

Notice of Ninth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting ("9th AGM") of Karex Berhad ("Karex" or "Company") will be conducted on a fully virtual and live-stream from Online Meeting Platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) using Remote Participation and Electronic Voting Facilities ("RPEV") on Monday, 29 November 2021 at 10:00 a.m. for the purpose of considering the following businesses: -

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and the Auditors thereon.
(Refer to Explanatory Note (a))
2. To re-elect Mr Goh Leng Kian who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, has offered himself for re-election.
(Ordinary Resolution 1)
3. To re-elect Ms Lam Juan Juan who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, has offered herself for re-election.
(Ordinary Resolution 2)
4. To re-elect Dato' Edward Siew Mun Wai who is retiring in accordance with Clause 104 of the Company's Constitution, and being eligible, has offered himself for re-election.
(Ordinary Resolution 3)
5. To approve the payment of directors' fees of RM634,167.00 for the financial year ended 30 June 2021.
(Ordinary Resolution 4)
6. To approve the payment of directors' benefits (excluding directors' fees) payable to the Directors of the Company and its subsidiaries up to an amount of RM61,000.00 for the financial period from 1 December 2021 to 30 November 2022.
(Ordinary Resolution 5)
7. To re-appoint Messrs KPMG PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.
(Ordinary Resolution 6)

Special Business

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

8. **Continuation in Office of Independent Non-Executive Directors**
 - (a) "THAT approval be and is hereby given to Tun Dato' Seri Arshad Bin Ayub who has served as an Independent Non-Executive Director of the Company for a cumulative term of about nine (9) years to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."
(Ordinary Resolution 7)
 - (b) "THAT approval be and is hereby given to Dato' Dr. Ong Eng Long @ Ong Siew Chuan who has served as an Independent Non-Executive Director of the Company for a cumulative term of about nine (9) years to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."
(Ordinary Resolution 8)
9. **Authority to Issue and Allot Shares**

"THAT subject always to the Companies Act, 2016 ("the Act"), Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers,

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agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Act and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

(Ordinary Resolution 9)

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

BY ORDER OF THE BOARD

LIM LEE KUAN (SSM PC NO. 202008001079) (MAICSA 7017753)

TEO MEE HUI (SSM PC NO. 202008001081) (MAICSA 7050642)

ELIZABETH ALLISON DE ZILVA (SSM PC NO. 202008002112) (MAICSA 7030086)

Company Secretaries

Selangor Darul Ehsan

Dated this 29th day of October 2021

Notes:

- 1) *In support of the Government of Malaysia's (the Government) ongoing efforts to contain the spread of the Coronavirus (COVID-19), the Company would like to leverage on technology advancement by conducting the Ninth Annual General Meeting of the Company (the Meeting or AGM) on a fully virtual basis through electronic live streaming and online remote voting, pursuant to Section 327(2) of the Companies Act 2016 and Clause 59 of the Company's Constitution. The Company will be using Boardroom's LUMI AGM solution at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657). Please follow the procedures as stipulated in the Administrative Details for the Meeting in order to register, participate and vote virtually.*
- 2) *The electronic means of conducting the AGM on a fully virtual basis will facilitate and enable all shareholders to participate fully in the proceedings by audio and/or video capabilities without the need to be physically present at the Meeting venue, which is advantageous given the current circumstances relating to COVID-19 and best health practices. No member(s) or proxy(ies) or corporate representative(s) or attorney(s) shall be physically present or allowed to enter the broadcast venue on the day of the AGM.*
- 3) *A member entitled to virtually attend and vote at the above Meeting is entitled to appoint a proxy or proxies to exercise all or any of his rights to virtually attend, participate, interact and vote in his/her stead, in accordance with the Administrative Details.*
- 4) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
- 5) *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, 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.*
- 6) *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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. Where the Exempt Authorised Nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of his holdings to be represented by each proxy.*
- 7) *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 the corporation's seal or under the hand of an officer or attorney duly authorised.*
- 8) *The instrument appointing a proxy must be deposited at the registered office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia or via electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (please follow the procedures as stipulated in the Administrative Details) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
- 9) *Shareholders/proxies/corporate representatives are encouraged to refer to the procedures set out in the Administrative Details in order to participate remotely.*
- 10) *Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and interact at the Annual General Meeting is 22 November 2021.*

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EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

- a) *Item 1 of the Agenda*
Audited Financial Statements for the financial year ended 30 June 2021

This Agenda item is meant for discussion only, as the provisions of Section 248 and Section 340 (i)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

- b) *Retirement of Director*

Mr Wong Yien Kim who was appointed as an Independent Non-Executive Director of the Company on 30 November 2012 will retire in accordance with Clause 97 of the Company's Constitution. He has informed the Board of his intention to retire as a Director and therefore would not be seeking for re-election at this Annual General Meeting. Hence, he will retire from his office upon the conclusion of the 9th AGM.

- c) *Ordinary Resolutions 4 & 5*
Payment of directors' fees and benefits made payable to the Directors

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

In this respect, the Board wishes to seek shareholders' approval at the 9th AGM for the payment of Directors' fees and benefit payable to the Directors in two (2) separate resolutions as below: -

- (i) Resolution 4 on the proposed directors' fees of RM634,167.00 in respect of the financial year ended 30 June 2021;
- (ii) Resolution 5 on the payment of directors' benefits (excluding directors' fees) payable to the Directors of the Company and its subsidiaries up to an amount of RM61,000.00 for the financial period from 1 December 2021 to 30 November 2022. The benefits comprise the meeting allowance, which will only be accorded based on actual attendance of meetings by the Directors.

- d) *Ordinary Resolutions 7 & 8*
Continuation in Office of Independent Non-Executive Directors

The proposed Ordinary Resolutions, if passed, will allow the named Directors to remain as Independent Directors notwithstanding that they have served a cumulative term of about nine years as Independent Directors.

The tenures of two (2) Independent Non-Executive Directors, namely Tun Dato' Seri Arshad Bin Ayub and Dato' Dr. Ong Eng Long @ Ong Siew Chuan would reach nine (9) years on 30 November 2021 and 29 July 2022 respectively.

The Board after the annual assessment of the independence of Tun Dato' Seri Arshad Bin Ayub and Dato' Dr. Ong Eng Long @ Ong Siew Chuan, who have served as Independent Non-Executive Directors of the Company for a cumulative term of about nine (9) years, had recommended them to remain as Independent Non-Executive Directors of the Company despite their tenures in the Board based on the following justifications:-

- 1) They fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, they would be able to provide check and balance and bring an element of objectivity to the Board;
- 2) They have cumulative knowledge of the Group's business and operation, and have made and continue to make valuable contributions through their role in the Audit Committee;
- 3) They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making by actively participating in board discussions and provided an independent voice to the Board through their vast experience in various industries; and
- 4) They have exercised their due care during their tenures as Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

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e) *Ordinary Resolution 9*
Authority to Issue and Allot Shares

The proposed Ordinary Resolution, if approved, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This is the renewal of the mandate obtained from the shareholders at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and no proceeds were raised. The purpose of this general mandate sought will provide flexibility to the Company for any possible fund-raising activities but not limited for further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.