

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) Annual General Meeting of Ygl Convergence Berhad (“Ygl” or “the Company”) will be held at Royale Chulan Hotel, No. 1 & 2, Pengkalan Weld, 10300 George Town, Penang on Monday, 27 May 2019 at 10.30 a.m. for the following purposes:-

As Ordinary Business:-

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| <p>1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.</p> | <p><i>(Please refer to Note 2)</i></p> |
| <p>2. To approve the payment of Directors’ fees of RM75,000.00 for the financial year ended 31 December 2018.</p> | <p>Resolution 1</p> |
| <p>3. To renew the mandate for the payment of benefits payable to the Directors up to an amount RM20,000.00 from 28 May 2019 up to the conclusion of the next Annual General Meeting of the Company pursuant to Section 230(1)(b) of the Companies Act, 2016.</p> | <p>Resolution 2</p> |
| <p>4. To re-elect the following Directors, who are retiring in accordance with Article 29.1 of the Constitution of the Company and being eligible, have offered themselves for re-election:-
 (i) Mr. Yeap Kong Chean; and
 (ii) Dr. Ch’ng Huck Khoon.</p> | <p>Resolution 3
Resolution 4</p> |
| <p>5. To re-appoint Messrs. CHENGCO PLT (formerly known as Cheng & Co) as the Company’s Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.</p> | <p>Resolution 5</p> |

As Special Business:-

6. To consider and if thought fit, to pass the following resolutions with or without modification:-
- i) **Ordinary Resolution:- Authority to issue and allot shares**
- “THAT subject always to the Companies Act, 2016 (“Act”), the Constitution of the Company and approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered to issue and allot shares in the Company, pursuant to the Act, at any time to such persons 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 ten per centum (10%) of the total number of issued share (excluding treasury shares) of the Company for the time being and 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 commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company, or the expiration of the period within which the next AGM is required to be held, whichever is earlier, unless such authority is revoked or varied by resolution passed by the shareholders in general meeting.”
- Resolution 6**
- ii) **Special Resolution:- Proposed Alteration of the whole Memorandum and Articles of Association by replacing with a new Constitution of the Company (“Proposed Alteration”)**
- “THAT approval be and is hereby given for the Company to revoke its existing Memorandum and Articles of Association with immediate effect and in place thereof, the proposed new Constitution as set out in Appendix A to the Company’s Annual Report for the financial year ended 31 December 2018 be approved and adopted as the Company’s Constitution, in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association of the Company, AND THAT the Directors be authorised with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by the Listing Requirements of Bursa Malaysia Securities Berhad or any other relevant authorities and to do all such acts and things and to take such steps that are necessary to give effect to the adoption of the new Constitution of the Company.”
- Resolution 7**
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and the Company’s Constitution.

By Order of the Board

THUM SOOK FUN (MIA 24701)
LOW SEOW WEI (MAICSA 7053500)
Company Secretaries

Penang
Date: 26 April 2019

Notes:-

1) Information for Shareholders/Proxies

- 1.1 For the purpose of determining a member who shall be entitled to attend, speak and vote at this 15th Annual General Meeting (“AGM”), the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 20.3 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 17 May 2019. Only a depositor whose name appears on the Record of Depositors as at 17 May 2019 shall be entitled to attend, speak and vote at the said meeting or appoint proxy to attend, speak and vote on his/her behalf.
- 1.2 A member entitled to attend and vote at the Meeting is entitled to appoint his or her proxy to attend and vote in his or her stead. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he or she specifies the proportions of his or her shareholdings to be represented by each proxy.
- 1.3 A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. Any proxy or duly authorised representative appointed to vote and attend instead of a member, shall have the same right as the member to speak at the meeting.
- 1.4 In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
- 1.5 Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- 1.6 Where a member is an exempt authorised nominee (“EAN”) as defined under the Securities Industry (Central Depositories) Act 1991 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 EAN may appoint in respect of each omnibus account it holds.
- 1.7 The instrument appointing a proxy must be deposited at the registered office of the Company at No. 35, Scotland Road, 10450 Penang, not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
- 1.8 Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), all resolutions set out in this notice will be put to vote by way of a poll.

2) Audited Financial Statements for the financial year ended 31 December 2018

This Agenda is meant for discussion only, as Section 304(1) of the Companies Act, 2016 (“Act”) does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda is not put forward for voting.

3) Payment of Directors’ fees

The proposed Directors’ fees of RM75,000.00 to be paid to all Directors (except for the Chief Executive Officer) for the financial year ended 31 December 2018 are based on the annual fee of RM20,000.00 for each Director.

4) Payment of 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.

Under Resolution 2, the benefits payable to the Executive and Non-Executive Directors pursuant to Section 230(1)(b) of the Act have been reviewed by the Board of Directors of the Company, which recognises that the benefits payable are in the best interest of the Company for the ensuing period up to the conclusion of next AGM. The benefits comprise of customary benefits such as business travel and accommodation, communication, insurance, medical coverage and other claimable benefits.

In this respect, the Board wishes to seek shareholders’ approval for the benefits payable to the Directors from 28 May 2019 up to the conclusion of the next AGM.

5) Re-election of Directors

Article 29.1 of the Company’s Constitution states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election.

In determining the eligibility of the Directors to stand for re-election at the forthcoming AGM, the Nominating Committee (“NC”) has considered the following:-

- (i) Evaluation on the effectiveness of the Individual Directors, the Board as a whole and all Board Committees; and
- (ii) For Independent Non-Executive Directors (“INEDs”) only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

In line with Practice 5.1 of the Malaysian Code on Corporate Governance 2017 (“MCCG”), the Board has conducted a separate assessment of independence of the INEDs, the evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2018 and the Corporate Governance Report (“CG Report”) of the Company.

The Board approved the NC’s recommendation for the retiring Directors pursuant to Article 29.1 of the Company’s Constitution. All the retiring Directors have consented to their re-election and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the relevant NC and Board meetings, where applicable.

6) Re-appointment of Auditors

The Board had at its meeting held on 25 February 2019 approved the recommendation by the Audit and Risk Management Committee (“ARMC”) on the re-appointment of Messrs. CHENGCO PLT (formerly known as Cheng & Co) as Auditors of the Company. The Board and ARMC collectively agreed that Messrs. CHENGCO PLT (formerly known as Cheng & Co) has met the relevant criteria prescribed by Rule 15.21 of ACE Market Listing Requirements of Bursa Securities.

The ARMC have assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs. CHENGCO PLT (formerly known as Cheng & Co) as External Auditors of the Company for the financial year ending 31 December 2019. The Board has in turn reviewed the recommendation of the ARMC and recommended the same be tabled to the shareholders for approval at the forthcoming AGM of the Company under Resolution 5. The evaluation criteria adopted as well as the process of assessment by the ARMC and Board, respectively, have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2018 and CG Report of the Company.

7) Authority to issue and allot shares

The Ordinary Resolution proposed under Resolution 6 is primarily to seek for renewal of general mandate to give flexibility to the Board of Directors to issue and allot shares up to 10% of the issued share capital (excluding treasury shares) of the Company for the time being, at any time in their absolute discretion without convening a general meeting (hereinafter referred to as the “General Mandate”).

The Company has been granted a general mandate by its shareholders at the last AGM held on 28 May 2018 (hereinafter referred to as the “Previous Mandate”) and it will lapse at the conclusion of 15th AGM.

As at the date of this Notice, the Company did not implement its proposal for new allotment of shares under the Previous Mandate.

The purpose to seek for the renewal of General Mandate is to enable the Directors to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time-consuming and costly to organise a general meeting. This General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

The proceeds raised from 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 purpose of funding future investment project(s), acquisitions, working capital and/or settlement of banking facilities.

8) Proposed Alteration of the whole Memorandum and Articles of Association by replacing with a new Constitution of the Company (“Proposed Alteration”)

The Special Resolution proposed under Resolution 7, if passed, will bring the new Constitution in line with the Act and ACE Market Listing Requirements of Bursa Securities as well as to provide clarity to certain provision and to render consistency throughout in order to facilitate and further enhance administrative efficiencies.

Further information on the Proposed Alteration is set out in the Appendix A to the Company’s Annual Report 2018.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting (“AGM”) and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.