

**HHRG BERHAD**  
**(Formerly known as Heng Huat Resources Group Berhad)**  
Company No.: 201101041555 (969678-D)  
(Incorporated In Malaysia)

**MINUTES OF ANNUAL GENERAL MEETING**

MINUTES OF THE TWELFTH GENERAL MEETING HELD AT MAJESTIC HALL, 1<sup>ST</sup> FLOOR, BUKIT JAWI GOLF RESORT BERHAD, LOT 414, MK 6, JALAN PAYA KEMIAN SEMPAYI, 14200 SUNGAI JAWI, SEBERANG PERAI SELATAN, PULAU PINANG ON FRIDAY, 25 AUGUST 2023 AT 9.00 A.M

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ATTENDANCE: As per attendance list

**1. COMMENCEMENT**

At 9:00 a.m., the Secretary of the Meeting, Ms Hing Poe Pyng called the Meeting to order and welcomed all members and proxies participating the Company's Twelfth Annual General Meeting ("12<sup>th</sup> AGM").

**2. QUORUM**

The Company Secretary confirmed that the quorum was present.

**3. NOTICE OF MEETING**

The notice of 12<sup>th</sup> AGM having been circulated within the statutory period, was taken as read.

**4. PROCEDURES TO CONVENE THE AGM**

The Secretary informed the Meeting that pursuant to Paragraph 8.31A(1) of the Bursa Securities ACE Market Listing Requirements ("Listing Requirements"), all resolutions set out in the notice of 12<sup>th</sup> AGM must be voted on by poll and pursuant to Paragraph 8.31A(2) of the ACE Market Listing Requirements, at least one scrutineer be appointed to validate the votes cast.

The Secretary on behalf of the Chairman also informed the members that the Company has appointed Securities Services (Holdings) Sdn Bhd ("SSHSB") as Polling Administrator and Value Creator Consultancy ("Value Creator") as Scrutineer to verify the poll results. She informed that polling process would be conducted upon the conclusion of the deliberations of all items on the agenda.

The Secretary informed that Mr Cheng Pek Tong and Ms Yap Shue Yee are shareholders of the Company and that they have offered to be the proposer and seconder respectively for all the proposed resolutions in the agenda of this meeting.

The Secretary then presented the agenda of the 12<sup>th</sup> AGM as follows:-

**5. AGENDA 1 - TO RECEIVE THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND OF THE AUDITORS THEREON.**

Shareholders were informed by the Secretary that the said Audited Financial Statements ("AFS") were for discussion purposes only as the provision of Section 340(1)(a) of the Companies Act 2016 do not require members' approval for the AFS. Therefore, this item would not be put forward for voting.

The Secretary invited Mr Fong Chee Khuen, the Chief Executive Officer ("Mr Fong") of the Company to proceed with the response to Minority Shareholders Watch Group ("MSWG").

## 6. WRITTEN QUERIES FROM MSWG

Mr Fong informed the shareholders that the Company had received the written queries from MSWG. The response (*in Italics*) to those queries by the Management of the Company which were presented to the 12<sup>th</sup> AGM are as below:-

### OPERATIONAL & FINANCIAL MATTERS

Q1 Sales performance surged due to a newly acquired furniture subsidiary and higher bio-oil product sales, up by about +13.39% compared to the previous year (page 7 of Annual Report (AR) 2023).

	2023 RM'000	2022 RM'000	Year-on-Year Variance (%)
Revenue			
Biomass materials and related products	76,865	80,985	-5.09
Furniture, mattresses and related products	77,783	22,517	245.44
Property development and management	620	-	100.00
	<b>155,268</b>	<b>103,502</b>	<b>50.01</b>
Profitability			
Gross profit "GP"	53,954	37,667	43.24
<i>GP margin</i>	34.75%	36.39%	
Profit before tax "(PBT)"	33,367	14,847	124.74
<i>(PBT) margin</i>	21.49%	14.34%	
Net profit for the year "(PAT)"	30,012	14,756	103.39
<i>(PAT) margin</i>	19.33%	14.26%	

- Nonetheless, revenue from biomass materials dropped slightly to RM76.9 million in FYE2023 (-5.09% YoY) from RM81.0 million in FYE2022. Is this decline due to lower Average Selling Prices (ASP)? How do you foresee the ASP trend moving forward?
- Considering projected slowdowns in both the 1) biomass materials; and 2) furniture and mattresses business segments, how does the Group intend to address this challenge and sustain the current positive momentum in the upcoming fiscal years?
- With the furniture and mattresses business segment in the lead, will biomass materials business segment continue to be the second-largest contributor?

The Group's biomass business very much depends on the CPO price. The CPO price had experienced some reduction recently but has now stabilised. The CPO price is moving around RM3,800 and the Company expects the price to sustain in the near future which will augur well if the price remains stable.

Biomass will remain as the Group's core business. The biomass business of turning waste into sustainability products contributing not just to society, but at the same time generating profit for the Group.

The Group continue to seek new business opportunities and to expand the Group's business in line with the Company's effort on rebranding and expansion.

Q2 The Group is actively expanding its biomass business segment by investing in downstream bio-compost production facilities. This strategic move aims to tap into

new markets, broaden the customer base, and generate extra revenue in the upcoming quarters (page 12 of AR2023).

- (a) Please provide insights into the timeline for the development and operation of the bio-compost production facilities. What is the targeted market, and when can we expect to see tangible results and contributions to the Group's revenue stream?
- (b) Given the competitive landscape and potential challenges in the bio-compost market, what strategies has the Group devised to establish a competitive edge and capture a significant share of this market?

The Company is studying all strategies and had embarked on the bio-compost project during the first quarter of the year. The Company also invested capital expenditures on our bio-compost production facilities and foresees that this business would generate revenue in the next financial year.

In order to succeed in the bio-compost project, the Company had worked together with experts to fine-tune the products. Currently, the Company is in the R&D stages and the experts will test the products for improvement. The Company has even hired experts from Taiwan for this R&D team.

At the same time, the Company has also formed a sales team with a partner to market their products to small plantation owners and farmers. This biomass business is the Company's effort on ESG and will also contribute to the revenue of the Company.

Q3 The furniture products are mainly sold to customers in Europe. It is said to be more suitable and acceptable in the European market (page 12 of AR2023).

- (a) What specific aspects of the furniture products have contributed to their higher suitability for the European market compared to other markets?
- (b) Has the Group considered venturing into Malaysia? If so, what is the strategic planning for this venture, including the location and timing of the potential expansion?
- (c) If not, do you anticipate challenges or regulatory frameworks that might influence your commercial pursuits within our domestic market?

The Company's furniture division has met the stringent standards set by European customers.

The Group still focus on the sales to overseas market. The Company will work closely with distributors to minimise the impact from inflation and global economic which affected the Company. At this moment, the Company is not considering local sales until it expands further.

Q4 There is a substantial increase in investment properties to RM41.5 million in FYE2023 from RM11.4 million in the prior year (page 62 of AR2023).

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	73,501,804	75,586,342	587,496	224,410
Investment properties	5	41,511,358	11,418,622	-	-
Right-of-use assets	6	6,238,023	6,657,209	-	-
Inventories	7	21,585,114	21,000,000	-	-
Intangible assets	8	19,205,853	20,520,967	-	-
Investment in subsidiaries	9	-	-	156,870,433	86,211,423
Keyman insurance contracts	10	620,690	590,378	-	-
		<u>162,662,842</u>	<u>135,773,518</u>	<u>157,457,929</u>	<u>86,435,833</u>

What are the plans for the new property business segment? When do you anticipate it will have a significant impact on the Group's performance?

The Group intends to venture into the business of property development and management. It would be the new business segment of the Group. The Group is also invested in real estate property businesses to generate a steady income stream.

Q5 There was a notable uptick of RM10.4 million in term loan borrowings during FY2023 (note 17 of page 114 of AR2023).

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Secured:</b>				
<b>Non-current liabilities</b>				
Hire purchase	1,335,876	1,032,061	345,414	3,555
Term loans	<u>27,641,532</u>	<u>17,198,038</u>	-	-
	<u>28,977,408</u>	<u>18,230,099</u>	<u>345,414</u>	<u>3,555</u>

What is the intended use of the RM10.4 million term loan that was borrowed?

The RM10.4 million term loan is for the purpose of property investment which is currently generating rental income and capital appreciation for the Company. In fact, the Company has decided to sell some of these properties which may result in 30% to 40% gain from the disposal.

#### CORPORATE GOVERNANCE MATTERS

Q1 The composition of the Board currently lacks diversity with only one female Director, representing a mere 17% of the total. This falls below the recommended benchmark of 30% stated in Practice 5.9 of the Malaysian Code of Corporate Governance (MCCG), which emphasizes the importance of significant representation of women directors (page 24 of CG Report).

Have there been any progress in identifying suitable female candidates for a new Director position within the Group? If so, how many candidates have been interviewed and shortlisted?

The Board had recently appointed Ms Wong Wan Chin ("WWC") as the new woman director to the Company. When the Company identifies the candidates for the position of director, they will not only look at gender but will also evaluate other skills.

Currently, the Company has strong Board members such as WWC who is from one of the top legal firms in Penang. She has talents from the legal aspect. Some of the Directors having accounting backgrounds and Mr Ho Whye Chong is from the property industry. The Company will continue to hunt for more talents to join the Company.

Q2 The Group has departed from applying Practice 5.2 of the MCCG (page 17 of CG Report).

Practice 5.2 of MCCG states that at least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

This practice emphasizes that the composition of the Board should facilitate impartial and autonomous deliberation, evaluation, and decision-making. A board with many independent directors enhances the oversight of management in a more effective manner (as per Guidance/G5.2 of MCCG).

Please take note.

The Company has a total of 6 board members which comprise two Executive Directors, two Independent Non-Executive Directors, and two Non-Independent Non-Executive Directors. The redesignation of the Independent Directors to Non Independent Directors was due to their acquisition of shares in the Company. The number of the Independent and Non Independent Directors of the Company, the Company achieved more than 50% of the Independent Directors. The Company will review this and it will continue to identify more talents.

Nevertheless, the composition of the Board is in compliance with the listing requirements which requires at least 2 directors or 1/3 of the Board, whichever is the higher.

**7. ORDINARY RESOLUTION 1 - TO APPROVE THE PAYMENT OF DIRECTORS' FEES AND BENEFITS UP TO AN AGGREGATE AMOUNT OF RM200,000.00 FOR THE FINANCIAL YEAR ENDING 31 MARCH 2024.**

The Secretary informed the Meeting that Ordinary Resolution 1 was to approve the payment of Directors' Fees and Benefits up to an aggregate amount of RM200,000 for the financial year ending March 2024.

**8. ORDINARY RESOLUTION 2 – TO RE-ELECT MR. HO WHYE CHONG, A DIRECTOR WHO RETIRES IN ACCORDANCE WITH ARTICLE 18.3 OF THE CONSTITUTION OF THE COMPANY AND BEING ELIGIBLE, HAS OFFERED HIMSELF FOR RE-ELECTION.**

The Secretary informed the meeting that Ordinary Resolution 2 was to re-elect Mr. Ho Whye Chong as Director pursuant to Article 18.3 of the Company's Constitution.

**9. ORDINARY RESOLUTION 3 - TO RE-ELECT MADAM WONG WAN CHIN, A DIRECTOR WHO RETIRES IN ACCORDANCE WITH ARTICLE 18.10 OF THE CONSTITUTION OF THE COMPANY AND BEING ELIGIBLE, HAS OFFERED HERSELF FOR RE-ELECTION.**

The Secretary informed the meeting that Ordinary Resolution 3 was to re-elect Madam Wong Wan Chin as Director pursuant to Article 18.10 of the Company's Constitution.

**10. ORDINARY RESOLUTION 4 - TO RE-APPOINT MESSRS. GRANT THORNTON MALAYSIA PLT AS AUDITORS OF THE COMPANY FOR THE ENSUING YEAR AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION.**

The Secretary informed the meeting that Ordinary Resolution 4 was to re-appoint Messrs. Grant Thornton Malaysia PLT as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

**11. ORDINARY RESOLUTION 5 - AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS**

The Secretary informed the meeting that Ordinary Resolution 5 was on the authority to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016 and waiver of pre-emptive rights.

**12. ORDINARY RESOLUTION 6 - AUTHORITY TO PURCHASE ITS OWN SHARES**

The Secretary informed the meeting that Ordinary Resolution 6 was on the authority to purchase its own Shares.

**13. ORDINARY RESOLUTION 7 - PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Secretary informed the Meeting that Ordinary Resolution 7 was to approve the proposed new and renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

**14. OTHER BUSINESS**

The Secretary informed the members that no notice for any other business was received.

**15. POLL VOTING**

The Secretary on behalf of the Chairman, invited Ms. Lim from SSSB to brief the shareholders and proxies on the polling procedure. After Ms. Lim finished the briefing, the Secretary requested the members and proxy holders to cast their votes in the voting slips which were distributed to them earlier.

At 9.26 a.m. the Secretary informed the members that the meeting would be adjourned for 30 minutes or until the counting of the votes was completed. She further informed the members that the meeting would resume thereafter for the declaration of the result of the poll.

**16. ANNOUNCEMENT OF POLL RESULT**

At 10.10 a.m., the Secretary called the meeting to order for the declaration of the poll results, which have been verified by Messrs. Value Creator Consultancy, the Scrutineer.

The poll results was displayed on the screen. A copy of which is attached hereto as Appendix I.

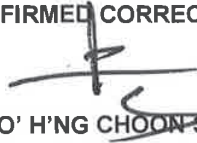
The Secretary declared that all resolutions were duly passed.

**17. TERMINATION**

There being no other matters to discuss, the meeting ended at 10.11 a.m. with vote of thanks to the Chairman.

CONFIRMED CORRECT,

x



**DATO' H'NG CHOON SENG**  
Chairman

Date: 25 August 2023

The results of the poll announced during the 12<sup>th</sup> AGM is different from the amended poll results appended herein as Appendix II due to errors on the number of shareholders that voted "for" and the spoilt votes for all the resolutions. The results of the poll at the 12<sup>th</sup> AGM and the amended poll results were verified by Value Creator, the Independent Scrutineer appointed by the Company.

HHRG BERHAD 201101041555 (969678-D)  
 TWELFTH ANNUAL GENERAL MEETING, 9AM, 25 AUGUST 2023



"Appendix I"

No	Resolutions		Total Number	Total shares	Percentage
1	To approve the payment of Directors' fees and benefits up to an aggregate amount of RM200,000.00 for the financial year ending 31 March 2024.	For	41	627,126,988	96.4033
		Against	3	23,397,125	3.5967
		<b>Subtotal</b>	<b>44</b>	<b>650,524,113</b>	<b>100.0000</b>
		Abstain			
		Spoilt	1	25,000	
		Total	45	650,549,113	
2	To re-elect Mr. Ho Whye Chong as Director.	For	41	627,126,988	96.4033
		Against	3	23,397,125	3.5967
		<b>Subtotal</b>	<b>44</b>	<b>650,524,113</b>	<b>100.0000</b>
		Abstain			
		Spoilt	1	25,000	
		Total	45	650,549,113	
3	To re-elect Madam Wong Wan Chin as Director.	For	41	627,126,988	96.4033
		Against	3	23,397,125	3.5967
		<b>Subtotal</b>	<b>44</b>	<b>650,524,113</b>	<b>100.0000</b>
		Abstain			
		Spoilt	1	25,000	
		Total	45	650,549,113	
4	To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	For	41	627,126,988	96.4033
		Against	3	23,397,125	3.5967
		<b>Subtotal</b>	<b>44</b>	<b>650,524,113</b>	<b>100.0000</b>
		Abstain			
		Spoilt	1	25,000	
		Total	45	650,549,113	





HHRG BERHAD 201101041555 (969678-D)  
 TWELFTH ANNUAL GENERAL MEETING, 9AM, 25 AUGUST 2023

No	Resolutions		Total Number	Total shares	Percentage
5	To authorise Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 and Waiver of Pre-emptive Rights.	For	40	612,945,188	94.2233
		Against	4	37,578,925	5.7767
		<b>Subtotal</b>	<b>44</b>	<b>650,524,113</b>	100.0000
		Abstain			
		Spoilt	1	25,000	
		Total	45	650,549,113	
6	To approve the authority to purchase company's own share.	For	41	627,126,988	96.4033
		Against	3	23,397,125	3.5967
		<b>Subtotal</b>	<b>44</b>	<b>650,524,113</b>	100.0000
		Abstain			
		Spoilt	1	25,000	
		Total	45	650,549,113	
7	To approve the proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	For	38	456,920,416	95.1288
		Against	3	23,397,125	4.8712
		<b>Subtotal</b>	<b>41</b>	<b>480,317,541</b>	100.0000
		Abstain	3	170,206,572	
		Spoilt	1	25,000	
		Total	45	650,524,113	

VALUE CREATOR CONSULTANCY 201403219162 (PG0350266-T)

Company Name : **HHRG BERHAD**  
REGISTRATION NO. 201101041555 (969678-D)  
Type Of Meeting : **TWELFTH ANNUAL GENERAL MEETING**  
Venue Of Meeting : **MAJESTIC HALL, 1ST FLOOR, BUKIT JAWI GOLF RESORT BERHAD, LOT 414, MK6, JALAN PAYA KEMIAN SEMPAYI, 14200 SUNGAI JAWI, SEBERANG PERAI SELATAN, PULAU PINANG**  
Date & Time of Meeting : **25 AUGUST 2023 AT 9.00 A.M.**

  
**VALUE CREATOR CONSULTANCY**  
(PG0350266-T)

"Appendix II"

Votes Summary Report

Resolution (s)	No. Of Shareholders	No. Of Shares	% of voted shares	Accepted/Rejected
<i>Ordinary Resolution 1</i>				
To approve the payment of Directors fees and benefits up to an aggregate amount of RM200,000.00 for the financial year ending 31 March 2024.				
<b>For</b>	40	627,101,988	96.4032	
<b>Against</b>	3	23,397,125	3.5968	<b>Accepted/Rejected</b>
<b>Valid Cast</b>	43	650,499,113	100.0000	
<b>Abstain</b>	0	0		
<b>Spoilt</b>	2	50,000		
<b>Total Cast</b>	<b>45</b>	<b>650,549,113</b>		
<i>Ordinary Resolution 2</i>				
To re-elect Mr. Ho Whye Chong as Director.				
<b>For</b>	40	627,101,988	96.4032	
<b>Against</b>	3	23,397,125	3.5968	<b>Accepted/Rejected</b>
<b>Valid Cast</b>	43	650,499,113	100.0000	
<b>Abstain</b>	0	0		
<b>Spoilt</b>	2	50,000		
<b>Total Cast</b>	<b>45</b>	<b>650,549,113</b>		
<i>Ordinary Resolution 3</i>				
To re-elect Madam Wong Wan Chin as Director.				
<b>For</b>	40	627,101,988	96.4032	
<b>Against</b>	3	23,397,125	3.5968	<b>Accepted/Rejected</b>
<b>Valid Cast</b>	43	650,499,113	100.0000	
<b>Abstain</b>	0	0		
<b>Spoilt</b>	2	50,000		
<b>Total Cast</b>	<b>45</b>	<b>650,549,113</b>		

Company Name : **HHRG BERHAD**  
REGISTRATION NO. 201101041555 (969678-D)  
Type Of Meeting : **TWELFTH ANNUAL GENERAL MEETING**  
Venue Of Meeting : **MAJESTIC HALL, 1ST FLOOR, BUKIT JAWI GOLF RESORT BERHAD, LOT 414, MK6, JALAN PAYA KEMIAN SEMPAYI, 14200 SUNGAI JAWI, SEBERANG PERAI SELATAN, PULAU PINANG**  
Date & Time of Meeting : **25 AUGUST 2023 AT 9.00 A.M.**

  
**VALUE CREATOR CONSULTANCY**  
(PG0350266-T)

Votes Summary Report

Resolution (s)	No. Of Shareholders	No. Of Shares	% of voted shares	Accepted/Rejected
<i>Ordinary Resolution 4</i>				
To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	For 40	627,101,988	96.4032	
	Against 3	23,397,125	3.5968	Accepted/Rejected
	<b>Valid Cast 43</b>	<b>650,499,113</b>	<b>100.0000</b>	
	Abstain 0	0		
	Spoilt 2	50,000		
	<b>Total Cast 45</b>	<b>650,549,113</b>		
<i>Ordinary Resolution 5</i>				
To authorise Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 and Waiver of Pre-emptive Rights.	For 39	612,920,188	94.2231	
	Against 4	37,578,925	5.7769	Accepted/Rejected
	<b>Valid Cast 43</b>	<b>650,499,113</b>	<b>100.0000</b>	
	Abstain 0	0		
	Spoilt 2	50,000		
	<b>Total Cast 45</b>	<b>650,549,113</b>		
<i>Ordinary Resolution 6</i>				
To approve the authority to purchase company's own share.	For 40	627,101,988	96.4032	
	Against 3	23,397,125	3.5968	Accepted/Rejected
	<b>Valid Cast 43</b>	<b>650,499,113</b>	<b>100.0000</b>	
	Abstain 0	0		
	Spoilt 2	50,000		
	<b>Total Cast 45</b>	<b>650,549,113</b>		

Company Name : **HHRG BERHAD**  
 REGISTRATION NO. 201101041555 (969678-D)

Type Of Meeting : **TWELFTH ANNUAL GENERAL MEETING**

Venue Of Meeting : **MAJESTIC HALL, 1ST FLOOR, BUKIT JAWI GOLF RESORT BERHAD, LOT 414, MK6, JALAN PAYA KEMIAN SEMPAYI, 14200 SUNGAI JAWI, SEBERANG PERAI SELATAN, PULAU PINANG**

Date & Time of Meeting : **25 AUGUST 2023 AT 9.00 A.M.**

  
**VALUE CREATOR CONSULTANCY**  
 (PG0350266-T)

Votes Summary Report

Resolution (s)	No. Of Shareholders	No. Of Shares	% of voted shares	Accepted/Rejected
<i>Ordinary Resolution 7</i>				
To approve the proposed New and Renewal of Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.				
<b>For</b>	37	456,895,416	95.1286	
<b>Against</b>	3	23,397,125	4.8714	<b>Accepted/Rejected</b>
<b>Valid Cast</b>	40	480,292,541	100.0000	
<b>Abstain</b>	3	170,206,572		
<b>Spoilt</b>	2	50,000		
<b>Total Cast</b>	<b>45</b>	<b>650,549,113</b>		