



## ZELAN BERHAD

(Company No. 27676-V)

### Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 42<sup>nd</sup> Annual General Meeting (“AGM”) of Zelan Berhad (“Company”) will be held at Mahkota II, BR Level, Hotel Istana, 73, Jalan Raja Chulan, 50250 Kuala Lumpur on Thursday, 31 May 2018 at 2.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

#### ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire by rotation in accordance with Article 78 of the Company’s Constitution and who being eligible offer themselves for re-election:
  - (i) YBhg. Datuk Puteh Rukiah binti Abd Majid **Resolution 1**
  - (ii) Encik Mohd Shukor bin Abdul Mumin **Resolution 2**
3. To approve the payment of Directors’ fees amounting to RM441,000 to the Non-Executive Directors (“NEDs”) of the Company for the financial year ended 31 December 2017. **Resolution 3**
4. To approve the payment of Directors’ fees amounting to RM371,159 to the NEDs of the Company for the financial year ending 31 December 2018 and to authorise the Directors to apportion the aforesaid fees and make payment in the manner as the Directors may determine. **Resolution 4**
5. To approve the payment of remuneration payable to the NEDs amounting to RM379,500 from 1 June 2018 until the conclusion of the next AGM of the Company. **Resolution 5**
6. To re-appoint Messrs. PricewaterhouseCoopers PLT (“PwC”) (LLP0014401-LCA & AF 1146), having consented to act as Auditors of the Company, to hold office until the conclusion of the next AGM and to authorise the Directors to determine their remuneration. **Resolution 6**

#### SPECIAL BUSINESS

##### 7. **PROPOSED CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

“THAT authority be and is hereby given to YBhg. Dato’ Anwar bin Aji who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director and to hold office until the conclusion of the next AGM.”

**Resolution 7**

8. **AUTHORITY TO ALLOT AND ISSUE SHARES**

**Resolution 8**

“THAT subject always to the Companies Act 2016 (“Act”), the Constitution of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to issue and allot shares of the Company at any time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Board may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being AND THAT the Board is also empowered to obtain the approval of Bursa Malaysia Securities Berhad and any other relevant approvals as may be necessary for the listing of and quotation for the additional shares to be issued.”

9. **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE WITH MMC CORPORATION BERHAD AND ITS SUBSIDIARIES, TRADEWINDS CORPORATION BERHAD AND ITS SUBSIDIARIES AND DRB-HICOM BERHAD AND ITS SUBSIDIARIES (“PROPOSED SHAREHOLDERS’ MANDATE”)**

**Resolution 9**

“THAT approval be and is hereby given for the Company and/or its subsidiaries (“Group”) to enter into recurrent transactions of revenue or trading nature with MMC Corporation Berhad and its subsidiaries, Tradewinds Corporation Berhad and its subsidiaries and DRB-HICOM Berhad and its subsidiaries, as set out in Section 2 of the Circular to Shareholders dated 30 April 2018 which are subject to the renewal and obtaining the shareholders’ mandate, provided that such transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business and at arms’ length basis on normal commercial terms, which are consistent with the Group’s normal business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders,

AND THAT such approval shall be in force until:

- (i) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such AGM;
- (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier AND THAT the Directors and/or any of them be and are hereby authorised to do all such acts and things (including, without limitation, to execute all such documents) in the interest of the Company to give full effect to the aforesaid shareholders' mandate and any transaction contemplated under this Ordinary Resolution,

AND THAT in making the appropriate disclosure of the aggregate value of recurrent transactions conducted pursuant to the shareholders' mandate in the Company's annual report, the Company must provide a breakdown of the aggregate value of the recurrent transactions made during the financial period, amongst others, based on the following information:

- (i) the type of the recurrent transactions entered into; and
- (ii) the names of the related parties involved in each type of the recurrent transaction made and their relationship with the Company."

**BY ORDER OF THE BOARD**

ELLIS SURYANTI BINTI JASMI  
NOOR RANIZ BIN MAT NOR  
Company Secretaries

27 April 2018  
Kuala Lumpur

**NOTES:**

**Proxy**

1. A member of the Company who is entitled to attend and vote at the 42<sup>nd</sup> AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where the member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be presented by each proxy. A proxy need not be a member of the Company.
2. The instrument appointing the proxy must be deposited with the Registrar's Office, Symphony Share Registrars Sdn. Bhd., at Level 6, Symphony House, Pusat Dagangan D1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than twenty-four (24) hours before the time fixed for holding the 42<sup>nd</sup> AGM.
3. The lodging of the Proxy Form will not preclude shareholders from attending and voting in person at the 42<sup>nd</sup> AGM should they subsequently wish to do so.
4. Pursuant to Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 42<sup>nd</sup> AGM will be put to vote by poll.

## **Audited Financial Statements for financial year ended 31 December 2017**

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only under Agenda 1, which does not require shareholders' approval and hence, will not be put forward for voting.

### **NOTES ON THE ORDINARY BUSINESSES:**

Section 230(1) of the Act provides that the fees of the Directors and any benefits payable to Directors of a listed company and its subsidiaries shall be approved at a general meeting.

#### **Resolution 4 - Payment of Directors' fees for the financial year ending 31 December 2018**

The proposed Directors' fees for financial year ending 31 December 2018 is similar to the fees made throughout financial years 2016 and 2017 respectively. The breakdown of the aforesaid fees is as follows:

	<b>Directors' fees 2016 (RM)</b>	<b>Directors' fees 2017 (RM)</b>
Chairman of the Board	75,000	75,000
Member of the Board	40,000	40,000
Chairman of Audit Committee	30,000	30,000
Member of Audit Committee	20,000	20,000
Chairman of Nomination and Remuneration Committee	24,000	24,000
Member of Nomination and Remuneration Committee	16,000	16,000

The estimated amount of Directors' fees sought is **RM371,159** based on the following factors:

- The resignation of YBhg. Dato' Sri Che Khalib bin Mohamad Noh from the Board effective from 12 January 2018; and
- The proposed appointment of a new Board member cum member of Board Committees.

In the event that the proposed payment of Directors' fees is insufficient (e.g. due to more meetings or enlarged board size, etc.), approval will be sought at the next AGM for the additional fees to meet the shortfall. Ordinary Resolution 4, if passed, will facilitate the payment of Directors' fees on the current financial year basis.

#### **Resolution 5 – Payment of remuneration payable to the NEDs from 1 June 2018 until the conclusion of the next AGM (“Relevant Period”)**

The payment of remuneration comprises allowance and other emoluments/benefits payable to the Non-Executive Chairman and the NEDs at Board and Board Committees level. In determining the estimated payment of remuneration payable to the NEDs of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Directors involved in these meetings.

In the event that the proposed payment of remuneration is insufficient (e.g. due to more meetings or enlarged board size, etc.), approval will be sought at the next AGM for the additional remuneration to meet the shortfall.

The proposed remuneration if passed will be made by the Company on a monthly basis and/or as and when incurred. The Board is of the view that it is fair and equitable for the payment of remuneration to be paid to the NEDs in such manner as they have discharged their responsibilities and rendered their services throughout the Relevant Period.

Details of the estimated payment of remuneration (excluding Directors' fees and Board Committees' fees) payable to the NEDs for the Relevant Period are set out below:

Directors	Meeting Allowances for Board and Board Committees (RM)	*Other Allowance (RM)	**Benefit-in-Kind (RM)	Total (RM)
Dato' Anwar bin Aji (Chairman)	18,000	291,000	13,500	322,500
Datuk Ooi Teik Huat	12,000	-	-	12,000
Datuk Puteh Rukiah binti Abd Majid	11,000	-	-	11,000
Encik Suhaimi bin Halim	17,000	-	-	17,000
Encik Mohd Shukor bin Abdul Mumin	17,000	-	-	17,000
<b>Total</b>	<b>75,000</b>	<b>291,000</b>	<b>13,500</b>	<b>379,500</b>

*The estimated directors' remuneration quoted above is based from those received by NEDs in the previous year.*

*Notes:*

\* *Other Allowance to the NEDs comprises director's allowance, car allowance and entertainment allowance.*

\*\* *Benefit-in-kind comprises company driver, petrol and mobile phone bill (based on average monthly usage for the Relevant Period).*

#### **NOTES ON THE SPECIAL BUSINESSES:**

##### **Resolution 7 – Proposed continuation in office as Independent Non-Executive Director**

The Malaysian Code on Corporate Governance 2017 ("Code") recommends that the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. Upon completion of nine (9) years, an independent director may continue to serve on the board as a non-independent director. However, the Code further provides that if the board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval.

YBhg. Dato' Anwar bin Aji is the Chairman of the Board and Nomination and Remuneration Committee and has served as an Independent, Non-Executive Director for a cumulative term of more than nine (9) years. In view thereof, the Board has assessed the independence of YBhg. Dato' Anwar bin Aji and recommended the approval of the shareholders be sought to re-appoint him to continue to act as Independent, Non-Executive Director of the Company based on the following justifications:

- Fulfilled the criteria of an Independent Director as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- Continuously bringing strong independent viewpoints and objective judgement for the Board's deliberations and decision making, besides seeking clarifications and challenging Management on the conduct of the Group's business and other issues raised at various Board and Board Committee meetings;
- Provided leadership for the Board and facilitates the Board to perform its responsibilities effectively through his independent and objective chairmanship. In addition, the insight and good understanding of the Group's core business operations acquired by YBhg. Dato' Anwar bin Aji enables him to discharge the duties and role as an Independent Director effectively; and

- Provide objectivity in decision making and an independent voice to the Board and contributed in preventing Board domination by any single party.

#### **Resolution 8 – Authority to allot and issue shares**

The proposed Resolution 8, if passed, will provide a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, to allot and issue ordinary shares in the Company up to and not exceeding in total ten per centum (10%) of the issued and paid-up capital of the Company pursuant to Sections 75 and 76 of the Act. This authority, unless revoked or verified at a general meeting will expire at the next AGM of the Company.

No new shares in the Company were issued as at the date of this Notice, pursuant to the mandate granted to the Directors at the last AGM held on 22 May 2017 which will lapse at the conclusion of the forthcoming AGM.

The Board continues to consider opportunities to expand the Company's business. In the event of a new allotment of shares pursuant to such opportunity, the proceeds will be utilised as working capital. The passing of this resolution would avoid any delay and cost involved in convening a general meeting to specifically approve the issuance of the new shares.

#### **Resolution 9 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature**

For further information, please refer to Circular to Shareholders dated 30 April 2018.