

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting ("AGM") of Kia Lim Berhad will be held at The Katerina Hotel, 8, Jalan Zabadah, 83000 Batu Pahat, Johor Darul Takzim on Wednesday, 30 May 2018 at 12.00 noon to transact the following businesses.

A G E N D A

ORDINARY BUSINESS

1.

To receive the Audited Financial Statements for the year ended 31 December 2017 together with the Directors' and Auditors' Report thereon.

Refer to Note (a)
2.

To approve the payment of Directors' fees and benefits for the Company and its subsidiaries of RM183,475 for the year ended 31 December 2017.

RESOLUTION 1  
Refer to Note (b)
3.

To approve the payment of Directors' fees and benefits for the Company and its subsidiaries of up to RM185,275 for the financial year ending 31 December 2018.

RESOLUTION 2  
Refer to Note (b)
4.

To re-elect the following Directors who retire during the year in accordance with Article 80 of the Company's Articles of Association and being eligible, offer themselves for re-election:  
(i) Mr Loh Chee Kan  
(ii) Datuk Ng Yeng Keng @ Ng Ka Hiat

RESOLUTION 3  
Refer to Note (c)  
RESOLUTION 4  
Refer to Note (c)
5.

To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration.

RESOLUTION 5

SPECIAL BUSINESS

- To consider and, if thought fit, to pass the following Ordinary Resolutions:

6.

**ORDINARY RESOLUTION 1  
AUTHORITY TO ALLOT SHARES – SECTIONS 75 AND 76**  
"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approval of relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to 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 does not exceed 10% of the issued share capital of the Company (excluding treasury shares) for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad **AND THAT** such authority conferred by this resolution shall commence upon passing this resolution until:  
(a) the conclusion of the annual general meeting held next after the approval was given; or  
(b) the expiry of the period within which the next annual general meeting is required to be held after the approval was given,  
whichever occurs first."

RESOLUTION 6  
Refer to Note (d)
7.

**ORDINARY RESOLUTION 2  
CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR**  
"THAT authority be and is hereby given to Mr Loh Chee Kan to continue to serve as an Independent Director of the Company in accordance with Malaysian Code On Corporate Governance."

RESOLUTION 7  
Refer to Note (e)
8.

**ORDINARY RESOLUTION 3  
CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR**  
"THAT authority be and is hereby given to Mr Chua Syer Cin to continue to serve as an Independent Director of the Company in accordance with Malaysian Code On Corporate Governance."

RESOLUTION 8  
Refer to Note (e)
9.

**ORDINARY RESOLUTION 4  
CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR**  
"THAT authority be and is hereby given to En Mohd Salleh Bin Jantan to continue to serve as an Independent Director of the Company in accordance with Malaysian Code On Corporate Governance."

RESOLUTION 9  
Refer to Note (e)
10.

To transact any other business appropriate to an AGM, due notice of which shall have been previously given in accordance with the Act and the Company's Articles of Association.

BY ORDER OF THE BOARD

LEONG SIEW FOONG  
MAICSA No. 7007572  
Company Secretary

Johor Bahru  
Dated: 27 April 2018

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. The proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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 accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its common seal or the hand of its attorney.
6. The instrument appointing a proxy must be deposited at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

EXPLANATORY NOTES:

- (a) This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence, it is not put forward for voting.
- (b) Directors' fees and benefits  
(i) Directors' remuneration  
Section 230(1) of the Companies Act, 2016 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. In this respect, the Board agreed that the shareholders' approval shall be sought at Twenty-Third Annual General Meeting ("23<sup>rd</sup> AGM") on the Directors' remuneration in two (2) separate resolutions as below:
  - Resolution 1 on payment of Directors' fees and benefits in respect of the preceding year 2017; and
  - Resolution 2 on payment of Directors' fees and benefits in respect of the current year 2018 and until the next AGM ("Relevant Period").

- Directors' fees

The Board decided that the Directors' fees for financial year ("FY") ended 31 December 2017 be maintained as the previous FY subject to the performance of the Company and the current global economy. The detailed Directors' fees are contained in page 20 of Corporate Governance Overview Statement in the Annual Report.

- Benefits payable to Directors

The benefits payable to Directors comprised the allowances and other emoluments payable to the Chairman and members of the Board, Board of subsidiaries and Board Committees. The Directors' current and proposed remuneration structure is detailed as below:

Directors' Fees and Benefits	2017 Amount RM	2018 Proposed Amount RM
Fee for Chairman of the Company	30,000	35,000
Fee for each Independent Non-Executive Director	15,000	20,000
Fee for each Non-Independent Non-Executive Director	15,000	20,000
Fee for each Executive Director	15,000	15,000
Fee for Meeting Allowance per meeting *	1,800	800

\* Only for Non-Executive Directors.

Payment of benefits to the Directors will be made by the Company as and when incurred, after they have discharged their responsibilities and rendered their services to the Company of the Relevant Period, based on the proposed benefits, if the proposed Resolutions 1 and 2 are passed at the 23<sup>rd</sup> AGM.

- (c) Re-election of Directors who retire in accordance with Article 80 of the Company's Articles of Association ("AA")  
Article 80 of the AA provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. With the current Board size of seven (7), two (2) Directors are to retire in accordance with Article 80 of the AA.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 23<sup>rd</sup> AGM, the Nomination Committee ("NC") has considered the following:

- (i) The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities; and
- (ii) The level of independence demonstrated by each of the Non-Executive Directors ("NEDs"), and their ability to act in the best interests of the Company in decision-making, to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

In line with the Malaysian Code on Corporate Governance ("MCCG"), the Board has conducted an assessment of independence of the NEDs, and also other criteria i.e. character, integrity, competence, experience and time commitment in effectively discharging their respective roles as Directors of the Company. The individual Directors were assessed based on performance criteria set in the areas of Board dynamics and participation, competency and capability, independence and objectivity, probity and personal integrity, contribution and performance together with their ability to make analytical inquiries and offer advice and guidance. Each of the NEDs has also provided his/her annual declaration/confirmation of independence bi-annually of 2017.

The Board accepted the NC's recommendation that the Directors who retire in accordance with Article 80 of the AA are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

- (d) Authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Resolution 6 under item 6 of the agenda above, if passed, will empower the Directors of the Company, from the date of the 23<sup>rd</sup> AGM, with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company (excluding treasury shares) for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.

The general mandate sought to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the Twenty-Second Annual General Meeting ("22<sup>nd</sup> AGM") held on 24 May 2017. The renewal of general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/ or future investment projects, working capital and/or acquisitions which the Directors deem necessary and feasible.

Up to date of this Notice, the Company has not issued any shares pursuant to the mandate granted to the Directors at the 22<sup>nd</sup> AGM as there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

- (e) Continuation of terms of office as Independent Directors

Mr Loh Chee Kan, Mr Chua Syer Cin and En Mohd Salleh Bin Jantan are Independent Directors of the Company who have served the Company for more than nine years.

In line with the MCCG, the NC has assessed their independence as defined in Bursa Securities Listing Requirements which have not been compromised all these while. In fact, they exercises their judgment in an independent and unfettered manner, discharge their duties with reasonable care, skill and diligent; bringing independent thought and experience to board deliberations and decision making process all these while which is valuable to the Company. To that, the Board recommends Mr Loh Chee Kan, Mr Chua Syer Cin and En Mohd Salleh Bin Jantan to continue their office as Independent Directors according to the resolutions put forth at the 23<sup>rd</sup> AGM.

Mr Loh Chee Kan, Mr Chua Syer Cin and En Mohd Salleh Bin Jantan shall be subjected to two-tier voting in accordance with the MCCG as they have served the Company for more than 12 years.

ADDITIONAL NOTES

The Memorandum and Articles of Association of the Company shall have effect and enforceable under Companies Act, 2016 pursuant to Section 619(3) of Companies Act, 2016.

Arising from the migration to the no par value regime under the Companies Act, 2016, par value is no longer relevant.