

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 28th Annual General Meeting ("AGM") of Prolexus Berhad to be conducted entirely through live streaming from the Broadcast Venue at the Conference Room of Honsin Apparel Sdn. Bhd., 531 Batu 2½, Jalan Kluang, 83000 Batu Pahat, Johor on Wednesday, 16 December 2020 at 10:00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 July 2020 together with the Reports of Directors and Auditors thereon. Please refer to Note 7
2. To re-elect Encik Khadmudin Bin Mohamed Rafik, a Director who retires by rotation in accordance with Article 107 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 1**
3. To re-elect Puan W Norma Binti W Daud, a Director who retires by rotation in accordance with Article 107 of the Company's Constitution and who, being eligible, offers herself for re-election. **Resolution 2**
4. To re-elect Mr. Lau Mong Fah, a Director who retires by rotation in accordance with Article 107 of the Company's Constitution and who, being eligible, offers himself for re-election. **Resolution 3**
5. To approve the payment of Directors' fees amounting to RM431,000.00 for the financial year ended 31 July 2020. **Resolution 4**
6. To approve the payment of Directors' benefits up to an amount not exceeding RM100,000.00 from 16 December 2020 until the conclusion of the next AGM of the Company. **Resolution 5**
Please refer to Note 9
7. To approve the payment of a First and Final Single Tier Dividend of 1.00 sen per ordinary share for the financial year ended 31 July 2020. **Resolution 6**
8. To re-appoint Messrs. Grant Thornton as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

Special Business

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

9. **AUTHORITY TO ALLOT AND ISSUE SHARES** **Resolution 8**
"THAT, subject to the approvals of the regulatory authorities, the Board of Directors ("Board") of the Company be hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Board may deem fit, provided that the aggregate number of shares to be issued does not exceed 20% of the total number of issued shares of the Company.

AND THAT any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares to be issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.

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

10. **PROPOSED CONTINUATION OF ENCIK KHADMUDIN BIN MOHAMED RAFIK IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 9**

"THAT authority be hereby given to Encik Khadmudin Bin Mohamed Rafik who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company."

11. **PROPOSED SHARE BUY-BACK MANDATE OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY** **Resolution 10**

"THAT subject to the Companies Act, 2016 ("the Act"), the Constitution of the Company and the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares ("Shares") comprised in the Company's issued share capital as may be determined by the Directors from time to time through Bursa Securities subject further to the following:

- (i) the maximum number of Shares which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at the point of purchase subject to the restriction that the issued share capital of the Company does not fall below the minimum share capital requirements of the Main LR of Bursa Securities that the Company continues to maintain a shareholding spread that is in compliance with the Main LR after the Share purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Shares under the Proposed Share Buy-Back shall not exceed the retained profits of the Company based on the latest Audited Financial Statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s);
- (iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (i) the conclusion of the next AGM of the Company at which such resolution was passed at the which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
 - (ii) the expiration of the period within the next AGM of the Company after that date is required by law to be held; or
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and
- (iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to retain the Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Act and the requirements of the Main LR of Bursa Securities and any other relevant authority for the time being in force.

And that the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete

or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give full effect to and to complete the purchase of Shares.”

12. 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.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 28th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 8 December 2020. Only a depositor whose name appears on the Record of Depositors as at 8 December 2020 shall be entitled to attend the 28th AGM or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board,

LEE PENG LOON (MACS 01258)
P’NG CHIEW KEEM (MAICSA 7026443)
Company Secretaries

Penang

Date: 17 November 2020

NOTES ON APPOINTMENT OF PROXY

- (1) A proxy may but need not be a member of the Company.
- (2) A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- (3) For a proxy to be valid, the proxy form duly completed, must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof and in the case of a poll, not less than 24 hours before the time for taking of the poll. The instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted.
- (4) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“Exempt Authorised Nominee”) which holds ordinary shares in the Company for multiple beneficial owners in one 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.
- (5) Where a member is an Exempt Authorised Nominee, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (6) In the case of corporate member, the proxy form must be executed under the corporation’s Common Seal or under the hand of an officer or attorney duly authorised.

NOTES ON ORDINARY BUSINESS

- (7) The Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require the shareholders' approval for the Audited Financial Statements. Hence, the Agenda 1 is not put forward for voting.
- (8) Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali is retiring by rotation in accordance with Article 107 of the Company's Constitution as a Director of the Company at the forthcoming 28th AGM and he had indicated to the Board that he is not seeking for re-election as a Director of the Company.

The Board would like to thank Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali for his support, commitment and invaluable contributions to the Group.

- (9) The Resolution 5, if passed, will enable the Company to pay meeting allowances to non-executive directors of the Company and other benefits such as directors' indemnity insurance, training, travelling and accommodation expenses payable to the directors in accordance with Section 230(1) of the Companies Act 2016. The total amount of directors' benefits payable is estimated based on number of directors and the scheduled meetings of the Board and Board Committees.

NOTES ON SPECIAL BUSINESS

- (10) The Resolution 8, if passed, will enable the Directors to allot and issue shares in the Company up to an amount not exceeding 20% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM (20% General Mandate).

The Directors are of the view that the 20% General Mandate is in the best interest of the Company and the shareholders as it will provide additional flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares to meet the funding requirements such as working capital and/or operational expenditure of the Company, expeditiously during this challenging time to ensure long-term sustainability and interest of the Company and its shareholders.

As at the date of this notice, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

- (11) The Resolution 9 is to seek shareholders' approval through a two tier voting process and, if passed, will enable the Independent Director who had served more than 12 years to be retained and continue to act as Independent Director of the Company to fulfil the requirements of paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the practice 4.2 of the Malaysian Code of Corporate Governance. The details of justifications are set out in the Company's Corporate Governance Report for the financial year ended 31 July 2020.
- (12) The Resolution 10, is to seek approval for the Directors of the Company to purchase the Company's shares up to 10% of the issued and paid-up share capital of the Company. This mandate, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM of the Company. Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 17 November 2020.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a First and Final Single Tier Dividend of 1.00 sen per ordinary share for the financial year ended 31 July 2020, if approved, will be paid on 20 January 2021 to shareholders registered in the Record of Depositors of the Company on 31 December 2020.

A depositor shall qualify for entitlement only in respect of:-

- a. Shares transferred into the depositor's securities account before 4:30 p.m. on 31 December 2020 in respect of ordinary transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,
LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Company Secretaries

Penang

Date : 17 November 2020

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

- 1) No individuals are standing for election as Directors at the forthcoming 28th Annual General Meeting of the Company.
- 2) The profiles of the Directors who are standing for re-election as in Agenda 2, 3 and 4 of the Notice of the 28th Annual General Meeting of the Company are set out in the Profile of Directors section of this Annual Report.
- 3) The details of the Directors' interests in the securities of the Company as at 15 October 2020 are set out in the Analysis of Shareholdings section of this Annual Report.
- 4) The Resolution 8 tabled under Special Business as per the Notice of 28th Annual General Meeting of the Company dated 17 November 2020 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 12 December 2019.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investments, working capital and/or acquisitions.

As at the date of notice of meeting, the Directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.