



# FEDERAL FURNITURE HOLDINGS (M) BERHAD

(Company No. 97092-W)

(Incorporated in Malaysia under the Companies Act, 1965)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting ("EGM") of Federal Furniture Holdings (M) Berhad will be held at Level P1, Menara Choy Fook On, No. 1B, Jalan Yong Shook Lin, Section 7, 46050 Petaling Jaya, Selangor Darul Ehsan on Friday, 18 November 2016 at 3:00 p.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:

### ORDINARY RESOLUTION 1

**PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESS OF FEDERAL FURNITURE HOLDINGS (M) BERHAD ("FFHB" OR THE "COMPANY") AND ITS SUBSIDIARIES ("PROPOSED DIVERSIFICATION")**

**THAT** contingent upon the passing of the Special Resolution 1, and subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), and the approvals of all relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company to diversify its operations into construction, which might reasonably be expected to result in:

- (a) the diversion of 25% or more of the net assets of the Company to an operation which differs widely from those operations previously carried on by the Company; or
- (b) the contribution from such an operation of 25% or more of the net profits of the Company,

pursuant to Paragraph 10.13 of the Listing Requirements.

**AND THAT** the Directors of the Company be and are hereby authorised to take all such steps and do all things as the Directors of the Company may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Diversification with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to do all such acts and things as they may consider necessary or expedient in the interest of the Company.

### ORDINARY RESOLUTION 2

**PROPOSED ACQUISITION BY FEDERAL FURNITURE HOLDINGS (M) BERHAD ("FFHB" OR THE "COMPANY") OF SIXTY PER CENTUM (60%) EQUITY INTEREST IN PEMBINAAN MASTERON SDN. BHD. ("PMSB") REPRESENTING 450,000 ORDINARY SHARES OF RM1.00 EACH ("PMSB SHARES") FOR A TOTAL CONSIDERATION OF RM33.0 MILLION TO BE SATISFIED VIA CASH CONSIDERATION OF RM6.0 MILLION AND ISSUANCE OF 270,000,000 REDEEMABLE CONVERTIBLE PREFERENCE SHARES AT THE ISSUE PRICE OF RM0.10 EACH ("CONSIDERATION RCPS") ("PROPOSED ACQUISITION")**

**THAT** contingent upon the passing of the Ordinary Resolutions 1, 3 and 4 and Special Resolution 2, and subject to the provisions under the Companies Act, 1965 ("**Act**") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and the approvals of the relevant authorities being obtained for the Proposed Acquisition, approval be and is hereby given to FFHB to acquire 450,000 PMSB Shares representing sixty per centum (60%) equity interest in PMSB from Dato' Dr. Choy Fook On, Datin Tan Geok Foong, Dato' Choy Wai Hin, Datuk Choy Wai Ceong and Dr. Choy Sook Kuen (collectively referred to as the "Vendors") for a total purchase consideration of RM33.0 million to be settled via cash consideration of RM6.0 million and issuance of the Consideration RCPS subject to and upon such terms and conditions as stipulated in the sale and purchase agreement dated 11 August 2016 entered into between FFHB and the Vendors.

**AND THAT** the Directors of FFHB be and are hereby authorised to act for and on behalf of the Company and to take all such steps and do all such acts, matters and things (including entering into all such deeds, agreements, arrangements, transactions, undertakings, transfers and indemnities) as they deem fit or may consider necessary, desirable, appropriate or expedient to implement, finalise and give full effect to the Proposed Acquisition with full power to give all or any notices, directions, consents and authorisations in respect of any matter arising under or in connection with the Proposed Acquisition and to assent to any conditions, modifications, variations and/or amendments relating to the Proposed Acquisition as may be approved/required by the relevant regulatory authorities and/or as the Directors deem fit and to do all such things as they may consider necessary, desirable, appropriate or expedient in the best interests of the Company.

### ORDINARY RESOLUTION 3:

**PROPOSED ISSUANCE OF 270,000,000 REDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.10 EACH ("RCPS") IN FEDERAL FURNITURE HOLDINGS (M) BERHAD ("FFHB" OR THE "COMPANY") AT AN ISSUE PRICE OF RM0.10 PER RCPS TO THE VENDORS OF PEMBINAAN MASTERON SDN. BHD. ("PMSB") ("PROPOSED ISSUANCE OF RCPS")**

**THAT** subject to the passing of Ordinary Resolutions 2 and 4, and Special Resolution 2, and approvals and consents being obtained from all relevant authorities and/or parties (where applicable) including but not limited to the approval-in-principle being obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the RCPS and all the new ordinary shares of RM0.50 each to be issued arising from the conversion of the RCPS, approval be and is hereby given to the Directors to:

- (i) allot and issue 75,600,000 RCPS at an issue price of RM0.10 per RCPS as settlement of the purchase consideration due to Dato' Dr. Choy Fook On, a Non-Independent Non-Executive Chairman and major shareholder of FFHB, for the sale of 210,000 PMSB Shares in accordance to the terms and conditions of the sale and purchase agreement dated 11 August 2016 and such new RCPS shall confer on the RCPS holder those rights as stated in the Articles of Association of the Company;
- (ii) allot and issue 35,100,000 RCPS at an issue price of RM0.10 per RCPS as settlement of the purchase consideration due to Datin Tan Geok Foong, an Executive Director and major shareholder of FFHB, for the sale of 97,500 PMSB Shares in accordance to the terms and conditions of the sale and purchase agreement dated 11 August 2016 and such new RCPS shall confer on the RCPS holder those rights as stated in the Articles of Association of the Company;
- (iii) allot and issue 62,100,000 RCPS at an issue price of RM0.10 per RCPS as settlement of the purchase consideration due to Dato' Choy Wai Hin, the Managing Director and major shareholder of FFHB, for the sale of 172,500 PMSB Shares in accordance to the terms and conditions of the sale and purchase agreement dated 11 August 2016 and such new RCPS shall confer on the RCPS holder those rights as stated in the Articles of Association of the Company;
- (iv) allot and issue 62,100,000 RCPS at an issue price of RM0.10 per RCPS as settlement of the purchase consideration due to Datuk Choy Wai Ceong, an Executive Director and major shareholder of FFHB, for the sale of 172,500 PMSB Shares in accordance to the terms and conditions of the sale and purchase agreement dated 11 August 2016 and such new RCPS shall confer on the RCPS holder those rights as stated in the Articles of Association of the Company;
- (v) allot and issue 35,100,000 RCPS at an issue price of RM0.10 per RCPS as settlement of the purchase consideration due to Dr. Choy Sook Kuen, a shareholder of FFHB and person connected, for the sale of 97,500 PMSB Shares in accordance to the terms and conditions of the sale and purchase agreement dated 11 August 2016 and such new RCPS shall confer on the RCPS holder those rights as stated in the Articles of Association of the Company;
- (vi) allot and issue such number of new ordinary shares of RM0.50 in FFHB ("**FFHB Shares**") credited as fully paid arising from the conversion of the RCPS by the RCPS holders for the duration of the tenure of the RCPS;

**THAT** all FFHB Shares to be issued pursuant to the conversion of the RCPS shall, upon allotment and issuance, rank *pari passu* in all respects with the existing FFHB Shares except that they shall not be entitled to any dividends or other distributions made prior to the conversion date of the RCPS; and

**THAT** the Directors of the Company be and are hereby authorised to do all acts, deeds, things, execute all necessary documents and take all such steps as they think fit, necessary, expedient and/or appropriate in order to implement, finalise

and give full effect to the Proposed Issuance of RCPS, with full powers to assent to or make any conditions, modifications, variations and/or amendments in any manner as may be required or permitted by the relevant authorities and/or parties and to deal with all matters relating thereto in the best interest of the Company.

### ORDINARY RESOLUTION 4

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF FFHB FROM RM100,000,000 COMPRISING 200,000,000 ORDINARY SHARES OF RM0.50 EACH ("FFHB SHARES") TO RM127,000,000 COMPRISING 200,000,000 FFHB SHARES AND 270,000,000 REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")**

**THAT** subject to the passing of the Ordinary Resolutions 2 and 3, the authorised share capital of the Company be increased from RM100,000,000.00 comprising 200,000,000 FFHB Shares and 270,000,000 RCPS of RM0.10 each by the creation of an additional 270,000,000 RCPS;

**AND THAT** the Directors of the Company be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents as the Directors may consider necessary, expedient or relevant to give effect to and complete the Proposed Increase in Authorised Share Capital with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Increase in Authorised Share Capital.

### SPECIAL RESOLUTION 1

**PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF FEDERAL FURNITURE HOLDINGS (M) BERHAD ("FFHB" OR THE "COMPANY") IN RELATION TO THE PROPOSED DIVERSIFICATION ("PROPOSED MA AMENDMENT")**

**THAT** subject to the passing of Ordinary Resolution 1, approval be and is hereby given to the Company to amend the Memorandum of Association in the manner as set out below:

That the existing Clause 3(1) of the Company's Memorandum of Association be deleted in its entirety and be replaced with the following new Clause 3(1):-

#### New Clause 3(1)

*"To carry on the business of an investment holding company, and to acquire and hold for investment, lands, houses, buildings, plantations and other property of any tenure and any interest therein and any movable property of any description or any interest therein, shares, stocks, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking or any syndicate or persons constituted or carrying on business in Malaysia or elsewhere and debenture stock, bonds, obligations and securities issued or guaranteed by any Government, sovereign ruler, commissioners, public body or authority supreme, municipal, local or otherwise, and to acquire any such shares, stock, debenture stock, loans, bonds, obligations or securities by original subscription, tender, purchase, transfer, exchange or otherwise and generally to enforce and exercise all rights and powers conferred by or incidental to the ownership thereof and in particular to sell, transfer, exchange or otherwise dispose of the same, to carry on the business as contractors and sub-contractors of and all kinds of constructional, structural, civil engineering, electrical, mechanical, plumbing, sanitary and to construct, improve, maintain, develop, work, manage, carry out, or control any buildings, works, factories and to contribute to, subsidise, or otherwise assist or take part in the construction, improvement, maintenance, development or control thereof and other works and conveniences which may seem calculated directly or indirectly to advance the Company's interests."*

**AND THAT** the Directors of the Company be and are hereby authorised to do all acts, deeds, things, execute all necessary documents and take all such steps as they think fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed MA Amendments, with full powers to assent to or make any conditions, modifications, variations and/or amendments in any manner as may be required or permitted by the relevant authorities and/or parties and to deal with all matters relating thereto in the best interest of the Company.

### SPECIAL RESOLUTION 2

**PROPOSED AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF FEDERAL FURNITURE HOLDINGS (M) BERHAD ("FFHB" OR THE "COMPANY") IN RELATION TO THE PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL ("PROPOSED M&A AMENDMENT")**

**THAT** subject to the passing of Ordinary Resolutions 2, 3 and 4, approval be and is hereby given to the Company to amend its Memorandum and Articles of Association in the manner as set out in Section 2 of Appendix III of the Circular to Shareholders dated 19 October 2016.

**AND THAT** the Directors of the Company be and are hereby authorised to do all acts, deeds, things, execute all necessary documents and take all such steps as they think fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed AA Amendments, with full powers to assent to or make any conditions, modifications, variations and/or amendments in any manner as may be required or permitted by the relevant authorities and/or parties and to deal with all matters relating thereto in the best interest of the Company.

### BY ORDER OF THE BOARD

Chua Siew Chuan (MAICSA No. 0777689)  
Mak Chooi Peng (MAICSA No. 7017931)  
Company Secretaries

Selangor Darul Ehsan  
19 October 2016

#### Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 November 2016 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.*
2. *A member entitled to attend and vote at this Meeting is entitled to appoint any person as his proxy to attend and vote instead of him. A proxy appointed to attend and vote at this Meeting shall have the same rights as the member to speak at the Meeting.*
3. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with. There shall be no restriction as to the qualifications of the proxy.*
4. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
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 (1) 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 with ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an authorised nominee as defined in 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.*
7. *If a corporation is a member of the Company, it may vote by any person authorised by resolution of its directors or other governing body to act as its representative at any meeting in accordance with Article 67 of the Company's Articles of Association.*
8. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor be a corporation, under its common seal or under the hand of an officer or attorney of the corporation duly authorised, and shall be deposited at the registered office or at such other place as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution.*