

NOTION VTEC BERHAD
Registration No. 200301035125 (637546-D)

MINUTES OF THE SIXTEENTH ANNUAL GENERAL MEETING OF NOTION VTEC BERHAD (“**THE COMPANY**” OR “**NVB**”) HELD AT PREMIÈRE HOTEL, BANDAR BUKIT TINGGI 1/KS6, JALAN LANGAT, 41200 KLANG, SELANGOR DARUL EHSAN ON TUESDAY, 17 MARCH 2020 AT 9.30 A.M.

PRESENT:

DIRECTORS

Mr Thoo Chow Fah (Chairman)	-	Also a shareholder and proxies for shareholders as per Attendance Sheets attached
Mr William Choo Wing Hong	-	Also a shareholder
Mr John Choo Wing Onn	-	Also a shareholder
Mr Jerry Choo Wing Yew	-	Also a shareholder
Mr Lee Tian Yoke	-	Also a shareholder
Mr Saw Tat Loon		
Ms Anita Chew Cheng Im		
Dato’ Abu Bakar Bin Mohd Nor	-	Also a shareholder

IN ATTENDANCE

Ms Tan Ai Ning	-	Company Secretary
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The list of shareholders, proxies and invitees who attended the Meeting are set out in the Attendance Listing attached and shall form an integral part of these Minutes.

1. CHAIRMAN

Mr Thoo Chow Fah, being the Chairman of the Board of Directors presided as Chairman of the Meeting and welcomed all members and guests to the Meeting.

2. QUORUM

The Secretary confirmed that a quorum was present. A total of 45 members comprising shareholders, proxies and corporate representatives, representing 98,990,614 ordinary shares, 29.40% of the issued share capital of the Company registered for the meeting.

With the requisite quorum being present, the Meeting was called to order at 9.30 a.m.

The Chairman introduced the Directors, the Company Secretary, the Auditors and the Share Registrar of the Company who were in attendance.

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3. NOTICE

With the consent of the members present, the Notice convening the Meeting having been circulated within the prescribed period was with the permission of the Meeting taken as read. The Chairman then proceeded with the business of the Annual General Meeting (“AGM”).

4. SUMMARY OF PROXIES RECEIVED

As part of good governance, the Chairman reported to all present that the Company had received in total 42 proxy forms from shareholders for a total of 36,972,773 ordinary shares representing 10.99% of the issued share capital of the Company.

Out of those, there were 4 shareholders who has appointed the Chairman of the Meeting as proxy to vote on his behalf and the shares so represented are 12,225,300, representing 3.63% of the issued share capital of the Company.

The Chairman also informed the Meeting that all the resolutions set out in the Notice of the AGM shall be voted by poll.

The Chairman further informed that the polling process would be conducted upon completion of the deliberations of all items on the Agenda. To facilitate the poll process, the Company has appointed Asia Securities Sdn Bhd as the independent scrutineers.

5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 AND THE DIRECTORS’ AND AUDITORS’ REPORTS THEREON

The Audited Financial Statements of the Company for the financial year ended 30 September 2019 together with the Directors’ and Auditors’ Reports thereon were tabled for discussion.

The Chairman further informed that the Minority Shareholders Watch Group (“MSWG”) had on 10 March 2020 written to the Company seeking clarification/information on several issues pertaining to strategic and financial matters.

For the benefit of the shareholders / proxy holders / corporate representatives, the Chairman presented the response to the questions raised in the said MSWG’s letter, details are set out in Appendix “A” attached herein.

The Chairman invited questions from the floor on the Audited Financial Statements for the financial year ended 30 September 2019. A number of shareholders and proxies made comments and sought clarification on various issues which were succinctly addressed by the Chairman and the Executive Director / Financial Controller. The salient issues raised were as follows:-

- 5.1 Mr Teh Kian Lang (“**Mr Teh**”), a shareholder enquired about the financial health of the Company for when the movement control order ends on 31 March 2020 when most businesses had not been allowed to operate.

The Chairman responded that in the aspect of the automotive division, the Company has a major hub based in Europe and has sufficient inventories to meet the demands. The operation team would deliver the ordered stock to the customers as much as possible prior to the lockdown as clarity on operations for the manufacturing sectors has yet to be announced by the Government. The implementation of the MCO is expected to have an impact on both operation and financial of the Company, on concerns of decreased revenue and maintenance of overhead and operational costs.

- 5.2 Mr Chee Sai Mun (“**Mr Chee**”), a shareholder enquired on the operational cost to be incurred e.g. fixed cost, labour cost and exceptional expenses during the MCO period and whether compensation is available for the Company to mitigate the cost.

Mr Choo Wing Yew (“**Mr Jerry Choo**”) commented that assuming in a worst case scenario with zero production during the MCO period, a fixed operational cost of approximately RM3 million to RM5 million per month including payment of salaries would be incurred. The Chairman added that cashflow is critical for a company to weather the current unusual and challenging times. The Company has sufficient financial resources with healthy cash flow. As at 31 December 2019, the Company’s cash and cash equivalents stood at RM62 million.

- 5.3 Mr Chee referred the Meeting to page 5 of the Annual Report and enquired whether the capital expenditure of RM73.3 million invested by the Group for the financial year ended 30 September 2019 relates to the replacement of machineries due to the fire incident in 2018. Mr Jerry Choo explained that the replacement for the machineries which affected by the fire was completed during the Financial Year 2018. The capital expenditure of RM73.3 million incurred was for the purpose of business expansion, venturing into the extrusion technology coupled with investment in new projects to cater the demand of new customers. The Chairman further added that 80% of the machineries in Plant 1 and Plant 3 are new purchases.
- 5.4 Mr Chee enquired on the percentage of aluminium used in the production process to which the Chairman informed that the aluminium component used as a raw material in the production process comprises more than 90%.
- 5.5 Mr Chee further enquired whether the Company adopts a foreign exchange hedging policy to which the Chairman responded negatively.

- 5.6 In response to Mr Chee's concern on whether the Company would revise the Company's targeted revenue of RM320 million for the financial year ending 30 September 2020 in view of the current pandemic, the Chairman commented that the target revenue was set without taking into account the global pandemic into consideration. In view of the current Covid-19 pandemic, the targeted revenue was considered to be on the high side and would be re-forecasted. The Chairman further opined that the demand in automotive and camera segments would be affected.

The Chairman informed the Meeting that the Company has been actively engaging for new businesses and has diversified into new segment, i.e. Electronics Manufacturing Services ("EMS"). The Company has engaged with a consumer electrical customer for few ongoing projects. The projects include producing parts for hand dryer, hair dryer, hair straightener, robotic vacuum cleaner and Light Emitting Diode (LED). The Company has also invested in extrusion technology to manufacture raw material for internal used so that to reduce the cost of raw material and better quality control for its production line. However, the global economy is expected to head into recession looking at the Covid-19 outbreak, current situation of stock market coupled with low interest rate environment. The Management will assess its impact and revise the targeted revenue in the second quarter result ending 31 March 2020. Nonetheless, the Management is confident that the Company is well-positioned in the right place post Covid-19.

- 5.7 Mr Chee enquired about status of the litigation matters against the insurer in relation to the fire incident and whether the Company has captured the remaining business interruption claim of RM12.2 million in the financial result.

The Chairman explained that the Company had on 23 December 2019 received a total offer of RM22.2 million, in which an interim of RM10 million had been paid on 23 August 2019, as full and final settlement for the Business Interruption Claim from the insurer, AXA Affin General Insurance Berhad ("**the Insurer**"). In view of the huge difference between the amount estimated by the loss assessor of RM53 million and the offer made by the Insurer, the Company has decided to bring the case to court. As the Company could not agree on the offered sum as full and final settlement, the insurer refused to pay for the remaining sum of RM12.2 million ("**Remaining Sum**").

The wholly owned subsidiaries of the Company namely, Notion Venture Sdn Bhd, Kaiten Precision (M) Sdn Bhd and Autic Mekki Sdn Bhd have subsequently filed Writ of Summons and Statement of Claim against insurer and two other co-insurer to demand for the Remaining Sum.

The Chairman further informed that the whole litigation process would take approximately 6 to 9 months and the Company has captured the Remaining Sum in the result for the first financial quarter ended 31 December 2019 ("**1Q2020**").

In response to Mr Teh's enquiry, the Chairman informed that the insurance claims has been classified as other income to the Company, hence, is subject to the corporate tax.

- 5.8 Mr Teh further enquired about the Company's plans on the industrial land located at Johor Bahru as well as whether the business operation of Notion (Thailand) Co Ltd ("**Notion Thailand**") is affected by the pandemic.

The Chairman responded that the Company has no plans on the said land until the EMS segment grows significant. The Chairman further informed that Notion Thailand which primarily involved in the production of HDD and camera segments is operating as usual despite the Covid-19 outbreak. The Company may shift the manufacturing of components for automotive segment to Notion Thailand in the future.

- 5.9 Mr Cheah Kim Cheea ("**Mr Cheah**"), a proxy enquired on the (i) Company's plans on the Hard Disk Drive ("**HDD**") and Camera's segment going forward since the business is deteriorating; (ii) planning and direction of the Company in different segments; and (iii) its business margin.

The Chairman informed that the margin for camera segment is low as demand for camera is declining. Meanwhile, business for HDD is expected to remain stable as the production volume is at reasonably good level. The Management is intensifying its effort to evolve into new sectors i.e. EMS and extrusion technology. The Company is continuing to develop the extrusion technology with the aim to supply the products to the market instead of purely for internal usage. As both new sectors is in the blue ocean markets, the business margin of the Company would definitely be improved. The Chairman further stressed that the Management is endeavouring to evolve into a better business model.

- 5.10 In reply to the query raised by Mr Cheah with regards to the declining share price of JCY International Berhad which is also involve in manufacturing of the HDD, the Chairman informed that each company's performance would be dependent on the type of the products supply to the market and ability of the product to meet the market's needs.

- 5.11 Mr Chee enquired on the quantum of the net profit generated from the operation given that the Company has captured the insurance claim of RM12.2 million as revenue in the Financial Results for 1Q2020. He further enquired the rationale of having lower depreciation in the said Financial Results given that 80% of the Company's machinery is newly purchased.

The Chairman responded that the profit after tax of RM14.2 million recorded in 1Q2020 comprises profit from the operation of RM5 million and RM9.2 million from the insurance claim (net of tax). The Chairman further informed that 80% of the machineries in Plant 1 and Plant 3 instead of as a Group are newly purchased machineries. The Chairman further informed that extrusion machineries apply lower depreciation rate of 5%.

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After having addressed all the questions raised, it was recorded that the Audited Financial Statements of the Company for the financial year ended 30 September 2019 together with the Directors' and Auditors' Reports thereon had been duly received.

6. RE-ELECTION OF MR THOO CHOW FAH

Ordinary Resolution 1 is on the re-election of Mr Thoo Chow Fah who retires as Director of the Company pursuant to Clause 95 of the Constitution of the Company and being eligible, has offered himself for re-election. Before putting the motion to the Meeting, the Chairman invited questions from the floor. Since there were no questions raised, the Chairman proceeded with Resolution 2.

7. RE-ELECTION OF MR CHOO WING HONG

Ordinary Resolution 2 is on the re-election of Mr Choo Wing Hong who retires as Director of the Company pursuant to Clause 95 of the Constitution of the Company and being eligible, has offered himself for re-election. Before putting the motion to the Meeting, the Chairman invited questions from the floor. Since there were no questions raised, the Chairman proceeded with Resolution 3.

8. RE-ELECTION OF MR LEE TIAN YOKE

Ordinary Resolution 3 is on the re-election of Mr Lee Tian Yoke who retires as Director of the Company pursuant to Clause 95 of the Constitution of the Company and being eligible, has offered himself for re-election. Before putting the motion to the Meeting, the Chairman invited questions from the floor. Since there were no questions raised, the Chairman proceeded with Resolution 4.

9. DIRECTORS' FEES AND BENEFITS PAYABLE

Ordinary Resolution 4 is to approve the payment of Directors' Fees of up to RM300,000 and benefits payable to the Directors of the Company of up to RM50,000 from 17 March 2020 until the conclusion of the next AGM of the Company. Pursuant to the Malaysian Code on Corporate Governance ("MCCG"), the Independent Director who is also shareholder of the Company has abstained himself from voting on the resolution. Before putting the motion to the Meeting, the Chairman invited questions from the floor. Since there were no questions raised, the Chairman proceeded with Resolution 5.

10. RE-APPOINTMENT OF AUDITORS

Ordinary Resolution 5 is on the re-appointment of Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. The Auditors, Crowe Malaysia PLT who retired, have indicated their willingness to accept the re-appointment. Before putting the motion to the Meeting, the Chairman invited questions from the floor. Since there were no questions raised, the Chairman proceeded to the special business of the AGM.

11. CONTINUATION IN OFFICE OF MR SAW TAT LOON AS INDEPENDENT NON-EXECUTIVE DIRECTOR

Ordinary Resolution 6 is the first item under Special Business of the Agenda to seek shareholders' approval on proposed continuation in office of Mr Saw Tat Loon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with MCCG.

Before putting the motion to the Meeting, the Chairman invited questions from the floor. Since there were no questions raised, the Chairman proceeded with Resolution 7.

12. CONTINUATION IN OFFICE OF MS ANITA CHEW CHENG IM AS INDEPENDENT NON-EXECUTIVE DIRECTOR

Ordinary Resolution 7 is the second item under Special Business of the Agenda to seek shareholders' approval on the proposed continuation in office of Ms Anita Chew Cheng Im who has served as an Independent Non-Executive Director of the Company for a cumulative term of twelve years, as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with MCCG.

Before putting the motion to the Meeting, the Chairman invited questions from the floor. Since there were no questions raised, the Chairman proceeded with Resolution 8.

13. RENEWAL OF AUTHORITY TO ALLOT SHARES

Ordinary Resolution 8 is to seek shareholders' approval on the authority to the Directors to allot and issue shares up to a maximum ten per centum (10%) of the total issued share capital of the Company pursuant to Section 76 of the Companies Act 2016 (**"the Act"**). This mandate if passed, would provide flexibility to the Company for the allotment of shares for the purpose of funding investment projects, working capital and/or acquisition.

Before putting the motion to the Meeting, the Chairman invited questions from the floor. Since there were no questions raised, the Chairman proceeded with Resolution 9.

14. AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

Ordinary Resolution 9 is to seek shareholders' approval on the proposed authority to the Company to purchase its own Ordinary Shares. The proposed authority, if passed, will empower the Directors of the Company to exercise the power of the Company to purchase up to ten percent (10%) of the total number of issued shares of the Company for the time being.

Before putting the motion to the Meeting, the Chairman invited questions from the floor.

15. POLL PROCEDURE

After going through all the motions set out in the Notice of the Meeting, the representative from the Company's Share Registrar briefed the floor on the polling procedures and directed the shareholders and proxies to put their votes via Tricor e-Vote system at the voting kiosks provided in the meeting room. The shareholders and proxies present were then given time to cast their votes.

The Chairman informed that the outcome of the poll would be announced after a short break as it would take some time for the scrutineers to tabulate the results of the poll. The Meeting was then adjourned at 10.30 a.m. for the votes to be counted and to enable the scrutineers to present their report to the Chairman.

POLL RESULTS

The Meeting resumed at 10.45 a.m. and after obtaining the report from the scrutineers, the Chairman announced the results of the poll as follows:-

Ordinary Resolution 1	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
To re-elect Mr Thoo Chow Fah who is retiring in accordance with Clause 95 of the Constitution of the Company.	98,874,971	99.9999	30	0.0001

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It was RESOLVED:-

That Mr Thoo Chow Fah who retired in accordance with Clause 95 of the Constitution of the Company be and is hereby re-elected as Director of the Company.

Ordinary Resolution 2	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
To re-elect Mr Choo Wing Hong who is retiring in accordance with Clause 95 of the Constitution of the Company.	98,874,971	99.9999	30	0.0001

It was RESOLVED:-

That Mr Choo Wing Hong who retired in accordance with Clause 95 of the Constitution of the Company be and is hereby re-elected as Director of the Company.

Ordinary Resolution 3	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
To re-elect Mr Lee Tian Yoke who is retiring in accordance with Clause 95 of the Constitution of the Company.	98,874,971	99.9999	30	0.0001

It was RESOLVED:-

That Mr Lee Tian Yoke who retired in accordance with Clause 95 of the Constitution of the Company be and is hereby re-elected as Director of the Company.

Ordinary Resolution 4	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
To approve the payment of Directors' Fees of up to RM300,000 and benefits payable to the Directors of the Company of up to RM50,000 from 17 March 2020 until the conclusion of the next AGM of the Company.	98,847,178	99.9999	30	0.0001

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It was RESOLVED:-

That the payment of Directors' Fees of up to RM300,000 and benefits payable of up to RM50,000 to the Directors of the Company from 17 March 2020 until the conclusion of the next AGM be and is hereby approved.

Ordinary Resolution 5	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	98,874,971	99.9999	30	0.0001

It was RESOLVED:-

That Crowe Malaysia PLT, having indicated their willingness to accept re-appointment, be and are hereby re-appointed as Auditors of the Company for the ensuing year until the conclusion of the next AGM at a fee to be determined by the Directors.

Ordinary Resolution 6	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
Proposed continuation in office of Mr Saw Tat Loon as Independent Non-Executive Director	98,874,971	99.9999	30	0.0001

It was RESOLVED:-

That the proposed continuation in office of Mr Saw Tat Loon as an Independent Non-Executive Director of the Company until the conclusion of the next AGM be and is hereby approved.

Ordinary Resolution 7	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
Proposed continuation in office of Ms Anita Chew Cheng Im as Independent Non-Executive Director	98,874,971	99.9999	30	0.0001

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It was RESOLVED:-

That the proposed continuation in office of Ms Anita Chew Cheng Im as an Independent Non-Executive Director of the Company until the conclusion of the next AGM be and is hereby approved.

Ordinary Resolution 8	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
Proposed Renewal of Authority to Allot Shares pursuant to Section 76 of the Act	98,874,971	99.9999	30	0.0001

It was RESOLVED:-

That pursuant to Section 76 of the Act, the Directors be and are hereby empowered to allot and issue Shares in the share capital of the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company at the time of issue, subject always to the Constitution of the Company and approval for the listing of and quotation for the additional Shares so issued on the Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and other relevant bodies where such approval is necessary.

Ordinary Resolution 9	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
Proposed Authority to the Company to Purchase its own Ordinary Shares.	98,874,971	99.9999	30	0.0001

It was RESOLVED:-

THAT subject to the Act, the provisions of the Company’s Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to make purchases of the Company’s 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, necessary and expedient in the interest of the Company, provided that:

- (a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);

- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained earnings of the Company at the time of purchase; and
- (c) the authority conferred by this resolution shall continue to be in force until:
 - (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/ or any other relevant governmental and/or regulatory authorities (if any).

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

- (a) cancel all the ordinary shares so purchased; and/or
- (b) retain the ordinary shares so purchased as treasury shares; and/or
- (c) retain part thereof as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company.

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CONCLUSION

The Chairman expressed his appreciation to shareholders and proxies present for their attendance.

Before concluding the Chairman wished all shareholders and proxies present well and to take the necessary precautions to ensure their well-being.

There being no other business to be transacted, the Chairman declared the Meeting closed at 10.45 a.m.

SIGNED AS A CORRECT RECORD



CHAIRMAN

Queries from Minority Shareholders Watch Group and Replies from the Company

1. The Company's gross profit ("GP") margin for 2019 is higher than the margins in 2018 and 2017 (page 4 of Annual Report 2019 ("AR2019")). The GP margin has increased to 16.1% (2018: 5.4%) for the financial year ended 30 September 2019 ("FYE2019").

Which of the Company's products have contributed to the increase in GP margin? Is the said GP margin sustainable going forward?

It is resulting from increased sales from the Engineered Products and we are expecting improvement in overall gross margin as the growth is in the Electronics Manufacturing Service ("EMS") sector within this segment.

2. It is stated in the AR2019 that the procurement of a high-profile European customer in the EMS should auger well for the Group in the coming years as it expects this segment to grow significantly (page 6 of AR2019).

- (a) Is there any long term contract signed with the European customer? What is the duration of the contract?

There is no long term contract or agreement signed but we are in the process of getting the CSR accreditation of more than 9 months to ensure that we are an approved vendor supply of metal parts and that normally means we have to continually stay accredited for business to continue. We don't expect any termination of business unless there is quality issues with our products or our inability to compete in prices.

- (b) What is the Group's targeted EMS's revenue growth for the next 3 years?

Over the next 3 years, we expect year on year growth of 20 to 30% per annum in this EMS sector as we have other new EMS customers as well.

3. To cater for the increased demand for the Company's products, the Company budgeted a capital expenditure of RM25 million (page 6 of AR2019).

- (a) What is the Group's production capacity for FYE2019?

It is quite difficult to state what is the designed capacity of the Group in 2019 as our manufacture is flexible or we can always manufacture from different segments in the Computer Numerical Control ("CNC") generic machines but broadly we have about 1,300 CNC machines of all types.

- (b) Please elaborate on the budgeted capital expenditure of RM25 million.

The RM25 million capital expenditure is mainly for EMS manufacture, expansion in extrusion capacity and some replacement of machines.

4. The management targets to achieve a revenue of RM320 million for the financial year ending 30 September 2020 (page 6 of AR2019).
- (a) Given the current outbreak of Coronavirus which has resulted in global disruption to supply and demand chains, is the targeted revenue for the financial year ending 30 September 2020 achievable?

If you look at the China situation, the number of new Covid-19 cases seems to be reducing in recent days and some measures of stability and most factories affected are already back to full operations. Yes, there is some delays in shipment arrivals which we expect to quickly be back to normal in the next few months. There was some disruption in February in the supply chain arising from China but we are confident this will improve soon. We expect a slight adjustment downwards of our management target in single digit of percentage in sales and we expect better growth in second half of 2020.

- (b) How has the outbreak of Coronavirus impacted the Group?

There is reduction of about 20% in sales mainly in the Auto segment thus far and some degree in the EMS segment while there is no disruption in the others.

Corporate Governance Matter

1. What comprises of other emoluments under Directors Remuneration for FYE2019 (page 25 of AR2019).

Other emoluments comprise the annual bonus to the Executive Directors and meeting allowance to the Independent Directors.