

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of Salcon Berhad ("the Company") will be held at Victorian Ballroom, Level 1, Holiday Villa Hotel & Conference Centre, 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 14 June 2017 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. **[Please see Note 2]**
2. To approve the payment of the first and final dividend via share dividend by distribution of treasury shares on the basis of one (1) treasury share for every eighteen (18) existing ordinary shares held in the Company in respect of the financial year ended 31 December 2016. **[Resolution 1]**
3. To approve the payment of Directors' fees of RM270,000 for the financial year ended 31 December 2016. **[Resolution 2]**
4. To approve the payment of Directors' fees and benefits of up to RM500,000 for the period from 1 January 2017 until the next Annual General Meeting of the Company. **[Resolution 3]**
5. To re-elect Dato' Choong Moh Kheng who retires pursuant to Article 96 of the Company's Articles of Association, comprising part of the Constitution of the Company. **[Please see Note 3]** **[Resolution 4]**
6. To re-appoint the following Directors:- **[Please see Note 4]**
 - a) Dato' Seri (Dr.) Goh Eng Toon **[Resolution 5]**
 - b) Dato' Dr. Freezailah Bin Che Yeom **[Please see Note 3]** **[Resolution 6]**
7. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Please see Note 5]** **[Resolution 7]**

AS SPECIAL BUSINESS

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

8. **Ordinary Resolution Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** **[Please see Note 6(a)]**
 "THAT, subject always to the Companies Act 2016 ("Act"), the Constitution of the Company and the approval of any relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act to allot shares in the Company, at any time and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (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 hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting." **[Resolution 8]**
9. **Ordinary Resolution Continuation in Office as an Independent Non-Executive Director** **[Please see Note 6(b)]**
 "THAT, subject to the passing of Resolution 6, approval be and is hereby given for Dato' Dr. Freezailah Bin Che Yeom who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of the next annual general meeting of the Company." **[Resolution 9]**
10. **Ordinary Resolution Proposed Renewal of Authority for Share Buy-Back** **[Please see Note 6(c)]**
 "THAT, subject always to the Companies Act 2016 ("Act"), the provisions of the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:- **[Resolution 10]**
 - (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
 - (ii) an amount not exceeding the Company's audited retained profits at the time of purchase(s) will be allocated by the Company for the purchase of its own shares; and
 - (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or to deal with the treasury shares in the manners as allowed by the Act.
 AND THAT the authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and will continue to be in force until:-
 - (a) the conclusion of the next annual general meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,
 whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.
 AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase(s) with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be required or imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter in accordance with the Act, the provisions of the Constitution of the Company and the requirements and/or guidelines of Bursa Securities for the Main Market and all other relevant governmental and/or regulatory authorities."
11. To consider any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders of the Company at the Fourteenth Annual General Meeting to be held on 14 June 2017, a first and final dividend will be paid via share dividend by distribution of treasury shares on the basis of one (1) treasury share for every eighteen (18) existing ordinary shares held in the Company in respect of the financial year ended 31 December 2016. The share dividend will be credited into Central Depository Securities ("CDS") account of shareholders whose names appear in the Record of Depositors on 30 June 2017. Any fractional entitlement arising from the computation of share dividend entitlement will be disregarded.
 A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4:00 p.m. on 30 June 2017 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Subject to the approval of Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") for the transfer of treasury shares under the Share Buy-Back Account via bulk transfer method of debiting and crediting, the treasury shares to be distributed under the share dividend will be credited into the entitled CDS account maintained with Bursa Depository within 8 market days from the entitlement date.

BY ORDER OF THE BOARD

Wong Wai Foong (MAICSA 7001358)
Joanne Toh Joo Ann (LS 0008574)
 Company Secretaries

Kuala Lumpur
 28 April 2017

Notes:-

1. APPOINTMENT OF PROXY

- (a) A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.
- (b) For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.
- (c) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (e) The instrument appointing a proxy must be deposited at the Registered Office located at 15th Floor, Menara Summit, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for the meeting or any adjournment thereof.
- (f) Only members whose names appear in the Record of Depositors as at 5 June 2017 will be entitled to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and vote on their behalf.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provisions of Sections 248(2) and 340(1) of the Companies Act 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

3. RE-APPOINTMENT AND RE-ELECTION OF INDEPENDENT DIRECTORS

In line with the Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Nomination Committee and the Board of Directors ("Board") had undertaken an annual assessment on the independence of Dato' Dr. Freezailah Bin Che Yeom and Dato' Choong Moh Kheng who are seeking for re-appointment or re-election at the forthcoming Fourteenth Annual General Meeting. The annual assessment had been disclosed in the Corporate Governance Statement of the Company's 2016 Annual Report.

4. RE-APPOINTMENT OF DIRECTORS

The proposed Resolution 5 and Resolution 6 are to seek shareholders' approval on the re-appointment of Dato' Seri (Dr.) Goh Eng Toon and Dato' Dr. Freezailah Bin Che Yeom, who had been re-appointed in the previous Annual General Meeting held on 26 May 2016 as Directors under Section 129(6) of the former Companies Act 1965 which was then in force and whose term would expire at the conclusion of this meeting, as Directors of the Company. If passed, the proposed Resolution 5 and Resolution 6 will authorise the continuation of the Directors in office from the date of this Annual General Meeting onwards.

5. RE-APPOINTMENT OF AUDITORS

The audit firm KPMG, a conventional partnership, had on 27 December 2016 converted its status to a limited liability partnership ("LLP") pursuant to Section 29 of the LLP Act 2012 and registered in the name of KPMG PLT. PLT means "Perkongsian Liabiliti Terhad".

6. EXPLANATORY NOTES TO SPECIAL BUSINESS:

- (a) **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**
 The proposed Resolution 8 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Thirteenth Annual General Meeting held on 26 May 2016 as there were no requirements for such fund raising activities.
 The proposed Resolution 8, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next annual general meeting of the Company or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier.
- (b) **CONTINUATION IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR**
 Pursuant to the Malaysian Code on Corporate Governance 2012, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.
 The Nomination Committee and the Board had assessed the independence of Dato' Dr. Freezailah Bin Che Yeom and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-
 - (i) he fulfilled the criteria of an Independent Director pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements;
 - (ii) he is familiar with the Company's business operations as he has been with the Company for a period of more than nine (9) years;
 - (iii) his long tenure with the Company has neither impaired nor compromised his independent judgement. He is free from any business or other relationships which could interfere with his exercise of independent judgement. He continues to remain objective and is able to exercise independent judgement in expressing his views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;
 - (iv) he has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
 - (v) he has exercised due care during his tenure as an Independent Director of the Company and carried out his duties in the interest of the Company and shareholders.
 The proposed Resolution 9, if passed, will enable Dato' Dr. Freezailah Bin Che Yeom to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of the next annual general meeting of the Company.
- (c) **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**
 The proposed Resolution 10, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 28 April 2017 in relation to the Proposed Renewal of Authority for Share Buy-Back for further details.