

IPMUDA BERHAD
(22146-T)
(Incorporated in Malaysia)

Summary of Key Matters Discussed at the Forty-Third Annual General Meeting (“43rd AGM”) of Ipmuda Berhad (“Ipmuda” or “the Company”) held at Multaqam Hall, Level 10, Maju Tower, 1001 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Friday 07 December 2018 at 9.00 a.m.

A) All the following 12 Ordinary Resolutions tabled at the 43rd AGM were passed by the shareholders who voted by way of a poll and the results on voting by poll were as follows:

ORDINARY RESOLUTIONS	VOTE FOR		VOTE AGAINST		RESULT
	NO. OF SHARES	%	NO. OF SHARES	%	
Ordinary Resolution 1: To receive and adopt the Audited Financial Statements for the financial period ended 30 June 2018 and the Directors’ and Auditors’ Reports thereon.	52,306,100	100.000000	-	0.000000	CARRIED
Ordinary Resolution 2: To approve the payment of Directors’ Fees of RM207,350.00 for the financial period ended 30 June 2018.	52,305,100	99.998100	1,000	0.001900	CARRIED
Ordinary Resolution 3: To approve the additional payment of Directors’ benefits payable to the Non-Executive Directors up to an amount of RM20,000.00 from 01 November 2018 to 07 December 2018 (the date of the 43rd Annual General Meeting in 2018).	52,306,100	100.000000	-	0.000000	CARRIED
Ordinary Resolution 4: To approve the payment of Directors’ benefits payable to the Non-Executive Directors up to an amount of RM80,000.00 from 08 December 2018 until the next Annual General Meeting of the Company in 2019.	52,305,100	99.998100	1,000	0.001900	CARRIED
Ordinary Resolution 5: To re-elect Dato’ Maarof bin H.A. Rahman as Director retiring under Article 101 of the Company’s Articles of Association.	52,306,000	99.999800	100	0.000200	CARRIED
Ordinary Resolution 6: To re-elect Dato’ Sim Choo Thiam as Director retiring under Article 107 of the Company’s Articles of Association.	45,003,900	100.000000	-	0.000000	CARRIED

ORDINARY RESOLUTIONS	VOTE FOR		VOTE AGAINST		RESULT
	NO. OF SHARES	%	NO. OF SHARES	%	
Ordinary Resolution 7: To re-elect Datuk David Rashid bin Ghazalli as Director retiring under Article 107 of the Company's Articles of Association.	52,306,100	100.000000	-	0.000000	CARRIED
Ordinary Resolution 8: To re-elect Puan Nazariah binti Ibrahim as Director retiring under Article 107 of the Company's Articles of Association.	52,306,100	100.000000	-	0.000000	CARRIED
Ordinary Resolution 9: To re-appoint Messrs Crowe Malaysia (formerly known as Messrs Crowe Horwath) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	52,306,100	100.000000	-	0.000000	CARRIED
Ordinary Resolution 10: (Tier 1 - Large Shareholders) Retention of Dato' Maarof bin H.A. Rahman as Independent Non-Executive Director.	23,139,500	100.000000	-	0.000000	CARRIED
Ordinary Resolution 10: (Tier 2 - Other Shareholders) Retention of Dato' Maarof bin H.A. Rahman as Independent Non-Executive Director.	29,166,500	99.999700	100	0.000300	CARRIED
Ordinary Resolution 11: (Tier 1 - Large Shareholders) Retention of Dato' Ahmad Bakri bin Shabdin as Independent Non-Executive Director.	23,139,500	100.000000	-	0.000000	CARRIED
Ordinary Resolution 11: (Tier 2 - Other Shareholders) Retention of Dato' Ahmad Bakri bin Shabdin as Independent Non-Executive Director.	29,166,500	99.999700	100	0.000300	CARRIED
Ordinary Resolution 12: Authority to the Directors to issue and allot shares pursuant to Section 75 and Section 76 of the Companies Act 2016.	52,306,100	100.000000	-	0.000000	CARRIED

The results of the poll were verified by the independent scrutineer, Messrs Symphony Corporatehouse Sdn Bhd.

B) Matters raised by the Badan Pengawas Pemegang Saham Minoriti Berhad (“MSWG”)

MSWG via their letter dated 28 November 2018 raised some queries, which were replied by the Company via its letter dated 04 December 2018.

Datuk David Rashid bin Ghazalli, Independent Non-Executive Director, presided as Chairman for the 43rd AGM. He invited Dato’ Sim Choo Thiam, the Managing Director of the Company, to read out the following questions raised by MSWG in their letter of 28 November 2018 to the Members and proxies present at the 43rd AGM and the Company’s reply to those questions raised were read out by Encik Nor Shahmir bin Nor Shahid, the Chief Operating Officer of the Company:

Strategy/Financials

Question 1:	<p>The main decline in revenue is attributable to the softening of the property market over the period. This softening was a result of imminent oversupply and by financial institutions tightening on their property related lending (page 20 of the Annual Report 2018).</p> <p>How will the Board address the decline in revenue?</p>
Reply:	<p><i>We have taken the following steps to address the decline in revenue:</i></p> <p><i>We will broaden and diversify our range of products to also include M&E products to ensure that we are able to provide more comprehensive solutions. This expansion of product range, including an enhanced range of building products, will focus on higher margin finishing products which will enhance our profit margins.</i></p> <p><i>We are increasing our customer base by having specialised teams focused on developing new customers such as GLCs and Government Authorities. In line with this, we are working closely with suppliers to increase low to mid range products in line with our Government’s focus on affordable housing.</i></p> <p><i>We will be expanding regionally to capitalise on the potential growth of select areas.</i></p> <p><i>We are also expanding downstream into the remodeling & refurbishment market. We are currently in the planning stages of the development of our existing land bank. These will draw on our existing range of products.</i></p>
Question 2:	<p>The Group is changing its business model from being just a run-of-the-mill “Trading House” that provides materials to an organisation that strives to be a “Solutions Provider” (page 22 of the Annual Report 2018).</p> <p>a) What will be the challenges going forward with the changing approach?</p>

<p>Reply:</p>	<p><i>The main challenges for the management are with the increase number of products that we are offering and the need to ensure that it reaches the customers in a timely manner. This is achieved through our centralised back office where all orders, delivery, billing and treasury are co-ordinated. By end of the first quarter of 2019 we will have our new SAP based Enterprise Resource Planning system which will more accurately automate and track orders, deliveries and account information. This is required as we have to deal with the increasing complexity of solutions and product offered.</i></p> <p><i>A Business Development division has been set up to organise and coordinate the specifications of solutions. This new team will closely support the salesforce in offering our solutions and products to our customers.</i></p>
<p>b)</p>	<p>In terms of expertise, will the current work force of the Group be able to take on the endeavour to be the Solutions Provider?</p>
<p>Reply:</p>	<p><i>At the moment, the company has assembled a group of skilled and specialised individuals from various background within the value chain of property development and construction industry which will provide the company with the necessary expertise to undertake the approach as a total solutions provider.</i></p> <p><i>A new Business Development team is tasked to assist the Salesforce in their engagement with the existing and new customers and to market and specify products and solutions provided by the Group.</i></p>
<p>Question 3:</p>	<p>The Group has begun actively sourcing products and solutions regionally for its customers as well as looking for expansion of its business regionally. Marketing and sourcing teams have been organised to scour the region for supply as well as business (page 22 of the Annual Report 2018).</p> <p>a)</p> <p>What is the progress on the sourcing products and solutions and is the Group in any serious discussion on any deal for expanding its business regionally?</p>
<p>Reply:</p>	<p><i>An International sourcing team is in the process of being set-up and will be tasked to source for products that are in line with our various target markets. This team will identify various suppliers and manufacturers from China and the ASEAN region to complement our range of products. Some of these will be branded under our own brands. The supply and distributorship rights are currently being negotiated.</i></p> <p><i>We have also engaged with our existing suppliers to ensure that we are being supported with competitive pricing for the low to mid range products which is in line with market needs for the next 3 years.</i></p> <p><i>New local suppliers are being sourced concurrently to ensure that we are in a position to provide complete solutions. We are also currently in discussions with several renowned international brands for distributorships.</i></p>

	<p><i>The team is currently in talks with potential customers which are undertaking projects in countries such as Indonesia, Thailand and the Philippines.</i></p> <p><i>We have identified local partners in selected ASEAN markets and are already in discussion with them to explore the potential of our regional businesses. We will be able to bring along our local suppliers to these new markets.</i></p>
b)	What will be the budget for marketing expenses for next year?
Reply	<p><i>We have budgeted RM1.3M for marketing expenses.</i></p> <p><i>This is mainly provided for the initiatives in Trade Exhibitions, Customer Engagement Roadshows, Web Development, Digital Sales Kit Development, Print Catalogues and Digital Marketing and Social Media Presence.</i></p>

Emphasis of Matter

Question 4:	<p>We refer to the Independent Auditors' Report on page 8 of the Annual Report 2018, Note 14(c) and Note 14(d) to the financial statements, which provide disclosures in respect of the recoverability of the amounts due from a third-party major customer and companies in which certain Directors have substantial financial interests. The Directors are of the opinion that these debts will be recoverable and thus no further impairment is required as at 30 June 2018.</p> <p>What actions are being taken to recover the amount and when are these amounts expected to be recovered?</p>
Reply:	<p><i>In relation to note 4(c) of the Annual Report 2018, we have settled with the customer via a Settlement Agreement for the contra of properties valued at RM7,837,000. The balance of the amount due has been accordingly impaired as the debtor is currently undergoing a winding up process.</i></p> <p><i>In relation to note 4(d) of the Annual Report 2018, we have already settled the amounts due from the customer via a contra of properties which currently are under development. The value of properties are RM6,652,000 as stated in our Annoucement dated 26 October 2018 . The balance of the the amount of RM538,903 was settled in cash as at 31 October 2018.</i></p> <p><i>For both the above cases, the customer has assigned, transferred and conveyed absolutely to the Company all its rights, title, interest, benefit, advantage, claim and demand to the said properties.</i></p> <p><i>The properties are expected to be completed in 2022.</i></p> <p><i>The value of the properties are at the Developers price.</i></p> <p><i>As we have absolute rights over the above properties, we have the option to sell or keep the properties for future rental income once completed.</i></p>

<p>Question 5:</p>	<p>As reported on page 22 of the Annual Report 2018 on the impairment losses on receivables, where the Group has taken a prudent approach and has provided on impairment of RM28.5 million on its receivables in 2018.</p> <p>What actions are being taken to recover the impaired receivables and when are these amounts expected to be recovered?</p>
<p>Reply:</p>	<p><i>The following are being carried out to recover the impaired receivables.</i></p> <p><i>We will be negotiating a schedule of payment or other forms of repayment schemes (approx. RM7M is being pursued), failing which we will identify, together with the debtor, a possible settlement via a contra of property (approx. RM3M currently being negotiated).</i></p> <p><i>Should we fail to reach an amicable solution with the debtor, letters of demand will be issued. (approx. RM10M of the impaired debtors are at this stage)</i></p> <p><i>Ultimately, when all the above avenues have been exhausted, we will initiate legal proceeding (approx. RM8M are at this stage)</i></p> <p><i>To date (as at 30th November 2018) we have recovered RM393K from the impaired amount and we will endeavour to continue with our efforts.</i></p>

The 43rd AGM ended at 10.15 a.m.