

SOLUTION ENGINEERING HOLDINGS BERHAD

(Company No : 654575-P)

(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Solution Engineering Holdings Berhad ("SEHB") will be held at Kinrara 1 Room, Kinrara Golf Club, Jalan Kinrara 6, Bandar Kinrara, 47100 Puchong, Selangor on Wednesday, 1 June 2016 at 10.00 a.m. to transact the following businesses :

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors' and Auditors' thereon Please refer to Explanatory Note on Agenda 1
2. To re-elect the following Directors of the Company who are retiring pursuant to Article 83 of the Company's Articles of Association.
 - (a) Mr. Lim Yong Hew Ordinary Resolution 1
 - (b) Mr. Lim Hai Guan Ordinary Resolution 2
3. To approve the payment of Directors' fees of RM 152,880/= for the financial year ended 31 December 2015 Ordinary Resolution 3
4. To appoint Messrs. Folks DFK & Co. as Auditors of the Company and to authorise the Directors to determine their remuneration. Ordinary Resolution 4
5. **Special Businesses :**
To consider and if thought fit, pass with or without modifications, the following resolutions:
 - (a) **Retention of Independent Non-Executive Directors**
 - (i) "THAT authority be and is hereby given to Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the Next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012" Ordinary Resolution 5
 - (ii) "THAT authority be and is hereby given to Mr. Low Wei Ngee to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the Next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012" Ordinary Resolution 6
 - (b) **Authority to Directors to issue shares** Ordinary Resolution 7

"That pursuant to Section 132D of the Companies Act 1965 and subject always to the approval from the relevant authorities, where such approval is necessary, the Board of Directors be authorised to issue and allot 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 ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued capital of the Company for the time being 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 the ACE Market of Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the

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expiration of the period within which the next AGM which is required by law to be held or revoked / varied by a resolution passed by the shareholders in general meeting whichever is the earlier."

- (c) **Proposed renewal of authority for the Company to purchase its own shares ("Proposed renewal of Share Buy-Back Mandate")** Ordinary Resolution 8

"THAT subject to the provisions under the Act, the Memorandum and Articles of Association of the Company, the Listing Requirements and any other applicable laws, rules, regulations and guidelines for the time being in force, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.10 each in the Company ("Shares") as may be determined by the Directors 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 10% of the total issued and paid-up share capital of the Company

THAT the maximum amount of funds to be allocated for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and share premium account of the Company.

THAT authority be and is hereby given to the Directors 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 of the Shares so purchased by the Company in the following manner:

- (i) the Shares so purchased could be cancelled; or
- (ii) the Shares so purchased could be retained as treasury shares for distribution as 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
- (iii) combination of (i) and (ii) above.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution and shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company, at which time the said authority would 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 AGM is required by law to be held; or
- (iii) the authority is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting,

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whichever occurs first.

AND THAT the Directors be and are hereby authorised to take such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

6. To transact any other business for which due notice shall have been given under the Companies Act, 1965

BY ORDER OF THE BOARD

ONG WHEE TIONG (MAICSA No. : 0739672)
Company Secretary
Kuala Lumpur

Dated : 29 April 2016

NOTES :

1. Depositors whose names appear in the Record of Depositors as at 25 May 2016 shall be regarded as members of the Company entitled to attend, speak and vote at the 12th Annual General Meeting
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more [but not more than three (3)] proxies, each representing a minimum of 100 shares held by the member to vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply. Where a member appoints two (2) or more proxies to attend and vote at the meeting, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, (“SICDA”) 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.
4. Where a member of the Company is an exempt authorised nominee as defined under the SICDA which is exempted from compliance with the provisions of Subsection 25(A)(1) of the SICDA, of 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 authorised nominee may appoint in respect of each omnibus account it holds.

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5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or notarially certified copy thereof, shall be deposited at the Registered Office of the Company at Suite 705, Block A, Kelana Business Centre, 97 Jalan SS 7/2, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Twelfth Annual General Meeting or any adjournment thereof.

7. **Explanatory Note on Agenda 1**

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

8. **Ordinary Resolution No. 4**

Notice of Nomination (a copy of which is attached to the Notice of Twelfth Annual General Meeting) had been received by the Company to nominate Messrs. Folks DFK & Co. as Auditors of the Company in place of Messrs. Adam & Co.

9. **Explanatory statement on Special Businesses –**

(a) (i) and (ii) Ordinary Resolutions No. 5 and 6 – Retention of Independent Non-Executive Directors

Pursuant to Malaysian Code of Corporate Governance 2012, the tenure of an Independent Director should not exceed a cumulative term of nine years unless an approval is sought from the Company's shareholders at the Annual General Meeting to retain the said director as an independent director. Both, Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir and Mr. Low Wei Ngee were appointed as Non-Executive Directors of the Company on 28 May 2005 and have therefore served for more than nine years.

The Board has recommended that both Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir and Mr. Low Wei Ngee continue to act as Independent Non-Executive Directors of the Company based on the following reasons:-

- i. They fulfil the criteria under the definition on Independent Directors in the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad;
- ii. They are able to bring independent and objective judgment to the Board;
- iii. Their wide range of business experience relevant to the Group enables them to provide the Board with a diverse set of corporate expertise, skills and competence;
- iv. They have been with the Company for more than nine years and therefore understands the Company's business operations which enables them to participate actively and contribute positively during deliberations or discussions at Board Meetings;
- v. They have contributed sufficient time and effort and attended the Committee and Board meetings for an informed and balanced decision making; and
- vi. They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company and shareholders.

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b) Ordinary Resolution No. 7 – Authority to Directors to issue shares

The Ordinary Resolution No. 7 proposed under item 5(b) of the Agenda is a renewal mandate of the general mandate for the issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will give the Directors of the Company, the authority to issue and allot shares in the Company up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors would consider to be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, 3,566,000 new ordinary shares of RM0.10 each were allotted vide Employees' Share Option Scheme of which 170,000 ordinary shares were exercised at RM0.135 per share and 3,396,000 ordinary shares at RM0.185 per share pursuant to the mandate granted to the Directors at the Eleventh Annual General Meeting held on 19 June 2015, which will lapse at the conclusion of this Twelfth Annual General Meeting.

This mandate would provide the Company the flexibility to raise fund including but not limited to placing of shares to finance future projects, working capital and / or acquisitions without having to convene a general meeting.

c) Ordinary Resolution No. 8 – Proposed Renewal of Authority for the Company to purchase its own shares

The proposed Ordinary Resolution No. 8, if passed, will give the Directors of the Company the authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or effect the purchase(s) of Shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. This authority will, unless renewed or revoked or varied by the Company at a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company following the Twelfth AGM is required by the law to be held. Please refer to the Share-Buy-Back Statement dated 29 April 2016 which is despatched together with this Annual Report for more information.