



Kulim (Malaysia) Berhad
(23370-V)

NOTICE OF THIRTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Eighth (38th) Annual General Meeting of Kulim (Malaysia) Berhad will be held at Tanjung Puteri 302, Level 3, Persada Johor International Convention Centre, Jalan Abdullah Ibrahim, Johor Bahru, Johor, Malaysia on Thursday, 20 June 2013 at 12:00 noon, for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' and Auditors' Reports and Audited Financial Statements in respect of the year ended 31 December 2012. **(Resolution 1)**

2. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:

- (i) Wong Seng Lee **(Resolution 2)**
- (ii) Zulkifli Ibrahim **(Resolution 3)**
- (iii) Dr. Radzuan A. Rahman **(Resolution 4)**
- (iv) Jamaludin Md Ali **(Resolution 5)**

3. To consider, and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 ("Act"); **(Resolution 6)**

"**THAT** Tan Sri Dato' Seri Utama Arshad Ayub, who is over the age of seventy (70) years, be hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting ("AGM") of the Company."

4. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2012. **(Resolution 7)**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

6.1 Ordinary Resolution **(Resolution 9)**
In line with Recommendation 3.2 and 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), the Nomination Committee ("NC") had conducted an assessment of independence under the nomination and election process of Independent Non-Executive Directors ("INED"), whereby the NC reviewed whether the nominated candidate had satisfied the criteria for an independent director as prescribed in Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main Market LR") and its Practice Note 13 prior to seeking shareholders' approval at the 38th AGM on the appointment as INED.

To consider, and if thought fit, to pass the following resolution pursuant to Practice Note 13 of the Bursa Securities Main Market LR;

"**THAT** Tan Sri Dato' Seri Utama Arshad Ayub, whose tenure on the Board exceeds a cumulative term of more than nine (9) years be hereby re-appointed as Independent Non-Executive Director of the Company." (See Explanatory Note 1 on Special Business below)

6.2 Ordinary Resolution **(Resolution 10)**
Authority to Allot and Issue Shares Pursuant to Section 132D of the Act

"**THAT** pursuant to Section 132D of the Act, full authority be and is hereby given to the Directors to issue shares of the Company from time to time 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 to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company and that such authority shall continue in force until the conclusion of the next AGM of the Company, and that the Directors be and is hereby empowered to obtain the approval of the Bursa Securities for the listing and quotation for the new shares so issued." (See Explanatory Note 2 on Special Business below)

6.3 Ordinary Resolution **(Resolution 11)**
Proposed Renewal of Shareholders' Mandate to Enable the Company to Purchase up to 10% of its Issued and Paid-up Share Capital ("Proposed Renewal of Share Buy-Back Authority")

"**THAT** subject to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and Bursa Securities Main Market LR and any other relevant authority, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares of RM0.25 each in the Company's issued and paid-up share capital through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:-

- (a) the aggregate number of shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any one time; and
- (b) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits and/or share premium of the Company;

AND THAT the Directors be and are hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 67A of the Act) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares and/or cancel the remainder and to deal with the Purchased Shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT the Directors be and are hereby empowered to do all acts and things (including the opening and maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991 and to take such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments, and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Renewal of the Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations (if any) as may be imposed by the relevant authorities;

AND FURTHER THAT the authority conferred by this ordinary resolution shall be effective immediately upon passing of this ordinary resolution and shall continue in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company is required by law to be held (whichever is earlier), unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, but shall not prejudice the completion of purchase(s) by the Company before that aforesaid expiry date and in any event in accordance with provisions of the Listing Requirements and other relevant authorities." (See Explanatory Note 3 on Special Business below)

6.4 Ordinary Resolution

Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue and/or Trading Nature and New Mandate for Additional RRPT of a Revenue and/or Trading Nature ("Proposed Shareholders' Mandate for RRPT") **(Resolution 12)**

"**THAT** authority be and is hereby given in line with Paragraph 10.09 of the Listing Requirements, for the Company, its subsidiaries or any of them to enter into any of the transactions falling within the types of the RRPT, particulars of which are set out in the Circular to Shareholders dated 29 May 2013 ("the Circular"), with the Related Parties as described in the Circular, provided that such transactions are of revenue and/or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries, within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which those generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this ordinary resolution until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Shareholders' Mandate for RRPT is passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM after the date it 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 of the Company,

whichever occurs first;

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Proposed Shareholders' Mandate for RRPT." (See Explanatory Note 4 on Special Business below)

6.5 Special Resolution

Proposed Amendments to the Company's Articles of Association

(Resolution 13)

"**THAT** the Articles of Association of the Company be and are hereby amended in the manner as set out in Section 4 of the Circular to Shareholders dated 29 May 2013;

AND THAT the Directors of the Company be and are hereby authorised to give effect to the said amendments, alteration, modification and deletion to the Articles of Association of the Company as may be required by any relevant authorities as they deem fit, necessary or expedient in order to give full effect to the Proposed Amendments to the Company's Articles of Association." (See Explanatory Note 5 on Special Resolution below)

7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

IDHAM JIHADI ABU BAKAR. ACIS (MAICSA 7007381)
NURALIZA A. RAHMAN (LS 0008565)
Company Secretaries

Johor Bahru, Johor
29 May 2013

NOTES:

Proxy

1. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of Companies, and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
2. In the case of a corporate member, the instrument appointing a proxy shall be (a) under its Common Seal or (b) under the hand of a duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
3. A member shall not, subject to Paragraphs (4) and (5) below, 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 to attend and vote at the same meeting, each proxy appointed shall represent a minimum of 100 shares and such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, 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 ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
5. Where a member is an exempt authorised nominee ("EAN") as defined under the Securities Industry (Central Depositories) Act 1991 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 EAN may appoint in respect of each omnibus account it holds.
6. Any alteration to the instrument appointing a proxy must be initialled. The instrument appointing a proxy must be deposited at the registered office at Suite 12B, Level 12, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.

Abstention from Voting

1. All the Non-Executive Directors ("NED") of the Company who are shareholders of the Company shall abstain from voting on Resolution 7 concerning remuneration to the NED at the 38th AGM.
2. Any Director referred to in Resolutions 2, 3, 4 and 5, who is a shareholder of the Company shall abstain from voting on the resolution in respect of his election or re-appointment at the 38th AGM.
3. Any Director or Directors who is the appointed nominee of the shareholder(s) of the Company as set out in the Circular to Shareholders dated 29 May 2013 shall abstain from voting on Resolution 12 in respect of RRPT at the 38th AGM.

Explanatory Notes for Special Business

1. Ordinary Resolution 9 – Re-appointment of Director pursuant to Recommendation 3.2 and 3.3 of the MCCG 2012

The NC is satisfied with the skills, contribution and independent judgment that Tan Sri Dato' Seri Utama Arshad Ayub delivers to the Board. Tan Sri Dato' Seri Utama Arshad Ayub has satisfactorily demonstrated that he is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company. In view thereof, the Board recommends and supports the re-appointment of Tan Sri Dato' Seri Utama Arshad Ayub, as he has offered himself for re-appointment as INED of the Company, to be approved by shareholders at the 38th AGM of the Company as follows :-

"**THAT** Tan Sri Dato' Seri Utama Arshad Ayub, whose tenure on the Board exceeds a cumulative term of more than nine (9) years be hereby re-appointed as Independent Non-Executive Director of the Company."

Tan Sri Dato' Seri Utama Arshad Ayub, aged 85, was appointed on 31 January 1987 as INED of the Company. His profile is as set out in page 51 Section 2 of the Annual Report for the year ended 2012. Tan Sri Dato' Seri Utama Arshad Ayub has exceeded his tenure on the Board a cumulative term of more than nine (9) years since his appointment date. Pursuant to Recommendation 3.2 and 3.3 of the MCCG 2012, he may be regarded as Non-Independent Non-Executive Director, for continuing to hold office as a Director of the Company exceeding nine (9) years from his date of appointment.

The Board, subject to the assessment of the NC is satisfied with the level of independence of Tan Sri Dato' Seri Utama Arshad Ayub and based on the justification above, hereby recommends that Tan Sri Dato' Seri Utama Arshad Ayub be re-appointed as INED of the Company until the next AGM of the Company.

2. Ordinary Resolution 10 – Proposed Renewal of the Authority for Directors to Issue Shares

The proposed Ordinary Resolution 10, is proposed for the purpose of granting a renewed general mandate for issuance of shares by the Company under Section 132D of the Act. The Ordinary Resolution 10, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion without convening a General Meeting. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company.

The Company had, at the 37th AGM held on 26 June 2012, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any new shares pursuant to this mandate obtained as at the date of this notice. The Ordinary Resolution 10 proposed under item 6.1 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, an announcement will be made by the Company in respect of the purpose and utilisation of proceeds arising from such issue.

The general mandate if granted 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 investment project(s), working capital and/or acquisition(s).

3. Ordinary Resolution 11 – Proposed Renewal of the Share Buy-Back Authority

Ordinary Resolution 11, if passed will enable the Company to utilise any of its surplus financial resources to purchase its own shares through Bursa Securities up to 10% of the issued and paid-up capital of the Company. This authority will, unless revoked or varied at a General Meeting, expire at the conclusion of the next AGM of the Company.

Further information on the Proposed Renewal of the Share Buy-Back Authority are set out in the Circular to Shareholders of the Company dated 29 May 2013, which is dispatched together with the Company's Annual Report for the year ended 2012.

4. Ordinary Resolution 12 – Proposed Shareholders' Mandate for RRPT

The proposed Ordinary Resolution 12 if passed is primarily to authorise the Company and/or its unlisted subsidiaries to enter arrangements or transactions with Related Parties, particulars of which are set out in Section 3.2, 3.3 and 3.4 of the Circular to Shareholders of the Company dated 29 May 2013, which is dispatched together with the Company's Annual Report for year ended 2012, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favorable to the Related Parties than those generally made available to the public.

5. Special Resolution - Proposed Amendments to the Company's Articles of Association

The Special Resolution proposed under item 6.5 if passed, will give authority to the Directors to amend the Company's Articles of Association in order to be in line with the new Listing Requirements of Bursa Malaysia Securities Berhad, prevailing statutory and regulatory requirements as well as to update the Articles of Association of the Company. Further explanatory notes on Resolution 13 are set out in the Circular to Shareholders of the Company dated 29 May 2013, which is dispatched together with the Company's Annual Report for the year ended 2012.