

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the Forty-First Annual General Meeting ("AGM") of KKB Engineering Berhad ("KKB" or "the Company") will be held at Abell Hotel, No. 22, 4th Floor, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak on Thursday, 18 May 2017 at 10.00 a.m. to transact the following businesses, with or without modifications:

**A G E N D A**

- a. To receive the Audited Financial Statements for the financial year ended 31 December 2016 [Please refer to together with the Reports of the Directors and Auditors thereon. **Note A(1)**]
- b. To approve the following payments to Directors:  
 i) Directors' fees amounting to RM600,000 for the financial year ending 31 December 2017 **Resolution 1**  
 (FYE 2016: RM600,000); and  
 ii) Meeting allowances up to RM74,000 for the financial year ending 31 December 2017. **Resolution 2**
- c. To re-elect the following Directors who retire pursuant to Article 82 of the Company's Articles of Association:  
 i) Mr Chai Woon Chew **Resolution 3**  
 ii) Mr Syed Hizam Alsagoff **Resolution 4**
- d. To re-appoint the following to continue in office as Directors of the Company:  
 i) Dato Kho Kak Beng **Resolution 5**  
 ii) Dr Arjunan Subramaniam **Resolution 6**  
 iii) Dato Anwarudin Bin Ahamad Osman **Resolution 7**
- e. To re-appoint Messrs Ernst & Young as auditors of the Company and to authorize the Board of Directors to fix their remuneration for the ensuing year. **Resolution 8**

**As Special Businesses**

- f. To consider and, if thought fit, to pass the following resolution pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance ("MCCG") 2012 to retain the following Director:  
**Continuing in office as Independent Non-Executive Director** **Resolution 9**

"**THAT**, subject to the passing of Resolution 6, approval be and is hereby given to Dr Arjunan Subramaniam, who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director of the Company."

- g. To consider and, if thought fit, to pass the following resolution as ordinary resolution:  
**Ordinary Resolution** **Resolution 10**  
 • **Proposed renewal of and new Shareholder Mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholder Mandate")**

"**THAT**, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into any of the categories of related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the Company and its subsidiaries' day-to-day operations as outlined in Section 3.2 to Section 3.4 of the Circular to Shareholders dated 13 April 2017 ("Circular"), with the specific related parties mentioned therein subject further to the followings:

- the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and
- disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Proposed Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:
  - the type of the recurrent related party transactions made; and
  - the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

**AND THAT** such approval will continue to be in force until:

- the conclusion of the next AGM of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;
- the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- revoked or varied by resolution passed by the shareholders in general meeting; whichever is the earlier;

**AND THAT** the Board of Directors of the Company ("the Board") be and is hereby authorized to sign, execute and deliver on behalf of the Company all necessary documents, and do all such acts and things as may be required or relevant for or in connection with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be imposed or permitted by the relevant authorities;

**AND THAT** the estimated value given on the recurrent related party transactions specified in Section 3.4 of the Circular being provisional in nature, the Board be and is hereby authorized to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures as set out in Section 3.6 of the Circular."

- h. To transact any other business which may properly be transacted at an AGM, due notice of which shall have been previously given in accordance with the Company's Articles of Association.

BY ORDER OF THE BOARD OF DIRECTORS

**VOON JAN MOI (MAICSA 7021367)**

Company Secretary

Kuching, Sarawak

Dated: 13 April 2017

**A. Explanatory Notes on Ordinary Businesses**

- 1) *This agenda item is meant for discussion only and hence it will not be put forward for voting.*

**2) Proposed Resolutions 5, 6 and 7****• Re-appointments of directors**

*At the 40<sup>th</sup> AGM of KKB held on 12 May 2016, the following Directors who are above the age of 70 years were re-appointed pursuant to S129(6) of the Companies Act 1965 to hold office until the conclusion of the 41<sup>st</sup> AGM of KKB:*

- Dato Kho Kak Beng
- Dr Arjunan Subramaniam
- Dato Anwarudin Bin Ahamad Osman

*Their term of office will end at the conclusion of the 41<sup>st</sup> AGM of KKB. The above Directors have offered themselves for re-appointment. With the enforcement of the first phase of the Companies Act 2016 on 31 January 2017, the Companies Act 1965 is repealed. Pursuant to the Companies Act 2016, there is no maximum age limit for directors.*

*The proposed resolutions 5 to 7, if passed, will enable the above Directors to continue in office and they shall subject to retirement by rotation in accordance with the Company's Articles of Association.*

*The Nomination Committee has assessed the above Directors and recommended for their re-appointment which has been duly endorsed by the Board of KKB.*

**B. Explanatory Notes on Special Businesses**

*Pursuant to Paragraph 8.27(3) of the Main Market Listing Requirements, appended herewith are the explanatory notes on the proposed resolutions 9 and 10.*

**1) Proposed Resolution 9****• Proposed approval for Dr Arjunan Subramaniam to be retained as Independent Non-Executive Director of the Company**

*The proposed resolution 9 is to comply with Recommendation 3.3 of the MCCG 2012 to seek shareholders' approval to retain Dr Arjunan Subramaniam as an Independent Non-Executive Director who has served for a consecutive term of more than nine (9) years. Dr Arjunan Subramaniam is a Senior Independent Director with high intellect, honesty and genuine commitment to serve in the best interest of the Company. Furthermore, Dr Arjunan does not hold any directorship in other listed issuers to render him to contribute less productively in the Company. Although having served for a consecutive term of more than nine (9) years, Dr Arjunan is subject to assessment by the Board annually through a transparent criteria evaluation. Dr Arjunan's valuable advice and knowledge particularly in all tax matters and his independent performance will continue to add credence to the Company and will not have any adverse effect on his independency as Independent Non-Executive Director. His long tenure as an Independent Non-Executive Director has no conflict of interest or undue influence from interested parties. Without Dr Arjunan's presence and involvement will be a loss to the Company especially under the extremely challenging environment for sourcing the right candidate of his caliber.*

**2) Proposed Resolution 10****• Proposed renewal of and new Shareholder Mandate for recurrent related party transactions of a revenue or trading nature**

*Paragraph 10.09 of the Main Market Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations ("RRPT"), a public listed company may seek a Shareholder Mandate.*

*The proposed resolution 10, if passed, will authorize the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in Section 3.3 of the Circular, which are necessary for KKB Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.*

*By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of KKB Group or adversely affecting the business opportunities available to KKB Group.*

**Notes:**

- A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
- A member of the Company entitled to attend, speak and vote at this Annual General Meeting shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized.
- Where a member of the Company is an exempt authorized 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 authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 865, Section 66, Jalan Kilang, Bintawa Industrial Estate, 93450 Kuching, Sarawak not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- A depositor whose name appears in the Record of Depositors as at 12 May 2017 shall be entitled to attend the meeting and to speak and vote thereat.