



KESM INDUSTRIES BERHAD
Registration No. 197201001376 (13022-A)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-First Annual General Meeting ("51st AGM") of the Company will be held at Connexion Conference & Event Centre, Spectrum & Prism (Level 3A), Nexus, Bangsar South, No. 7, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 12 January 2023 at 10:00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

- To receive the audited financial statements for the financial year ended 31 July 2022 together with the reports of the Directors and of the Auditors thereon. Resolution 1
- To declare a final tax exempt dividend of 6 sen per share in respect of the financial year ended 31 July 2022. Resolution 2
(Please see Explanatory Note)
- To approve payment of Directors' fees and allowances of RM293,000 in respect of the financial year ended 31 July 2022. Resolution 3
(Please see Explanatory Note)
- To re-elect the following Directors who are retiring pursuant to Article 100 of the Company's Constitution and being eligible, have offered themselves for re-election: -
(a) Mr Kenneth Tan Teoh Khoon
(b) Ms Lim Mee Ing Resolution 4
(Please see Explanatory Note)
- To re-appoint Ernst & Young PLT as the Company's Auditors and to authorise the Board of Directors to fix their remuneration. Resolution 5

AS SPECIAL BUSINESS

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

- Continuation in office as Independent Non-Executive Director Resolution 6
(Please see Explanatory Note)
"THAT Mr Yong Chee Hou who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby allowed to continue in office as an Independent Non-Executive Director of the Company up till 31 May 2023."
- Continuation in office as Independent Non-Executive Director Resolution 7
(Please see Explanatory Note)
"THAT Tuan Haji Zakariah Bin Yet who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby allowed to continue in office as an Independent Non-Executive Director of the Company up till 31 May 2023."
- Proposed renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature Resolution 8
(Please see Explanatory Note)

"THAT approval be and is hereby given, for the purposes of Chapter 10, Paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Listing Requirements"), for the Company and/or its subsidiaries ("Group") to enter into transactions falling within the types of recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group ("RRPTs"), as set out in section 4.2.1 of the circular to shareholders of the Company dated 27 October 2022 ("Circular"), with any party who is described as a related party in the Circular, provided that such transactions are carried out in the normal course of business, on arm's length basis, at transaction prices and terms which are not more favourable to the related parties involved than those generally available to the public and which will not be to the detriment of the minority shareholders of the Company in accordance with the guidelines and procedures of the Company for the RRPTs as specified in section 4.4 of the Circular;

AND THAT such approval shall continue to be in force until:-

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

whichever is earlier,

AND THAT proper disclosure of the various RRPTs and the aggregate value of such transactions shall be disclosed in the Annual Report of the Company,

AND FURTHER THAT the Directors be and are hereby authorised to complete and do all such acts and things as may be required by the relevant authorities (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

- Proposed new shareholders' mandate for additional recurrent related party transaction of a revenue or trading nature Resolution 9
(Please see Explanatory Note)

"THAT approval be and is hereby given, for the purposes of Chapter 10, Paragraph 10.09 of the Listing Requirements, for the Group to enter into transactions falling within the type of RRPT, as set out in section 4.2.2 of the Circular, with any party who is described as a related party in the Circular, provided that such transactions are carried out in the normal course of business, on arm's length basis, at transaction prices and terms which are not more favourable to the related parties involved than those generally available to the public and which will not be to the detriment of the minority shareholders of the Company in accordance with the guidelines and procedures of the Company for the RRPTs as specified in section 4.4 of the Circular;

AND THAT such approval shall continue to be in force until:-

- the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- the expiration of the period within which the next annual general meeting after the date is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Act); or

(c) revoked or varied by a resolution passed by the shareholders in a general meeting,

whichever is earlier,

AND THAT proper disclosure of the RRPT and the aggregate value of such transactions shall be disclosed in the Annual Report of the Company,

AND FURTHER THAT the Directors be and are hereby authorised to complete and do all such acts and things as may be required by the relevant authorities (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

- To transact any other business which may be properly transacted at an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD
LEONG OI WAH (MAICSA 7023802)
SSM PRACTISING CERTIFICATE NO. 201908000717
Company Secretary

Petaling Jaya
27 October 2022

Notes:

- A member entitled to attend and vote at the 51st AGM is entitled to appoint proxy/proxies who may but need not be member/members of the Company to attend and vote in his/her stead.
- When a member appoints two or more proxies the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- The instrument appointing proxy/proxies shall be in writing under the hand of the appointor or his/her 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.
- The instrument appointing proxy/proxies must be deposited at the Share Registrar's office at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the 51st AGM or any adjournment thereof. Alternatively, the instrument appointing proxy/proxies can be submitted via email by attaching a signed PDF copy of the Proxy Form to bsr.helpdesk@boardroomlimited.com before the cut-off time for the lodgement.
- Depositors whose name appear in the Record of Depositors on 5 January 2023 shall be regarded as member of the Company entitled to attend the 51st AGM or appoint proxy/proxies to attend and vote on his/her/its behalf.

Explanatory Notes To Ordinary Business:

Resolution 2

Payment of Directors' fees and allowances in respect of the financial year ended 31 July 2022 are as follows:

Description	Amount (RM)
Directors' fees	266,000
Allowances (Payable to Non-Executive Directors only)	27,000
Total	293,000

Resolutions 3 and 4

For the purpose of determining the eligibility of the Directors to stand for re-election at the 51st AGM, the Board through its Nominating Committee had assessed Mr Kenneth Tan Teoh Khoon and Ms Lim Mee Ing (collectively "the Retiring Directors"). Please refer to the Board of Directors section in the Annual Report 2022, for more details about them. The Retiring Directors were assessed on their performance and understanding of the Group's businesses. Their active participation at the Board and Board Committee meetings showed that they came well prepared and were effective in the discharge of their responsibilities. The Retiring Directors have always acted in the best interests of the Company as a whole.

Based on the above, the Board supports their re-election.

Explanatory Notes To Special Business:

Resolutions 6 and 7

Mr Yong Chee Hou and Tuan Haji Zakariah Bin Yet have served as Independent Non-Executive Directors of the Company since 11 January 2002 and 8 March 2011 respectively.

The Nominating Committee and the Board having assessed their independence, recommend that they continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

- they meet the independence criteria as set out in Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"); and
- their length of service on the Board has not affected their ability to exercise independent judgement while acting in the best interests of the Company.

The Resolutions 6 and 7, if passed, will enable Mr Yong Chee Hou and Tuan Haji Zakariah Bin Yet to continue to act as Independent Directors of the Company until 31 May 2023. New candidates of Independent Directors will be sourced to fill the vacancies in compliance with the implementation of the amendments to the MMLR on new criteria of Independent Directors.

Resolutions 8 and 9

Please refer to the Circular to Shareholders dated 27 October 2022 for more information.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that the final tax exempt dividend of 6 sen per share in respect of the financial year ended 31 July 2022, if approved at the forthcoming Annual General Meeting, will be paid on 14 February 2023 to Depositors registered in the Record of Depositors on 19 January 2023. A Depositor shall qualify for entitlement only in respect of:

- shares transferred into the Depositor's securities accounts before 4.00 p.m. on 19 January 2023, in respect of ordinary transfers; and
- shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD
LEONG OI WAH (MAICSA 7023802)
SSM PRACTISING CERTIFICATE NO. 201908000717
Company Secretary

Petaling Jaya
27 October 2022