



KKB ENGINEERING BERHAD (26495-D)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Seventh Annual General Meeting of the Company will be held at Abell Hotel, No. 22, 4th Floor, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak on Thursday, 9 May 2013 at 10.00 a.m. to transact the following business, with or without modifications:

AGENDA

- a. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
- b. To declare and approve the payment of a first and final dividend of five (5) sen per ordinary share of RM0.50 each, taxable at 25%, in respect of the financial year ended 31 December 2012 as recommended by the Directors. **Resolution 2**
- c. To approve the payment of Directors' fees amounting to RM480,000 for the financial year ending 31 December 2013 (FYE 2012: RM373,333). **Resolution 3**
- d. To re-elect the following Directors who retire pursuant to Article 82 of the Company's Articles of Association:
- i) Dato Kho Kak Beng **Resolution 4**
 - ii) Datuk Syed Ahmad Alwee Alsree **Resolution 5**
- e. To re-elect Datin Mary Sa'diah Binti Zainuddin, a Director who retires pursuant to Article 86 of the Company's Articles of Association. **Resolution 6**
- f. To consider and, if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act 1965:
- i) "THAT pursuant to Section 129(6) of the Companies Act 1965, Dr Arjunan Subramaniam, who is over the age of seventy (70) years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Resolution 7**
 - ii) "THAT pursuant to Section 129(6) of the Companies Act 1965, Dato' Anwarudin Bin Ahamad Osman, who is over the age of seventy (70) years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting." **Resolution 8**
- g. 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 9**

As Special Businesses

- h. To consider and, if thought fit, to pass the following resolution pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 to retain the following director: **Resolution 10**
- Continuing in Office as Independent, Non-Executive Director**
- "THAT subject to passing of Resolution 7, approval be and is hereby given to Dr Arjunan Subramaniam, who has served as an Independent, Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue in office as an Independent, Non-Executive Director of the Company."
- i. To consider and, if thought fit, to pass the following resolution as ordinary resolution:

Ordinary Resolution

- **Proposed renewal of and new Shareholder Mandate for recurrent related party transactions of a revenue or trading nature ("Proposed Shareholder Mandate")** **Resolution 11**

"THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given to the Company and/or its subsidiaries to enter into any of the category of related party transactions which are recurrent, of a revenue or trading nature and are necessary for the Company and its subsidiaries' day-to-day operations as outlined in Section 3.2 to Section 3.4 of Part A of the Circular to Shareholders dated 12 April 2013 ("Circular"), with the specific related parties mentioned therein subject further to the followings:

- i) 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
- ii) 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:

- i) the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;
- ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act 1965 ("the Act") [but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act]; or
- iii) 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 Part A of the Circular being provisional in nature, the Board be 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 Part A of the Circular."

- j. To consider and, if thought fit, to pass the following resolution as special resolution:

Special Resolution

- **Proposed Amendments to the Articles of Association of the Company** **Resolution 12**

"THAT the proposed amendments to the Articles of Association ("AA") of the Company in the manner as set out in Part B of the Circular to Shareholders dated 12 April 2013 ("Proposed Amendments") be and are hereby approved and in consequence thereof, the new set of AA incorporating all appropriate amendments be adopted.

AND THAT the Directors of the Company be and are hereby authorized to sign, execute and deliver on behalf of the Company, all relevant documents, acts and things as may be required for or in connection with and to give effect to the Proposed Amendments with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities."

- k. To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that a first and final dividend of five (5) sen per ordinary share of RM0.50 each, taxable at 25%, in respect of the financial year ended 31 December 2012, if approved at the Thirty-Seventh Annual General Meeting, will be paid on 5 June 2013 to depositors whose names appear in the Record of Depositors on 16 May 2013.

A depositor shall qualify for entitlement only in respect of:

- (a) shares transferred to the depositor's securities account before 4.00 p.m. on 16 May 2013 in respect of transfer; 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

VOON JAN MOI (MAICSA 7021367)

Company Secretary

Kuching, Sarawak

Dated: 12 April 2013

Explanatory Notes on Special Businesses

Pursuant to Paragraph 8.27(3) of the Main Market Listing Requirements, appended hereunder are the explanatory notes on proposed resolutions 10, 11 and 12.

Proposed Resolution 10

• Proposed approval for Dr Arjunan Subramaniam to be retained as Independent, Non-Executive Director of the Company

The proposed resolution 10 is to comply with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012 to seek shareholders' approval to retain Dr Arjunan Subramaniam as an Independent, Non-Executive Director who has served for a cumulative 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 PLCs to render him to contribute less productively in the Company. Although having served for a cumulative 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.

Proposed Resolution 11

• Proposed renewal of and new Shareholder Mandate for recurrent related party transactions of a revenue or trading nature

Paragraph 10.09 of 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 11, 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 Part A of the Circular to Shareholders dated 12 April 2013, 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.

Proposed Resolution 12

• Proposed Amendments to the Articles of Association of the Company

The proposed resolution 12 is to amend the Articles of Association of the Company in line with the amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to Part B of the Circular to Shareholders dated 12 April 2013 for details of the proposed amendments.

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. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company. 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 of the Company entitled to attend and vote at this Annual General Meeting shall not be entitled to appoint more than 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 specifies the proportions of his shareholdings to be represented by each proxy.
3. 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.
4. 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.
5. 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.
6. A depositor whose name appears in the Record of Depositors as at 3 May 2013 shall be entitled to attend the meeting and to speak and vote thereat.