



HAP SENG CONSOLIDATED BERHAD (26877-W)

(Incorporated in Malaysia)

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 held at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Thursday, 19 May 2016 at 3pm or immediately following the conclusion of the 40th annual general meeting of the Company, which will be held at the same venue and on the same day at 2pm, whichever is later (or the adjournment thereof), to consider and if thought fit, to approve the following resolutions:

AGENDA

(A) PROPOSED RENEWAL OF AND NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

1. “**THAT** the Proposed Renewal of and New Shareholders’ Mandate for Recurrent Related Party Transactions with Gek Poh (Holdings) Sdn Bhd Group be and is hereby approved.” *Ordinary Resolution 1*
2. “**THAT** the Proposed Renewal of and New Shareholders’ Mandate for Recurrent Related Party Transactions with Lei Shing Hong Limited Group be and is hereby approved.” *Ordinary Resolution 2*
3. “**THAT** the Proposed Renewal of and New Shareholders’ Mandate for Recurrent Related Party Transactions with Samling Strategic Corporation Sdn Bhd Group, Lingui Developments Berhad Group and Glenealy Plantations (Malaya) Berhad Group be and is hereby approved.” *Ordinary Resolution 3*
4. “**THAT** the Proposed Renewal of and New Shareholders’ Mandate for Recurrent Related Party Transactions with Corporated International Consultant be and is hereby approved.” *Ordinary Resolution 4*

(B) PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

5. “**THAT** subject always to the Companies Act, 1965 (the “**Act**”), the Company’s articles of association, Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“**Bursa Securities**”), 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 of RM1.00 each in the Company’s issued and paid-up ordinary share capital through Bursa Securities, 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 and paid-up ordinary share capital of the Company;
 - (b) the funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits available for dividend and share premium account of the Company. Based on the Company’s latest audited financial statements for the financial year ended 31 December 2015, the audited retained profits and the share premium account of the Company stood at RM769,536,000 and RM291,623,000 respectively; and
 - (c) the authority conferred by this resolution shall continue to be in force until:
 - (1) the conclusion of the next annual general meeting (“**AGM**”) 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 AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); 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 Securities; 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.”

(C) RELATED PARTY TRANSACTIONS

- a) **I) PROPOSED DISPOSAL BY HAP SENG STAR SDN BHD (“HSS”) OF 51% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HAP SENG COMMERCIAL VEHICLE SDN BHD (FORMERLY KNOWN AS HAP SENG INDUSTRIAL SDN BHD) (“HSCV”) TO LEI SHING HONG COMMERCIAL VEHICLES LIMITED (“LSHCV”) FOR A CASH CONSIDERATION OF RM382.50 MILLION (“PROPOSED DISPOSAL”) AND**
- II) PROPOSED DISPOSAL BY HSS OF THE BALANCE OF 49% OR PART THEREOF OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HSCV FOR A CASH CONSIDERATION OF UP TO RM367.50 MILLION PURSUANT TO THE EXERCISE OF THE PUT OPTION GRANTED BY LSHCV TO HSS (“PROPOSED OPTION SHARES DISPOSAL”)**

(COLLECTIVELY REFERRED TO AS THE “HSCV PROPOSALS”)

6. **“THAT**, approval be and is hereby given to HSS to (i) dispose its 51% of the issued and paid-up share capital in HSCV comprising 127,500,000 ordinary shares of RM1.00 each to LSHCV or its nominee for a cash consideration of RM382,500,000.00, details of which are set out in Part C of the Circular to Shareholders dated 5 May 2016 (“**Circular**”), on the terms and conditions of the shares sale agreement dated 1 March 2016 entered into between HSS and LSHCV (“**SSA**”); and (ii) dispose the balance of 49% or part thereof of the issued and paid-up share capital of HSCV to LSHCV or its nominee for a cash consideration of up to RM367,500,000.00, upon the exercise(s) of the put option by HSS from time to time during the period of 5 years from the completion of the Proposed Disposal, details of which are set out in the Circular, on the terms and conditions set out in the SSA; *Ordinary Resolution 6*

AND THAT any one or more of the Directors of the Company be and are hereby authorised to do all acts, deeds and things and to execute all relevant documents as they may consider necessary or expedient or in the best interest of the Company and with full power to assent to any conditions, modifications, variations and/or amendments in the manner as may be required or permitted by the relevant authorities and to deal with all matters relating thereto and to take such steps as they may deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete the HSCV Proposals.”

b) PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF MALAYSIAN MOSAICS SDN BHD (“MMSB”) FROM GEK POH (HOLDINGS) SDN BHD (“GEK POH”) FOR A CASH CONSIDERATION OF RM380.00 MILLION (“PROPOSED ACQUISITION”)

7. “**THAT**, subject to approvals of all governmental and regulatory authorities and/or parties being obtained (if required), approval be and is hereby given to HSCB to purchase 158,599,450 ordinary shares of RM1.00 each in MMSB, representing the entire issued and paid-up share capital of MMSB, for a cash consideration of RM380.00 million, details of which are set out in Part E of the Circular, pursuant to the terms and conditions of the shares sale agreement dated 1 March 2016 entered into between HSCB and Gek Poh; *Ordinary Resolution 7*”

AND THAT any one or more of the Directors of the Company be and are hereby authorised to do all acts, deeds and things and to execute all relevant documents as they may consider necessary or expedient or in the best interest of the Company and with full power to assent to any conditions, modifications, variations and/or amendments in the manner as may be required or permitted by the relevant authorities and to deal with all matters relating thereto and to take such steps as they may deem necessary, expedient or appropriate to implement, finalise and give full effect to and complete the Proposed Acquisition.”

Notes to the above proposed resolutions:

ORDINARY RESOLUTIONS 1 TO 4

(A) PROPOSED RENEWAL OF AND NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

The proposed resolutions 1 to 4 if approved, will empower the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations in the ordinary course of business at arm’s length, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not prejudicial to the minority shareholders of the Company and this authority shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time the said authority shall lapse unless renewed by the passing of a resolution; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); 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 the breakdown of the aggregate value of the said recurrent transactions shall be disclosed in the Company’s annual report. Further information on the said recurrent transactions is set out in Part A of the Circular.

ORDINARY RESOLUTION 5

(B) PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Further information on the Proposed Renewal of Share Buy-back Authority is set out in the share buy-back statement as set out in Part B of the Circular.

ORDINARY RESOLUTIONS 6 AND 7

RELATED PARTY TRANSACTIONS

- (C) I) **PROPOSED DISPOSAL BY HAP SENG STAR SDN BHD (“HSS”) OF 51% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HAP SENG COMMERCIAL VEHICLE SDN BHD (FORMERLY KNOWN AS HAP SENG INDUSTRIAL SDN BHD) (“HSCV”) TO LEI SHING HONG COMMERCIAL VEHICLES LIMITED (“LSHCV”) FOR A CASH CONSIDERATION OF RM382.50 MILLION; AND**
- II) **PROPOSED DISPOSAL BY HSS OF THE BALANCE OF 49% OR PART THEREOF OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HSCV FOR A CASH CONSIDERATION OF UP TO RM367.50 MILLION PURSUANT TO THE EXERCISE OF THE PUT OPTION GRANTED BY LSHCV TO HSS**
- (D) **PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF MALAYSIAN MOSAICS SDN BHD FROM GEK POH (HOLDINGS) SDN BHD FOR A CASH CONSIDERATION OF RM380.00 MILLION**

(Collectively, the “Proposals”)

Further information on the Proposals are set out in Part C and E of this Circular.

By order of the Board

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

Kuala Lumpur
5 May 2016

Notes:

- 1. A depositor shall not be regarded as a member entitled to attend the EGM, to speak and vote thereat unless his/her name appears in the register of members and/or record of depositors as at 12 May 2016 (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 the EGM 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 onesecurities 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.*