THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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.

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HAP SENG

Creating Value Together

Hap Seng Consolidated Berhad 197601000914 (26877-W)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PART A

PROPOSED DISPOSAL OF 50,000,001 ORDINARY SHARES REPRESENTING 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HS CREDIT (BIRMINGHAM) LTD BY HSC BIRMINGHAM HOLDING LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF HAP SENG CONSOLIDATED BERHAD, TO LEI SHING HONG CAPITAL LIMITED FOR A CASH CONSIDERATION OF GBP127,800,000 (EQUIVALENT TO RM706,171,680) ("PROPOSED DISPOSAL")

PART B

INDEPENDENT ADVICE LETTER FROM AFFIN HWANG INVESTMENT BANK BERHAD TO THE NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

CIMB

CIMB Investment Bank Berhad
Registration No. 197401001266 (18417-M)

Independent Adviser

AFFIN HWANG INVESTMENT BANK

AFFIN HWANG INVESTMENT BANK BERHAD
Registration No. 197301000792 (14389-U)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice convening the extraordinary general meeting ("**EGM**") 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, 28 July 2022 at 10.00 a.m. or the adjournment thereof, is enclosed with this Circular. Please follow the procedures provided in the administrative guide for the EGM in order to register, participate and vote remotely via remote participation and electronic voting facilities which are available at https://meeting.boardroomlimited.my. The notice of the EGM, proxy form and administrative guide are available online and may be downloaded from the Company's website at https://www.hapseng.com.my/en/general-meeting.html.

A member entitled to participate and vote at the EGM 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 twenty-four (24) hours before the time appointed for holding the EGM or the adjournment thereof. Accordingly, the last day and time for lodging of the proxy form is 27 July 2022 at 10.00 a.m. or the adjournment thereof.

This Circular is dated 5 July 2022

SUMMARY OF CONTENTS

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PART A

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED DISPOSAL

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout Part A of this Circular and the appendices to it:

Act	:	Companies Act 2016
Affin Hwang IB or Independent Adviser	:	Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U))
Announcement	:	The announcement dated 27 May 2022 made by CIMB on behalf of HSCB on Bursa Securities in relation to the Proposed Disposal
Balance Sum	:	A sum of GBP115,020,000 (equivalent to RM635,554,512) representing the balance 90% of the Sale Consideration payable by LSHCL to HSC Birmingham
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of the Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Business Day	:	A day on which commercial banks are open for business in Kuala Lumpur, Labuan, United Kingdom and Hong Kong (excluding Saturdays, Sundays and public holidays)
CIMB or Principal Adviser	:	CIMB Investment Bank Berhad (Registration No. 197401001266 (18417-M))
Circular	:	This circular issued by HSCB to its shareholders dated 5 July 2022
Completion	:	The completion of the SSA which shall take place on or before the expiry of one (1) month from the date on which the Condition Precedent is satisfied or an automatic extension of one (1) month period if LSHCL fails to pay the Balance Sum on the expiry of one (1) month from the date on which the Condition Precedent is satisfied
Completion Date	:	The date on which the Completion takes place
Condition Precedent	:	The condition precedent of the Proposed Disposal as set out in Section 2 of Appendix II of this Circular
Cut-Off Date	:	The last day of the period of three (3) months from the date of the SSA or such other date as may be agreed in writing between HSC Birmingham and LSHCL
Deposit	:	A sum of GBP12,780,000 (equivalent to RM70,617,168) representing 10% of the Sale Consideration, payable within seven (7) days from the date of execution of SSA by LSHCL to HSC Birmingham
EGM	:	The extraordinary general meeting of the Company to be held on 28 July 2022 or the adjournment thereof, to consider and if thought fit, to approve the Proposed Disposal
EPS	:	Earnings per share
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be

Gek Poh	:	Gek Poh (Holdings) Sdn Bhd (Registration No. 197401003566 (20706-X))
HCBL	:	HS Credit (Birmingham) Ltd (Company No. 11233817), a company incorporated in United Kingdom which is the wholly-owned subsidiary of HSC Birmingham
HCBL Shares	:	Ordinary shares of HCBL
HSC Birmingham	:	HSC Birmingham Holding Limited (Company No. LL13999), a company incorporated in Labuan and a wholly-owned subsidiary of HSCI
HSCB or Company	:	Hap Seng Consolidated Berhad (Registration No. 197601000914 (26877-W))
HSCB Group or Group	:	HSCB and its subsidiaries, collectively
HSCB Shares or Shares	:	Ordinary shares of HSCB
HSCI	:	HSC International Limited (Company No. LL13985), a company incorporated in Labuan, Malaysia and a wholly-owned subsidiary of HSCB
HSIS	:	Hap Seng Insurance Services Sdn Bhd (Registration No. 197501000146 (21774-X)), a wholly-owned subsidiary of Gek Poh
Independent Advice Letter	:	The independent advice letter by Affin Hwang IB as set out in Part B of this Circular
Interested Directors	:	The directors of the Company who are deemed interested in the Proposed Disposal, namely Datuk Edward Lee Ming Foo, Mr. Lee Wee Yong and Datuk Simon Shim Kong Yip as disclosed in Section 11.2 of Part A of this Circular
Interested Shareholders	:	The shareholders of the Company who are deemed interested in the Proposed Disposal, namely Tan Sri Lau, Gek Poh and HSIS as disclosed in Section 11.1 of Part A of this Circular
LAT	:	Loss after taxation
LBT	:	Loss before taxation
Lead Star	:	Lead Star Business Limited (Company No. 1474599), a company incorporated in British Virgin Islands
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	16 June 2022, being the latest practicable date prior to the printing and despatch of this Circular
LSH	:	Lei Shing Hong Limited (Company No. 28253), a company incorporated in Hong Kong
LSHCL	:	Lei Shing Hong Capital Limited (Company No. 438542), a company incorporated in Hong Kong and a wholly-owned subsidiary of LSH
LTD	:	26 May 2022, being the last trading day prior to the Announcement
MFRS	:	Malaysian Financial Reporting Standards
MFRS 121	:	MFRS 121 The Effects of Changes in Foreign Exchange Rates

NA	:	Net assets
Non-Interested Directors	:	The directors of the Company who are not interested in the Proposed Disposal
Non-Interested Shareholders	:	The shareholders of the Company who are not interested in the Proposed Disposal
PAT	:	Profit after taxation
PATNCI	:	Profit after taxation and non-controlling interest
PBR	:	Price-to-book ratio
PBT	:	Profit before taxation
PER	:	Price earnings ratio
Proposed Disposal	:	Proposed disposal by HSC Birmingham of the Sale Shares to LSHCL for the Sale Consideration
Registered Office	:	21st Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
Sale Consideration	:	The cash consideration of GBP127,800,000 (equivalent to RM706,171,680)
Sale Shares	:	50,000,001 ordinary shares representing 100% of the issued share capital of HCBL
SSA	:	The shares sale agreement dated 27 May 2022 entered into between HSC Birmingham and LSHCL for the Proposed Disposal
Tan Sri Lau	:	Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak
Currencies		
GBP or £	:	British Pound Sterling, the lawful currency of United Kingdom
HKD	:	Hong Kong Dollar, the lawful currency of Hong Kong, Special Administrative Region of the People's Republic of China
RM and Sen	:	Ringgit Malaysia and Sen respectively, the lawful currency of Malaysia

All references to the "**Company**" in this Circular are to HSCB and references to the "**Group**" are to the Company and its subsidiaries. All references to "**you**" in this Circular are to the shareholders of the Company.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the tables between the amounts listed and the totals in this Circular are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Group's plans and objectives will be achieved.

Unless otherwise stated, the exchange rate of GBP1.00:RM5.5256, being the BNM's middle exchange rate as at 5.00 p.m. on 26 May 2022, being the market day preceding the date of the Announcement, is used throughout this Circular for illustration purposes.

Any exchange rate translations in this Circular are provided solely for convenience of readers and should not be constituted as representative that the translated amounts stated in this Circular could have been or would have been converted into such other amounts or vice versa.

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TABLE OF CONTENTS

PART A

LETTER FROM THE BOARD TO SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL:

This Executive Summary highlights only the salient information of the Proposed Disposal in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Disposal before voting at the forthcoming EGM.

<table>
<tr><th>Key Information</th><th>Description</th><th>Reference to this Circular</th></tr>
<tr><td>Details of the Proposed Disposal</td><td>The Proposed Disposal by HSC Birmingham, an indirect wholly-owned subsidiary of HSCB, disposing 100% of the issued and paid-up share capital of HCBL to LSHCL for a cash consideration of GBP127,800,000 (equivalent to RM706,171,680) based on the BNM exchange rate of GBP1.00:RM5.5256 as at 5.00 p.m. on 26 May 2022.</td><td>Section 2.1, Part A of this Circular</td></tr>
<tr><td>Basis and justification for the Sale Consideration</td><td>The Sale Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into consideration, the audited NA and audited PAT of HCBL for the FYE 31 December 2021 as well as the rationale for the Proposed Disposal which is set out in Section 4 of Part A of this Circular.</td><td>Section 2.4, Part A of this Circular</td></tr>
<tr><td>Proposed utilisation of the Sale Consideration</td><td>Pursuant to the Proposed Disposal, HSCB will receive a total of RM706,171,680(1). HSCB intends to utilise the Sale Consideration in the following manner:
<table>
<tr><th>Details of proposed utilisation of the Sale Consideration</th><th>Estimated timeframe for utilisation from Completion Date</th><th>Amount</th><th></th></tr>
<tr><td></td><td></td><td>RM 000</td><td>%</td></tr>
<tr><td>Repayment of borrowings</td><td>within 24 months</td><td>560,000</td><td>79.30</td></tr>
<tr><td>Working capital requirements</td><td>within 24 months</td><td>145,022</td><td>20.54</td></tr>
<tr><td>Estimated expenses</td><td>within 1 month</td><td>1,150</td><td>0.16</td></tr>
<tr><td>Total</td><td></td><td>706,172</td><td>100.00</td></tr>
</table>
Note:
(1) The Sale Consideration of GBP127,800,000 is translated to RM706,171,680 for illustrative purposes only based on the BNM exchange rate as at 5.00 p.m. on 26 May 2022.</td><td>Section 2.10, Part A of this Circular</td></tr>
<tr><td>Rationale for the Proposed Disposal</td><td>On 10 May 2022, HSC Birmingham had received a verbal conditional offer from LSHCL to acquire HCBL at an attractive valuation of approximately two and a half (2.5) times of the PBR based on the audited financial statements of HCBL as at 31 December 2021. The said offer was conditional upon LSHCL’s board approval which was obtained on 27 May 2022. The said unconditional offer was accepted on 27 May 2022 via the execution of the SSA.</td><td>Section 4, Part A of this Circular</td></tr>
</table>

Key Information	**Description**	**Reference to this Circular**
	The proceeds from the Proposed Disposal will enable HSCB to pare down part of its borrowings and meet its working capital needs. The part repayment of borrowings would result in an annual interest savings for the Group of approximately RM16.80 million. The Proposed Disposal will also enable HSCB to realise a substantial gain from the divestment of its credit business in United Kingdom.	
Risk factors for the Proposed Disposal	(i) Non-completion of the Proposed Disposal; (ii) Foreign exchange risk; and (iii) Loss of income from HCBL.	Section 5, Part A of this Circular
Approvals required for the Proposed Disposal	The Proposed Disposal is subject to HSCB shareholders' approval to be obtained at the forthcoming EGM.	Section 7, Part A of this Circular
Interests of Directors, Major Shareholders and Persons Connected with them	<u>Interested Shareholders</u> Tan Sri Lau, Gek Poh and HSIS are the Interested Shareholders and are deemed interested in the Proposed Disposal. The Interested Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in HSCB on the resolution approving the Proposed Disposal to be tabled at the forthcoming EGM. The Interested Shareholders have also 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 Disposal to be tabled at the forthcoming EGM. <u>Interested Directors</u> Datuk Edward Lee Ming Foo, Mr. Lee Wee Yong and Datuk Simon Shim Kong Yip are the Interested Directors and are deemed interested in the Proposed Disposal. The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings and voting in respect of their direct and/or indirect shareholdings in HSCB on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM. Datuk Simon Shim Kong Yip has also abstained and will continue to abstain from all deliberations and voting at the relevant audit committee meetings pertaining to the Proposed Disposal. The Interested Directors have also undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in HSCB on the resolution pertaining to the Proposed Disposal at the forthcoming EGM.	Section 11, Part A of this Circular

Key Information	**Description**	**Reference to this Circular**
Directors' statement	The Board (save for the Interested Directors who have abstained from deliberating and voting on the resolution in relation to the Proposed Disposal due to their common directorships in HSCB and LSH/Gek Poh), having considered all aspects of the Proposed Disposal (including but not limited to the rationale and the financial effects of the Proposed Disposal) is of the opinion that the Proposed Disposal is in the best interests of HSCB. Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolution to give effect to the Proposed Disposal to be tabled at the forthcoming EGM.	Section 13, Part A of this Circular
Audit committee's statement	The audit committee of HSCB (save for Datuk Simon Shim Kong Yip who has abstained from deliberating and voting on the resolution in relation to the Proposed Disposal due to his common directorships in both HSCB and LSH), after having considered all aspects of the Proposed Disposal (including but not limited to the rationale and financial effects of the Proposed Disposal) and the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposed Disposal, is of the opinion that the terms of the Proposed Disposal are: (i) in the best interests of the Company and the HSCB Group; (ii) fair, reasonable and on normal commercial terms; and (iii) not detrimental to the interest of the Non-Interested Shareholders.	Section 14, Part A of this Circular
Independent Adviser's conclusion and recommendation	Premised on the Independent Adviser's overall assessment and evaluation of the Proposed Disposal based on the information available to the Independent Adviser up to the LPD, the Independent Adviser is of the view that the Proposed Disposal is **fair and reasonable** and is **not detrimental** to the Non-Interested Shareholders. Accordingly, the Independent Adviser recommends the Non-Interested Shareholders to **vote in favour** of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.	Part B of this Circular

HAP SENG

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Hap Seng Consolidated Berhad 197601000914 (26877-W)

Registered office:
21st Floor, Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia

5 July 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)*
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 DISPOSAL

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1. INTRODUCTION

On 27 May 2022, CIMB on behalf of the Board, announced that the Company is proposing to undertake the proposed disposal by HSC Birmingham of the Sale Shares to LSHCL for the Sale Consideration.

The Proposed Disposal is deemed a related party transaction pursuant to Paragraph 10.08 of Chapter 10 of the Listing Requirements. Accordingly, on 27 May 2022, the Company appointed Affin Hwang IB to act as the Independent Adviser to advise the Non-Interested Directors and Non-Interested Shareholders on the fairness and the reasonableness of the Proposed Disposal and whether the Proposed Disposal is detrimental to the Non-Interested Shareholders. The Independent Advice Letter from Affin Hwang IB in relation to the Proposed Disposal is set out in Part B of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS WITH DETAILS OF THE PROPOSED DISPOSAL AND TO SEEK SHAREHOLDERS' APPROVAL BY WAY OF POLL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS LETTER IN PART A OF THIS CIRCULAR AND THE INDEPENDENT ADVICE LETTER IN PART B OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING BY POLL ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

2. THE PROPOSED DISPOSAL

2.1 Details of the Proposed Disposal

On 27 May 2022, HSC Birmingham entered into the SSA for the disposal of Sale Shares, for a cash consideration of GBP127,800,000 (equivalent to RM706,171,680) based on the BNM exchange rate of GBP1.00:RM5.5256 to LSHCL.

2.1.1 Information on HCBL

HCBL was incorporated in England and Wales on 5 March 2018 under the Companies Act 2006 of the United Kingdom. HCBL is principally involved in the provision of term loans.

HCBL is a wholly-owned subsidiary of HSC Birmingham.

As at LPD, the issued and paid-up share capital of HCBL is GBP50,000,001 comprising 50,000,001 HCBL Shares of GBP1.00 each.

In addition, as at LPD, the directors of HCBL are Ms. Cheah Yee Leng and Mr. Thai Chong Yim.

Further details of HCBL are set out in Appendix I of this Circular.

2.2 Salient terms of the SSA

The salient terms of the SSA are set out in Appendix II of this Circular.

2.3 Liabilities that remain with HSCB

There is no liability, including any contingent liability, in relation to HCBL which will remain with HSCB after the Proposed Disposal.

In addition, the Proposed Disposal does not involve the issuance of any guarantee by HSCB to HCBL or to LSHCL.

2.4 Basis and justification for the Sale Consideration

The Sale Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:

(i) the audited NA of HCBL for the FYE 31 December 2021 of GBP51.15 million (equivalent to RM288.10 million[(1)]);

(ii) the audited PAT of HCBL for the FYE 31 December 2021 of GBP0.85 million (equivalent to RM4.86 million[(2)]); and

(iii) the rationale for the Proposed Disposal which is set out in Section 4 of Part A of this Circular.

Notes:

(1) The NA as set out above is translated to RM based on the exchange rate of GBP1.00:RM5.6325 at 31 December 2021 which is the year-end closing rate, in accordance with MFRS 121.

(2) The PAT as set out above is translated to RM based on the exchange rate of GBP1.00:RM5.6998 which is the average month-end exchange rate for the 12-month period for the FYE 31 December 2021, in accordance with MFRS 121.

The Sale Consideration translates into an implied PBR of two and a half (2.5) times based on the audited NA of HCBL as at 31 December 2021 and PER of approximately one hundred and fifty (150) times based on the audited PAT of HCBL for the FYE 31 December 2021. The implied PBR and PER were computed based on the Sale Consideration.

There are no companies listed on Bursa Securities and other stock exchanges which are identical or similar to HCBL in terms of composition of business, scale of operations, track record and risk profile. As HCBL is not a bank-based financial institution, listed bank-based financial institutions are not selected as comparable companies due to differences in the nature of business. However, for comparison purposes only, the following companies listed on London Stock Exchange which have similar principal activities as HCBL have been selected by the management of HSCB.

A brief description of the comparable financing companies is set out in the table below:

Comparable Companies	**Principal Activities[(1)]**
LendInvest Plc	LendInvest Plc offers an asset management platform. The company provides bridging loans, development finance, and buy-to-let mortgages for intermediaries, landlords, and developers. LendInvest serves customers in the United Kingdom.
Funding Circle Holdings Plc	Funding Circle Holdings Plc operates as a lending platform for small businesses. The company offers investors to borrow and lend their money to small and medium sized businesses. Funding Circle Holdings serves clients in the United Kingdom, the United States, Germany, and the Netherlands.
Vector Capital Plc	Vector Capital Plc provides principal finance to the private and corporate sectors. The company offers commercial mortgages, development lending, and business finance solutions. Vector Capital's customers are mainly small property developers operating in England who buy properties to develop or refurbish and then re-sell.
Time Finance Plc	Time Finance Plc provides commercial finance services. The company offers asset finance, hire purchase, and commercial loans through invoice finance and factoring. Time Finance serves customers in the United Kingdom.

Note:

(1) The principal activities of the respective comparable companies were extracted from Bloomberg and the latest available annual reports as at the LTD.

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The following table below illustrates the trading multiples of comparable financing companies vis-à-vis HCBL based on the latest company financial information and their respective closing prices as at the LTD:

Name of companies	**Country and stock exchange listing**	**Market capitalisation as at LTD[1][2]**	**Audited NA[3]**	**Audited PATNCI[3]**	**PBR[4]**	**PER[5]**
		£ million	**£ 000**	**£ 000**	**Times**	**Times**
LendInvest Plc	England, United Kingdom	244	48,247	4,850	5.05	50.25
Funding Circle Holdings Plc	England, United Kingdom	209	288,000	62,600	0.73	3.34
Vector Capital Plc	England, United Kingdom	23	23,949	2,289	0.96	10.08
Time Finance Plc	England, United Kingdom	20	57,119	1,777	0.34	11.09
Average					1.77	18.69
High					5.05	50.25
Low					0.34	3.34
Implied ratio of HCBL based on audited financial statement as at 31 December 2021[6]					2.50	Approximately 150

Notes:

(1) The closing price of the respective comparable companies were extracted from Bloomberg as at the LTD.

(2) Computed based on the total issued share capital of the respective selected comparable companies which were extracted from Bloomberg as at the LTD multiplied by the closing price as at the LTD.

(3) Based on the annual audited financial statements of the comparable companies.

(4) Computed based on market capitalisation over the audited NA of the respective comparable companies.

(5) Computed based on market capitalisation over the audited PATNCI of the respective comparable companies.

(6) Computed based on the Sale Consideration of GBP127.8 million and the exchange rate of GBP1.00:RM5.5256 which is based on the BNM exchange rate as at 5.00 p.m. on 26 May 2022, being the market day prior to the Announcement.

Based on the table above, the Sale Consideration translates into an implied PBR of two and a half (2.5) times and PER of approximately one hundred and fifty (150) times based on the audited financial statements of HCBL as at 31 December 2021. The Sale Consideration is above the average PBR and above the range of PER of the comparable companies. Hence, this represents an attractive offer for HSCB.

2.5 Contribution of HCBL to the audited financial results of HSCB Group

Based on the audited financial statements for the FYE 31 December 2021, the PAT of HCBL was GBP0.85 million and contributed approximately a PAT of RM4.86 million*(1)* to HSCB Group's PATANCI of approximately RM900.43 million which is 0.54% of HSCB Group's PATNCI. HCBL's PAT is lower than the potential interest savings from the part payment of borrowings using the proceeds from the Proposed Disposal.

***Note*:**

(1) The PAT as set out above is translated to RM based on the exchange rate of GBP1.00:RM5.6998 which is the average month-end exchange rate for the 12-month period for the FYE 31 December 2021, in accordance with MFRS 121.

2.6 Expected proforma gain from the Proposed Disposal

The Sale Consideration is translated to RM for illustrative purposes only based on the BNM exchange rate as at 5.00 p.m. on 26 May 2022.

Based on the audited consolidated financial statements of HSCB Group for the FYE 31 December 2021, the Proposed Disposal is expected to give rise to a proforma gain of approximately RM442.78 million*(1)* to HSCB Group for the FYE 31 December 2021, after taking into consideration the Sale Consideration of RM706,171,680 for the Proposed Disposal. The actual gain from the Proposed Disposal can only be ascertained upon the completion of the Proposed Disposal.

***Note*:**

(1) The proforma gain is derived as follows:

	RM 000
Sale Consideration	*706,172*
Add/(Less):	
NA of HCBL as at 31 December 2021	*(288,100)*
Foreign exchange reserve recycled to profit or loss	*24,703*
Proforma gain on disposal	***442,775***

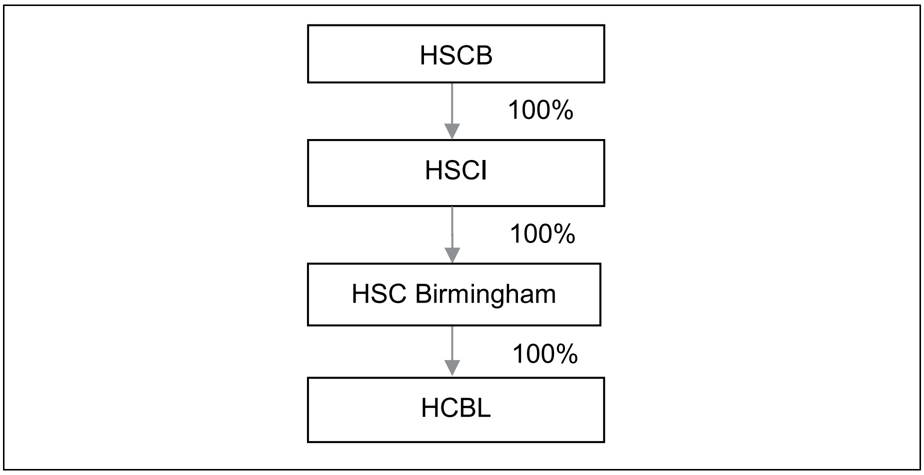
2.7 Manner of payment of the Sale Consideration

The Sale Consideration shall be fully satisfied in cash and the Balance Sum will be paid by way of telegraphic transfer or other electronic means either in whole or in various batches to the designated account to be designated by HSC Birmingham on or before Completion Date. As at 2 June 2022, HSC Birmingham has received the Deposit from LSHCL in accordance with the terms of the SSA. Further details of the manner of payment is set out in Section 1 of Appendix II of this Circular.

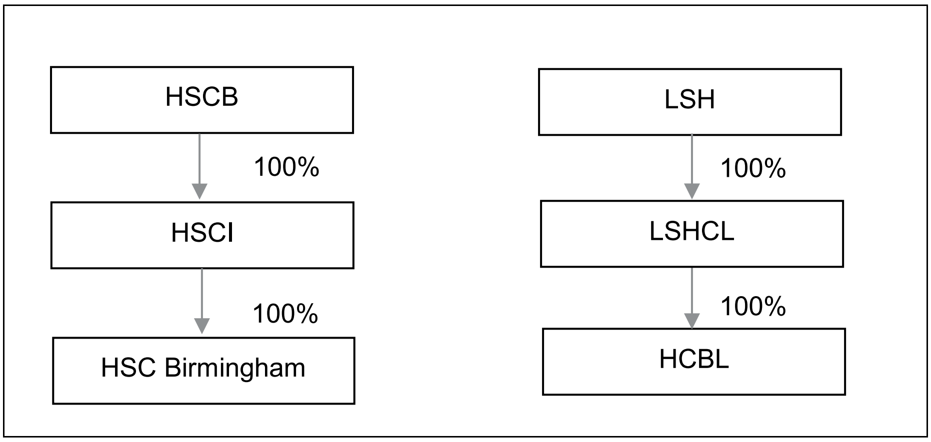
2.8 Corporate Structure

Please refer to the illustration below for the corporate structure of HCBL before and after the Proposed Disposal.

Before the Proposed Disposal:



After the Proposed Disposal:



2.9 Date and original cost of investment in HCBL

The original cost of investment in HCBL by HSC Birmingham and the respective dates of investment are as follows:

Date of investment	No. of HCBL Shares	Cost of investment (£)
5 March 2018	1	1
18 April 2019	1,000,000	1,000,000
16 July 2019	20,000,000	20,000,000
9 October 2019	29,000,000	29,000,000
	50,000,001	**50,000,001**

2.10 Proposed utilisation of the Sale Consideration

Pursuant to the Proposed Disposal, HSCB will receive a total of RM706,171,680[(1)]. HSCB intends to utilise the Sale Consideration in the following manner:

Details of proposed utilisation of the Sale Consideration	Estimated timeframe for utilisation from Completion Date	Amount	
		RM 000	%
Repayment of borrowings[(2)]	within 24 months	560,000	79.30
Working capital requirements[(3)]	within 24 months	145,022	20.54
Estimated expenses[(4)]	within 1 month	1,150	0.16
Total		**706,172**	**100.00**

Notes:

(1) The Sale Consideration of GBP127,800,000 is translated to RM706,171,680 for illustrative purposes only based on the BNM exchange rate as at 5.00 p.m. on 26 May 2022.

(2) The total borrowings of HSCB Group as at 31 March 2022 is approximately RM6,739.67 million. HSCB Group intends to utilise part of the proceeds from the Proposed Disposal to pare down RM560 million of HSCB Group's existing borrowings. Such repayment is expected to result in interest cost savings of approximately RM16.80 million per annum based on the interest rate of approximately 3% per annum which approximates the average interest rate of the borrowings that are expected to be repaid, assuming such sums are paid immediately.

Notwithstanding the aforementioned, the borrowings are only expected to be repaid over a period of up to twenty-four (24) months from the Completion Date after taking into consideration the due and maturity dates of the borrowings.

	Amount outstanding as at 31 March 2022	***Proposed repayment***	***Post repayment***	***Assumed interest rate***	***Interest savings***
	RM 000	***RM 000***	***RM 000***	***% per annum***	***RM 000***
Total borrowings	*6,739,671*	*560,000*	*6,179,671*	*3*	*16,800*

(3) HSCB intends to utilise the proceeds from the Proposed Disposal to meet HSCB Group's working capital requirements in the following estimated proportions:

(i) to purchase inventories for the following business segments:

Inventories	***Business segment***	***RM 000***	***%***
Fertilizers	*Trading*	*70,000*	*48.27*
Automobiles	*Automotive*	*50,000*	*34.48*
Building materials such as steel bars and cement	*Trading*	*25,022*	*17.25*
	Total	***145,022***	***100.00%***

Nevertheless, the percentage of the breakdown set out above represents an estimation only and the actual utilisation by the HSCB Group in each category may differ subject to its operating requirements at the time of the utilisation of the Sale Consideration.

(4) *The estimated expenses relating to the Proposed Disposal are as follows:*

Estimated expenses	***RM 000***
Estimated professional fees	*965*
Other fees (including regulatory fees) and expenses incurred in connection with the Proposed Disposal such as printing and advertising expenses	*90*
Miscellaneous expenses and contingencies	*95*
Total	***1,150***

Any variation (surplus/deficit) to the actual amount of the expenses for the Proposed Disposal will be adjusted against the amount allocated for the working capital of the HSCB Group.

3. INFORMATION ON LSHCL

LSHCL is a limited liability company incorporated in Hong Kong under the Companies Ordinance of Hong Kong on 29 July 1993 with its registered office at 8/F New World Tower I, 18 Queen's Road Central, Hong Kong. LSHCL is principally involved in investment holding. LSHCL is a wholly-owned subsidiary of LSH.

As at LPD, the issued share capital of LSHCL is HKD5,000,000,000 comprising 500,000,000 ordinary shares.

As at LPD, the substantial shareholders of LSHCL are as follows:

Shareholder	**Country of incorporation / Nationality**	**Direct**		**Indirect[(1)]**	
		No. of shares	**%**	**No. of shares**	**%**
LSH	Hong Kong	500,000,000	100.00	-	-
Lead Star	British Virgin Islands	-	-	500,000,000[(2)]	100.00
Gek Poh	Malaysia	-	-	500,000,000[(2)]	100.00
Tan Sri Lau	Malaysia	-	-	500,000,000[(3)]	100.00

Notes:

(1) *As LSHCL is company incorporated in Hong Kong, the disclosure of indirect interest is determined by applying Section 8 of the Act.*

(2) *Deemed interested by virtue of its interests in LSH pursuant to Section 8 of the Act.*

(3) *Deemed interested by virtue of his interests held through Lead Star, Gek Poh and LSH pursuant to Section 8 of the Act.*

As at LPD, the directors of LSHCL are as follows:

Name	**Designation**	**Nationality**
Datuk Gan Khian Seng	Director	Malaysian
Madam Sim Siew Meng	Director	Malaysian
Mr. Lau Chor Lok	Director	Chinese
Ms. Lau Shun King, Susanna	Managing Director	Chinese

As at LPD, none of the directors of LSHCL have any direct or indirect shareholdings in LSHCL.

4. RATIONALE FOR THE PROPOSED DISPOSAL

On 10 May 2022, HSC Birmingham had received a verbal conditional offer from LSHCL to acquire HCBL at an attractive valuation of approximately two and a half (2.5) times of the PBR based on the audited financial statements of HCBL as at 31 December 2021. The said offer was conditional upon LSHCL's board approval which was obtained on 27 May 2022. The said unconditional offer was accepted on 27 May 2022 via the execution of the SSA.

The proceeds from the Proposed Disposal will enable HSCB to:

(a) pare down part of its borrowings; and

(b) meet its working capital needs which include, amongst others, fertilizers, automotive and building materials trading activities of HSCB Group.

The part repayment of borrowings would result in an annual interest savings for the Group of approximately RM16.80 million.

The Proposed Disposal will also enable HSCB to realise a substantial gain from the divestment of its credit business in United Kingdom.

5. RISK FACTORS FOR THE PROPOSED DISPOSAL

5.1 Non-completion of the Proposed Disposal

There is no assurance that all of the Condition Precedent will be fulfilled within the timeframe as set out in the SSA. If the Condition Precedent is not fulfilled by HSC Birmingham, the Proposed Disposal might be delayed or terminated.

The management of HSCB will use its best endeavours to ensure the completion of the Proposed Disposal and will take all reasonable steps to ensure that the Condition Precedent is fulfilled in a timely manner, to avoid delays or termination and to facilitate the completion of the Proposed Disposal.

5.2 Foreign exchange risk

For the Proposed Disposal, there is a risk of the exchange rate changing between the date of the SSA and the Completion Date.

If the GBP/RM exchange rate fluctuates from the date of the SSA up to the Completion Date, the intended utilisation of proceeds as set out in Section 2.10 of Part A of this Circular as well as the computed proforma gain on disposal of approximately RM442.78 million in relation to the Proposed Disposal as set out in Section 2.6 of Part A of this Circular may differ. Any depreciation of GBP against the RM will reduce the total proceeds from the Proposed Disposal in RM.

5.3 Loss of income from HCBL

HCBL was incorporated in 2018 and generated a profit of GBP0.85 million (equivalent to RM4.86 million[(1)]) for the FYE 31 December 2021. Upon completion of the Proposed Disposal, HCBL will no longer be a subsidiary of the HSCB Group and as such, the Company would lose a source of revenue and potential profit contribution from HCBL in the future. Notwithstanding, the potential loss of income from HCBL is minimal compared to the expected gain from the Proposed Disposal.

HSCB intends to utilise the Sale Consideration in the manner set out in Section 2.10 of Part A of this Circular. For illustrative purposes, assuming interest savings at a rate of approximately 3% and based on utilisation of proceeds where RM560 million of the proceeds will be utilised for part repayment of the borrowings, the potential interest savings will be approximately RM16.80 million, which is higher as compared to the current year PAT of HCBL of GBP0.85 million (equivalent to RM4.86 million[(1)]).

HSCB is of the view that the Proposed Disposal will not result in any material adverse impact on HSCB Group's financial performance going forward.

Note:

(1) The PAT as set out above is translated to RM based on the exchange rate of GBP1.00:RM5.6998 which is the average month-end exchange rate for the 12-month period for the FYE 31 December 2021, in accordance with MFRS 121.

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Share Capital

The Proposed Disposal does not have any effect on the issued share capital of HSCB as it will be satisfied fully in cash.

6.2 Substantial shareholders' shareholdings

The Proposed Disposal does not have any effect on the substantial shareholders' direct and/or indirect shareholdings in HSCB as the Proposed Disposal does not involve any issuance of HSCB Shares and will be satisfied fully in cash.

6.3 NA, NA per share and debt-to-equity ratio

Based on the latest audited consolidated financial statements of HSCB Group for the FYE 31 December 2021, assuming that the Proposed Disposal had been effected at the end of the year, the proforma effects of the Proposed Disposal on the NA, NA per share and debt-to-equity ratio are as follows:

		Proforma
	Audited as at 31 December 2021	**After the Proposed Disposal**
	RM 000	**RM 000**
Share capital	3,519,554	3,519,554
Non-distributable reserve	158,374	133,671*(1)*
Retained profit	3,829,576	4,271,201*(2)*
Treasury shares	(113)	(113)
Shareholders' funds / NA	7,507,391	7,924,313
Non-controlling interests	1,197,368	1,197,368
Total equity	8,704,759	9,121,681
Total equity (excluding intangible assets)	8,666,823	9,083,745
Number of shares in issue (000)*(3)*	2,489,670	2,489,670
NA per share (RM)*(4)*	3.02	3.18
Total borrowings	6,316,317	5,756,317*(5)*
Total borrowings (net of money market deposits and cash and bank balances)	3,222,631	2,622,827*(5)*
Debt-to-equity ratio (times)*(6)*	0.73	0.63
Net debt-to-equity ratio (times)*(7)*	0.37	0.29

Notes:

(1) After taking into account the reversal of foreign exchange reserves due to the Proposed Disposal.

(2) After taking into account the expected proforma gain from the Proposed Disposal of approximately RM442.78 million and the estimated expenses for the Proposed Disposal of RM1.15 million.

(3) Number of shares after deducting 12,000 treasury shares held by the Company as at 31 December 2021 from its issued shares of 2,489,681,583 HSCB Shares.

(4) Computed based on shareholders' funds / NA over number of HSCB Shares, net of treasury shares.

(5) After taking into account the repayment of borrowings amounting to RM560 million.

(6) Computed based on total borrowings over total equity (excluding intangible assets).

(7) Computed based on total borrowings (net of money market deposits and cash and bank balances) over total equity (excluding intangible assets).

6.4 Earnings and EPS

Based on the audited consolidated financial statements of HSCB Group for the FYE 31 December 2021 and the assumption that the Proposed Disposal had been effected at the beginning of that financial year, the EPS of the HSCB Group is expected to increase from 36.17 sen to 54.41 sen as a result of the Proposed Disposal.

	PATNCI	EPS[(1)]
	RM 000	**Sen**
PATNCI and EPS	900,433	36.17
Add/(Less):		
Gain on disposal of HCBL	447,061	17.96
PAT of HCBL for FYE 2021	(4,855)	(0.20)
Dividend from HCBL for FYE 2021	569	0.02
Proforma gain as at 31 December 2021	442,775	17.78
Interest savings (Net of tax at 24%)	12,768	0.51
Estimated expenses for the Proposed Disposal	(1,150)	(0.05)
Proforma PATNCI and EPS for the FYE 31 December 2021	**1,354,826**	**54.41**

Note:

(1) Based on the weighted average number of HSCB Shares in issue of 2,489,670,000 for the FYE 31 December 2021.

7. APPROVALS REQUIRED FOR THE PROPOSED DISPOSAL

The Proposed Disposal is subject to HSCB shareholders' approval to be obtained at the forthcoming EGM.

8. CONDITIONALITY OF THE PROPOSED DISPOSAL

The Proposed Disposal is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by HSCB.

9. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

There is no other corporate exercise which has been announced but not yet completed prior to the printing of the Circular, save for the following:

(i) the Proposed Disposal, being the subject matter of this Circular;

(ii) on 23 December 2021, Positive Sunland Sdn Bhd ("**Positive Sunland**"), a wholly-owned subsidiary of HSCB 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, to acquire 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. ("**Platinum Park Land**") for a cash consideration of RM265,786,950 ("**Platinum Park Acquisition Consideration**"). 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 ("**Platinum Park Deposit**") was paid to Sovereign Towers ("**Proposed Platinum Park Acquisition**"). 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 the EPU Approval is obtained ("**Platinum Park Conditional Period**").

    On 20 June 2022, Positive Sunland entered into a supplemental agreement with Sovereign Towers and Profound Reliance ("**Platinum Park SA**") to vary the terms of the Platinum Park SPA as follows:

    (a) At the request of Sovereign Towers, notwithstanding that the Platinum Park SPA has not become unconditional, Positive Sunland shall pay the Platinum Park Acquisition Consideration (after deducting the Platinum Park Deposit) in the manner set out below:

        (aa) firstly, Positive Sunland shall pay the redemption sum of the Platinum Park Land ("**Platinum Park Redemption Sum**") within ten (10) business days from the date of Positive Sunland's solicitors' receipt of the redemption statement;

        (ab) within ten (10) business days from the date of Sovereign Towers's solicitors' written notice to Positive Sunland's solicitors of their receipt of the discharge documents which shall include the original title of Platinum Park Land (collectively, "**Platinum Park Discharge Documents**"), Positive Sunland shall pay a further 70% of the Platinum Park Acquisition Consideration ("**Platinum Park 70% Payment**") in exchange for the delivery of the Platinum Park Discharge Documents together with an irrevocable power of attorney in respect of the Platinum Park Land ("**Platinum Park PA**") to Positive Sunland's solicitors' to be held by them as stakeholders; and

        (ac) the balance of the Platinum Park Acquisition Consideration after deducting the Platinum Park Deposit, the Platinum Park Redemption Sum and the Platinum Park 70% Payment shall be paid within one (1) month of the Platinum Park SPA becoming unconditional.

    (b) The Platinum Park Conditional Period was extended by a further period of six (6) months which will expire on 22 December 2022.

(c) In the event the EPU Approval could not be fulfilled for any reason whatsoever on expiry of the Platinum Park Conditional Period, Sovereign Towers shall refund to Positive Sunland all monies paid pursuant to the Platinum Park SPA and the Platinum Park SA, free of interest within twenty (20) business days of termination of the Platinum Park SPA, in exchange for the return of all documents delivered to Positive Sunland pursuant to the Platinum Park SPA and the Platinum Park SA, including the Platinum Park Discharge Documents and the Platinum Park PA; and

(iii) on 3 January 2022, Sierra Positive Sdn Bhd ("**Sierra Positive**"), a wholly-owned subsidiary of HSCB 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 a 80%-owned subsidiary of 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**"). Upon execution of the Met 3 SPA, 10% of the Met 3 Acquisition Consideration ("**Met 3 Deposit**") was paid to TKLM ("**Proposed Met 3 Acquisition**"). Completion of the Proposed Met 3 Acquisition was conditional upon the following authorities' approvals to be obtained within six (6) months or such other longer period(s) as may be mutually agreed ("**Met 3 Conditional Period**"), namely:

(a) the Economic Planning Unit of the Prime Minister's Department, Malaysia; and

(b) 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 ("**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 ("**Met 3 SA**") to vary the terms of the Met 3 SPA as follows:

(a) 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:

(aa) firstly, Sierra Positive shall pay the redemption sum of the Met 3 Land ("**Met 3 Redemption Sum**") within ten (10) business days from the date of Sierra Positive's solicitors' receipt of the redemption statement;

(ab) within ten (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 ("**Met 3 70% Payment**") in exchange for the delivery of the Met 3 Discharge Documents together with an 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

(ac) the balance of the Met 3 Acquisition Consideration after deducting the Met 3 Deposit, the Met 3 Redemption Sum and the Met 3 70% Payment shall be paid within one (1) month of the Met 3 SPA becoming unconditional.

(b) The Met 3 Conditional Period was extended by a further period of six (6) months which will expire on 2 January 2023.

(c) In the event the Authorities' Approvals could not be fulfilled for any reason whatsoever on expiry of the Met 3 Conditional Period, TKLM shall refund to Sierra Positive all monies paid pursuant to the Met 3 SPA and the Met 3 SA, free of interest within twenty (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 Met 3 SA, including the Met 3 Discharge Documents and the Met 3 PA.

The Met 3 Redemption Sum and the Met 3 70% Payment were paid on 13 January 2022 and 19 January 2022 respectively.

10. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED DISPOSAL

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Disposal is expected to be completed by third (3rd) quarter of 2022. The tentative timetable in relation to the Proposed Disposal is as follows:

Month	Events
28 July 2022	The forthcoming EGM/fulfilment of Condition Precedent
End August 2022	Completion of the Proposed Disposal

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

11.1 Interested Shareholders

As at LPD, Tan Sri Lau is deemed to hold 38.74% in LSH via Lead Star and is a 56.00% major shareholder and director of Gek Poh. Gek Poh's aggregate shareholdings in HSCB is 62.64%, comprising 54.63% direct and 8.01% indirect shareholdings via HSIS. Hence, Tan Sri Lau, Gek Poh and HSIS are the Interested Shareholders and are deemed interested in the Proposed Disposal.

The direct and indirect interests of the Interested Shareholders of HSCB as at LPD are as follows:

Interested Shareholders	Shareholdings in HSCB			
	No. of HSCB Shares			
	Direct	%#	Indirect	%#
Tan Sri Lau(1)	-	-	1,559,459,122(2)	62.64
Gek Poh	1,360,094,542	54.63	199,364,580(3)	8.01
HSIS	199,364,580	8.01	-	-

Notes:

\# *For purpose of computing the percentage shareholdings 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 total number of issued shares of 2,489,681,583 as at LPD.*

(1) As at LPD, Tan Sri Lau holds 56.00% direct shareholding in Gek Poh and 100.00% direct shareholding in Lead Star. Lead Star holds 38.74% shareholding in LSH. Accordingly, pursuant to Section 8 of the Act, Tan Sri Lau is deemed to have an interest of 52.92% shareholding in LSH comprising 38.74% shareholding held via Lead Star and 14.18% shareholding held via Gek Poh.

(2) 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.

(3) 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.

The Interested Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in HSCB on the resolution approving the Proposed Disposal to be tabled at the forthcoming EGM.

The Interested Shareholders 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 Disposal to be tabled at the forthcoming EGM.

11.2 Interested Directors

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. As at LPD, Gek Poh holds 14.18% equity interest in LSH and hence, is a major shareholder of LSH. Premised on the aforesaid, Datuk Edward Lee Ming Foo and Mr. Lee Wee Yong are deemed interested in the Proposed Disposal. As such, they have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings and voting in respect of their direct and/or indirect shareholdings in HSCB on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM. They have further undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in HSCB on the resolution pertaining to the Proposed Disposal at the forthcoming EGM.

Datuk Simon Shim Kong Yip is a non-independent non-executive director of HSCB and a non-executive director of LSH. Premised on Datuk Simon Shim Kong Yip's common directorships in HSCB and LSH, he is deemed interested in the Proposed Disposal. As such, he has abstained and will continue to abstain from all deliberations and voting at the relevant Board and audit committee meetings and voting in respect of his direct and/or indirect shareholdings in HSCB on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM. He has further undertaken to ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in HSCB on the resolution pertaining to the Proposed Disposal at the forthcoming EGM.

Datuk Edward Lee Ming Foo, Mr. Lee Wee Yong and Datuk Simon Shim Kong Yip are Interested Directors and are deemed interested in the Proposed Disposal.

As at LPD, none of the directors of HSCB have any direct and/or indirect shareholdings in HSCB.

Save as disclosed above, none of the other directors of HSCB and major shareholders and persons connected to them has any interests, direct or indirect, in the Proposed Disposal.

12. OTHER TRANSACTIONS WITH THE SAME RELATED PARTY AND PERCENTAGE RATIO APPLICABLE TO THE PROPOSED DISPOSAL PURSUANT TO PARAGRAPH 10.02(g) OF THE LISTING REQUIREMENTS

Save for the Proposed Disposal, there were no other related party transactions[(1)] entered into between HSCB Group and the Interested Shareholders and persons connected with them, and between the HSCB Group and the Interested Directors and persons connected with them, for the preceding twelve (12) months from the date of this Circular.

Note:

(1) The expression "transactions" used herein excludes recurrent related party transactions entered into in the ordinary course of business of HSCB Group.

Pursuant to paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Proposed Disposal is 9.41%.

13. DIRECTORS' STATEMENT

The Board (save for the Interested Directors who have abstained from deliberating and voting on the resolution in relation to the Proposed Disposal due to their common directorships in HSCB and LSH/Gek Poh), having considered all aspects of the Proposed Disposal (including but not limited to the rationale and the financial effects of the Proposed Disposal) is of the opinion that the Proposed Disposal is in the best interests of HSCB.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolution to give effect to the Proposed Disposal to be tabled at the forthcoming EGM.

14. AUDIT COMMITTEE'S STATEMENT

The audit committee of HSCB (save for Datuk Simon Shim Kong Yip who has abstained from deliberating and voting on the resolution in relation to the Proposed Disposal due to his common directorships in both HSCB and LSH), after having considered all aspects of the Proposed Disposal (including but not limited to the rationale and financial effects of the Proposed Disposal) and the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposed Disposal, is of the opinion that the terms of the Proposed Disposal are:

(i) in the best interests of the Company and the HSCB Group;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the Non-Interested Shareholders.

15. ADVISERS

CIMB has been appointed as the Principal Adviser in relation to the Proposed Disposal.

In view of the interests of the Interested Shareholders and Interested Directors as set out in Section 11 of Part A of this Circular, the Proposed Disposal is deemed a related party transaction pursuant to Chapter 10 of the Listing Requirements.

As such, in accordance with paragraph 10.08(2)(c) of the Listing Requirements, Affin Hwang IB has been appointed as the Independent Adviser to advise the Non-Interested Directors and the Non-Interested Shareholders on the fairness and the reasonableness of the Proposed Disposal and whether the Proposed Disposal is detrimental to the Non-Interested Shareholders of the Company and to advise the Non-Interested Shareholders on whether they should vote in favour of the Proposed Disposal.

The Independent Advice Letter in relation to the Proposed Disposal is set out in Part B of this Circular.

The Non-Interested Shareholders are advised to read and consider the contents of the Independent Advice Letter carefully before voting on the resolution in relation to the Proposed Disposal at the forthcoming EGM.

16. EGM

The Proposed Disposal will be subject to the approval of the shareholders at the forthcoming EGM. The EGM, the notice of which is enclosed with this Circular, is 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, 28 July 2022 at 10.00 a.m. or the adjournment thereof. Please follow the procedures provided in the administrative guide for the EGM in order to register, participate and vote remotely via remote participation and electronic voting facilities which are available at https://meeting.boardroomlimited.my. The notice of the EGM, proxy form and administrative guide are available online and may be downloaded from the Company's website at https://www.hapseng.com.my/en/general-meeting.html.

If you are unable to participate and vote in person at the forthcoming EGM, you should complete the enclosed proxy form in accordance with the instructions thereon 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 twenty-four (24) hours before the time appointed for holding the forthcoming EGM or the adjournment thereof. However, the lodging of the proxy form will not preclude you from participating and voting in person at the forthcoming EGM should you subsequently wish to do so.

17. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices 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

INDEPENDENT ADVICE LETTER FROM AFFIN HWANG IB

TO THE NON-INTERESTED SHAREHOLDERS

IN RELATION TO THE PROPOSED DISPOSAL

EXECUTIVE SUMMARY

Definitions or defined terms used in this Executive Summary have the same meaning as defined in the "Definitions" section of Part A of the Circular, except where the context requires otherwise or as otherwise defined.

All references to "we", "us" and "our" in this Executive Summary are to Affin Hwang IB, being the independent adviser for the Proposed Disposal.

This Executive Summary highlights the salient information of the Proposed Disposal. We advise all Non-Interested Shareholders to read and understand this Independent Advice Letter in its entirety, together with Part A of the Circular and the appendices thereto. Non-Interested Shareholders are not to rely solely on this Executive Summary before forming an opinion on the Proposed Disposal. You are also advised to consider carefully the recommendation contained herein before voting on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM. If you are in doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

1. INTRODUCTION

On 27 May 2022, CIMB on behalf of the Board, announced that the Company is proposing to undertake the Proposed Disposal.

The Proposed Disposal is deemed a related party transaction under Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Shareholders and Interested Directors as set out in Section 11 of Part A of the Circular.

2. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following:

Section in this Independent Advice Letter	Section of evaluation	Comments
6.1	Rationale for the Proposed Disposal	The Proposed Disposal: (i) is an opportunity for the Group to divest its credit business at an attractive valuation at the PBR of 2.5 times (based on audited NA of HCBL as at 31 December 2021); and (ii) provides cashflow for repayment of borrowings and meet the working capital needs of the HSCB Group. Although the Proposed Disposal will result in loss of income contribution from HCBL to the HSCB Group, it is immaterial (i.e. 0.54% of HSCB's consolidated PATNCI for the FYE 31 December 2021), while the Proposed Disposal represents an offer at an attractive valuation where the Group is expected to realise a proforma gain of approximately RM441.63 million (net of estimated expenses of RM1.15 million) arising from the Proposed Disposal. We are of the view that the rationale for the Proposed Disposal is reasonable.

Section in this Independent Advice Letter	Section of evaluation	Comments
6.2	Evaluation of the Sale Consideration	The Sale Consideration was arrived at on a "willing buyer willing seller" basis after taking into consideration the following: (i) the audited NA of HCBL for the FYE 31 December 2021 of GBP51.15 million (equivalent to RM288.10 million); (ii) the audited PAT of HCBL for the FYE 31 December 2021 of GBP0.85 million (equivalent to RM4.86 million); and (iii) the rationale for the Proposed Disposal as set out in Section 4 of Part A of the Circular. We are of the view that the Sale Consideration is fair as it represents an implied PBR of 2.5 times which is above the median PBR of the Comparable Companies of 0.85 times (based on audited NA).
6.3	Salient terms of the SSA	The salient terms of the SSA include: (i) Sale Consideration and manner of payment; (ii) Condition Precedent; (iii) Completion; (iv) Termination; and (v) SSA governing law and submission jurisdiction. We are of the view that the salient terms of the SSA are reasonable.
6.4	Utilisation of proceeds from the Proposed Disposal	HSCB intends to utilise the Sale Consideration for the following purposes: (i) Repayment of borrowings; (ii) Working capital requirements to fund purchase of inventories such as fertilizers, automobiles and building materials; and (iii) Expenses incurred relating to the Proposed Disposal. We are of the view that the utilisation of proceeds is reasonable.
6.5	Risk factors in relation to the Proposed Disposal	The risk factors of the Proposed Disposal are: (i) Non-completion of the Proposed Disposal; (ii) Foreign exchange risk; and (iii) Loss of income from HCBL.

Section in this Independent Advice Letter	Section of evaluation	Comments
		Although the Management will make the necessary efforts to mitigate the risks identified, no assurance can be given that the risks identified will not occur. Nonetheless, we are of the view that the risk factors in relation to the Proposed Disposal can be managed by the HSCB Group.
6.6	Effects of the Proposed Disposal	**<u>Share capital and substantial shareholders' shareholdings</u>** No effect. **<u>NA, NA per Share and debt-to-equity ratio</u>** (i) Proforma NA is expected to increase by approximately RM416.92 million from approximately RM7.51 billion to RM7.92 billion; (ii) Proforma NA per Share is expected to increase by approximately RM0.16 per HSCB Share from approximately RM3.02 to RM3.18; (iii) Proforma debt-to-equity ratio of the HSCB Group is expected to decrease from approximately 0.73 times to 0.63 times; and (iv) Proforma net debt-to-equity ratio of the HSCB Group is expected to decrease from approximately 0.37 times to 0.29 times. **<u>Earnings and EPS</u>** The proforma earnings and EPS for the FYE 31 December 2021 are expected to increase from RM0.90 billion (EPS of 36.17 sen) to RM1.35 billion (EPS of 54.41 sen) after the completion of the Proposed Disposal, with the assumption that the Proposed Disposal had been effected at the beginning of that financial year. The increase in earnings and EPS is due to the proforma gain from the Proposed Disposal of approximately RM441.63 million (net of estimated expenses of RM1.15 million) and interest savings (net of tax of 24%) of RM12.77 million. We are of the view that the effects of the Proposed Disposal are not to the detriment of the Non-Interested Shareholders.

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Disposal and have set out our evaluation in Section 6 of this Independent Advice Letter, which is summarised in Section 7 of this Independent Advice Letter. Non-Interested Shareholders should consider the merits and demerits of the Proposed Disposal carefully based on all relevant and pertinent factors including those and other considerations as set out in this Independent Advice Letter, Part A of the Circular together with the appendices and other publicly available information before making a decision to vote on the resolution pertaining to the Proposed Disposal.

Premised on our overall assessment and evaluation of the Proposed Disposal based on the information available to us up to the LPD, we are of the view that the Proposed Disposal is **fair and reasonable** and is **not detrimental** to the Non-Interested Shareholders.

Accordingly, we recommend that you **vote in favour** of the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

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5 July 2022

To: The Non-Interested Shareholders

Dear Sir/Madam,

HAP SENG CONSOLIDATED BERHAD

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL

This Independent Advice Letter has been prepared to accompany Part A of the Circular. Definitions or defined terms used in this Independent Advice Letter have the same meaning as defined in the "Definitions" section of Part A of the Circular, except where the context requires otherwise or as otherwise defined.

All references to "we", "us" and "our" in this Independent Advice Letter are to Affin Hwang IB, being the independent adviser for the Proposed Disposal.

1. INTRODUCTION

On 27 May 2022, CIMB on behalf of the Board, announced that the Company is proposing to undertake the Proposed Disposal.

The Proposed Disposal is deemed a related party transaction under Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Shareholders and Interested Directors as set out in Section 11 of Part A of the Circular.

In compliance with Paragraph 10.08(2)(c) of the Listing Requirements, Affin Hwang IB has been appointed by the Board (save for the Interested Directors) on 27 May 2022 to act as the independent adviser to provide an independent evaluation of the Proposed Disposal.

The purpose of this Independent Advice Letter is to:

(i) provide the Non-Interested Shareholders with an independent evaluation of the Proposed Disposal and to form an opinion as to whether the Proposed Disposal is fair and reasonable in so far as the Non-Interested Shareholders are concerned;

(ii) advise whether the Proposed Disposal is detrimental to the Non-Interested Shareholders; and

(iii) provide our recommendation in relation to the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

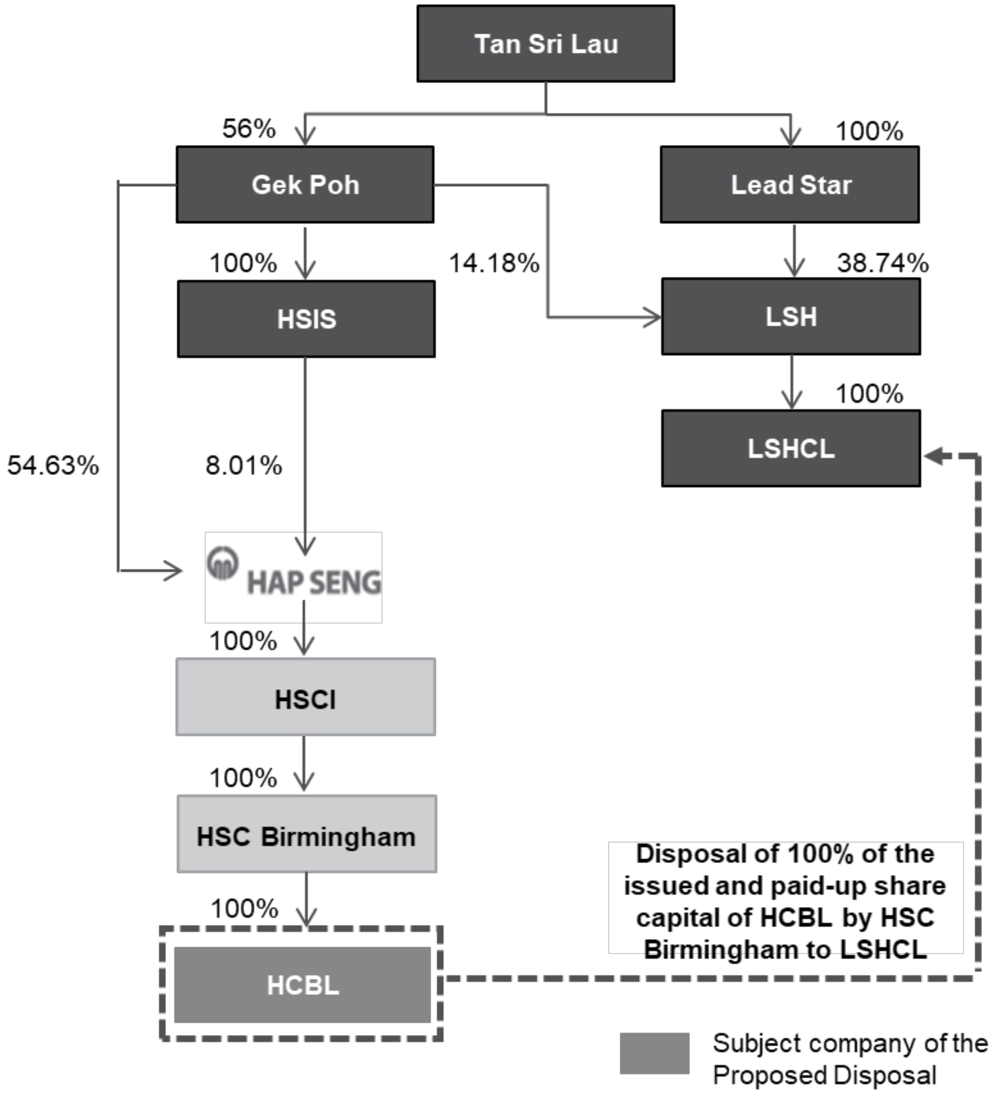
Further information on the Proposed Disposal is set out in Section 2 of Part A of the Circular.

YOU ARE ADVISED TO READ THIS INDEPENDENT ADVICE LETTER AND PART A OF THE CIRCULAR TOGETHER WITH THE APPENDICES AND CONSIDER CAREFULLY THE EVALUATION AND RECOMMENDATION CONTAINED IN THIS INDEPENDENT ADVICE LETTER BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANKER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. **INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM**

The parties to the Proposed Disposal and their shareholdings in the respective entities as at the LPD are set out in the diagram below:



Further information on the Interested Shareholders and Interested Directors are set out in Section 11 of Part A of the Circular.

We note from Section 11.1 of Part A of the Circular that the Interested Shareholders comprise Tan Sri Lau, Gek Poh and HSIS. The Interested Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM. The Interested Shareholders have undertaken that they will also ensure that persons connected with them who have interests in the shares of the Company will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

Section 11.2 of Part A of the Circular states that:

(i) Datuk Edward Lee Ming Foo is the managing director of both HSCB and Gek Poh; and

(ii) Mr. Lee Wee Yong is an executive director of HSCB and a director of Gek Poh.

As at the LPD, Gek Poh holds 14.18% equity interest in LSH and hence, is a major shareholder of LSH. LSHCL, being the purchaser for HCBL, is a wholly-owned subsidiary of LSH.

Premised on the aforesaid, Datuk Edward Lee Ming Foo and Mr. Lee Wee Yong are deemed interested in the Proposed Disposal. As such, they have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings and voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM. They have further undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

In addition, we also note that Datuk Simon Shim Kong Yip is a non-independent non-executive director of HSCB and a non-executive director of LSH. Premised on Datuk Simon Shim Kong Yip's common directorship in HSCB and LSH, he is deemed interested in the Proposed Disposal. As such, he has abstained and will continue to abstain from all deliberations and voting at the relevant Board and audit committee meetings and voting in respect of his direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM. He has further undertaken to ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

3. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED DISPOSAL

We have not been involved in the formulation, deliberation and negotiation of the terms of the Proposed Disposal. Our scope as independent adviser is limited to expressing an independent opinion on the Proposed Disposal based on information and documents provided to us or which are available to us, including the following:

(i) the information contained in Part A of the Circular and the appendices attached thereto;

(ii) the SSA;

(iii) other relevant information and documents furnished to us by the Directors and senior management of the HSCB Group ("**Management**") or obtained in or derived from our discussions with the Management; and

(iv) other publicly available information which we deem relevant.

We have relied on the Board and the Management to take due care to ensure that all the information, documents and representations in respect of the HSCB Group and the Proposed Disposal provided to us by them to facilitate our evaluation of the Proposed Disposal are accurate, complete and free from material omission. We have not undertaken any independent investigation into the business and affairs of the HSCB Group and all relevant parties involved in the Proposed Disposal. However, after making all reasonable enquiries and to the best of our knowledge and belief, we acknowledge that this Independent Advice Letter constitutes a full and true disclosure of all material facts concerning the Proposed Disposal, and we are satisfied that the information used is free from material omission and we have no reason to believe that the information used is unreasonable, inaccurate or incomplete as at the LPD. Our advice should be considered in the context of the entirety of this Independent Advice Letter.

In preparing this Independent Advice Letter, we have taken into consideration those factors that we believe are relevant and of general importance to the Non-Interested Shareholders for an assessment of the Proposed Disposal and which are of concern to the Non-Interested Shareholders as a whole.

Since our evaluation as set out in this Independent Advice Letter is rendered for the benefit of the Non-Interested Shareholders as a whole, we have not taken into consideration any specific investment objectives, financial and tax position, risk profiles, financial situation and particular needs of any individual shareholder or any specific group of shareholders.

If you are in doubt as to the action to be taken or requires specific advice in relation to the Proposed Disposal in the context of your individual investment objectives, financial and tax position, risk profiles, financial situation or particular needs, we recommend that you consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

Our evaluation and opinion as set out in this Independent Advice Letter are based on prevailing equity capital market, economic, industry, regulatory, monetary, socio-political and other conditions (if applicable), and the information/documents made available to us as at the LPD. Such conditions and/or information may change significantly over a short period of time.

The members of the Board have seen and approved the contents of this Independent Advice Letter. The members of the Board collectively and individually accept full responsibility for the accuracy and completeness of all statements and/or information stated in this Independent Advice Letter and after having made all reasonable enquiries and to the best of the Board's knowledge and belief, the Board confirms all statements and/or information in this Independent Advice Letter are free from material omission and:

(a) no statement and/or information in this Independent Advice Letter is inaccurate or incomplete;

(b) there are no other facts and/or information, the omission of which would make any statement or information in this Independent Advice Letter unreasonable, inaccurate or incomplete; and

(c) all relevant material facts and/or information, including those required under the Listing Requirements, have been disclosed in this Independent Advice Letter.

Information pertaining to LSHCL and its related companies was extracted from publicly available information and information provided by the management and/or directors of LSHCL and its related companies. The responsibility of the Board is restricted to the accurate reproduction of the said information in this Independent Advice Letter.

The responsibility of the Board in respect of the independent advice and expression of opinion by Affin Hwang IB in relation to the Proposed Disposal as set out in this Independent Advice Letter, is to ensure that all information in relation to the HSCB Group and the Proposed Disposal that is relevant to Affin Hwang IB's evaluation of the Proposed Disposal has been accurately and completely disclosed to Affin Hwang IB and is free from material omission.

We will notify the Non-Interested Shareholders after the issuance of this Independent Advice Letter up to the date of the Company's forthcoming EGM, if we:

(1) become aware of a significant change affecting the information set out in this Independent Advice Letter;

(2) have reasonable grounds to believe that a material statement in this Independent Advice Letter is misleading or deceptive; or

(3) have reasonable grounds to believe that there is a material omission in this Independent Advice Letter.

If circumstances require, a supplementary Independent Advice Letter will be sent to the Non-Interested Shareholders. We will immediately notify the Non-Interested Shareholders of any material change in circumstances that would affect the consideration or the accuracy or the completeness of the information contained in this Independent Advice Letter.

4. DECLARATION OF CONFLICT OF INTEREST

Save for our role as the independent adviser for the Proposed Disposal, Affin Hwang IB does not have any other professional relationship with HSCB in the past 2 years prior to the LPD. Further, Affin Hwang IB confirms that we are not aware of any conflict of interest that exists or is likely to exist in relation to our role as the independent adviser for the Proposed Disposal.

5. CREDENTIALS AND EXPERIENCE OF AFFIN HWANG IB

Affin Hwang IB is a Participating Organisation of Bursa Securities and provides a range of services including corporate finance advisory, debt capital markets advisory, structured lending, stockbroking and research. Our corporate finance advisory team provides a full range of corporate finance advisory services including mergers and acquisitions, corporate and debt restructuring, initial public offerings, equity fund raisings and independent advisory opinions.

Affin Hwang IB had, over the past 2 year prior to the date of announcement of the Proposed Disposal and up to the LPD, issued independent advice opinions in relation to 2 related party transactions under the Listing Requirements, 1 selective unit redemption exercise as well as 2 take-over offers under the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia with a total transaction value of approximately RM363.53 million.

The details of our past experience are as follows:

(i) settlement of amount owing of RM47.68 million by NBH Service Centre Sdn Bhd to Chin Well Service Centre Sdn Bhd, a wholly-owned subsidiary of Chin Well Holdings Berhad. Our independent advice letter was issued on 12 January 2022;

(ii) unconditional voluntary take-over offer by Jardine Cycle & Carriage Limited ("**JCCL**"), through CIMB Investment Bank Berhad, to acquire all the remaining ordinary shares in Cycle & Carriage Bintang Berhad not already held by JCCL ("**Offer Shares**") at a cash consideration of RM2.40 per Offer Share. Our independent advice circular was issued on 19 April 2021;

(iii) conversion of Amanah Harta Tanah PNB ("**AHP**") to an unlisted real estate investment trust by way of selective unit redemption exercise and amendments to the first restated deed of AHP dated 13 August 2015 at cash consideration of RM1.00 per AHP unit. Our independent advice letter was issued on 16 November 2020;

(iv) entering into a leasing arrangement by SEGi College (Subang Jaya) Sdn Bhd, a wholly-owned subsidiary of SEG International Berhad with HCK Capital Group Berhad group of companies for the leasing of part of a development namely, Edumetro @ Subang Jaya, where our independent advice letter was issued on 8 September 2020; and

(v) unconditional mandatory take-over offer by Yee Lee Organization Bhd, Dato' Lim A Heng @ Lim Kok Cheong, Datin Chua Shok Tim @ Chua Siok Hoon, Lim Ee Young and Langit Makmur Sdn Bhd ("**Joint Offerors**") through UOB Kay Hian Securities (M) Sdn Bhd to acquire all the remaining ordinary shares in Yee Lee Corporation Bhd not already held by the Joint Offerors ("**YL Offer Shares**") at a cash consideration of RM2.06 per YL Offer Share, where our independent advice circular was issued on 12 June 2020.

Based on the above, we are capable and competent in carrying out our role and responsibilities as the independent adviser for the Proposed Disposal.

6. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following:

Analysis		Section in this Independent Advice Letter
(i)	Rationale for the Proposed Disposal	Section 6.1
(ii)	Evaluation of the Sale Consideration	Section 6.2
(iii)	Salient terms of the SSA	Section 6.3
(iv)	Utilisation of proceeds from the Proposed Disposal	Section 6.4
(v)	Risk factors for the Proposed Disposal	Section 6.5
(vi)	Effects of the Proposed Disposal	Section 6.6

6.1 RATIONALE FOR THE PROPOSED DISPOSAL

We note the rationale for the Proposed Disposal as set out in Section 4 of Part A of the Circular as extracted below:

(i) The Proposed Disposal is an offer from LSHCL to acquire HCBL at an attractive valuation of approximately 2.5 times of the PBR based on the audited NA of HCBL as at 31 December 2021

The HSCB Group is expected to realise a proforma gain of approximately RM441.63 million (net of estimated expenses of RM1.15 million) arising from the Proposed Disposal.

For the FYE 31 December 2021, the breakdown of HSCB Group's revenue based on the geographical location of their customers is set out below:

Geographical locations of HSCB Group's customers	Revenue (RM'000)	% of total revenue
Malaysia	5,058,989	84.14
Asia	875,639	14.56
Others	78,126	1.30
Total	**6,012,754**	**100.00**

Based on the table above, the revenue of the HSCB Group has largely been derived from customers in Malaysia which accounted for 84.14% of the Group's revenue for the FYE 31 December 2021.

HCBL was incorporated in England and Wales on 5 March 2018 under the Companies Act 2006 of the United Kingdom as a private company limited by shares and commenced its operations on 29 August 2019. HCBL is principally involved in the provision of term loan in the United Kingdom comprising term loans to corporates in the real estate sector.

The business of HCBL is reported under the credit financing division of the HSCB Group. For the FYE 31 December 2021, the credit financing division is one of the major contributors to the Group and contributed approximately 13.27% to the Group's operating profit (after inter-segment eliminations). However, in terms of revenue contribution, the credit financing division only contributed 3.82% to the Group's external revenue for the FYE 31 December 2021.

In terms of geographical segmentation, the business of the HCBL is reported under "Others", which along with other countries, only contributed 1.30% to the HSCB Group's revenue for the FYE 31 December 2021.

While the credit financing division is a major contributor to the HSCB Group, HCBL (which principally undertakes the credit financing business in the United Kingdom) does not currently contribute materially to the revenue and earnings of the HSCB Group. For the FYE 31 December 2021, HCBL only reported:

- Revenue of GBP2.58 million or approximately RM14.73 million[(1)] for the FYE 31 December 2021, vis-à-vis the revenue of the HSCB Group of RM6.01 billion during the same financial year, representing only 0.24% of revenue contribution to the HSCB Group; and

- PAT of GBP0.85 million or approximately RM4.86 million[(1)] for the FYE 31 December 2021, vis-à-vis the PATNCI of the HSCB Group of RM0.90 billion during the same financial year, representing only 0.54% of profit contribution to the HSCB Group.

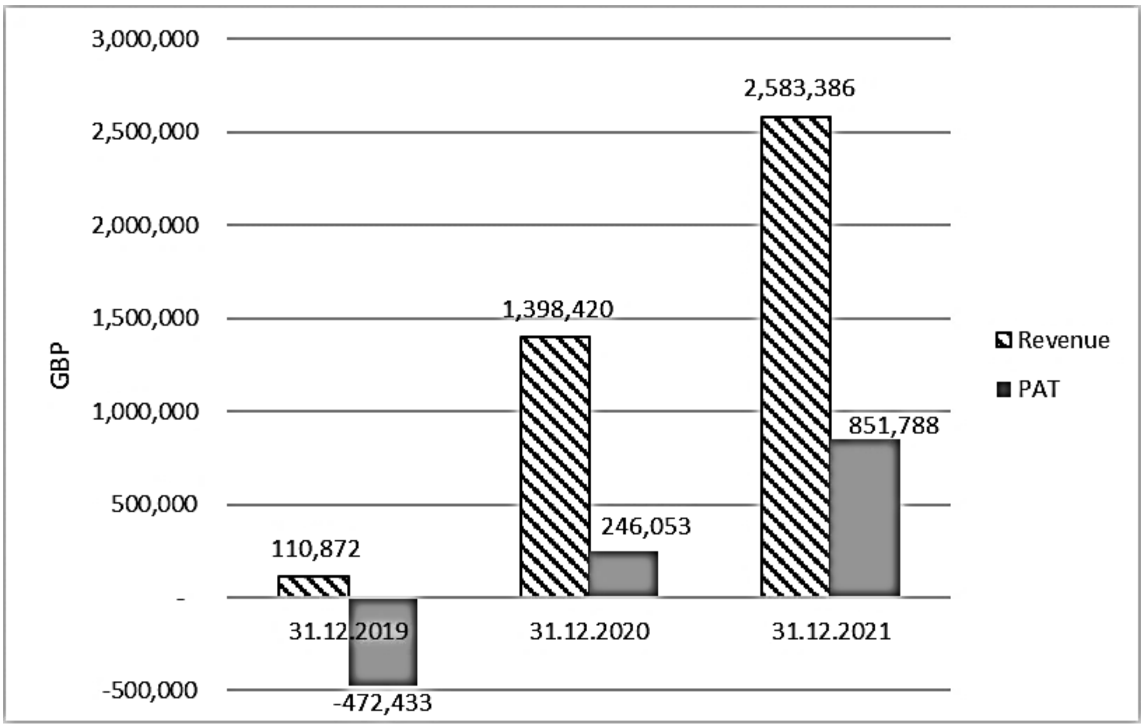
Note:

(1) The revenue/PAT as set out above is translated to RM based on the exchange rate of GBP1.00:RM5.6998 which is the average month-end exchange rate for the 12-month period for the FYE 31 December 2021, in accordance with MFRS 121.

Although the Proposed Disposal will result in loss of income contribution from HCBL to the HSCB Group, it is immaterial (i.e. 0.54% of HSCB's consolidated PATNCI for the FYE 31 December 2021), while the Proposed Disposal represents an offer at an attractive valuation where the Group is expected to realise a proforma gain of approximately RM441.63 million (net of estimated expenses of RM1.15 million) arising from the Proposed Disposal.

We note that HCBL was incorporated in England and Wales on 5 March 2018, which is a relatively young company that has recorded 3 full financial years results for FYE 31 December 2019 to FYE 31 December 2021. The business operations of HCBL is at its infancy and have been funded by HSC Birmingham by way of contributed equity. Accordingly, it is expected that HCBL will require the financial support from the HSCB Group in the absence of the Proposed Disposal for the expansion of its business operations until such time HCBL has grown to a stage where it is able to sustain itself and not rely on the financial support of the HSCB Group.

Based on the audited financial statements of HCBL, we set out below the revenue and PAT of HCBL for the FYE 31 December 2019 to FYE 31 December 2021:



(Source: Management)

We note that the financial performance of HCBL was improving from FYE 31 December 2019 to FYE 31 December 2021. However, it has been highlighted in the audited financial statements of HCBL for the FYE 31 December 2021, that the macroeconomic uncertainty arising from the Russia-Ukraine war, rising inflation and the consequential reduction in real income levels during the early part of 2022 may have an impact to the profitability of HCBL. Despite HCBL being a profitable subsidiary to the HSCB Group, the potential economic risk may affect the profitability of HCBL moving forward. Accordingly, the Proposed Disposal presents an opportunity for the HSCB Group to realise an investment at an attractive valuation.

Please refer to Section 6.2 of this Independent Advice Letter for our evaluation of the Sale Consideration.

(ii) The proceeds from the Proposed Disposal will enable HSCB to pare down part of its borrowings and meet the working capital needs of the HSCB Group

The proceeds from the Proposed Disposal will be utilised in the proportions (% of total proceeds) set out below:

(a) repayment of HSCB Group's existing borrowings (79.30%);

(b) to fund the HSCB Group's working capital requirements (20.54%); and

(c) to defray the expenses of the Proposed Disposal (0.16%).

Please refer to Section 6.4 of this Independent Advice Letter for our analysis on the utilisation of proceeds from the Proposed Disposal.

Premised on the above, we are of the view that the rationale for the Proposed Disposal is reasonable.

6.2 EVALUATION OF THE SALE CONSIDERATION

As stated in Section 2.4 of Part A of the Circular, the Sale Consideration was arrived at on a "willing buyer willing seller" basis after taking into consideration the following:

(i) the audited NA of HCBL for the FYE 31 December 2021 of GBP51.15 million (equivalent to RM288.10 million)[(1)];

(ii) the audited PAT of HCBL for the FYE 31 December 2021 of GBP0.85 million (equivalent to RM4.86 million)[(2)]; and

(iii) the rationale for the Proposed Disposal which is set out in Section 4 of Part A of the Circular.

Note:

(1) The NA as set out above is translated to RM based on the exchange rate of GBP1.00:RM5.6325 at 31 December 2021 which is the year-end closing rate, in accordance with MFRS 121.

(2) The PAT as set out above is translated to RM based on the exchange rate of GBP1.00:RM5.6998 which is the average month-end exchange rate for the 12-month period for the FYE 31 December 2021, in accordance with MFRS 121.

The Sale Consideration translates into an implied PBR of 2.5 times based on the audited NA of HCBL as at 31 December 2021 and PER of approximately 150 times based on the PAT of HCBL for the FYE 31 December 2021.

We have undertaken a comparative analysis of the Sale Consideration with comparable companies selected based on criteria that an investor would regard as similar to HCBL. HCBL is principally involved in the provision of financial services in the United Kingdom comprising term loans to corporates in the real estate sector. Accordingly, the comparable companies were selected based on the following criteria:

	Criteria	Remarks
(i)	Listed on the London Stock Exchange	Only public listed companies were selected due to the availability of share prices and financial statements to the general public. Companies listed on the London Stock Exchange were selected as HCBL was incorporated and currently operates in the United Kingdom and is expected to share similar political, legal and business environment as these companies.
(ii)	Profit-making, with at least 70% of its revenue derived from the provision of financial services (but excluding financial institutions such as banks)	Only profit-making companies were selected. Loss-making companies may trade at a skewed PBR due to its depressed NA (attributed to accumulated losses), and may not be comparable to a profit-making company such as HCBL. These loss-making companies may also have higher credit risk and liquidity risk as compared to its profit-making peers. 100% of HCBL's revenue is derived from the provision of financial services. As the comparable companies may be involved in multiple business segments, we have set a minimum of 70% of revenue to be derived from the provision of financial services as a proxy to HCBL's business. Financial institutions such as banks were excluded as they have different business models and regulations from non-financial institutions such as HCBL.

(Defined as the "**Comparable Companies**".)

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We wish to highlight that the Comparable Companies tabulated below are by no means exhaustive and may differ from HCBL in terms of, among others, size/market capitalisation, marketability and liquidity of shares, size of the operations, composition of business activities, business market segmentation, products offered, existing or other businesses, asset base, financial performance, operating and financial leverage, accounting and taxation policies, risk profile and future prospects.

Further information on the Comparable Companies is summarised as follows:

Comparable Companies	**Market capitalisation as at the LTD[(1)] (GBP'mil)**	**Principal activities**	**Revenue segmentation**	**% revenue derived from the provision of financial services**
Funding Circle Holdings plc ("Funding Circle")	209.08	Funding Circle operates as a global small and medium-sized enterprises ("**SME**") loan platform. Funding Circle serves customers in the United Kingdom, the United States, Germany, and the Netherlands.	Provision of a global SME loan platform.	100
LendInvest plc ("LendInvest")	243.73	LendInvest provides asset management services for property finance in the United Kingdom. LendInvest serves customers in the United Kingdom.	The company provides short term lending and buy-to-let mortgages for intermediaries, landlords, and developers.	100
Time Finance plc ("Time Finance")	19.71	Time Finance provides financial services to businesses and consumers. Time Finance serves customers in the United Kingdom.	Provision of financial services including asset finance, vehicle finance, loan finance and invoice finance.	99.55
Vector Capital plc ("Vector")	23.07	Vector provides finance for land and property development, bridging loans and secured business finance. Vector's customers are mainly small property developers operating in England who buy properties to develop or refurbish and then re-sell.	Provision of finance for land and property development, bridging loans and secured business finance.	100

*(**Source:** Bloomberg, website of the London Stock Exchange and the website and latest annual reports of the respective Comparable Companies available as at the LTD)*

Note:
(1) Based on the last price multiplied by the number of shares outstanding (excluding treasury shares) of the respective Comparable Companies as at the LTD.

Although HCBL is a going-concern, we have not adopted earnings-based methodologies (such as PER and the discounted cash flow methods) in evaluating the Sale Consideration due to the following reasons:

(i) HCBL is a relatively new start-up company as it was only incorporated on 5 March 2018 and commenced operations on 29 August 2019. Therefore, HCBL's earnings trend has not yet been established for a meaningful earnings-based valuation analysis; and

(ii) the implied PER of the Sale Consideration is approximately 150 times based on the audited PAT of HCBL for the FYE 31 December 2021. As the implied PER is substantially higher than the PER of the Comparable Companies as set out in Section 2.4 of Part A of the Circular, we are of the view that the PER analysis would not be meaningful to evaluate the Sale Consideration.

As HCBL is principally involved in the provision of term loan which is capital intensive in nature, the PBR (a method used to compare the company's market value to its historical book value i.e. NA) is the most appropriate valuation metric to evaluate the Sale Consideration. Hence, we have adopted the PBR valuation methodology in our evaluation of the Sale Consideration.

The Sale Consideration translates into an implied PBR of approximately 2.5 times as set out below:

	Formula	**GBP'000**
Sale Consideration	(A)	127,800
Audited NA of HCBL as at 31 December 2021	(B)	(1) 51,150
PBR (times)	**(A)/(B)**	**2.5**

Note:

(1) NA of HCBL is derived as follows:

	Formula	***GBP'000***	***Remarks***
Total assets	*(C)*	*51,400*	*Mainly comprise debtors and cash amounting to GBP32.71 million and GBP18.68 million, respectively*
Total liabilities	*(D)*	*250*	*Comprise accrued expenses and current tax liabilities amounting to GBP75,110 and GBP175,000, respectively*
Total equity or NA	***(C) – (D)***	***51,150***	

The PBR of the Comparable Companies is as set out below:

Comparable Companies	**Last price as at the LTD (GBP)**	**Audited**		
		FYE	**NA per share (GBP)**	**PBR (times)**
Funding Circle	0.58	31 Dec 2021	0.7989	0.73
LendInvest	1.77	31 Mar 2021	0.3504	5.05
Time Finance	0.21	31 May 2021	0.6174	0.34
Vector	0.51	31 Dec 2021	0.5293	0.96
	Simple average			1.77
	Median			**0.85**
	Minimum			0.34
	Maximum			5.05

*(**Source**: Bloomberg, the website of the London Stock Exchange and the latest audited financial statements of the respective Comparable Companies available as at the LTD)*

The Sale Consideration is fair as the implied PBR based on the audited NA of HCBL as at 31 December 2021 of 2.5 times is above the median PBR of the Comparable Companies of 0.85 times (based on audited NA).

We also wish to highlight that despite HCBL being an unlisted entity, the implied PBR of the Sale Consideration is higher than the median PBR of the Comparable Companies. Generally, unlisted companies tend to command a lower PBR vis-à-vis its Comparable Companies which are listed entities due to factors such as illiquidity and lack of marketability of the securities.

We are of the view that comparing the implied PBR of the Sales Consideration against the median PBR of the Comparable Companies will be more appropriate than using the average PBR of the Comparable Companies because the average, by its nature is more affected by outliers (i.e. being affected by any single value being too high or too low compared to the rest of the sample) and hence, the median is taken as a better measure of a midpoint. Nevertheless, the implied PBR based on the audited NA of HCBL as at 31 December 2021 of 2.5 times is also above the average PBR of the Comparable Companies of 1.77 times (based on audited NA).

6.3 SALIENT TERMS OF THE SSA

We wish to highlight the following salient terms of the SSA as follows:

Salient terms of the SSA		Affin Hwang IB's comments
Sale Consideration and manner of payment		
(1)	The Sale Consideration for the Sale Shares is GBP127.80 million and is payable by LSHCL to HSC Birmingham in the following manner: (i) the Deposit within 7 days from the date of execution of SSA; and (ii) the Balance Sum on or before Completion Date which shall take place on or before the expiry of 1 month from the date of satisfaction of the condition precedent of the SSA as set out in Section 2 of Appendix II of the Circular or an automatic extended period of 1 month if LSHCL fails to pay the Balance Sum on the expiry of 1 month from Completion Date by way of telegraphic transfer or other electronic means either in whole or in batches to the account to be designated by HSC Birmingham in writing. HSC Birmingham has received the Deposit from LSHCL on 2 June 2022 in accordance with the terms of the SSA.	The Sale Consideration payable by LSHCL shall be in GBP, which is a commercial arrangement between HSC Birmingham and LSHCL. The payment of Deposit within 7 days is reasonable to facilitate the conversion of currency from HKD (LSHCL's country of domicile is Hong Kong) to GBP. We note that HSC Birmingham has received the Deposit from LSHCL on 2 June 2022 in accordance with the terms of the SSA. The payment of 10% Deposit is in line with common commercial terms of other acquisition or disposal transactions. We further note that the Balance Sum may be settled by LSHCL on or before the Completion Date. Such flexibility of payment for the Balance Sum before the Completion Date, although not a common commercial term, is not detrimental to the HSCB Group.
Condition Precedent		
(2)	The Proposed Disposal is conditional upon the approval from the shareholders of HSCB for the sale of the Sale Shares, being obtained on or before the Cut-Off Date.	The Cut-off Date, being a 3-month period to fulfil the Condition Precedent, has been agreed upon by the parties after taking into consideration that the only approval required for the Proposed Disposal is the approval from HSCB's shareholders which is necessary to give effect to the Proposed Disposal. The Cut-Off Date, although is relatively shorter than other acquisition or disposal transactions, the timeline for the fulfilment of the Condition Precedent is driven by HSCB.

Salient terms of the SSA		Affin Hwang IB's comments
Completion		
(3)	The completion of the SSA shall take place on the Completion Date where: (i) HSC Birmingham shall deliver or make available to LSHCL the instrument of transfer of the Sale Shares duly executed in favour of LSHCL accompanied by the relevant share certificates (or an express indemnity in a form satisfactory to LSHCL in the case of any certificate found to be missing) and such documents and information provided by the company secretary of HCBL together with a copy of the latest audited financial statements of HCBL and such other documents as may be necessary for the purpose of assessing stamp duty payable on the transfer of the Sale Shares; (ii) HSC Birmingham shall deliver or make available to LSHCL the certificates of incorporation, certifications of change of names (if any), corporate seals (if any), cheque books, statutory and other books of HCBL (duly written up-to-date); (iii) HSC Birmingham shall deliver or make available to LSHCL copies of the requisite resolution of the board of directors of HCBL duly certified as true copies of the original by the secretary of HCBL: (a) approving the registration of the share transfers referred to in Section (3)(i) of Appendix II of the Circular subject only to them being duly stamped; and (b) appointing such persons as LSHCL may nominate as directors; and	The SSA is to be completed no later than 1 month from the date on which the HCBL Condition Precedent is satisfied, which is a reasonable timeline to facilitate both parties' completion obligations. This clause sets out the respective roles of HSC Birmingham and LSHCL on the Completion Date to give effect to the Proposed Disposal. The delivery of the required documents by HSC Birmingham is necessary to facilitate the timely registration for the transfers of the Sale Shares to effect the transfer of ownership after the payment of the Balance Sum.
	(iv) If there is any amount owing by HCBL to any companies within HSCB Group, LSHCL shall within 14 days from Completion Date, settle or procure the settlement, in full, free of all taxes of all liabilities and debts (including, any interest or other charges and whether due or not) owed or payable by HCBL to the relevant companies within the HSCB Group.	The requirement for LSHCL to settle the amount owing by HCBL to any companies within the HSCB Group on the Completion Date is appropriate as HCBL will cease to be a subsidiary of HSCB after the Proposed Disposal. However, we note that HCBL does not have any borrowings or liabilities due to the HSCB Group as at the LPD.

<table>
<tr><th colspan="2">Salient terms of the SSA</th><th>Affin Hwang IB’s comments</th></tr>
<tr><td colspan="3">Termination</td></tr>
<tr><td>(4)</td><td>(i) HSC Birmingham’s default

If, at any time prior to the Completion, HSC Birmingham is in default or breaches any of its undertakings, covenants, representations, warranties or other obligations under the SSA, LSHCL shall be entitled to give a notice in writing to HSC Birmingham specifying such default or breach requiring HSC Birmingham to remedy or make good such default or breach within 14 days from the date of such notice. If HSC Birmingham fails, neglects or refuses to remedy or make good of such default or breach within the said 14 days’ period, LSHCL shall be entitled:

(a) to pursue an action for specific performance of the SSA; or

(b) alternatively, elect to terminate the SSA by serving a notice on HSC Birmingham and HSC Birmingham shall within 7 Business Days thereof refund the Deposit and all monies received hereunder free of interest and pay a sum amounting to 10% of the Sale Consideration to LSHCL as agreed liquidated damages failing which HSC Birmingham shall pay LSHCL interest at the rate of 8% per annum calculated on a daily basis on the amount outstanding from the expiry of the aforementioned period to the receipt of the aforementioned sum by LSHCL.

(ii) LSHCL’s default

If, at any time prior to Completion, LSHCL is in default of or breaches any of its undertakings, covenants, representations, warranties or other obligations under the SSA, HSC Birmingham shall be entitled to give notice in writing to LSHCL specifying such default or breach and requiring LSHCL to remedy or make good such default or breach within 14 days from the date of such notice. If LSHCL fails, neglects or refuses to remedy or make good such default or breach within 14 days’ period, HSC Birmingham shall be entitled:

(a) to pursue an action for specific performance of the SSA; or</td><td>The remedies available to each party upon termination of the SSA are parallel. The termination clauses protect the interest of each party.

The terms allow HSC Birmingham to rectify any breach under the SSA within 14 days upon receiving a notice from LSHCL of such default or breach.

If HSC Birmingham fails to remedy such default or breach, the Deposit and all monies received will be refunded to LSHCL free of interest and the SSA shall be terminated. In addition, HSC Birmingham will be required to pay 10% of the Sale Consideration to LSHCL as agreed liquidated damages.

LSHCL is also subject to a similar reciprocal clause, i.e. in the event of LSHCL’s default or breach, HSC Birmingham can terminate the SSA and HSC Birmingham shall forfeit the Deposit as agreed liquidated damages which is in line with the commercial terms of other acquisition or disposal transactions.

Interest of 8% per annum has been imposed on any late payment to protect the interests of LSHCL in the event HSC Birmingham fails to refund the Deposit and pay a sum amounting to 10% of the Sale Consideration as agreed liquidated damages within the stipulated timeline. The prescribed rate of 8% per annum is in line with common commercial terms of other acquisition or disposal transactions.

We are of the view that this term is reasonable.</td></tr>
</table>

Salient terms of the SSA		Affin Hwang IB's comments
	(b) alternatively, elect to terminate the SSA by serving a notice on LSHCL and that 10% of the Sale Consideration (being the Deposit) shall be forfeited by HSC Birmingham absolutely as agreed liquidated damages, and HSC Birmingham shall refund to LSHCL within 7 Business Days thereof free of interest any other monies (other than the Deposit) as may have been received pursuant to the SSA.	
SSA governing law and submission jurisdiction		
(5)	The SSA shall be governed by and construed in accordance with the laws of Malaysia. In the event that the HSC Birmingham and LSHCL cannot settle any dispute, the matter shall be referred to the arbitration of a single arbitrator, whereby such arbitrator shall be appointed by the AIAC under the provisions of the AIAC Arbitration Rules 2021. The decision of the arbitrator shall be final and binding on both HSC Birmingham and LSHCL. The arbitration shall be held at AIAC in Kuala Lumpur.	We are of the view that this term is reasonable as the ultimate holding company of HCBL, HSCB, is based in Malaysia.

Based on the salient terms of the SSA and our comments as set out above, we are of the view that the salient terms of the SSA are reasonable.

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6.4 UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSAL

We note from Section 2.10 of Part A of the Circular that HSCB intends to utilise the Sale Consideration for the operations of the HSCB Group and to defray estimated expenses relating to the Proposed Disposal in the following manner:

Purpose of utilisation	**Estimated timeframe for utilisation from the Completion Date**	**Amount (RM'000)**	**% over Sale Consideration**
Repayment of borrowings	within 24 months	560,000	79.30
Working capital requirements	within 24 months	145,022	20.54
Estimated expenses	within 1 month	1,150	0.16
	Total	**706,172**	**100.00**

HSCB intends to utilise RM560 million or approximately 79.30% of the Sale Consideration to pare down its existing borrowings. Assuming such sums are paid immediately, the HSCB Group is expected to benefit from interest cost savings of up to RM16.80 million per annum based on the interest rate of approximately 3% per annum. As at 31 December 2021, the total borrowings of the HSCB Group were approximately RM6.32 billion. The repayment of borrowings is expected to improve the proforma debt-to-equity ratio of the HSCB Group from 0.73 times as at 31 December 2021 to 0.63 times. We note that the borrowings are expected to be repaid over a period of up to 24 months from the Completion Date after taking into consideration the due and maturity dates of the borrowings. The proceeds from the Proposed Disposal used for repayment of borrowings will also provide financial flexibility to the Group where funds allocated for repayment of borrowings can now be utilised for other business purposes such as the purchase of inventories for the Group's trading (fertilizers, automobiles and building materials).

In addition, HSCB will utilise 20.54% of the Sale Consideration or approximately RM145.02 million to meet the HSCB Group's working capital requirements in the following estimated proportions:

Details of utilisation(1)	**Amount (RM'000)**	**%**
Purchase of inventories Including purchase of: - Fertilizers; - Automobiles; and - Building materials such as steel bars and cement	 70,000 50,000 25,022	 48.27 34.48 17.25
Total	**145,022**	**100.00**

***Note**:*

(1) The percentage of the breakdown set out above represents an estimation only and the actual utilisation by the HSCB Group in each category may differ subject to its operating requirements at the time of the utilisation of the Sale Consideration.

The utilisation of proceeds to finance the day-to-day operations of the HSCB Group is expected to improve the HSCB Group's financial flexibility in managing the operating cashflow of the Group.

HSCB intends to utilise RM1.15 million of the proceeds from the Proposed Disposal to defray estimated expenses relating to the Proposed Disposal. The breakdown of the estimated expenses in relation to the Proposed Disposal is set out below:

Breakdown of the estimated expenses	**RM'000**
Estimated professional fees	965
Other fees (including regulatory fees) and expenses incurred in connection with the Proposed Disposal such as printing and advertising expenses	90
Miscellaneous expenses and contingencies	95
Total	**1,150**

We note that the use of the proceeds from the Proposed Disposal are primarily for the repayment of HSCB Group's borrowings and working capital requirements for its purchase of inventories which will benefit the HSCB Group's businesses. We are of the view that the utilisation of proceeds is reasonable.

6.5 RISK FACTORS FOR THE PROPOSED DISPOSAL

We have taken note of the risk factors associated with the Proposed Disposal as set out in Section 5 of Part A of the Circular:

(i) Non-completion of the Proposed Disposal

There is no assurance that the Condition Precedent will be fulfilled within the timeframe as set out in the SSA. If the Condition Precedent is not fulfilled by HSC Birmingham, the Proposed Disposal might be delayed or terminated.

The management of HSCB will use its best endeavours to ensure the completion of the Proposed Disposal and will take all reasonable steps to ensure that the Condition Precedent is fulfilled in a timely manner, to avoid delays or termination and to facilitate the completion of the Proposed Disposal.

We note that the only condition precedent to the SSA is the approval from HSCB's shareholders where HSCB will take all reasonable steps to satisfy it; failing which, the Proposed Disposal will be terminated and HSC Birmingham shall refund the Deposit to LSHCL. This approval from HSCB's shareholders will be sought at the Company's forthcoming EGM.

We also wish to highlight that there are completion obligations to be met by both parties of the SSA, such as the delivery of the required documents by HSC Birmingham to effect the transfer of ownership of the Sale Shares, and the payment of any amount owing by HCBL to any companies within the HSCB Group. Should any party default or breach any terms and conditions applicable to the relevant party under the SSA, the non-defaulting party is entitled to give notice in writing to the defaulting party and if the defaulting party fails, neglects or refuses to remedy or make good such default or breach within 14 days, the non-defaulting party shall be entitled to pursue specific performance, or alternatively, elect to terminate the SSA and receive an agreed liquidated damages equivalent to 10% of the Sale Consideration (or forfeit the Deposit, as the case may be). The remedies to each party are parallel and the termination clauses protect the interest of each party.

(ii) Foreign exchange risk

For the Proposed Disposal, there is a risk of the exchange rate changing between the date of the SSA and the Completion Date.

If the GBP/RM exchange rate fluctuates from the date of the SSA up to the Completion Date, the intended utilisation of proceeds as set out in Section 2.10 of Part A of the Circular as well as the computed proforma gain on disposal of approximately RM442.78 million in relation to the Proposed Disposal as set out in Section 2.6 of Part A of the Circular may differ. Any depreciation of GBP against the RM will reduce the total proceeds from the Proposed Disposal in RM.

The foreign exchange risk for the Proposed Disposal involves the risk of an exchange rate changing between the transaction date (i.e. the date of the SSA) up to the subsequent settlement date (i.e. the Completion Date).

We note that the intended utilisation of proceeds (Section 2.10 of Part A of the Circular) as well as the computed proforma gain on disposal of RM442.78 million in relation to the Proposed Disposal (Section 2.6 of Part A of the Circular) may differ should the GBP/RM exchange rate fluctuate from the date of the SSA up to the Completion Date. Any depreciation of GBP against the RM will reduce the total proceeds from the Proposed Disposal in RM. However, any appreciation of the GBP against the RM will increase the total proceeds from the Proposed Disposal.

(iii) Loss of income from HCBL

HCBL was incorporated in 2018 and generated a profit of GBP0.85 million (equivalent to RM4.86 million(1)) for the FYE 31 December 2021. Upon completion of the Proposed Disposal, HCBL will no longer be a subsidiary of the HSCB Group and as such, the Company would lose a source of revenue and potential profit contribution from HCBL in the future. Notwithstanding, the potential loss of income from the newly-incorporated company is minimal compared to the expected gain from the Proposed Disposal.

HSCB intends to utilise the Sale Consideration in the manner set out in Section 2.10 of Part A of the Circular. For illustrative purposes, assuming interest savings at a rate of 3% and based on utilisation of proceeds where RM560 million of the proceeds will be utilised for part repayment of the borrowings, the potential interest savings will be approximately RM16.80 million, which is higher as compared to the current year PAT of HCBL of GBP0.85 million (equivalent to RM4.86 million(1)).

Note:

(1) The PAT as set out above is translated to RM based on the exchange rate of GBP1.00:RM5.6998 which is the average month-end exchange rate for the 12-month period for the FYE 31 December 2021, in accordance with MFRS 121.

Upon completion of the Proposed Disposal, HCBL will cease to be an indirect subsidiary of HSCB. Accordingly, HCBL's financial results will not be consolidated into the financial performance of HSCB.

While there is no assurance that the utilisation of the Sale Consideration will generate a better return than if HSCB continues to grow the business of HCBL, we note that HCBL is a relatively new company and only commenced its operations on 29 August 2019. HCBL recorded a PAT of GBP0.85 million for the FYE 31 December 2021 (equivalent to RM4.86 million). On the other hand, the Proposed Disposal represents an opportunity for HSCB to realise a proforma gain on disposal of RM441.63 million (net of estimated expenses of RM1.15 million) immediately. The potential loss of income from HCBL is minimal compared to the expected gain on disposal.

We wish to highlight that although the HSCB Group will make the necessary efforts to mitigate the risks identified, no assurance can be given that the risks above will not occur.

Nonetheless, based on the above, we are of the view that the risk factors for the Proposed Disposal can be managed by the HSCB Group.

6.6 EFFECTS OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken note of the effects of the Proposed Disposal as set out Section 6 of Part A of the Circular.

(i) Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital of HSCB and substantial shareholders' direct and/or indirect shareholdings in HSCB as the Proposed Disposal does not involve any issuance of HSCB Shares and will be satisfied fully in cash.

(ii) NA, NA per Share and debt-to-equity ratio

Based on the latest audited consolidated statements of financial position of HSCB as at 31 December 2021, the proforma effects of the Proposed Disposal on the NA, NA per Share and debt-to-equity ratio are as set out below:

(a) Proforma NA is expected to increase by approximately RM416.92 million[(1)] from approximately RM7.51 billion to RM7.92 billion;

(b) Proforma NA per Share is expected to increase by approximately RM0.16 per HSCB Share from approximately RM3.02 to RM3.18;

(c) Proforma debt-to-equity ratio of the HSCB Group is expected to decrease from approximately 0.73 times to 0.63 times; and

(d) Proforma net debt-to-equity ratio of the HSCB Group is expected to decrease from approximately 0.37 times to 0.29 times.

***Note**:*
(1) Comprises a gain on disposal of RM441.63 million (net of estimated expenses of RM1.15 million).

The proforma effects above arises mainly due to the proforma gain from the Proposed Disposal of approximately RM441.63 million (net of estimated expenses of RM1.15 million).

(iii) Earnings and EPS

The proforma earnings and EPS for the FYE 31 December 2021 are expected to increase from RM0.90 billion (EPS of 36.17 sen) to RM1.35 billion (EPS of 54.41 sen) after the completion of the Proposed Disposal, with the assumption that the Proposed Disposal had been effected at the beginning of that financial year.

The increase in earnings and EPS is due to the proforma gain from the Proposed Disposal of approximately RM441.63 million (net of estimated expenses of RM1.15 million) and interest savings (net of tax of 24%) of RM12.77 million. The EPS of the HSCB Group is expected to increase by 18.24 sen (net of estimated expenses) based on the weighted average number of HSCB Shares in issue of 2,489,670,000 for the FYE 31 December 2021.

Upon completion of the Proposed Disposal, HCBL will cease to be an indirect subsidiary of HSCB. Therefore, the financial results of HCBL will no longer be consolidated with the financial results of HSCB.

Based on the above, we are of the view that the effects of the Proposed Disposal are not to the detriment of the Non-Interested Shareholders.

7. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the terms of the Proposed Disposal and have set out our evaluation in Section 6 of this Independent Advice Letter, as summarised in the table below. Non-Interested Shareholders should consider the merits and demerits of the Proposed Disposal carefully based on all relevant and pertinent factors including those set out below and other considerations as set out in this Independent Advice Letter, Part A of the Circular together with the appendices and other publicly available information prior to making a decision to vote on the resolution pertaining to the Proposed Disposal.

Section in this Independent Advice Letter	Section of evaluation	Comments
6.1	Rationale for the Proposed Disposal	The Proposed Disposal: (i) is an opportunity for the Group to divest its credit business at an attractive valuation at the PBR of 2.5 times (based on audited NA of HCBL as at 31 December 2021); (ii) provides cashflow for repayment of borrowings and working capital needs of the HSCB Group. Although the Proposed Disposal will result in loss of earnings contribution from HCBL to the HSCB Group, it is immaterial (i.e. 0.54% of HSCB's consolidated PATNCI for the FYE 31 December 2021), while the Proposed Disposal represents an offer at an attractive valuation where the Group is expected to realise a proforma gain of approximately RM441.63 million (net of estimated expenses of RM1.15 million) arising from the Proposed Disposal. We note that the financial performance of HCBL was improving from FYE 31 December 2019 to FYE 31 December 2021. However, it was highlighted in the audited financial statements of HCBL for the FYE 31 December 2021, that the macroeconomic uncertainty arising from the Russia-Ukraine war, rising inflation and the consequential reduction in real income levels during the early part of 2022 may have an impact to the profitability of HCBL moving forward. Taking into account on the above factors, we are of the view that the rationale of the Proposed Disposal is reasonable.
6.2	Evaluation of the Sale Consideration	We are of the view that the Sale Consideration is fair as it represents an implied PBR of 2.5 times which is above the median PBR of the Comparable Companies of 0.85 times (based on audited NA).
6.3	Salient terms of the SSA	After evaluating the salient terms of the SSA, we are of the view that the salient terms of the SSA are reasonable.
6.4	Utilisation of proceeds from the Proposed Disposal	The Sale Consideration is expected to be utilised for repayment of borrowings, working capital requirements and to defray the estimated expenses for the Proposed Disposal. We note that the use of the proceeds from the Proposed Disposal are primarily for the repayment of HSCB Group's borrowings and working capital requirements for purchase of inventories which will benefit the HSCB Group's businesses. We are of the view that the utilisation of proceeds is reasonable.

Section in this Independent Advice Letter	Section of evaluation	Comments
6.5	Risk factors for the Proposed Disposal	Although the Management will make the necessary efforts to mitigate the risks identified, no assurance can be given that the risks identified will not occur. Nonetheless, we are of the view that the risk factors for the Proposed Disposal can be managed by the HSCB Group.
6.6	Effects of the Proposed Disposal	**<u>Share capital and substantial shareholders' shareholdings</u>** No effect. **<u>NA, NA per Share and debt-to-equity ratio</u>** (i) Proforma NA is expected to increase by approximately RM416.92 million from approximately RM7.51 billion to RM7.92 billion; (ii) Proforma NA per Share is expected to increase by approximately RM0.16 per HSCB Share from approximately RM3.02 to RM3.18; (iii) Proforma debt-to-equity ratio of the HSCB Group is expected to decrease from approximately 0.73 times to 0.63 times; and (iv) Proforma net debt-to-equity ratio of the HSCB Group is expected to decrease from approximately 0.37 times to 0.29 times. **<u>Earnings and EPS</u>** Proforma earnings and EPS are expected to increase from RM0.90 billion (EPS of 36.17 sen) to RM1.35 billion (EPS of 54.41 sen) after the completion of the Proposed Disposal, with the assumption that the Proposed Disposal had been effected at the beginning of that financial year. The increase in earnings and EPS is largely due to the proforma gain from the Proposed Disposal of approximately RM441.63 million (net of estimated expenses of RM1.15 million) and interest savings (net of tax of 24%) of RM12.77 million. We are of the view that the effects of the Proposed Disposal are not to the detriment of the Non-Interested Shareholders.

After taking into consideration our overall assessment and evaluation of the Proposed Disposal based on the information available to us up to the LPD, we are of the view that the Proposed Disposal is **fair and reasonable** and is **not detrimental** to the Non-Interested Shareholders.

Accordingly, we recommend that you **vote in favour** of the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

Yours faithfully
for and on behalf of
AFFIN HWANG INVESTMENT BANK BERHAD

JOHAN HASHIM	**STELLA CHOY**
Head	Director
Corporate Finance	Corporate Finance

1. DATE AND PLACE OF INCORPORATION

HCBL was incorporated in England and Wales on 5 March 2018 under the Companies Act 2006 of the United Kingdom as a private company limited by shares.

HCBL is a wholly-owned subsidiary of HSC Birmingham, which is a wholly-owned subsidiary of HSCI, which in turn is wholly-owned by HSCB.

HCBL does not have any subsidiaries and associated companies.

2. ISSUED SHARE CAPITAL

As at LPD, the issued and paid-up share capital of HCBL is GBP50,000,001 comprising 50,000,001 HCBL Shares of GBP1.00 each.

3. BRIEF HISTORY OF HCBL, THE GENERAL NATURE OF BUSINESS CONDUCTED BY HCBL AND THE ASSETS OWNED BY HCBL

HCBL is principally involved in the provision of term loans to corporations in the United Kingdom and is registered under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. The said regulations are regulated by the Financial Conduct Authority. HCBL started its operations on 29 August 2019.

HCBL provides short and medium-term financings to diversified business sectors for purpose of working capital, purchase of land and property, property development and bridging needs. Based on the audited financial statements for the FYE 31 December 2021, approximately 72% and 28% of the total loan base of HCBL were medium-term and short-term financings, respectively. HCBL does not have any non-performing loans.

As at 31 December 2021, HCBL does not own any significant assets other than loan debtors amounting to GBP32.71 million (equivalent to RM184.22 million) and cash of GBP18.68 million (equivalent to RM105.22 million).

4. DETAILS OF MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at LPD, the directors of HCBL are not aware of any material commitments and contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have an impact on the profits or NA of HCBL.

5. DIRECTORS

As at LPD, the directors of HCBL are as follows and none of the directors hold any HCBL Shares:

Name	Designation	Nationality
Ms. Cheah Yee Leng	Director	Malaysian
Mr. Thai Chong Yim	Director	Malaysian

6. SUBSTANTIAL SHAREHOLDERS

As at LPD, the substantial shareholders of HCBL and their respective shareholdings in HCBL are as follows:

Name	Country of Incorporation/ Nationality	Direct		Indirect[1]	
		No. of HCBL shares	%	No. of HCBL shares	%
HSC Birmingham	Labuan, Malaysia	50,000,001	100	-	-
HSCI	Labuan, Malaysia	-	-	50,000,001[2]	100
HSCB	Malaysia	-	-	50,000,001[3]	100
Gek Poh	Malaysia	-	-	50,000,001[4]	100
Tan Sri Lau	Malaysian	-	-	50,000,001[5]	100

Notes:

(1) As HCBL is a company incorporated in England and Wales, the disclosure of indirect interest is determined by applying Section 8 of the Act.

(2) Deemed interested by virtue of its interest in HSC Birmingham pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of its interest in HSCI pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of its interest in HSCB pursuant to Section 8 of the Act.

(5) Deemed interested by virtue of his interest in Gek Poh pursuant to Section 8 of the Act.

7. SUMMARY OF FINANCIAL INFORMATION

7.1 The summary of the key audited financial information of HCBL for the past three (3) financial years and the latest available unaudited interim period are as follows:

	Audited FYE 31 December			Unaudited as at FPE 31 March
	2019	2020	2021	2022
	£ 000	£ 000	£ 000	£ 000
Interest revenue	111	1,398	2,583	796
Other income	42	51	2	-
PBT / (LBT)	(472)	246	1,027	427
PAT / (LAT)	(472)	246	852	344
Paid-up capital	50,000	50,000	50,000	50,000
Shareholders' funds / NA	50,152	50,398	51,150	51,393
Number of shares in issue	50,000,001	50,000,001	50,000,001	50,000,001
Weighted average number of shares in issue	16,698,631	50,000,001	50,000,001	50,000,001
Borrowings	-	-	-	-
EPS (£)[1]	(0.03)	0.00	0.02	0.01
NA per share (£)[2]	1.00	1.01	1.02	1.03
Debt-to-equity (times)	Not applicable ("**N/A**")	N/A	N/A	N/A
Current ratio[3]	488	764	206	136

Notes:

(1) Computed based on PAT / (LAT) over the weighted average number shares in issue.

(2) Computed based on shareholders' funds / NA over number of shares in issue.

(3) Computed based on current assets over current liabilities.

(i) Commentaries on financial performance for FYE 31 December 2021 compared to FYE 31 December 2020

HCBL recorded interest revenue of GBP2.58 million for the FYE 31 December 2021, which represents an increase of 84.8% or GBP1.19 million as compared to GBP1.40 million for FYE 31 December 2020. This is primarily due to higher amount of loans disbursed amounting to GBP22.3 million after the lifting of lockdowns in July 2021 vis-à-vis the GBP11.1 million recorded for FYE 31 December 2020, which translated to substantial growth in the loan portfolio in the FYE 31 December 2021. The growth in the loan portfolio was partly offset by lower other income of GBP0.002 million received in the FYE 31 December 2021 vis-à-vis the GBP0.05 million received in the FYE 31 December 2020 primarily due to (i) lower cash reserves available for placement in fixed deposits in FYE 31 December 2021 compared to FYE 31 December 2020 which is in line with the substantial increase in loan portfolio size in FYE 31 December 2021 and (ii) a decrease in fixed deposit interest rates from 0.5% in FYE 31 December 2020 to 0.01% in FYE 31 December 2021.

HCBL recorded a PBT of GBP1.03 million for the FYE 31 December 2021, which represents an increase of 317.5% or GBP0.78 million as compared to GBP0.25 million for the FYE 31 December 2020. The increase is primarily due to the higher revenue recorded for the financial year.

HCBL recorded a PAT of GBP0.85 million for the FYE 31 December 2021, which represents an increase of 246.3% or GBP0.61 million as compared to GBP0.25 million for FYE 31 December 2020 in line with the increase in revenue and the PBT.

(ii) Commentaries on financial performance for FYE 31 December 2020 compared to FYE 31 December 2019

HCBL recorded interest revenue of GBP1.40 million for the FYE 31 December 2020, which represents an increase of 1,159.5% or GBP1.29 million as compared to GBP0.11 million for FYE 31 December 2019. This is primarily attributable to the larger loan portfolio as a result of a full year of operations in the FYE 31 December 2020 as compared to the FYE 31 December 2019, where the maiden loan was disbursed in November 2019 after HCBL commenced operations in August 2019.

HCBL recorded a PBT/PAT of GBP0.25 million for the FYE 31 December 2020, which represents an increase of 152.1% or GBP0.72 million as compared to a LBT/LAT of GBP0.47 million for the FYE 31 December 2019, mainly due to higher revenue recorded for the financial year.

7.2 Accounting Policies and audit qualification

There were no peculiar accounting policies adopted by HCBL. Accounting policies adopted by HCBL are consistent with the HSCB Group.

There have been no audit qualifications reported in the audited financial statement of HCBL for the FYE 31 December 2021.

8. MATERIAL CONTRACTS

HCBL has not entered into any material contract (not being contracts entered into in the ordinary course of its business) since its incorporation.

9. MATERIAL LITIGATION

As at LPD, HCBL is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of HCBL and, to the best of the knowledge and belief of the management of HCBL, they are not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of HCBL.

(The rest of this page has been intentionally left blank)

APPENDIX II – SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:

1. Sale Consideration and manner of payment

The Sale Consideration for the Sale Shares is GBP127,800,000 and is payable by LSHCL to HSC Birmingham in the following manner:

(i) the Deposit within seven (7) days from the date of execution of SSA; and

(ii) the Balance Sum on or before Completion Date which shall take place on or before the expiry of one (1) month from the date of satisfaction of the condition precedent of the SSA as set out in Section 2 of Appendix II of this Circular or an automatic extended period of one (1) month if LSHCL fails to pay the Balance Sum on the expiry of one (1) month from Completion Date by way of telegraphic transfer or other electronic means either in whole or in batches to the account to be designated by HSC Birmingham in writing.

HSC Birmingham has received the Deposit from LSHCL on 2 June 2022 in accordance with the terms of the SSA.

2. Condition Precedent

The Proposed Disposal is conditional upon the approval from the shareholders of HSCB for the sale of the Sale Shares, being obtained on or before the Cut-Off Date.

3. Completion

The completion of the SSA shall take place on the Completion Date where:

(i) HSC Birmingham shall deliver or make available to LSHCL the instrument of transfer of the Sale Shares duly executed in favour of LSHCL accompanied by the relevant share certificates (or an express indemnity in a form satisfactory to LSHCL in the case of any certificate found to be missing) and such documents and information provided by the company secretary of HCBL together with a copy of the latest audited financial statements of HCBL and such other documents as may be necessary for the purpose of assessing stamp duty payable on the transfer of the Sale Shares;

(ii) HSC Birmingham shall deliver or make available to LSHCL the certificates of incorporation, certifications of change of names (if any), corporate seals (if any), cheque books, statutory and other books of HCBL (duly written up-to-date);

(iii) HSC Birmingham shall deliver or make available to LSHCL copies of the requisite resolution of the board of directors of HCBL duly certified as true copies of the original by the secretary of HCBL:

   (a) approving the registration of the share transfers referred to in Section 3(i) of Appendix II of this Circular subject only to them being duly stamped; and

   (b) appointing such persons as LSHCL may nominate as directors; and

(iv) If there is any amount owing by HCBL to any companies within HSCB Group, LSHCL shall within fourteen (14) days from Completion Date, settle or procure the settlement, in full, free of all taxes of all liabilities and debts (including, any interest or other charges and whether due or not) owed or payable by HCBL to the relevant companies within HSCB Group.

4. Termination

(i) HSC Birmingham's default

If, at any time prior to the Completion, HSC Birmingham is in default or breaches any of its undertakings, covenants, representations, warranties or other obligations under the SSA, LSHCL shall be entitled to give a notice in writing to HSC Birmingham specifying such default or breach requiring HSC Birmingham to remedy or make good such default or breach within fourteen (14) days from the date of such notice. If HSC Birmingham fails, neglects or refuses to remedy or make good of such default or breach within the said fourteen (14) days' period, LSHCL shall be entitled:

(a) to pursue an action for specific performance of the SSA; or

(b) alternatively, elect to terminate the SSA by serving a notice on HSC Birmingham and HSC Birmingham shall within seven (7) Business Days thereof refund the Deposit and all monies received hereunder free of interest and pay a sum amounting to 10% of the Sale Consideration to LSHCL as agreed liquidated damages failing which HSC Birmingham shall pay LSHCL interest at the rate of 8% per annum calculated on a daily basis on the amount outstanding from the expiry of the aforementioned period to the receipt of the aforementioned sum by LSHCL.

(ii) LSHCL's default

If, at any time prior to Completion, LSHCL is in default of or breaches any of its undertakings, covenants, representations, warranties or other obligations under the SSA, HSC Birmingham shall be entitled to give notice in writing to LSHCL specifying such default or breach and requiring LSHCL to remedy or make good such default or breach within fourteen (14) days from the date of such notice. If LSHCL fails, neglects or refuses to remedy or make good such default or breach within fourteen (14) days' period, HSC Birmingham shall be entitled:

(a) to pursue an action for specific performance of the SSA; or

(b) alternatively, elect to terminate the SSA by serving a notice on LSHCL and that 10% of the Sale Consideration (being the Deposit) shall be forfeited by HSC Birmingham absolutely as agreed liquidated damages, and HSC Birmingham shall refund to LSHCL within seven (7) Business Days thereof free of interest any other monies (other than the Deposit) as may have been received pursuant to the SSA.

5. SSA governing law and submission jurisdiction

(i) The SSA shall be governed by and construed in accordance with the laws of Malaysia.

(ii) In the event that HSC Birmingham and LSHCL cannot settle any dispute between them, the matter shall be referred to the arbitration of a single arbitrator, whereby such arbitrator shall be appointed by the Asian International Arbitration Centre (Malaysia) ("**AIAC**") under the provisions of the AIAC Arbitration Rules 2021. The decision of the arbitrator shall be final and binding on both HSC Birmingham and LSHCL. The arbitration shall be held at AIAC in Kuala Lumpur.

REGISTERED NUMBER: 11233817 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

FOR

HS CREDIT (BIRMINGHAM) LTD

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

HS CREDIT (BIRMINGHAM) LTD

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:	Chong Yim, Thai Yee Leng, Cheah
SECRETARY:	TMF Corporate Administration Services Limited
REGISTERED OFFICE:	7-8 Brighton Road Stockport Cheshire United Kingdom SK4 2BE
REGISTERED NUMBER:	11233817 (England and Wales)
SENIOR STATUTORY AUDITOR:	Vijaya Sena Herath
INDEPENDENT AUDITORS:	Herath Associates Limited, Statutory Auditor Chartered Certified Accountants 24 Chiltern Business Centre 63 - 65 Woodside Road Amersham Buckinghamshire HP6 6AA
BANKERS:	HSBC Bank PLC 62-76 Park Street London SE1 9DZ

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

REVIEW OF BUSINESS

HS Credit (Birmingham) Ltd ("the company") is a wholly owned subsidiary of HSC Birmingham Holding Limited (incorporated in Labuan, Malaysia). The intermediate holding company is HSC International Limited (incorporated in Labuan, Malaysia) and the penultimate holding company is Hap Seng Consolidated Berhad (incorporated in Malaysia). The ultimate holding company is Gek Poh (Holdings) Sdn Bhd (incorporated in Malaysia).

Results

The results of the company, as set out on page 9, show a profit for the year of £851,788 (2020: profit of £246,053) on the back of a revenue of £2,583,386 (2020: £1,398,420). As at 31 December 2021, the company had net assets of £51,149,636 (2020: £50,397,848).

The company continued with its objective of investing for growth in 2021, with a specific focus on investment in people and technology. The benefit of all the investment is demonstrated by the growth in revenue and the loan book. The company is committed to continue with its investment in people and technology in 2022 and beyond.

Future developments

The company's strong balance sheet places it in a comfortable position to be selective in considering applications from potential low risk borrowers. This strategy will ensure that the company grows it's loan book whilst at the same time mitigate any potential loan defaults.

PRINCIPAL RISKS AND UNCERTAINTIES

In common with every business, the company is open to exposure from certain risks which could affect our ability to be successful. The board and management team regularly review these risks to assess whether the controls are operating effectively and whether the strategy is being implemented within the agreed risk appetite.

The principal risks and uncertainties (including financial risks) impacting the company are considered below.

Economic risk

The company has an exposure to economic risk in respect of its trading performance and the recoverability of its loan assets. The Russia-Ukraine war, rising inflation and the consequential reductions in real income levels have created additional macroeconomic uncertainty during the early part of 2022 that could impact on the level of arrears in the lending book with a resulting impact on the profitability of the company. In addition, the potential for new variants of the Covid-19 virus could further impact on the economic recovery in the UK. The board and management monitor the company's exposure to economic risk through reviews of economic forecasts and careful monitoring of the arrears experience and trends in the loan book.

Credit/counterparty risk

The company has an exposure to credit risk in respect of loans and receivables, which is the risk the customer will be unable to pay the amounts in full as they fall due. Provisions are made to provide for losses that have been incurred or are foreseen at the balance sheet date in respect of loans advanced prior to the balance sheet date. A mitigating factor in addressing credit risk is that the company's policy on Loan to Value ratio is relatively low.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company actively monitors its cash flows and expected liabilities and ensures that it has the resources to meet its liabilities as they fall due at all times.

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

KEY PERFORMANCE INDICATORS
The key performance indicators ("KPIs") used to monitor and manage the company's performance are set out below:

	2021	2020
	£	£
Revenue	2,583,386	1,398,420
Profit for the year	851,788	246,053
Net cash outflow from operating and investing activities	(15,252,044)	(9,888,838)
Number of loans at year end	27	12

The directors and management of the company monitor the operating expenses in order to effectively manage the activities of the company.

ON BEHALF OF THE BOARD:

Chong Yim, Thai - Director

15 April 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was the provision of term loans.

DIVIDENDS
An interim dividend of 0.2 pence per ordinary share was paid on 18 October 2021. The total distribution of dividends for the year ended 31 December 2021 was £100,000.

The Directors do not recommend any final dividend to be paid for the current financial year under review.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Chong Yim, Thai
Yee Leng, Cheah

GOING CONCERN
The directors consider the company to be a going concern and the financial statements are prepared on this basis. Details of the directors' assessment and expectation are shown in note 2 of the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

AUDITOR
The auditor, Herath Associates Limited, will be considered for reappointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

Chong Yim, Thai - Director

15 April 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HS CREDIT (BIRMINGHAM) LTD

Opinion
We have audited the financial statements of HS Credit (Birmingham) Ltd (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Auditor's Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006 provisions and FRS 101 "Reduced Disclosure Framework".
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance matters.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls established to address risks identified to prevent or detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of management and key staff members. We also tested controls and performed procedures to respond to the fraud risk as identified in our audit plan.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HS CREDIT (BIRMINGHAM) LTD

Auditor's responsibilities for the audit of the financial statements - continued
Our audit procedures were designed to respond to risks of material misstatement in the financial statements recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vijaya Sena Herath (Senior Statutory Auditor)
for and on behalf of Herath Associates Limited, Statutory Auditor
Amersham
Buckinghamshire
HP6 6AA

15 April 2022

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year Ended 31.12.21 £	Year Ended 31.12.20 £
REVENUE	3	2,583,386	1,398,420
Administrative expenses		(1,459,359)	(1,203,218)
OPERATING PROFIT		1,124,027	195,202
Interest receivable and similar income	5	1,761	50,851
Net loss on impairment of financial instruments		(99,000)	-
PROFIT BEFORE TAXATION	6	1,026,788	246,053
Tax on profit	7	(175,000)	-
PROFIT FOR THE YEAR		851,788	246,053

The notes form part of these financial statements

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year Ended 31.12.21 £	Year Ended 31.12.20 £
PROFIT FOR THE YEAR		851,788	246,053
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		851,788	246,053

The notes form part of these financial statements

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

BALANCE SHEET
31 DECEMBER 2021

	Notes	31.12.21 £	£	31.12.20 £	£
FIXED ASSETS					
Tangible assets	9		8,054		12,533
CURRENT ASSETS					
Debtors	10	32,711,228		16,418,589	
Cash at bank		18,680,464		34,032,508	
		51,391,692		50,451,097	
CREDITORS					
Amounts falling due within one year	11	75,110		65,782	
Current tax liabilities	7	175,000		-	
		250,110		65,782	
NET CURRENT ASSETS			51,141,582		50,385,315
TOTAL ASSETS LESS CURRENT LIABILITIES			51,149,636		50,397,848
CAPITAL AND RESERVES					
Called up share capital	12		50,000,001		50,000,001
Capital contribution reserve	13		624,227		624,227
Retained earnings/(Accumulated losses)	13		525,408		(226,380)
SHAREHOLDERS' FUNDS			51,149,636		50,397,848

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 15 April 2022 and were signed on its behalf by:

Chong Yim, Thai - Director

Yee Leng, Cheah - Director

The notes form part of these financial statements

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Capital contribution reserve £	(Accumulated losses)/Retained earnings £	Total equity £
Balance at 1 January 2020	50,000,001	624,227	(472,433)	50,151,795
Changes in equity				
Total comprehensive income	-	-	246,053	246,053
Balance at 31 December 2020	50,000,001	624,227	(226,380)	50,397,848
Changes in equity				
Total comprehensive income	-	-	851,788	851,788
Dividend (Note 8)	-	-	(100,000)	(100,000)
Balance at 31 December 2021	50,000,001	624,227	525,408	51,149,636

The notes form part of these financial statements

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Cash flows from operating activities			
Cash used in operations	1	(15,253,805)	(9,934,140)
Net cash used in operating activities		(15,253,805)	(9,934,140)
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(5,549)
Interest received		1,761	50,851
Net cash from investing activities		1,761	45,302
Cash flows from financing activities			
Funds to related companies		-	(5,773)
Dividend paid		(100,000)	-
Net cash used in financing activities		(100,000)	(5,773)
Decrease in cash and cash equivalents		(15,352,044)	(9,894,611)
Cash and cash equivalents at beginning of year	2	34,032,508	43,927,119
Cash and cash equivalents at end of year	2	18,680,464	34,032,508

The notes form part of these financial statements

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH USED IN OPERATIONS

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Profit before taxation	1,026,788	246,053
Depreciation charges	4,479	4,253
Deposit account interest	(1,761)	(50,851)
Net loss on impairment of financial instruments	99,000	-
	1,128,506	199,455
Increase in trade and other debtors	(16,391,639)	(10,102,127)
Increase/(Decrease) in other creditors	9,328	(31,468)
Cash used in operations	(15,253,805)	(9,934,140)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

	31.12.21 £	1.1.21 £
Cash and cash equivalents	18,680,464	34,032,508

Year ended 31 December 2020

	31.12.20 £	1.1.20 £
Cash and cash equivalents	34,032,508	43,927,119

The notes form part of these financial statements

1. STATUTORY INFORMATION

HS Credit (Birmingham) Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Critical accounting judgements and key sources of estimation uncertainty
In preparing the Financial Statements, the Directors are required to make judgements and estimates. Judgements involve an interpretation of requirements to decide how to allocate, value or recognise an item. Estimates arise from using assumptions which result in a range of possible outcomes. The most important judgements and estimates used in preparing these Financial Statements are described below. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Accounting Judgement
The assessment of fair value on initial recognition for loans
There is uncertainty in both the expected cash flows and the Effective Interest Rate (EIR) used to calculate the fair value at initial recognition for loans to businesses. The EIR is subsequently used in the calculation of interest income recognised in the Statement of Comprehensive Income as the fair value adjustment amortises.
The cash flows comprise four main components: principal, interest, expected loss on principal and expected loss on interest. For each individual account and for each period, the expected loss on principal and the expected loss on interest are assessed by taking the outstanding contractual amounts and adjusting for the marginal probability of default and loss given default.

Sources of estimation uncertainty
The estimate that risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is the assessment of ECL impairment allowances against assets held at amortised cost and financial assets.

 continued...

2. **ACCOUNTING POLICIES – continued**

The assessment of ECL impairment allowances against amortised cost financial assets
The calculation of impairment provisions is inherently uncertain and requires the Company to make a number of assumptions and estimates. The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The impact of the Covid-19 pandemic and the Russia-Ukraine war has raised further matters for consideration in assessing the Company's amortised cost financial assets. This has been incorporated into the post-model overlay process.

Economic scenarios and associated probability weightings
IFRS 9 requires the calculation of ECLs to account for multiple forward-looking macroeconomic scenarios that are plausible. The Company estimates the expected credit losses on receivables using a provision matrix with reference to historical credit loss experience and other macroeconomic indicators such as Consumer Price Index growth rates, interest rates, and unemployment rates.

Impairment
Financial assets
The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company are exposed to credit risk.

The Company estimates the expected credit losses on receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

continued...

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. **ACCOUNTING POLICIES – continued**

Impairment – continued
Financial assets – continued
The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

Other assets
The carrying amounts of other assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised

Tangible fixed assets
Depreciation is provided for on a straight-line basis at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery 15%
Computer equipment 25%

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Employee benefit costs
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

continued...

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. **ACCOUNTING POLICIES – continued**

Debtors
Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. The company calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Going concern
Having reviewed the company's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas which could give risk to financial exposure, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. As a result they continue to adopt the going concern basis in preparing the accounts.

Revenue recognition
Revenue represents fees receivable for the arranging of finance and servicing that finance.

Revenue earned for the arrangement of finance is classified as transaction fees and is recognised immediately once loans are funded and accepted by the borrowers. Such fees are automatically deducted from the amount borrowed and recognised at that point as the company has the right to consideration.

Revenue earned from servicing of finance is classified as servicing fees. It comprises an annualised fee representing a percentage of outstanding principal and is recognised on a monthly basis upon repayment of loan parts by borrowers.

Interest receivable
Interest receivable is recognised on an accruals basis within 'Interest Income' in the Income Statement.

3. **REVENUE**

The revenue and profit before taxation are attributable to the one principal activity of the company.

continued...

4. EMPLOYEES AND DIRECTORS

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Wages and salaries	1,096,367	865,993
Social security costs	142,532	110,948
Other pension costs	95,851	93,843
	1,334,750	1,070,784

The average number of employees during the year was as follows:

	Year Ended 31.12.21	Year Ended 31.12.20
Operational	8	8

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Directors' remuneration	-	-

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Deposit account interest	1,761	50,851

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	Year Ended 31.12.21 £	Year Ended 31.12.20 £
Depreciation - owned assets	4,479	4,253
Auditor's remuneration	25,000	25,000

continued...

7. TAXATION

Analysis of tax expense

	31.12.21	31.12.20
	£	£
Current tax:		
UK corporation tax	175,000	-
Total tax expense in income statement	175,000	-

Factors affecting the tax expense
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.21	31.12.20
	£	£
Profit before income tax	1,026,788	246,053
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	195,090	46,750
Effect of:		
Losses brought forward	(43,639)	(48,053)
Non-deductible expenses	4,739	1,303
Impairment charge	18,810	-
Tax expense	175,000	-

8. DIVIDEND

	31.12.21	31.12.20
	£	£
Ordinary shares of £1 each		
Interim (0.2 pence per ordinary share)	100,000	-

continued...

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Computer equipment £	Totals £
COST			
At 1 January 2021 & 31 December 2021	390	17,678	18,068
DEPRECIATION			
At 1 January 2021	83	5,452	5,535
Charge for year	59	4,420	4,479
At 31 December 2021	142	9,872	10,014
NET BOOK VALUE			
At 31 December 2021	248	7,806	8,054
At 31 December 2020	307	12,226	12,533

10. DEBTORS

	31.12.21 £	31.12.20 £
Trade debtors	32,805,635	16,415,154
Impairment	(99,000)	-
	32,706,635	16,415,154
Other debtors	4,593	3,435
	32,711,228	16,418,589
Amounts falling due within one year:		
Trade debtors	9,206,778	9,211,078
Other debtors	4,593	3,435
	9,211,371	9,214,513
Amounts falling due more than one year:		
Trade debtors	23,499,857	7,204,076

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Accrued expenses	75,110	65,782

continued...

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.21 £	31.12.20 £
50,000,001	Ordinary	£1	50,000,001	50,000,001

13. RESERVES

Capital contribution reserve

	31.12.21 £	31.12.20 £
Capital contribution	624,227	624,227

Retained earnings/(Accumulated losses)

	31.12.21 £	31.12.20 £
As at 1 January	(226,380)	(472,433)
Profit for the year	851,788	246,053
Dividend	(100,000)	-
As at 31 December	525,408	(226,380)

14. CONTROLLING PARTIES

The immediate parent company is HSC Birmingham Holding Limited, a company incorporated in Labuan, Malaysia. The intermediate holding company is HSC International Limited, a company incorporated in Labuan, Malaysia. The penultimate holding company and the smallest and largest group to consolidate these financial statements is Hap Seng Consolidated Berhad, a company incorporated in Malaysia. Copies of the Hap Seng Consolidated Berhad consolidated financial statements can be obtained from the Company Secretary at 21st Floor, Menara Hap Seng, Jalan P.Ramlee, 50250 Kuala Lumpur, Malaysia.

The company's ultimate controlling party is Gek Poh (Holdings) Sdn Bhd, a company incorporated in Malaysia.

15. CONTINGENT LIABILITIES

The company had no contingent liabilities as at 31 December 2021 (2020: £Nil).

16. CAPITAL COMMITMENTS

The total amount contracted for but not provided in the financial statements was £Nil (2020: £Nil).

continued...

HS CREDIT (BIRMINGHAM) LTD (REGISTERED NUMBER: 11233817)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

17. EVENTS AFTER THE REPORTING PERIOD

On 24 February 2022, Russia launched the Russia-Ukraine war. Although, the company does not have any direct exposure, it is indirectly affected by rising energy prices, increased household costs and inflation, potential supply chain issues faced by customers and increased cyber security threats. The directors and senior management continue to monitor the situation and has in place affordability policy measures to ensure that its lending remains appropriate. As this situation is evolving, the directors are unable to ascertain the impact on the UK economy and the wider financial effects cannot currently be evaluated with a high degree of certainty. It is plausible that the indirect exposures on the company could have a negative impact on the loan book (specifically asset quality and ECLs). The company considers this is a non-adjusting event after the reporting period and no changes have been made to the financial statements.

1. Directors' responsibility statement

This Circular has been seen and approved by the Board and they collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after 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.

Information pertaining to LSHCL and its related companies was extracted from publicly available information and information provided by the management and/or directors of LSHCL and its related companies. Therefore, the responsibility of the Board is restricted to the accurate reproduction of the said information.

2. Consents

CIMB and Affin Hwang IB have given and have not subsequently withdrawn their written consents to the inclusion in this Circular of their names, letters and reports (where applicable) and all references thereto in the form and context in which they appear in this Circular.

3. Declarations of conflict of interest

3.1 CIMB

CIMB, its related and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company (the "**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for the Group.

In addition, any member of the CIMB Group may at any time, in the ordinary course of business offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or any other person of the Company, hold long or short positions in securities issued by us and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of CIMB Group generally acting independently of each other and accordingly, there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of the Group.

CIMB Bank Berhad and PT Bank CIMB Niaga Tbk have, in the ordinary course of its banking business, extended credit facilities to the HSCB Group. As at 31 May 2022, the outstanding amounts under these facilities are RM156.83 million and RM28.92 million, respectively. These credit facilities were provided on an arms' length basis and in the ordinary course of business of CIMB Group.

CIMB has confirmed and is of the view that the abovementioned extension of credit facilities does not result in conflict of interest situation in respect of its capacity to act as the Principal Adviser for the Proposed Disposal due to the following:

(i) CIMB Bank Berhad and PT Bank CIMB Niaga Tbk are licensed commercial banks and the extension of credit facilities to the Group arose in the ordinary course of its banking business; and

(ii) the total credit facilities extended by CIMB Bank Berhad and PT Bank CIMB Niaga Tbk to the Group are not material when compared to the audited NA of the CIMB Group as at 31 December 2021 of RM60.1 billion.

Accordingly, CIMB confirms that there is no conflict of interest which exists or is likely to exist in its capacity to act as the Principal Adviser for the Proposed Disposal.

3.2 Affin Hwang IB

Affin Hwang IB, being the Independent Adviser for the Proposed Disposal, has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the independent adviser in respect of the Proposed Disposal.

4. Material commitments

Save as disclosed below, as at 31 March 2022, the Group is not aware of any commitment incurred or known to be incurred by the Company or its subsidiaries which upon becoming enforceable may have a material impact on the financial position of the Group:

Capital expenditure	**Group**
	RM 000
Contracted but not provided for	
- Property, plant and equipment	335,717
- Investment properties	780
	336,497

5. Contingent liabilities

As at LPD, the Group is not aware of any contingent liability which upon becoming enforceable may have a material impact on the financial position of the Group.

6. Documents available for inspection

The following documents are available for inspection at HSCB's Registered Office at 21st Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia during normal office hours from Mondays to Fridays (excluding public holidays) from the date of this Circular up to the date of the EGM:

(i) the Constitution of HSCB and Articles of Association of HCBL;

(ii) the audited financial statements for the FYE 31 December 2020 and the FYE 31 December 2021 for HSCB and the latest unaudited financial results of HSCB for the three (3)-month FPE 31 March 2022;

(iii) the audited financial statements for the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021 for HCBL and the latest unaudited financial results of HCBL for the three (3)-month FPE 31 March 2022;

(iv) the SSA; and

(v) letters of consent and no conflict of interest referred to in Sections 2 and 3 of Appendix IV of this Circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting ("**EGM**") of Hap Seng Consolidated Berhad ("**HSCB**" or the "**Company**") 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, 28 July 2022 at 10am or the adjournment thereof, to consider and if thought fit, to approve the following ordinary resolution:

ORDINARY RESOLUTION

PROPOSED DISPOSAL OF 50,000,001 ORDINARY SHARES REPRESENTING 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HS CREDIT (BIRMINGHAM) LTD ("HCBL") BY HSC BIRMINGHAM HOLDING LIMITED ("HSC BIRMINGHAM"), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF HSCB, TO LEI SHING HONG CAPITAL LIMITED ("LSHCL") FOR A CASH CONSIDERATION OF BRITISH POUND STERLING ("GBP") 127,800,000

"**THAT**, approval be and is hereby given to HSC Birmingham to dispose 50,000,001 ordinary shares representing 100% of the issued and paid-up share capital of HCBL to LSHCL for a cash consideration of GBP127,800,000, details of which are set out in Part A of the Circular to Shareholders dated 5 July 2022, in accordance with the terms and conditions of the Shares Sale Agreement dated 27 May 2022 entered into between HSC Birmingham and LSHCL ("**Proposed Disposal**").

AND THAT the Board of Directors of HSCB ("**Board**") be and is hereby authorised to give full effect to the Proposed Disposal with full powers to assent to any terms, conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary or expedient in the best interests of the Company and to do all acts, deeds and things and to execute, sign and deliver for and on behalf of the Company all such documents as may be necessary and/or expedient in the best interests of the Company."

BY ORDER OF THE BOARD

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

Kuala Lumpur
Dated: 5 July 2022

Notes:

1. *The EGM will be conducted by way of a fully virtual meeting through live streaming and online remote voting via the remote participation and electronic voting facilities ("RPEV") which are available at https://meeting.boardroomlimited.my. Please follow the procedures provided in the administrative guide for the EGM in order to register, participate and vote remotely via RPEV.*

2. *The chairman of the EGM will be at the broadcast venue in compliance with section 327(2) of the Companies Act 2016. No shareholder/proxy shall be physically present at the meeting venue.*

3. *A depositor shall not be regarded as a member entitled to participate and vote thereat unless his/her name appears in the register of members and/or record of depositors as at 21 July 2022.*

4. *Subject to note 5 below, a member entitled to participate and vote at the EGM is entitled to appoint a proxy or proxies to participate and vote in his/her stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. The proxy or proxies need not be a member of the Company and there shall be no restriction as to the qualification of the proxy or proxies.*

5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit on the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised. Such duly executed instrument appointing a proxy must be 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 twenty-four (24) hours before the time appointed for holding the EGM or the adjournment thereof.*

HAP SENG

Creating
Value
Together

Hap Seng Consolidated Berhad 197601000914 (26877-W)

PROXY FORM

No. of Shares	CDS Account No.

I/We ……………………………………………………NRIC No./Company No.………………………………………..
(FULL NAME IN BLOCK LETTERS)

of……..
(FULL ADDRESS)

Tel No……………………………being a member/members of **Hap Seng Consolidated Berhad** (the "**Company**"), do

hereby appoint……………………………………………………NRIC No./Company No. ………………………………..
(FULL NAME OF PROXY IN BLOCK LETTERS)

of ……………………………………………………………………………………………… Tel No……………………………
(FULL ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the extraordinary general meeting ("**EGM**") of the Company 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, 28 July 2022 at 10am or the adjournment thereof in the following manner:-

RESOLUTION	**FOR**	**AGAINST**
ORDINARY RESOLUTION – PROPOSED DISPOSAL OF 50,000,001 ORDINARY SHARES REPRESENTING 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HS CREDIT (BIRMINGHAM) LTD BY HSC BIRMINGHAM HOLDING LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, TO LEI SHING HONG CAPITAL LIMITED FOR A CASH CONSIDERATION OF GBP127,800,000		

Please indicate with a check mark ("✓") in the appropriate box against resolution how you wish your proxy to vote. In the absence of specific instructions, the proxy will vote or abstain at his/her discretion.

Signed this ___________ day of ____________________, 2022

………………………………………………………………
Signature(s) / Common Seal of Shareholder(s)

Notes:

1. *The EGM will be conducted by way of a fully virtual meeting through live streaming and online remote voting via the remote participation and electronic voting facilities ("RPEV") which are available at https://meeting.boardroomlimited.my. Please follow the procedures provided in the administrative guide for the EGM in order to register, participate and vote remotely via RPEV.*

2. *The chairman of the EGM will be at the broadcast venue in compliance with section 327(2) of the Companies Act 2016. No shareholder/proxy shall be physically present at the meeting venue.*

3. *A depositor shall not be regarded as a member entitled to participate and vote thereat unless his/her name appears in the register of members and/or record of depositors as at 21 July 2022.*

4. *Subject to note 5 below, a member entitled to participate and vote at the EGM is entitled to appoint a proxy or proxies to participate and vote in his/her stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. The proxy or proxies need not be a member of the Company and there shall be no restriction as to the qualification of the proxy or proxies.*

5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit on the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised. Such duly executed instrument appointing a proxy must either be (a) deposited at Reception Counter, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur; or (b) submitted electronically through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com, not less than twenty-four (24) hours before the time appointed for holding the EGM or the adjournment thereof.*

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AFFIX
STAMP

THE COMPANY SECRETARY
HAP SENG CONSOLIDATED BERHAD
(Registration No. 197601000914 (26877-W)
Reception Counter, Ground Floor, Menara Hap Seng
Jalan P. Ramlee
50250 Kuala Lumpur
MALAYSIA

2nd Fold Here

Fold This Flap For Sealing