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**HAP SENG PLANTATIONS HOLDINGS BERHAD** (769962-K)

(Incorporated in Malaysia)

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

**AND**

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

The above proposed resolutions will be tabled as special business at Hap Seng Plantations Holdings Berhad’s 10<sup>th</sup> annual general meeting (“AGM”) to be held at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 24 May 2017 at 2pm (or the adjournment thereof). The notice of AGM and the form of proxy, are set out in the 2016 annual report of the Company, which is despatched together with this Circular/Statement.

A member entitled to attend and vote at the AGM is entitled to appoint a proxy to vote on his/her behalf. In such event, the completed proxy form must be lodged at the registered office of the Company at 21<sup>st</sup> Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur no later than 48 hours before the appointed time of the AGM (or the adjournment thereof). Accordingly, the last day and time for lodging the proxy form is 22 May 2017 at 2pm (or the adjournment thereof). However, lodging of the proxy form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

**This Circular/Statement is dated 28 April 2017**

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

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## DEFINITIONS

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

<b>Act</b>	:	Companies Act 2016
<b>AGM</b>	:	10 <sup>th</sup> annual general meeting of the Company
<b>Board</b>	:	Board of Directors of the Company
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (635998-W)
<b>CIC</b>	:	Corporated International Consultant
<b>Circular</b>	:	This circular issued by HSP to its shareholders dated 28 April 2017
<b>Director(s)</b>	:	Shall have the meaning given in section 2(1) of the Capital Markets and Services Act 2007 and for purpose of the Proposed Shareholders' Mandate, the expression shall include any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Company, its subsidiary or holding company or a chief executive of the Company, its subsidiary or holding company
<b>Gek Poh</b>	:	Gek Poh (Holdings) Sdn Bhd (20706-X)
<b>Gek Poh Group</b>	:	Gek Poh and its subsidiaries, collectively
<b>HSCB</b>	:	Hap Seng Consolidated Berhad (26877-W), the holding company of HSP, which held 424,183,300 shares representing 53.04% of the issued share capital of HSP as at LPD
<b>HSCB Group</b>	:	HSCB and/or its subsidiaries and associated companies
<b>HSIS</b>	:	Hap Seng Insurance Services Sdn Bhd (21774-X), a wholly-owned subsidiary of Gek Poh
<b>HSP or Company</b>	:	Hap Seng Plantations Holdings Berhad (769962-K)
<b>HSP Group or Group</b>	:	HSP and its subsidiaries, collectively
<b>HSP share(s) or share(s)</b>	:	Ordinary share(s) of HSP
<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	:	31 March 2017, being the latest practicable date prior to the printing and despatch of this Circular
<b>LSH</b>	:	Lei Shing Hong Limited (28253), a company incorporated in Hong Kong
<b>LSH Group</b>	:	LSH and/or its subsidiaries and associated companies
<b>LSHCL</b>	:	Lei Shing Hong Capital Limited (438542), a company incorporated in Hong Kong and a wholly-owned subsidiary of LSH
<b>LSHI</b>	:	Lei Shing Hong Investment Limited (91301), a company incorporated in Hong Kong and a wholly-owned subsidiary of LSHCL

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**DEFINITIONS (cont'd)**

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<b>Major Shareholder(s)</b>	: A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation.  For purpose of this definition, “interest in shares” has the meaning given in section 8 of the Act.  For purpose of the Proposed Shareholders’ Mandate, Major Shareholder (as defined above) includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company or any other corporation which is the Company’s subsidiary or holding company, in accordance with the definition in Chapter 10 of the Listing Requirements.
<b>Mandate Period</b>	: The period commencing from and inclusive of 24 May 2017, being the date of the forthcoming AGM and expiring upon the conclusion of the next AGM or the expiration of the period within which the next AGM after that date is required to be held pursuant to section 340(2) of the Act
<b>Proposed Shareholders’ Mandate</b>	Proposed renewal of and new shareholders’ mandate to be obtained from the shareholders of the Company at the forthcoming AGM pursuant to paragraph 10.09 of the Listing Requirements
<b>Recurrent Related Party Transaction(s)</b>	: Recurrent Transaction(s) which involve(s) the interests of a Related Party or Related Parties
<b>Recurrent Transaction(s)</b>	: Transaction(s) of a revenue or trading nature necessary for the day-to-day operations of the Group
<b>Registered Office</b>	: 21 <sup>st</sup> Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
<b>Related Party or Related Parties</b>	: Director(s), Major Shareholder(s) and/or person(s) connected with such Director(s) or Major Shareholder(s) who are interested in the Recurrent Related Party Transactions
<b>RM and Sen</b>	: Ringgit Malaysia and Sen respectively, the lawful currency of Malaysia
<b>Tan Sri Lau</b>	: Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak
<b>2016 Annual Report</b>	: Annual report of HSP issued for the financial year ended 31 December 2016

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 as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be reference to Malaysian time, unless otherwise stated.

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# HAP SENG PLANTATIONS HOLDINGS BERHAD (769962-K)

(Incorporated in Malaysia)

**Registered Office:**

21<sup>st</sup> Floor, Menara Hap Seng  
Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia

28 April 2017

**Board of Directors**

Tan Sri Ahmad Bin Mohd Don (*Independent Non-Executive Chairman*)  
Datuk Simon Shim Kong Yip, JP (*Non-Independent Non-Executive Deputy Chairman*)  
Datuk Edward Lee Ming Foo, JP (*Managing Director*)  
Mr. Lee Wee Yong (*Executive Director*)  
Ms. Cheah Yee Leng (*Executive Director*)  
Mr. Au Yong Siew Fah (*Executive Director*)  
Tan Sri Abdul Hamid Egoh (*Non-Independent Non-Executive Director*)  
Dato' Jorgen Bornhoft (*Independent Non-Executive Director*)  
Tuan Haji Mohd Aris @ Nik Ariff Bin Nik Hassan (*Independent Non-Executive Director*)  
Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir, JP (*Non-Independent Non-Executive Director*)

To: Shareholders of the Company

Dear Sir/Madam,

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS**

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**1. INTRODUCTION**

The Company had at the extraordinary general meeting held on 18 May 2016 obtained a general mandate from the shareholders which authorised the HSP Group to enter into Recurrent Related Party Transactions, based on information set out in the circular to shareholders dated 27 April 2016 ("2016 Circular"). This mandate shall lapse upon conclusion of the forthcoming AGM to be convened on 24 May 2017, unless otherwise renewed.

The Company has on 13 April 2017 announced to Bursa Securities of its intention to seek a renewal of the existing mandate as well as to seek a new mandate from the shareholders to enable the HSP Group to enter into Recurrent Related Party Transactions at any time during the Mandate Period ("Proposed Shareholders' Mandate").

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

## 2. PROPOSED SHAREHOLDERS' MANDATE

### 2.1 *Principal business activities of the HSP Group*

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

Name of Company	Country of Incorporation	Equity Interest held (%)	Principal Activities
Jeroco Plantations Sdn Bhd	Malaysia	100	Cultivation of oil palm and processing of fresh fruit bunches
Hap Seng Plantations (River Estates) Sdn Bhd	Malaysia	100	Cultivation of oil palm, processing of fresh fruit bunches and investment holding
Hap Seng Plantations (Kota Marudu) Sdn Bhd	Malaysia	100	Cultivation of oil palm
Pelipikan Plantation Sdn Bhd	Malaysia	100	Cultivation of oil palm
Hap Seng Edible Oils Sdn Bhd	Malaysia	100	Dormant
<u>Subsidiaries of Hap Seng Plantations (River Estates) Sdn Bhd:</u>			
Hap Seng Plantations (Ladang Kawa) Sdn Bhd	Malaysia	100	Cultivation of oil palm
Hap Seng Plantations (Wecan) Sdn Bhd	Malaysia	100	Cultivation of oil palm
Hap Seng Plantations (Tampilit) Sdn Bhd	Malaysia	100	Cultivation of oil palm

### 2.2 *Class and nature of the Recurrent Related Party Transactions for the Proposed Shareholders' Mandate*

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

No.	Type of Transactions	Transacting Parties	Basis <sup>(i)</sup>	Estimated value set out in 2016 Circular (RM'000)	Actual value transacted from 18 May 2016 to LPD (RM'000)	*New estimated value (RM'000)
<b>REVENUE</b>						
1	Plantation management fee <sup>#</sup>	HSCB Group <sup>2.3(a)</sup>	Agreement/ Forecast	-	-	273
2	Sales of used commercial vehicles <sup>#</sup>	LSH Group <sup>2.3(c)</sup>	Forecast	-	-	1,000
		<b>TOTAL</b>				<b>1,273</b>



No.	Type of Transactions	Transacting Parties	Basis <sup>(i)</sup>	Estimated value set out in 2016 Circular (RM'000)	Actual value transacted from 18 May 2016 to LPD (RM'000)	*New estimated value (RM'000)
	<b>EXPENDITURE</b>					
1	Purchase of petroleum products (i.e. petrol, diesel and lubricants)	HSCB Group <sup>2.3(a)</sup>	Forecast	20,800	14,312	19,500
2	Purchase of agricultural fertilizers and chemicals	HSCB Group <sup>2.3(a)</sup>	Forecast	43,700	33,901	41,200
3	Purchase of motor vehicles, spare parts and servicing of motor vehicles	HSCB Group <sup>2.3(a)</sup>	Forecast	12,700	2,091	3,300
4	Purchase of building materials	HSCB Group <sup>2.3(a)</sup>	Forecast	6,000	1,730	6,000
5	Management fees <sup>(ii)</sup>	HSCB Group <sup>2.3(a)</sup>	Agreement/ Forecast	3,900	3,267	3,900
6	Purchase of stones and sand	HSCB Group <sup>2.3(a)</sup>	Forecast	7,700	^13,062	15,700
7	Purchase of tyres and tubes	HSCB Group <sup>2.3(a)</sup>	Forecast	1,000	232	8,400
8	Purchase of fresh fruit bunches	HSCB Group <sup>2.3(a)</sup>	Forecast	2,800	1,776	3,500
9	Rental of office space <sup>#(iii)</sup>	HSCB Group <sup>2.3(a)</sup>	Agreement/ Forecast	-	-	340
10	Purchase of insurance policies	Gek Poh Group <sup>2.3(b)</sup>	Forecast	4,000	1,367	4,000
11	Purchase of motor vehicles, spare parts and servicing of motor vehicles	LSH Group <sup>2.3(c)</sup>	Forecast	35,000	9,939	11,900
12	Transportation charges <sup>#</sup>	LSH Group <sup>2.3(c)</sup>	Forecast	-	-	1,200
13	Rental of commercial vehicles <sup>#</sup>	LSH Group <sup>2.3(c)</sup>	Agreement/ Forecast	-	-	6,000
14	Professional fees on consultancy services	CIC <sup>2.3(d)</sup>	Forecast	1,500	605	1,000
15	Legal fees <sup>#</sup>	Shim Pang & Co <sup>#2.3(e)</sup>	Forecast	-	-	1,000
		<b>TOTAL</b>		<b>139,100</b>	<b>82,282</b>	<b>126,940</b>

Notes:

- \* *The new estimated value during the Mandate Period may vary and is subject to changes.*
- # *New Recurrent Transactions/New Transacting Party not covered in the previous general mandate.*
- ^ *The transacted value of these Recurrent Related Party Transactions as at LPD is 69.64% above the estimated value set out in the 2016 Circular due to higher roads' repair and maintenance works carried out at the estates. However, the Company was not required to make any immediate announcement to Bursa Securities on the said excess as the aggregate actual value of all the Recurrent Related Party Transactions with the same related party did not exceed the aggregate value estimated in respect thereof as set out in the 2016 Circular.*
- (i) *Basis for forecasting the Recurrent Transactions during the Mandate Period in the table above is based on historical record and budget of the respective Recurrent Transactions.*
- (ii) *This represents the corporate support services rendered namely corporate management, finance, human resource, information technology, internal audit, corporate planning, legal and compliance.*
- (iii) *Details on the location, approximate area and period of the lease of the property rented from the Related Parties:-*
  - (a) *20th Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, comprising an approximate total area of 3,065 sq.ft. at RM19,922.50 per month for a lease period of 3 years with effect from 11 January 2017.*
  - (b) *Ground Floor, Wisma Hap Seng, Mile 1¼, Leila Road, Sandakan, comprising an approximate area of 3,326 sq.ft. at RM4,656.40 per month on month to month basis.*
  - (c) *8th Floor, Plaza Shell, Kota Kinabalu, comprising an approximate area of 360.67 sq.ft. at RM2,315.50 per month plus other estimated expenses charged on incurred basis.*
  - (d) *Batu 2, Jalan Kastam Ban, 91119 Lahad Datu, comprising an approximate area of 85 sq.ft. at RM200 per month for a lease period of 1 year with effect from 1 December 2016.*

As the Recurrent Related Party Transactions set out in the 2016 Circular were of expenditure in nature, there is no sum due or owing to the Company by its Related Parties pursuant thereto.

### 2.3 **Details of the Related Parties**

Interests of the Related Parties in the Recurrent Related Party Transactions set out in section 2.2 above as at LPD are as follows:

#### **(a) HSCB Group**

HSCB is a Major Shareholder holding 424,183,300 shares constituting 53.04% shareholding in the Company.

#### **(b) Gek Poh Group**

Gek Poh is a Major Shareholder of the Company by virtue of its substantial shareholding in HSCB comprising 54.63% direct shareholding and 6.20% indirect shareholding via HSIS.

Tan Sri Lau is deemed a Major Shareholder of the Company by virtue of his 56% shareholding in Gek Poh, the holding company of HSCB. He is also a director of Gek Poh.

#### **(c) LSH Group**

Tan Sri Lau holds 56.00% direct shareholding in Gek Poh and 100.00% direct shareholding in Lead Star Business Limited ("Lead Star"). Gek Poh has an aggregate shareholding of 60.83% in HSCB, comprising 54.63% direct shareholding and 6.20% indirect shareholding via HSIS. Lead Star also holds 37.68% shareholding in LSH. Accordingly, Tan Sri Lau is deemed to have an interest of 50.10% shareholding in LSH comprising 12.42% shareholding held via Gek Poh and 37.68% shareholding held via Lead Star.

**(d) CIC**

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

**(e) Messrs Shim Pang & Co**

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

**2.4 *Rationale for the Recurrent Related Party Transactions***

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

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

Hence, the Board is seeking approval from the shareholders on the Proposed Shareholders' Mandate for the respective Recurrent Related Party Transactions as described in section 2.2 above.

**2.5 *Benefits of the Recurrent Related Party Transactions***

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

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

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

Where practical and feasible, quotations and tenders will be obtained from third parties to ascertain appropriate prices. As such, at least 2 other contemporaneous transactions with unrelated parties for similar products/services and/or quantities will be used as comparisons, wherever possible, to determine whether the prices and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

Where it is impractical or impossible for quotations and/or tenders to be obtained from unrelated parties, or where there have not been any similar or substantially similar transactions between the HSP Group and unrelated third parties, the terms of the transactions for the products/services will be in accordance with applicable industry norms, prevailing commercial rates and at rates not

more favourable to the related parties than those generally available to the public and not detrimental to the HSP Group.

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

- (i) A list of the Related Parties mandated pursuant to the Proposed Shareholders' Mandate will be circulated within the HSP Group;
- (ii) A register has been created and will be maintained by the HSP Group to capture notifications of all Recurrent Related Party Transactions entered into;
- (iii) The shareholding interests of the Related Parties will be monitored continuously. Any changes in the shareholdings of the Related Parties will be duly notified to the respective subsidiaries;
- (iv) A register will be kept by the Company to keep track of the appointment of Directors within the HSP Group and the Major Shareholders of the HSP Group. Additionally, the register will serve to capture the immediate disclosure required from the Directors of the subsidiaries of the Company on any interests in a corporation/partnership which transacts or is expected to transact with the HSP Group. The respective management team of the subsidiaries are also required to update the Company on a quarterly basis;
- (v) The Recurrent Related Party Transactions will be reviewed quarterly by the management of the HSP Group; and
- (vi) The internal audit plan of HSP Group shall include a critical review of the Recurrent Transactions entered into pursuant to the Proposed Shareholders' Mandate to ensure that they are transacted on terms and conditions which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders in the light of the circumstances concerned. The Board and the Audit Committee shall review the internal audit reports to ascertain that the review procedures established to monitor the Recurrent Related Party Transactions have been complied with.

## **2.7 *Conditions and the disclosure of the Proposed Shareholders' Mandate***

The Proposed Shareholders' Mandate is subject to annual renewal and shall continue to be in force until the earliest of the following events:

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

The Company will disclose in its annual report the aggregate value of the respective Recurrent Related Party Transactions conducted during the financial year, in the event the higher of the following thresholds is reached:

- (a) the consideration, value of the assets, capital outlay or cost of the aggregate Recurrent Related Party Transactions is equal to or exceeds RM1.0 million; or
- (b) any one of the percentage ratios of such aggregate Recurrent Related Party Transactions is equal to or exceeds 1%.

## 2.8 *Thresholds of Authority*

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

<u>APPROVING LIMIT</u>	<u>APPROVING AUTHORITY</u>										
1 Without limit	Approval by any one of the Audit Committee members										
2 ≤ RM5.0 million for each transaction	Approval by any two of the following: i Managing Director ii Executive Director iii Finance Director iv Chief Executive										
3 ≤ RM1.0 million for each transaction	Approval by one from Group One and one from Group Two <table><thead><tr><th><u>Group One</u></th><th><u>Group Two</u></th></tr></thead><tbody><tr><td>i Managing Director</td><td>i Operation Director</td></tr><tr><td>ii Executive Director</td><td>ii General Manager</td></tr><tr><td>iii Finance Director</td><td>iii Financial Controller</td></tr><tr><td>iv Chief Executive</td><td></td></tr></tbody></table>	<u>Group One</u>	<u>Group Two</u>	i Managing Director	i Operation Director	ii Executive Director	ii General Manager	iii Finance Director	iii Financial Controller	iv Chief Executive	
<u>Group One</u>	<u>Group Two</u>										
i Managing Director	i Operation Director										
ii Executive Director	ii General Manager										
iii Finance Director	iii Financial Controller										
iv Chief Executive											

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

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

## 2.9 *Statement by the Audit Committee*

The Audit Committee of the Company has seen and reviewed the procedures mentioned in section 2.6 above and is satisfied that the procedures are sufficient to ensure that the Recurrent Related Party Transactions are conducted at arm's length, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

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

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

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

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

Interested Major Shareholders	Shareholdings in the Company			
	< ----- Ordinary shares ----- >			
	Direct	% <sup>#</sup>	Indirect	% <sup>#</sup>
HSCB	424,183,300	53.04	-	-
Gek Poh <sup>(1)</sup>	-	-	424,183,300 <sup>©</sup>	53.04
Tan Sri Lau <sup>(1)</sup>	-	-	424,183,300 <sup>^</sup>	53.04

Notes:

<sup>#</sup> For purpose of computing the percentage of shareholding above, the number of HSP shares used was 799,695,200 which was arrived at after deducting 304,800 treasury shares held by the Company from its issued share capital of 800,000,000 as at LPD.

<sup>©</sup> Deemed interest by virtue of its substantial interest in HSCB pursuant to section 8 of the Act.

<sup>^</sup> Deemed interest by virtue of his substantial interest in Gek Poh pursuant to section 8 of the Act.

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

Interest in HSCB	Shareholdings in HSCB			
	< ----- Ordinary shares ----- >			
	Direct	% <sup>#</sup>	Indirect	% <sup>#</sup>
Tan Sri Lau <sup>@</sup>	-	-	1,815,134,782*	72.91
Gek Poh	1,360,094,542	54.63	154,364,580 <sup>£</sup>	6.20
HSIS	154,364,580	6.20	-	-
LSH	-	-	300,675,660 <sup>^</sup>	12.08
LSHCL	-	-	300,675,660 <sup>∞</sup>	12.08
LSHI	300,675,660	12.08	-	-

Notes:

<sup>#</sup> For purpose of computing the percentage shareholding above, the number of HSCB shares used was 2,489,679,583 which was arrived at after deducting 2,000 treasury shares held by HSCB from its issued share capital of 2,489,681,583 as at the LPD.

<sup>@</sup> As at the LPD, Tan Sri Lau holds 56.00% direct shareholding in Gek Poh and 100.00% direct shareholding in Lead Star. Lead Star holds 37.68% shareholding in LSH. Accordingly, pursuant to section 8 of the Act, Tan Sri Lau is deemed to have an interest of 50.10% shareholding in LSH comprising 37.68% shareholding held via Lead Star and 12.42% shareholding held via Gek Poh.

<sup>\*</sup> Pursuant to section 8 of the Act, Tan Sri Lau is deemed to have interest in 1,360,094,542 HSCB shares constituting 54.63% shareholding in HSCB held by Gek Poh by virtue of his direct substantial interest in Gek Poh and 154,364,580 HSCB shares constituting 6.20% shareholding in HSCB held by HSIS by virtue of his direct substantial interest in Gek Poh as HSIS is the wholly-owned subsidiary Gek Poh. Tan Sri Lau is also deemed to have interest in 300,675,660 HSCB shares constituting 12.08% shareholding in HSCB held by LSHI by virtue of his deemed substantial interest in LSH, the holding company of LSHI.

<sup>£</sup> Pursuant to section 8 of the Act, Gek Poh is deemed to have interest in 154,364,580 HSCB shares constituting 6.20% shareholding in HSCB held by HSIS.

<sup>^</sup> Pursuant to section 8 of the Act, LSH is deemed to have interest in 300,675,660 HSCB shares constituting 12.08% shareholding in HSCB by virtue of LSHCL and LSHI.

<sup>∞</sup> Pursuant to section 8 of the Act, LSHCL is deemed to have interest in 300,675,660 HSCB shares constituting 12.08% shareholding in HSCB held by LSHI.

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

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

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

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

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

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

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

#### **4. DIRECTORS' RECOMMENDATION**

The Board (save for Datuk Edward Lee Ming Foo, Mr. Lee Wee Yong and Datuk Simon Shim Kong Yip who are interested Directors in relation to the Proposed Shareholders' Mandate and as such, have abstained from expressing an opinion and recommendation in respect thereof), having considered all aspects of the Proposed Shareholders' Mandate and in particular, the rationale and benefits of the Recurrent Related Party Transactions set out in sections 2.4 and 2.5 above, is of the opinion that the Proposed Shareholders' Mandate is in the best interests of the HSP Group and shareholders.

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

#### **5. AGM**

The Proposed Shareholders' Mandate for the Recurrent Related Party Transactions will be subject to the approval of the shareholders at the forthcoming AGM. The AGM, extract of the notice of which is enclosed with this Circular/Statement as Appendix II, is to be held at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 24 May 2017 at 2pm (or the adjournment thereof).

If you are unable to attend and vote in person at the forthcoming AGM, you should complete the proxy form as enclosed in the 2016 Annual Report in accordance with the instructions therein and lodge the duly completed form at the Registered Office not less than 48 hours before the appointed time of the forthcoming AGM (or any adjournment thereof). However, lodging of the proxy form will not preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

**6. FURTHER INFORMATION**

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

Yours faithfully

For and on behalf of the Board

**HAP SENG PLANTATIONS HOLDINGS BERHAD**

**Tan Sri Ahmad Bin Mohd Don**

Independent Non-Executive Chairman



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## APPENDIX I - FURTHER INFORMATION

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### 1. DIRECTORS' RESPONSIBILITY STATEMENT

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

### 2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

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

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

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

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

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

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

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

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

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**APPENDIX I - FURTHER INFORMATION (continued)**

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On 13 December 2016, the KKHC allowed both the KK RESB Suit and KK Suit to be consolidated upon RESB's application.

The Company has been advised by Messrs Jayasuriya Kah & Co., that RESB has good grounds to succeed in the KK RESB Suit.

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

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

SYC is claiming for the following in the KK Suit:

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

On 27 July 2016, the KKHC, upon application of RESB, granted an order converting the KK Suit from an originating summon to a writ action and ordered the Plaintiff to file in his writ and statement of claim by 26 August 2016.

The Company has been advised by its solicitors, Messrs Jayasuriya Kah & Co., that the KK Suit is unlikely to succeed.

### **3. MATERIAL CONTRACTS**

There are no material contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company and/or its subsidiaries during the two years immediately preceding the date of this Circular.

### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the Registered Office following the publication of this Circular from Mondays to Fridays (except public holidays) during business hours up to and including the date of the AGM:

- a) the memorandum and articles of association of the Company;
- b) the audited financial statements of the Company for the past 2 financial years ended 31 December 2015 and 31 December 2016;
- c) the agreements, where available, for the recurrent transactions as set out in section 2.2 of Part A of this Circular; and
- d) the relevant cause papers in respect of the material litigation referred to in section 2 of this Appendix I of Part A of the Circular/Statement.

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

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## SHARE BUY-BACK STATEMENT

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### 1. INTRODUCTION

Hap Seng Plantations Holdings Berhad (“HSP” or the “Company”) had at the extraordinary general meeting (“EGM”) held on 18 May 2016, obtained authorisation from its shareholders to purchase and/or hold its own shares up to a maximum of 10% of the issued share capital of the Company through Bursa Malaysia Securities Berhad (“Bursa Securities”). In accordance with the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”), this authorisation shall lapse upon conclusion of the 10<sup>th</sup> annual general meeting of the Company to be convened on 24 May 2017 (“AGM”), unless otherwise renewed.

The Company has on 13 April 2017 announced to the Bursa Securities of its intention to seek a renewal of the authorisation from its shareholders for the Company to purchase and/or hold its own shares up to a maximum of 10% of the Company’s issued share capital (“Proposed Renewal of Share Buy-back Authority”).

This statement is to provide the shareholders with the information on the Proposed Renewal of Share Buy-back Authority, to set out the recommendation from the board of directors of the Company (the “Board”) and to seek shareholders’ approval for the ordinary resolution pertaining to the Proposed Renewal of Share Buy-back Authority to be table at the forthcoming AGM to be held on 24 May 2017 at 2pm (or the adjournment thereof).

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

#### 2.1 The Rationale and Potential Advantage and Disadvantage

The Board is of the opinion that authorising the Company to undertake the purchase of its own shares is in the best interest of the Company. The share buy-backs, if authorized, may stabilise the supply and demand of the Company’s shares and this may have a favourable impact on the share price of the Company. Upon the shares being purchased, the Company could either cancel or retain the shares (all or part thereof) as treasury shares. In the event that the repurchased shares are retained as treasury shares, it will give the Board an option to sell the treasury shares at a higher price and therefore make an exceptional gain for the Company. Alternatively, the treasury shares may be distributed as share dividends to shareholders or cancelled as and when the directors deem fit.

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

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

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

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

The proposed purchase of its own shares must be undertaken by the Company’s appointed stockbroker(s). The Company must not buy-back its own shares and/or hold any of its own shares as treasury shares if this would result in the aggregate of the shares so purchased and/or held to exceed 10% of its issued share capital. As at 31 March 2017, the issued share capital of the Company (inclusive of 304,800 treasury shares) was 800,000,000 ordinary shares.

The authority from the shareholders for the proposed purchase would be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-back Authority until the conclusion of the next annual general meeting unless earlier revoked or varied by an ordinary resolution passed by the shareholders in a general meeting.

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## SHARE BUY-BACK STATEMENT

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

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

The Board therefore proposed to allocate a maximum of up to the retained profits of the Company for the purchase of its own shares subject to compliance with section 127 of the Companies Act 2016 (the “Act”) and any other prevailing laws, rules, regulations, order, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the Company’s latest audited financial statements for the financial year ended 31 December 2016, the audited retained profits of the Company was RM167,323,000. The retained profits of the Company in the management account as at 31 March 2017 was RM169,399,000.

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

### 2.4 Shareholding of Directors & Substantial Shareholders

For purpose of illustration, the effect before and after the proposed purchase under the Proposed Renewal of Share Buy-back Authority on the direct and indirect shareholdings of the directors and the substantial shareholders and persons connected with the directors and substantial shareholders of the Company based on the register of directors and the register of substantial shareholders respectively as at 31 March 2017 are as follows:

	< ----- No. of ordinary shares held in the Company ----- >							
	< ----- Before the proposed purchase ----- >				< ----- After the proposed purchase ----- >			
					Assuming 10% of the share capital was bought back and cancelled			
<b><u>Directors</u></b>	Direct	%( <sup>1</sup> )	Indirect	%( <sup>1</sup> )	Direct	%	Indirect	%
Tan Sri Ahmad Bin Mohd Don	-	-	-	-	-	-	-	-
Datuk Simon Shim Kong Yip	180,000	0.023	-	-	180,000	0.025	-	-
Datuk Edward Lee Ming Foo	-	-	-	-	-	-	-	-
Lee Wee Yong	-	-	-	-	-	-	-	-
Cheah Yee Leng	31,200	0.004	-	-	31,200	0.004	-	-
Au Yong Siew Fah	168,000	0.021	-	-	168,000	0.023	-	-
Tan Sri Abdul Hamid Egoh	110,000	0.014	-	-	110,000	0.015	-	-
Dato’ Jorgen Bornhoft	10,000	0.001	-	-	10,000	0.001	-	-
Tuan Haji Mohd Aris @ Nik Ariff Bin Nik Hassan	590,000	0.074	-	-	590,000	0.082	-	-
Datuk Amat Asri @ A.Asrie B.Ab Kadir @ A.Kadir	1,000	<sup>(4)</sup>	-	-	1,000	<sup>(4)</sup>	-	-

## SHARE BUY-BACK STATEMENT

< ----- No. of ordinary shares held in the Company ----- >								
< -----Before the proposed purchase ----- >					< ----- After the proposed purchase ----- >			
Assuming 10% of the share capital was bought back and cancelled								
<b>Substantial shareholders</b>	Direct	%( <sup>1</sup> )	Indirect	%( <sup>1</sup> )	Direct	%	Indirect	%
Hap Seng Consolidated Berhad (HSCB)	424,183,300	53.043	-	-	424,183,300	58.914	-	-
Innoprise Corporation Sdn Bhd	119,978,000	15.003	-	-	119,978,000	16.664	-	-
Citigroup Nominees (Tempatan) Sdn Bhd	69,686,800	8.714	-	-	69,686,800	9.679	-	-
- Employees Provident Fund Board								
Lembaga Tabung Haji	50,671,700	6.336	-	-	50,671,700	7.038	-	-
Gek Poh (Holdings) Sdn Bhd <sup>(2)</sup>	-	-	424,183,300	53.043	-	-	424,183,300	58.914
Tan Sri Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak <sup>(3)</sup>	-	-	424,183,300	53.043	-	-	424,183,300	58.914

Notes:

- (1) For purpose of computing the percentage of shareholding above, the number of ordinary shares used was 799,695,200 which was arrived at after deducting 304,800 treasury shares held by the Company from its issued capital of 800,000,000 as at 31 March 2017.
- (2) Deemed interest by virtue of its substantial interest in HSCB pursuant to section 8 of the Act.
- (3) Deemed interest by virtue of his substantial interest in Gek Poh (Holdings) Sdn Bhd pursuant to section 8 of the Act.
- (4) Negligible.

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

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

Based on the assumption that the proposed purchase under the Proposed Renewal of Share Buy-back Authority is carried out in full, the effects of the proposed purchase on the share capital, net assets (“NA”), earning per share (“EPS”) and working capital of the Company are set out below:

#### 3.1 Share Capital

The effect of the proposed purchase under the Proposed Renewal of Share Buy-back Authority on the issued share capital of the Company assuming the Company purchased and subsequently cancelled up to 80,000,000 ordinary shares representing 10% of the existing issued share capital as at 31 March 2017 are as follows:

	No. of Ordinary Shares	RM
Issued share capital		
Existing as at 31 March 2017	800,000,000	800,000,000
Less: Number of HSP shares to be cancelled pursuant to the proposed purchase of up to 10% of the existing share capital as at 31 March 2017	80,000,000	80,000,000
Upon completion of the cancellation of the 80,000,000 ordinary shares purchased	720,000,000	720,000,000

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

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## SHARE BUY-BACK STATEMENT

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### 3.2 NA per share and EPS

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

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

### 3.3 Working Capital

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

## 4. THE CONSEQUENCES WITH REGARD TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010

Based on the shareholdings of the substantial shareholders as at 31 March 2017, if the Proposed Renewal of Share Buy-back Authority is carried out in full, the proposed purchase will have no implication to any of the directors, substantial shareholders and/or persons connected to the directors and substantial shareholders under the Malaysian Code on Take-Overs and Mergers 2010.

## 5. PURCHASES MADE IN THE LAST FINANCIAL YEAR

Summary of the Company's share buy-backs for the financial year ended 31 December 2016 is set out as follows:-

Month (2016)	No. of shares bought back and retained as treasury shares	Lowest price paid per share (RM)	Highest price paid per share (RM)	Average cost per share (RM)	Total cost (RM)
May	2,000	2.37	2.37	2.39	4,788.92
November	2,000	2.44	2.44	2.46	4,928.96
<b>Total</b>	<b>4,000</b>	<b>2.37</b>	<b>2.44</b>	<b>2.43</b>	<b>9,717.88</b>

During the financial year, all the shares bought back by the Company were retained as treasury shares. Consequently, the cumulative treasury shares held as at 31 December 2016 were 304,800 shares.

## 6. PUBLIC SHAREHOLDING SPREAD OF THE COMPANY

As at 31 March 2017, the public shareholding spread of the Company was approximately 31.81%. Assuming that the Proposed Renewal of Share Buy-back Authority is carried out in full and the shares so purchased were all cancelled, the public shareholding of the Company will be 24.26%. The Board is mindful of the requirement that any buy-back of its own shares must not result in the Company's public shareholding spread falling below the minimum public shareholding spread of 25%.



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## SHARE BUY-BACK STATEMENT

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### 7. DIRECTORS' RECOMMENDATION

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

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(Incorporated in Malaysia)

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the 10<sup>th</sup> annual general meeting of Hap Seng Plantations Holdings Berhad will be held at the Kinabalu Room, Ground Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur on Wednesday, 24 May 2017 at 2pm to transact the following:-

### **SPECIAL BUSINESS**

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

#### **Resolution 9**

#### **Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

“That, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Part A, section 2.2 of the Circular/Statement to shareholders dated 28 April 2017, provided such transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are carried out in the ordinary course of business, at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

That this authority shall continue to be in force until:-

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

whichever shall be the earliest.

and that the directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the proposed renewal of and new shareholders' mandate.”

#### **Resolution 10**

#### **Proposed renewal of share buy-back authority**

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

- (a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the issued ordinary share capital of the Company;
- (b) the funds allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, based on the Company's audited financial statements for the financial year ended 31 December 2016; and

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**APPENDIX II – EXTRACT OF NOTICE OF TENTH ANNUAL GENERAL MEETING (continued)**

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(c) the authority conferred by this resolution shall continue to be in force until:-

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

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

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Malaysia Securities Berhad; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder,

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