

DEGEM BERHAD (415726-T)

Incorporated in Malaysia

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the members of the Company will be held at the Banyan Room, Ground Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 27 May 2015, at 10.30 a.m. for the purpose of transacting the following businesses:-

1. To receive the Audited Financial Statements for the year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.
2. To approve the payment of a first and final single tier dividend of 3% in respect of the year ended 31 December 2014 **Resolution 1**
3. To approve the payment of Directors' fees of RM380,480/- (2013 RM380,480/-) in respect of the year ended 31 December 2014 **Resolution 2**
4. To re-elect the following Directors who retire by rotation pursuant to Article 100 of the Company's Articles of Association and, being eligible, offer themselves for re-election :-
 - (a) Dato' Hasan bin M. Taib **Resolution 3**
 - (b) Mr. Choong Khoi Onn **Resolution 4**
 - (c) Mr. Leou Thiam Lai **Resolution 5**
5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129 of the Companies Act, 1965:-

"That Mr. Chuah Teong Aung, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

Resolution 6
6. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**
7. As Special Business:-

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

 - (a) **Ordinary Resolution 1**
Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 8**

"THAT subject always to the Companies Act 1965, Articles of Association of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next annual general meeting 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 for the time being of the Company 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."

**(b) Ordinary Resolution 2
Proposed Renewal of Authority For Share Buy-Back**

Resolution 9

“THAT, subject to compliance with the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares of RM0.50 each in the Company (“Proposed Purchase”) as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at the point of purchase;

AND THAT upon completion of the purchase by the Company of its own shares (“DeGem Shares”), the Directors are authorised to retain the DeGem Shares as treasury shares or cancel the DeGem Shares or retain part of the DeGem Shares so purchased as treasury shares and cancel the remainder. The Directors are further authorised to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the Company’s shareholders or subsequently cancel the treasury shares or any combination of the three;

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company following the General Meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in General Meeting,

whichever is the earliest but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the Proposed Purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities.”

**(c) Ordinary Resolution 3
Continuing In Office As Independent Non-Executive Director**

Resolution 10

“THAT, subject to the passing of Resolution 5, authority be and is hereby given to Mr. Leou Thiam Lai 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.”

**(d) Ordinary Resolution 4
Continuing In Office As Independent Non-Executive Director**

Resolution 11

“THAT, subject to the passing of Resolution 6, authority be and is hereby given to Mr. Chuah Teong Aung 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.”

8. To transact any other business for which due notice has been given.

BY ORDER OF THE BOARD,

CHOW CHOOI YOONG (MAICSA 0772574)
Company Secretary

Kuala Lumpur
5 May 2015

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two proxies to attend and vote instead of him/her. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company 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.
3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company’s Common Seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at the Company’s Registered Office at No. 42, 1st Floor, Jalan Maarof, Bangsar Baru, 59100 Kuala Lumpur not less than forty eight (48) hours before the time set for the meeting or any adjournment thereof.
5. **General Meeting Record of Depositors**
For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 54(C) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities (“LR”), a Record of Depositors as at 20 May 2015 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his stead.
6. **Explanatory Notes on Ordinary and Special Business:**
 - (a) **Audited Financial Statements for financial year ended 31 December 2014**
The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders’ approval under the provisions of Section 169(1) and (3) of the Companies Act, 1965. Hence, it will not be put for voting.

(b) Resolution pursuant to Section 132D of the Companies Act, 1965

Resolution No. 8 proposed under item 7(a) is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965 which was approved by shareholders at the last year's AGM. There was no issuance of new shares during the year.

The proposed Resolution No. 8, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding 10% of the issued share capital of the Company without convening a general meeting. This authority unless revoked or varied at a general meeting will expire at the next AGM.

The renewed mandate 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 investment project(s), working capital and/or acquisition.

(c) Resolution pursuant to Proposed Renewal of Authority For Share Buy-Back

Resolution No. 9 proposed under item 7(b), if passed, will empower the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting. For further information, please refer to the Circular to Shareholders dated 5 May 2015 which is circulated together with this Annual Report.

(d) Resolution Nos. 10 & 11

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the Nomination Committee ("NC") has assessed the independence of Mr. Leou Thiam Lai and Mr. Chuah Teong Aung, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and upon its recommendation, the Board of Directors has assessed and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- (i) Mr. Leou Thiam Lai and Mr. Chuah Teong Aung have fulfilled the criteria under the definition of Independent Director as stated in the LR of Bursa Securities, and hence, they would be able to provide an element of objectivity, independent judgment and balance to the Board.
- (ii) Mr. Leou Thiam Lai is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member of the Chartered Association of Certified Accountants (UK) and a fellow member of the Chartered Tax Institute of Malaysia and thus, he is able to fulfill the financial expertise requisite under the LR in relation to the composition of the Audit Committee. Being the Chairman of the Audit Committee, his knowledge, skills and experience in finance and audit would enable him to ensure the effectiveness of the Audit Committee in providing independent, objective and effective oversight to the Board.
- (iii) Mr. Chuah Teong Aung's vast experience in electrical, mechanical and engineering services and business would enable him to provide the Board with a diverse set of experience, expertise and independent judgment to better manage the Group.
- (iv) Their length of service on the Board of more than nine years does not in any way interfere with their exercise of objective judgment or their ability to act in the best interests of the Company and Group. In fact, both Mr. Leou Thiam Lai and Mr. Chuah Teong Aung, having been with the Company for more than nine years, are familiar with the Group's business operations and have devoted sufficient time and commitment to their role and responsibilities as Independent Directors for informed and balance decision making.
- (v) Both of them have exercised due care during their tenure as Independent Non-Executive Directors of the Company and have carried out their professional duties in the interest of the Company and shareholders.

Resolution Nos. 10 and 11 proposed under item 7(c) and (d), if passed, will authorise Mr. Leou Thiam Lai and Mr. Chuah Teong Aung to continue in office as Independent Non-Executive Directors of the Company.