

**SMIS CORPORATION BERHAD**  
**(Company No. 491857-V)**

MINUTES OF THE TWENTIETH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT BUKIT KIARA EQUESTRIAN & COUNTRY RESORT, JALAN BUKIT KIARA, OFF JALAN DAMANSARA, 60000 KUALA LUMPUR ON TUESDAY, 21 MAY 2019 AT 10.00 A.M.

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**PRESENT:**

**DIRECTORS**

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

**IN ATTENDANCE**

Ms Choong Lee Wah - Company Secretary

**BY INVITATION**

Mr Robert Koong Yin Leong - Group Financial Controller  
Mr Wong Shien Loong - Group Assistant Financial Manager  
Ms Ong Teng Yan } Representing the Auditors, Messrs  
Ms Wong Mei Ye } Baker Tilly Monteiro Heng  
Ms Sow Jia Yee } Representing Boardroom Corporate  
Ms Chong Choi May } Services Sdn. Bhd. (Formerly known as  
Boardroom Corporate Services (KL)  
Sdn. Bhd.)

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

**1. CHAIRMAN**

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The Chairman, Mr Ng Wai Kee extended a warm welcome to all shareholders, proxies and invitees present at the Company's Twentieth Annual General Meeting ("20th AGM").

**2. QUORUM**

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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**

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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 20th AGM.

**4. SUMMARY OF PROXIES RECEIVED**

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As part of good governance, the Chairman informed the shareholders that the Company had received in total of Thirty-Three (33) proxy forms from shareholders for a total of Sixteen Million Seven Hundred Fifty-Two Thousand Three Hundred and Ninety-Seven (16,752,397) only Ordinary Shares representing 39.73% of the total number of issued shares of the Company.

**5. RIGHTS OF SHAREHOLDERS**

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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 2018**

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The Chairman informed the Meeting that the Audited Financial Statements of the Company for the financial year ended 31 December 2018 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 2018. In summary, the issues raised by the shareholders/proxies and responses from the Chairman were as follows:-

- (i) A shareholder raised his concern on the performance of the Company's loss making segments and enquired on the Company's strategy to turnaround the automotive carpets and braking components, as well as Indonesia business.

The Chairman commented that the performance of automotive segment has improved. The Indonesian business which involved in automotive carpet was targeted to breakeven in year 2021 and the sales of automotive carpets segment shall improve gradually in two years' time.

The Chairman added that year 2019 would be a challenging year for braking components segment as Proton would be launching new models imported from overseas. The production for Proton models will only be localised by end of 2019. Notwithstanding, the sales volume in braking components segment are expected to improve significantly by 2020. The Chairman commented that the replacement market is one of the strategy for braking components segment as the market for Original Equipment Manufacturer (OEM) is declining.

- (ii) The following responses were given by the Chairman in addressing the additional enquiries raised by the shareholder:-
- (a) The 3 major raw materials that used in automotive carpets segment are fibres, resins and synthetic.
  - (b) The main products of the industrial spares market are gear boxes, transmission products and all the standard mechanical components products that commonly used in the plant and machineries.
  - (c) The business in industrial spares sector is not growing as the barrier to entry is low and there is no real growth in the said sector.
  - (d) The rate of depreciation of asset was computed based on the types of equipment.
  - (e) The higher capital work in progress of RM1.8 million as at 31 December 2018 and the additional plant and machineries of RM1.9 million purchased during the financial year 2018 were catered for the four (4) plants in Malaysia and Indonesia.
  - (f) The revolving credit facility was used to facilitate the land acquisition in Indonesia. The cash of the Company was reserved for working capital in previous years due to unhealthy operation. Nevertheless, the Company would repay the credit facility accordingly should there be a surplus of cash in hand in year 2019.
  - (g) The rationale for the proposed disposal of assets was to repay the revolving credit facility and to monetise the assets which was not in use. It would take a longer time to dispose the assets as Management were trying to get a better market rate.
  - (h) For the Company's investment in Indonesia, the Company has purchased a land at a cost of RM24 million, of which RM14 million was financed by the bank loan and the balance of RM10 million was paid in cash.
  - (i) With regards to the vacant properties as stated in the Annual Report 2018, the Company has planned to build a factory in the next three (3) years, depend on the progress of the new business.
  - (j) Construction of the factory on its acquired land in Indonesia is necessary in order for the Company to operate its business activities. As the Company is in the loss position for the financial year ended 31 December 2018, the Company would inject cash for the building of factory in

Indonesia and the construction is expected to commence in years of 2020 and 2021.

The Board duly noted the following suggestions from the shareholders on the floor:-

- (a) The distribution of treasury shares as dividend to shareholders; and
- (b) Declaration of dividend to shareholders of the Company to reward their continuous support as no dividend was made to the shareholders for the past 3 years.

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 20th 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 20th AGM. The poll shall be taken in such manner as the Chairman directs.

The Chairman also informed that Boardroom Corporate Services Sdn. Bhd. (Formerly known as Boardroom Corporate Services (KL) Sdn. Bhd.) has been appointed as the Scrutineers to facilitate the poll process and the Meeting went through all the motions and proceeded 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 20th AGM.

## **8. ORDINARY RESOLUTION 1** **NON-EXECUTIVE DIRECTORS' FEES AND BENEFITS PAYABLE**

The Chairman informed that the first resolution on the Agenda was to approve the payment of Non-Executive Directors' Fees of RM145,700.00 for the financial year ended 31 December 2018 and Benefits Payable up to an aggregate amount of RM20,500.00 to the Non-Executive Directors for the period from 22 May 2019 until the next AGM of the Company in year 2020.

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 – MS WERN LI MORSINGH**

The Chairman informed that the next resolution on the Agenda was the re-election of Ms Wern Li Morsingh as a Director of the Company who was retiring pursuant to Article 103 of the Articles of Association of the Company and being eligible had offered herself for re-election.

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.

**10. ORDINARY RESOLUTION 3  
RE-APPOINTMENT OF AUDITORS**

The Chairman informed the Meeting that the existing Auditors, Messrs Baker Tilly Monteiro Heng PLT, had retired and had indicated their willingness to accept re-appointment as Auditors of the Company.

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.

Having concluded the ordinary business of the 20th AGM, the Chairman then proceeded to table the resolutions under the Special Business of the 20th AGM.

**11. ORDINARY RESOLUTION 4  
PROPOSED RENEWAL OF AUTHORITY UNDER SECTIONS 75 AND 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 Sections 75 and 76 of the Act. The full text of the resolution was set out in the Notice of the 20th AGM found in Page 143 of the Annual Report of the Company.

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.

**12. ORDINARY RESOLUTION 5  
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR  
TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

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The Chairman, being an interested party in the resolution on the Proposed Shareholders' Mandate, invited Mr Oei Kok Eong ("Mr Oei") to take over the Chair.

Mr Oei 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.

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.

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

**13. ORDINARY RESOLUTION 6  
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO  
PURCHASE ITS OWN ORDINARY SHARES OF UP TO 10% OF THE  
TOTAL NUMBER OF ISSUED SHARES**

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The Meeting was informed that the next resolution on the Agenda was to seek 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. The details and rationale for the share buy-back were set out in Part B of the Circular/Statement to Shareholders dated 22 April 2019.

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

**14. SPECIAL RESOLUTION  
PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY**

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The Meeting was informed that the final Agenda was to seek shareholders' approval on the proposed adoption of a new Constitution of the Company, details are set out in Part C of the Circular to Shareholders dated 22 April 2019 and circulated together with the Annual Report for 2018 of the Company.

The Chairman highlighted that the Proposed Adoption of the Company's new Constitution is primarily to streamline and be aligned with the new Companies Act 2016. It is also to provide clarity to certain provisions of the new Constitution, ensure consistency in cross reference as well as to enhance administrative efficiency.

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

## **15. 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 Chairman then adjourned the Meeting at 11.00 a.m. for the Scrutineers to tabulate the results of the poll. The Meeting resumed at 11.35 a.m. for the declaration of the results of the poll.

## **16. ANNOUNCEMENT OF POLL RESULTS FOR RESOLUTIONS**

At 11.35 a.m., the Chairman called the Meeting to order for the declaration of results. The shareholders and/or proxies were informed that the poll results were received from the Scrutineer, Boardroom Corporate Services Sdn. Bhd. (Formerly known as Boardroom Corporate Services (KL) Sdn. Bhd.)

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

### **16.1 Ordinary Resolution 1**

<b>Ordinary Resolution 1</b>	<b>Votes in Favour</b>		<b>Votes Against</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Approval of the payment of Non-Executive Directors' Fees for the financial year ended 31 December 2018 and Benefits Payable to the Non-Executive Directors for the period from 22 May 2019 until the next AGM of the Company in year 2020	22,869,209	100	0	0

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

“That the payment of Non-Executive Directors' Fees of RM145,700.00 for the financial year ended 31 December 2018 and Benefits Payable up to an aggregate amount of RM20,500.00 to the Non-Executive Directors for the period from 22 May

2019 until the next AGM of the Company in year 2020 and payment thereof be and is hereby approved.”

16.2 Ordinary Resolution 2

Ordinary Resolution 2	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Re-election of Ms Wern Li Morsingh as Director	22,719,709	99.346283	149,500	0.653717

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

“That the retiring Director, namely Ms Wern Li Morsingh 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.”

16.3 Ordinary Resolution 3

Ordinary Resolution 3	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors	22,869,209	100	0	0

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

“That the retiring Auditors, Messrs Baker Tilly Monteiro Heng PLT 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 AGM at a fee to be determined by the Directors.”

16.4 Ordinary Resolution 4

Ordinary Resolution 4	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Proposed Renewal of Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares	22,869,209	100	0	0



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

“THAT pursuant to Sections 75 and 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.”

#### 16.5 Ordinary Resolution 5

Ordinary Resolution 5	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	4,374,579	100	0	0

The Chairman of the Meeting declared that Ordinary Resolution 5 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 22 April 2019 with the related parties mentioned 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."

#### 16.6 Ordinary Resolution 6

Ordinary Resolution 6	Votes in Favour		Votes Against	
	No. of Shares	%	No. of Shares	%
Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares of up to 10% of the total number of issued shares	22,869,209	100	0	0

The Chairman of the Meeting declared that Ordinary Resolution 6 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 2018 of RM21.6 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(7) 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 Twenty-First (“21st”) 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 21st 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.”

#### 16.6 Special Resolution

<b>Special Resolution</b>	<b>Votes in Favour</b>		<b>Votes Against</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Proposed Adoption of a New Constitution of the Company	22,869,209	100	0	0

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

“THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Part C of the Statement/Circular to the Shareholders dated 22 April 2019 be and is hereby adopted as the Constitution of the Company.

AND THAT, the Directors and Secretaries of the Company be and is hereby authorised to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Adoption of New Constitution of the Company.”

**17. CONCLUSION**

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There being no other business to be transacted, the Meeting concluded at 11.40 a.m. with a vote of thanks to the Chair.

SIGNED AS A CORRECT RECORD

*- Signed -*

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CHAIRMAN

Date: 28 August 2019