



**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Thirty Fourth (34th) Annual General Meeting ("AGM") of the Company will be held at Function Room 8, Mezzanine Floor, Setia City Convention Centre, 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam on Wednesday, 25 June 2014 at 10.30 a.m. for the following purposes:

**AGENDA**

**ORDINARY BUSINESS**

- To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors thereon. **(Ordinary Resolution 1)**
- To approve payment of a final tax exempt dividend of 3.5 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2013. **(Ordinary Resolution 2)**
- To approve the payment of Directors' Fees amounting to RM 191,000 for the financial year ended 31 December 2013. (2012: RM170,000) **(Ordinary Resolution 3)**
- To re-elect Mr. Lim Kuang Yong retiring by rotation pursuant to Article 108 of the Articles of Association and being eligible has offered himself for re-election **(Ordinary Resolution 4)**
- To re-elect the following Directors retiring pursuant to Article 113 of the Articles of Association, and being eligible, have offered themselves for re-election: **(Ordinary Resolution 5)**
  - Lee Choo Hock **(Ordinary Resolution 6)**
  - Tan Kong Chang **(Ordinary Resolution 7)**
  - Lim Siau Tian **(Ordinary Resolution 8)**
  - Lim Siau Hing **(Ordinary Resolution 9)**
  - Lim Ooi Chow **(Ordinary Resolution 10)**
- To re-appoint KPMG as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 11)**

**SPECIAL BUSINESS**

- Proposed authority to allot shares pursuant to section 132D of the Companies Act, 1965 **(Ordinary Resolution 10)**  
"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any 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 capital of the Company as at the date of this Annual General Meeting ("AGM") and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."
- Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature **(Ordinary Resolution 11)**  
"That pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the shareholders' mandate for the Company and/or its subsidiaries ("Kossan Group") to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Renewal of Shareholders' Mandate"), which are necessary for the day-to-day operations of Kossan Group to be entered into by Kossan Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Section 2.5 of the Circular to Shareholders of the Company dated 30 May 2014 **(Ordinary Resolution 12)**
  - Kossan Holdings (M) Sdn. Bhd. and its subsidiaries **(Ordinary Resolution 13)**
  - Kossan F.R.P. Industries (M) Sdn. Bhd. and its subsidiaries
  - HT Ceramic (M) Sdn. Bhd.
And that such approval conferred by the shareholders' mandate shall continue to be in force until-
  - the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby 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 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
  - revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier
AND FURTHER THAT the Directors of the Company/ or any of them be and are/is(as the case may be) hereby authorised to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."
- Proposed Renewal Of Shareholders' Mandate On Share Buy-Back ("Proposed Share Buy-Back") **(Ordinary Resolution 14)**  
"That subject to the Companies Act, 1965 ("Act"), the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Articles of Association and other applicable laws, rules, regulations and guidelines of the relevant authorities, the Company be and is hereby authorised to utilise an amount not exceeding the total share premium account and retained profits of the Company to purchase such number of ordinary shares of RM0.50 each in the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the ordinary shares so purchased pursuant to this resolution shall in aggregate with the treasury shares, if any, as defined under Section 67A of the Act ("Treasury Shares") then still held by the Company not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company AND THAT such authority shall commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company unless earlier revoked or varied by a resolution of the shareholders of the Company at a general meeting AND THAT the Directors be and are hereby authorised to either cancel the shares so purchased or retain same as Treasury Shares and may distribute the Treasury Shares as share dividend or to sell same in a manner they deem fit and expedient in the best interest of the Company and in accordance with the Act, the applicable laws, rules, regulations and guidelines of Bursa Securities and any other regulatory authorities for the time being in force."
- Retention of Independent Directors **(Ordinary Resolution 15)**
  - Dato' Haji Mokhtar Bin Haji Samad  
"That approval be and is hereby given to Dato' Haji Mokhtar Bin Haji Samad, 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 and that the Board of Directors be authorised henceforth to determine, on a year to year basis, the continuation in office of Dato' Haji Mokhtar Bin Haji Samad as an Independent Non-Executive Director of the Company until such authority is revoked at a general meeting."
  - Madam Tong Siew Choo  
"That approval be and is hereby given to Madam Tong Siew Choo, 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 and that the Board of Directors be authorised henceforth to determine on a year to year basis, the continuation in office of Madam Tong Siew Choo as an Independent Non-Executive Director of the Company until such authority is revoked at a general meeting."**(Ordinary Resolution 16)**
- To transact any other business of which due notice shall have been given in accordance with the Act.

**NOTICE OF DIVIDEND PAYMENT**

NOTICE IS ALSO HEREBY GIVEN that the final tax exempt dividend of 3.5 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2013, if approved by members at the Annual General Meeting to be held on Wednesday, 25 June 2014, will be paid on 18 July 2014. The entitlement date for the dividend will be 3 July 2014.

A depositor shall qualify for entitlement only in respect of:

- Shares transferred to the depositor's securities account before 4.00 p.m. on 3 July 2014 in respect of ordinary transfer; and
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

**KOSSAN RUBBER INDUSTRIES BHD.**

**CHIA ONG LEONG**

**CHIA YEW NGO**

Company Secretaries

Klang, Selangor Darul Ehsan

30 May 2014

**NOTES**

- Receiving of the Audited Financial Statements  
Item 1 of the Agenda is intended for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders of the Audited Financial Statements. As such this item is not put forward for voting.
- Proxy Form
  - A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
  - Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
  - A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one (1) proxy in respect of each securities account.
  - Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
  - The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised.
  - Only members whose names appear in the Record of Depositors as at 18 June 2014 will be entitled to attend, speak and vote at the meeting or appoint a proxy to attend, speak and vote in his stead.
  - To be valid, the original instrument appointing a proxy must be deposited at the Registered Office of the Company at Wisma Kossan, Lot 782, Jalan Sungai Putus, Off Batu 3 3/4 Jalan Kapar, 42100 Klang, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting and any adjournment thereof.
- Explanatory Notes on Special Business
  - Proposed authority to allot shares pursuant to Section 132 D of the Companies Act, 1965  
The proposed Ordinary Resolution 10, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 10% of the issued share capital of the Company (excluding treasury shares) at the time of issue for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.  
This authority will provide flexibility to the Company for any possible fund raising exercise, including but not limited to placement of shares for purpose of funding investment projects, working capital and/or acquisition.  
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 sought, the Company will make an announcement in respect thereof.
  - Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Proposal")  
The proposed Ordinary Resolutions 11, 12 and 13 are to seek shareholders' approval on the related party transactions entered or to be entered into by the Kossan Group in the ordinary course of business. These are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and may arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-by- case basis before entering into such related party transactions.  
As such the Board is seeking an approval and renewal of shareholders' mandate pursuant to Part E, Paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad for the related party transactions described in Section 2.5 of the Circular to shareholders dated 30 May 2014 to allow the Kossan Group to enter into such recurrent related party transactions, make at arm's length basis and on normal commercial terms, not more favourable to the related parties than those generally available to the public and which will not be to the detriment of the minority shareholders of the Company. Further details on the Proposal can be obtained from the Circular to shareholders of the Company dated 30 May 2014.  
By obtaining the shareholders' mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objective of the Kossan Group or adversely affecting the business opportunities available to the Kossan Group.
  - Proposed Renewal of Authority for Share Buy-back  
The proposed Ordinary Resolution 14, if passed, will empower the Directors to purchase the Company's shares of up to a maximum of ten per cent (10%) of the issued and paid up share capital of the Company by utilising funds allocated out of retained profits and share premium accounts of the Company. Further information on the Proposed Renewal of Authority for Share Buy-back is set out in the Statement to Shareholders dated 30 May 2014, which is despatched together with the Company's 2013 Annual Report.
  - Retention of Independent Directors  
The proposed Ordinary Resolutions 15 and 16 are to seek the shareholders' approval to retain directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. The Board and the Nominating Committee had assessed the independence of the following directors and recommends them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-
    - Resolution 15- Dato' Haji Mokhtar Bin Haji Samad
      - Dato' has fulfilled the criteria under the definition of an Independent Director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
      - Dato's vast experience in business will enable him to contribute objectively as well as judgement wise during Board deliberations.
      - Dato' has performed his duty diligently and in the best interests of the Company and has always provided the Board balance required by providing the Board a check and balance on matters being deliberated by the Board.
    - Resolution 16 – Madam Tong Siew Choo
      - She has fulfilled the criteria under the definition of an Independent Director as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
      - Her vast experience in accounting, auditing and taxation will enable her to contribute with objective judgement during Board deliberations by bringing experience and technical expertise into business management and independent evaluation of judgement on businesses of the Company.
      - She has performed her duty diligently and in the best interests of the Company and provides a broader view and independent assessment of matters deliberated at the Board.