

**NOTICE OF ELEVENTH ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at the Training Room, IQ Group Holdings Berhad, 149 Jalan Sultan Azlan Shah, Taman Perindustrian Bayan Lepas, Fasa 1 (FTZ), Bayan Lepas, 11900 Penang on Friday, 26 September 2014 at 3.00 p.m.

AGENDA

- To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A**

As Ordinary Business

- To re-elect Mr Chen, Wen-Chin also known as Kent Chen retiring under the provision of Article 98(1) of the Articles of Association of the Company, and who, being eligible, has offered himself for re-election. **Ordinary Resolution 1**
- To re-appoint Mr Ang Ah Soon @ Ang Weng Joo, a Director retiring under Section 129(6) of the Companies Act, 1965. **Ordinary Resolution 2**
- To re-appoint Mr Charlie Ong Chye Lee, a Director retiring under Section 129(6) of the Companies Act, 1965. **Ordinary Resolution 3**
- To re-appoint Messrs Deloitte as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 4**

As Special Business

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

- To approve the payment of Directors' fees of RM276,000 for the financial year ending 31 March 2015. **Ordinary Resolution 5**

7. Proposed Renewal of Share Buy-Back Authority

"That subject to the provisions under the Companies Act, 1965 ("the Act"), the Companies Regulations 1966, the Memorandum and Articles of Association of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each in the Company ("IQGHB Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as at point of purchase ("Proposed Renewal of Share Buy-Back Authority").

That the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's aggregate retained profits and/or share premium account.

That authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any IQGHB Shares so purchased by the Company in the following manner:-

- the IQGHB Shares so purchased could be cancelled; or
- the IQGHB Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- combination of (i) and (ii) above; or
- in accordance with the relevant prevailing statutory provisions and guidelines.

That the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:-

- the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
- the passing of the date on which the next annual general meeting of the Company is required by law to be held; or
- the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

And that the Directors of the Company be and are authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.

Ordinary Resolution 6**8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"That subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions with the following corporations as set out in Section 2.4.1 of the Circular to Shareholders dated 3 September 2014 ("the Circular"), which are necessary for the day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are

Notes

- A Member of the Company who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of Members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the Member at the meeting.
- A proxy need not be a member. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149 (1)(b) of the Act shall not apply to the Company.
- A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the Meeting.
- Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in 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. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- Where a Member of the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office at Suite 12-02, 12th Floor, Menara Zurich, 170 Jalan Argyll, 10050 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.
- Only Members registered in the Record of Depositors as at 19 September 2014 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Notes on Special Business**Directors' Fees**

This proposed Ordinary Resolution 5, if passed, will authorise the payment of Directors' fees amounting to RM276,000 for the financial year ending 31 March 2015.

Proposed Renewal of Share Buy-Back Authority

This proposed Ordinary Resolution 6, if passed, will give the Directors of the Company the authority to purchase its own shares up to 10% of the issued and paid-up share capital of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This Authority will, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

This proposed Ordinary Resolutions 7 and 8, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. This Authority will, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 3 September 2014 for more information.

not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders as set out in the Circular ("Mandate"):-

- Interquartz Taiwan Ltd.
- IQ (America) Inc.

That the Directors be empowered to do all such acts and things considered necessary or expedient to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities.

That such Mandate shall commence upon passing this ordinary resolution and to be in force until:-

- the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless the authority is renewed by a resolution passed at the meeting;
 - the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - revoked or varied by ordinary resolution of the shareholders of the Company at a general meeting;
- whichever is earlier.

And that the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.

Ordinary Resolution 7**9. Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature**

"That subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company, Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions with the following corporations as set out in Section 2.4.2 of the Circular to Shareholders dated 3 September 2014 ("the Circular"), which are necessary for the day to day operations and are carried out 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 minority shareholders as set out in the Circular ("Mandate"):-

- Interquartz Taiwan Ltd.
- Semileads Optoelectronics Co. Ltd.

That the Directors be empowered to do all such acts and things considered necessary or expedient to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities.

That such Mandate shall commence upon passing this ordinary resolution and to be in force until:-

- the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless the authority is renewed by a resolution passed at the meeting;
 - the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - revoked or varied by ordinary resolution of the shareholders of the Company at a general meeting;
- whichever is earlier.

And that the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution.

Ordinary Resolution 8

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

By Order of the Board

CHEW SIEW CHENG (MAICSA 7019191)

GUNN CHIT GEOK (MAICSA 0673097)

Secretaries

Date: 3 September 2014

Penang

Note A

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.