

FEDERAL FURNITURE HOLDINGS (M) BERHAD

(Company No. 97092-W)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of Federal Furniture Holdings (M) Berhad will be held at Level P1, Menara Choy Fook On, No. 1B, Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan on Thursday, 7 December 2017 at 3:00 p.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial period from 1 January 2016 to 30 June 2017 together with the Reports of the Directors and the Auditors thereon. Please refer to Explanatory Note (1)
2. To approve the payment of Directors' fees of RM331,500/- for the financial period from 1 January 2016 to 30 June 2017. (Resolution 1)
3. To approve the payment of Directors' fees of RM240,000/- for the financial year ending 30 June 2018. (Resolution 2)
4. To approve the payment of Directors' benefit payable to the Directors of up to an amount of RM25,000/- for the period from 31 January 2017 until the next Annual General Meeting of the Company to be held in year 2018. (Resolution 3)
5. To re-appoint the following Directors of the Company:-
 - (a) Dato' Dr. Choy Fook On (Resolution 4)
 - (b) Datin Tan Geok Foong (Resolution 5)
 - (c) Tuan Haji Hussein Bin Hamzah (Resolution 6)
6. To re-elect Datuk Choy Wai Ceong who retires by rotation pursuant to Article 98 of the Company's Articles of Association. (Resolution 7)
7. To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 8)

As Special Business:-

To consider and, if thought fit, to pass the following ordinary resolutions:-

8. **Ordinary Resolution 1**
- Authority to issue shares pursuant to the Companies Act 2016

"**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being;

AND THAT 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 Securities; **AND FURTHER 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 of the Company."

(Resolution 9)
9. **Ordinary Resolution 2**
- Continuing In Office As Independent Non-Executive Director

"**THAT** authority be and is hereby given to Tuan Haji Hussein Bin Hamzah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."

(Resolution 10)

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10. Ordinary Resolution 3

- Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature ("Proposed Renewal of Existing Shareholders' Mandate")

"**THAT** subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Proposed Renewal of Existing Shareholders' Mandate for the Company to enter into and to give effect to the category of the recurrent transactions of a revenue and/or trading nature from time to time with the Related Party as specified in Section 2.3 of the Circular/Statement to Shareholders dated 31 October 2017, provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the Company's day-to-day operations;
- (iii) carried out 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
- (iv) not to the detriment of minority shareholders,

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the next Annual General Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting after that date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting; whichever is the earlier;

AND THAT the Board of Directors of the Company be and are hereby authorised to do all acts, deeds, things as they may deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Existing Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company, all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Existing Shareholders' Mandate in the best interest of the Company."

(Resolution 11)

11. Ordinary Resolution 4

- Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature ("Proposed New Shareholders' Mandate")

"**THAT** subject to the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries ("FFHB Group") to enter into and to give effect to the category of the recurrent transactions of a revenue or trading nature from time to time with the Related Party as specified in Section 2.3 of the Circular/Statement to Shareholders dated 31 October 2017, provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the Company's day-to-day operations;
- (iii) carried out 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
- (iv) not to the detriment of minority shareholders,

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AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the next Annual General Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting after that date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting; whichever is the earlier;

AND THAT the Board of Directors of the Company be and are hereby authorised to do all acts, deeds, things as they may deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed New Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company, all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed New Shareholders' Mandate in the best interest of the Company."

(Resolution 12)

12. **Ordinary Resolution 5**

- Proposed Renewal of Authority for Share Buy Back of up to 10% Of the Total Number of Issued Shares of the Company

"THAT subject to the compliance with Section 127 of the Companies Act 2016 and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("**Bursa Securities**") as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing total number of issued shares in the ordinary share capital of the Company including the shares previously purchased and retained as Treasury Shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Statement to Shareholders.

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Bursa Securities Main Market Listing Requirements and any other relevant authorities.

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as Treasury Shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Bursa Securities Main Market Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company."

(Resolution 13)

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13. To transact any other business for which due notice has been given.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689)
Mak Chooi Peng (MAICSA 7017931)
Company Secretaries

Selangor Darul Ehsan
31 October 2017

Explanatory Notes:-

1. Item 1 of the Agenda

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.

2. Authority to issue shares pursuant to the Companies Act 2016

The proposed adoption of Ordinary Resolution 1 is for the purpose of seeking a renewal for the general mandate to empower the Directors of the Company pursuant to the Companies Act 2016, from the date of the above Meeting, to issue and allot ordinary shares of not more than ten per centum (10%) from the unissued share capital of the Company for such purposes as the Directors of the Company consider would be in the interest of the Company. This authority will, unless revoked or varied at a General Meeting, expire at the conclusion of the next Annual General Meeting of the Company.

This authority will provide flexibility and enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

As at the date of this Notice, no new shares in the Company were issued under the provision of the general mandate granted to the Directors at the Thirty-Third Annual General Meeting held on 27 May 2016, which will lapse at the conclusion of the Thirty-Fourth Annual General Meeting.

3. Continuing in office as an Independent Non-Executive Director

The Nomination Committee of the Company and the Board of Directors of the Company had assessed the independence of Tuan Haji Hussein Bin Hamzah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and with his consent, had recommended for him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- (a) he fulfilled the criteria of the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and had expressed his willingness to continue in office as an Independent Non-Executive Directors of the Company;
- (b) his vast experience would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- (c) he has served the Company as an Independent Director for a cumulative term of more than nine (9) years during which he had acted in good faith and in the best interests of the Company, exercising his independent judgement during deliberations and decision making during the Company's meetings and was familiar with the Company's business operations; and
- (d) Tuan Haji Hussein Bin Hamzah has proven to be a reliable Independent Director with his professionalism aptitude and outlook of business perspective, devoted sufficient time and attention to his professional obligations for informed and balance decision making and had also exercised due care during his tenure in the best interests of the Company and the shareholders.

4. Proposed Renewal of Existing Shareholder Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature

The proposed adoption of the Ordinary Resolutions 3 and 4 will enable the Company and its affiliated companies to enter into any of the recurrent related party transactions of a revenue and/or trading nature which are necessary for the Company's day-to-day operations, subject to the transactions being in the ordinary course of business and 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.

Please refer to the Circular/ Statement to Shareholders dated 31 October 2017 for more information.

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5. Proposed Renewal of Authority for Share Buy-Back of up to 10% of the Total Number of Issued Share of the Company

The proposed adoption of the above Ordinary Resolution, if passed, will empower the Directors to purchase the Company's shares up to ten percent (10%) of the total number of issued shares of the Company by utilising the retained profits of the Company. This authority will, unless revoked or varied by the shareholders of the Company in general meeting, expire at the conclusion of the next Annual General Meeting.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 29 November 2017 ("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. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. 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 with ordinary shares of the Company standing to the credit of the said securities account.
5. 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.
6. 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.
7. 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.