



ZECON BERHAD
(134463-X)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Second (32nd) Annual General Meeting ("AGM") of Zecon Berhad ("Zecon" or "the Company") will be held at Conference Room, 8th Floor, Menara Zecon, No. 92, Lot 393, Section 5 KTL D, Jalan Satok, 93400 Kuching, Sarawak on Thursday, 30 November 2017 at 12.00 noon for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 and the Reports of the Directors and Auditors thereon. (See Note 1)
2. To approve the payment of Directors' fees of RM153,600 for the financial year ended 30 June 2017. Resolution 1
3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Chairman and Non-Executive Directors as set out in Table A with effect from 31 January 2017 until otherwise resolved. Resolution 2
4. To re-elect the following Directors who retire in accordance with Article 87 of the Company's Articles of Association and being eligible, offer themselves for re-election:-
 - a) Datu Haji Hamzah bin Haji Drahman Resolution 3
 - b) Datuk Haji Bolhassan bin Di @ Ahmad bin Haji Di Resolution 4
5. To re-appoint Dato' Abdul Majit bin Ahmad Khan as Independent Non-Executive Director of the Company. Resolution 5
6. To elect Encik Sazali bin Md Salleh who retire in accordance with Article 92 of the Company's Articles of Association and being eligible, offer himself for re-election. Resolution 6
7. To re-appoint Messrs Crowe Horwath as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Resolution 7

As Special Business

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

8. **Authority to issue shares pursuant to Section 76 of the Companies Act, 2016 ("Act")** Resolution 8

"THAT subject always to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 76 of the Act to issue and allot new shares in the Company at any times at such price, upon such terms and conditions, for such purpose and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.
9. **Proposed retention of Independent Non-Executive Directors**
 - (a) "THAT subject to the passing of Resolution 5, authority be and is hereby given to Dato' Abdul Majit bin Ahmad Khan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director until the conclusion of the next Annual General Meeting. Resolution 9
 - (b) "THAT Datuk Dr. Haji Yusof @ Josree bin Haji Yacob who has served as a Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine years, continue to serve as an Independent Non-Executive Director until the conclusion of the next Annual General Meeting." Resolution 10
 - (c) "THAT Mr. Richard Kiew Jiat Fong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, continue to serve as an Independent Non-Executive Director until the conclusion of the next Annual General Meeting." Resolution 11

Notice of Annual General Meeting (cont'd)

10. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** Resolution 12

"**THAT**, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Company and its subsidiary companies shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature and with those related parties as set out in the Circular to Shareholders dated 30 October 2017, provided that the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

THAT the authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:-

- a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors of the Company and its subsidiaries be and are hereby authorised to complete and do such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

11. To transact any other ordinary business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 2016.

By order of the Board

Koh Fee Lee (MAICSA 7019845)
Company Secretary

Kuching

Dated: 30 October 2017

Notes:-

1. **Audited Financial Statements for the Financial Year Ended 30 June 2017**

The Audited Financial Statements under item 1 of the Agenda are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only. They do not require shareholders' approval and hence, will not put forward for voting by shareholders of the Company.

2. **Appointment of Proxy**

- i) In respect of deposited securities, only members whose names appeared in the Record of Depositors as at 23 November 2017 shall be eligible to attend, speak and vote at the Meeting.
- ii) A member entitled to attend and vote at this meeting is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where a member appoints more than 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy need not be a member of the Company

There shall be no restriction as to the qualification of the proxy.

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.

- iii) 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.
- iv) 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.

Notice of Annual General Meeting (cont'd)

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A (1) of SICDA.

- v) Where a Member or an authorised nominee or 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.
- vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
- vii) Any alternation to the instrument appointing a proxy must be initialed. The instrument appointing a proxy must be deposited at the registered office of the Company at 8th Floor, Menara Zecon, No. 92, Lot 393, Section 5 KTL, Jalan Satok, 93400 Kuching, Sarawak not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

3. Explanatory Notes on Ordinary Business

- a) Directors' remuneration (excluding Directors' fees) to the Independent Non-Executive Chairman/Directors ("INED") and Non-Executive Directors ("NED")

Table A

Description	Independent Non-Executive Chairman	Independent Non-Executive Deputy Chairman	Audit Committee Chairman	Others INED & NED
Monthly Allowance	RM4,300	RM3,800	RM3,800	RM2,800
Monthly Vehicle Allowance	RM5,000	N/A	N/A	N/A
*Meeting Allowances (per Meeting)				
- Board Meeting	RM1,500	RM1,500	RM1,500	RM1,500
- Audit Committee Meeting	N/A	N/A	RM1,500	RM1,500
- Remuneration & Nomination Committee	RM1,000	RM1,000	RM1,000	N/A
- Risk Management Committee	RM1,000	N/A	N/A	RM1,000
Other benefits	These comprise of medical coverage up to RM100,000 per annum per person.			

* The meeting allowances will be accorded based on actual attendance of meetings.

b) To re-appoint Dato' Abdul Majit bin Ahmad Khan as Independent Non-Executive Director of the Company (Resolution 5)

The Proposed Resolution 5 is to re-appoint Dato' Abdul Majit bin Ahmad Khan who is over 70 years of age and was re-appointed at the Company's AGM held on 24 November 2016 pursuant to Section 129(6) of the Companies Act, 1965. His term of office will expire at the conclusion of the forthcoming AGM and he had expressed his intention to seek for re-appointment at the forthcoming AGM.

Under the Companies Act 2016, there is no provision for director over 70 years of age to be re-appointed at the AGM. The Proposed Resolution 6 once passed will enable Dato' Abdul Majit bin Ahmad Khan to continue to act as a Director of the Company and he shall be subject to retirement by rotation in accordance with the Company's Articles of Association in the subsequent years.

c) Re-election of Director pursuant to Article 92 of the Company's Articles of Association (Resolution 6)

Article 92 of the Company's Articles of Association provides amongst others, that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an addition to the existing Board, and that any Director so appointed shall hold office until the next AGM and shall then be eligible for re-election.

Accordingly, Encik Sazali bin Md Salleh who was appointed as an Independent Non-Executive Director of the Company on 2 October 2017, shall hold office until the 32nd AGM and shall then be eligible for re-election pursuant to Article 92 of the Article of Association.

The details of Encik Sazali bin Md Salleh is set out in the Directors' Biodata on pages 12 of this Annual Report and his shareholding in the Company is set out in the Directors' shareholdings appearing on page 122 of this Annual Report.

Notice of Annual General Meeting (cont'd)

4. Explanatory Notes on Special Business

a) Ordinary Resolution 8- Authority to Issue Shares pursuant to Section 76 of the Act

The proposed Ordinary Resolution 8, if passed, will empower the Directors to issue shares from time to time provided that the aggregate nominal value of the shares to be issued during the preceding twelve (12) months does not exceed 10% of the issued and paid-up share capital of the Company for the time being, for such purposes as the Directors consider would be in the interests of the Company. This mandate unless revoked or varied at a general meeting will expire at the next AGM.

As at the date of this notice, the Company has issued 11,910,600 new shares pursuant to mandate granted to the Directors at the last AGM of the Company held on 24 November 2016.

The general mandate, if granted, will provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

b) Ordinary Resolutions 9, 10 and 11 – Proposed Retention of Independent Non-Executive Directors

The Resolutions 9, 10 and 11 are proposed pursuant to Recommendation 3.3 of the Malaysian Code of Corporate Governance 2012, and if passed, will allow Dato' Abdul Majit bin Ahmad Khan, Datuk Dr. Haji Yusof @ Josree bin Haji Yacob and Mr. Richard Kiew Jiat Fong to be retained and continue to act as Independent Non-Executive Directors of the Company.

The Remuneration & Nomination Committee had assessed the independence of Dato' Abdul Majit bin Ahmad Khan, Datuk Dr. Haji Yusof @ Josree bin Haji Yacob and Mr. Richard Kiew Jiat Fong and recommended that they continue to act as Independent Non-Executive Director of the Company based on the following justifications:

- a) They have met the criteria of an Independent Director pursuant to the Main Market Listing Requirement of Bursa Securities.
- b) They are being a highly qualified and calibre person has provide the Board with diverse set of experience, skill and expertise in exercising their roles and responsibilities.
- c) They have no interest or ties in the Company that could adversely/materially interferes with the exercise of their independent judgements.
- d) They have actively participate in Board deliberation, judged in an objective and independent manner, discharges their duties with reasonable care, skills and diligent; bring independent thought and experience and provided objectivity in decision making.
- e) They have devoted sufficient time and attention to their responsibilities as an Independent Directors of the Company.
- f) They exercise due care in all undertakings of the Company and had carried out their fiduciary duties in the interest of the Company and minority shareholders during their tenure as an Independent Directors.
- g) They have given their consent to continue as Independent Directors of the Company.

The Board with the recommendation of the Remuneration & Nomination Committee recommends of Dato' Abdul Majit bin Ahmad Khan, Datuk Dr. Haji Yusof @ Josree bin Haji Yacob and Mr. Richard Kiew Jiat Fong to continue to serve as Independent Non-Executive Director of the Company. The Proposed Resolutions 9, 10 and 11, if passed, will enable Dato' Abdul Majit bin Ahmad Khan, Datuk Dr. Haji Yusof @ Josree bin Haji Yacob and Mr. Richard Kiew Jiat Fong to continue to act as Independent Non-Executive Director of the Company. Otherwise, there will be re-designated as a Non-Independent Non-Executive Director and relinquish his position as the Independent Non-Executive Director of the Company upon the conclusion of the 32nd AGM.

c) Ordinary Resolution 12 - Proposed Shareholders' Mandate

The proposed Ordinary Resolution 12 if passed, will authorise the Company and its subsidiaries to enter into recurrent transactions pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities involving the interests of related parties, which are of a revenue or trading nature, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 30 October 2017, which is despatched together with the Company's Annual Report 2017.