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**HAP SENG
PLANTATIONS**

Creating
Value
Together

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

**PART A
CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE
FOR RECURRENT RELATED PARTY TRANSACTIONS**

AND

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

The above proposed resolutions will be tabled as special business at 16th annual general meeting (“AGM”) of Hap Seng Plantations Holdings Berhad will be conducted virtually through remote participation and electronic voting facilities (“RPEV”) at the broadcast venue at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 24 May 2023 at 10am. The notice of AGM and the form of proxy, are set out in the annual report 2022 of the Company, which is issued together with this Circular/Statement. Please follow the procedures provided in administrative guide for the AGM in order to register, participate and vote remotely via RPEV which is available at <https://meeting.boardroomlimited.my>. The notice of the AGM, proxy form and administrative guide are available online and may be downloaded from the Company’s website at <https://www.hapsengplantations.com.my/general-meeting.html>.

A member entitled to participate and vote at the AGM is entitled to appoint a proxy or proxies to participate and vote on his/her stead. In such event, the completed proxy form must either be (a) deposited at Reception Counter, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur; or (b) submitted electronically through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than 24 hours before the time appointed for holding the AGM or the adjournment thereof. Accordingly, the last day and time for lodging the proxy form is 23 May 2023 at 10am or the adjournment thereof.

This Circular/Statement is dated 26 April 2023

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PART A

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

DEFINITIONS

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

| | | |
|---------------------------|---|--|
| Act | : | Companies Act 2016 |
| AGM | : | 16 th annual general meeting of the Company |
| Annual Report 2022 | : | Annual report of HSP issued for the financial year ended 31 December 2022 |
| Board | : | Board of Directors of the Company |
| Bursa Securities | : | Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) |
| CIC | : | Corporated International Consultants |
| Circular/Statement | : | This circular/statement issued by HSP to its shareholders dated 26 April 2023 |
| Director(s) | : | Shall have the meaning given in section 2(1) of the Capital Markets and Services Act 2007 and for purpose of the Proposed Shareholders' Mandate, the expression shall include any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Company, its subsidiary or holding company or a chief executive of the Company, its subsidiary or holding company |
| EABH | : | Euro-Asia Brand Holding Company Sdn Bhd (Registration No. 199601007040 (379386-M)), a wholly-owned subsidiary of HSCB |
| FGD | : | Future Golden Development Sdn Bhd (Registration No. 202001011802 (1368122-A)), a wholly-owned subsidiary of HSCB |
| Gek Poh | : | Gek Poh (Holdings) Sdn Bhd (Registration No. 197401003566 (20706-X)) |
| Gek Poh Group | : | Gek Poh and its subsidiaries |
| GLM Emerald | : | GLM Emerald (Sepang) Sdn Bhd (Registration No. 199201001341 (232845-X)), a 20% associate of HSCB |
| HS Logistics | : | Hap Seng Logistics Sdn Bhd (Registration No. 197801007003 (44038-U)), a wholly-owned subsidiary of LSH |
| HS Realty | : | Hap Seng Realty Sdn Bhd (Registration No. 197201001403 (13062-W)), a wholly-owned subsidiary of HSCB |
| HS Star | : | Hap Seng Star Sdn Bhd (Registration No. 200401021340 (659844-H)), a wholly-owned subsidiary of HSCB |
| HSAA | : | Hap Seng Automotive Acceptance Sdn Bhd (Registration No. 200701011168 (769171-U)), a wholly-owned subsidiary of HSCB |
| HSBM | : | Hap Seng Building Materials Sdn Bhd (Registration No. 198001007071 (60855-V)), a wholly-owned subsidiary of HSCB |
| HSCB | : | Hap Seng Consolidated Berhad (Registration No. 197601000914 (26877-W)), the holding company of HSP, which held 556,008,000 shares representing 69.53% of the issued share capital of HSP as at LPD |
| HSCB Group | : | HSCB and its subsidiaries and associated companies |

DEFINITIONS (cont'd)

| | | |
|---------------------------------|---|---|
| HSF | : | Hap Seng Fertilizers Sdn Bhd (Registration No. 196901000817 (9396-X)), 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 |
| HSMS | : | Hap Seng Management Services Sdn Bhd (Registration No. 197301002917 (16374-P)), a wholly-owned subsidiary of HSCB |
| HST (M) | : | Hap Seng Trading (M) Sdn Bhd (formerly known as Hap Seng (Oil & Transport) Sdn Bhd) (Registration No. 198001005568 (59352-D)), a wholly-owned subsidiary of HSCB |
| HSP or Company | : | Hap Seng Plantations Holdings Berhad (Registration No. 200701011957 (769962-K)) |
| HSP Group or Group | : | HSP and its subsidiaries |
| HSP share(s) or share(s) | : | Ordinary share(s) of HSP |
| HSPD | : | Hap Seng Properties Development Sdn Bhd (Registration No. 197201000295 (11995-D)), a wholly-owned subsidiary of HSCB |
| HST | : | Hap Seng Trucks Sdn Bhd (Registration No. 201701026319 (1240485-X)), a wholly-owned subsidiary of HSCB |
| HST (BM) | : | Hap Seng Trading (BM) Sdn Bhd (Registration No. 196801000402 (8203-W)), a wholly-owned subsidiary of HSCB |
| Listing Requirements | : | Main Market Listing Requirements of Bursa Securities |
| LPD | : | 31 March 2023, being the latest practicable date prior to the printing and despatch of this Circular/Statement |
| LSH | : | Lei Shing Hong Limited (Company No. 28253), a company incorporated in Hong Kong |
| LSH Group | : | LSH and its subsidiaries and associated companies |
| Major Shareholder(s) | : | A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is: (a) 10% or more of the total number of voting shares in the corporation; or (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation. |

For purpose of this definition, “interest in shares” has the meaning given in section 8 of the Act

For purpose of the Proposed Shareholders’ Mandate, Major Shareholder (as defined above) includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company or any other corporation which is the Company’s subsidiary or holding company, in accordance with the definition in Chapter 10 of the Listing Requirements

DEFINITIONS (cont'd)

| | | |
|---|---|---|
| Mandate Period | : | The period commencing from and inclusive of 24 May 2023, being the date of the forthcoming AGM and expiring upon the conclusion of the next annual general meeting of the Company; or the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or revoked or varied by a resolution passed by the shareholders of the Company in a general meeting of the Company, whichever is the earlier |
| MHS | : | Menara Hap Seng Sdn Bhd (Registration No. 200001021590 (524197-M)), a wholly-owned subsidiary of HSCB |
| PEPSB | : | Pacific Emerald Properties Sdn Bhd (Registration No. 201401043063 (1119242-M)), a wholly-owned subsidiary of HSCB |
| Proposed Shareholders' Mandate | : | Proposed renewal of shareholders' mandate to be obtained from the shareholders of the Company at the forthcoming AGM pursuant to paragraph 10.09 of the Listing Requirements |
| Recurrent Related Party Transaction(s) | : | Recurrent Transaction(s) which involve(s) the interest, direct and/or indirect, of a Related Party or Related Parties |
| Recurrent Transaction(s) | : | Transaction(s) of a revenue or trading nature and which are necessary for the day-to-day operations of the Group |
| Registered Office | : | 21 st Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia |
| Related Party or Related Parties | : | Director(s), Major Shareholder(s) and/or person(s) connected with such Director(s) or Major Shareholder(s) |
| RM and Sen | : | Ringgit Malaysia and Sen respectively, the lawful currency of Malaysia |
| Shim Pang | : | Messrs Shim Pang & Co in Kota Kinabalu and Tawau |
| Sunpoint | : | Sunpoint Resources Sdn Bhd (Registration No. 201701018605 (1232770-P)), a wholly-owned subsidiary of HSCB |
| Tan Sri Lau | : | Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak |

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

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Registered Office:

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

26 April 2023

Board of Directors

Dato' Mohammed Bin Haji Che Hussein (*Independent Non-Executive Chairman*)
Datuk Simon Shim Kong Yip, JP (*Non-Independent Non-Executive Deputy Chairman*)
Datuk Edward Lee Ming Foo, JP (*Managing Director*)
Mr. Lee Wee Yong (*Executive Director*)
Ms. Cheah Yee Leng (*Executive Director*)
Mr. Au Yong Siew Fah (*Executive Director*)
Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP (*Independent Non-Executive Director*)
Mr. Chong Kwea Seng (*Independent Non-Executive Director*)
Mr. Choy Khai Choon (*Independent Non-Executive Director*)
Tan Sri Amirsham Bin A Aziz (*Independent Non-Executive Director*)
Mr. Andrew John Barber (*Independent Non-Executive Director*)
Datuk Hamisa Binti Samat (*Non-Independent Non-Executive Director*)

To: Shareholders of the Company

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

1. INTRODUCTION

The Company had at the annual general meeting held on 25 May 2022 obtained a general mandate from the shareholders which authorised the HSP Group to enter into Recurrent Related Party Transactions, based on information set out in the circular to shareholders dated 27 April 2022 ("Circular 2022"). This mandate shall lapse upon conclusion of the forthcoming AGM to be convened on 24 May 2023, unless otherwise renewed.

The Company has on 12 April 2023 announced to Bursa Securities of its intention to seek a renewal of the existing mandate from the shareholders to enable the HSP Group to enter into Recurrent Related Party Transactions at any time during the Mandate Period.

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

2. PROPOSED SHAREHOLDERS' MANDATE

2.1 *Provisions under the Listing Requirements*

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

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

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

2.2 *Principal business activities of the HSP Group*

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

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| Name of Company | Country of Incorporation | Equity Interest held (%) | Principal Activities |
|--|--------------------------|--------------------------|---|
| Hap Seng Plantations (River Estates) Sdn Bhd (“RESB”) and its subsidiaries | Malaysia | 100 | Cultivation of oil palm, processing of fresh fruit bunches and investment holding |
| Hap Seng Plantations (Ladang Kawa) Sdn Bhd (“HSP (LK)”) | Malaysia | 100 | Cultivation of oil palm |
| Hap Seng Plantations (Tampilit) Sdn Bhd (“HSP (Tampilit)”) | Malaysia | 100 | Cultivation of oil palm |
| Hap Seng Plantations (Wecan) Sdn Bhd (“HSP (Wecan)”) | Malaysia | 100 | Cultivation of oil palm |
| Jeroco Plantations Sdn Bhd (“Jeroco”) | Malaysia | 100 | Cultivation of oil palm and processing of fresh fruit bunches |
| Hap Seng Plantations (Kota Marudu) Sdn Bhd (“HSP (KM)”) | Malaysia | 100 | Cultivation of oil palm |
| Pelipikan Plantation Sdn Bhd (“Pelipikan”) | Malaysia | 100 | Cultivation of oil palm |
| Hap Seng Edible Oils Sdn Bhd | Malaysia | 100 | Livestock farming (ceased operations) |

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

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

| No. | Type of Transactions | Companies within HSP Group/ Provider of goods and services | Transacting parties/ Recipient of goods and services | Basis ⁽ⁱ⁾ | Estimated value set out in Circular 2022 (RM’000) | Actual value transacted from 25 May 2022 to LPD (RM’000) | *New estimated value (RM’000) |
|-----|--------------------------------------|--|--|----------------------|---|--|-------------------------------|
| 1 | REVENUE Plantation management fee | HSP Group - RESB - HSP (LK) | HSCB Group ^{2.4(a)} - HSPD - EABH - FGD - Sunpoint - GLM Emerald | Agreement/ Forecast | 840 | 724 | 840 |
| 2 | Sales of used motor vehicles | HSP Group - HSP - Jeroco - RESB | HSCB Group ^{2.4(a)} - HST - HS Star | Forecast | 1,600 | - | 650 |

| No. | Type of Transactions | Companies within HSP Group/ Provider of goods and services | Transacting parties/ Recipient of goods and services | Basis ⁽ⁱ⁾ | Estimated value set out in Circular 2022 (RM'000) | Actual value transacted from 25 May 2022 to LPD (RM'000) | *New estimated value (RM'000) |
|-----|----------------------|--|--|----------------------|---|--|-------------------------------|
| 3 | Trucks hiring income | HSP Group - HSP (LK) | HSCB Group ^{2.4(a)} - HSPD - FGD | Forecast | 870 | 775 | 930 |
| | | TOTAL | | | 3,310 | 1,499 | 2,420 |

| No. | Type of Transactions | Companies within HSP Group/ Recipient of goods and services | Transacting parties/ Provider of goods and services | Basis ⁽ⁱ⁾ | Estimated value set out in Circular 2022 (RM'000) | Actual value transacted from 25 May 2022 to LPD (RM'000) | *New estimated value (RM'000) |
|-----|---|--|---|------------------------|---|--|-------------------------------|
| | EXPENDITURE | | | | | | |
| 1 | Purchase of petroleum products (i.e. petrol, diesel and lubricants) | HSP Group - Jeroco - RESB - HSP (LK) - HSP (KM) | HSCB Group ^{2.4(a)} - HST (M) | Forecast | 35,700 | 30,982 | 37,200 |
| 2 | Purchase of agricultural fertilizers and chemicals | HSP Group - Jeroco - RESB - HSP (LK) - HSP (KM) - Pelipikan | HSCB Group ^{2.4(a)} - HSF | Forecast | 119,500 | 114,498 | 137,400 |
| 3 | Purchase of motor vehicles, spare parts and servicing of motor vehicles | HSP Group - HSP - Jeroco - RESB - HSP (LK) - HSP (KM) | HSCB Group ^{2.4(a)} - HST - HS Star | Forecast | 7,000 | 2,365 | 20,200 |
| 4 | Purchase of building materials | HSP Group - Jeroco - RESB - HSP (LK) - HSP (KM) - Pelipikan | HSCB Group ^{2.4(a)} - HST (BM) | Forecast | 5,200 | 5,596 | 9,000 |
| 5 | Management fees ⁽ⁱⁱ⁾ | HSP Group - HSP - Jeroco - RESB - HSP (LK) - HSP (Wecan) - HSP (Tampilit) - HSP (KM) - Pelipikan | HSCB Group ^{2.4(a)} - HSMS | Agreement/ Forecast | 5,400 | 4,952 | 5,900 |

| No. | Type of Transactions | Companies within HSP Group/ Recipient of goods and services | Transacting parties/ Provider of goods and services | Basis ⁽ⁱ⁾ | Estimated value set out in Circular 2022 (RM'000) | Actual value transacted from 25 May 2022 to LPD (RM'000) | *New estimated value (RM'000) |
|-----|--|---|---|------------------------|---|--|-------------------------------|
| 6 | Purchase of stones and sand | HSP Group - Jeroco - RESB - HSP (LK) | HSCB Group ^{2.4(a)} - HSBM | Forecast | 15,000 | 1,335 | 13,400 |
| 7 | Blasting and crushing of rock aggregates | HSP Group - Jeroco | HSCB Group ^{2.4(a)} - HSBM | Forecast | 8,200 | @9,050 | 12,000 |
| 8 | Purchase of tyres and tubes | HSP Group - Jeroco - RESB - HSP (LK) - HSP (KM) | HSCB Group ^{2.4(a)} - HST (M) | Forecast | 5,200 | 5,019 | 7,500 |
| 9 | Purchase of fresh fruit bunches | HSP Group - Jeroco - RESB - HSP (LK) | HSCB Group ^{2.4(a)} - HSPD - FGD | Forecast | 31,600 | 19,068 | 23,100 |
| 10 | Rental of properties ⁽ⁱⁱⁱ⁾ | HSP Group - HSP - RESB - HSP (LK) | HSCB Group ^{2.4(a)} - MHS - PEPSB - HS Realty - HSF - FGD | Agreement/ Forecast | 400 | 318 | 400 |
| 11 | Rental of commercial vehicles | HSP Group - Jeroco - RESB - HSP (LK) - HSP (KM) | HSCB Group ^{2.4(a)} - HSAA | Forecast | 8,800 | 8,199 | 10,100 |
| 12 | Purchase of insurance policies | HSP Group - HSP - Jeroco - RESB - HSP (LK) - HSP (KM) - Pelipikan | Gek Poh Group ^{2.4(b)} - HSIS | Forecast | 3,200 | 2,616 | 3,900 |
| 13 | Rental of commercial vehicles | HSP Group - Jeroco - RESB | LSH Group ^{2.4(c)} - HS Logistics | Forecast | 6,400 | 2,778 | 6,200 |
| 14 | Professional fees on engineering consultancy services [△] | HSP Group - HSP - Jeroco - RESB - HSP (LK) - HSP (KM) - Pelipikan | CIC ^{2.4(d)} | Forecast | 800 | - | - |

| No. | Type of Transactions | Companies within HSP Group/ Recipient of goods and services | Transacting parties/ Provider of goods and services | Basis ⁽ⁱ⁾ | Estimated value set out in Circular 2022 (RM'000) | Actual value transacted from 25 May 2022 to LPD (RM'000) | *New estimated value (RM'000) |
|-----|----------------------|---|---|----------------------|---|--|-------------------------------|
| 15 | Legal fees | HSP Group - HSP - Jeroco - RESB - HSP (LK) - HSP (KM) - Pelipikan | Shim Pang ^{2,4(e)} | Forecast | 1,000 | - | 1,000 |
| | | | TOTAL | | 253,400 | 206,776 | 287,300 |

Notes:

- * *The new estimated value during the Mandate Period may vary and is subject to changes.*
 - @ *As at the LPD, the actual transacted value of these Recurrent Related Party Transactions exceeded the estimated value set out in the Circular 2022 by more than 10% due to unexpected higher volume and/or higher prices. However, the Company was not required to make any immediate announcement to Bursa Securities on the said excess as the aggregate actual value of all the Recurrent Related Party Transactions with the same related party did not exceed the aggregate estimated value in respect thereof as set out in the Circular 2022.*
 - △ *The Company is not seeking renewal of shareholders' mandate for this item.*
 - (i) *Basis for forecasting the Recurrent Transactions during the Mandate Period in the table above is based on historical record and budget of the respective Recurrent Transactions.*
 - (ii) *This represents the corporate support services rendered namely corporate management, finance, human resource, information technology, internal audit, corporate planning, legal and compliance.*
 - (iii) *Details on the location, approximate area and lease period of the property rented from the Related Parties:-*
 - (a) *Office at 20th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, comprising an approximate total area of 2,453 sq.ft. at RM15,944.50 per month for a lease period of 3 years from 1 January 2021 to 31 December 2023. ***
 - (b) *Office at Ground Floor, Wisma Hap Seng, Mile 1¾, Leila Road, Sandakan, comprising an approximate area of 3,326 sq.ft. at RM4,656.40 per month on month to month basis.*
 - (c) *Office at 8th Floor, Plaza Shell, Kota Kinabalu, comprising an approximate area of 360.67 sq.ft. at RM2,315.50 per month plus other estimated expenses charged on incurred basis for a lease period of 1 year from 1 January 2023 to 31 December 2023. ***
 - (d) *Office at Batu 2, Jalan Kastam Baru, 91119 Lahad Datu, comprising an approximate area of 85 sq.ft. at RM200.00 per month with effect from 1 December 2016 on yearly auto renewal basis.*
 - (e) *Buildings and structures situated at Mile 21, Jalan Bukit Quoin, P.O.Box 666, 91008 Tawau, under various documents of title totaling approximately 552.30 hectares at RM7,000.00 per month with effect from 1 June 2020 on yearly auto renewal basis.*
- ** assumed renewal of tenancy agreement at the same rate upon the expiry of existing lease period.*

As at the financial year ended 31 December 2022, there was no amount due and owing by the Related Parties to HSP Group which exceeded the credit term pursuant to the Recurrent Related Party Transactions.

2.4 Details of the Related Parties

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

(a) HSCB Group

HSCB is a Major Shareholder holding 556,008,000 shares constituting 69.53% shareholding in the Company.

(b) Gek Poh Group

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

Tan Sri Lau is deemed a Major Shareholder of the Company by virtue of his 56.00% shareholding in Gek Poh, the holding company of HSCB. He is also a director of Gek Poh.

(c) LSH Group

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

(d) CIC

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

(e) Shim Pang

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

2.5 Rationale for the Recurrent Related Party Transactions

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

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

Hence, the Board is seeking approval from the shareholders on the Proposed Shareholders' Mandate for the respective Recurrent Related Party Transactions as described in section 2.3 above.

2.6 *Benefits of the Recurrent Related Party Transactions*

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

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

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

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

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

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

- (i) A list of the Related Parties mandated pursuant to the Proposed Shareholders' Mandate will be circulated within the HSP Group;
- (ii) A register has been created and will be maintained by the HSP Group to capture notifications of all Recurrent Related Party Transactions entered into;
- (iii) The shareholding interests of the Related Parties will be monitored continuously. Any changes in the shareholdings of the Related Parties will be duly notified to the respective subsidiary companies;
- (iv) A register will be kept by the Company to keep track of the appointment of Directors within the HSP Group and the Major Shareholders of the HSP Group. Additionally, the register will serve to capture the immediate disclosure required from the Directors of the subsidiaries of the Company on any interests in a corporation/partnership which transacts or is expected to transact with the HSP Group;
- (v) The respective management team of the subsidiaries of the Company is required to update the Company on a quarterly basis on the Recurrent Related Party Transactions which will be reviewed by the management of the HSP Group; and

- (vi) The internal audit plan of HSP Group shall include a critical review of the Recurrent Related Party Transactions entered into pursuant to the Proposed Shareholders' Mandate to ensure that they are transacted on terms and conditions which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders in the light of the circumstances concerned. The Board and the Audit Committee shall review the internal audit reports to ascertain that the review procedures established to monitor the Recurrent Related Party Transactions have been complied with.

2.8 *Conditions and the disclosure of the Proposed Shareholders' Mandate*

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

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

whichever is the earlier.

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

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

2.9 *Thresholds of Authority*

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

| <u>APPROVING LIMIT</u> | <u>APPROVING AUTHORITY</u> | | | | | | | | | | |
|--|--|-----------|-----------|---------------------|----------------------|-----------------------|--------------------|----------------------|--------------------------|--------------------|--|
| 1 Without limit | Approval by any one of the Audit Committee members | | | | | | | | | | |
| 2 ≤ RM5.0 million for each transaction | Approval by any two of the following: <ul style="list-style-type: none"> i Managing Director ii Executive Director iii Finance Director iv Chief Executive | | | | | | | | | | |
| 3 ≤ RM1.0 million for each transaction | Approval by one from Group One and one from Group Two <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Group One</th> <th style="text-align: center; border-bottom: 1px solid black;">Group Two</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">i Managing Director</td> <td style="vertical-align: top;">i Operation Director</td> </tr> <tr> <td style="vertical-align: top;">ii Executive Director</td> <td style="vertical-align: top;">ii General Manager</td> </tr> <tr> <td style="vertical-align: top;">iii Finance Director</td> <td style="vertical-align: top;">iii Financial Controller</td> </tr> <tr> <td style="vertical-align: top;">iv Chief Executive</td> <td></td> </tr> </tbody> </table> | Group One | Group Two | i Managing Director | i Operation Director | ii Executive Director | ii General Manager | iii Finance Director | iii Financial Controller | iv Chief Executive | |
| Group One | Group Two | | | | | | | | | | |
| i Managing Director | i Operation Director | | | | | | | | | | |
| ii Executive Director | ii General Manager | | | | | | | | | | |
| iii Finance Director | iii Financial Controller | | | | | | | | | | |
| iv Chief Executive | | | | | | | | | | | |

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

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

2.10 Statement by the Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures mentioned in section 2.7 above and is satisfied that the procedures are sufficient to ensure that the Recurrent Related Party Transactions are conducted at arm's length, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

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

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

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

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

| Interested Major Shareholders | Shareholdings in the Company | | | |
|-------------------------------|--|-------|--------------------------|-------|
| | < ----- No. of ordinary shares ----- > | | | |
| | Direct | %# | Indirect | %# |
| HSCB | 556,008,000 | 69.53 | - | - |
| Gek Poh ⁽¹⁾ | - | - | 556,008,000 [©] | 69.53 |
| Tan Sri Lau ⁽¹⁾ | - | - | 556,008,000 [^] | 69.53 |

Notes:

[#] For purpose of computing the percentage of shareholding above, the number of HSP shares used was 799,685,200 which was arrived at after deducting 314,800 treasury shares held by the Company from its issued shares of 800,000,000 ordinary shares as at LPD.

[©] Deemed interest by virtue of its substantial interest in HSCB pursuant to section 8 of the Act.

[^] Deemed interest by virtue of his substantial interest in Gek Poh pursuant to section 8 of the Act.

- ⁽¹⁾ The direct and/or indirect interests of Gek Poh and Tan Sri Lau in HSCB based on the register of substantial shareholders as at LPD are as follows:

| Interest in HSCB | Shareholdings in HSCB | | | |
|------------------|--|-------|--------------------------|-------|
| | < ----- No. of ordinary shares ----- > | | | |
| | Direct | % # | Indirect | % # |
| Tan Sri Lau | - | - | 1,559,459,122* | 62.64 |
| Gek Poh | 1,360,094,542 | 54.63 | 199,364,580 [©] | 8.01 |
| HSIS | 199,364,580 | 8.01 | - | - |

Notes:

- # *For purpose of computing the percentage shareholding above, the number of HSCB shares used was 2,489,669,583 which was arrived at after deducting 12,000 treasury shares held by HSCB from its issued shares of 2,489,681,583 ordinary shares as at LPD.*
- * *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.*
- @ *Pursuant to section 8 of the Act, Gek Poh is deemed to have interest in 199,364,580 HSCB shares constituting 8.01% shareholding in HSCB held by HSIS.*

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

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

Datuk Simon Shim Kong Yip is a non-independent non-executive deputy chairman of HSP and a non-independent non-executive director of HSCB. He is also a managing partner of Shim Pang. Premised on Datuk Simon Shim Kong Yip's common directorships in HSP and HSCB, and he is a managing partner of Shim Pang, he is deemed interested in the Recurrent Transactions between the HSP Group, HSCB Group and Shim Pang. Datuk Simon Shim Kong Yip holds 180,000 shares in the Company.

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

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

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

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

4. DIRECTORS' RECOMMENDATION

The Board (save for Datuk Edward Lee Ming Foo, Mr. Lee Wee Yong and Datuk Simon Shim Kong Yip who are the interested Directors in relation to the Proposed Shareholders' Mandate and as such, have abstained from expressing an opinion and recommendation in respect thereof), having considered all aspects of the Proposed Shareholders' Mandate and in particular, the rationale and benefits of the Recurrent Related Party Transactions set out in sections 2.5 and 2.6 above, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the HSP Group and shareholders.

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

5. AGM

The Proposed Shareholders' Mandate for the Recurrent Related Party Transactions will be subject to the approval of the shareholders to be obtained at the forthcoming AGM which will be conducted virtually through remote participation and electronic voting facilities ("RPEV") at the broadcast venue at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 24 May 2023 at 10am. The extract of the notice of AGM is enclosed with this Circular/Statement as Appendix II. Please follow the procedures provided in the administrative guide for the AGM in order to register, participate and vote remotely via RPEV which is available at <https://meeting.boardroomlimited.my>. The notice of the AGM, proxy form and administrative guide are available online and may be downloaded from the Company website at <https://www.hapsengplantations.com.my/general-meeting.html>.

If you are unable to participate and vote in person at the forthcoming AGM, you should complete the proxy form as enclosed in the Annual Report 2022 in accordance with the instructions therein and must either be (a) deposited at Reception Counter, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur; or (b) submitted electronically through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, not less than 24 hours before the time appointed for holding the AGM or the adjournment thereof. However, the lodging of the proxy form will not preclude you from participating and voting in person at the forthcoming AGM should you subsequently wish to do so.

6. FURTHER INFORMATION

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

Yours faithfully

For and on behalf of the Board

HAP SENG PLANTATIONS HOLDINGS BERHAD

Dato' Mohammed Bin Haji Che Hussein

Independent Non-Executive Chairman

PART B

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

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SHARE BUY-BACK STATEMENT

1. INTRODUCTION

Hap Seng Plantations Holdings Berhad (“HSP” or the “Company”) had at the annual general meeting held on 25 May 2022, obtained a renewal of authorisation from its shareholders to purchase and/or hold its own shares up to a maximum of 10% of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad (“Bursa Securities”). In accordance with the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”), this authorisation shall lapse upon the conclusion of the 16th annual general meeting of the Company to be convened on 24 May 2023 (“AGM”), unless otherwise renewed.

The Company has on 12 April 2023 announced to Bursa Securities of its intention to seek a renewal of the authorisation from its shareholders for the Company to purchase and/or hold its own shares up to a maximum of 10% of the Company’s total number of issued shares (“Proposed Renewal of Share Buy-back Authority”).

This statement is to provide the shareholders with the information on the Proposed Renewal of Share Buy-back Authority, to set out the recommendation from the board of directors of the Company (the “Board”) and to seek shareholders’ approval for the ordinary resolution pertaining to the Proposed Renewal of Share Buy-back Authority to be tabled at the forthcoming AGM to be held on 24 May 2023 at 10am (or the adjournment thereof).

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

2.1 The Rationale and Potential Advantage and Disadvantage

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

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

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

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

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SHARE BUY-BACK STATEMENT

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

The proposed purchase of its own shares must be undertaken by the Company's appointed stockbroker(s). The Company must not purchase its own shares and/or hold any of its own shares as treasury shares if this would result in the aggregate of the shares so purchased and/or held to exceed 10% of its total number of issued shares. As at 31 March 2023, the total number of issued shares of the Company (inclusive of 314,800 treasury shares) was 800,000,000 ordinary shares.

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

- (i) the conclusion of the next annual general meeting of the Company, at which time the said authority shall lapse, unless renewed by the passing of a resolution at that meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever occurs first.

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

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

The Board therefore proposed to allocate a maximum of up to the retained profits of the Company for the purchase of its own shares subject to compliance with section 127 of the Act and any other prevailing laws, rules, regulations, order, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the Company's latest audited financial statements for the financial year ended 31 December 2022, the audited retained profits of the Company was RM246,217,000. The retained profits of the Company in the management account as at 31 March 2023 was RM189,983,000.

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

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SHARE BUY-BACK STATEMENT

2.4 Shareholding of Directors and Substantial Shareholders

For purpose of illustration, the effect before and after the proposed purchase of its own shares under the Proposed Renewal of Share Buy-back Authority on the direct and indirect shareholdings of the directors and the substantial shareholders and/or persons connected with the directors and/or substantial shareholders of the Company based on the register of directors' shareholdings and the register of substantial shareholders of the Company respectively as at 31 March 2023 is as follows:

| | < ----- No. of ordinary shares held in the Company ----- > | | | | | | | |
|--|---|---------------------|----------|---------------------|---|-------------------|----------|---|
| | < ----- Before the proposed purchase ----- > | | | | < ----- After the proposed purchase ----- > | | | |
| | Assuming 10% of the total number of issued shares was purchased and cancelled | | | | | | | |
| <u>Directors</u> | Direct | %(⁽¹⁾) | Indirect | %(⁽¹⁾) | Direct | % | Indirect | % |
| Dato' Mohammed Bin Haji Che Hussein | 17,200 | 0.002 | - | - | 17,200 | 0.002 | - | - |
| Datuk Simon Shim Kong Yip | 180,000 | 0.023 | - | - | 180,000 | 0.025 | - | - |
| Datuk Edward Lee Ming Foo | - | - | - | - | - | - | - | - |
| Lee Wee Yong | - | - | - | - | - | - | - | - |
| Cheah Yee Leng | - | - | - | - | - | - | - | - |
| Au Yong Siew Fah | 180,000 | 0.023 | - | - | 180,000 | 0.025 | - | - |
| Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir | 1,000 | .4 ⁽⁴⁾ | - | - | 1,000 | .4 ⁽⁴⁾ | - | - |
| Chong Kwea Seng | - | - | - | - | - | - | - | - |
| Choy Khai Choon | - | - | - | - | - | - | - | - |
| Tan Sri Amirsham Bin A Aziz | - | - | - | - | - | - | - | - |
| Andrew John Barber | - | - | - | - | - | - | - | - |
| Datuk Hamisa Binti Samat | - | - | - | - | - | - | - | - |

| | < ----- No. of ordinary shares held in the Company ----- > | | | | | | | |
|--|---|---------------------|-------------|---------------------|---|--------|-------------|--------|
| | < ----- Before the proposed purchase ----- > | | | | < ----- After the proposed purchase ----- > | | | |
| | Assuming 10% of the total number of issued shares was purchased and cancelled | | | | | | | |
| <u>Substantial shareholders</u> | Direct | %(⁽¹⁾) | Indirect | %(⁽¹⁾) | Direct | % | Indirect | % |
| Hap Seng Consolidated Berhad (HSCB) | 556,008,000 | 69.528 | - | - | 556,008,000 | 77.223 | - | - |
| Gek Poh (Holdings) Sdn Bhd ⁽²⁾ | - | - | 556,008,000 | 69.528 | - | - | 556,008,000 | 77.223 |
| Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak ⁽³⁾ | - | - | 556,008,000 | 69.528 | - | - | 556,008,000 | 77.223 |

Notes:

- (1) For purpose of computing the percentage of shareholding above, the number of ordinary shares used was 799,685,200 which was arrived at after deducting 314,800 treasury shares held by the Company from its issued shares of 800,000,000 ordinary shares as at 31 March 2023.
- (2) Deemed interest by virtue of its substantial interest in HSCB pursuant to section 8 of the Act.
- (3) Deemed interest by virtue of his substantial interest in Gek Poh (Holdings) Sdn Bhd pursuant to section 8 of the Act.
- (4) Negligible.

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

SHARE BUY-BACK STATEMENT

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

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

3.1 Share Capital

The effect of the proposed purchase of its own shares under the Proposed Renewal of Share Buy-back Authority on the total number of issued shares of the Company assuming the Company purchased and subsequently cancelled up to 80,000,000 ordinary shares representing 10% of the total number of issued shares of the Company as at 31 March 2023 is as follows:

| | No. of Ordinary Shares |
|---|-----------------------------------|
| Total number of issued shares as at 31 March 2023 | 800,000,000 |
| Less: Number of ordinary shares to be cancelled pursuant to the proposed purchase of its own shares of up to 10% of the total number of issued shares as at 31 March 2023 | 80,000,000 |
| Upon completion of the cancellation of the 80,000,000 ordinary shares purchased | <u>720,000,000</u> |

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

3.2 NA per share and EPS

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

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

3.3 Working Capital

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

SHARE BUY-BACK STATEMENT

4. HISTORICAL SHARE PRICE

The monthly highest and lowest prices of the Company's shares as traded on the Bursa Securities for the preceding 12 months from April 2022 to March 2023 are as follows:

| | Share Price | |
|--------------------|-------------|-----------|
| | High RM | Low RM |
| <u>2022</u> | | |
| April | 3.50 | 2.47 |
| May | 3.32 | 2.71 |
| June | 2.85 | 2.26 |
| July | 2.37 | 2.06 |
| August | 2.37 | 2.17 |
| September | 2.36 | 1.92 |
| October | 2.15 | 1.93 |
| November | 2.12 | 1.99 |
| December | 2.01 | 1.80 |
| <u>2023</u> | | |
| January | 2.00 | 1.87 |
| February | 2.16 | 1.90 |
| March | 1.99 | 1.68 |

The last transacted price of the Company's shares on 31 March 2023, being the last trading day prior to the printing of this Circular/Statement was RM1.76.

(Source: www.finance.yahoo.com)

5. THE CONSEQUENCES WITH REGARD TO THE CODE

Based on the shareholdings of the substantial shareholders as at 31 March 2023, if the Proposed Renewal of Share Buy-back Authority is carried out in full, the proposed purchase of its own shares will have no implication to any of the directors, substantial shareholders and/or persons acting in concert with him/them under the Code.

6. PURCHASES MADE IN THE LAST FINANCIAL YEAR

During the financial year, the Company did not purchase any of its own shares. As at 31 December 2022, the Company held a total of 314,800 treasury shares. None of the treasury shares have been resold, cancelled and/or distributed during the preceding 12 months.

7. PUBLIC SHAREHOLDING SPREAD OF THE COMPANY

As at 31 March 2023, the public shareholding spread of the Company was approximately 30.42%. Assuming that the Proposed Renewal of Share Buy-back Authority is carried out in full and the shares so purchased were all cancelled, the public shareholding of the Company will be 22.72%. The Board is mindful of the requirement that any purchase of its own shares must not result in the Company's public shareholding spread falling below the minimum 25% of the total number of issued shares of the Company (excluding treasury shares).

SHARE BUY-BACK STATEMENT

8. DIRECTORS' RECOMMENDATION

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

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APPENDIX I - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

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

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

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

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

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

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

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

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

APPENDIX I - FURTHER INFORMATION (continued)

On 13 December 2016, the KKHC consolidated the KK RESB Suit and KK Suit upon RESB's application ["Consolidated RESB Suit"]. The trial of the Consolidated RESB Suit commenced on 13 September 2017 and concluded on 17 January 2023. The Court has given directions for the filing and exchange of submissions among the parties. A mention date has been fixed on 16 June 2023 to monitor status of the written submissions as well as to fix new dates for oral submission, if necessary.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB is likely to receive a favourable court decision in the Consolidated RESB Suit.

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

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

SYC is claiming for the following in the KK Suit:

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

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

The trial of the Consolidated RESB Suit commenced on 13 September 2017 and concluded on 17 January 2023. The Court has given directions for the filing and exchange of submissions among the parties. A mention date has been fixed on 16 June 2023 to monitor status of the written submissions as well as to fix new dates for oral submission, if necessary.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that RESB is likely to receive a favourable court decision in the Consolidated RESB Suit.

3. MATERIAL CONTRACTS

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

- (i) On 24 November 2021, Ladang Kawa entered into a sale and purchase agreement to dispose of the following seven (7) parcels of agricultural land planted with oil palm trees thereon situated at Jalan Muul Hill, off Jalan Bukit Kawa, Off Km 35, Jalan Tawau-Kunak-Lahad Datu Highway, 91000 Tawau, Sabah together with buildings, main structures and infrastructures erected thereon to FGD, for a cash consideration of RM84,925,000.00 ("Proposed Muul Hill Estate Disposal"):-

APPENDIX I - FURTHER INFORMATION (continued)

| No. | Title Number | Approximate Area (Hectares) |
|------------|---------------------|--|
| 1. | CL 105315955 | 90.312 |
| 2. | CL 105320161 | 194.067 |
| 3. | CL 105315900 | 87.009 |
| 4. | CL 105316032 | 39.696 |
| 5. | CL 105342550 | 12.100 |
| 6. | CL 105351915 | 180.777 |
| 7. | CL 105342532 | 19.798 |
| | Total | 623.759 |

The Proposed Muul Hill Estate Disposal was completed on 24 January 2022 with the purchase consideration paid in full by FGD.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular/Statement up to and including the date of the AGM of the Company to be held on 24 May 2023:

- a) the constitution of the Company;
- b) the audited financial statements of the Company for the past 2 financial years ended 31 December 2021 and 31 December 2022;
- c) the agreements, where available, for the recurrent transactions as set out in section 2.3 of Part A of this Circular/Statement;
- d) the relevant cause papers in respect of the material litigation referred to in section 2 of Appendix I of this Circular/Statement; and
- e) the material contracts referred to in section 3 of Appendix I of this Circular/Statement.



Creating
Value
Together

Hap Seng Plantations Holdings Berhad 200701011957 (769962-K)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 16th annual general meeting (“AGM”) of Hap Seng Plantations Holdings Berhad will be conducted virtually through remote participation and electronic voting facilities (“RPEV”) at the broadcast venue at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 24 May 2023 at 10am to transact the following:-

SPECIAL BUSINESS

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

Resolution 8

Proposed renewal of shareholders’ mandate for recurrent related party transactions of a revenue or trading nature

“That subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Part A, section 2.3 of the Circular/Statement to shareholders dated 26 April 2023, which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business, at arm’s length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

That such approval shall continue to be in force until:-

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

whichever is the earlier;

and that the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the proposed renewal of shareholders’ mandate.”

Resolution 9

Proposed renewal of share buy-back authority

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

- (a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the total number of issued shares of the Company;

**APPENDIX II – EXTRACT OF NOTICE OF THE 16TH ANNUAL GENERAL MEETING
(continued)**

- (b) the maximum funds allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, based on the Company's audited financial statements for the financial year ended 31 December 2022; 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 at that meeting, either unconditionally or subject to conditions; or
 - (2) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Companies Act 2016); or
 - (3) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,
- whichever occurs first;

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

- (i) cancel all the shares so purchased; and/or
- (ii) retain part thereof as treasury shares and cancel the remainder; and/or
- (iii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities Berhad; and/or
- (iv) transfer the treasury shares or any of the said shares as purchase consideration; and/or
- (v) in any other manner as prescribed by section 127(7) of the Companies Act 2016,

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