



# HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 41<sup>st</sup> annual general meeting of Hap Seng Consolidated Berhad will be held at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 31 May 2017 at 10am to transact the following:-

### AGENDA

#### ORDINARY BUSINESS

1. To table the audited financial statements for the financial year ended 31 December 2016 together with the reports of directors and auditors. *Note 1*

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

2. To re-elect the following directors who shall retire in accordance with article 97 of the Company's articles of association and being eligible, have offered themselves for re-election:-*Note 2*

a) Datuk Edward Lee Ming Foo, JP

**Resolution 1**

b) Mr. Lee Wee Yong

**Resolution 2**

c) Dato' Mohammed Bin Haji Che Hussein

**Resolution 3**

3. To approve the payment of directors' fees of the Company and its subsidiaries amounting to RM870,205.00 for the financial year ended 31 December 2016.*Note 4*

**Resolution 4**

4. To reappoint Messrs Ernst & Young as auditors of the Company to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the directors of the Company. *Note 5*

**Resolution 5**

#### SPECIAL BUSINESS

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

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

"That subject always to the approvals of the relevant authorities, the directors of the Company be and are hereby empowered pursuant to section 75 of the Companies Act 2016 to allot shares in the Company at any time upon such terms and conditions, and for such purposes as the directors of the Company may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."*Note 6*

**Resolution 6**

6. **Continuation of Dato' Jorgen Bornhoft as the independent non-executive chairman**

"That pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Dato' Jorgen Bornhoft be and is hereby authorised to continue in office as the independent non-executive chairman of the Company until the conclusion of the next annual general meeting."*Note 7*

**Resolution 7**

7. **Continuation of Dato' Mohammed Bin Haji Che Hussein as an independent non-executive director**

“That subject to Resolution 3 above being passed and pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Dato' Mohammed Bin Haji Che Hussein be and is hereby authorised to continue in office as an independent non-executive director of the Company until the conclusion of the next annual general meeting.” <sup>Note 8</sup>

**Resolution 8**

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

“That, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Part A, section 2.2 of the Circular/Statement to shareholders dated 28 April 2017, provided such transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business, at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

That this authority shall continue to be in force until:-

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

whichever shall be the earliest.

and that the directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the proposed renewal of and new shareholders' mandate.” <sup>Note 9</sup>

**Resolution 9**

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

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

- a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the issued ordinary share capital of the Company;
- b) the funds allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, based on the Company's audited financial statements for the financial year ended 31 December 2016; and
- c) the authority conferred by this resolution shall continue to be in force until:-
  - (1) the conclusion of the next annual general meeting of the Company, at which time the said authority shall lapse unless renewed by the passing of a resolution; or
  - (2) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act 2016); or

(3) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

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

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities Berhad; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder,

and further that the directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares.”<sup>Note 10</sup>

**Resolution 10**

By order of the Board

**Lim Guan Nee** (MAICSA 7009321)  
**Quan Sheet Mei** (MIA 6742)  
Company Secretaries

Kuala Lumpur  
28 April 2017

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*Explanatory notes to the Agenda:-*

1. Pursuant to section 340(1) and (2) of the Companies Act 2016 (Act), the directors shall lay before the Company at its annual general meeting (AGM) its annual financial statements made up to a date not more than 6 months before the date of the meeting. There will be no resolution to be passed on this item 1.
2. Pursuant to article 97 of the Company's articles of association and paragraph 7.26(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), at least one-third of the directors of the Company for the time being shall retire from office at every AGM, but shall be eligible for re-election.
3. Based on the satisfactory outcome of its review, the Nominating Committee had made recommendations to the Board for these directors to be re-elected.
4. Pursuant to section 230(1) of the Act, the Company shall at every AGM approve the fees of the directors of the Company and its subsidiaries. The directors' fees of RM870,205.00 excludes any directors' fees payable by its listed subsidiaries where their respective shareholders' approval has been obtained / is to be obtained.
5. Pursuant to section 271(4) of the Act, the Company shall at every AGM appoint its auditors who shall hold office until the conclusion of the next AGM.
6. This section 75 authority, if approved, will empower the directors of the Company to allot ordinary shares in the Company up to 10% of the issued share capital of the Company for the time being, subject to compliance with all other regulatory requirements and this will enable the Company to finance investments projects, working capital and/or acquisitions by issuing new shares as and when the need arises without delay or incurring costs in convening a separate general meeting. This authority, unless revoked or varied at an earlier general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this notice of AGM, the Company has not issued any new shares pursuant to the section 132D of the Companies Act, 1965 authority obtained during the last AGM held on 19 May 2016, which authority shall lapse at the conclusion of this AGM.

7. Despite having served as the independent non-executive chairman for more than nine years, the Board, upon the assessment and recommendation of the Nominating Committee, is of the opinion that Dato' Jorgen Bornhoft is capable of acting objectively in the best interests of the Company, and has demonstrably proven to be in compliance with all the requirements to be independent in accordance with the Listing Requirements.
8. Despite having served as an independent director for almost nine years, the Board, upon the assessment and recommendation of the Nominating Committee, is of the opinion that Dato' Mohammed Bin Haji Che Hussein is capable of acting objectively in the best interests of the Company, and has demonstrably proven to be in compliance with all the requirements to be independent in accordance with the Listing Requirements.

9. *The proposed resolution 9 is to enable the Company and its subsidiaries to enter into recurrent related party transactions which are necessary for day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not detrimental to the minority shareholders of the Company. This would also eliminate the need to make regular announcements to Bursa Malaysia Securities Berhad (Bursa Securities) or convene separate general meetings from time to time to seek shareholders' approval as and when recurrent related transactions arise, thereby reducing substantial administrative time and expenses in convening such meetings.*

*Further information on the said recurrent transactions is set out in Part A of the Circular/Statement to shareholders dated 28 April 2017 which is despatched together with the Company's 2016 Annual Report.*

10. *The proposed resolution 10, if approved, will empower the Company to purchase its own shares of up to 10% of the issued ordinary share capital of the Company. This authority will, unless, revoked or varies by the Company, in general meeting, expire at the conclusion of next AGM of the Company. Further information on the proposed renewal of share buy-back authority is set out in Part B of the Circular/Statement to shareholders dated 28 April 2017 which is despatched together with the Company's 2016 Annual Report.*

*Notes to the notice of AGM:-*

1. *A depositor shall not be regarded as a member entitled to attend this annual general meeting, to speak and vote thereat unless his/her name appears in the register of members and/or record of depositors as at 24 May 2017 (which is not less than 3 market days before the date of this meeting) issued by Bursa Malaysia Depository Sdn Bhd (Bursa Depository) upon the Company's request in accordance with the rules of the Bursa Depository.*
2. *Subject to note 3 below, a member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies (but not more than 2) to attend and vote in his/her stead. Where a member appoints more than 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.*
3. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit on the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *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, and such duly executed instrument appointing a proxy must be deposited at the registered office of the Company, 21st Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*