

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Ninth (39th) Annual General Meeting ("AGM") of the Company will be held at Function Room 8, Mezzanine Floor, Setia City Convention Centre, 1 Jalan Setia Dagang AG U13/AG Setia Alam, Seksyen U13, 40170 Shah Alam on Thursday, 23 May 2019 at 10.30 a.m. for the following purposes:

AGENDA
ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon.
- To approve payment of a final single tier dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2018. (**Ordinary Resolution 1**)
- To approve the payment of Directors' fees of RM300,000.00 for the financial year ended 31 December 2018. (2017: RM285,000.00) (**Ordinary Resolution 2**)
- To re-elect the following Directors retiring by rotation pursuant to Article 108 of the Company's Constitution and being eligible have offered themselves for re-election:
 - Lim Leng Bung (**Ordinary Resolution 3**)
 - Lim Siau Tian (**Ordinary Resolution 4**)
 - Lim Siau Hing (**Ordinary Resolution 5**)
- To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (**Ordinary Resolution 6**)

SPECIAL BUSINESS

- Proposed Authority To Allot Shares Pursuant To Section 75 Of The Companies Act 2016** (**Ordinary Resolution 7**)

"THAT pursuant to section 75 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue 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 that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company as at the date of this Annual General Meeting ("AGM") 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 and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

- Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature** (**Ordinary Resolution 8**)

"That pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of shareholders' mandate for the Company and/or its subsidiaries ("Kossan Group") to enter into recurrent related party transactions of a revenue or trading nature with the Related Party ("Proposed Renewal Of Shareholders' Mandate for RRPT"), which are necessary for the day-to-day operations of Kossan Group provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, particulars of which are set out in Section 2.5 of the Circular to Shareholders of the Company dated 23 April 2019.

And that such approval conferred by the Shareholders' mandate shall continue to be in force until-

- the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed;
 - the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to section 340(1) of the Companies Act 2016 ("Act") (but shall not extend to such extensions as may be allowed pursuant to section 340(4) of the Act); or
 - revoked or varied by resolution passed by the shareholders in a general meeting,
- whichever is the earlier

AND FURTHER THAT the Directors of the Company/ or any of them be and are/is (as the case may be) hereby authorised to complete and do all such acts and things (including executing such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal Of Shareholders' Mandate for RRPT."

- Proposed Renewal Of Shareholders' Mandate On Share Buy-Back ("Proposed Share Buy-Back")** (**Ordinary Resolution 9**)

"That subject to the Companies Act 2016 ("Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Articles of Association and other applicable laws, rules, regulations and guidelines of the relevant authorities, the Company be and is hereby authorised to utilise an amount not exceeding the retained profits of the Company to purchase such number of ordinary shares in the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the ordinary shares so purchased pursuant to this resolution shall in aggregate with the treasury shares, if any, as defined under Section 127 of the Act ("Treasury Shares") then still held by the Company not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company AND THAT such authority shall commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company unless earlier revoked or varied by a resolution of the shareholders of the Company at a general meeting AND THAT the Directors be and are hereby authorised to either cancel the shares so purchased or retain same as Treasury Shares and may distribute the Treasury Shares as share dividend or to sell same in a manner they deem fit and expedient in the best interest of the Company and in accordance with the Act, the applicable laws, rules, regulations and guidelines of Bursa Securities and any other regulatory authorities for the time being in force."

- PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY** (**Special Resolution 1**)

"That approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix III to the Document to Shareholders dated 23 April 2019 accompanying the Company's 2018 Annual Report for the financial year ended 31 December 2018 be and is hereby adopted as the Constitution of the Company and that the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

- To transact any other business of which due notice shall have been given in accordance with the Act.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that the final single tier dividend of 3.0 sen per ordinary share each in respect of the financial year ended 31 December 2018, if approved by members at the Annual General Meeting to be held on Thursday, 23 May 2019, will be paid on 21 June 2019. The entitlement date for the dividend will be 4 June 2019.

A depositor shall qualify for entitlement only in respect of:

- Shares transferred to the depositor's securities account before 4.00 p.m. on 4 June 2019 in respect of ordinary transfer; and
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD
KOSSAN RUBBER INDUSTRIES BHD.

CHIA ONG LEONG

CHIA YEW NGO

Company Secretaries

Klang, Selangor Darul Ehsan

Date: 23 April 2019

NOTES

- Receiving of the Audited Financial Statements**

Item 1 of the Agenda is intended for discussion only as the provision of section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders of the Audited Financial Statements. As such this item is not put forward for voting.

- Proxy Form**

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

- A member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint one (1) proxy in respect of each securities account.
- Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised.
- Only members whose names appear in the Record of Depositors as at 17 May 2019 will be entitled to attend, speak and vote at the meeting or appoint a proxy to attend, speak and vote in his stead.
- To be valid, the original instrument appointing a proxy must be deposited at the office of the share registrar, Boardroom Share Registrars Sdn. Bhd. (formerly known as Symphony Share Registrars Sdn. Bhd.), Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PUJ 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time of the meeting and any adjournment thereof.

3. Non-Executive Director's ("NED") Remuneration

- Section 230 (1) of the Companies Act 2016 provides, amongst others, that the fee of a director any benefits to a director of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that shareholders' approval shall be sought at the 39th AGM on Resolution 2 on payment of directors' fees for the preceding year 2018. None of the non-executive directors received any benefits in 2018.
- Any NED who are shareholders of the Company will abstain from voting on Resolution 2 concerning the remuneration to NED.

4. Ordinary Resolutions 3 to 5: Re-election of Directors who retire in accordance with Article 108 of the Company's Constitution.

- Article 108 of the Constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. Three (3) Directors are to retire in accordance with Article 108 of the Constitution.
 - For the purpose of determining the eligibility of the Director to stand for re-election at the 39th AGM, the Nomination Committee ("NC") has assessed each of the retiring Directors, taking into account the following:-
 - The Director's performance and contribution based on the Self and Peer Assessment and results of the Board Effectiveness Evaluation for 2018;
 - The Directors' level of contribution to the Board deliberations; and
 - The level of competence demonstrated by the Director, and his ability to act in the best interest of the Company in decision making.
 - Based on the assessment results, the individual Directors met the performance criteria required of an effective and high performance Board. The Board approved the NC's recommendations that the Directors retiring pursuant to Article 108 be eligible to stand for re-election. All the retiring Directors had abstained at Board deliberations and decision on their eligibility to stand for re-election.

- Any director referred in Resolutions 3 to 5, who is a shareholder of the Company, will abstain from voting on the resolution in respect of his re-election.

5. Ordinary Resolution 6: Appointment of Auditors

- The Audit Committee ("AC") at its meeting held on 18 February 2019 undertook an annual assessment of the suitability and independence of the external auditors, KPMG PLT. The AC took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at the private meetings, which demonstrated their independence, objectivity and professionalism.
- The AC was satisfied with the suitability of KPMG PLT based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied in its review that the provisions of non-audit services by KPMG PLT to the Company for the FY 2018 did not in any way impair their objectivity and independence as external auditors of the Company.
- The Board at its meeting held in April 2019 approved the AC's recommendation for the shareholders' approval to be sought at the 39th AGM on the appointment of KPMG PLT as external auditors of the Company for the FY 2019 under Resolution 6.

6. Explanatory Notes on Special Business

- Proposed authority to allot shares pursuant to section 75 of the Companies Act 2016
- The proposed Ordinary Resolution 7, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 10% of the issued share capital of the Company (excluding treasury shares) at the time of issue for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

This authority will provide flexibility to the Company for any possible fund raising exercise, including but not limited to placement of shares for purpose of funding investment projects, working capital and/or acquisition.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and/or utilization of proceeds arising from such an issue of shares.

This is a renewal of the general mandate for the issue of new ordinary shares in the Company which was approved at the last AGM. The Company did not issue any new shares under the previous mandate.

- Proposed renewal of the shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("Proposal")

The proposed Ordinary Resolution 8 is to seek shareholders' approval on the related party transactions entered or to be entered into by the Kossan Group and the Related Party in the ordinary course of business. These are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and may arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such related party transactions.

As such the Board is seeking an approval for the renewal of the shareholders' mandate pursuant to Part E, Paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad for the related party transactions described in Section 2.5 of Part A of the Document the Circular to shareholders dated 23 April 2019 to allow the Kossan Group to enter into such recurrent related party transactions, make at arm's length basis and on normal commercial terms, not more favourable to the related parties than those generally available to the public and which will not be to the detriment of the minority shareholders of the Company. Further details on the Proposal can be obtained from Part A of the Document to shareholders of the Company dated 23 April 2019.

By obtaining the shareholders' mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objective of the Kossan Group or adversely affecting the business opportunities available to the Kossan Group.

- Proposed Renewal of Authority for Share Buy-Back

The proposed Ordinary Resolution 9, if passed, will empower the Directors to purchase the Company's shares of up to a maximum of ten per cent (10%) of the issued share capital of the Company by utilizing funds allocated out of retained profits of the Company. Further information on the Proposed Renewal of Authority for Share Buy-Back is set out in the Part B of the Document to Shareholders dated 23 April 2019, which is despatched together with the Company's 2018 Annual Report.

- Proposed adoption of the New Constitution of the Company
- The proposed Special Resolution 1, if passed, will bring the Company's Constitution in line with the Companies Act 2016, Malaysian Code on Corporate Governance, Main Market Listing Requirements of Bursa Securities, and all other relevant statutory and regulatory requirements. The proposed new Constitution is set out in the Document to Shareholders dated 23 April 2019 accompanying the Company's 2018 Annual Report.