

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting ("AGM") of Timberwell Berhad ("Company") will be held at Crown 2, 2nd Floor, Sabah Oriental Hotel, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah on Friday, 12th day of May 2017 at 1.00 p.m., for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note (a)**
2. To approve the payment of Directors' fees amounting to RM143,000 for the financial year ended 31 December 2016. **RESOLUTION 1**
3. To approve the payment of Directors' remuneration (excluding Directors' Fees) payable to the Board of the Company and its subsidiaries amounting to RM150,000 for the financial period from 1 January 2017 until the next AGM. **RESOLUTION 2**
4. To re-elect Madam Agnes Soei-Tin Lamey who is retiring pursuant to Paragraph 94 of the Company's Constitution, who being eligible offers herself for re-election. **RESOLUTION 3**
Mr Sui Diong Hoe will retire in accordance with Paragraph 94 of the Company's Constitution and will not seek for re-election. Accordingly, he will remain in office until the close of the 21st AGM.
5. To re-appoint Datuk Yap Pak Leong, who retires at the conclusion of this 21st AGM of the Company as a Director of the Company. **RESOLUTION 4**
Datuk Alladin Bin Mohd Hashim who retires at the conclusion of this 21st AGM of the Company will not seek for re-appointment as a Director. Accordingly, he will retain in office until the close of the 21st AGM. **Please refer to Explanatory Note (d)**
6. To re-elect Dato' Seri Tiong King Sing who is retiring pursuant to Paragraph 101 (1) of the Company's Constitution, who being eligible offers himself for re-election. **RESOLUTION 5**
7. To re-appoint Messrs. Crowe Horwath (AF 1018) as Auditors of the Company for the financial year ending 31 December 2017 and to authorise the Directors to fix their remuneration. **RESOLUTION 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions:-

8. **Ordinary Resolution**
- Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 **RESOLUTION 7**
"THAT subject to Section 75 of the Companies Act, 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons 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 ten percent (10%) of the total number of issued shares of the Company for the time being and 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; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company in accordance with Section 76 of the Companies Act, 2016."
9. **Ordinary Resolution**
- Retention of Independent Director in accordance with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012
 - (a) "THAT authority be and is hereby given to Dato' Seri Abdul Azim Bin Mohd Zabidi, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company." **RESOLUTION 8**
 - (b) "THAT subject to the passing of Resolution 4, authority be and is hereby given to Datuk Yap Pak Leong, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company." **RESOLUTION 9**
10. To transact any other ordinary business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

LIM LEE KUAN (MAICSA 7017753)

TEO MEE HUI (MAICSA 7050642)

Company Secretaries

Kota Kinabalu
20th day of April 2017

NOTES:

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him/her but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company, if the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. To be valid, this form duly completed must be deposited at the registered office of the Company at Lot 8 & 9, Block A, 2nd Floor, Damai Point Commercial Centre, Off Jalan Damai, Luyang, 88300 Kota Kinabalu, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend, vote and speak at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee 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.
5. The instrument appointing a proxy shall be in writing executed by or on behalf of the appointor or his attorney duly authorised 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 authorised.
6. Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the AGM is 4 May 2017.

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

- (a) **Audited Financial Statements for the financial ended 31 December 2016**
This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence this matter will not be put for voting.
- (b) **Directors' Remuneration and any benefit payable (Resolution 2)**
The Board is of the view that it is just and equitable for the Directors to be paid the Directors' remuneration (excluding Directors' Fees) on a monthly basis and/or as and when incurred, particularly after having discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the financial period from 1 January 2017 until the next AGM. Payment of the Directors' remuneration will be made by the Company and its subsidiaries at the discretion of the Company, if the proposed Resolution 2 is passed at the 21st AGM.
- (c) **Re-appointment of Director (Resolution 4)**
Datuk Yap Pak Leong who is over the age of 70 years was re-appointed under Section 129 of the Companies Act, 1965 at the 2016 AGM held on 17 May 2016. With the removal of the above section under the Companies Act, 2016, he is subject to retirement and eligible for re-appointment at the forthcoming 21st AGM to be held on 12 May 2017. The proposed Resolution 4 is to seek shareholders' approval on the re-appointment of Datuk Yap Pak Leong as Director of the Company.
- (d) **Retirement of Director**
Datuk Alladin Bin Mohd Hashim who is over the age of 70 years was re-appointed under Section 129 of the Companies Act, 1965 at the 2016 AGM held on 17 May 2016. He is to hold office until the conclusion of 21st AGM of the Company. He who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years will not seek for re-appointment at the 21st AGM of the Company. Hence, he will retain office until the close of the 21st AGM.
- (e) **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 (Resolution 7)**
The proposed Ordinary Resolution 7, if passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten percent (10%) of the issued share capital of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.
This is the renewal of the mandate obtained from the shareholders at the last AGM ("the Previous Mandate"). The Previous Mandate was not utilised and no proceeds were raised.
The purpose of this general mandate sought will provide flexibility to the Company for any possible fund raising activities but not limited for further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.
- (f) **Continuing in Office as Independent Non-Executive Director (Resolutions 8 and 9)**
The Nomination Committee has assessed the independence of Dato' Seri Abdul Azim Bin Mohd Zabidi and Datuk Yap Pak Leong, who have served as the Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and has recommended them to continue to act as the Independent Non-Executive Directors of the Company based on the following justifications:-
 - i. fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, would be able to function as a check and balance, bring an element of objectivity to the Board;
 - ii. have vast experience in the industry that could be shared with the Board but independent judgement to better manage and run the Company;
 - iii. familiar with the Company's business operations and the timber industry as they have served the Company for more than nine (9) years;
 - iv. have devoted sufficient time and attention to discharge the professional obligations for informed and balanced decision making; and
 - v. have exercised due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company and shareholders.