

HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)
(Incorporated in Malaysia)

**MINUTES OF THE ELEVENTH ANNUAL GENERAL MEETING OF THE COMPANY
HELD AT THE KINABALU ROOM, GROUND FLOOR, MENARA HAP SENG, JALAN P.
RAMLEE, 50250 KUALA LUMPUR ON MONDAY, 28 MAY 2018 AT 2PM**

| | |
|----------------------------|---|
| Present: | DIRECTORS Tan Sri Ahmad Mohd Don (Non-Executive Chairman) Datuk Edward Lee Ming Foo (Managing Director) Mr Lee Wee Yong Ms Cheah Yee Leng Mr Au Yong Siew Fah Dato' Jorgen Bornhoft Tuan Haji Nik Ariff Bin Nik Hassan Datuk Amat Asri Bin Ab Kadir Mr Chong Kwea Seng Mr Steven Choy Khai Choon |
| Absent with: Apologies | Datuk Simon Shim Kong Yip Tan Sri Abdul Hamid Egoh |
| In attendance: | Ms Lim Guan Nee |
| Members: | 244 members as per attendance sheet |
| Proxies: | 127 proxies as per attendance sheet |
| Corporate representatives: | 1 corporate representative as per attendance sheet |

QUORUM

The chairman welcomed all members present at the meeting.

The chairman extended apologies on behalf of Datuk Simon Shim Kong Yip and Tan Sri Abdul Hamid Egoh for being unable to attend the meeting.

The requisite quorum being present pursuant to the Company's articles of association, the chairman declared the meeting duly convened.

NOTICE

The chairman informed the meeting that the notice convening this meeting was set out in the 2017 annual report which had been sent out to all members of the Company, Bursa Malaysia Securities Berhad and the auditors of the Company on 30 April 2018. The notice was published on the New Straits Times and the 2017 annual report was posted on the Company's website on the same day.

The Notice convening the meeting was taken as read.

1. TO TABLE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 TOGETHER WITH THE REPORTS OF DIRECTORS AND AUDITORS

Prior to the annual general meeting, the Minority Shareholder Watchdog Group ("MSWG") had submitted their questions to the Company. A copy of the questions raised by the MSWG together with the answers thereto is enclosed herewith as Appendix A.

The chairman invited questions from the floor and all questions were dealt with accordingly. In summary, the questions and responses thereto is enclosed herewith as Appendix B.

VOTING BY POLL

The chairman informed the meeting in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia ("Listing Requirements"), all the resolutions to be tabled in the meeting would be voted on by poll.

The chairman further informed that the polling would be conducted in a paperless manner using a wireless handheld device. As for the polling procedures, the chairman informed the meeting that the Company had appointed Boardroom Corporate Services (KL) Sdn Bhd ("Boardroom") as the poll administrator and Boardroom Business Solution Sdn Bhd as the scrutineer. Ms Cheryl Leong, the representative from Boardroom had further briefed the meeting on the electronic poll voting procedures before the shareholders and proxies proceeded to cast their votes.

2. TO RE-ELECT TAN SRI AHMAD BIN MOHD DON WHO RETIRES AS DIRECTOR OF THE COMPANY PURSUANT TO ARTICLE 112 OF THE COMPANY'S ARTICLES OF ASSOCIATION

Upon invitation of the chair, Datuk Edward Lee Ming Foo proceeded with the following proposed Ordinary Resolution 1:-

"THAT Tan Sri Ahmad Bin Mohd Don who is retiring as director pursuant to article 112 of the Company's articles of association be hereby re-elected to serve on the board of directors of the Company."

Mr. Ng Chai Soon proposed for the above resolution to be approved and the same was seconded by Mr. Wan Heng Wah.

Datuk Edward Lee Ming Foo put the motion to a vote by poll and based on the following poll results, the chairman declared that Ordinary Resolution 1 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 688,896,147 | 99.99 | 68,200 | 0.01 |

3. TO RE-ELECT MS. CHEAH YEE LENG WHO RETIRES AS DIRECTOR OF THE COMPANY PURSUANT TO ARTICLE 112 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The chairman proceeded with the following proposed Ordinary Resolution 2:-

“**THAT** Ms. Cheah Yee Leng who is retiring as director pursuant to article 112 of the Company’s articles of association be hereby re-elected to serve on the board of directors of the Company.”

Mr. Wan Heng Wah proposed for the above resolution to be approved and the same was seconded by Mr. S P Krishnappan A/L Subramanian Chettiar.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Ordinary Resolution 2 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 688,868,603 | 99.99 | 82,300 | 0.01 |

4. TO RE-ELECT MR. AU YONG SIEW FAH WHO RETIRES AS DIRECTOR OF THE COMPANY PURSUANT TO ARTICLE 112 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The chairman proceeded with the following proposed Ordinary Resolution 3:-

“**THAT** Mr. Au Yong Siew Fah who is retiring as director pursuant to article 112 of the Company’s articles of association be hereby re-elected to serve on the board of directors of the Company.”

Mr. Ng Chai Soon proposed for the above resolution to be approved and the same was seconded by Mr. S P Krishnappan A/L Subramanian Chettiar.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Ordinary Resolution 3 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 688,957,312 | 100 | 2,000 | 0.00 |

5. TO RE-ELECT MR. CHONG KWEA SENG WHO RETIRES AS DIRECTOR OF THE COMPANY PURSUANT TO ARTICLE 118 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The chairman proceeded with the following proposed Ordinary Resolution 4:-

“**THAT** Mr. Chong Kwea Seng who is retiring as director pursuant to article 118 of the Company’s articles of association be hereby re-elected to serve on the board of directors of the Company.”

Mr. S P Krishnappan A/L Subramanian Chettiar proposed for the above resolution to be approved and the same was seconded by Mr. Mah Ah Wat.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Ordinary Resolution 4 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 688,947,111 | 100 | 8,500 | 0.00 |

6. TO RE-ELECT MR. CHOY KHAI CHOON WHO RETIRES AS DIRECTOR OF THE COMPANY PURSUANT TO ARTICLE 118 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The chairman proceeded with the following proposed Ordinary Resolution 5:-

“**THAT** Mr. Choy Khai Choon who is retiring as director pursuant to article 118 of the Company’s articles of association be hereby re-elected to serve on the board of directors of the Company.”

Mr. Wan Heng Wah proposed for the above resolution to be approved and the same was seconded by Mr. Ong Guan Eng.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Ordinary Resolution 5 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 688,930,202 | 100 | 9,300 | 0.00 |

7. TO APPROVE THE PAYMENT OF DIRECTORS' FEES OF THE COMPANY AND ITS SUBSIDIARIES AMOUNTING TO RM641,096.00 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The chairman proceeded with the following proposed Ordinary Resolution 6:-

“**THAT** the payment of directors’ fees of the Company and its subsidiaries amounting to RM641,096.00 for the financial year ended 31 December 2017, be and is hereby approved.”

Mr. S P Krishnappan A/L Subramanian Chettiar proposed for the above resolution to be approved and the same was seconded by Ms. Kuan Yeh Tzu.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Ordinary Resolution 6 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 688,916,611 | 100 | 21,300 | 0.00 |

8. TO REAPPOINT MESSRS KPMG PLT AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING AT A REMUNERATION TO BE DETERMINED BY THE DIRECTORS OF THE COMPANY

The chairman proceeded with the following proposed Ordinary Resolution 7:-

“**THAT** Messrs KPMG PLT be reappointed as auditors of the Company to hold office until the conclusion of the next annual general meeting and that the directors be authorised to fix their remuneration.”

Mr. S P Krishnappan A/L Subramanian Chettiar proposed for the above resolution to be approved and the same was seconded by Mr. Phang Theam Keat.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Ordinary Resolution 7 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 688,920,011 | 100 | 4,100 | 0.00 |

SPECIAL BUSINESS:-

9. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016

The chairman explained that the special business for the meeting was to consider and if thought fit, approve the authority to the directors to issue shares in the Company up to an amount not exceeding 10% of the issued share capital of the Company. As at the date of this meeting, no new shares had been issued pursuant to the mandate obtained at the last annual general meeting.

The chairman proceeded with the following proposed Ordinary Resolution 8:-

“**THAT** the directors of the Company be and are hereby empowered pursuant to section 75 of the Companies Act 2016 to allot shares in the Company up to an amount not exceeding 10% of the issued share capital of the Company, and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.”

Ms. Goh Siang Hwee proposed for the above resolution to be approved and the same was seconded by Mr. S P Krishnappan A/L Subramanian Chettiar.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Ordinary Resolution 8 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 622,239,511 | 99.90 | 606,400 | 0.10 |

10. CONTINUATION OF TAN SRI AHMAD BIN MOHD DON AS THE INDEPENDENT NON-EXECUTIVE CHAIRMAN

Upon invitation of the chair, Datuk Edward Lee Ming Foo informed the meeting that Tan Sri Ahmad Bin Mohd Don has served as an independent non-executive director of the Company for a cumulative term of more than 9 years. The Malaysian Code on Corporate Governance (“MCCG”) recommends that shareholders’ approval be sought at the annual general meeting in the event the board intends to retain a person who has served in that capacity for more than 9 years.

Datuk Edward Lee Ming Foo also informed the meeting that despite having served on the board as an independent director for more than 9 years, Tan Sri Ahmad Bin Mohd Don has continued to act objectively in the best interest of the Company and was in compliance with all criteria as set out in the Listing Requirements.

Datuk Edward Lee Ming Foo proceeded with the following proposed Ordinary Resolution 9:-

“**THAT** Tan Sri Ahmad Bin Mohd Don be and is hereby authorised to continue in office as the independent non-executive chairman of the Company until the conclusion of the next annual general meeting.”

Mr. Wan Heng Wah proposed for the above resolution to be approved and the same was seconded by Mr. S P Krishnappan A/L Subramanian Chettiar.

Datuk Edward Lee Ming Foo put the motion to a vote by poll and based on the following poll results, Datuk Edward Lee declared that Ordinary Resolution 9 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 622,818,110 | 90.40 | 66,080,200 | 9.60 |

11. CONTINUATION OF DATO’ JORGEN BORNHOFT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

The chairman informed the meeting that Dato’ Jorgen Bornhoft has served as an independent non-executive director of the Company for a cumulative term of more than 9 years. The MCGG recommends that shareholders’ approval be sought at the annual general meeting in the event the board intends to retain a person who has served in that capacity for more than 9 years.

The chairman also informed the meeting that despite having served on the board as an independent director for more than 9 years, Dato’ Jorgen Bornhoft has continued to act objectively in the best interest of the Company and was in compliance with all criteria as set out in the Listing Requirements.

The chairman proceeded with the following proposed Ordinary Resolution 10:-

“**THAT** Dato’ Jorgen Bornhoft be and is hereby authorised to continue in office as an independent non-executive director of the Company until the conclusion of the next annual general meeting.”

Mr. Wan Heng Wah proposed for the above resolution to be approved and the same was seconded by Ms. Goh Siang Hwee.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Ordinary Resolution 10 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 553,109,501 | 89.33 | 66,075,700 | 10.67 |

12. PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The chairman explained that item 9 on the agenda was to consider and if thought fit, to pass the resolution on the proposed renewal of and new shareholders' mandate for recurrent related party transactions with the respective related parties. The related parties are:

- 1) Hap Seng Consolidated Berhad Group;
- 2) Gek Poh (Holdings) Sdn Bhd Group;
- 3) Lei Shing Hong Limited Group;
- 4) Corporated International Consultant; and
- 5) Messrs Shim Pang & Co.

The chairman mentioned that the proposed Ordinary Resolution 11, if passed, would allow Hap Seng Plantations Holdings Berhad Group to enter into recurrent transactions pursuant to paragraph 10.09 of the Listing Requirements. Further information on the proposed shareholders' mandate for recurrent related party transactions with the respective related parties was set out in section 2.2 of Part A of the Circular/Statement to shareholders dated 30 April 2018.

For purpose of good order, the chairman highlighted to the meeting that the interested major shareholders, interested directors and/or persons connected to them have undertaken to abstain from voting in respect of their direct/indirect shareholdings on the resolution where they have an interest or deemed to have an interest.

The chairman proceeded with the following proposed Ordinary Resolution 11:-

“THAT proposed renewal of and new shareholders' mandate for the recurrent related party transactions with the related parties as set out in Section 2.2 of Part A of the Circular/Statement to shareholders dated 30 April 2018 be and is hereby approved.”

Mr. S P Krishnappan A/L Subramanian Chettiar proposed for the above resolution to be approved and the same was seconded by Mr. Mah Ah Wat.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Resolution 11 was carried:-

| For | % | Against | % |
|-------------|----------|----------------|----------|
| 264,587,900 | 99.97 | 85,000 | 0.03 |

13. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The chairman explained that item 10 on the agenda was to consider and if thought fit, to pass the resolution to renew shareholders authorisation for the Company to purchase its own shares through Bursa Malaysia Securities Berhad up to a maximum of 10% of the issued ordinary share capital of the Company. Further information on the proposed renewal of share buy-back authority was set out in the share buy-back statement, which has earlier been sent to all shareholders.

The chairman proceeded with the following proposed Ordinary Resolution 12:-

“**THAT** the proposed renewal of share buy-back authority as set out in the notice of meeting be and is hereby approved.”

Mr. S P Krishnappan A/L Subramanian Chettiar proposed for the above resolution to be approved and the same was seconded by Mr. Desmond Choong Chee Leong.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Ordinary Resolution 12 was carried:-

| For | % | Against | % |
|-------------|-----|---------|------|
| 688,829,600 | 100 | 9,200 | 0.00 |

14. PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

The chairman explained item 11 on the agenda was to consider and if thought fit, to adopt new constitution of the Company to be aligned with the Companies Act 2016 and the latest amendments of the Listing Requirements.

The chairman proceeded with the following proposed Special Resolution:-

“**THAT** proposed adoption of new constitution of the Company as set out in Part C of the Circular/Statement to shareholders dated 30 April 2018 be and is hereby approved.”

Mr. S P Krishnappan A/L Subramanian Chettiar proposed for the above resolution to be approved and the same was seconded by Mr. Kee Kim Hock.

The chairman put the motion to a vote by poll and based on the following poll results, the chairman declared that Special Resolution was carried:-

| For | % | Against | % |
|-------------|-----|---------|------|
| 688,864,500 | 100 | 1,100 | 0.00 |

CONCLUSION

There being no other business, the meeting concluded at 3pm with a vote of thanks to the chairman.



CHAIRMAN
Kuala Lumpur

Strategy & Financial Matters

1. **The Group has successfully commissioned its first biogas plant located in its Jeroco Oil Palm Mill 1 in March 2017 as part of the Group's commitment to reduce carbon emissions (Page 7 of the Annual Report 2017).**
- (a) **Q: Please brief on the Group's first biogas plant in terms of features, expected maintenance cost annually, etc.**
- A: The biogas plant in Jeroco Oil Palm Mill 1 is a Methane Capture System where the raw Palm Oil Effluent (POME) is pumped into Digester for anaerobic digestion to take place. The Methane gas produced from the anaerobic digestion process will be purified before feeding into the Gas Engine for power generation. The maintenance cost for the gas engine is expected at an average of RM500,000 per annum.*
- (b) **Q: In reducing the carbon emissions, are they any targeted percentage and timeframe to achieve it?**
- A: The Group's Greenhouse gas ("GHG") emission has reduced to between 0.5 to 2.09, an average of 1.89 tonnes Carbon Dioxide ("CO₂") equivalent per tonne Crude Palm Oil ("CPO") from average 2.35 tonnes CO₂e/tonne CPO in 2014.*
- The Group targets to further reduce the GHG emission to average 1.0 to 1.5 tonnes CO₂e/tonne CPO in 2021.*
2. **Q: What is the Group's current replanting rate and expenses associated with it?**
- A: The Group has the replanting policy of 4% of the total planted area. Based on our experience, it would cost us approximately RM18,000 to RM20,000 per hectare.*
3. **Q: As reported on page 5 of the Annual Report 2017, the Group sells its palm products generally through spot sales and forward contracts. What is the current Group's policy with regard to forward contract?**
- A: The Group's policy stipulates that a maximum cumulative of 50% of the budgeted palm oil production is permitted for delivery in the next 18 months rolling period. All forward contracts must obtain prior approval from the Group Managing Director.*

Corporate Governance Matters

Practice 12.3

The Company in its Corporate Governance Report had stated that it has applied Practice 12.3 of MCCG. Practice 12.3 refers to facilitating or providing platform for shareholders to vote remotely without being physically present at the Company's AGM.

Based on the Company's explanation given on the application of Practice 12.3, we wish to highlight that the Company has not applied the Practice.

A: Upon the deliberation by the Board of Directors, the Company was of the view that it would be more appropriate for the Company to state 'not applicable' on Practice 12.3 of the Malaysian Code on Corporate Governance.

The Company does not have a large number of shareholders relative to its peers. Based on the top 30 Public Listed Companies' statistic, the number of shareholders of the Company as at 21 May 2018 was 8,386 shareholders which was less than the average number of 22,472 shareholders.

The annual general meeting (AGM) and extraordinary general meeting (EGM) of the Company are held at the Menara Hap Seng, Jalan P. Ramlee which is located at the city centre of the Kuala Lumpur and it is easy to reach or easily accessible by the shareholders.

APPENDIX B

- (a) In respect of the status for the proposed acquisition of 55% equity interest in Kretam Holdings Berhad (“Kretam”) and proposed mandatory general offer for all the remaining shares (“Proposed Acquisition”), the chairman explained that the due diligence was still in progress and no formal decisions had been made as the Board had to ensure that the Proposed Acquisition was in the best interest of the shareholders. The chairman added that an announcement was made to the Bursa Malaysia Securities Berhad on 18 May 2018 to extend the due diligence period. In response to the question on why other companies were divesting their plantation assets, while the Company went into the Proposed Acquisition, the chairman said that every company looks at investment proposals differently. The Proposed Acquisition was considered as Kretam had significant estate sizes which are located near the Company’s estates and the Company had possibilities of improving their estate management efficiencies.
- (b) Mr Wan congratulated the Company for achieving a better operational and financial performance for the financial year 2017 and noted that the price realization was higher than the Sabah average. In response to Mr Wan’s enquiries on the prospects of the Company for financial year 2018, the chairman responded that plantations business faced issues and risks and one of the major factors was the crude palm oil (“CPO”) price which was lower this year and beyond the Company’s control. However, the management would continue to exercise controls on cost savings.
- (c) Mr Ho sought clarification on the risks associated with the Company’s four major customers in particularly reference to the one of the customer who is based in Singapore. The chairman explained that the Company was certified under the Roundtable on Sustainable Palm Oil (“RSPO”) and its CPO could be sold at a premium when there were market demands. Essentially, the Company’s CPO is sold to the 3 major refiners in Sabah and 1 in Singapore. The Singapore customer risks were manageable.
- (d) In response to Mr Ho’s enquiries on the status of Pelipikan Plantation Sdn Bhd’s (“PPSB”) suit, Mr Cheah highlighted that back in 2014, 94 natives of Sabah [“First Suit Plaintiffs”] filed legal proceeding in the Kota Kinabalu High Court (“First Suit”) naming PPSB as the third defendant claiming interest and ownership, legal and beneficial, in respect of 113 titles which form part of the PPSB Sub-Leased Lands (“First Suit Disputed Titles”). Pursuant to a consent order (“said Consent Order”) recorded on 15 May 2015, the First Suit was struck off with no order as to costs.

In 2017, a writ of summon was filed in KKHC (“Second Suit”) by 70 natives of Sabah, who form part of the First Suit Plaintiffs (“said Plaintiffs”) claiming legal and beneficial ownership in respect of 86 titles, which form part of the First Suit Disputed Titles alleging that the said Consent Order was fraudulently obtained by their previous solicitors in the First Suit, i.e. the first and second defendants in the Second Suit without the consent and/or instruction of the First Suit Plaintiffs. Ms Cheah added that the Company had been advised by its solicitors that the Second Suit would be unlikely to succeed.

- (e) In response to Mr SK Ng's enquiries on the plantations prospects for the next 5 years under the challenging economic and political environment in Malaysia, the Chairman responded that the Company's businesses were relevant to the country as FFB was a fruit substance and palm oil is one of the most economic oils with multiple usages.