SCOPE

SCOPE INDUSTRIES BERHAD
(591376-D)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of the Company will be held at Bamboo Room, Scope Manufacturers (M) Sdn. Bhd., Lot 6181 Jalan Perusahaan 2, Kawasan Perindustrian Parit Buntar, 34200 Parit Buntar, Perak on Thursday, 15 November 2018 at 2:00 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon. **Please refer to the Explanatory Notes**
2. To approve the payment of additional Directors' fees of RM50,000.00 for financial year ended 30 June 2018. **Resolution 1**
3. To approve the payment of Directors' fees and Directors' benefits of RM387,000.00 for the financial year ending 30 June 2019. **Resolution 2**
4. To re-elect Mr Yong Loong Chen as a Director who retires in accordance with the Company's Constitution (Article 127 of the Company's Articles of Association as adopted before the commencement of the Companies Act 2016). **Resolution 3**
5. To re-appoint Messrs Grant Thornton as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 4**

AS SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modifications the following resolutions:

(i) **ORDINARY RESOLUTION**
AUTHORITY TO ISSUE SHARES
"That pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 5**

(ii) **ORDINARY RESOLUTION**
MANDATE FOR MR TAN POH HENG TO CONTINUE TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR
"That approval be and is hereby given to Mr Tan Poh Heng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 6**

(iii) **ORDINARY RESOLUTION**
MANDATE FOR MR YONG LOONG CHEN TO CONTINUE TO ACT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR
"That approval be and is hereby given to Mr Yong Loong Chen who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." **Resolution 7**

7. To transact any other business of which due notices shall have been given in accordance with the Companies Act 2016.

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
TAN SHE CHIA (MAICSA 7055087)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Penang
Date: 24 October 2018

Notes:
1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Company's Constitution (Article 77 of the Articles of Association of the Company as adopted before the commencement of the Companies Act 2016) and Rule 7.16(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 8 November 2018 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
9. All resolutions as set out in this notice of Sixteenth Annual General Meeting are to be voted by poll.

Explanatory Notes on Ordinary Business

Item 1 of the Agenda
To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon

The item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Resolution 1 - Payment of additional Directors' fees for the financial year ended 30 June 2018
Section 230(1) of the Companies Act 2016 which came into force on 31 January 2017 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Ordinary Resolution 1 is to seek shareholders' approval for the payment of additional Directors' fees of RM50,000 for the financial year ended 30 June 2018 to the directors of the subsidiary companies who are also Directors of the Company.

Resolution 2 - Payment of Directors' fees and Directors' benefits for the financial year ending 30 June 2019
The proposed Ordinary Resolution 2 is to facilitate payment of Directors' fees and Directors' benefits on current financial year basis, calculated based on the number of scheduled Board and Committee meetings of the Company for financial year 2019 as well as the payment of Directors' fees to the directors of the subsidiary companies who are also the Directors of the Company, and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees and Directors' benefits proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees and benefits to meet the shortfall.

Explanatory Notes on Special Business

Resolution 5 - Authority to issue shares
The proposed Ordinary Resolution 5, if passed, primarily to renew the mandate to give authority to the Board of Directors of the Company to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, the Company has not issued any new shares pursuant to the general authority granted to the Directors at the Fifteenth Annual General Meeting held on 23 November 2017 and which will lapse at the conclusion of the Sixteenth Annual General Meeting to be held on 15 November 2018. A renewal of this authority is being sought at the Sixteenth Annual General Meeting under proposed Resolution 5.

This authority if granted 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, acquisition(s) and/or settlement of banking facility(ies).

Resolution 6 - Mandate for Mr Tan Poh Heng to continue to act as an Independent Non-Executive Director
Both the Nomination Committee and Board have assessed the independence of Mr Tan Poh Heng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

i. He fulfilled the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, and bring an element of objectivity to the Board.
ii. His vast experience in the accounting and audit industry enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
iii. He devotes sufficient time and attention to his professional obligations for an informed and balanced decision making.
iv. He consistently challenged management in an effective and constructive manner and actively participated in board discussion.
v. He has a good and thorough understanding of the main drivers of the business in a detailed manner.

Resolution 7 - Mandate for Mr Yong Loong Chen to continue to act as an Independent Non-Executive Director
Both the Nomination Committee and Board have assessed the independence of Mr Yong Loong Chen, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

i. He fulfilled the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, and bring an element of objectivity to the Board.
ii. His vast experience in the accounting, audit and investment industry enabled him to provide the Board with a diverse set of experience, expertise and independent judgment.
iii. He devotes sufficient time and attention to his professional obligations for an informed and balanced decision making.
iv. He consistently challenged management in an effective and constructive manner and actively participated in board discussion.
v. He has a good and thorough understanding of the main drivers of the business in a detailed manner.