

NOTICE OF 16TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **SIXTEENTH ANNUAL GENERAL MEETING** of TH Heavy Engineering Berhad ("Company") will be held at Platinum Ballroom, Level 2, Novotel Kuala Lumpur City Centre, 2 Jalan Kia Peng, 50450 Kuala Lumpur, Wilayah Persekutuan on Friday, 14 August 2020 at 10:00 a.m. for the following purposes:-

AGENDA

- To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and the Auditors thereon.
- To approve the payment of Directors' fees amounting to RM461,000 for the Non-Executive Directors of the Company and its subsidiaries in respect of the financial year ended 31 December 2019.
- To approve the Directors' benefits payable to the Directors of the Company and its subsidiaries with effect from a day after the Sixteenth Annual General Meeting until the next Annual General Meeting of the Company in year 2021.
- To re-elect Dr. Ir. Samad Bin Solbai who is retiring pursuant to Clause 123 of the Company's Constitution and being eligible, has offered himself for re-election.
- To re-elect Dato' Indera Dr. Haji Md Yusop Bin Omar who is retiring pursuant to Clause 123 of the Company's Constitution and being eligible, has offered himself for re-election.
- To re-elect Encik Izad Shahadi Bin Mohd Sallehuddin who is retiring pursuant to Clause 122 of the Company's Constitution and being eligible, has offered himself for re-election.
- To re-elect Encik Ahmad Al Farouk Bin Ahmad Kamal who is retiring pursuant to Clause 122 of the Company's Constitution and being eligible, has offered himself for re-election.
- To re-elect Tuan Haji Mohd Khalid Bin Mohamed who is retiring pursuant to Clause 122 of the Company's Constitution and being eligible, has offered himself for re-election.
- To re-appoint Messrs. Deloitte PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.

As Special Business

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

10. AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) of the Company for the time being (hereinafter referred to as the "20% General Mandate") as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers;

AND THAT the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so be issued pursuant to the 20% General Mandate on Bursa Securities AND be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the 20% General Mandate;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

11. RETENTION OF DR. IR. SAMAD BIN SOLBAI AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT subject to passing of Ordinary Resolution 3, Dr. Ir. Samad Bin Solbai who would have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years from 25 May 2021 onwards, be and is hereby retained as an Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance."

12. RETENTION OF DATO' INDERA DR. HAJI MD. YUSOP BIN OMAR AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT subject to passing of Ordinary Resolution 4, Dato' Indera Dr. Haji Md. Yusop Bin Omar who would have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years from 25 May 2021 onwards, be and is hereby retained as an Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance."

13. RETENTION OF MR. TOO KOK LENG AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT Mr. Too Kok Leng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be and is hereby retained as an Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance."

- To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (SSM PC No. 201908002648 | MAICSA 0777689)
TAN LEY THENG (SSM PC No. 201908001685 | MAICSA 7030358)
 Company Secretaries

Kuala Lumpur
 30 June 2020

EXPLANATORY NOTE A:-

Audited Financial Statements for the financial year ended 31 December 2019

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda item is not put forward for voting.

EXPLANATORY NOTES TO ORDINARY AND SPECIAL BUSINESS:-

(1) Ordinary Resolution 1 - Payment of Directors' Fees

The proposed payment of Directors' fees to the Non-Executive Directors of the Company and its subsidiaries in respect of the financial year ended 31 December 2019 shall be up to RM461,000 only, comprises the following:-

Entity	Chairman	Non-Executive Directors
The Company	RM80,000 per annum	RM60,000 per person per annum
Active Subsidiaries	RM40,000 per annum	RM30,000 per person per annum

*The above proposed fees remain unchanged as per financial year ended 31 December 2018.

(2) Ordinary Resolution 2 - Approval of Directors' Benefits

The Company wishes to seek its shareholders' approval of the Directors' benefits payable to the Non-Executive Directors of the Company and its subsidiaries with effect from a day after the Sixteenth Annual General Meeting ("AGM") until the next AGM of the Company in year 2021 ("Period"). The Directors' benefits payable for the Period comprise solely meeting allowance, which will only be accorded based on actual attendance of meetings by the Directors:-

Please refer to Explanatory Note (A)

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

Ordinary Resolution 8

Ordinary Resolution 9

Ordinary Resolution 10

Ordinary Resolution 11

Ordinary Resolution 12

Benefits	Fees (RM)
The Company	
<u>Board Meeting Allowance</u>	
- Chairman	1,000 per meeting
- Directors	1,000 per meeting
<u>Board Sub-Committees' Meeting Allowance</u>	
- Chairman	500 per meeting
- Directors	500 per meeting
Active Subsidiaries	
Board Meeting Allowance	750 per meeting

*The above proposed fees remain unchanged as per financial year ended 31 December 2018.

(3) Ordinary Resolution 9 - Authority to Issue Shares

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Act at the Sixteenth ("16th") AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the last AGM of the Company held on 19 June 2019 (hereinafter referred to as the "Previous Mandate").

As part of the initiative from Bursa Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities has via its letter dated 16 April 2020 granted several additional relief measures to listed issuers, amongst others, listed issuers are allowed to seek a higher general mandate under Paragraph 6.03 of Main Market Listing Requirements of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of new securities ("20% General Mandate").

This 20% General Mandate may be utilised by listed issuer to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated.

The Board believes that the Company requires a flexible and readily available method of raising capital, to allow the Company to capture suitable prospective investment opportunities in a timely manner.

The Board, having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group to sustain the business, is of the opinion that this 20% General Mandate is in the best interests of the Company and its shareholders, on the following basis:-

- the proposed 20% General Mandate would provide the Company and its subsidiaries with financial flexibility to raise capital expeditiously for its operations, future expansion and business development;
- the proposed 20% General Mandate would allow the Company to raise equity capital promptly rather than the more costly and time-consuming process by obtaining shareholders' approval in a general meeting should the need for capital arise;
- other financing alternatives such as debt financing may incur interest burden to the Company and its subsidiaries; and
- the proposed 20% General Mandate provides the Company with the capability to capture any capital raising and/or prospective investment opportunities if and when they are identified.

This 20% General Mandate, if passed, will provide flexibility for the Company and empower the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion. This authority unless revoked or varied by the Company in general meeting, will expire at the next AGM. The proceeds raised from the 20% General Mandate 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 and/ or acquisitions.

(4) Ordinary Resolutions 10 and 11 - Retention of Independent Non-Executive Directors

Both Dr. Ir. Samad Bin Solbai and Dato' Indera Dr. Haji Md. Yusop Bin Omar were appointed as Independent Non- Executive Directors of the Company on 25 May 2012. Therefore, they would have on 25 May 2021, served the Board in that capacity for a cumulative term of nine (9) years.

In accordance with the Malaysian Code on Corporate Governance, prior approval should be obtained from the shareholders at the 16th AGM, to enable Dr. Ir. Samad Bin Solbai and Dato' Indera Dr. Haji Md. Yusop Bin Omar to continue in office as Independent Non-Executive Directors before they reach the nine (9) years term limit on 25 May 2021.

The Board via the Nomination Committee, after having assessed of the independence of Dr. Ir. Samad Bin Solbai and Dato' Indera Dr. Haji Md. Yusop Bin Omar, regards them to be independent. The Board, therefore, recommends that they should be retained as Independent Non-Executive Directors of the Company based on the following justifications:-

- They have fulfilled the criteria under the definition of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Securities;
- They are able to exercise independent judgement and act in the best interests of the Company;
- There is no potential conflict of interest that they could have with the Company and/or its subsidiaries; and
- There are significant advantages to be gained from a long-serving Independent Director as they have many years of experience with incumbent knowledge of the Company and the Group's activities and corporate history, and have provided invaluable contributions to the Board in their roles as Independent Non-Executive Directors.

(5) Ordinary Resolution 12 - Retention of Independent Non-Executive Director

Mr. Too Kok Leng was appointed as an Independent Non-Executive Director of the Company on 28 January 2008 and therefore, has served in that capacity for a cumulative term of more than twelve (12) years.

The Board of Directors, via the Nomination Committee, after having assessed the independence of Mr. Too Kok Leng, regards him to be independent based amongst others, the following justifications and recommends that Mr. Too Kok Leng be retained as Independent Non-Executive Director subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

- He has fulfilled the criteria under the definition of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Securities;
- He is able to exercise independent judgement and act in the best interests of the Company;
- There is no potential conflict of interest that he could have with the Company and/or its subsidiaries; and
- There are significant advantages to be gained from a long-serving Independent Director as he has many years of experience with incumbent knowledge of the Company and the Group's activities and corporate history, and has provided invaluable contributions to the Board in his role as an Independent Non-Executive Director.

Notes:-

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 7 August 2020 shall be eligible to attend the Meeting.
- A member entitled to attend and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the same Meeting. Where a member appoints more than one (1) proxy to attend and vote at the Meeting, he or she specifies the proportion of his or her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
- A proxy needs not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the members to attend, participate, speak and vote at the Meeting and upon appointment a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- Where a member of the company is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991, it 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.
- Where a member of the Company is an exempt authorised nominee which holds Deposited Securities 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.
- The instrument appointing a proxy shall be in writing under the hand of the member or his / her attorney duly authorised in writing or, if the member is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy shall be deposited at the office of the Company's Share Registrar at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There were no Directors standing for election at the forthcoming Sixteenth Annual General Meeting of the Company.