

IQ GROUP HOLDINGS BERHAD

(200301034523) (636944-U)

(Incorporated in Malaysia)

Minutes of the Nineteenth Annual General Meeting of the Company conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting Facilities available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online> or <http://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Monday, 29 August 2022 at 2.30 p.m.

Attendance

As per Attendance List

The Meeting commenced at 2.30 p.m. with the requisite quorum being present.

Notice

The Notice convening the Meeting was taken as read.

1. CHAIRMAN'S ADDRESS

Mr Daniel John Beasley, the Managing Director and Chief Executive Officer of the Company as the appointed Chairman of the Meeting by the Board in place of Chairman of the Board, Mr Chen, Wen-Chin also known as Kent Chen who had just recovered from COVID and was unfit to chair the Meeting, called the Meeting to order at 2.30 p.m. and welcomed all members for their attendance at the Company's Nineteenth Annual General Meeting ("19th AGM") which was conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") Facilities which were available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online> or <http://tiih.com.my> (Domain registration number with MYNIC: D1A282781).

The Chairman informed that as a contingency should his internet connection became unstable, Mr Tan Boon Hoe, the Independent Non-Executive Director would represent him to continue the agenda of the Meeting to ensure that the 19th AGM was conducted smoothly. Due to the impact of the COVID-19 endemic, the 19th AGM was conducted following the Guidelines and FAQs on the Conduct of General Meetings issued by the Securities Commission and quorum could be determined by the number of members logged-in at the start of the Meeting.

The Chairman notified the members that the attendance of the 19th AGM was restricted to shareholders/proxyholders and authorised representatives of corporate shareholders who had registered to join the Meeting remotely. Any visual recording or audio recording was strictly prohibited at the Meeting unless prior written consent of the Company was obtained.

The Chairman briefed that the Notice of the Meeting had been sent to all members within the prescribed period and it was unanimously agreed that the Notice of the Meeting be taken as read. The Chairman continued to introduce the Board of Directors who joined the Meeting remotely via video conferencing to the members. He informed that the representative from the Company Secretary and the auditors, Messrs Deloitte PLT were also present at the Meeting. After confirming with the Secretary of the Company that a quorum was present, the Chairman, called the Meeting to order.

1. CHAIRMAN'S ADDRESS (CONTINUED...)

The Chairman then proceeded to give a presentation on IQ Group's business updates.

The Chairman continued to invite the members to pose their questions, if any, in the query box on the top right of their screen. He explained that the questions received would be moderated to avoid repetition and would be answered during the Question and Answer ("Q&A") session. Questions that were not addressed at the Meeting due to lack of time would be answered by email at the earliest possible after the Meeting.

The Chairman informed that all the nine (9) ordinary resolutions set out in the Notice of AGM would be voted by way of poll in line with Paragraph 8.29A the Main Listing Requirements of Bursa Malaysia Securities Berhad. The poll would be conducted via RPV facilities provided by Tricor Investor & Issuing House Services Sdn Bhd, the Poll Administrator and the results of the poll would be verified by Asia Securities Sdn Berhad as Independent Scrutineers.

He also informed that only members and proxies appointed for the Meeting who were virtually participating in the Meeting were allowed to vote, raise questions or seek clarifications which were relevant to the proposed motions in the Agenda. To facilitate the online voting process, the members/proxies were to submit their votes any time from the commencement of the Meeting until the end of the voting session to be announced later.

The Chairman continued to inform that Ms Oon Ai Ping and Ms Gan Siew Cheng, both shareholders, had offered to be the proposer and the seconder respectively for all the nine (9) resolutions.

The representative of TIIH was then invited to brief shareholders/proxies on the process on how voting could be done using through the RPV application.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Audited Financial Statements for the year ended 31 March 2022 together with the Reports of the Directors and of the Auditors thereon, copies of which had been circulated, were tabled before the Meeting.

The Chairman highlighted to all present that the receipt of the Audited Financial Statements was meant for discussion only as the provision of Section 248(2) and Section 340(1)(a) of the Companies Act 2016 did not require a formal approval of the shareholders and hence, no resolution was put forward for voting.

The Chairman informed that the Board and the Management shall attend to the questions during the Q&A session.

3. RE-ELECTION OF MR CHARLIE ONG CHYE LEE

The Chairman informed the Meeting that Ordinary Resolution 1 was to re-elect Mr Charlie Ong Chye Lee who retired under the provision of Clause 76(3) of the Company's Constitution.

The Chairman informed that as mentioned earlier, they already had a proposer and a seconder for the resolution.

4. RE-ELECTION OF DATO YOON CHON LEONG

Members were informed that the next agenda was to re-elect Dato Yoon Chon Leong who retired as a Director of the Company in accordance with Clause 76(3) of the Company's Constitution.

5. PAYMENT OF DIRECTORS' FEES OF RM426,420.00 FOR THE FINANCIAL YEAR ENDING 31 MARCH 2023

Members were informed that the proposed Ordinary Resolution 3 was to approve the Directors' fees amounting to Ringgit Malaysia Four Hundred Twenty-Six Thousand Four Hundred and Twenty (RM426,420.00) only for the financial year ending 31 March 2023.

6. PAYMENT OF DIRECTORS' BENEFIT IN ACCORDANCE WITH SECTION 230(1) OF THE COMPANIES ACT 2016 UP TO AN AMOUNT OF RM393,971.47 FROM 29 AUGUST 2022 UNTIL THE NEXT AGM OF THE COMPANY

Members were informed that the next agenda was to approve the Directors' benefit in accordance with Section 230(1) of the Companies Act 2016 of up to an amount of Ringgit Malaysia Three Hundred Ninety Three Thousand Nine Hundred Seventy One and Sen Forty Seven (RM393,971.47) only from 29 August 2022 until the next Annual General Meeting of the Company.

7. RE-APPOINTMENT OF DELOITTE PLT AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE BOARD OF DIRECTORS TO FIX THEIR REMUNERATION

Members were informed that the proposed Ordinary Resolution 5 was for the re-appointment of Deloitte PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

**8. CONTINUING IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR
- MR CHARLIE ONG CHYE LEE**

The Chairman informed the members that the proposed Ordinary Resolution 6 was to seek approval from the shareholders for Mr Charlie Ong Chye Lee (“Mr Charlie Ong”), who had 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 until the conclusion of the next Annual General Meeting of the Company.

Members were informed that Mr Charlie Ong had served on the Board of the Company as an Independent Director since year 2007 and he had exceeded the 9th year of service. As the Board intended to retain Mr Charlie Ong as an Independent Director, the Board sought for shareholders’ approval through a two-tier voting process.

**9. CONTINUING IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR
- DATO’ YOON CHON LEONG**

The Chairman informed the members that the proposed Ordinary Resolution 7 was to seek approval from the shareholders for Dato’ Yoon Chon Leong (“Dato’ Yoon”), who had 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 until the conclusion of the next Annual General Meeting of the Company.

Members were informed that Dato’ Yoon had served on the Board of the Company as an Independent Director since year 2012 and he had exceeded the 9th year of service. As the Board intended to retain Dato’ Yoon as an Independent Director, the Board sought for shareholders’ approval through a two-tier voting process.

10. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Chairman informed that the proposed Ordinary Resolution 8 was to seek the approval of the members for the renewal of share buy-back authority for the Company to purchase its own shares up to 10% of the total number of issued shares of the Company. Members were informed of the following proposed Ordinary Resolution 8:-

“THAT subject to the provisions under the Companies Act, 2016 (“the Act”), rules and regulation and orders made pursuant to the Act, the Constitution of the Company, Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements and the approvals of all relevant authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company (“IQGHB Shares”) 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 pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company as at the point of purchase (“Proposed Renewal of Share Buy-Back Authority”).

10. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONTINUED...)

THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's retained profits.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any IQGHB Shares so purchased by the Company in the following manner:-

- (i) the IQGHB Shares so purchased could be cancelled; or
- (ii) the IQGHB Shares so purchased could be retained as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of (i) and (ii) above; or
- (iv) in accordance with the relevant prevailing statutory provisions and guidelines.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:-

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
- (ii) the passing of the date on which the next annual general meeting of the Company is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first.

And THAT the Directors of the Company be and are authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

11. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Chairman briefed the members that the interested directors, major shareholders and persons connected with them as listed in Section 6 on pages 14 and 15 of the Circular to Shareholders dated 29 July 2022 were deemed interested in the proposed shareholders' mandates and would accordingly abstain from voting.

Members were informed of the following proposed Ordinary Resolution 9:-

"THAT subject always to the provisions of the Companies Act 2016 ("the Act"), the Constitution of the Company, Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions with the following corporations as set out in Section 2.4 of the Circular to Shareholders dated 29 July 2022 ("the Circular"), which are necessary for the day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders as set out in the Circular ("Mandate"):-

- (a) Sensorlite Inc. (formerly known as Interquartz Taiwan Ltd.)
- (b) IQ (America) Inc.

THAT the Directors be empowered to do all such acts and things considered necessary or expedient to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities.

THAT such Mandate shall commence upon passing this ordinary resolution and to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless the authority is renewed by a resolution passed at the meeting;
- (b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution of the shareholders of the Company at a general meeting;

whichever is earlier.

And THAT the Directors of the Company be and are hereby authorised to complete and to 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 transactions contemplated and/or authorised by this ordinary resolution."

12. QUESTIONS & ANSWERS SESSION

The Chairman proceeded to address the questions received by the Company pre-AGM and via the query box as per Appendices I and II attached hereto.

The Chairman informed that the management would respond to questions which they had not been able to address during the Meeting via emails after the Meeting.

13. VOTING SESSION

The Chairman called upon the members to proceed to cast their votes and further announced that the voting session would be open for another 5 minutes. The voting instructions were re-played on the screen to facilitate the online voting process.

At 3.35 p.m., the Chairman informed the closure of the online voting session and adjourned the Meeting to facilitate the counting of the votes.

14. DECLARATION OF POLL RESULTS

The Meeting resumed at 3.56 p.m. with the requisite quorum being present.

The Chairman then called the Meeting to order for the declaration of poll results. He informed that the poll voting results had been duly validated by the Independent Scrutineers.

The poll voting results were shared to the Meeting on the screen:-

Resolution(s)	Vote For		Vote Against		Total Votes	
	No. of Units	%	No. of Units	%	No. of Units	%
Ordinary Resolution 1	62,679,804	99.9668	20,813	0.0332	62,700,617	100.0000
Ordinary Resolution 2	62,679,804	99.9668	20,813	0.0332	62,700,617	100.0000
Ordinary Resolution 3	4,548,451	99.2621	33,814	0.7379	4,582,265	100.0000
Ordinary Resolution 4	4,548,551	99.1950	36,914	0.8050	4,585,465	100.0000
Ordinary Resolution 5	62,675,805	99.9620	23,812	0.0380	62,699,617	100.0000
Ordinary Resolution 8	62,678,806	99.9668	20,811	0.0332	62,699,617	100.0000
Ordinary Resolution 9	4,609,652	99.4861	23,813	0.5139	4,633,465	100.0000

14. **DECLARATION OF POLL RESULTS (CONTINUED...)**

Resolution(s)	Vote For		Vote Against		Total Votes	
	No. of Units	%	No. of Units	%	No. of Units	%
Tier 1- Large Holders Ordinary Resolution 6	56,534,568	100.00	0	0	56,534,568	100.0000
Tier 1- Large Holders Ordinary Resolution 7	56,534,568	100.00	0	0	56,534,568	100.0000
Tier 2- Other Holders Ordinary Resolution 6	6,145,236	99.6625	20,813	0.3375	6,166,049	100.0000
Tier 2- Other Holders Ordinary Resolution 7	6,142,236	99.6138	23,813	0.3862	6,166,049	100.0000

Based on the results, the Chairman declared that all the resolutions were carried.

15. **CLOSURE**

Before he closed the Meeting, the Chairman informed that the management would address those questions which they did not manage to answer during the Meeting via emails. He also thanked all shareholders for their support and participation at the Meeting.

There being no other business to discuss, the Meeting ended at 4.00 p.m. with a vote of thanks to the Chairman.

Signed as a correct record,

CHAIRMAN

Date:

Pre-submitted Questions Answered

Pre-submitted Question

Q : Can I request all directors or even top management's photos to be published in our coming Annual Report?

Sure, I don't think your request presents any particular problem....we can certainly look into it.

Pre-submitted Question

Q : Does the China's plant still face disruption and under-utilisation due to zero Covid policy?

I am pleased to be able to say that IQ Wuning is not particularly impacted due to its inner China location in JiangXi province....and as such has been operating at a near normal situation throughout.

We are actually fortunate...we have a stable and committed team in China who have managed the Covid challenges very effectively throughout.

Pre-submitted Question

Q : How will the Group address issue of port congestion?

IQW has three options in shipping products through sea ports – the preferred route is via JiuJiang port & the other two are through Shanghai or Ningbo. With these options at hand...together with careful planning, we have been able to minimise shipment delays and we will continue to creatively manage this aspect.

Pre-submitted Question

Q : Why are sales in the market of China not growing? Can Wuning factory produced products not sell into China?

We don't actually have domestic sales in the China market. Our Sales in China are export shipments to the ODM customers on FOB incoterms.

China sales may ultimately present opportunities to us, but other opportunities are of greater priority at this time.

Pre-submitted Question

Q : Is the Group able to pass on the additional cost arising from escalated freight cost to customers?

We are certainly impacted by the additional cost arising from escalated freight cost, in our case it is mainly on our import of materials...but we were fortunately able to pass on some of these costs during 2021.

It is clear that sharing this burden with the customers is necessary and thankfully it is largely understood by our customers as we ensure our competitive position is maintained

Pre-submitted Question

Q : Where do you see sales trending in the next 12 to 24 months?

The months ahead will still hold challenges in view of the current political and economic situations and related implications.

As explained earlier, the concern over inflation and the prospect of recession scenarios does impact consumer and business confidence....but that said, we will creatively manage our way through this period and we have initiatives in place to counter the challenges. One would also have to assume that respective governments will ultimately address the recent trends, which will boost market confidence and thus encourage increased sales.

Pre-submitted Question

Q : Does the Group face any shortage and hike in price of raw materials?

Whilst related challenges do still exist, they thankfully are reducing in impact. To avoid long leadtime challenges, we have had to adopt advanced purchase practices...and related stock holding (i.e. based upon customers' forecast plans). This has been unavoidable in order to ensure the continuous supply to our customers but generally, material prices have started to come down, following the steep hikes that we have seen over the last 2 years.

Pre-submitted Question

Q : How much inventory will be written off in the coming financial years and beyond?

We are not able to predict at this stage as it all depends on the overall demand/market situation...but clearly we will seek to minimise any such scenario.

Pre-submitted Question

Q : With global inflation, will it affect products' demand and is the Group able to raise products' prices to pass to customers?

Significant global inflationary pressures can obviously affect demand.

As mentioned earlier, we do however have one advantage, in that almost all of our products are built around sensor control...and by definition, sensor control is all about energy saving...which is obviously helpful in an inflationary environment where energy costs are spiraling out of control.

As regards the second point on price increases, we will normally, in view of our long established business relationships, firstly discuss the subject with our customers, so as to at least arrive at a workable compromise.

Pre-submitted Question

Q : Why is the sale generated from USA declined 44% to RM11.9mil (FY2021: RM21.3mil)?

Due to the fear of stock out (mainly because of component shortages and logistical challenges), customers have previously placed higher orders than they required. At the same time, we were also benefiting from the pipeline fill of a new DC range therefore significantly increasing the sales in FY2021. With the available stock on hand, combined with the economic slow down and political uncertainty, these have unfortunately all caused the orders for FY2022 to drop. The sales in FY2022 were however, tracking those in FY2020.

Pre-submitted Question

Q : Does the Group face foreign labour shortage and if yes, how will the Group address this issue?

Labour is all local in China and Malaysia, therefore we do not face any unmanageable shortages at the moment. Hiring in Wuning has never been a particular problem...and in the case of Malaysia, going forward, we also have the option of outsourced direct labour.

Pre-submitted Question

Q : What is the utilisation rate of China and Malaysia plants' production capacity in FY2021 and now in FY2022?

China is at 70+% whilst Malaysia is near 100% with only one shift running at the moment.

Malaysia is near 100% as we intentionally capped its capacity with a skeleton crew for the supply of the Lumiqs professional line and also to fulfill initial orders for the US market, where we can ramp up the potential capacity when necessary based upon market demand and opportunity.

Pre-submitted Question

Q : Kindly explain why the Group still stated orders did remain strong (refer page 5) but trade receivables and trade payables shown reduction of 50% yoy?

The reduction in trade receivable is primarily due to settlement of overdue debts owed by IQ (America) whilst the reduction in trade payable is mainly due to the settlement of some overdue debts owed to the suppliers during the financial year.

Pre-submitted Question

Q : Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times. TQ.

Q : Will the Board consider giving door gifts such e-voucher or e-wallets for those participating in this Agm as a token of appreciation?

We are happy to accord the same arrangement as in last year i.e. via e-wallet.

Live Questions Answered

Live Question

Q : Do the minimum wage changes have any impact on IQ?

As always in these situations, the implications usually apply to all suppliers of similar products and hence we must simply keep the focus on the attractiveness of our offering in terms of quality and performance...and also customer relations.

Live Question

Q : It seems like companies are needing to recruit female director(s) to sit on the Board of Directors. When will IQ execute this?

We are aware of this requirement and we will ensure that the necessary arrangements are concluded in line with the deadline defined by Bursa.

Live Question

Q : Does IQ Group own brand strategy remain the priority?

Yes, it remains of critical importance but with equal emphasis to that of the ODM business.

The parallel focus on own brand activity is imperative as we seek to achieve increased influence, control and opportunities for significant growth.

Live Question

Q : Is IQ Group in a position to explore domestic DIY sales in Malaysia?

Unfortunately, this is less realistic. Firstly because of our operation is from the free industrial zone, where there are restrictions on local sales and secondly it is less practical as the DIY market in Malaysia is made up of many independent stores where consolidation has yet to occur...meaning we would be busy working with too many independent stores rather than large store groups such as B&Q in the UK or Home Depot in the USA. There are some national chains such as Mr DIY but they are not so focused on our product area.

Live Question

Q : Is there any significant implication to IQ on currency fluctuation?

This is always volatile since it is a continuously changing situation. Today we can be benefiting but tomorrow it could turn into a different direction hence it requires continuous and close management.

Live Question

Q : Inflation is a hot topic now....how does IQ respond to this?

We need to help our customers by providing the most competitive and attractive solutions, perhaps even positively riding upon the situation by the provision of more solar products and by emphasising the benefits of sensor applications in the midst of an inflationary environment.

Live Question

Q : I recently read about reduced working hours from 48 hours to 45 hours weekly from 1 Sep 2022. Any impact to IQ business?

As per the latest announcement, this will be deferred to Jan 2023. However, we do have plans in place to handle this development and will ensure this does not adversely impact our business.