



SOUTH MALAYSIA INDUSTRIES BERHAD

Co. No. 196901000152 (8482-D)

(Incorporated in Malaysia)

NOTICE OF 52ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 52nd Annual General Meeting of SOUTH MALAYSIA INDUSTRIES BERHAD [Co. No. 196901000152 (8482-D)] will be held at Diamond 3, Level 10, Holiday Villa, No. 260, Jalan Dato' Sulaiman, Taman Abad, 80250 Johor Bahru, Johor Darul Takzim on Wednesday, 27 March 2024 at 3.00 p.m. for the following purposes:

A G E N D A

ORDINARY BUSINESS

1. To receive the audited financial statements for the 18-month period from 1 January 2022 to 30 June 2023 together with the Reports of the Directors and Auditors thereon. *(please refer Explanatory Note (a))*
2. To re-appoint Messrs UHY as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors. *Resolution 1*
3. To approve the payment of under provision of Directors' fees and benefits of RM225,000 to the Non-Executive Directors of the Company and subsidiaries for the period from 29 June 2022 until 27 March 2024. *Resolution 2*
4. To approve the payment of Directors' fees and benefits of up to RM430,000 to the Non-Executive Directors of the Company and subsidiaries from the conclusion of this Annual General Meeting until the next Annual General Meeting of the Company. *Resolution 3*
5. To re-elect the following Directors retiring by rotation in accordance with Article 86 of the Company's Constitution and being eligible, have offered themselves for re-election:-
 - a) Dato' Dr Abdullah Bin Sepien *Resolution 4*
 - b) Mr. Leow Thang Fong *Resolution 5*

SPECIAL BUSINESS

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

6. **Authority to allot and issue new shares in general pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of pre-emptive rights over new ordinary shares or other convertible securities in the Company under Section 85(1) of the Companies Act 2016 read together with Article 11 of the Company's Constitution** *Resolution 6*

"That subject to the applicable provisions of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") and the Company's Constitution, if any, and the approval of the relevant government regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Section 75 and 76 of the Companies Act 2016 to allot and to issue new shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company, or allot shares under an agreement or option or offer at any time and from time to time, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, to any persons who are not prescribed by Paragraph 6.04 (c) of the Listing Requirements provided that the aggregate number of shares to be allotted and issued, to be subscribed under any rights granted, to be issued from conversion of any securities, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval for the listing and quotation for the additional shares so allotted and issued from the Bursa Securities and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

AND THAT in connection with the above, pursuant to Section 85(1) of the Companies Act 2016 read together with Article 11 of the Company's Constitution, the shareholders of the Company hereby approve this resolution and hereby waive or are deemed to have waived their pre-emptive rights over all new shares, option or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with the existing shares in the Company.

7. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

YONG MAY LI (LS 0000295)/ SSM PC No. 202008000285

WONG CHEE YIN (MAICSA 7023530)/ SSM PC No. 202008001953

TAN SIEW CHIN (MAICSA 7007938)/ SSM PC No. 202008000798

Company Secretaries

Johor Bahru, 5 March 2024

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 March 2024 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 52nd AGM.
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. 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.
4. Where a member is an authorized 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.
5. Where a member of the Company 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.
6. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.
7. The Proxy Form must be deposited with the Company Secretary at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim not less than 48 hours before the time set for the Meeting.
8. Pursuant to Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by poll.

Explanatory Notes on Ordinary Business

a) Item 1 of the Agenda – Audited Financial Statements for the 18-month financial period from 1 January 2022 to 30 June 2023

This Agenda item 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 the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

b) Ordinary Resolutions 2 and 3 – Payment of Directors' Fee and Benefits to Non-Executive Directors

Section 230(1) of the Companies Act 2016 provided 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.

At the 51st Annual General Meeting of the Company held on 28 June 2022, the Company had obtained the shareholders' approval for the payment of Directors' fees and benefits to Non-Executive Directors of the Company and subsidiaries of RM390,000 and RM28,000 respectively for the period from 29 June 2022 until 27 March 2024.

On 31 March 2023, the Company changed its financial year end from 31 December to 30 June to facilitate better management of resources for smooth flow of business operations and to avoid the peak financial reporting period. With the change of the financial year end, the Company has postponed the holding of Annual General Meeting which has been granted an extension of time by the Companies Commission of Malaysia. With the extension of holding of the Annual General Meeting, there is an under provision of Directors' fees and benefits of RM225,000, hence, approval will be sought at the 52nd Annual General Meeting for the shortfall.

The Proposed Resolution 3 is to seek shareholders' approval for payment of the Directors' fees and benefits up to RM430,000 comprising meeting allowance to the Non-Executive Directors for the period from 28 March 2024 until the next Annual General Meeting of the Company.

The details of the remuneration and allowance payable to the Non-Executive Directors are as follows:-

Directors' Fees (payable on monthly basis)

Chairman of the Board	- RM144,000 per annum
Chairman of the Audit Committee	- RM84,000 per annum
Other Non-Executive Director	- RM60,000 per annum

Meeting Allowance (per meeting)

Chairman of Audit Committee	- RM1,000
Board	- RM500
Audit	- RM500

Payments of Directors' fees and meeting allowances will be made by the Company on a monthly basis and as and when incurred if the proposed Resolutions are passed at the 52nd AGM. The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors' Fees and meeting allowances on a monthly basis and as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries.

c) Ordinary Resolutions 4 and 5 – Re-election of Directors who retire pursuant to Article 86 of the Company's Constitution

Dato' Dr Abdullah Bin Sepien and Mr. Leow Thang Fong are standing for re-election pursuant to Article 86 of the Constitution of the Company and being eligible, have offered themselves for re-election at the 52nd AGM.

Dato' Dr Abdullah Bin Sepien and Mr. Leow Thang Fong, who are standing for re-election had undergone the performance evaluation and had individually made the declaration of their fitness and propriety to continue acting as Directors of the Company in accordance with the Directors' Fit and Proper Policy.

Based on the assessment of the Nomination Committee ("NC"), the NC is satisfied that the retiring Directors had demonstrated their commitment and continue to be diligent and competent in their role as Directors and the Board has endorsed the NC's recommendation subject to the shareholders' approval at this AGM. The retiring Directors had abstained from deliberation and decisions on their re-election at the Board meeting.

Explanatory Notes on Special Business

d) Ordinary Resolution 6 – Authority to issue new shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of pre-emptive rights over new ordinary shares or other convertible securities in the Company under Section 85(1) of the Companies Act 2016 read together with Article 11 of the Company’s Constitution

The Proposed Ordinary Resolution No. 6 for the renewal of general mandate in relation to the authorization for issuance of shares by the Directors, if passed, will enable the Directors to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for the purpose as the Directors consider would be in the best interests of the Company. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purposes of funding future investment project(s), working capital and/or acquisition(s).

Please refer to Section 85(1) of the Companies Act 2016 and Article 11 of the Company’s Constitution as detailed below.

85 (1) Pre-emptive rights to new shares

Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, of the offer were accepted, maintain the relative voting and distribution rights of those shareholders.

Article 11 of the Company’s Constitution provides as follows:

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of such time or on the receipt of an intimation from persons to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or securities which, (by reason of the ratio which the new shares or securities bear to share or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution.

In order for the Directors to issue any new shares or other convertible securities free of any pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 6, if passed, will exclude the Company’s shareholders’ pre-emptive rights over all new shares, options or grant of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities under the authority to Directors to allot shares.