

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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**HHRG BERHAD**

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

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Resolution in respect of the above will be tabled as Special Business at the Company's 13<sup>th</sup> Annual General Meeting (“**AGM**”), which will be held on a virtual basis through live streaming and online remote voting via remote participation website at <https://sshbs.net.my/> and voting facilities at the broadcast venue at meeting room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Millenium Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 27 August 2024 at 11:00 a.m. Notice of the AGM together with a Proxy Form are set out in the Annual Report of the Company for the financial year ended 31 March 2024 are available for download from our HHRG's website at <http://www.hhr.com.my> (under investor relations section).

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the Proxy Form in accordance with the instruction thereon as soon as possible to the registered office of the Company at 51-8-A Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang, not less than 24 hours before the time set for holding the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so, but if you do, your proxy shall be precluded from attending the AGM.

Last date and time for lodging the Proxy Form : Monday, 26 August 2024 at 11:00 a.m.

Date and time of our 13<sup>th</sup> AGM : Tuesday, 27 August 2024 at 11:00 a.m.

This Circular is dated 29 July 2024

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## DEFINITIONS

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For the purpose of this Circular, except where the context otherwise requires, the following terms and expressions shall apply throughout this Circular:

<b>Act</b>	:	The Companies Act, 2016 as amended from time to time including any re-enactment thereof
<b>AGM</b>	:	Annual General Meeting
<b>Board</b>	:	The Board of Directors of HHRG
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (635998-W)
<b>Circular</b>	:	This circular to the shareholders of HHRG in relation to the Proposed Mandate dated 29 July 2024
<b>Director</b>	:	Director of HHRG as at LPD. For the purpose of the Proposed Mandate, this includes any person who is or was within preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of HHRG or any other company which is a subsidiary or holding company of HHRG, or a chief executive of HHRG, its subsidiary or holding company
<b>EFB</b>	:	Empty fruit bunch
<b>FS(M)</b>	:	Fibre Star (M) Sdn Bhd [201101045176(973296-M)]
<b>FYE</b>	:	Financial year ended
<b>HHRG Shares</b>	:	Ordinary Shares
<b>HHRG Warrants</b>	:	Warrants
<b>HHRG or the Company</b>	:	HHRG Berhad [201101041555(969678-D)]
<b>HHRG Group or the Group</b>	:	HHRG and its subsidiaries, collectively
<b>HH Industries</b>	:	Heng Huat Industries Holdings Sdn Bhd [200701021207(779222-P)]
<b>HKF</b>	:	HK Fibre Sdn Bhd [200701007546(765548-H)]
<b>SKT</b>	:	Sabut Kelapa Terengganu Sdn Bhd [201801003253(1265266-P)]
<b>MGF</b>	:	MG Furniture Sdn Bhd [201001020048(903788-U)]
<b>MSF</b>	:	MS Foresight Sdn Bhd [202001026166(1382486-D)]
<b>MGFI</b>	:	MG Furniture Innovation Sdn Bhd [202101044675(1444975-H)]
<b>AFSB</b>	:	Alam Fibre Sdn Bhd [202101037023(1437323-U)]
<b>Listing Requirements</b>	:	The ACE Market Listing Requirements of Bursa Securities including all amendments thereto and any Guidance Notes issued in relation thereto
<b>LPD</b>	:	30 June 2024, being the latest practicable date before the printing of this Circular

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**DEFINITIONS (Cont'd)**

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- Major Shareholder** : A person who has an interest or interests in one or more voting shares in HHRG and the number or aggregate number of those shares, is:
- (a) 10% or more of the total number of voting shares in HHRG; or
  - (b) 5% or more of the total number of voting shares in HHRG where such person is the largest shareholder of HHRG.

For the purpose of the Proposed Mandate, this includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of HHRG as defined above or any other corporation which is a subsidiary or holding company of HHRG

**NA** : Net assets

**Proposed Mandate** : Proposed Renewal of Shareholders' Mandate

**Proposed Renewal of Shareholders' Mandate** : The proposed renewal of shareholders' mandate for the HHRG Group to enter into Recurrent Related Party Transactions with the Related Parties, as set out in Section 2.3(a)

**Recurrent Related Party Transactions or RRPT** : Recurrent Related Party Transactions of a revenue or trading nature with the Related Parties which are necessary for the day-to-day operations and are in the ordinary course of business of the HHRG Group

**Related Party or Related Parties** : A Director, Major Shareholder and/or person connected with such Director or Major Shareholder

**RM and sen** : Ringgit Malaysia and sen respectively

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and *vice versa*. Reference to persons shall include corporations, unless otherwise specified.

All references to "you" in this Circular are reference to the shareholders of the Company.

Any reference to any enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular is a reference to Malaysian time, unless otherwise specified.

**LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSED MANDATE**

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## HHRG BERHAD

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

**Registered Office**  
51-8-A Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Penang

29 July 2024

### Board of Directors

Yang Berbahagia Dato' Paduka Ammar Bin Dato' Shaikh Mahmood Naim (*Deputy Executive Chairman*)  
Ng Chin Nam (*Executive Director*)  
Abdul Rahman Haji Bin Din (*Independent Non-Executive Director*)  
Guok Ngek Seong (*Independent Non-Executive Director*)  
Chan Hon Woo (*Independent Non-Executive Director*)  
Ho Whye Chong (*Non-Independent Non-Executive Director*)

**To: The Shareholders of HHRG Berhad**

Dear Sir/Madam

### **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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#### 1. INTRODUCTION

At the previous AGM of the Company held on 25 August 2023, HHRG Group had obtained mandate to enter into RRPT with Related Parties in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public which are necessary for the HHRG Group's day-to-day operations.

The said mandate for RRPT shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of HHRG at the forthcoming AGM.

On 23 July 2024, the Board had announced to Bursa Securities that the Company proposed to seek its shareholders' approval for the Proposed Mandate.

**The purpose of this Circular is to provide the shareholders with the relevant information on the Proposed Mandate and to seek your approval for the ordinary resolution pertaining to the Proposed Mandate to be tabled at the forthcoming AGM.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED MANDATE.**

## 2. INFORMATION ON THE PROPOSED MANDATE

### 2.1 Provision under the Listing Requirements

Pursuant to Rule 10.09(2) and Guidance Note 8 of the Listing Requirements, a listed corporation may seek its shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature which are necessary for its day-to-day operations, subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
  - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
  - (ii) the percentage ratio of such Recurrent Related Party Transactions is 1% or more;whichever is the higher;
- (c) the listed corporation's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain a shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder, and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with them abstain from voting on the resolution approving the transactions; and
- (e) the listed corporation must immediately announce to Bursa Securities when the actual value of a RRPT entered into by the listed corporation, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Proposed Mandate, if approved by the shareholders at the forthcoming AGM, shall continue to be in force until:

- (a) the conclusion of the next 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 meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

Accordingly, the Company proposes to seek the approval of its shareholders for the Proposed Mandate as set out in Section 2.3 of this Circular for the HHRG Group to enter into transactions with the Related Parties which are of a revenue or trading nature and necessary for its day-to-day operations and are based on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public.

## 2.2 Principal Activities of the HHRG Group

HHRG is principally an investment holding company while the principal activities of its subsidiaries are as follows:

Name of Company	Effective Equity Interest %	Principal Activities
Heng Huat Industries Holdings Sdn Bhd	100.00	Investment holding
Fibre Star (M) Sdn Bhd	100.00	Manufacturing and marketing of mattress and related products
HK Gua Musang Sdn Bhd	100.00	Manufacturing and trading of oil palm biomass materials and value-added products
HK Power Sdn Bhd	100.00	Operator of power plant and boiler turbine system for electricity generation and steam production
HH Land and Development Sdn Bhd	100.00	Property developer, trading in real estate property and investment holding
HH Properties Kulim Sdn Bhd	100.00	Real property, property development, property management, property trading and investment holding, but has not commence operation during the financial year
MG Furniture Sdn Bhd	51.00	Manufacturing and sale of furniture
Alam Fibre Sdn Bhd	100.00	Manufacturing and trading of coconut biomass materials and value-added products
HHRG Capital Sdn Bhd (Formerly known as H&K Enterprise Sdn Bhd)	100.00	Licensed money lending
ORIC Development (SP) Sdn Bhd	51.00	Investment holding company
PKB Open Road (SP Circuit) Sdn Bhd	51.00	Organisation and operation of outdoor or indoor sports events for professionals or amateurs and investment activities
<b><u>Subsidiaries of HH Industries</u></b>		
HK Fibre Sdn Bhd	97.00	Manufacturing and trading of coconut biomass materials and value-added products
HK Kitaran Sdn Bhd	100.00	Manufacturing and trading of oil palm biomass materials and value-added products

## 2.2 Principal Activities of the HHRG Group (Cont'd)

Name of Company	Effective Equity Interest %	Principal Activities
<b><u>Subsidiaries of HH Industries (Cont'd)</u></b>		
Sabut Kelapa Terengganu Sdn Bhd	97.00	Manufacturing and trading of coconut biomass materials and value-added products. The Company has temporary ceased its operation as at the end of the financial year
<b><u>Subsidiary of HH Land and Development Sdn Bhd</u></b>		
KNG Resource Enterprise Sdn Bhd	51.00	Property developer, trading in real estate property and investment holding
HH Eastern Realty Sdn Bhd (Formerly known as VIP Dome Sdn Bhd)	100.00	Investment holding
HH Northern Point Sdn Bhd (Formerly known as WPC Coatings Sdn Bhd)	100.00	Processing and manufacturing of paints. The company has ceased its operations since the end of last financial year
HH Supreme Realty Sdn Bhd	100.00	Real estate activities with own or leased property and investment holding
<b><u>Subsidiary of HH Properties Kulim Sdn Bhd</u></b>		
Kulim Property Sdn Bhd	100.00	General trading, investment and property development. The company has ceased its business operations on 1 January 2003 and since then did not carry out any further business activity
<b><u>Subsidiary of HK Gua Musang Sdn Bhd</u></b>		
HHRG Biotech Sdn Bhd	65.00	Manufacture and trading in bio-compost and agrochemical products
<b><u>Subsidiary of MGF</u></b>		
MG Furniture Innovation Sdn Bhd	100.00	Manufacturing and sale of furniture

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## 2.3 Information on the RRPT under the Proposed Mandate

- (a) The details of the nature and estimated annual value of the RRPT in respect of which HHRG Group is seeking renewal mandate from its shareholders as contemplated under the Proposed Mandate are as follows:-

Transacting Parties		Interested Related Parties	Nature of the RRPT	Estimated Aggregate Value as per Last Mandate Obtained on 25 August 2023 (RM'000)	Actual Transacted Value from 25 August 2023 to LPD (RM'000)	Estimated Aggregate Value for the Validity Period of the Proposed Mandate <sup>(1)</sup> (RM'000)
HHRG Group	Related Party					
MGF	MSF	Note <sup>(2)</sup>	MGF purchase of furniture semi part for children's bedframe set of from MSF	10,800	4,530	10,800
MGF	MGFI	Note <sup>(3)</sup>	MGF sale of furniture semi part for children's bedframe set to MGFI	6,600	-	1,000
AFSB	HKF	Note <sup>(4)</sup>	AFSB purchase of coconut fibre from HKF	3,360	1,727	3,360
				<b>20,760</b>	<b>6,257</b>	<b>15,160</b>

### Notes to Section 2.3:

- (1) *The estimated values of the transaction are based on information available at the point of estimation and taking into account the management's forecasts on transaction values which have been undertaken and anticipated. Due to the nature of the transactions, the actual value of transactions may vary from the estimated values disclosed above. Disclosure will be made in the next annual report of the Company on the actual value of transactions conducted. The transactions are necessary for the HHRG Group's day-to-day operations and are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public and are not to the detrimental of the minority shareholders of the HHRG Group;*
- (2) *Ms. Ch'ng Seok Yuan is the Director and Major Shareholder of MSF and she is the daughter of Mr. Ch'ng Chen Mong and Madam Tan Poh Cheng who is the Major Shareholder of Cfamily Holdings Sdn. Bhd. ("CHSB"), in which CHSB is the major Shareholder of HHRG, Mr. Ch'ng Chen Mong and Madam Tan Poh Cheng are also the Director of MGF and major shareholder of MGF;*

- (3) *Mr. Ch'ng Chen Mong and Madam Tan Poh Cheng are the Major Shareholder of CHSB, in which CHSB is the major Shareholder of HHRG, Mr. Ch'ng Chen Mong and Madam Tan Poh Cheng are Director of MGF and also major shareholder of MGF. Ms Ch'ng Su Yen, is the daughter of Mr. Ch'ng Chen Mong and Madam Tan Poh Cheng, is the sole Director of MGFI; and*
- (4) *Encik Muhammad Adib Bin Zailani ("En Adib") is the Director of AFSB and Puan Ruhani Binti Ismail ("Pn Ruhani") is the Director of HKF, En Adib is the son of Pn Ruhani.*

(b) Amount Due and Owing to HHRG Group pursuant to RRPT

There is no amount due and owing to HHRG Group by its Related Parties pursuant to RRPT as at LPD. As such, the disclosures as required under Paragraphs 16A and 16B of Annexure GN8-A of the Listing Requirements are not applicable.

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## **2.4 Review Procedures for the RRPTs**

The HHRG Group has established the following procedures and guidelines to ensure that the RRPTs are undertaken on transaction price which are on arm's length basis and on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders:

- (a) A notice will be circulated within the HHRG Group to notify that any RRPTs are required to be undertaken on an arm's length basis under normal commercial terms consistent with the Group's business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (b) Records will be maintained by the Company to capture all RRPTs which are entered into pursuant to the Proposed Mandate;
- (c) All RRPTs entered into will be reviewed by the Audit and Risk Management Committee and reported to the Board on quarterly basis to ascertain that the procedures and guidelines established to monitor the RRPTs have been complied with;
- (d) In the review of the RRPTs, the Audit and Risk Management Committee may, as they deem fit, request for additional information pertaining to the RRPTs from independent sources and advisers;
- (e) All the RRPTs will be carried out at arm's length and based on the Group's normal commercial terms which are not more favourable to the Related Party than those generally available to the public and will not be prejudicial to the minority shareholders;
- (f) If a member of the Board or Audit and Risk Management Committee has an interest in the RRPTs, he/she shall abstain from any decision-making by the Board or Audit and Risk Management Committee in respect of such transactions and continue to abstain from voting on the resolution approving the transactions;
- (g) At least 2 other contemporaneous transactions with unrelated third parties for similar products, services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties is fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products, services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained for the proposed transactions, the transaction price will be determined based on the Group's usual business policies and practices to ensure that the RRPTs are not detrimental to the Group;

## **2.5 Threshold for Authority**

There is no specific threshold for approval of the RRPTs within the Group. However, all RRPTs will be reviewed and authorised by the Chief Finance Officer and any 1 of the Executive Directors of the Company, provided always that such personnel has no interest (direct or indirect) in the RRPTs and the RRPTs have been approved pursuant to the shareholders' approval of the RRPTs in the general meetings.

## **2.6 Statement by the Audit and Risk Management Committee**

The Audit and Risk Management Committee of the Company has reviewed the procedures set out in Section 2.4 of this Circular and is of the view that the said procedures are sufficient to ensure that the RRPTs are conducted:

- (a) on arm's length basis;
- (b) under normal commercial terms consistent with the Group's business practices and policies;
- (c) on terms not more favourable to the Related Parties than those generally available to the public; and
- (d) not to the detriment of the minority shareholders.

The Audit and Risk Management Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit and Risk Management Committee's review procedures will be conducted on a quarterly basis together with the quarterly financial reports, or such frequency as the Audit and Risk Management Committee considers appropriate having regard to the value and the frequency of the RRPTs.

## **2.7 Disclosure in Annual Report**

Disclosure will be made in the Company's annual report pursuant to the Proposed Mandate and in the annual reports for subsequent years that the Proposed Mandate continue to be in force in accordance with applicable accounting standards and Paragraph 3.1.5 of Guidance Note 8 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs made during the financial year, based on the following information:

- (a) the type of RRPTs made; and
- (b) the names of the Related Parties involved in each type of the RRPT entered into and their relationship with the Company.

## **2.8 Validity Period for the Proposed Mandate**

If approved at the forthcoming AGM, the Proposed Mandate is subject to annual review. In this respect, any authority conferred by the Proposed Mandate shall only continue to be in force until:

- (a) the conclusion of the next 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 meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier.

Thereafter, if the Audit and Risk Management Committee and Board decide that the renewal of the Proposed Mandate is desirable, subject to a satisfactory review by the Audit and Risk Management Committee of its continued application to RRPT, shareholders' approval for such renewal will be sought at each subsequent AGM of the Company.

### **3. RATIONALE AND BENEFITS FOR THE PROPOSED MANDATE**

#### **3.1 Rationale**

- (a) The RRPTs envisaged under the Proposed Mandate are in the ordinary course of business of the HHRG Group undertaken at arm's length, on normal commercial terms and on terms, which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of the minority shareholders. They are recurring transactions of revenue or trading nature which are likely to occur with some degree of frequency and could arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature of such transactions and it may be impractical to seek shareholders' approval on a case-to-case basis before entering into such RRPTs;
- (b) The Proposed Mandate will eliminate the need to make regular announcements to Bursa Securities and to convene separate general meetings from time to time to seek shareholders' approval as and when the need arises, thus enabling the Group to transact with the Related Parties in an expeditious manner to meet business needs that are necessary for its day-to-day operations; and
- (c) The Proposed Mandate would also reduce substantial administrative time, inconvenience and expenses associated with the convening of a separate meeting for approval of each transaction, without compromising the corporate objectives of the Group and adversely affecting the business opportunities available to or operational matters in respect of the Group.

#### **3.2 Benefits**

Proposes Related Party by supply of coconut fibre to the HHRG Group which expected to strengthen the market share and contribute positive to the financial performance of the biomass division. HKF's factory is strategically located nearby the coconut plantations at Kelantan which is suitable for coconut's tree growth compare to other location. This will ensure that the company would have access to huge amount of raw materials such as coconut husks at a cost-effective price as transportation costs, which forms a significant part of total cost of raw materials can be reduced significantly. The raw material price varies and rises in tandem with the distance to transport them to the factory.

MGF product serve for oversea market with product features aimed at satisfying specific market needs, as well as the price range, production quality and the demographics that it is intended to target. Due to specification on niche market, consistency supply on quantity and quality from supply chain are important to ensure compliance with product specification. MSF are specialist in produce bedding set part according to MGF requirement. The production line set-up only to serve MGF and not for other customer.

### **4. EFFECTS OF THE PROPOSED MANDATE**

The Proposed Mandate will not have any effect on the share capital and substantial shareholders' shareholdings of the Company. The Proposed Mandate will also not have any material effect on the earnings, NA and gearing of the HHRG Group.

### **5. APPROVALS REQUIRED**

The Proposed Mandate is subject to the approval of the shareholders of HHRG at an AGM to be convened.

**6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM**

Mr. Ch'ng Chen Mong and Madam Tan Poh Cheng, Ms. Ch'ng Seok Yuan and Cfamily Holdings Sdn. Bhd. ("CHSB"), is deemed interested in the Proposed Mandate by virtual of Ms. Ch'ng Seok Yuan's shareholding of MSF.

The direct and indirect interests of the interested directors and/or major shareholder in HHRG as at the LPD are as follows:

**HHRG's Director and Major Shareholder - HHRG Shares**

Name	Direct Interest		Indirect Interest	
	Unit	%	Unit	%
<b>Director</b>				
Not available	-	-	-	-
<b>Major Shareholder</b>				
Cfamily Holdings Sdn. Bhd.	154,290,697	17.77	-	-
Ch'ng Chen Mong	5,859,987	0.67	154,290,697*	17.77
Tan Poh Cheng	-	-	154,290,697*	17.77
Ch'ng Seok Yuan	-	-	154,290,697*	17.77

**HHRG's Director and Major Shareholder - HHRG Warrants**

Name	Direct Interest		Indirect Interest	
	Unit	%	Unit	%
<b>Director</b>				
Not available	-	-	-	-
<b>Major Shareholder</b>				
Cfamily Holdings Sdn. Bhd.	-	-	-	-
Ch'ng Chen Mong	-	-	-	-
Tan Poh Cheng	-	-	-	-
Ch'ng Seok Yuan	-	-	-	-

**MSF's Director and Major Shareholder - HHRG Shares**

Name	Direct Interest		Indirect Interest	
	Unit	%	Unit	%
<b>Director</b>				
Ch'ng Seok Yuan	49,250	0.01	154,290,697*	17.77

\*Deemed Interested pursuant to Section 8 of the Companies Act 2016 via their shareholding in CHSB Sdn Bhd.

Ms. Ch'ng Su Yen does not hold any direct ordinary share and warrant interest in HHRG.

Encik Muhammad Adib Bin Zailani and Puan Ruhani Binti Ismail do not hold any direct or indirect ordinary share and warrant interest in HHRG.

Accordingly, none of the abovenamed Directors (collectively referred to as the "**Interested Directors**") in HHRG. have abstained and will continue to abstain from deliberating and voting on the Proposed Mandate at the relevant board meetings. Furthermore, none of the Interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings in HHRG, if any, on the resolution pertaining to the Proposed Mandate to be tabled at the forthcoming AGM.

The Interested Related Parties as defined above and CHSB, will abstain from voting in respect of their direct and/or indirect shareholdings in HHRG on the resolution pertaining to the Proposed Mandate to be tabled at the forthcoming AGM.

The Interested Related Parties have also undertaken that they will ensure that persons connected to them shall abstain from voting in respect of their direct and/or indirect shareholdings in HHRG on the resolution pertaining to the Proposed Mandate to be tabled at the forthcoming AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders and/or persons connected to the Directors and/or Major Shareholders of HHRG has any interest, direct or indirect, in the Proposed Mandate.

## **7. DIRECTORS' RECOMMENDATION**

The Board having considered all aspects of the Proposed Mandate, are of the opinion that the Proposed Mandate is in the best interest of the Company and its shareholders.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Mandate to be tabled at the forthcoming AGM to be convened.

## **8. AGM**

The 13<sup>th</sup> AGM of the Company, the notice of which enclosed in the Annual Report of HHRG for the financial year ended 31 March 2024 accompanying this Circular, will be held on a virtual basis through live streaming and online remote voting via remote participation website at <https://sshbsb.net.my/> and voting facilities at the broadcast venue at meeting room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Millenium Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 27 August 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolutions on the Proposed Mandate under the agenda of Special Business.

You will also find enclosed in the Annual Report, a Proxy Form which you are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible, so as to arrive at the registered office of the Company not later than 24 hours before the time fixed for the AGM should you wish to appoint a proxy or proxies to attend and vote for you and on your behalf, at the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so, but if you do, your proxy shall be precluded from attending the AGM.

## **9. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully  
For and on behalf of the Board of Directors  
**HHRG BERHAD**

**ABDUL RAHMAN BIN HAJI DIN**  
Independent Non-Executive Director

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## APPENDIX I – FURTHER INFORMATION

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### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

### 2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

#### **Writ of summons and statement of claim received from Ooi Chieng Sim and Skylitech Resources Sdn. Bhd. Penang High Court Civil Suit no. PA-22ncvc-58-04/2024.**

On 29 April 2024, Pursuant to Rule 9.04(f) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors announced that the Company and its wholly-owned subsidiaries, HK Gua Musang Sdn. Bhd., Fibre Star (M) Sdn. Bhd. and a sub-subsidiary, HK Kitaran Sdn. Bhd. had received a letter dated 26 April 2024 from Messrs Shafee & Co., the solicitors acting for Ooi Chieng Sim and Skylitech Resources Sdn Bhd, accompanied by a Writ of Summons and Statement of Claim both dated 23 April 2024 issued by the Penang High Court.

Further to the announcements made on 29 April 2024, the Board of Directors of the Company announced that the Companies had respectively on 29 May 2024 received a letters dated 29 May 2024 from Messrs Shafee & Co., the solicitors acting on behalf of the Plaintiffs, accompanied by, amongst others, the sealed copy of the Court's Order (Ex-Parte) dated 27 May 2024 pertaining to the Mareva Injunction against the Companies.

On 19 June 2024, the Board of Directors announced that further to the announcements made on 29 April 2024 and 29 May 2024, the Board of Directors of the Company wishes to announce that the Court had on 18 June 2024 decided that the inter partes against the 3<sup>rd</sup> to 6<sup>th</sup> Defendants have been dismissed with no order as to cost. Therefore, the ex-parte injunction has been lapsed on 18 June 2024, there is no more injunction against the 3<sup>rd</sup> to 6<sup>th</sup> Defendants from 18 June 2024 onwards.

Defendent

HHRG Berhad (3<sup>rd</sup> Defendant)

HK Kitaran Sdn. Bhd. (4<sup>th</sup> Defendant)

HK Gua Musang Sdn. Bhd. (5<sup>th</sup> Defendant)

Fibre Star (M) Sdn. Bhd. (6<sup>th</sup> Defendant)

### 3. MATERIAL CONTRACTS

As at the LPD, the Group has entered into the following material contracts (not being contracts entered into in the Group's ordinary course of business) during the 2 years immediately preceding the date of this Circular:

- (a) On 30 March 2023, HH Land and Development Sdn Bhd entered into a sale and purchase agreement with Yam Koon Lin and Teoh Li Sah to disposed of 2 pieces of land held under Geran No. Hakmilik 84626, Lot No. 2312, Mukim 06, Daerah Seberang Perai Selatan, Negeri Pulau Pinang for a total cash consideration of RM267,632.00 and held under Geran No. Hakmilik 84651, Lot No. 2337, Mukim 06, Daerah Seberang Perai Selatan, Negeri Pulau Pinang for a total consideration of RM7,920.00.

The Proposed Disposal was completed on 13 June 2023.

- (b) On 3 April 2023, HH Northern Point Sdn Bhd (formerly known as WPC Coatings Sdn Bhd) (the "Vendor"), a wholly-owned owned subsidiary of HHRG, had entered into a Sale and Purchase Agreement with All Cables Sdn Bhd (the "Purchaser") to dispose of all that piece of leasehold land together with a building erected thereon held under Pajakan Negeri No. 10341, Lot No. 7035, Mukim 13, Daerah Seberang Perai Tengah,



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**APPENDIX I – FURTHER INFORMATION**

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Negeri Pulau Pinang (the “Land”) for a total consideration of RM9,050,000 (the “Disposal”).

The Proposed Disposal was completed on 30 April 2024.

- (c) On 11 April 2023, HH Land and Development Sdn Bhd entered into a sale and purchase agreement with Ch’ng Chen Mong to acquire of freehold land (Lot No.713, Lot No.714, Lot No.744, Lot No.745 and Lot No.746, Tempat Jawi, Sg Bakap, Mukim 05, Daerah Seberang Perai Selatan, Pulau Pinang) for a total purchase consideration of RM2,420,000.00.

The Proposed Acquisition was completed on 31 May 2023.

- (d) On 09 May 2023, HH Land and Development Sdn Bhd entered into a sale and purchase agreement with Ooi Chee Seng to disposed of property known as Lot No.471, Seksyen 1, Bandar Butterworth, Daerah Seberang Perai Utara, Pulau Pinang held under Geran (First Grade) No. Hakmilik 4418 together with a double storey terrace house bearing assessment address No.11, Tingkat Melur 3, Butterworth, 12300 Butterworth, Pulau Pinang erected thereon together with furniture and fittings for a total consideration of RM380,000.00.

The Proposed Disposal was completed on 31 May 2024.

- (e) On 23 May 2023, HH Land and Development Sdn Bhd entered into a sale and purchase agreement with Ooi Phaik See to acquire of all that Parcel of shop lot known as Parcel No.1-2, 1<sup>st</sup> floor, Bandar Penas Retail Complex, Penang now bearing assessment address No.1-02, Megamal Penang 2828, Jalan Baru, Bandar Perai Jaya, 13600 Prai, Pulau Pinang for a total purchase consideration of RM180,000.00.

The Proposed Acquisition was completed on 31 May 2023.

- (f) On 29 August 2023, HH Land and Development Sdn Bhd entered into a sale and purchase agreement with Hitec Ceiling Manufacturing (M) Sdn Bhd to disposed of all that piece of freehold land and hereditament comprised in Geran Mukim 10487, 10488 and 10492 erected on the respective lots of Lot No. 2344,2343 and 2326, all in Taman Industri Waja, Bandar Kulim, Daerah Kulim, Kedah together with a single-storey factory annexed with a 11/2-storey semi-detached factory with all fixture and fittings erected thereon bearing assessment address No. 565, Jalan Waja 6, Industri Waja, 09000 Kulim, Kedah for a total consideration of RM3,200,000,00.

The Proposed Disposal was completed on 30 September 2023.

- (g) On 13 September 2023, the Board of Directors announced that the Company had entered into an Agreement (the “Agreement”) to acquire the 1,176,471 Ordinary Shares in Kulim Property Sdn Bhd (“KPSB”), representing the entire equity interest in KPSB for a total consideration of RM4,500,000.00 (the “Acquisition”).

The Proposed Acquisition was completed on 17 November 2023.

- (h) On 21 December 2023, HH Land and Development Sdn Bhd entered into a sale and purchase agreement with Seraya Kapital Sdn Bhd to disposed of property known as Lot No. 162 & 162, both of Bandar Nibong Tebal, Daerah Seberang Perai Selatan, Pulau Pinang held under Geran No. Hakmilik 25537 & 25538 respectively together with a two (2) storey detached factory with one (1) storey annexe bearing assessment address No. 1672, Jalan Baru, 14300 Nibong Tebal, Pulau Pinang erected thereon for a total cash consideration of RM1,400,000.00.

Will be completed by second half of 2024.

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**APPENDIX I – FURTHER INFORMATION**

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- (i) On 18 April 2024, the Board of Directors announced that HHRG Berhad had on 18 April 2024, offered to acquire from Open Road World Sdn. Bhd (“ORW”), 51,000 ordinary shares in PKB Open Road (SP Circuit) Sdn Bhd (“PKBOR”) and 51 Ordinary shares in ORIC (Development (SP) Sdn Bhd (“ORICD”), representing a 51% equity interest each in PKBOR and ORICD, for a total cash consideration of RM40,000,000. ORW had, on 18 April 2024, agreed to and accepted the offer from the HHRG Berhad as stipulated in the letter of Intent dated 18 April 2024.
- (j) On 16 May 2024, the Board of Directors announced that, Heng Huat Industries Holdings Sdn. Bhd. (“HHIH”), a wholly-owned subsidiary of HHRG, had entered into following agreements:
- i. Share Sale Agreement (“SSA”) with Nexus Applause Sdn Bhd (“NASB”) to dispose of 2,508,690 ordinary shares, representing 51% equity interest in HK Kitaran Sdn. Bhd. (“HK Kitaran”) for a total cash consideration of RM6,121,020 in the manner as set out in the SSA;
  - ii. Profit Guarantee Agreement (“PGA”) with NASB in relation to the Profit Before Tax (“PBT”) of RM3,000,000 guaranteed by the HHIH to NASB that the PBT as recorded in audited financial statement of HK Kitaran with following details:
    - a. in respect of the financial year ended 31 March 2024, shall not be less than the sum of RM765,000; and
    - b. in respect of the financial year ending 31 March 2025, shall not be less than the sum of RM765,000.
  - iii. being the 49% of the total aggregate of Profit Before Tax of RM3,000,000.00 of HK Kitaran for two (2) financial year ended 31 March 2024 and 31 March 2025;
  - iv. Shareholders Agreement (“SHA”) with NASB to govern the relationships of HHIH and NASB, being the shareholders of HK Kitaran; and
  - v. Guarantee & Indemnity Agreement by Iqzan Holding Berhad in favour of HHIH to settle the balance purchase price for the sale shares in the event the purchaser fails to settle the balance purchase price for the sale shares.
- The Proposed Disposal was completed on 27 May 2024.
- (k) On 23 June 2024, the Board of Directors announced that the HHRG Berhad had on 23 June 2023, accepted the Letter of Irrevocable Offer from Jeenuat Foodstuffs Industries Sdn Berhad, for acceptance to acquire a piece of vacant industrial leasehold land known as Lot 20164, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang held under No. Hakmilik PN 10902 for a total purchase consideration of RM15,742,250.

The Proposed Acquisition was terminated due to the non-fulfilment of certain terms and conditions of the Option agreement on 9 April 2024.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 51-8-A Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the AGM:

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**APPENDIX I – FURTHER INFORMATION**

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- (a) Constitution of HHRG;
- (b) The audited consolidated financial statements of HHRG Group for the past 2 financial years ended 31 March 2023 and 31 March 2024; and
- (c) All material contracts as stated in Section 3 of this Appendix.