchased

The proposed purchase of its own shares must be undertaken by the Company's appointed stockbroker(s). The Company must not purchase its own shares and/or hold any of its own shares as treasury shares if this would result in the aggregate of the shares so purchased and/or held to exceed 10% of its total number of issued shares. As at 31 March 2022, the total number of issued shares of the Company (inclusive of 12,000 treasury shares) was 2,489,681,583 ordinary shares.

The authority from the shareholders for the proposed purchase of its own shares would be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-back Authority at the AGM and shall continue to be in force until:

- (i) 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
- (ii) 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 Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever occurs first.

### 2.3 The Amount of Retained Profits, Source of Funds and Cash Flow Impact

The Listing Requirements stipulate that the proposed purchase of its own shares must be made out of retained profits of the listed company.

The Board therefore proposed to allocate a maximum of up to the retained profits of the Company for the purchase of its own shares subject to compliance with section 127 of the Act and any other prevailing laws, rules, regulations, order, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the Company's latest audited financial statements for the financial year ended 31 December 2021, the audited retained profits of the Company was RM2,188,434,444. The retained profits of the Company in the management account as at 31 March 2022 was RM2,296,302,850.

The proposed purchase of its own shares will be funded through internally generated funds and/or external borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds and external borrowings, and the repayment capabilities of the Company at the time of purchase. In the event that the proposed purchase of its own shares is to be partly and/or wholly financed by external borrowings, the Board is of the opinion that the Company is capable of repaying such borrowings and that such borrowings are not expected to have any material effect on the cash flow of the Company and its subsidiaries ("HSCB Group").

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## SHARE BUY-BACK STATEMENT

### 2.4 Shareholding of Directors and Substantial Shareholders

For purpose of illustration, the effect before and after the proposed purchase of its own shares under the Proposed Renewal of Share Buy-back Authority on the direct and indirect shareholdings of the substantial shareholders and/or persons connected with them based on the register of substantial shareholders of the Company as at 31 March 2022 is as follows:

<u>Substantial shareholders</u>	No. of ordinary shares held in the Company							
	<-----Before the proposed purchase ----->				<-----After the proposed purchase ----->			
	Direct		Indirect		Direct		Indirect	
	%	%	%	%	%	%	%	%
Gek Poh (Holdings) Sdn Bhd ("Gek Poh")	1,360,094,542	54.63	199,364,580 <sup>(2)</sup>	8.01	1,360,094,542	60.70	199,364,580 <sup>(2)</sup>	8.90
Hap Seng Insurance Services Sdn Bhd ("HSIS")	199,364,580	8.01	-	-	199,364,580	8.90	-	-
Affin Hwang Nominees (Asing) Sdn Bhd Exempt AN for Lei Shing Hong Securities Limited (Clients A/C for An Soon Unity Incorporated)	295,772,687	11.88			295,772,687	13.20		
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ("Tan Sri Lau")	-	-	1,559,459,122 <sup>(3)</sup>	62.64	-	-	1,559,459,122	69.60

**Notes:**

- (1) For purpose of computing the percentage of shareholding above, the number of ordinary shares used was 2,489,669,583 which was arrived at after deducting 12,000 treasury shares held by the Company from its issued shares of 2,489,681,583 ordinary shares as at 31 March 2022.
- (2) Pursuant to section 8 of the Act, Gek Poh is deemed to have interest in 199,364,580 ordinary shares constituting 8.01% shareholding in HSCB held by HSIS, the wholly-owned subsidiary of Gek Poh.
- (3) Pursuant to section 8 of the Act, Tan Sri Lau is deemed to have interest in 1,360,094,542 ordinary shares constituting 54.63% shareholding in HSCB held by Gek Poh by virtue of his direct substantial interest in Gek Poh and 199,364,580 ordinary shares constituting 8.01% shareholding in HSCB held by HSIS by virtue of his direct substantial interest in Gek Poh as HSIS is the wholly-owned subsidiary of Gek Poh.

As at the LPD, none of the directors of the Company and/or persons connected with them have any direct and/or indirect shareholdings in the Company.

None of the directors or substantial shareholders and/or persons connected with them have any interest, direct and/or indirect, in the Proposed Renewal of Share Buy-back Authority.

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## SHARE BUY-BACK STATEMENT

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### 3. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Based on the assumption that the proposed purchase of its own shares under the Proposed Renewal of Share Buy-back Authority is carried out in full, the effects of the proposed purchase of its own shares on the share capital, NA, EPS and working capital of the Company are set out below:

#### 3.1 Share Capital

The effect of the proposed purchase of its own shares under the Proposed Renewal of Share Buy-back Authority on the total number of issued shares of the Company assuming the Company purchased and subsequently cancelled up to 248,968,158 ordinary shares representing 10% of the total number of issued shares of the Company as at 31 March 2022 is as follows:

	<b>No. of Ordinary Shares</b>
Total number of issued shares as at 31 March 2022	2,489,681,583
Less:	
Number of HSCB shares to be cancelled pursuant to the proposed purchase of its own shares of up to 10% of the total number of issued shares as at 31 March 2022	248,968,158
Upon completion of the cancellation of the 248,968,158 ordinary shares purchased	<u>2,240,713,425</u>

However, there will be no effect on the total number of issued shares of the Company if the shares so purchased are to be retained as treasury shares.

#### 3.2 NA per share and EPS

The NA per share of the Company and the HSCB Group may increase or decrease, depending on the purchase price of the shares to be purchased by the Company. Should the purchase price exceed the existing NA per share, the NA of the remaining shares should decrease accordingly. Conversely, should the purchase price be lower than the existing NA per remaining share, the resultant NA per share should increase accordingly.

Assuming that the shares purchased under the Proposed Renewal of Share Buy-back Authority are cancelled, the Proposed Renewal of Share Buy-back Authority may increase the EPS of the HSCB Group. Similarly, on the assumption that the shares purchased are held as treasury shares and subsequently resold, the extent of the effect on earnings of the HSCB Group will depend on the actual selling price and number of treasury shares resold. In the event the shares purchased are held as treasury shares, the effective reduction in the total number of issued shares of the Company pursuant to the Proposed Renewal of Share Buy-back Authority would generally, all else being equal, increase the consolidated EPS of the Company.

#### 3.3 Working Capital

The proposed purchase of its own shares is likely to reduce funds available for working capital purposes of the HSCB Group, the quantum of which depends on the purchase price of the shares and the actual number of shares purchased.

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## SHARE BUY-BACK STATEMENT

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### 4. HISTORICAL SHARE PRICE

The monthly highest and lowest prices of the Company's shares as traded on the Bursa Securities for the preceding 12 months from April 2021 to March 2022 are as follows:

	Share Price	
	High (RM)	Low (RM)
<b><u>2021</u></b>		
April	8.45	7.91
May	8.47	7.78
June	8.32	7.64
July	7.98	7.63
August	8.60	7.57
September	8.85	7.95
October	8.28	7.75
November	8.05	7.51
December	7.80	7.30
<b><u>2022</u></b>		
January	7.79	7.45
February	7.75	7.11
March	7.99	7.12

The last transacted price of the Company's shares on 31 March 2022, being the last trading day prior to the printing of this Circular/Statement was RM7.48.

*(Source: www.morningstar.com)*

### 5. THE CONSEQUENCES WITH REGARD TO THE CODE

Based on the shareholdings of the substantial shareholders as at 31 March 2022, if the Proposed Renewal of Share Buy-back Authority is carried out in full, the proposed purchase of its own shares will have no implication to any of the directors, substantial shareholders and/or persons acting in concert with him/them under the Code.

### 6. PURCHASES MADE IN THE LAST FINANCIAL YEAR

During the financial year, the Company did not purchase any of its own shares. As at 31 December 2021, the Company held a total of 12,000 treasury shares.

None of the treasury shares have been resold, cancelled and/or distributed during the preceding 12 months.

### 7. PUBLIC SHAREHOLDING SPREAD OF THE COMPANY

As at 31 March 2022, the public shareholding spread of the Company was approximately 25.47%. Assuming that the Proposed Renewal of Share Buy-back Authority is carried out in full and the shares so purchased were all cancelled, the public shareholding of the Company will be 17.19%. The Board is mindful of the requirement that any purchase of its own shares must not result in the Company's public shareholding spread falling below the minimum 25% of the total number of issued shares of the Company (excluding treasury shares).



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## SHARE BUY-BACK STATEMENT

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### 8. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Share Buy-back Authority and in particular, the rationale thereof as set out in section 2.1 above, is of the opinion that the Proposed Renewal of Share Buy-back Authority is in the best interest of the Company. Accordingly, the Board recommends that shareholders vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-back Authority to be tabled at the forthcoming AGM.

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular/Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

**2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at LPD, save as disclosed below, the Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the directors do not have any knowledge of any proceedings, pending or threatened, against the Group or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Group:

- (a) Hap Seng Plantations (River Estates) Sdn Bhd ("RESB"), the wholly-owned subsidiary of Hap Seng Plantations Holdings Berhad ("HSP"), is the registered and beneficial proprietor of all that parcel of land held under CL095310017, District of Kinabatangan, State of Sabah measuring approximately 6,454 acres ("said Land"). On 16 January 2012, a purported sale and purchase agreement in respect of the said Land was entered into between Mr. Heng Chin Hing @ Wong Chin Hing (NRIC No. H0699157/570811-12-5731) ("HCH") as the purported vendor and Excess Interpoint Sdn Bhd ("EISB") as the purported purchaser ("Purported SPA"). HCH alleged that he is the donee of a power of attorney dated 8 February 1977 allegedly created in respect of the said Land ("Alleged PA"). On the basis of the Purported SPA, EISB entered a private caveat on the said Land on 3 April 2012.

On 23 May 2012, RESB commenced a legal suit ("KL RESB Suit") vide a writ of summon at Kuala Lumpur High Court ("KLHC") against EISB ("1st Defendant") and HCH was added as the second defendant ("2nd Defendant") to the KL RESB Suit on 16 June 2012.

On 10 August 2012, upon the 1st Defendant's application, the KL RESB Suit was transferred to the High Court of Sabah and Sarawak at Kota Kinabalu ("KKHC"). On 7 April 2016, the Federal Court held that the KLHC has no jurisdiction to transfer a civil suit filed in the High Court of Malaya to the High Court of Sabah and Sarawak. On the basis of such ruling, the KKHC had on 19 April 2016 struck off the KL RESB Suit with no order as to costs.

On 8 April 2016, RESB commenced a fresh legal suit against the 1st and 2nd Defendants through its solicitors in Sabah, Messrs Jayasuriya Kah & Co. in KKHC vide writ of summon no. BKI-22NCvC-39/4-2016 ("KK RESB Suit").

RESB is claiming for the following in the KK RESB Suit:

- (i) That RESB be declared as the registered and beneficial owner of the said Land;
- (ii) That the Purported SPA be declared null and void;
- (iii) That the Alleged PA be declared null and void;
- (iv) An injunction restraining the 1st Defendant from:-
  - (a) effecting any further dealings including but not limited to disposal, assignment, transfer, mortgage, charge, lease, tenancy over the said Land with any third party;
  - (b) taking any actions to fulfill the terms and conditions in the Purported SPA; and
  - (c) taking any further action to complete the Purported SPA.
- (v) An injunction restraining the 2nd Defendant from effecting any steps, actions and/or representations in respect of the Alleged PA;
- (vi) Costs of the KK RESB Suit; and
- (vii) Such further or other relief as the Court deems fit and just.

Pending disposal of the KK RESB Suit, the KKHC had on 27 July 2016 granted an interlocutory injunction in favour of RESB pursuant to which the 1st and 2nd Defendants have been restrained from effecting dealings as set out in terms (iv) and (v) above ("KK Interlocutory Injunction").

On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB’s application (“Consolidated RESB Suit”). The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019, 8 March 2019, 19 September 2019, 7 February 2020 and 20 to 23 December 2021. The Consolidated RESB Suit has been fixed for continued hearing on 18 April 2022.

HSP has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the Consolidated RESB Suit.

- (b) Chee Ah Nun @ Sia Yi Chan (NRIC No. 550808-12-5663) (“SYC” or the “Plaintiff”) has filed a separate legal suit against RESB in respect of the said Land in the KKHC vide originating summon no. BKI-24-127/5-2012, and the same was served on RESB on 11 June 2012 (the “KK Suit”).

The KK Suit is premised on a purported deed of appointment of substitute by attorney dated 24 June 2010 (“Alleged Deed of Substitute”) allegedly executed by HCH pursuant to which HCH had allegedly divested to SYC all his interests or claims on the said Land pursuant to the Alleged PA.

SYC is claiming for the following in the KK Suit:

- (i) that by virtue of the Alleged PA, RESB had allegedly divested its ownership and all interests or claims to the said Land to HCH;
- (ii) that pursuant to the Alleged Deed of Substitute, SYC is the beneficial owner and has rights to take possession of the said Land;
- (iii) an order that RESB forthwith deliver vacant possession of the said Land to SYC free of encumbrances with all fixtures and crops planted thereon;
- (iv) an injunction restraining RESB, its servants and/or employees or agents from harvesting crops on the said Land or removing anything thereon and/or otherwise from doing anything or interfering with SYC’s rights thereon;
- (v) costs of the KK Suit; and
- (vi) such further or other relief as the Court deems fit and just.

On 27 July 2016, the KKHC, upon application of RESB, granted an order converting the KK Suit from an originating summon to a writ action. On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB’s application (“Consolidated RESB Suit”).

The Consolidated RESB Suit was part heard from 13 to 15 September 2017, 20 to 21 September 2017, 12 and 25 October 2017, 24 November 2017, 26 to 27 February 2018, 25 to 26 April 2018, 11 to 14 June 2018, 12 to 14 September 2018, 29 October to 2 November 2018, 7 to 11 January 2019, 28 February 2019, 8 March 2019, 19 September 2019, 7 February 2020 and 20 to 23 December 2021. The Consolidated RESB Suit has been fixed for continued hearing on 18 April 2022.

HSP has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the Consolidated RESB Suit.

### **3. MATERIAL CONTRACTS**

The material contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company and/or its subsidiaries during the two years immediately preceding the date of this Circular/Statement are as follows:

- (i) On 11 January 2021, \*Caliber Suncity Sdn Bhd (“Caliber Suncity”) entered into a sale and purchase agreement (the “said SPA”) with Victoria Land Sdn Bhd (“Victoria Land”), the wholly-owned subsidiary of Lei Shing Hong Limited, whereby Victoria Land had agreed to dispose and Caliber Suncity had agreed to purchase all those 3 adjoining parcels of leasehold industrial land held under Lot 11360, PN 11151, Lot 11361, PN 11152 and Lot 11365, PN 394, situated at Kg Ranche-Ranche, Off Jalan Patau-Patau, 87000 Federal Territory of Labuan District and State of Wilayah Persekutuan Labuan (the “said Labuan Lands”) together with several buildings for

industrial use erected thereon (the “said Buildings”) for a cash consideration of RM205,250,000 (the “said Labuan Lands Purchase Consideration” or the “said Labuan Lands Acquisition” respectively). Victoria Land had entered into a 20-year principal lease that expires in 2032 for the said Labuan Lands and various sub-leases in respect of some but not all of the said Buildings with Asian Supply Base Sdn Bhd, a wholly-owned subsidiary of the State Government of Sabah.

The said Labuan Lands Purchase Consideration was paid to Victoria Land on 12 January 2021 which thereupon completed the said Labuan Lands Acquisition.

- (ii) On 23 December 2021, \*Positive Sunland Sdn Bhd (“Positive Sunland”) entered into a conditional sale and purchase agreement (“Platinum Park SPA”) with Sovereign Towers Sdn Bhd (“Sovereign Towers”) the beneficial proprietor and Profound Reliance Sdn Bhd (“Profound Reliance”) the registered proprietor of all that parcel of vacant commercial land known as Plot No. 5, Lorong Kuda, Platinum Park, Kuala Lumpur identified as Lot No. 387, Seksyen 63 held under Title No. Geran 71978, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, measuring approximately 74,346 sq. ft (“said Platinum Park Land”) to acquire the said Platinum Park Land for a cash consideration of RM265,786,950 (“Platinum Park Acquisition Consideration” and Proposed Platinum Park Acquisition” respectively). Sovereign Tower is the wholly-owned subsidiary of Naza Corporation Holdings Sdn Bhd (“NCH”) whilst Profound Reliance is a 70%-owned subsidiary of NCH. Upon execution of the Platinum Park SPA, 10% of the Platinum Park Acquisition Consideration was paid to Sovereign Towers.

The Proposed Platinum Park Acquisition is subject to the approval of the Economic Planning Unit of the Prime Minister’s Department, Malaysia (“EPU Approval”) and the Platinum Park SPA shall become unconditional on the date of receipt of the EPU Approval.

- (iii) On 3 January 2022, \*Sierra Positive Sdn Bhd (“Sierra Positive”) entered into a conditional sale and purchase agreement (“Met 3 SPA”) with TTDI KL Metropolis Sdn Bhd (“TKLM”), the wholly-owned subsidiary of Naza TTDI Sdn Bhd, which in turn is an 80%-owned subsidiary of Naza Corporation Holdings Sdn Bhd [“NCH”], pursuant to which TKLM agreed to dispose of all that parcel of vacant commercial land known as Met 3, Plot 7A, KL Metropolis identified as Lot No. 80929 held under Title No. Pajakan Negeri 52355, Locality of Jalan Duta, Mukim Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, measuring approximately 668,212.79 sq. ft. (“Met 3 Land”) to Sierra Positive for a cash consideration of RM868,676,627 (“Met 3 Acquisition Consideration” and “Proposed Met 3 Acquisition” respectively). Upon execution of the Met 3 SPA, 10% of the Met 3 Acquisition Consideration was paid to TKLM (the “Met 3 Deposit”). Completion of the Proposed Met 3 Acquisition was conditional upon the following authorities’ approvals to be obtained within 6 months or such other longer period(s) as may be mutually agreed (“Conditional Period”), namely:
- (i) the EPU Approval; and
  - (ii) the approval of Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur to be obtained by TKLM for the transfer of the Met 3 Land in favour of Sierra Positive (collectively, “Authorities’ Approvals”). The Met 3 SPA shall become unconditional on the date the Authorities Approvals are obtained.

On 12 January 2022, Sierra Positive entered into a supplemental agreement with TKLM (“said SA”) to vary the terms of the Met 3 SPA as follows:

- (i) At the request of TKLM, notwithstanding that the Met 3 SPA has not become unconditional, Sierra Positive shall pay the Met 3 Acquisition Consideration (after deducting the Met 3 Deposit) in the manner set out below:-
  - (a) firstly, Sierra Positive shall pay the redemption sum of the Met 3 Land (“said Redemption Sum”) within 10 business days from the date of Sierra Positive’s solicitors’ receipt of the redemption statement;
  - (b) within 10 business days from the date of TKLM’s solicitors’ written notice to Sierra Positive’s solicitors of their receipt of the discharge documents which shall include the original title of Met 3 Land (collectively, “Met 3 Discharge Documents”), Sierra Positive shall pay a further 70% of the Met 3 Acquisition Consideration (“70% Payment”) in exchange for the delivery of the Met 3 Discharge Documents together with an

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**APPENDIX I–FURTHER INFORMATION (Con’t)**

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- irrevocable power of attorney in respect of the Met 3 Land (“Met 3 PA”) to Sierra Positive’s solicitors’ to be held by them as stakeholders; and
- (c) the balance of the Met 3 Acquisition Consideration after deducting the Met 3 Deposit, the said Redemption Sum and the 70% Payment shall be paid within 1 month of the Met 3 SPA becoming unconditional.
- (ii) The Conditional Period was extended by a further period of 6 months which is to expire on 2 January 2023.
- (iii) In the event the Authorities’ Approvals could not be fulfilled for any reason whatsoever on expiry of the Conditional Period, TKLM shall refund to Sierra Positive all monies paid pursuant to the Met 3 SPA and the said SA, free of interest within 20 business days of termination of the Met 3 SPA, in exchange for the return of all documents delivered to Sierra Positive pursuant to the Met 3 SPA and the said SA, including the Met 3 Discharge Documents and the Met 3 PA.

The said Redemption Sum and the 70% Payment were paid on 13 January 2022 and 19 January 2022 respectively.

*\* These are the Company’s wholly-owned subsidiaries.*

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the Registered Office during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular/Statement up to and including the date of the AGM of the Company to be held on 26 May 2022:

- (a) the constitution of the Company;
- (b) the audited financial statements of the Company for the past 2 financial years ended 31 December 2020 and 31 December 2021;
- (c) the agreements, where available, for the recurrent transactions as set out in section 2.3 of Part A of this Circular/Statement;
- (d) the relevant cause papers in respect of the material litigation referred to in section 2 of Appendix I of this Circular/Statement; and
- (e) the material contracts referred to in section 3 of Appendix I of this Circular/Statement.



Creating  
Value  
Together

## Hap Seng Consolidated Berhad 197601000914 (26877-W)

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 46<sup>th</sup> annual general meeting (“AGM”) 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:-

#### SPECIAL BUSINESS

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

##### Ordinary Resolution 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.”

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

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**APPENDIX II – EXTRACT OF NOTICE OF 45<sup>th</sup> ANNUAL GENERAL MEETING (Con't)**

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- (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.”