

ELSOFT RESEARCH BERHAD (617504-K)

**NOTICE IS HEREBY GIVEN THAT** the Eleventh Annual General Meeting of Elsoft Research Berhad ("the Company") will be held at the Conference Room of the Company, Plot 85B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Penang on Friday, 27 June 2014 at 11.30 a.m. for the transaction of the following business:

## AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.
- To approve the increase in Directors' fees and the payment of Directors' fees of not exceeding RM180,000.00 for the financial year ending 31 December 2014 (2013 : RM120,000.00).
- To re-elect the following Directors retiring pursuant to Article 100 (1) of the Company's Articles of Association and who, being eligible, offer themselves for re-election:-
  - Mr. Tan Cheik Eaik
  - Dato' Dr. Chong Eng Keat @ Teoh Eng Keat
- To re-appoint Messrs. BDO as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 1**

**Ordinary Resolution 2**

**Ordinary Resolution 3**

**Ordinary Resolution 4**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modification, as Ordinary/Special Resolutions:

### 5. AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES

"THAT, subject always to the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Act, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued."

**Ordinary Resolution 5**

### 6. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT, subject to Section 67A of the Act and Part IIIA of the Companies Regulations 1966, provisions of the Company's Memorandum and Articles of Association, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to make purchase(s) of ordinary shares of RM0.10 each in the Company's issued and paid-up share capital on Bursa Securities subject to the following:

- The maximum number of shares which may be purchased and/or held by the Company shall be equivalent to 10% of the issued and paid-up share capital of the Company ("Shares") for the time being;
- The maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and share premium account of the Company. As of 31 December 2013, the audited retained profits and share premium account of the Company were RM15,503,375 and RM15,165,965 respectively. The retained profits and share premium account of the Company in the management account as at 31 March 2014 were RM15,725,917 and RM15,165,965 respectively;
- The authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
  - the conclusion of the next annual general meeting of the Company at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
  - revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting, whichever occurs first, but not so as to 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 ACE Market Listing Requirements of Bursa Securities or any other relevant authority; and
- upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:
  - cancel the Shares so purchased; or
  - retain the Shares so purchased as treasury shares; or
  - retain part of the Shares so purchased as treasury shares and cancel the remainder; or
  - distribute the treasury shares as share dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
 in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorized to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

**Ordinary Resolution 6**

### 7. CONTINUATION IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT, Dato' Dr. Chong Eng Keat @ Teoh Eng Keat be retained as Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting."

**Ordinary Resolution 7**

### 8. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY TO FACILITATE THE PROPOSED TRANSFER LISTING FROM THE ACE MARKET TO THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD (Proposed Amendments)

"THAT, subject to the approval of Bursa Securities, the Securities Commission and other relevant government and/or regulatory authorities on the Proposed Transfer Listing of the Company from the ACE Market to the Main Market of Bursa Securities ("Proposed Transfer Listing"), the Proposed Amendments to the Articles of Association of the Company to facilitate the said Proposed Transfer Listing as contained in Appendix A annexed to the Annual Report be and are hereby approved.

AND THAT the Directors of the Company be and are hereby authorized to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the Proposed Amendments".

9. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

**Special Resolution 1**

**BY ORDER OF THE BOARD,**

**DATUK TAN LEH KIAH (MAICSA 719692)**  
**OOI YOONG YOONG (MAICSA 7020753)**  
Secretaries

Penang  
4th June 2014

**Notes:-**

#### Appointment of Proxy

- There is no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b)&(c) of the Companies Act, 1965 shall not apply to the Company.
- A member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting.
- Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized 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 authorized.
- Where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least 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 authorized nominee as defined under the Central Depositories Act, 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.
- To be valid, the proxy form duly completed must be deposited at the Registered Office, 51-9-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight hours before the time for holding the meeting or adjourned meeting.

#### General Meeting Record of Depositors

- Only a depositor whose name appears on the Record of Depositors of the Company as at 20 June 2014 shall be entitled to attend this Annual General Meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

#### Ordinary Business

- Ordinary Resolution 1 – Proposed increase in Directors' fees and payment of Directors' fees of not exceeding RM180,000.00 for the financial year ending 31 December 2014**  
The proposed Ordinary Resolution 1 is to sought shareholders' approval for the increase in Directors' fees and to facilitate the payment of Directors' fees on current year basis. In the event, the Directors' fees proposed is insufficient, the Board will sought the approval from the shareholders at the next Annual General Meeting for additional fees to meet the shortfall.

#### Special Business

- Ordinary Resolution 5 - Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares**  
The proposed Ordinary Resolution 5, if passed, will give authority to the Board of Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

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 last Annual General Meeting which will lapse at the conclusion of the Eleventh Annual General Meeting.

This renewed general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

- Ordinary Resolution 6 - Proposed Renewal of Share Buy-Back Authority**  
The proposed Ordinary Resolution 6, if passed, will give the authority to the Company to purchase its own shares up to 10% of the issued and paid-up share capital of the Company for the time being. This authority, unless renewed or revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting after that date is required by the law to be held, whichever occurs first.

Detail information on the Proposed Renewal of Share Buy-Back Authority are set out in page 24 to 29 of the 2013 Annual Report.

- Ordinary Resolution 7 - Continuation In Office As An Independent Non-Executive Director**  
Pursuant to the Malaysian Code on Corporate Governance 2012, the Board is making a recommendation to shareholders that Dato' Dr. Chong Eng Keat @ Teoh Eng Keat remains as Independent Non-Executive Director of the Company.

Dato' Dr. Chong Eng Keat @ Teoh Eng Keat has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements.

The Board is of the view that Dato' Dr. Chong Eng Keat @ Teoh Eng Keat has performed his duties diligently and provided independent views in participating in deliberations and decision making of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his duties as an Independent Non-Executive Director of the Company.

The Board believes that with Dato' Dr. Chong Eng Keat @ Teoh Eng Keat's expertise and broad international experience together with his accumulative knowledge of the Group's business and operation provide the Board with a diverse set of experience and expertise which enhances the skills and experience profile of the Board.

- Special Resolution 1 - Proposed amendments to the Articles of Association of the Company to Facilitate The Proposed Transfer Listing From The Ace Market To The Main Market Of Bursa Malaysia Securities Berhad**  
The proposed Special Resolution 1, if passed, will facilitate the proposed transfer listing from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad which is subject to the approval of Bursa Securities, Securities Commission and other relevant government and/or regulatory authorities.

Detail information on the Proposed Amendments to the Articles of Association are set out in page 96 of the 2013 Annual Report.