

SCOPE

SCOPE INDUSTRIES BERHAD

(591376-D)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Company will be held at Bamboo Room, Scope Manufacturers (M) Sdn. Bhd., Lot 6181 Jalan Perusahaan 2, Kawasan Perindustrian Parit Buntar, 34200 Parit Buntar, Perak on Wednesday, 27 November 2019 at 11:00a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS :

- To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon. **Please refer to the Explanatory Notes**
- To approve the payment of Directors' fees and Directors' benefits of RM337,000 for the financial year ending 30 June 2020. **Ordinary Resolution 1**
- To re-elect Mr Tan Poh Heng as a Director who retires in accordance with the Company's Constitution (Article 127 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016). **Ordinary Resolution 2**
- To re-elect Mr Lim Chiow Hoo as a Director who retires in accordance with the Company's Constitution (Article 127 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016). **Ordinary Resolution 3**
- To re-appoint Messrs Grant Thornton as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

AS SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modifications the following resolutions:-

6. ORDINARY RESOLUTION

AUTHORITY TO ISSUE SHARES

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 5

7. ORDINARY RESOLUTION

MANDATE FOR MR TAN POH HENG TO CONTINUE TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT subject to passing of Ordinary Resolution 2, approval be and is hereby given to Mr Tan Poh Heng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

Ordinary Resolution 6

8. ORDINARY RESOLUTION

MANDATE FOR MR YONG LOONG CHEN TO CONTINUE TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT approval be and is hereby given to Mr Yong Loong Chen who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

Ordinary Resolution 7

9. SPECIAL RESOLUTION

PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

"THAT approval be and is hereby given for the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 31 October 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

Special Resolution

- To transact any other business of which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)

TAN SHE CHIA (MAICSA 7055087)

FOO LI LING (MAICSA 7019557)

Company Secretaries

Penang

Date: 31 October 2019

Notes:

- A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
- The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time for holding the meeting.
- A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
- Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Company's Constitution (Article 77 of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 20 November 2019 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
- All resolutions as set out in this notice of Seventeenth Annual General Meeting are to be voted by poll.

Explanatory Notes on Ordinary Business

Item 1 of the Agenda

To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon

The item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Ordinary Resolution 1 – Payment of Directors' fees and Directors' benefits for the financial year ending 30 June 2020

The proposed Ordinary Resolution 1 is to facilitate payment of Directors' fees and Directors' benefits on current financial year basis, calculated based on the number of scheduled Board and Committee meetings for financial year 2020 as well as the payment of Directors' fees to the directors of the subsidiary companies who are also the Directors of the Company, and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees and Directors' benefits proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees and benefits to meet the shortfall.

Explanatory Notes on Special Business

Ordinary Resolution 5 – Authority to issue shares

Renewal of authority to allot and issue shares pursuant to Sections 75 and Section 76 of the Companies Act 2016

The proposed Ordinary Resolution 5, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company raised RM8,407,266 from the issuance of 56,048,443 new ordinary shares (via private placement) pursuant to Section 75 and Section 76 of the Companies Act 2016 under the general authority which was approved at the Sixteenth Annual General Meeting held on 15 November 2018 and which will lapse at the conclusion of the Seventeenth Annual General Meeting to be held on 27 November 2019. Please refer to the page 21 of the Annual Report 2019 for the details relating to utilisation status of the proceeds raised.

A renewal of this authority is being sought at the Seventeenth Annual General Meeting under proposed Ordinary Resolution 5.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Ordinary Resolution 6 and 7 – Mandate for Mr Tan Poh Heng and Mr Yong Loong Chen to continue to act as Independent Non-Executive Directors

Both the Nomination Committee and Board have assessed the independence of Mr Tan Poh Heng and Mr Yong Loong Chen, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

- They fulfilled the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, they would be able to function as check and balance, and bring an element of objectivity to the Board.
- Their vast experience in the accounting and audit industry enable them to provide the Board with a diverse set of experience, expertise and independent judgment.
- They devote sufficient time and attention to their professional obligations for an informed and balanced decision making.
- They consistently challenged the management in an effective and constructive manner and actively participated in board discussion.
- They have a good and thorough understanding of the main drivers of the business in a detailed manner.

Special Resolution – Proposed adoption of the new Constitution of the Company

The Special Resolution proposed under Agenda 9, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016 and ACE Market Listing Requirements issued by Bursa Malaysia Securities Berhad and to enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 31 October 2019.