

HONG SENG CONSOLIDATED BERHAD
Registration No. 200101001581 (537337-M)
(Incorporated in Malaysia)

Minutes of the 20th Annual General Meeting of the Company conducted on fully virtual through live streaming and online remote voting using Remote Participation and Voting (“**RPV**”) facilities via Vote2U provided by Agmo Digital Solutions Sdn Bhd in Malaysia at <https://web.vote2u.my> (Domain Registration No. with MYNIC – D6A471702) from the broadcast venue at Gate C, Level 2, No. 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia on Friday, 25 February 2022 at 3.30 p.m.

- Present : Dato’ Seri Teoh Hai Hin (Alternate Director : Ms Teoh Soon Han)
- Group Managing Director
Mr. Kenny Khow Chuan Wah - Executive Director (In the Chair)
Mr. Lester Chin Kent Lake – Executive Director
Mr. Christopher Chan Hooi Guan - Executive Director
Mr. Leong Kam Soon - Independent Non-Executive Director
Tuan Ng Keok Chai - Independent Non-Executive Director
Mr. Yap Kien Ming - Independent Non-Executive Director
Members and Proxies logged-in to participate online at <https://web.vote2u.my>
- Absent with Apologies : Dato’ Mohamed Suffian Bin Awang
- Independent Non-Executive Chairman
- By Invitation : Invitees logged-in to participate online at <https://web.vote2u.my>
- In Attendance : Ms Seow Fei San - Company Secretary

CHAIRMAN

At 3.30 p.m., Dato’ Mohamed Suffian Bin Awang extended a warm welcome to everyone who attended 20th Annual General Meeting (“**AGM**”) of the Company (“**20th AGM**”). Dato’ Mohamed Suffian Bin Awang then informed the Meeting that he was not able to chair the meetings for today due to an earlier commitment that he was unable to change and apologised for the foregoing. He then announced that he had appointed Mr. Kenny Khow Chuan Wah (“**Mr. Kenny Know**”) to chair all the general meetings scheduled for today, included the 21st AGM and Extraordinary General Meeting to be held later of the day.

Dato’ Mohamed Suffian Bin Awang then passed the chair to Mr. Kenny Khow and excused himself from the meeting at 3.32 p.m.

Mr. Kenny Khow (“**Chairman**”) presided as Chairman of the Meeting and welcomed the members and all others to the 20th AGM of the Company.

OPENING REMARKS

Before the Chairman began the proceedings of the 20th AGM, he informed that there would be 2 AGMs today, which was 20th AGM and 21st AGM. For clarity purposes, the Chairman briefed the Meeting on the following:-

- (a) Previously, when the Company's financial year end was 31 March, the Company used to hold its AGMs in August/September and the last AGM prior to the change of financial year was held on 29 September 2020. With the change of financial year end from 31 March to 30 September, the Company was required to hold its AGM by 31 December 2021 as to fulfil the requirement of having AGM in every calendar year.
- (b) However, subsequent to the change of the Company's financial year end to 30 September last year, the Company foresee challenges to hold its AGM before 31 December 2021, thus, had made an application to the Companies Commission of Malaysia for an extension of time for the Company to hold its 2021 AGM.
- (c) On 12 April 2021, the Companies Commission of Malaysia granted its approval for an extension of time until 31 March 2022 for the Company to hold its 2021 AGM.
- (d) With the approval granted and for compliance with Section 340 of the Companies Act requiring a company to hold AGM in each calendar year, the Company therefore, would be holding 2 AGMs today i.e. 20th AGM for calendar year 2021, which was this meeting and 21st AGM for calendar year 2022, which would begin after the conclusion of this meeting.

Before the Chairman call the meeting to order, the members was informed that in light of the COVID-19 outbreak, governmental order and the encouragement of the Securities Commission of Malaysia, as well as in the best interest of public health and the health and safety of the Board of Directors of the Company ("**Board**"), employees and shareholders, the AGM would be conducted on fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("**RPV**") facilities from the broadcast venue.

NOTICE

The notice convening the 20th AGM ("**Notice**") having been circulated earlier to all members, Bursa Malaysia Securities Berhad and Auditors in accordance with the Company's Constitution within the prescribed period was taken as read.

The Chairman also informed that the Notice had been advertised in New Straits Times on 27 January 2022. A notification letter from the Company which contains information and administrative guide pertaining to the meeting had been sent to all eligible members. The Company had also disseminated the Notice through announcement to Bursa Malaysia Securities Berhad and posted the same on the Company's corporate's website.

INTRODUCTION OF BOARD MEMBERS, MANAGEMENT AND ETC.

The Chairman then introduced to the Meeting, the Board Members, both present at the broadcast venue as well as those present remotely / virtually.

The Meeting was informed that the Company had appointed Agmo Digital Solutions Sdn. Bhd. ("**Agmo**") as the poll administrator and Aegis Communication Sdn. Bhd. as independent scrutineer to verify the poll result at today's AGM.

QUORUM

Upon confirming the presence of the requisite quorum, the Chairman called the meeting to order.

MEETING INTRODUCTION

The Meeting was informed that all the proposed ordinary resolutions tabled at this AGM required a simple majority vote of the members who were entitled to vote in person or by proxy. With the RPV facilities via Vote2U provided by Agmo, members may exercise their right as a member or proxy of the Company to pose questions to him or the Board and vote remotely at the AGM in the comfort of their location.

The Chairman also informed that he would first take the members through the items in the Agenda. Thereafter, the Board would respond to the questions transmitted by members and proxies during this Meeting. The members and proxies can rely on real time submission of typed texts to exercise their rights to speak or communicate in a virtual meeting and the Board would via the broadcast announce the question(s) and then answer the question(s) accordingly.

To facilitate the remote voting via the Vote2U, the Chairman invited representative of Agmo to share a short video on the voting procedure and how to raise questions at the meeting through the Vote2U facilities.

The Chairman then proceeded with the business of the meeting and informed that sufficient time would be allocated for members to cast their votes after dealing with all businesses of today's meeting.

LETTER FROM MINORITY SHAREHOLDERS WATCHDOG GROUP (“MSWG”)

The Chairman informed the members that the Company received a list of questionnaires from the MSGW on 17 February 2022 and had replied in writing to the MSWG on their queries ahead of this AGM.

The Chairman then read out the MSWG's questions and the Board's responses to the said questions, as attached to these minutes. After dealing with the MSWG's questions and answers, the Chairman began the proceeding of the business of the meeting.

1. AUDITED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS

The Chairman informed that in line with the provision of the Companies Act 2016 which did not require the Audited Financial Statements and Reports to be formally approved by the members, the Audited Financial Statements for the financial period ended 30 September 2021 together with the Reports of the Directors and Auditors thereon which was sent to the members on 27 January 2022 were tabled for the members' information and should not be put to vote.

As such, the Chairman declared that the Audited Financial Statements for the financial period ended 30 September 2021 together with the Reports of the Directors and Auditors thereon were received and noted.

The Chairman reminded that should any of the members have any question to raise on matters discussed at this meeting, members could use the text box provided on the online platform to transmit their questions. Responses would be provided to the submitted questions during the Q&A session after tabling all the resolutions.

2. AGENDA ITEM NO. 2 ORDINARY RESOLUTION 1 - TO APPROVE PAYMENT OF DIRECTORS' FEES IN EXCESS OF LAST MANDATE

The Meeting proceeded to consider the proposed payment of Directors' fees to the Non-Executive Directors of RM4,581.00, in excess of the last mandate granted by the members.

As guided by the Malaysian Code on Corporate Governance, the Chairman informed that Directors who had interest in this resolution and were members of the Company would abstain from voting for this resolution.

The following motion was then put to the members, to be voted by poll after the Q&A session:-

“THAT the Directors be and are hereby authorised to make payment of Directors’ fees to the Non-Executive Directors for their services from 30 September 2020 until the date of this annual general meeting of the Company amounting to RM4,581, in excess of the current approved limit.”

**3. AGENDA ITEM NO. 3
ORDINARY RESOLUTIONS 2, 3, 4 AND 5 - RE-ELECTION OF DIRECTORS**

The Chairman informed that agenda item no. 3 was to consider the re-election of Directors, the Directors subject to retirement in accordance with the Constitution of the Company were:-

- (i) Mr. Yap Kien Ming (Article 107);
- (ii) Mr. Lester Chin Kent Lake (Article 100);
- (iii) Mr. Christopher Chan Hooi Guan (Article 100);
- (iv) Mr. Leong Kam Soon (Article 100); and
- (v) Dato’ Mohamed Suffian Bin Awang (Article 100),

and the said Directors, unless they were re-elected, should retire at the conclusion of this AGM.

The following matters were then highlighted to the Meeting:-

- (i) Article 107(1)(b) of the Company’s Constitution provided that one-third of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company provided always that all Directors, shall retire from office once at least in each three years but shall be eligible for re-election at the AGM. A Director retiring at the AGM shall retain office until the close of the meeting. Pursuant to Article 107, one Director would be retiring at this AGM and he was Mr. Yap Kien Ming.
- (ii) Article 100 of the Company’s Constitution stated that any Director so appointed on the Board either to fill a casual vacancy or as an addition to the Board shall hold office until the conclusion of the first AGM after their appointment but shall be eligible for re-election at the AGM. Pursuant to Article 100, four Directors, namely, Mr. Lester Chin, Mr. Christopher Chan, Mr. Leong and Dato’ Mohamed Suffian, who were appointed on the Board after last AGM would be retiring at this AGM.
- (iii) All Directors retiring under this agenda item were eligible for re-election and had offered themselves for re-election.
- (iv) With regard to the retirement of Dato’ Mohamed Suffian Bin Awang, as Dato’ Mohamed Suffian bin Awang was appointed to the Board on 28 January 2022, a day after the Notice was sent out to the members on 27 January 2022, resolution pertaining to his re-election as Director of the Company was not in the agenda of today’s meeting. Therefore, Dato’ Mohamed Suffian bin Awang would retire at the conclusion of the 20th AGM of the Company, in accordance with Article 100 of the Constitution of the Company. The Board had ahead of this AGM agreed to re-appoint Dato’ Mohamed Suffian Bin Awang as Chairman of the Board effective immediately upon conclusion of the 20th AGM. Relevant announcement pertaining to his re-appointment would be made to Bursa Malaysia Securities Berhad accordingly.

In view of the above, the following motions were then put to the Meeting, to be voted by poll after the Q&A session:-

3.1 ORDINARY RESOLUTION 2 - RE-ELECTION OF YAP KIEN MING

“THAT Yap Kien Ming retiring pursuant to Article 107(1)(b) of the Company's Constitution, be and is hereby re-elected as Director of the Company.”

3.2 ORDINARY RESOLUTION 3 - RE-ELECTION OF LESTER CHIN KENT LAKE

“THAT Lester Chin Kent Lake retiring pursuant to Article 100 of the Company's Constitution, be and is hereby re-elected as Director of the Company.”

3.3 ORDINARY RESOLUTION 4 - RE-ELECTION OF CHRISTOPHER CHAN HOOI GUAN

“THAT Christopher Chan Hooi Guan retiring pursuant to Article 100 of the Company's Constitution, be and is hereby re-elected as Director of the Company.”

3.4 ORDINARY RESOLUTION 5 - RE-ELECTION OF LEONG KAM SOON

“THAT Leong Kam Soon retiring pursuant to Article 100 of the Company's Constitution, be and is hereby re-elected as Director of the Company.”

4. AGENDA ITEM NO. 4

ORDINARY RESOLUTION 6 - PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS' MANDATE”)

The Chairman informed that the details on the Proposed Shareholders' Mandate were set out in the Circular to Shareholders dated 27 January 2022, which was dispatched to the members together with the Notice.

With the permission of the Meeting, the Chairman then declared that the Ordinary Resolution 6 as set out in the Notice be taken as read. The said motion, detailed hereunder was then put to the meeting for consideration and to be voted by poll after the Q&A session:-

“THAT, subject to the Companies Act 2016 (“**Act**”), the Constitution of the Company and the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries (“**Hong Seng Group**”) to enter into all transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group (“**Related Parties**”) as specified in Section 2.2.2 of the Circular to Shareholders dated 27 January 2022 in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (“**Recurrent RPTs**”) provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
 - (ii) necessary for the day-to-day operations;
 - (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
 - (iv) are not to the detriment of the minority shareholders,
- (“**RRPT Mandate**”).

AND THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM 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
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders in general meeting; or

whichever is earlier; and the aggregate value of the Recurrent RPTs be disclosed in the annual report of the Company.

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 full effect to the RRPT Mandate.”

5. AGENDA ITEM NO. 5

The last item on the agenda for the meeting was to transact any other business of which due notices shall have been received in accordance with the Companies Act 2016. The Meeting was informed that no notice of any other business for transacting at the meeting was received.

6. QUESTION AND ANSWER SESSION

The Meeting then proceeded to the Q&A session.

As there was no question raised by the members/proxies, the Meeting proceeded to take the poll on the resolutions tabled.

7. TAKING OF POLL AND ANNOUNCEMENT OF RESULT

Upon the conclusion of the Q&A session, the Chairman requested the members and proxies to cast their votes remotely.

After 5 minutes, the Chairman announced that the remote voting had ended and informed the members that the meeting would be adjourned immediately to facilitate counting of votes.

The meeting resumed at 3.56 p.m. upon completion of counting of votes. The poll results as per Appendix A was then announced to the Meeting.

Based on the tabulation of results, the Chairman then declared that all the resolutions tabled at this meeting were carried.

CLOSURE

There being no further business, the meeting closed at 3.57 p.m. with a vote of thanks to the Chairman.

CONFIRMED TRUE AND CORRECT

KENNY KHOW CHUAN WAH
CHAIRMAN OF THE MEETING

Dated: 23 March 2022



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

17 February 2022

BY EMAIL/FAX/HAND
(Fax No: 603-7806 1387)

The Board of Directors
HONG SENG CONSOLIDATED BERHAD
802, 8th Floor, Block C
Kelana Square, 17 Jalan SS 7/26
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Attention: Ms Seow Fei San
Ms Mok Mee Kee
Company Secretaries

Dear Directors,

Re: 20th & 21st Annual General Meetings (“AGMs”) of Hong Seng Consolidated Berhad (“Hong Seng” or the “Company”) to be held on Friday, 25 February 2022

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

Operational & Financial Matters

1. The Group is in the midst of commissioning six (6) units of Nitrile Butadiene Rubber (“NBR”) double former glove dipping production lines in its glove factory located at Sungai Petani, Kedah Darul Aman. The productions have commenced in October 2021. Subsequently, the Group plans to expand the production capacity to up to 16 lines by end of 2022. (page 16 of AR2021)
 - (a) To what extent will declining average selling price of gloves impact the expected revenue contribution from the Group's glove manufacturing business, going forward?
 - (b) Does the Group have any long-term contract with its customers for its gloves? What is the contract duration?

- (c) To-date, how many months of outstanding orders does the Group have?
- (d) To-date, are the gloves produced by the Group for local or export market?
2. The Group's healthcare division under a wholly-owned subsidiary, HS Bio Sdn. Bhd. ("HS Bio") began humbly with the acquisition of 51% equity interest in Pantasniaga Sdn. Bhd. It is the authorised distributor of BGI Genomics Co. Ltd. test kits and solutions and obtained the letter of award from Ministry of Health Malaysia ("MOH") to supply to the Institute for Medical Research and Public Health Laboratory Kota Kinabalu, Ministry of Health Malaysia. (page 17 of AR2021)

Given that the letter of award to supply PCR test kits for Covid-19 shall commence on 26 July 2021 and to be completed on 25 July 2022 with a contract value of RM112.32 million (Bursa announcement on 22 July 2021), is the contract renewable upon expiry? How confident is the Group in obtaining the contract renewal from MOH?

3. HS Bio has also set up a joint-venture company, HS Ligno Sdn. Bhd. with Ligno Holdings Sdn. Bhd. to market and distribute the LiGNO's products which aids in building resistance against lung-related and other health issues including, without limitation the Covid-19 virus and has completed the development of a new product named "Tiger Milk Mushroom +" for the Asian market. (page 19 of AR2021)
- (a) What is the status of sales for LiGNO's products?
- (b) Has the Group began selling "Tiger Milk Mushroom +"? How is the demand for "Tiger Milk Mushroom +"?
4. Impairment loss on financial assets was RM1.8 million (FYE2020: impairment gain on financial assets of RM0.2 million) (page 74 of AR2021)

What is the reason for the significant increase in impairment loss on financial assets?

5. Inventories written down amount to approximately RM0.8 million (FYE2020: Nil). (Note 12, page 126 of AR2021)

What comprises these inventories that have been written down? Are these inventories written down still salable?

6. Revenue contribution from training and seminars amount to RM12.5 million (FYE2020: Nil). (Note 23.1, page 132 of AR2021)

How many training and seminars were provided by the Group for the 18-month financial period ended 30 September 2021? What do the training and seminars relate to? Is the revenue contribution from training and seminars sustainable, going forward?

Corporate Governance Matters

7. Mr. Kenny Khaw Chuan Wah, the Executive Director of Hong Seng is also the Executive Director of MMAG Holdings Berhad and CSH Alliance Berhad (formerly known as KTG Berhad) (page 8 of AR2021).

As the Executive Director of the Company, Mr. Kenny Khaw is expected to devote his full-time commitment to Hong Seng as he is drawing salary, bonus and other benefits under the contract of service with the Company.

Please explain how Mr. Kenny Khaw manages his time commitment to the Company vis-à-vis his position as Executive Director of MMAG Holdings Berhad and CSH Alliance Berhad (formerly known as KTG Berhad) given that all three (3) are executive positions that require full-time commitment.

8. Mr. Kenny Khaw Chuan Wah's other emolument amounted to RM100,921 (FYE2020: RM8,723). (page 41 AR2021)

What is the reason for the huge sum of other emolument? What comprises Mr. Kenny Khaw's other emolument?

9. The total cost incurred in maintaining the outsourced internal audit function for the 18-month financial period ended 30 September 2021 was RM6,500 (FYE2020: RM6,420). (page 55 of AR2021)

Given that the fee is rather small (approximately RM542 per month), how does the Audit Committee assure itself that there is adequate coverage and an effective internal audit function?

Please present the questions raised herein, and the related answers, to the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



Devanesan Evanson
Chief Executive Officer
DE/ECYL/HONGSENG/AGMs2022

HONG SENG CONSOLIDATED BERHAD
Registration No. 200101001581 (537337-M)

REPLY TO MSWG’S LETTER DATED 17 FEBRUARY 2022

Operational & Financial Matters

1. The Group is in the midst of commissioning six (6) units of Nitrile Butadiene Rubber (“NBR”) double former glove dipping production lines in its glove factory located at Sungai Petani, Kedah Darul Aman. The productions have commenced in October 2021. Subsequently, the Group plans to expand the production capacity to up to 16 lines by end of 2022. (page 16 of AR2021)

(a) To what extent will declining average selling price of gloves impact the expected revenue contribution from the Group’s glove manufacturing business, going forward?

Reply

The declining average selling price of gloves will definitely reduce the expected revenue contribution from the Group’s glove manufacturing business, going forward. Nevertheless, the Group strives to maintain its profitability by sourcing raw materials at competitive prices and carrying out upgrade in operations internally such as utilising natural gas and power supply from Tenaga Nasional Berhad to further improve efficiency and production. Going forward, the Group intends to set up its own Nitrile Butadiene Latex (main raw material for Nitrile Butadiene Rubber gloves) manufacturing plant at Kedah Rubber City to ensure supply of raw materials are adequate and at a price that is lower if the Group had purchased from other suppliers to reduce cost and lead time which in turn will increase our margins.

(b) Does the Group have any long-term contract with its customers for its gloves? What is the contract duration?

Reply

The Group is in the midst of securing long term contracts with its customers for its gloves and the contract duration normally ranges from one to five years.

(c) To-date, how many months of outstanding orders does the Group have?

Reply

To date, the Group has about 3-months outstanding orders.

(d) To-date, are the gloves produced by the Group for local or export market?

Reply

To-date, the gloves produced by the Group are for local market. The Group also plans to export the gloves to the overseas market once the production capacity permits.

2. The Group's healthcare division under a wholly-owned subsidiary, HS Bio Sdn. Bhd. ("HS Bio") began humbly with the acquisition of 51% equity interest in Pantasniaga Sdn. Bhd. It is the authorised distributor of BGI Genomics Co. Ltd. test kits and solutions and obtained the letter of award from Ministry of Health Malaysia ("MOH") to supply to the Institute for Medical Research and Public Health Laboratory Kota Kinabalu, Ministry of Health Malaysia. (page 17 of AR2021)

Given that the letter of award to supply PCR test kits for Covid-19 shall commence on 26 July 2021 and to be completed on 25 July 2022 with a contract value of RM112.32 million (Bursa announcement on 22 July 2021), is the contract renewable upon expiry? How confident is the Group in obtaining the contract renewal from MOH?

Reply

The letter of award was obtained via tender from the Ministry of Health Malaysia and is not renewable upon expiry. The Group will strive our best to obtain the contract renewal from Ministry of Health Malaysia or submit a competitive bid for any upcoming tender.

3. HS Bio has also set up a joint-venture company, HS Ligno Sdn. Bhd. with Ligno Holdings Sdn. Bhd. to market and distribute the LiGNO's products which aids in building resistance against lung-related and other health issues including, without limitation the Covid-19 virus and has completed the development of a new product named "Tiger Milk Mushroom +" for the Asian market. (page 19 of AR2021)

- (a) What is the status of sales for LiGNO's products?

Reply

HS Ligno Sdn Bhd was incorporated on 22 July 2021 with the intention to primarily market and expand LiGNO's products into the overseas markets and the sales are still at infancy stage.

- (b) Has the Group began selling "Tiger Milk Mushroom +"? How is the demand for "Tiger Milk Mushroom +"?

Reply

Yes, the Group has commenced the sales for "Tiger Milk Mushroom+" locally and the demand is commendable. We are also currently in talks with parties for Japan, Thailand, China and European markets as the product is primarily targeted for overseas markets. However, we are working closely with the relevant business partners on the export of the product as it is subjected to registration and application of relevant licenses and approvals from the local regulators which requires staggering application procedures.

4. Impairment loss on financial assets was RM1.8 million (FYE2020: impairment gain on financial assets of RM0.2 million) (page 74 of AR2021)

What is the reason for the significant increase in impairment loss on financial assets?

Reply

The impairment loss on financial assets is in relation to allowance for doubtful debts for long outstanding trade debtors from the Group's hire purchase business which was subsequently disposed by the Group in September 2021.

5. Inventories written down amount to approximately RM0.8 million (FYE2020: Nil). (Note 12, page 126 of AR2021)

What comprises these inventories that have been written down? Are these inventories written down still salable?

Reply

Inventories written down relates to COVID-19 saliva test kits purchased prior to the government's recent announcement of a price ceiling cap for saliva test kits to be sold to the public.

6. Revenue contribution from training and seminars amount to RM12.5 million (FYE2020: Nil). (Note 23.1, page 132 of AR2021)

How many training and seminars were provided by the Group for the 18-month financial period ended 30 September 2021? What do the training and seminars relate to? Is the revenue contribution from training and seminars sustainable, going forward?

Reply

The program of training and seminars refers to an exercise of recruitment of unemployed and retrenched worker's nationwide with a digital training portal provided by MARII and finally placing them for On Job Training with potential employers. Upon completion of this process, the candidates have the option of seeking employment with the employer or dropping out of the program.

This program is known as ERT (EMPLOYABILITY AND RE-TRAINING LOCAL TALENT Program (ERT)) by The Malaysia Automotive, Robotics and IoT (MARII), an agency under the Ministry of International Trade and Industry (MITI) and is part of the Government Penjana Scheme.

We have completed the process for 5000 pax within the stipulated time frame.

The above is merely an one-off project secured by the Group and there is no further project in the pipeline.

Corporate Governance Matters

7. Mr. Kenny Khoo Chuan Wah, the Executive Director of Hong Seng is also the Executive Director of MMAG Holdings Berhad and CSH Alliance Berhad (formerly known as KTG Berhad) (page 8 of AR2021).

As the Executive Director of the Company, Mr. Kenny Khoo is expected to devote his full-time commitment to Hong Seng as he is drawing salary, bonus and other benefits under the contract of service with the Company.

Please explain how Mr. Kenny Khoo manages his time commitment to the Company vis-à-vis his position as Executive Director of MMAG Holdings Berhad and CSH Alliance Berhad (formerly known as KTG Berhad) given that all three (3) are executive positions that require full-time commitment.

Reply

Mr. Kenny Khow is mostly tasked with the finance and corporate matters of Hong Seng, MMAG Holdings Berhad and CSH Alliance Berhad. At Hong Seng, we have Dato' Seri Teoh, Lester Chin and Christopher Chan to lead and manage the operations of the gloves, healthcare and other businesses of the Group while Mr. Kenny Know will provide the necessary support as and when required.

Mr. Kenny Khow has key competent financial controllers, managers and accountants reporting to him from each group of companies. In addition, the finance division of the 3 group of companies are based within a short 10km distance with MMAG & CSH located in USJ, Subang and Hong Seng located in Kelana Jaya, Petaling Jaya which eases his time in managing these 3 groups of companies.

Nevertheless, Mr Kenny Khow is mindful of his workload and should he find himself unable to manage the 3 groups of companies concurrently, he will resign from a particular group to ease his workload and ensuring he has full focus on his roles.

8. Mr. Kenny Khow Chuan Wah's other emolument amounted to RM100,921 (FYE2020: RM8,723). (page 41 AR2021)

What is the reason for the huge sum of other emolument? What comprises Mr. Kenny Khow's other emolument?

Reply

Mr. Kenny Khow's other emoluments comprises of EPF, EIS SOCSO and monthly allowance for 18 months (which amounted to approximately RM5,000 per month). The monthly allowance was to cover his travelling (including toll and petrol as well as outstation business trips), driver and car allowance as no company car or driver is provided to him by Hong Seng.

9. The total cost incurred in maintaining the outsourced internal audit function for the 18-month financial period ended 30 September 2021 was RM6,500 (FYE2020: RM6,420). (page 55 of AR2021)

Given that the fee is rather small (approximately RM542 per month), how does the Audit Committee assure itself that there is adequate coverage and an effective internal audit function?

Reply

Hong Seng's business activities was on a downtrend prior to 2021. With the additional gloves and healthcare segments only taking off in 2021, the Group is mindful of this fact and will ensure adequate coverage by the internal audit function for future years.

Hong Seng Consolidated Berhad
 (200101001581 (537337-M))
 Gate C, 2nd Floor, No 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia

Hong Seng Consolidated Berhad - 20th Annual General Meeting
 25/02/2022 15:30:00

Result On Voting

Resolutions	Title	Voted For			Voted Against			Total			Result
		No of Units	%	No of Shareholders	No of Units	%	No of Records	No of Units	%	No of Shareholders	
ORDINARY	Ordinary Resolution 1	1,521,827,868	99.99961	76	6,005	0.00039	2	1,521,833,873	100	78	CARRIED
ORDINARY	Ordinary Resolution 2	1,517,156,880	99.70054	69	4,556,993	0.29946	8	1,521,713,873	100	77	CARRIED
ORDINARY	Ordinary Resolution 3	1,521,707,868	99.99172	75	126,005	0.00828	3	1,521,833,873	100	78	CARRIED
ORDINARY	Ordinary Resolution 4	1,521,704,568	99.99961	74	6,005	0.00039	2	1,521,710,573	100	76	CARRIED
ORDINARY	Ordinary Resolution 5	1,521,824,568	99.99961	75	6,005	0.00039	2	1,521,830,573	100	77	CARRIED
ORDINARY	Ordinary Resolution 6	1,169,697,468	99.98974	70	120,005	0.01026	2	1,169,817,473	100	72	CARRIED

