

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has not perused this Statement/Circular prior to its issuance as it is prescribed as Exempt Circulars pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



HONG SENG CONSOLIDATED BERHAD

Registration No. 200101001581 (537337-M)
(Incorporated in Malaysia)

CIRCULAR TO THE SHAREHOLDERS

IN RELATION TO

**THE PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS’ MANDATE
FOR RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE AND/OR TRADING NATURE**

The ordinary resolution in respect of the above proposal will be tabled as special business at the Twenty-Second Annual General Meeting (“**22nd AGM**”) of Hong Seng Consolidated Berhad. The Notice of the 22nd AGM together with the Proxy Form and Administrative Notes are enclosed in the Annual Report of Hong Seng Consolidated Berhad for the financial year ended 30 September 2022 which is circulated together with this Circular. Please follow the procedures provided in the Administrative Notes in order to register, participate and vote at the 22nd AGM.

As a shareholder who is entitled to attend and vote at the 22nd AGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. The completed Proxy Form should be lodged with the Poll Administrator appointed by the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively electronically lodged via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time set for holding the 22nd AGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 22nd AGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	: Saturday, 25 February 2023 at 9.30 a.m.
Date and time of the 22 nd AGM	: Monday, 27 February 2023 at 9.30 a.m. or at any adjournment thereof
Venue	: Ballroom V, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia

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DEFINITIONS

Except where the context otherwise required, the following definitions shall apply throughout this Circular and the accompanying appendices:

“Act”	: The Companies Act 2016 as may be amended from time to time including and any re-enactment thereof
“AGM”	: Annual General Meeting
“Board”	: Board of Directors of our Company
“Bursa Securities”	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Dalphon Limited”	: Dalphon Limited, a major shareholder of our Company
“DTHH”	: Dato’ Seri Teoh Hai Hin
“Director”	: Has the meaning given in Section 2(1) of the Capital Market and Services Act 2007 and 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 director or chief executive officer of the Company or any other company and/or its subsidiaries
“Hong Seng” or “Company”	: Hong Seng Consolidated Berhad [Registration No. 200101001581 (537337-M)]
“Hong Seng Group” or “Group”	: Our Company and our subsidiaries (including all future subsidiaries to be acquired/incorporated by our Group before our next AGM, wherever applicable), collectively
“HS Bio”	: HS Bio Sdn. Bhd. [Registration No. 200001004517 (507122-D)], a wholly-owned subsidiary of our Company
“HS Frontier”	: Hong Seng Frontier Sdn. Bhd. [Registration No. 201601028748 (1199687-P)], a major shareholder of our Company and a company controlled by DTHH. Although HS Frontier has ceased as our major shareholder on 22 August 2022, HS Frontier is still deemed as our major shareholder pursuant to Paragraph 10.02(f) of the Listing Requirement as at the LPD
“HS Vision”	: HS Vision One Sdn. Bhd. [Registration No. 201301001069 (1030906-X)], a company controlled by DTHH, THP and THB
“Hong Seng Gloves”	: Hong Seng Gloves Sdn. Bhd. [Registration No. 202001022653 (1378973-A)], a wholly-owned subsidiary of our Company
“Interested Related Parties”	: Related Parties who are deemed interested in the RRPTs
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
“LPD”	: 30 December 2022, being the latest practicable date prior to the printing of this Circular

DEFINITIONS (cont'd)

- “Major Shareholder(s)” : A person who has an interest or interests in one (1) or more voting shares in our Company and the number or aggregate number of those shares, is:-
- (a) ten percent (10%) or more of the total number of voting shares in our Company; or
 - (b) five (5%) or more of the total number of voting shares in our Company where such person is our largest shareholder.
- For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
- For the purpose of the Proposed Renewal of RRPT Mandate, Major Shareholder(s) shall include any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of our Company.
- “Person(s) Connected” : Such person(s), in relation to any person (referred to as “**said Person**”) means such person who falls under any one of the following categories:
- (a) a family member of the said Person;
 - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or family member of the said Person is the sole beneficiary;
 - (c) a partner of the said Person;
 - (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
 - (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) a body corporate in which the said Person or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (g) a body corporate which is a related corporation of the said Person.
- “Proposed Renewal of RRPT Mandate” : Proposed Renewal of existing RRPT Mandate as set out in Section 2.2.2 of this Circular
- “Recurrent Related Party Transactions” or “RRPT(s)” : Related Party Transaction(s) which is/are recurrent, of a revenue and/or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business of our Group
- “Related Party(ies)” : A Director or Major Shareholder or person connected with such Director or Major Shareholder
- “RM” and “sen” : Ringgit Malaysia and sen respectively
- “Shares” or “Hong Seng Shares” : Ordinary share(s) in our Company

DEFINITIONS *(cont'd)*

“THP”	:	Teoh Hai Peng, a brother of DTHH
“THS”	:	Teoh Hai Seng, a brother of DTHH
“THB”	:	Dato’ Teoh Hai Bim, a brother of DTHH
“THJ”	:	Teoh Huan Jie, a son of DTHH
“TSH”	:	Teoh Soon Han, a daughter of DTHH and the Alternative Director to DTHH

All references to “we”, “us”, “our” and “ourselves” are to our Company, or where the context requires, are to our Group. All references to “you” in this Circular are references to the shareholders of our Company.

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

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

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HONG SENG CONSOLIDATED BERHAD

Registration No. 200101001581 (537337-M)
(Incorporated in Malaysia)

Registered Office

Third Floor, No. 77, 79 & 81,
Jalan SS 21/60,
Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.

30 January 2023

Board of Directors

Dato' Mohamed Suffian Bin Awang (*Independent Non-Executive Chairman*)

Dato' Seri Teoh Hai Hin (*Group Managing Director*)

Lee Li Chain (*Executive Director*)

Lester Chin Kent Lake (*Executive Director*)

Christopher Chan Hooi Guan (*Executive Director*)

Leong Kam Soon (*Independent Non-Executive Director*)

Tuan Ng Keok Chai (*Independent Non-Executive Director*)

Yap Kien Ming (*Independent Non-Executive Director*)

Dato' Kang Chez Chiang (*Independent Non-Executive Director*)

Teoh Soon Han (*Alternate Director to Dato' Seri Teoh Hai Hin*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED RENEWAL OF RRPT MANDATE

1.0 INTRODUCTION

At our 21st AGM held on 25 February 2022, the shareholders, had inter-alia, granted a mandate for our Group to enter into Recurrent Related Party Transactions which are necessary for our Group's day-to-day operations in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public.

The shareholders' mandate and authority conferred at our 21st AGM held on 25 February 2022 shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from our shareholders at the forthcoming AGM.

On 12 January 2023, our Board announced that our Company intends to seek our shareholders' approval for the Proposed Renewal of RRPT Mandate at the 22nd AGM.

The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of RRPT Mandate and to seek your approval for the resolution relating to the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming 22nd AGM, notice of which is enclosed in the Annual Report of Hong Seng issued for the FYE 2022.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS AND APPENDICES OF THIS DOCUMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF RRPT MANDATE.

2.0 DETAILS OF THE PROPOSED RENEWAL OF RRPT MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to paragraph 10.09 of the Listing Requirements and Practice Note 12, a listed issuer may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue and/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 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 is equal to or more than the threshold below in relation to a listed issuer with a share capital of RM60 million and above: -
 - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transaction is RM1 million or more; or
 - (b) any one of the percentage ratios of such aggregated transaction is 1% or more,whichever is the higher;
- (iii) the listed issuer to issue a circular to shareholders in relation to the shareholders' mandate and it must include information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholders' mandate, an Interested Related Party must not vote on the resolutions in approving the transactions and ensuring that Persons Connected with them abstain from voting on the resolutions approving the transactions; and
- (v) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by ten percent (10%) or more and it must include the information as may be prescribed by Bursa Securities.

2.2 Details of the Proposed Renewal of RRPT Mandate

It is anticipated that in the normal course of the Group's business, RRPTs between our Group and the Related Parties are likely to occur at any time and with some degree of frequency.

In this respect, the Directors are seeking approval from shareholders for the Proposed Renewal of RRPT Mandate which will allow our Group to enter into RRPTs set out in Section 2.2.2 with the Related Parties, provided such transactions are made at arms' length, our Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of our Company.

2.2.1 Validity Period of the Proposed Renewal of RRPT Mandate

The Proposed Renewal of RRPT Mandate, if approved by our shareholders at the forthcoming AGM, will take effect from the date of the passing of the ordinary resolution at the forthcoming AGM and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of RRPT Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within the next AGM of the Company after the date is required by law 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) revoked or varied by an ordinary resolution passed by our shareholders at a general meeting, whichever is the earliest.

2.2.1 Principal Activities of Hong Seng Group

The principal activity of Hong Seng is investment holding. The principal activities of our subsidiaries as at LPD are as follows:-

Name of Company	Effective Equity Interest (%)	Principal Activities
Held by the Company:		
Hong Seng Capital Sdn. Bhd.	100	Money lending
Hong Seng Gloves	100	Manufacturing and trading of rubber gloves
HS Bio	100	Supply of medical and healthcare related products and related services in addition to the supply chain management services for the healthcare segment.
HS Petchem Logistics Sdn. Bhd.	100	Construction and operation of tank farm facilities for feedstocks storage and related integrated logistics services
Hong Seng Industries Sdn. Bhd.	100	Manufacturing and trading of nitrile butadiene latex and other related business.
HS Bio Holdings Sdn. Bhd.	100	Dormant
HS Green Valley Sdn. Bhd.	100	Dormant
HS Synergy Sdn. Bhd.	100	Trading of latex
CBSA Bizhub Sdn. Bhd.	100	Investment holding
CASD Solutions Sdn. Bhd.	100	Investment holding
HC Global Limited	100	Dormant
Held by Hong Seng Gloves:		
Hypercove Sdn. Bhd.	100	Dormant

2.2.1 Principal Activities of Hong Seng Group (cont'd)

Name of Company	Effective Equity Interest (%)	Principal Activities
Held by HS Bio:		
eMedAsia Sdn. Bhd.	60	Wholesale of pharmaceutical, medical and healthcare related products via an e-commerce platform
HS Cloud Lab Sdn. Bhd.	100	Genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services and related logistics services.
Neogenix Laboratoire Sdn. Bhd.	100	Providing services of medical diagnostic and research laboratory
HS Ligno Sdn. Bhd.	100	Supply healthcare related products and services
Held by Neogenix Laboratoire Sdn. Bhd.		
Neogenix (Sabah) Sdn. Bhd.	60	Genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services
Neogenix Evo Sdn. Bhd.	60	Retail sale of pharmaceutical, medical and orthopaedic goods and medical laboratories
Premiumway Development Sdn. Bhd.	100	Property investment
Neogenix Food Science Sdn. Bhd.	100	Dormant
Neogenix Nexus Sdn. Bhd.	100	Dormant
Neogenix Care Sdn. Bhd.	100	Dormant
Held by CBSA Bizhub Sdn. Bhd.:		
CBSA International Sdn. Bhd.	100	Dormant

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2.2.2 Classes of Related Parties and Nature of RRPT

Details of the RRPT, including the classes of Related Parties with whom the RRPT will be carried out and the nature of such transactions contemplated shall include those described below:-

Transacting Parties	Interested Related Parties	Nature of Transactions	Estimated aggregate value during the validity period of the Proposed Renewal of RRPT Mandate (RM'000)*	Estimated aggregate value as disclosed in the circular to shareholders dated 27 January 2022 (RM'000)**	Actual value transacted from 25 February 2022 up to the LPD (RM'000)**
Hong Seng Gloves and HS Vision	DTHH, THP, THB, THS, TSH, THJ, HS Frontier and Dalphon Limited	Renting of 4 blocks of single-storey factory building, a single-storey office building, and a single-storey canteen and storage areas erected on a parcel of leasehold land on Lot 97, Jalan Sepuluh, Bakar Arang Industrial Estate, 08000 Sungai Petani, Kedah measuring approximately 217,800 square feet (with a total gross build-up area of 130,964 square feet) from HS Vision by Hong Seng Gloves for the purpose to set up the Glove Production Plant, for a term of 3 years (with an option to renew for another 2 years) with rental of RM130,000 per month commencing from 10 December 2020.	1,560	1,560	N/A

Notes:-

* The values are merely indicative estimates for the period from 27 February 2023 (date of 22nd AGM) to the next AGM of the Company in the year 2024. The estimated value is based on the latest available information relating to the aforesaid transactions and historical trends and may vary.

** None of the actual value of the RRPT has exceeded the estimated value by 10% or more.

There is no outstanding sum due and owing by Hong Seng Gloves to the Related Parties pursuant to the RRPT which exceeds the credit term.

Nature of relationships

The RRPT involve the interests of the following Related Parties:-

- (a) DTHH, our Group Managing Director and a major shareholder of our Company, is also a director and a controlling shareholder of HS Vision;
- (b) HS Frontier (a company controlled by DTHH) is a major shareholder of our Company, although HS Frontier has ceased as our major shareholder on 22 August 2022, HS Frontier is still deemed as our major shareholder pursuant to Paragraph 10.02(f) of the Listing Requirements as at the LPD;
- (c) Dalphon Limited (a company controlled by DTHH) is a major shareholder of our Company since 22 August 2022;
- (d) THP and THB, brothers of DTHH, are directors and shareholders of HS Vision. THS, a brother of DTHH, and THJ, a son of DTHH, are shareholders of HS Vision; and
- (e) TSH, the Alternate Director to DTHH, is DTHH's daughter.

2.2.3 Disclosure and Review Procedures for RRPTs

Our Group has established policies/procedures/measures to ensure that the RRPTs are undertaken on transaction prices and on terms 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 procedures are also to ensure that RRPTs are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to shareholders. The review policies/procedures are as follows:-

- (a) all transactions with Related Parties will only be entered into after taking into consideration the pricing, level and quality of products or services and will not be entered into unless: -
 - (i) the pricing for such transaction or contract is determined in accordance with our Group's usual business practices and policies and consistent with the usual margins of our Group with unrelated parties;
 - (ii) the terms are based on prevailing market forces and not more favourable to the Related Parties than those extended to unrelated parties and available to the public, and the RRPTs are not detrimental to the minority shareholders of our Company;
 - (iii) the terms offered, after taking into account factors such as pricing, quality, delivery schedules and, where applicable, preferential rates, rebates or discounts for bulk purchases, are fair, reasonable and consistent with normal practices; and
 - (iv) wherever practicable and/or feasible, at least 2 other contemporaneous transactions or quotations obtained from/with unrelated third parties for similar products and/or services and/or quantities will be used as comparison for determining whether the price and terms offered to/by the Interested Related Parties who are deemed interested in the RRPTs are fair and reasonable and comparable to those offered to/by unrelated third parties.

In the event that quotation or comparative pricing from unrelated parties cannot be obtained (for instance, if there are no unrelated third party customers of similar products/services, or if the products is a proprietary item), the transaction price will be determined in accordance with our Group's usual business practices and policies, consistent with the usual margin of our Group for the same or substantially similar type of transaction made by our Group with unrelated third parties on terms which are generally in line with industry norms in order to ensure the RRPTs is not detrimental to our Group.

- (b) Our Audit Committee may, as it deems fit, request for additional information pertaining to the transactions.
- (c) All records pertaining to RRPTs will be analysed and reviewed by the management of our Group. In addition, the management of our Group will report to the Audit Committee on the status of the RRPTs transacted on a quarterly basis.
- (d) An audit shall be conducted by the auditors to review RRPTs to ascertain that the relevant approvals have been obtained and the procedures in respect of such transactions are adhered to, if required.
- (e) Our Board and our Audit Committee shall review the audit reports whenever available and to establish that all transactions with the Related Parties have been undertaken in accordance with the procedures put in place by the management of our Group.
- (f) Disclosure shall be made in the Company's Annual Report of a breakdown of the aggregate value of all RRPTs conducted pursuant to the RRPT mandate during the financial year and, amongst others, based on the type of RRPTs made, the names of the Related Parties involved in each type of RRPTs made and their relationship with our Company, to which the Annual Report relates, for so long as the RRPT mandate remains in force.

2.2.3 Disclosure and Review Procedures for RRPTs (cont'd)

- (g) All RRPTs in excess of RM1.0 million to be entered by our Group shall be subject to the review and approval of our Audit Committee or Board of Directors of our Company before the transactions are entered into.
- (h) All RRPTs of RM1.0 million and below shall be approved by any one (1) of the Executive Directors of our Company provided that the Executive Director is not an interested party to the transaction and table to the Audit Committee every quarter for information. For RRPTs where the Executive Director is an interested party, such RRPTs shall be approved by our Board (with all interested parties abstaining from voting).
- (i) If a member of our Board or Audit Committee has an interest in the RRPTs, he shall abstain from any decision making by our Board and/or Audit Committee in respect of such transactions and continue to abstain from voting on the resolution approving the transactions.
- (j) Our interested Director and/or interested major shareholder shall also ensure that persons connected to them abstain from voting on the resolution approving the transactions.
- (k) The review of the policies, procedures and processes would be carried out by our Audit Committee on a need be basis as per the requirements of Bursa Securities.

2.2.4 Statement by Audit Committee

Our Audit Committee has seen and reviewed the terms of the Proposed Renewal of RRPT Mandate and is satisfied that the review procedures for RRPTs as set out in Section 2.2.3 above are sufficient to ensure that RRPTs will be carried out on an arm's length basis and on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of our minority shareholders.

Our Audit Committee is also of the view that our Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The review of these procedures and processes was and will continue to be carried out at such frequency as our Audit Committee considers appropriate at least once a year, having regard to the value and the frequency of the RRPTs.

3.0 RATIONALE FOR THE PROPOSED RENEWAL OF RRPT MANDATE

The renting of the premises from the Related Party as described in item 2.2.2 above is for the purpose of the glove production plant for our Group's business with respect to the manufacturing and trading of gloves and other personal protective equipment products and related business.

The RRPT to be entered into by our Group are all in the ordinary course of business. They are recurring transactions of revenue and/or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time.

These transactions with Related Parties were made at arms' length on terms not more favourable to the Related Parties. Also, these transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPT. As such, our Board is seeking the requisite shareholders' mandate pursuant to paragraph 10.09 of the Listing Requirements to allow our Group to enter into such RRPT. The RRPT will be made at an arm's length basis and on normal commercial terms and which are in our Board's opinion, not prejudicial to the interests of the shareholders of the Company. Such RRPT will also be on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

3.0 RATIONALE FOR THE PROPOSED RRPT MANDATE (cont'd)

By obtaining our shareholders' approval for the RRPT and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occurs would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings and allow manpower resources and time to be channeled towards attaining other corporate objectives without compromising the corporate objectives of our Group or adversely affecting the business opportunities available to our Group.

The RRPT will also enhance our Group's ability to pursue additional business opportunities to provide additional revenue streams, which may be time-sensitive in nature.

4.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other Directors, Major Shareholders and/or persons connected with the Directors and/or Major Shareholders, have any interest, either direct or indirect, in the Proposed Renewal of RRPT Mandate.

Shareholdings of the interested Directors, interested Major Shareholders and persons connected to them in the Shares of the Company, as at LPD, are as follows: -

Directors	SHARES			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
INTERESTED DIRECTORS[#]				
DTHH	-	-	630,282,800 ⁽¹⁾	12.34 ⁽¹⁾
TSH	-	-	-	-
INTERESTED MAJOR SHAREHOLDERS^{##}				
DTHH	-	-	630,282,800 ⁽¹⁾	12.34 ⁽¹⁾
HS Frontier	-	-	-	-
Dalphon Limited	630,282,800	12.34	-	-
INTERESTED PERSONS CONNECTED				
THP	-	-	-	-
THB	-	-	-	-
THS	-	-	-	-
THJ	-	-	-	-

Notes: -

[#] Shareholding as per the Register of Directors' Shareholdings as at LPD.

^{##} Shareholding as per the Register of Substantial Shareholders' Shareholdings as at LPD.

⁽¹⁾ Deemed interested by virtue of his interests in Dalphon Limited pursuant to Section 8 of the Act.

The abovementioned interested Directors have and will continue to abstain from Board deliberations and voting in relation to the RRPTs in which they are interested under the Proposed Renewal of RRPT Mandate. The interested Directors and interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in Hong Seng on the Ordinary Resolution relating to the Proposed Renewal of RRPT Mandate in which they are interested to be tabled at the forthcoming 22nd AGM. In addition, they have undertaken that they will ensure persons connected with them abstain from voting in respect of their direct and/or indirect shareholdings on the Proposed Renewal of RRPT Mandate in which they are interested at the 22nd AGM.

5.0 EFFECTS OF THE PROPOSED RENEWAL OF RRPT MANDATE

The Proposed Renewal of RRPT Mandate will not have any effect on the issued share capital and substantial shareholders' shareholdings of our Company and is not expected to have a material impact on the gearing of our Group.

However, the Proposed Renewal of RRPT Mandate is expected to contribute positively to our Group's future earnings and net assets as and when the benefits of the RRPT are realised.

6.0 APPROVAL REQUIRED

The Proposed Renewal of RRPT Mandate is conditional upon approval being obtained from our shareholders at the 22nd AGM to be convened and other relevant regulatory authorities, if any.

7.0 DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for the Interested Directors in Section 4 of this Circular), having considered all aspects of the Proposed Renewal of RRPT Mandate, is of the opinion that the entry into the RRPT between our Group and those Related Parties described in Section 2.2.2 of the Proposed Renewal of RRPT Mandate in the ordinary course of its business is fair, reasonable and in the best interest of our Group.

For the reasons stated above, the Board (save for the Interested Directors in Section 4 of this Circular) recommends that you vote **IN FAVOUR** of the Ordinary Resolution in respect of the Proposed Renewal of RRPT Mandate to be tabled at the 22nd AGM.

8.0 22ND AGM

The Proposed Renewal of RRPT Mandate will be tabled at the 22nd AGM of our Company to be held at Ballroom V, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 27 February 2023 at 9.30 a.m. The Notice of the 22nd AGM which sets out the resolution to consider the Proposed Renewal of RRPT Mandate together with the Proxy Form relating thereto are available on our Company's website at <https://www.hongseng.com.my>.

If you are unable to attend and vote in person at the AGM, you may complete the Proxy Form in accordance with the instructions printed thereon as soon as possible and deposit it with the Poll Administrator appointed by the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively electronically lodged via TIIH Online website at <https://tiih.online> not later than forty-eight (48) hours before the time set for the meeting. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

9.0 FURTHER INFORMATION

You are advised to refer to the Appendix I set out in this Circular for further information.

Yours faithfully
For and on behalf of the Board of
HONG SENG CONSOLIDATED BERHAD

LESTER CHIN KENT LAKE
Executive Director

APPENDIX I – FURTHER INFORMATION

1.0 DIRECTORS' RESPONSIBILITY STATEMENT

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

2.0 MATERIAL CONTRACTS

Save as disclosed below, neither our Company nor any of our subsidiaries has entered into any material contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the 2 years immediately preceding the LPD:

- (i) Conditional shares sale agreement dated 31 December 2020 between HS Bio and Open Dynamics Sdn. Bhd. (“OD”) for the acquisition of 32% of the equity interest in eMedAsia Sdn. Bhd. comprising 3,000,000 ordinary shares for a purchase consideration of RM3,000,000 to be satisfied fully via the issuance of 3,000,000 new Hong Seng Shares to OD.

This acquisition was completed on 23 February 2021.

- (ii) Shares sale agreement dated 31 December 2020 between HS Bio and Neoh Cheu An for the acquisition of 60% of the equity interest in Neogenix Laboratoire Sdn. Bhd. (“Neogenix Lab”) comprising 120,000 ordinary shares for a cash consideration of RM6,500,000.

This acquisition was completed on 15 January 2021.

- (iii) Sublease agreement dated 25 June 2021 between Hong Seng Industries Sdn. Bhd. (our wholly-owned subsidiary) and Northern Corridor Implementation Authority for the sublease of an industrial land located at Kedah Rubber City (“KRC”) for a period of 60 years (with an option to renew for a further period of 30 years) for the purpose of setting up a nitrile butadiene latex manufacturing plant in KRC (“KRC NBL Project”), for a total cash consideration of RM44,692,560.00.

- (iv) Shares sale agreement dated 24 September 2021 between our Company and Robust Potential Sdn. Bhd., for the disposal of 2,000,000 ordinary shares in Hong Seng Priority Management Sdn. Bhd. (“HSPM”), representing the entire equity interest in HSPM, for a total cash consideration of RM34.50 million.

This disposal was completed on 30 September 2021.

- (v) Shares sale agreement dated 1 October 2021 between HS Bio and Dato’ Seri Shahril Bin Mokhtar, Datuk Wan Khalik Bin Wan Muhammad and RZAC Business Sdn. Bhd. (“Vendors”) (“SSA”) for the acquisition of 510,000 ordinary shares in RZAC Immunesafe Sdn. Bhd. (“RZAC”), representing 51% of the equity interest in RZAC (“Sale Shares”) for a total purchase consideration of RM20 million to be satisfied via a combination of cash payment of RM2 million and issuance of 37,800 new ordinary shares in HS Bio at an issue price of approximately RM476 per share.

This acquisition was completed on 30 November 2021.

Subsequently on 28 September 2022, HS Bio has entered into a letter of termination with the Vendors where they have mutually agreed to terminate the SSA, subject to the terms and conditions of the letter of termination (“Termination”).

Pursuant to the Termination, the Vendors shall refund and repay a sum of RM2 million to HS Bio, being the cash consideration, which was previously paid by HS Bio to the Vendors under the SSA. In addition, the Vendors agreed to pay an additional sum of RM2 million (equivalent

to 10% of the total purchase consideration under the SSA) being the termination cost to HS Bio. Thereafter, HS Bio shall return the Sale Shares to the Vendors.

The Termination was completed on 30 September 2022.

2.0 MATERIAL CONTRACTS (CONT'D)

- (vi) Heads of agreement (“HOA”) dated 8 October 2021 between HS Bio and Russell Walter Boyd for the proposed acquisition of 510,000 ordinary shares in Pow Pocket Sdn. Bhd. (“Pow Pocket”), representing 51% of the equity interest in Pow Pocket for a total proposed purchase consideration of RM200 million to be satisfied via the issuance of new ordinary shares in HS Bio.

Subsequently on 4 March 2022, HS Bio has entered into a letter of termination with Russell Walter Boyd to terminate the HOA.

- (vii) Letter of offer dated 1 November 2021 issued by Penang Port Sdn. Bhd. and accepted by HS Petchem Logistics Sdn. Bhd. (our wholly-owned subsidiary) for the sub-lease of a part of an industrial land located at Prai Bulk Cargo Terminal, Pulau Pinang measuring 12,140 square meter in area for a period of 20 years for a total rental payment of RM8,529,564. As at the LPD, the parties are in the midst of finalising the sub-lease agreement.
- (viii) Shares sale agreement dated 3 January 2022 between HS Bio, Kuan Chee Sian and Joveen Neoh Wan Fen, for the acquisition of 80,000 ordinary shares in Neogenix Lab, representing 40% of the equity interest in Neogenix Lab for a total cash consideration of RM3,400,000.

This acquisition was completed on 4 January 2022.

- (ix) Shares sale agreement dated 26 January 2022 between Neogenix Lab, Ong Kah Hoe and Ong Kim Chong @ Ong Hwee Choo, for the acquisition of 1,000,000 ordinary shares in Premiumway Development Sdn. Bhd. (“PDSB”), representing the entire equity interest in PDSB for a total cash consideration of RM1,091,243.

This acquisition was completed on 31 March 2022.

- (x) Shares sale agreement dated 24 June 2022 between HS Bio and Nexterra Sdn. Bhd., for the disposal of 35,000 ordinary shares in Pantasniaga Sdn. Bhd. (“PSB”), representing 35% of the equity interest in PSB for a total cash consideration of RM24 million.

This disposal was completed on 29 June 2022.

- (xi) Shares sale agreement dated 5 August 2022 between HS Bio and Green Packet Berhad, for the disposal of 6,000 ordinary shares in eMedAsia Sdn. Bhd. (“eMedAsia”), representing 20% of the equity interest in eMedAsia for a total cash consideration of RM20 million.

This disposal was completed on 22 September 2022.

- (xii) Shares sale agreement dated 24 August 2022 between HS Bio and Tan Yang Siah, for the disposal of 9,000,000 ordinary shares in Neogenix Sdn. Bhd. (“NSB”), representing 60% of the equity interest in NSB for a total cash consideration of RM20 million.

This disposal was completed on 30 September 2022.

APPENDIX I – FURTHER INFORMATION <i>(cont'd)</i>

3.0 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither our Company nor any of our subsidiaries is engaged in any material litigation, claim or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company and our Group and our Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group.

4.0 MATERIAL COMMITMENT

Save as disclosed below, as at the LPD, our Board is not aware of any material commitment incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Company and/or our Group.

	Group level As at the LPD RM'000
Renovation works	18,227
Sublease of lands	33,519
Master Services and License Agreement	9,371
Acquisition of properties	2,352
Total	<u>63,469</u>

5.0 CONTINGENT LIABILITIES

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Company and/or our Group.

6.0 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from 9:00 a.m. to 5:00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming AGM:

- (i) our Company's Constitution;
- (ii) our Group's audited financial statements for the past financial period/year ended 30 September 2021 and 30 September 2022; and
- (iii) the material contracts as referred to in Section 2.0 of Appendix I of this Circular.

ORDINARY RESOLUTION 9

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE (“PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE”)

“THAT authority be and is hereby given in line with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company and/or its subsidiaries (“the Group”) to enter into any of the recurrent related party transactions with the related parties as set out in Section 2.2.2 of the Circular to shareholders dated 30 January 2023 which are necessary for the day-to-day operations of the Group within the ordinary course of business of the Group, made on an arm’s length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence immediately upon the passing of this resolution until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Renewal of Existing Shareholders’ Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law 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 an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Existing Shareholders’ Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Existing Shareholders’ Mandate in the best interest of the Company.”

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