

**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.

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**HONG SENG CONSOLIDATED BERHAD**

Registration No. 200101001581 (537337-M)

(Incorporated in Malaysia)

**CIRCULAR TO THE SHAREHOLDERS**

**IN RELATION TO**

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

The above proposal will be tabled as special business at the 20th Annual General Meeting (“**20th AGM**”) of Hong Seng Consolidated Berhad to be held 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) as follows:-

Broadcast venue of the 20th AGM : Gate C, Level 2, No. 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia

Date and time of the 20th AGM : Friday, 25 February 2022 at 3.30 p.m. or at any adjournment thereof

Last date and time for lodging the Proxy Form : Wednesday, 23 February 2022 at 3.30 p.m.

The Notice of the 20th AGM which sets out the resolutions to consider the abovementioned proposal together with the Form of Proxy relating thereto are despatched together with this document. You are advised to refer to the Notice of the 20th AGM and the Form of Proxy which are enclosed.

Please follow the procedures provided in the Administrative Guide for Shareholders (as enclosed in the Notice of the 20th AGM) in order to register, participate and vote remotely.

As a shareholder who is entitled to attend and vote at the 20th AGM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. The completed Proxy Form should be lodged at our share registrar’s office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the 20th AGM or at any adjournment thereof. The Proxy Form once deposited will not preclude you from attending and voting in person at the 20th AGM should you subsequently wish to do so.

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## DEFINITIONS

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

“Act”	:	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
“Constitution”	:	Constitution of our Company
“DSTHH”	:	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 which is its subsidiary
“EGM”	:	Extraordinary General Meeting
“EPS”	:	Earnings per share
“Hong Seng” or “Company”	:	Hong Seng Consolidated Berhad
“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. (formerly known as HS Bio Supplies Sdn. Bhd.), a wholly-owned subsidiary of our Company
“HS Frontier”	:	Hong Seng Frontier Sdn. Bhd. (formerly known as HS Frontier Sdn. Bhd.), a major shareholder of our Company
“HS Gloves”	:	Hong Seng Gloves Sdn. Bhd., a wholly-owned subsidiary of our Company
“HS Vision”	:	HS Vision One Sdn. Bhd., a company controlled by DSTHH and THP
“ICPS”	:	Irredeemable convertible preference shares of our Company
“Interested Related Parties”	:	Related Parties who are deemed interested in the RRPTs
“Listing Requirements”	:	Bursa Securities Main Market Listing Requirements including any amendments thereto that may be made from time to time
“LPD”	:	12 January 2022, being the latest practicable date prior to the printing of this Circular

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**DEFINITIONS (cont'd)**

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- “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 in shares” shall have the meaning given in Section 8 of the Act.
- 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.
- “NA” : Net assets
- “Proposed RRPT Mandate” : Proposed Shareholders’ Mandate as tabled out in Section 2.2.2 of this Circular
- “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.
- “Related Party Transaction(s)” or “RPT(s)” : Transaction(s) entered into by our Group which involve the interest, direct or indirect, of a Related Party

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**DEFINITIONS** *(cont'd)*

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“Recurrent Related Party Transactions” or “RRPT(s)”	:	Related Party Transaction(s) which are recurrent and of a revenue 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
“Shareholders’ Mandate”	:	A mandate from the shareholders of our Company pursuant to paragraph 10.09 of the Listing Requirements in relation to RRPTs
“THP”	:	Teoh Hai Peng
“THB”	:	Teoh Hai Bim
“TSH”	:	Teoh Soon Han

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

802, 8th Floor  
Block C, Kelana Square  
17 Jalan SS 7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

27 January 2022

## Board of Directors

Dato' Seri Teoh Hai Hin (*Group Managing Director*)  
Kenny Khoo Chuan Wah (*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*)  
Teoh Soon Han (*Alternate Director to Dato' Seri Teoh Hai Hin*)

## To: Our shareholders

Dear Sir/Madam,

## **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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### 1.0 INTRODUCTION

At the EGM of our Company held on 14 December 2020, our shareholders, had inter-alia, granted a mandate for our Group to enter into Recurrent Related Party Transactions. The authority conferred by our shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 20th AGM, unless a renewal is obtained.

Our Company had on 20 January 2022 announced its intention to seek shareholders' approval for the Proposed RRPT Mandate which is necessary for our Group's day-to-day operations in connection with paragraph 10.09 of the Listing Requirements.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED RRPT MANDATE AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION RELATING TO THE PROPOSED RRPT MANDATE TO BE TABLED AT THE FORTHCOMING AGM, NOTICE OF WHICH IS DEPATCHED TOGETHER WITH THIS CIRCULAR.**

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

## **2.0 DETAILS OF THE PROPOSED RRPT MANDATE**

### **2.1 Provisions under the Listing Requirements**

Pursuant to paragraph 10.09 of the Listing Requirements and Practice Note No. 12, a listed issuer may seek a shareholders' mandate in respect of related party transactions involving recurrent 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 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 an issued and paid-up capital of RM60 million and above:-
  - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transaction is RM1.0 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 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 recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transaction 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 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 RRPT Mandate which will allow our Group to enter into RRPTs referred to 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.

The mandate for RRPT is subject to annual renewal and the authority conferred by the mandate will be in force until the conclusion of the first annual general meeting following the general meeting at which such mandate was given, at which time it will lapse, unless the authority is renewed.

In this respect, authority conferred by the Proposed RRPT Mandate shall take effect on 25 February 2022 being the date of the 20th AGM and shall continue in force (unless revoked or varied by the Company in general meeting) until the conclusion of the next AGM of our Company or the expiry of the period within which the next AGM of our 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 revoked or varied by resolutions passed by our shareholders in general meeting, whichever is the earlier.

## 2.2.1 Principal Activities of Hong Seng Group

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

Name of Company	Effective Equity Interest (%)	Principal Activities
<b>Held by the Company:</b>		
Cyber Business Solutions Sdn. Bhd.	100	Provision of software
HS Synergy Sdn. Bhd.	100	Investment holding
CBSA Bizhub Sdn. Bhd.	100	Investment holding
CASD Solutions Sdn. Bhd.	100	Investment holding
Hong Seng Capital Sdn. Bhd.	100	Investment holding and moneylending
HS Gloves	100	Manufacturing and trading of gloves and other personal protective equipment products and related business
HS Bio	100	Supply of medical and healthcare related products and related services in addition to the supply chain management services for the healthcare industry
HC Global Limited	100	Dormant
HS Petchem Logistics Sdn. Bhd.	100	Construction and operations of tank farm facilities for feedstock storage as well as providing the related integrated logistics services
Hong Seng Industries Sdn. Bhd.	100	Manufacturing and trading of nitrile butadiene latex and other related business
HS Bio Holdings	100	Investment holding, supply of medical and healthcare related products and related services in addition to the supply chain management services for the healthcare industry
<b>Held by CBSA Bizhub Sdn. Bhd.:</b>		
CBSA International Sdn. Bhd.	100	Investment holding
PanPages Online Sdn. Bhd.	100	Research and development of local business platform, advertisement and online solutions
<b>Held by PanPages Online Sdn. Bhd.:</b>		
PanPages Media Sdn. Bhd.	100	Engaging in publishing business directory journals
<b>Held by HS Bio:</b>		
HS Cloud Lab Sdn. Bhd.	100	Engaging in the business of genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services as well as laboratory services management system
Neogenix Sdn. Bhd.	60	Engaging in medical diagnostic and research laboratory company specialising in molecular infectious diseases and oncological testing
Neogenix Laboratoire Sdn. Bhd.	100	Providing services of medical diagnostic and research laboratory



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

Name of Company	Effective Equity Interest (%)	Principal Activities
eMedAsia Sdn. Bhd.	52	Engaging in the business of trading of pharmaceutical, medical and healthcare related products via an e-commerce platform which also provides telehealth and telemedicine services
Pantasniaga Sdn. Bhd.	51	Engaged in the business of providing pharmaceutical, medical and healthcare supplies such as medicine, medical consumables, bio supplies, medical equipment or devices, test-kits, vaccines, supplements and other medical and healthcare related products as well as healthcare related services
RZAC Immunesafe Sdn. Bhd.	51	Engaged in the businesses of sales of medical products, drugs and vaccine information technology and communication services, supply and service of power and water utility products
<b>Held by Hong Seng Gloves Sdn. Bhd.:</b>		
Hypercove Sdn. Bhd.	100	Business of provisioning glove manufacturing facilities equipment & machineries with its related services
<b>Held by CASD Solutions Sdn. Bhd.:</b>		
Aspire Knowledge Sdn. Bhd.	80	Engaging in the business of providing human resources (“HR”) and training services which is approved by the Human Resources Development Corporation previously known as HRDF
<b>Held by Neogenix Laboratoire Sdn. Bhd.</b>		
Neogenix Food Science Sdn. Bhd.	100	Engaging in the business of design, develop, and manufacture consumables, disposables, equipment, devices, reagents, kits, medicines, vaccines, food ingredients, food products, supplements, and technology in the field of life sciences, pharmaceutical, medical, healthcare, food and agricultural sciences, computer sciences, engineering, and information technology as well as buying, selling, trading, marketing, distribute, and logistic services
Neogenix (Sabah) Sdn. Bhd.	60	Engaging in the business of genetic research and genetic testing, medical diagnostic laboratory and all kinds of laboratory services
Neogenix Evo Sdn. Bhd.	60	Stores specialized in retail sale of pharmaceuticals, medical and orthopaedic goods; medical laboratories
Neogenix (Sarawak) Sdn. Bhd.	51	Medical laboratories

## 2.2.2 Classes of Related Parties

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 RRPT Mandate (RM'000)*	Estimated aggregate value as disclosed in the preceding year circular to shareholders dated 27 November 2020 (RM'000)**	Actual value transacted from 14 December 2020 to LPD (RM'000) **
Hong Seng Group and HS Vision	DSTHH, THP, THB, TSH, HS Vision, and HS Frontier	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, a wholly-owned subsidiary of the Company, 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 the date of the Approval Notice <sup>^</sup> (as defined in the notes below) from Hong Seng Gloves to HS Vision or 4 months from the date of the Tenancy Agreement dated 10 August 2020 between Hong Seng Gloves and HS Vision [of which the tenancy agreement is subject to and conditional upon obtaining the approval of the shareholders of the Company at a general meeting in relation to this RRPT (“Approval”)], whichever is earlier.	1,560	1,690	390

### Notes:-

\* The values are merely indicative estimates for the period from 25 February 2022 to the next AGM of the Company expected to be held immediately after the conclusion or adjournment of our Company’s 20th AGM. 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.

<sup>^</sup> The Approval Notice means notice on the Approval (as defined in item 2.2.2 above) from HS Gloves to HS Vision.

There is no outstanding sum due and owing to the Company by 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:-

- DSTHH, our Group Managing Director and major shareholder of our Company, is a director and a controlling shareholder of HS Vision;
- HS Frontier (a company controlled by DSTHH) is a major shareholder of our Company;
- THP, brother of DSTHH, is a director and shareholder of HS Vision whilst THB, brother of DSTHH, is also a director of HS Vision; and
- TSH, who is our Alternate Director to DSTHH, is DSTHH’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 Proposed 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 Proposed RRPT Mandate remains in force.

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

- (g) All RPTs in excess of RM500,000 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 carried out.
- (h) All RPTs of RM500,000 and below shall be approved by the Executive Chairman of our Company provided that the Executive Chairman/Executive Directors is not an interested party to the transaction and table to the Audit Committee every quarter for information. For RPTs where the Executive Chairman/Executive Directors is an interested party, such RPTs 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 need be basis as per the requirements of Bursa Securities.

### **2.2.4 Statement by Audit Committee**

Our Audit Committee of Hong Seng has seen and reviewed the terms of the Proposed 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 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 RRPTs to be entered into by our Group are all in the ordinary course of business. They are recurring transactions of revenue 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 RRPTs. 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 RRPTs. The RRPTs 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 RRPTs 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 RRPTs 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 RRPTs occur 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 RRPTs 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 RRPT Mandate.

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

Directors	SHARES				ICPS			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of ICPS	%*	No. of ICPS	%*
<b>INTERESTED DIRECTORS<sup>#</sup></b>								
DSTHH	188,500,000	7.381	163,516,400 <sup>(1)</sup>	6.403 <sup>(1)</sup>	-	-	-	-
TSH <sup>(2)</sup>	-	-	-	-	-	-	-	-
<b>INTERESTED MAJOR SHAREHOLDERS<sup>##</sup></b>								
DSTHH	188,500,000	7.381	163,516,400 <sup>(1)</sup>	6.403 <sup>(1)</sup>	-	-	-	-
HS Frontier	163,516,400	6.403	-	-	-	-	-	-

Notes:-

\* Based on percentage of outstanding securities as at LPD.

# 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 interest in HS Frontier pursuant to section 8 of the Act.

(2) Alternate Director to DSTHH and daughter to DSTHH.

The interested Directors, namely, DSTHH and TSH have and will continue to abstain from Board deliberations and voting in relation to the RRPTs in which they are interested under the Proposed 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 RRPT Mandate in which they are interested to be tabled at the forthcoming 20th AGM or at any adjournment thereof. 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 RRPT Mandate in which they are interested at the said 20th AGM or at any adjournment thereof.

### 5.0 EFFECTS OF THE PROPOSED RRPT MANDATE

The Proposed 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 material impact on the gearing of our Group.

However, the Proposed 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 VALIDITY PERIOD

If approved at our 20th AGM, the Proposed RRPT Mandate will take effect from the date of passing of the Ordinary Resolution relating thereto at our 20th AGM and will continue to be in force until:-

- (i) the conclusion of the next AGM of our Company, at which time it shall lapse, unless by Ordinary Resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of our 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 resolution passed by the shareholders of our Company in a general meeting,

whichever is the earlier.

The Directors will seek your approval for the Proposed RRPT Mandate at the 20th AGM of our Company and at each subsequent AGM, subject to a satisfactory review by the Audit Committee of its continued application to RRPTs.

## 7.0 APPROVAL REQUIRED

The Proposed RRPT Mandate is conditional upon approval being obtained from the shareholders of our Company at the 20th AGM to be convened and other relevant regulatory authority, if any.

## 8.0 DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed RRPT Mandate, the Board, save for the interested Directors, DSTHH and TSH (who have and will continue to abstain from making any opinion) is of the opinion that the entry into the RRPTs between our Group and those Related Parties described in Section 2.2.2 of the Proposed RRPT Mandate in the ordinary course of its business is fair, reasonable and in the best interest of our Company and our subsidiaries.

For the reasons stated above, the Board (with the exception of the interested Directors) recommends that you vote **IN FAVOUR** of the Ordinary Resolution in respect of the Proposed RRPT Mandate to be tabled at the 20th AGM.

## 9.0 AGM

The Proposed RRPT Mandate will be tabled at the 20th AGM of our company to be held fully virtual through live streaming and online remote voting using 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 broadcast venue at Gate C, Level 2, No. 3, Jalan TP 2, Taman Perindustrian UEP, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia ("**Broadcast venue**") on Friday, 25 February 2022 at 3.30 p.m. or at any adjournment thereof. The Notice of the 20th AGM which sets out the resolution to consider the proposal together with the Form of Proxy relating thereto are despatched together with this Circular.

If you are unable to attend and vote in person at the AGM, you may complete the Form of Proxy in accordance with the instructions printed thereon as soon as possible and to deposit it at our share registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not later than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

**10.0 FURTHER INFORMATION**

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

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

**KENNY KHOW CHUAN WAH**  
Executive Director

## APPENDIX – 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 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.
- (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 comprising 120,000 ordinary shares for a cash consideration of RM6,500,000. The acquisition was completed on 15 January 2021.
- (iii) sublease agreement dated 25 June 2021 between Hong Seng Industries Sdn. Bhd. (“**HSISB**”) (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 100% of the equity interest in HSPM, for a total cash consideration of RM34.50 million. The disposal was completed on 30 September 2021.
- (v) share 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. for the acquisition of 510,000 ordinary shares in RZAC Immunesafe Sdn. Bhd. (“**RZAC**”), representing 51% of the equity interest in RZAC 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 each. The acquisition was completed on 30 November 2021.
- (vi) heads of agreement (“**HOA**”) dated 8 October 2021 between HS Bio and Russell Walter Boyd for 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. As at 7 December 2021, HS Bio had yet to complete the due diligence exercise on Pow Pocket and extended the validity of the HOA for a further period of 3 months until 8 March 2022 for the satisfaction of the conditions precedent as set out in the HOA.
- (vii) master services and license agreement dated 1 November 2021 between our Company and Pacific Hemisphere Sdn. Bhd. (“**PCF**”) to engage PCF as a technology provider in relation to the KRC NBL Project. Details of the Master Services and License Agreement and the fees payable to PCF can be found in the announcement made to Bursa Securities on 1 November 2021.



**APPENDIX – FURTHER INFORMATION (cont'd)**

**2.0 MATERIAL CONTRACTS (cont'd)**

- (viii) letter of offer dated 1 November 2021 issued by Penang Port Sdn. Bhd. and accepted by HS Petchem Logistics Sdn. Bhd. (“**HSPL**”) (our wholly-owned subsidiary) and 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 a sub-lease agreement.
- (ix) shares sale agreement dated 3 January 2022 between HS Bio and Kuan Chee Sian and Joveen Neoh Wan Fen, for the acquisition of 80,000 ordinary shares in Neogenix Laboratoire Sdn. Bhd. (“**Neogenix Lab**”), representing 40% of the equity interest in Neogenix Lab for a total cash purchase consideration of RM3,400,000.

**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, claims 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 material impact on the financial position of our Company and/or our Group.

	<b>Group level As at the LPD RM'000</b>
Balance contract price for the turnkey agreement in relation to the Glove Production Plant	5,940
Balance sublease payment pursuant to the Kedah Rubber City land's sublease agreement	33,5205
<b>Total</b>	<u><u>39,460</u></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 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS 7/26, 47301 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 year/period ended 31 March 2020 and 30 September 2021; and
- (iii) the material contracts as referred to in Section 2.0 of Appendix A of this Circular.