

SUMMARY OF KEY MATTERS DISCUSSED AT THE SEVENTEENTH ANNUAL GENERAL MEETING (“AGM”) HELD ON THURSDAY, 12 MARCH 2020

Present : As per Attendance List

Chairman : Tan Sri Dato’ Ir. Hj. Zaini Bin Omar

In Attendance : Wong Youn Kim - Company Secretary

By Invitation : As per Attendance List

At the Seventeenth AGM, the shareholder raised the following questions on the business and operations of the Group which were duly responded by the Management:-

NO.	QUESTIONS	THE COMPANY’S RESPONSES
1.(a)	What was the occupancy rate and average room rate of the Imperial Heritage hotel for financial year 2019?	The occupancy rate is about 70-90% and average room rate is around RM 90-120.
1.(b)	What is the revised targeted growth for the year 2020?	The revised targeted growth rate for the year 2020 is about 5%.
1.(c)	How has the outbreak of Coronavirus impacted the Group	There is no significant impact to the Group.
2.	Please explain the reasons for the losses in system engineering and integration division	<p><u>System engineering division</u></p> <p>This is attributable to the non-payment of the main contractor The Company has taken legal action against them.</p> <p><u>Integration Division</u></p> <p>This was mainly due to the sunk costs.</p>

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3.	Please explain the Note 8 on trade receivables (page 64 of annual report 2019) is incomplete as the trade receivables balances for 2019 is excluded.	The relevant page was missed out by the printer. However, the audited financial statements submitted to Bursa Malaysia is a complete version. The shareholders can download it online.
4.	<p>On 27 April 2018, Matang Makmur Holdings Sdn Bhd (“MMHSB”) acquired an additional 30% equity interest in Indera Persada Sdn Bhd (“IPSB”) for a purchase consideration of RM 15.5 million, the share certificate has yet to be transferred to MMHSB as at the end of financial year, and is being held in trust by the previous shareholder. Following the acquisition, MMHSB holds 70% equity interest in IPSB (Page 55 of annual report 2019).</p> <p>Why is it taking such a long time to complete the transfer of the additional 30% equity interest in IPSB to MMHSB? When is the targeted date for completion?</p>	The precedent condition of the transfer is subject to the approval of Unit Kerjasama Awam Swasta (UKAS). IPSB obtained the approval from UKAS a few months ago, and the transfer is being processed.
5. (a)	What is the rationale for acquiring Full Image Sdn Bhd (“FISB”) when the acquisition is not expected to generate future economic benefits to the Group resulting in full impairment on goodwill whilst the Group has to assume net liabilities of RM 3.1 million?	The rationale for acquiring FISB is to operate the business as a Group.
5. (b)	What are the Group’s plans for FISB going forward?	To expand the current customers’ base to residential, logistic, retailer, financial and hospitality sectors.

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5.(c)	FISB’s other payables and accruals amount to RM 4.1 million (note 3, page 56 of annual report 2019). What comprises these other payables and accruals and when are the payables due?	The other payables and accruals of FISB mainly consists of the amount owing to Digistar Holdings Sdn Bhd and Rauland Asia Sdn Bhd. The amount owing of RM 4.1 million was on the date of acquisition.
5. (d)	Upon completion of the acquisition, FISB contributed losses approximately RM1.8 million to the Group (Note 3, page 56 of annual report 2019). When will FISB breakeven?	FISB is targeted to breakeven by end of March 2020.
6.	Other receivables increased significantly to RM 16.3 million (2018: RM 8.9 millions) (Note 12, page 66 of annual report 2019). What is the reason for the significant increase in other receivables? What comprises other receivables?	The increase in other receivables was due to an acquisition of properties. The other receivables mainly comprise of the deposits that have been paid for the acquisition of the properties.
7.	Bad debts written off arising from contracts with customers increased significantly to RM 1.1million (2018: RM799) (page 76 of annual report 2019). What were the measures taken to recover the said amount? What was it related to?	The Group had taken the necessary steps to recover the bad debts, however the debtors were insolvent, and the bad debts was related to the contract given to the system integration division.
8.	Why has the Company not appointed another suitable director as the Chairman of the Audit Committee so that the position of Chairman of Audit Committee and Chairman of the Board are held by different directors to provided better check-and-balance?	The Board has made steady progress in appointing a suitable director as the Chairman of the Audit and Risk Management Committee to replace the current one. The Board is in the midst of re-structuring the Board Committees’ membership and composition, particularly the Chairman of each committee.