

SMIS CORPORATION BERHAD
(Company No. 491857-V)

MINUTES OF THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY
HELD AT BUKIT KIARA EQUESTRIAN & COUNTRY RESORT, JALAN BUKIT
KIARA, OFF JALAN DAMANSARA, 60000 KUALA LUMPUR ON WEDNESDAY, 24
MAY 2017 AT 10.00 A.M.

PRESENT:

DIRECTORS

Mr Ng Wai Kee	- Chairman and also Shareholder
Madam Yap Siew Foong	- Also Shareholder
Mr Foo Lee Khean	
Ms Wern Li Morsingh	
Mr Oei Kok Eong	

IN ATTENDANCE

Ms Choong Lee Wah	- Company Secretary
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BY INVITATION

Mr Robert Koong Yin Leong	- Financial Controller
Mr Ong Teng Yan	} Representing the Auditors, Messrs Baker Tilly Monteiro Heng
Ms Edwin Tan Kheng Soon	
Ms Lim Lena	} Representing Boardroom Corporate Services (KL) Sdn. Bhd.
Ms Yong Suet Yee	
Ms Megan Song	

The list of shareholders and proxies who attended the Meeting are set out in the Attendance Lists attached and shall form an integral part of these Minutes.

1. CHAIRMAN

The Chairman, Mr Ng Wai Kee extended a warm welcome to all shareholders, proxies and invitees present at the Company's Eighteenth Annual General Meeting ("18th AGM").

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2. QUORUM

The Company Secretary confirmed that a quorum was present. With the requisite quorum being present, the Meeting was called to order at 10.00 a.m.

The Chairman then proceeded to introduce the Board and the Company Secretary to the shareholders.

3. NOTICE

With the consent of the members present, the Notice convening the Meeting having been circulated for the prescribed period was taken as read. The Chairman then proceeded with the business of the 18th AGM.

4. SUMMARY OF PROXIES RECEIVED

As part of good governance, the Chairman informed the shareholders that the Company had received in total of eighteen (18) proxy forms from the shareholders for a total of 16,265,376 (Sixteen Million Two Hundred Sixty-Five Thousand Three Hundred and Seventy-Six Only) Ordinary Shares representing 38.57% of the total number of issued shares of the Company.

5. RIGHTS OF SHAREHOLDERS

The Chairman further informed the shareholders that they are encouraged to participate, speak and vote in this meeting. The Chairman then proceeded with the business on the agenda.

6. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Chairman informed the Meeting that the Audited Financial Statements of the Company for the financial year ended 31 December 2016 were meant for discussion only as approval from the shareholders is not required.

The Chairman then opened to the floor for questions on the Audited Financial Statements of the Company for the financial year ended 31 December 2016. In summary, the issues raised by the shareholders/proxies and responses from the Chairman were as follows:-

- (i) A shareholder enquired on the impact of the costs of import materials in the accounts of the Company and its subsidiaries (the "Group") and further enquired on whether the Group has taken any action to hedge the depreciation in Malaysian Ringgit in order to protect the profit margin of the Company.

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The Chairman responded that the depreciation in Malaysian Ringgit would have impact on the Group's businesses as majority of the materials from the carpet business of the Group were imported from overseas except for materials on aluminium which were procured from local suppliers.

He added that steps have been taken by the Management to hedge more than 50% of the risks exposure on the depreciation in Malaysian Ringgit, otherwise, there would be a larger impact on the businesses of the Group.

A shareholder then enquired on any action has been taken by the Group to overcome the risks on losing major customers of the Group as there are three (3) major customers of the Group contributing more than 50% of the Group's total revenue.

The Chairman assured to the shareholders of the Company that the Management do not have any concern on losing major customers as the Company is one of the Original Equipment Manufacturer in Malaysia and they supplied to almost every automotive businesses in Malaysia. In addition, he explained that the major customers of the Group were Perodua, Honda, Toyota and Proton, of which have market dominance in Malaysia.

- (ii) Based on the past financial performance of the Group, a shareholder enquired on the prospect of the financial performance of the Group and the measures to be taken by the Management to turnaround the loss making businesses of the Group. The Chairman then responded that depreciation in Ringgit Malaysia has the most impact to the financial performance of the Group and there were also some additional expenditure on the two (2) new plants of the Group in Bandar Sri Sendayan and Indonesia.

He added that year 2017 would be tough for the Group based on the stability of Ringgit Malaysia and the Management believed that year 2018 would be the turnaround year at a brighter curve in the business cycle as the Management has the intention to scale up the businesses of the Group in future.

- (iii) A shareholder then enquired the market condition on automotive industry in Indonesia and whether the Group's foray into the Indonesian market is considered as a blue ocean for the Group.

The Chairman responded that the automotive market in Indonesia is three (3) times larger than Malaysia and the Group is currently scaling up in the market in Indonesia. He opined that at least half of the volume of the businesses of the Group would be based in Indonesia in seven (7) years.

- (iv) Lastly, a shareholder suggested to the Management to make at least a minimum 1% final dividend to the shareholders of the Company in future to reward the continuous support from the shareholders of the Group, of which was duly noted by the Management.

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After having addressed all the questions/issues raised, it was recorded that the Audited Financial Statements of the Company had been duly tabled and received by the Shareholders.

7. POLL PROCEDURE

The Chairman highlighted that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 18th AGM must be voted by poll. Pursuant to the Articles of Association of the Company, the Chairman demanded for a poll on all the resolutions set forth in the Notice of the 18th AGM. The poll shall be taken in such manner as the Chairman directs.

The Chairman also informed that Boardroom Business Solution Sdn. Bhd. has been appointed as the Scrutineers to facilitate the poll process and the Meeting shall go through all the motions and proceed with the polling process after the last motion has been tabled. At the request of the Chairman, the Company Secretary then briefed the Meeting on the polling procedures.

After polling procedures was briefed by the Company Secretary, the Chairman then proceeded with the resolutions set out in the Notice of the 18th AGM.

8. ORDINARY RESOLUTION 1 DIRECTORS' FEES

The Chairman informed that the first resolution on the Agenda was to approve the payment of Directors' Fees of RM140,200.00 for the financial year ended 31 December 2016.

Ordinary Resolution 1 on the payment of Directors' Fees was duly proposed by Mr Lim Pei Tiam @ Liam Ahat Kiat and seconded by Mr Choong Wai Kian.

The shareholders and/or proxies were requested to indicate their votes on the polling form in respect of Ordinary Resolution 1 and to retain the polling form for the next resolution.

9. ORDINARY RESOLUTION 2 RE-ELECTION OF DIRECTOR

The Chairman, being an interested party in the resolution on the re-election of himself as Director of the Company, invited Mr Foo Lee Khean ("Mr Foo"), a Senior Non-Independent Director of the Company to take over the Chair.

The Meeting was informed that the next resolution on the Agenda was the re-election of Mr Ng Wai Kee as Director of the Company who was retiring pursuant to Article 103 of the Articles of Association of the Company and being eligible had offered

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himself for re-election.

Ordinary Resolution 2 on the re-election of Mr Ng Wai Kee as Director of the Company was duly proposed by Mr Lim Pei Tiam @ Liam Ahat Kiat and seconded Ms Jocelyn Cheong Chien Yun.

The shareholders and/or proxies were requested to indicate their votes on the polling form in respect of Ordinary Resolution 2 and to retain the polling form for the next resolution.

Mr Foo then handed the Chair back to Mr Ng Wai Kee to continue the Meeting.

10. ORDINARY RESOLUTION 3 RE-APPOINTMENT OF DIRECTOR

The Chairman informed that Ordinary Resolution 3 is on the re-appointment of Madam Yap Siew Foong. The Meeting was informed that the Companies Act, 1965 has been repealed with the enforcement of the Companies Act 2016 on 31 January 2017. Pursuant to the Companies Act 2016, there is no requirement for Directors to retire upon attaining the age of seventy years.

The Chairman informed that the shareholders has at the Seventeenth Annual General Meeting approved the re-appointment of Madam Yap Siew Foong to hold office until the conclusion of 18th AGM and being eligible had offered herself for re-appointment.

Ordinary Resolution 3 on the re-appointment of Madam Yap Siew Foong as Director of the Company was duly proposed by Mr Choong Wai Kian and seconded Ms Jocelyn Cheong Chien Yun.

The shareholders and/or proxies were requested to indicate their votes on the polling form in respect of Ordinary Resolution 3 and to retain the polling form for the next resolution.

11. ORDINARY RESOLUTION 4 RE-APPOINTMENT OF AUDITORS

The Chairman informed the Meeting that the existing Auditors, Messrs Baker Tilly Monteiro Heng, had retired and had indicated their willingness to continue in office.

Ordinary Resolution 4 on the re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors of the Company was duly proposed by Mr Robert Koong Yin Leong and seconded by Mr Chang Kim Hee.

The shareholders and/or proxies were requested to indicate their votes on the polling form in respect of Ordinary Resolution 4 and to retain the polling form for the next resolution.

Having concluded the ordinary business of the 18th AGM, the Chairman then

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proceeded to table the resolutions under the Special Business of the 18th AGM.

**12. ORDINARY RESOLUTION 5
AUTHORITY FOR MR FOO LEE KHEAN TO CONTINUE IN OFFICE AS
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Chairman informed that the next resolution on the Agenda was the authority for Mr Foo who served as Senior Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue in office as Senior Independent Non-Executive Director of the Company in accordance with the Malaysian Code of Corporate Governance.

The justification to recommend Mr Foo to continue to act as Senior Independent Non-Executive Director was set out in the item 3 of the Explanatory Notes on Special Business found in Page 127 of the Annual Report of the Company.

Ordinary Resolution 5 on the authority for Mr Foo to continue in office as Senior Independent Non-Executive Director was duly proposed by Ms Jocelyn Cheong Chien Yun and seconded by Mr Robert Koong Yin Leong.

The shareholders and/or proxies were requested to indicate their votes on the polling form in respect of Ordinary Resolution 5 and to retain the polling form for the next resolution.

**13. ORDINARY RESOLUTION 6
PROPOSED RENEWAL OF AUTHORITY UNDER SECTION 76 OF THE
COMPANIES ACT 2016 (“THE ACT”) FOR THE DIRECTORS TO ALLOT
AND ISSUE SHARES**

The Meeting was informed that the next resolution on the Agenda was to seek shareholders’ approval for the Directors to allot and issue shares up to a maximum of ten percent (10%) of the total number of issued shares of the Company pursuant to Section 76 of the Act.

Ordinary Resolution 6 on the proposed renewal of authority under Section 76 of the Act for the Directors to allot and issue shares was duly proposed by Ms Jocelyn Cheong Chien Yun and seconded by Mr Chang Kim Hee.

The shareholders and/or proxies were requested to indicate their votes on the polling form in respect of Ordinary Resolution 6 and to retain the polling form for the next resolution.

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**14. ORDINARY RESOLUTION 7
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR
TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

The Chairman, being an interested party in the resolution on the Proposed Shareholders' Mandate, invited Mr Foo to take over the Chair.

Mr Foo informed the members that the related parties involved in the transactions and Directors who were deemed interested in the transactions have abstained and would continue to abstain from all deliberations and voting on the resolution approving the Proposed Shareholders' Mandate.

Ordinary Resolution 7 on the Proposed Shareholders' Mandate was duly proposed by Mr Choong Wai Kian and seconded by Mr Tan Kee Sau.

The shareholders and/or proxies were requested to indicate their votes on the polling form in respect of Ordinary Resolution 7 and to retain the polling form for the next resolution.

Mr Foo then handed the Chair back to Mr Ng Wai Kee.

**15. ORDINARY RESOLUTION 8
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO
PURCHASE ITS OWN ORDINARY SHARES OF UP TO 10% OF THE
TOTAL NUMBER OF ISSUED SHARES**

The Meeting was informed that the final Agenda was to seek shareholders' renewal of the general mandate from shareholders for the purchase of the Company's shares of up to 10% of the total number of issued shares.

Ordinary Resolution 8 on the proposed renewal of authority for the Company to purchase its own ordinary shares of up to 10% of the total number of issued shares was duly proposed by Ms Jocelyn Cheong Chien Yun and seconded by Mr Robert Koong Yin Leong.

The shareholders and/or proxies were requested to indicate their votes on the polling form in respect of Ordinary Resolution 8.

16. BALLOTING PROCESS

After all the resolutions have been tabled to the Meeting, the Chairman of the Meeting requested the Secretary to brief on the polling process. The Secretary informed all shareholders and/or proxies to complete the polling form correctly and to sign on the polling form. The polling forms were to be deposited into the ballot box. It would take some time to tabulate the results of the poll and the outcome of the poll would be announced after a break of about thirty (30) minutes. The Secretary then invited two

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(2) shareholders/proxies from the floor to volunteer to witness the counting of the polling forms. No shareholders/proxies volunteered to witness the balloting process.

The Chairman then adjourned the Meeting at 10.40 a.m. for the Scrutineers to tabulate the results of the poll. The Meeting resumed at 11.10 a.m. for the declaration of the results of the poll.

17. ANNOUNCEMENT OF POLL RESULTS FOR RESOLUTIONS

At 11.10 a.m., the Chairman called the Meeting to order for the declaration of results. He informed that he had received the poll results from the Scrutineer, Boardroom Business Solution Sdn. Bhd.

The Chairman then read out the results of the poll as follows:-

17.1 Ordinary Resolution 1

Ordinary Resolution 1	Votes in Favour		Votes Against	
	No. of Votes	%	No. of votes	%
Approval on the payment of Directors' Fees for the financial year ended 31 December 2016	20,383,707	99.995	1,000	0.005

The Chairman of the Meeting declared that Ordinary Resolution 1 was duly carried. Accordingly, it was RESOLVED:-

“That the payment of Directors' Fees for the financial year ended 31 December 2016 be and is hereby approved.”

17.2 Ordinary Resolution 2

Ordinary Resolution 2	Votes in Favour		Votes Against	
	No. of Votes	%	No. of votes	%
Re-election of Mr Ng Wai Kee as Director	20,384,707	100.000	0	0.000

The Chairman of the Meeting declared that Ordinary Resolution 2 was duly carried. Accordingly, it was RESOLVED:-

“That the retiring Director, namely Mr Ng Wai Kee who retired pursuant to Article 103 of the Articles of Association of the Company, be and is hereby re-elected as Director of the Company.”

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Ordinary Resolution 3	Votes in Favour		Votes Against	
	No. of Votes	%	No. of votes	%
Re-appointment of Madam Yap Siew Foong as Director	20,383,707	99.995	1,000	0.005

The Chairman of the Meeting declared that Ordinary Resolution 3 was duly carried. Accordingly, it was RESOLVED:-

“That the retiring Director, namely Madam Yap Siew Foong who holds office until the conclusion of 18th AGM of the Company, be and is hereby re-appointed as Director of the Company.”

17.4 Ordinary Resolution 4

Ordinary Resolution 4	Votes in Favour		Votes Against	
	No. of Votes	%	No. of votes	%
Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors	20,384,707	100.000	0	0.000

The Chairman of the Meeting declared that Ordinary Resolution 4 was duly carried. Accordingly, it was RESOLVED:-

“That the retiring Auditors, Messrs Baker Tilly Monteiro Heng having signified their consent to act, be and is hereby re-appointed as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting at a fee to be determined by the Directors.”

17.5 Ordinary Resolution 5

Ordinary Resolution 5	Votes in Favour		Votes Against	
	No. of Votes	%	No. of votes	%
Authority for Mr Foo Lee Khean to continue in office as Senior Independent Non-Executive Director	20,384,707	100.000	0	0.000

The Chairman of the Meeting declared that Ordinary Resolution 5 was duly carried. Accordingly, it was RESOLVED:-

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“That authority be and is hereby given to Mr Foo Lee Khean who has served as a Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Senior Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance.”

17.6 Ordinary Resolution 6

Ordinary Resolution 6	Votes in Favour		Votes Against	
	No. of Votes	%	No. of votes	%
Proposed Renewal of Authority under Section 76 of the Act for the Directors to allot and issue shares	20,383,707	99.995	1,000	0.005

The Chairman of the Meeting declared that Ordinary Resolution 6 was duly carried. Accordingly, it was RESOLVED:-

“THAT pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM 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 to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue.”

17.7 Ordinary Resolution 7

Ordinary Resolution 7	Votes in Favour		Votes Against	
	No. of Votes	%	No. of votes	%
Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	20,384,707	100.000	0	0.000

The Chairman of the Meeting declared that Ordinary Resolution 7 was duly carried. Accordingly, it was RESOLVED:-

“THAT, pursuant to Paragraph 10.09 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company and its subsidiaries (“SMIS Group”) be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out under Section 2.4 of Part A of the Circular to Shareholders dated 25 April 2017 with the related parties mentioned

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therein which are necessary for the SMIS Group's day-to-day operations, subject further to the following:-

- (i) the transactions are in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure of the aggregate value of the transactions of the Proposed Shareholders' Mandate conducted during the financial year will be disclosed in the Annual Report for the said financial year,

THAT such approval will continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders Mandate is approved, at which time it will lapse, unless by a resolution passed at the Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

17.8 Ordinary Resolution 8

Ordinary Resolution 8	Votes in Favour		Votes Against	
	No. of Votes	%	No. of votes	%
Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares of up to 10% of the total number of issued shares	20,383,707	99.995	1,000	0.005

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The Chairman of the Meeting declared that Ordinary Resolution 8 was duly carried. Accordingly, it was RESOLVED:-

“THAT subject to the Act, the Memorandum and Articles of Association of the Company, the MMLR of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits as at 31 December 2016 of RM24.5 million to purchase such amount of ordinary shares in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company;

THAT an amount not exceeding the Company’s retained profits account be allocated by the Company for the Proposed Share Buy-Back;

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either cancel and/or retain the shares so purchased as treasury shares in accordance with Section 127 of the Act.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:

- (i) the conclusion of the next AGM of the Company [being the Nineteenth (“19th”) AGM of the Company], at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the 19th AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any);

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

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CONCLUSION

There being no other business to be transacted, the Meeting concluded at 11.13 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

– Signed –

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CHAIRMAN