



興發

HENG HUAT RESOURCES GROUP BERHAD

201101041555 (969678-D)

Established Since 1986

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of Heng Huat Resources Group Berhad ("Heng Huat" or the "Company") will be held at No. 1353, Jalan Sungai Baong, Taman Industri Perabot, Sungai Baong, 14200 Sungai Jawi, Pulau Pinang on Wednesday, 30 September 2020 at 8.00 a.m for the transaction of the following business:

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial period from 1 January 2019 to 31 March 2020 together with the Reports of the Directors and Auditors thereon.
- To approve the payment of Directors' fees of RM410,000.00 for the financial period from 1 January 2019 to 31 March 2020 [FYE 31.12.2018 : RM133,800.00].
- To approve the payment of Directors' remuneration (excluding Directors' fees) of not exceeding RM10,000.00 from 1 October 2020 until the next Annual General Meeting of the Company.
- To re-elect Mr. Cheah Swi Chun who retires pursuant to Article 18.3 of the Company's Constitution and who, being eligible, offer himself for re-election.
- To re-elect Mr. Ho Whye Chong who retires pursuant to Article 18.10 of the Company's Constitution and who, being eligible, offer himself for re-election.
- To re-appoint Messrs. Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modification, as Ordinary Resolutions :

7. AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 FOR THE DIRECTORS TO ISSUE SHARES

"THAT, subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the ACE Market Listing Requirement ("Main Market") of Bursa Malaysia Securities Berhad ("Bursa Securities") and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby authorized and empowered pursuant to Sections 75(1) and 76(1) of the Act to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being ("20% General Mandate"); **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities;

Ordinary Resolution 6

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to their letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act."

8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")

"THAT subject to the provisions of the Company's Constitution and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.3 of the Circular to Shareholders dated 28 August 2020, provided that such transactions are necessary for the day-to-day operations; and undertaken in the ordinary course of business, on arm's length basis, on normal commercial terms which are not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Ordinary Resolution 7

THAT such approval shall continue to be in force until-

- the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
- the expiration of the period within which the next AGM of the Company after that date is required by law to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed by law pursuant to Section 340(4) of the Act); or
- revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier; **AND THAT** the Board be and is hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD

OOI YOONG YOONG (SSM PC NO. 202008002042/MAICSA 7020753)

Secretary
Penang
28 August 2020

Notes:-

Appointment of Proxy

- 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.
- When a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her holdings to be represented by each proxy, failing which the appointment shall be invalid.
- 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.
- 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her 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.
- 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 Georgetown, Penang, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

General Meeting Record of Depositors

7. Only a depositor whose name appears on the Record of Depositors of the Company as at 23 September 2020 shall be entitled to attend this Annual General Meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

Ordinary Business

8. **Ordinary Resolution 2 – Proposed payment of Directors' remuneration (excluding Directors' fees) of not exceeding RM10,000.00 from 1 October 2020 until the next AGM of the Company.**
The proposed Directors' benefits payable comprises allowances and other benefits.

The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board's and Board Committees' meetings from 1 October 2020 until the next Annual General Meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

Ordinary Resolutions 3 and 4 – Re-election of Directors

Article 18.3 of the Company's Constitution states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each Annual General Meeting. Each Director shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Article 18.10 of the Company's Constitution states that the Board shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution. Any Director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

In determining the eligibility of the Directors to stand for re-election at the forthcoming Annual General Meeting, the Nominating Committee has assessed the Directors and satisfied with the assessment.

The Board approved the Nomination Committee's recommendation for the re-election of the retiring Directors pursuant to Article 18.3 and 18.10 of the Company's Constitution at the forthcoming Annual General Meeting of the Company. During a Board Meeting, all the retiring Directors have consented to their re-election, and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the forthcoming Annual General Meeting.

Ordinary Resolution 5 – Re-appointment of Auditors

The Audit Committee has assessed the suitability and independence of the external auditors and recommended the re-appointment of Messrs Grant Thornton as external auditors of the Company. The Board has in turn at its meeting held on 25 August 2020, reviewed the recommendation of the Audit Committee and recommended the same to be tabled to the shareholders for approval at the forthcoming Annual General Meeting of the Company. The Board and the Audit Committee collectively agreed that Messrs. Grant Thornton have met the relevant criteria prescribed by Rule 15.21 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

Special Business

Ordinary Resolution 6 – Authority under Sections 75 and 76 of the Companies Act, 2016 for the Directors to issue shares

The Company wishes to renew the mandate on the authority to allot and issue shares pursuant to Sections 75(1) and 76(1) of the Act at the Ninth AGM of the Company ("General Mandate"). Bursa Securities has via their letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 ("Extended Utilisation Period").

The Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Act, from its shareholders at the Ninth AGM of the Company. The purpose to seek the 20% General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting merely for such purpose. 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.

The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis:-

- The interest of the Company as well as its long term shareholders should be in congruence on the issue of long term sustainability of the Company as only a business operation with healthy and sufficient working capital could generate positive returns to the Company and its shareholders.
- Given the outbreak of the Coronavirus Disease (Covid-19) pandemic and the subsequent imposition of the Movement Control Order by the Malaysian Government to contain the Covid-19, the economy of the Country have been severely affected. The additional fund raising flexibility through the 20% General Mandate will enable the Company, should it required to do so, to meet its funding requirements for working capital and operational expenditure, expeditiously and efficiently, without burdening the shareholders with a separate general meeting during this challenging period.
- The Extended Utilisation Period accorded by Bursa Securities has ease the cash flow planning of the Company should the Company requires additional bridge funding for the execution of its business plan or the business contingency plans to mitigate against the financial impact of Covid-19, without burdening the shareholders with another round of fund raising exercise.

As at the date of this notice and pursuant to the general mandate granted to the Directors at the Eighth Annual General Meeting held on 21 May 2019, the Company had on 16 July 2020 issued and allotted 3,395,700 ordinary shares for cash. The proceeds totalling RM1,120,581.00 arising from the issuance of the said new ordinary shares have been utilised for repayment of bank borrowing and working capital purposes as well as to defray expenses relating to the placement of shares.

Ordinary Resolution 7 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")

The proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature pursuant to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

This authority shall continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held (but will not extend to such extension as may be allowed by law) or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

Please refer to the Circular to Shareholders dated 28 August 2020 for further information.

13. Voting at Ninth AGM

Pursuant to Rule 8.31A of Bursa Malaysia Securities Berhad ACE Market Listing Requirements, all resolutions set out in the Notice of Ninth AGM will be put to vote on a poll.

General Meeting Arrangements

Due to the constant evolving Coronavirus Disease (COVID-19) situation in Malaysia, we may be required to change the arrangements of our Ninth AGM at short notice. Kindly visit Bursa Malaysia Securities Berhad's website or the Company's website at <https://www.henghuat.com.my/> for the latest updates on the status of the said meeting.

COVID-19 Outbreak Measure Notes

The health and safety of our members and staff who will attend the AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the AGM:

- All attendees must sanitise their hands and will be required to wear face masks, undergo temperature check, provide contact details and make health declaration prior to entering the meeting venue.
- All attendees are required to practise social distancing of 1 meter throughout the AGM and only allowed to sit at the place arranged by the Company.
- Shareholders/proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, are advised to refrain from attending the AGM in person.
- Any attendee with body temperature at 37.5°C and above or exhibits flu-like symptoms will not be allowed to enter the meeting hall.
- Shareholders are encouraged to appoint the Chairman of the Meeting to act as proxy to attend and vote at the AGM on their behalf by submitting the proxy form with predetermined voting instruction.
- There will be no refreshment and no door-gift provided to the attendees.
- Shareholders/proxies are advised to arrive early to the AGM venue given that the above-mentioned precautionary measures may cause delay in the registration process.
- Shareholders are required to register ahead of the AGM to allow the Company to make the necessary arrangements in relation to the meeting i.e. infrastructure, logistics and meeting venue(s) to accommodate the meeting participants. Thus, kindly RSVP your intention to attend the AGM by email to ir@henghuat.com.my