



HENG HUAT RESOURCES GROUP BERHAD

(Registration No. 201101041555 (969678-D))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Heng Huat Resources Group Berhad ("**Heng Huat**" or "**Company**") will be held at Majestic Hall, 1st Floor, Bukit Jawi Golf Resort Berhad, Lot 414, MK6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Seberang Perai Selatan, Pulau Pinang on Thursday, 9 January 2020 at 9.30 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

SPECIAL RESOLUTION

PROPOSED CONSOLIDATION OF EVERY 10 EXISTING ORDINARY SHARES IN HENG HUAT ("HENG HUAT SHARES") INTO 1 NEW HENG HUAT SHARE ("CONSOLIDATED SHARE") ("PROPOSED SHARE CONSOLIDATION")

"THAT subject to the approvals of the relevant authorities and/or parties having been obtained (if required), approval be and is hereby granted to the Company to consolidate every 10 existing Heng Huat Shares into 1 Consolidated Share.

THAT the Consolidated Shares, upon allotment and issuance, shall rank equally in all respects with one another.

THAT the fractional entitlements for the Heng Huat Shares arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board of Directors of the Company ("**Board**") in such manner at its absolute discretion as it may deem fit and in the best interest of the Company.

AND THAT the Board be and is hereby authorised to do all acts, deeds and things as are necessary to give full effect to the Proposed Share Consolidation with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Share Consolidation."

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 237,699,028 NEW HENG HUAT SHARES ("RIGHTS SHARES") ON THE BASIS OF 7 RIGHTS SHARES FOR EVERY 1 CONSOLIDATED SHARE HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE"), TOGETHER WITH UP TO 135,828,016 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 4 WARRANTS FOR EVERY 7 RIGHTS SHARES SUBSCRIBED FOR ("PROPOSED RIGHTS ISSUE")

"THAT subject to the passing of the Special Resolution, the completion of the Proposed Share Consolidation and the approvals of the relevant authorities and/or parties having been obtained (if required), approval be and is hereby granted to the Board to:

- (i) provisionally allot and issue by way of a renounceable rights issue of up to 237,699,028 Rights Shares on the basis of 7 Rights Shares for every 1 Consolidated Share held on the Entitlement Date at an issue price of RM0.25 per Rights Share, together with up to 135,828,016 Warrants on the basis of 4 Warrants for every 7 Rights Shares subscribed for, to the shareholders of Heng Huat whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date ("**Entitled Shareholders**") with a minimum subscription level of 42,000,000 Rights Shares and 24,000,000 Warrants;
- (ii) enter into and execute the deed poll in relation to the Warrants ("**Deed Poll**") and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Deed Poll; and
- (iii) use the proceeds to be derived from the Proposed Rights Issue in the manner as set out in the circular to shareholders dated 18 December 2019 ("**Circular**") and vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company, subject to the approval of the relevant authorities (where required).

THAT approval be and is hereby given to the Board to create and issue the Warrants and such additional Warrants ("**Additional Warrants**") as may be required or permitted to be issued as a consequence of the adjustments based on the indicative salient terms of the Warrants as set out in the Circular and the terms and conditions of the Deed Poll.

THAT approval be and is hereby given to the Board to allot and issue such Additional Warrants as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll.

THAT approval be and is hereby given to the Board to allot and issue such number of Heng Huat Shares arising from the exercise of the Warrants or Additional Warrants during the exercise period of the Warrants in accordance with the terms of the Deed Poll, including such appropriate number of new Heng Huat Shares arising from the exercise of subscription rights represented by any Additional Warrants.

THAT the shareholders' fractional entitlements, if any, will be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

THAT the Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s)/ transferee(s) (if applicable). It is the intention of the Board to allocate the excess Rights Shares with Warrants in a fair and equitable manner on a basis to be determined by the Board and announced thereupon by the Company.

THAT the Rights Shares and the new Heng Huat Shares to be issued arising from the exercise of the Warrants and/or Additional Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing Heng Huat Shares, save and except that the Rights Shares and the new Heng Huat Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution, the entitlement date of which is prior to the date of allotment of the Rights Shares and the new Heng Huat Shares to be issued arising from the exercise of the Warrants and/or Additional Warrants.

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Proposed Rights Issue with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue."

By Order of the Board

Ooi Yoong Yoong (MAICSA 7020753)
Company Secretary

Penang

Date: 18 December 2019

Notes:

1. A member entitled to attend and vote at the meeting may appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy save that the proxy must be of full age.
2. When a Member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, such member may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing. If the appointor is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
6. To be valid, the instrument appointing a proxy which is duly completed must be deposited at the registered office of the Company at 39 Salween Road, 10050 Penang, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
7. For the 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 Article 15.9 of the Constitution of the Company and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 31 December 2019 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting or appoint proxy/proxies to attend and/or vote in his/her stead.
8. The resolutions as set out in this notice of EGM are to be voted by poll.