



GRAND-FLO BERHAD

(607392-W)

(formerly known as Grand-Flo Solution Berhad)

(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of GRAND-FLO BERHAD (formerly known as Grand-Flo Solution Berhad) ("Grand-Flo" or "the Company") will be held at Greens 3 Room, Ground Floor, Sports Wing, Tropicana Golf & Country Resort (Club House), Jalan Kelab Tropicana, Off Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 24 June 2014 at 10.30 a.m. to transact the following business:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. *Please refer to Note (a)*

2. To declare a final tax exempt dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2013. *(Resolution 1)*

3. To approve the payment of Directors' fees for the financial year ended 31 December 2013. *(Resolution 2)*

4. To re-elect the following Directors who retire pursuant to Article 104 of the Company's Articles of Association :
i. Mr. Yu Chee Sing *(Resolution 3)*
ii. Mr. Cheng Ping Liong *(Resolution 4)*
iii. Mr. Wan Kok Weng *(Resolution 5)*

5. To re-appoint Messrs. SJ Grant Thornton as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. *(Resolution 6)*

As Special Business :

To consider and if thought fit, pass with or without any modifications, the following resolutions :-

6. **ORDINARY RESOLUTION 1 CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** *(Resolution 7)*

"THAT approval be and is hereby given to Mr. Yu Chee Sing who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012."

7. **ORDINARY RESOLUTION 2 RE-APPOINTMENT OF DIRECTOR PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965** *(Resolution 8)*

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Datuk Adzmi Bin Abdul Wahab, who is over the age of 70 years, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION 3 GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** *(Resolution 9)*

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may 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 for the time being AND THAT the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

9. **ORDINARY RESOLUTION 4 PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS ISSUED AND PAID UP SHARE CAPITAL ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** *(Resolution 10)*

"THAT, subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approvals of any other relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares of RM0.10 each in the Company's issued and paid up share capital ("Grand-Flo Shares") through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of Grand-Flo Shares bought-back and/or held as treasury shares does not exceed ten percent (10%) of the total issued and paid up share capital of the Company subject to a restriction that the issued and paid up share capital of the Company does not fall below the public shareholding spread requirement of the Listing Requirements;

(ii) the maximum funds to be allocated for the share buy-back shall not exceed the aggregate of the retained earnings and the share premium accounts of the Company; and

(iii) the Grand-Flo Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority are to be treated in any of the following manner:

- cancel the purchased Grand-Flo Shares;
- retain the purchased Grand-Flo 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 be cancelled subsequently; or
- retain part of the purchased Grand-Flo Shares as treasury shares and cancel the remainder,

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

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution is passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or

(ii) the expiration of the period within which the next AGM after that date it is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the Grand-Flo Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any other relevant government and/or regulatory authorities;

AND FURTHER THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as they may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the Grand-Flo Shares."

10. SPECIAL RESOLUTION

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY FROM RM50,000,000 COMPRISING 500,000,000 ORDINARY SHARES OF RM0.10 EACH TO RM100,000,000 COMPRISING 1,000,000,000 ORDINARY SHARES OF RM0.10 EACH ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")

"THAT approval be and is hereby given for the authorised share capital of the Company to be increased from RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each to RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each by the creation of an additional 500,000,000 ordinary shares of RM0.10 each and such additional ordinary shares when issued shall rank pari passu in all respects with the existing ordinary shares of RM0.10 each in the Company AND THAT in consequence thereof, Clause 6 of the Memorandum of Association of the Company and all other documents be amended accordingly AND FURTHER THAT the Directors and the Secretaries of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary to give full effect to the Proposed Increase in Authorised Share Capital with full power to assent to any conditions, modifications, variations and/or amendments as may be required and/or as the Directors deem fit, appropriate and in the best interests of the Company."

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a final tax exempt dividend of 1.0 sen per share for the financial year ended 31 December 2013, if approved by the shareholders at the Annual General Meeting of the Company, will be paid on 31 July 2014 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 8 July 2014.

A depositor shall qualify for entitlement to the dividend only in respect of :-

- Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 July 2014 in respect of ordinary transfers; 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

TEA SOR HUA (MACS 01324)
YONG YEN LING (MAICSA 7044771)
Company Secretaries

Date: 2 June 2014
Petaling Jaya, Selangor Darul Ehsan

Notes:

- The Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders and hence, is not put forward for voting.
- 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 Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- A shareholder shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a shareholder appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 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.
- Where a member of the Company is 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing. If the appointor is a corporation, the instrument must be executed under its Common Seal or under the hand of an officer or attorney so authorised.
- To be valid, the instrument appointing a proxy must be deposited at the registered office of the Company situated at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- For the purpose of determining a member who shall be entitled to attend the meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 65(3) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 17 June 2014. Only members whose names appear in the General Meeting Record of Depositors as at 17 June 2014 shall be regarded as members and entitled to attend, speak and vote at the Eleventh Annual General Meeting.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1. The Ordinary Resolution proposed under item 6 of the Agenda is to seek shareholders' approval to allow Mr. Yu Chee Sing to continue acting as Independent Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012. The Nomination Committee of the Company has assessed the independence of Mr. Yu Chee Sing, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, and has recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

- He fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities and therefore would be able to function as a check and balance and bring an element of objectivity to the Board.
- He has vast experience in respective industries which could provide the Board with a diverse set of experience, expertise and independent judgment.
- He has devoted sufficient time and attention to his responsibilities as an Independent Director of the Company.
- He understands the main drivers of the Group's business in a detailed manner.
- He has actively participated in the Board discussion and served as an effective Board member.
- He has exercised due care during his tenure as an Independent Director of the Company and carried out his duties in the best interest of the Company and shareholders of the Company.

2. The Resolution proposed under item 7 of the Agenda is to seek shareholders' approval pursuant to Section 129(6) of the Companies Act, 1965 for the re-appointment of Tan Sri Datuk Adzmi Bin Abdul Wahab, a Director who is over the age of 70 years and vacated office pursuant to Section 129(2) of the Companies Act, 1965. If passed, it will enable Tan Sri Datuk Adzmi Bin Abdul Wahab to hold office until the next Annual General Meeting of the Company.

Tan Sri Datuk Adzmi Bin Abdul Wahab has, during his tenure as the Independent Non-Executive Chairman of the Board, provided a strong leadership and was responsible for ensuring the adequacy and effectiveness of the Board's governance process.

3. The Ordinary Resolution proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965. The Ordinary Resolution, if passed, will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting. This general mandate will provide flexibility to the Company for allotment of shares 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).

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Tenth Annual General Meeting held on 27 June 2013 which will lapse at the conclusion of the Eleventh Annual General Meeting.

4. The Ordinary Resolution proposed under item 9 of the Agenda is to renew the shareholders' mandate for the share buy-back by the Company. The said proposed renewal of shareholders' mandate will empower the Directors to buy-back and/or hold up to a maximum of 10% of the Company's issued and paid up share capital at any point of time, by utilizing the amount allocated which shall not exceed the total retained profits and/or share premium account of the Company. This authority unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

Please refer to the Share Buy-Back Statement to Shareholders dated 2 June 2014 for further details.

5. The Special Resolution proposed under item 10 of the Agenda is to accommodate any new shares to be issued by the Company arising from any future corporate exercise.

(Resolution 11)