



## LOTUS KFM BERHAD

(formerly known as Kuantan Flour Mills Berhad)  
198401007083 (119598-P)  
(Incorporated in Malaysia)

### NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirty-Fifth Annual General Meeting ("Meeting" or "AGM") of LOTUS KFM BERHAD (formerly known as Kuantan Flour Mills Berhad) ("KFM" or "the Company") will be held at Function Room 1, Rocana Hotel, 1st floor, B2-B10, Lorong Tun Ismail 8, Sri Dagangan II, 25000 Kuantan, Pahang on Tuesday, 17 March 2020 at 09:30 a.m. to transact the following businesses:-

#### AGENDA

##### As Ordinary Business:

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| 1. To receive the Audited Financial Statements for the financial year ended 30 September 2019 together with the Reports of the Directors and Auditors thereon.   | <b>PLEASE REFER TO EXPLANATORY NOTE 1</b>  |
| 2. To approve the payment of Directors' fees and benefits of RM87,000 for the financial year ended 30 September 2019.  | <b>ORDINARY RESOLUTION 1</b>   |
| 3. To approve the payment of Directors' fees and benefits of up to RM316,000 from 1 October 2019 until the next Annual General Meeting of the Company.   | <b>ORDINARY RESOLUTION 2</b>   |
| 4. To re-elect the following Directors who retire by rotation in accordance with Clause 68 of the Company's Constitution:<br>i. Encik Mohd Rasi Bin Muda<br>ii. Mr. Wong Sak Kuan<br>iii. Ms. Lee Wai Fun<br>iv. Mr. Yau Ming Teck | <b>ORDINARY RESOLUTION 3<br/>ORDINARY RESOLUTION 4<br/>ORDINARY RESOLUTION 5<br/>ORDINARY RESOLUTION 6</b> |
| 5. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.                                  | <b>ORDINARY RESOLUTION 7</b>   |

##### As Special Business:

To consider and if thought fit, pass with or without any modifications, the following resolutions:

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|---|-------------------------------|
| 6. <b>GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016</b>  | <b>ORDINARY RESOLUTION 8</b>  |
| "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares 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 approval from the Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."   |                               |
| 7. <b>PROPOSED SHAREHOLDERS' RATIFICATION OF RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE</b>  | <b>ORDINARY RESOLUTION 9</b>  |
| "THAT all the recurrent related party transactions of a revenue and/or trading nature entered or to be entered into by the Company and/or its subsidiaries ("the Group") from 1 October 2019 up to the date of the Thirty-Fifth Annual General Meeting as set out in Section 2.8 of the Circular to Shareholders dated 31 January 2020 which are necessary for the day-to-day operations of the Group and within the ordinary course of business of the Group, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company, be and are hereby accepted, confirmed and ratified.<br>AND THAT all the action taken and execution of all necessary documents by the Directors and/or any person(s) authorised by the Directors for and on behalf of the Company as they had considered expedient or deemed fit in the interest of the Company, be and are hereby accepted, confirmed and ratified."   |                               |
| 8. <b>PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")</b>   | <b>ORDINARY RESOLUTION 10</b> |
| "THAT, authority be and is hereby given in line with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, for the Company and/or its subsidiaries ("the Group") to enter into any of the recurrent related party transactions with the related parties as set out in Section 2.8 of the Circular to Shareholders dated 31 January 2020 which are necessary for the day-to-day operations of the Group within the ordinary course of business of the Group, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.<br>AND THAT such authority shall commence immediately upon the passing of this resolution until:<br>(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the ordinary resolution for the Proposed Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or<br>(ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or<br>(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting, whichever is earlier.<br>AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company." |                               |
| 9. <b>PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY</b>  | <b>SPECIAL RESOLUTION</b>     |
| "THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in "Appendix A" with immediate effect AND THAT the Directors and/or the Secretary of the Company be authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and to take all such steps as may be considered necessary to give full effect to the foregoing."   |                               |
| 10. To transact any other business of which due notice shall have been given.   |                               |

By order of the Board

**TEA SOR HUA (MACS 01324)**

*Company Secretary*

Petaling Jaya, Selangor Darul Ehsan  
31 January 2020

##### Notes:

- A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.
- 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. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Level 7, Menara Milenium, Jalan Damansara, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.
- For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 43A of the Company's Constitution to issue a General Meeting Record of Depositors as at 9 March 2020. Only members whose name appears in the Record of Depositors as at 9 March 2020 shall be entitled to attend the Meeting and to speak and vote thereat.
- All the resolutions set out in this Notice will be put to vote by poll.

##### EXPLANATORY NOTES TO ORDINARY/SPECIAL BUSINESS

- Item 1 of the Agenda**  
This Agenda 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 members for the Audited Financial Statements. Hence, Agenda No. 1 will not put forward for voting.
- Item 3 of the Agenda**  
The estimated Directors' fees and benefits proposed for the period from 1 October 2019 until the next Annual General Meeting of the Company were calculated based on the current Board size and number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefit on a current financial year basis. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.
- Item 6 of the Agenda**  
The Proposed Ordinary Resolution 8 proposed under item 6 of the Agenda is a renewal of the general mandate for issuance of shares by the Company pursuant to

Sections 75 and 76 of the Companies Act 2016. This Ordinary Resolution, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening at a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty-Fourth AGM held on 27 February 2019 which will lapse at the conclusion of the Thirty-Fifth AGM.

##### 4. Item 7 of the Agenda

The Proposed Ordinary Resolution 9, if passed, will ratify all the recurrent related party transactions entered or to be entered into by the Group from 1 October 2019 up to the date of the Thirty-Fifth AGM.

Please refer to the Circular to Shareholders dated 31 January 2020 for further information.

##### 5. Item 8 of the Agenda

The Ordinary Resolution 10, if passed, will allow the Group to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to the Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to the Circular to Shareholders dated 31 January 2020 for further information.

##### 6. Item 9 of the Agenda

The Special Resolution proposed under item 9 of the Agenda in relation to the proposed amendments to the existing Constitution of the Company are made mainly for the following purposes:-

- To ensure compliance with the Main Market Listing Requirements of Bursa Securities; and
- To provide clarity and consistency with the amendments that arise from the Companies Act 2016 and other relevant regulatory provisions.

This Special Resolution if passed, will allow the Company to alter or amend the whole of the existing Constitution by the replacement with the proposed new Constitution as per "Appendix A" in accordance with Section 36(1) of the Companies Act 2016. The "Appendix A" on the proposed new Constitution of the Company, which is circulated together with the Notice of AGM dated 31 January 2020, shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Thirty-Fifth AGM.