

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

MINUTES OF THE EIGHTEENTH ANNUAL GENERAL MEETING OF NOTION VTEC BERHAD (“**THE COMPANY**” OR “**NVB**”) HELD AT THE BROADCAST VENUE AT TRICOR BUSINESS CENTRE, MANUKA 2 & 3 MEETING ROOM, UNIT 29-01, LEVEL 29, TOWER A, VERTICAL BUSINESS SUITE, AVENUE 3, BANGSAR SOUTH, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR (“**BROADCAST VENUE**”) ON THURSDAY, 3 MARCH 2022 AT 9.30 A.M.

PRESENT:

DIRECTORS

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

IN ATTENDANCE

Ms Evelyn Tan Li Yi	-	Company Secretary
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Note:

^ Participated vide video conferencing

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 shareholders, proxies and invitees to the Eighteenth Annual General Meeting (“**18th AGM**”) conducted through live streaming and online remote participation by using Remote Participation and Voting Facilities (“**RPV**”) which is in compliance with Section 327 of the Companies Act 2016 (“**the Act**”) and Clause 64 of the Constitution of the Company.

The Chairman then proceeded to introduce the Board of Directors and the Company Secretary who were in attendance with him at the Broadcast Venue and the Board of Directors and the Auditors of the Company who were participated in the Meeting remotely.

2. QUORUM AND SUMMARY OF PROXIES RECEIVED

The Secretary confirmed that a quorum was present. A total of 72 members comprising shareholders, proxies and corporate representatives, representing 122,406,674 ordinary shares or 23.74% of the total paid up share capital of the Company have registered to attend the Meeting via RPV.

The Company had received in total 18 proxy forms from the shareholders for a total of 53,365,018 ordinary shares representing 10.35% of the issued share capital of the Company.

Out of these, there was 1 shareholder who has appointed the Chairman of the Meeting as proxy to vote on his/her behalf and the shares so represented stood at 14,000, which is negligible out of the total issued share capital of the Company.

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

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 AGM.

The Chairman further invited the shareholders and proxies to raise questions by transmitting via the query box.

4. VOTING PROCEDURES

The Meeting noted that it is mandatory for any resolution to be passed at general meeting to be voted by poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). Accordingly, the Chairman directed the poll to be taken on the resolutions set forth in the Notice of the AGM and subsequently to be conducted by way of electronic polling.

The Chairman further informed that the Company has appointed Tricor Investor & Issuing House Services Sdn Bhd to conduct the poll voting electronically and Asia Securities Sdn Bhd as the Scrutineer to verify the poll results. The results of the poll voting will be announced after the Scrutineer has verified the poll results upon closure of the voting session.

Shareholders and proxies were informed that the voting on the resolutions could be done any time throughout the Meeting until the closure of the voting session. The process of voting was shared by the Poll Administrator vide video presentation.

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5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 AND THE DIRECTORS' AND AUDITORS' REPORTS THEREON

The Audited Financial Statements of the Group and of the Company for the financial year ended 30 September 2021 ("AFS 2021") together with the Directors' and Auditors' Reports thereon were meant for discussion only as the provision of Section 340 of the Act does not require a formal approval of the shareholders.

It was recorded that the AFS 2021 together with the Directors' and Auditors' Reports thereon were properly laid and had been duly received.

6. RE-ELECTION OF MR CHOO WING YEW AND DATO' ABU BAKAR BIN MOHD NOR

Ordinary Resolutions 1 and 2 are on the re-election of Mr Choo Wing Yew and Dato' Abu Bakar Bin Mohd Nor respectively who retire as Directors of the Company pursuant to Clause 95 of the Constitution of the Company and being eligible, have offered themselves for re-election.

7. RE-ELECTION OF MS TEH SU-CHING

Ordinary Resolution 3 is on the re-election of Ms Teh Su-Ching who retires as Director of the Company pursuant to Clause 102 of the Constitution of the Company and being eligible, has offered herself for re-election.

8. 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 3 March 2022 until the conclusion of the next AGM of the Company. Pursuant to the Malaysian Code on Corporate Governance ("MCCG"), the interested Directors who are also shareholders of the Company have abstained themselves from voting on the resolution.

9. 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. Having concluded the Ordinary Business of the AGM, the Chairman proceeded to the special business of the AGM.

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

Ordinary Resolution 6 is the first 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 fourteen years, as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with MCCG.

11. AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

Special Resolution 1 is the second item under Special Business of the Agenda to seek shareholders' approval on the proposed amendments to the Constitution of the Company and details of which were set out in the Annual Report 2021. The Company Secretary was invited to brief the members on the key amendments to the Constitution of the Company.

12. AUTHORITY TO ALLOT AND ISSUE SHARES

Special Resolution 2 is the last item of the Agenda to seek shareholders' approval on the authority for the Directors to allot and issue shares up to a maximum 20% of the total issued share capital of the Company as empowered by Bursa Securities on 23 December 2021. 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.

13. QUESTION AND ANSWER SESSION

The Meeting noted that the Company had on 24 February 2022 received a letter from Minority Shareholders Watch Group ("MSWG") seeking clarification/information on several issues pertaining to operational and financial matters.

For the benefit of the members, the Chairman shared the responses to the questions raised by MSWG vide video presentation, details are set out in Appendix "A" attached herein.

The Company has also received several questions from the shareholders before and during the AGM via the query box. The questions raised were succinctly addressed by the Chairman as set out below:

13.1 Mr Lau Chuan Hooi, a shareholder enquired on the following:-

(i) What is the future outlook of the Company?

Management is cautiously optimistic of the Group's future outlook and will always strive to grow the Group's business.

For Notion (Thailand) Co., Ltd., Management expects an expansion of business, in particular the Hard Disk Drive segment. Besides that, the Company is also exploring to tap into new opportunities in the Electronics Manufacturing Services ("EMS") space. As for the Personal Protective Equipment ("PPE") segment, the installation of the 4 production lines for gloves have been completed whilst the remaining 2 production lines are expected to be completed in the near term. The Company is teaming up with a strategic partner so that to improve the production process and obtain a wider market reach.

(ii) How much is the impact due to Covid-19?

The impact arising from the Covid-19 remains uncertain. Nonetheless, high vaccination rate in the country and re-opening of Malaysia's international boarder could speed up the country's economic recovery process.

However, the recent Russia-Ukraine war broke out could lead to further uncertainties to global supply chains, and thereby impact the Group's performance. Inflation and hike in aluminum prices, gas prices and commodity prices posed challenges to the Company's business as the Company may not be able to pass down the rising cost to customers and resulted margin squeeze.

13.2 Mr Kow Lih Shi, a shareholder enquired if a special dividend is able to be declared?

Any dividend distribution is subject to profitability of the Company and the Company maintains its dividend policy amid the current challenging business environment by paying 30% of the Group's profit after tax after deducting non-operating income and income from minority interest as dividend. As the Company did not make profit during the financial year 2021 ("FY2021"), hence, no dividend is declared. Nonetheless, Management will endeavour to declare dividend in the near future.

13.3 Ms Koh Chooi Peng, a shareholder commented on the following:-

(A) The segment assets of the PPE have been increased to RM115.648 million in the FY2021.

- (i) *How much the capital expenditures were spent for nitrile glove and mask manufacturing respectively?*

The Company has incurred a capital expenditure of approximately RM10 million for installation of the mask production lines in FY2020 and RM40 million for the glove production lines in FY2021.

- (ii) *How much capital expenditures will be incurred in the FY2022, if any?*

The installation of the remaining 2 gloves production lines are expected to be completed in FY2022 and the capital expenditures are estimated at approximately RM20 million.

- (B) *Inventories written down of the Group was amounted to RM3.159 million in FY2021 as compared to RM1.771 million in FY2020 (page 71 of the Annual Report 2021).*

- (i) *What are the reasons for the increase in inventories written down?*

This question was raised by the MSWG and has been duly addressed in the presentation held earlier.

- (ii) *The percentage of the inventories written down attributed to the PPE segment in respect to the total of RM3.159 million?*

The inventories written down were not for the PPE segment but instead mainly attributable from metal precision segment.

- (C) *Other Receivables increased substantially from RM9.133 million in FY2020 to RM20.036 million in FY2021 (page 71 of the Annual Report 2021).*

- (i) *Which business segment contributed to the significant increase in Other Receivables?*

The increase in Other Receivables was mainly from the metal precision segment.

- (ii) *How much debt has been collected since FYE 2021?*

The Company's customer base comprises mainly multinational companies, hence, Management does not foresee any issue in collecting the outstanding debt. The Company normally grants customers with credit terms of 60 to 90 days and Management could collect debt of approximately RM20 million per month for the metal precision segment.

- (D) *On the recent released of the First Quarter Financial Result for FY2022, the Group reported a loss before tax of RM5.126 million and the PPE segment recorded a significant decrease in revenue due to the lower average selling price and softer demand. The Company has invested more than RM100 million for the PPE segment in the last 2 years.*

- (i) *What is the current capacity utilisation for the glove and mask manufacturing which is in the operation?*

As of to-date, the Company has only invested approximately RM60 million for the PPE segment. The capacity utilisation rate is to be at around 60% to 80%.

- (ii) *What are the steps taken to ensure the capacity installed are utilised?*

The Company is targeting to run the machine at full capacity and is eyeing to expand its footprint to overseas market by teaming up with strategic partners.

- (E) *Notion track record of venturing in new business mostly resulted in losses in the past especially mining business in Australia and now the PPE (1st Quarter FY2022). The Board should have invested more in its Automotive and EMS segments which are closer to its core competencies. Comments from the Board and Management, please.*

The Board is cognisant of that mistake made in the past. However, such mistake shall not restrict the Company to further venture into new business but instead to learn from the experience.

Besides that, more than two years into the pandemic, business is getting tougher if the Company is merely relying on existing business without diversifying into new areas. Hence, the Company is always ready to seize opportunities as and when they arise by leveraging on its core competency in order to enhance shareholders' value and bring growth to the Company.

13.4 Mr Yam Kang Yao, a shareholder enquired on the following:-

- (i) *Any contract is secured by the PPE segment going forward?*

The Company does secure sales contract but not on long term basis.

- (ii) *What type of margin and risks foresee by the Management given that the average selling price for PPE has been hammered?*

The average selling price has been decreased substantially from above USD10 per box to approximately USD3 per box. The Company will

ensure that the current production cost is at least to be maintained so that the profit margin would not be further squeezed.

- (iii) *In view that there are many issues associate with labour and environmental, social and governance, has the management set any target on automation in the production process within the next 3 years and how much capital expenditure will be spent?*

The Company is desirous to automate certain production process so that to improve the productivity and efficiency of the workforce and reduce dependency on labour.

However, challenges arise if the Company highly automated the production process as the Company's core competency is to produce high precision parts and components with wide range of products offered. Besides that, technology is changing the world and any new technology could easily make products obsolete. Hence, the Company would be at risk if the manufacturing process which has been heavily invested for automation has subsequently replace by new technology. As such, highly automated the production process may not be in favour to the Company.

Nonetheless, the Company will still allocate certain capital expenditure to improve the production process of high volume product and product with a long life cycle.

- (iv) *What is the operating expenses on the PPE segment per quarter?*

Mr Choo Wing Yew ("**Mr Jerry Choo**"), the Chief Financial Officer, informed that the operating expenses for the PPE segment recorded at approximately RM300,000 per quarter.

- (v) *Are the workers employed on PPE segment mainly local or foreigner and are they on long-term or short-terms contracts?*

Mr Jerry Choo responded that the workers employed on the PPE segment are mainly local and are recruited on employment contract basis.

- (i) *Can the workers relocate to another segment when the PPE segment orderbook decrease?*

Mr Jerry Choo replied that the Company has no overstaffing with approximately 50 workers for the PPE segment, hence, there is no need to relocate workers to another segment even the orderbook is reduced.

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- 13.5 Several shareholders were enquired if the Board consider giving door gift such as e-voucher or e-wallets for those participating in this AGM as a token of appreciation.

No voucher will be given for participating this meeting as the Company intends to conserve cash for the future capital expenditures due to the uncertainties arising from the Covid-19 pandemic.

14. VOTING

After having addressed all the questions raised, the Chairman proceeded to inform the Meeting to proceed with voting and that the verification of the votes would take approximately 20 minutes. The Chairman placed on record that a shareholder has appointed him to be his/her proxy and he will vote according to the instructions.

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 AGM was then adjourned at 10.10 a.m. for the shareholders and proxies to cast their votes.

POLL RESULTS

The Meeting resumed at 10.30 a.m. for the declaration of the results of the poll:-

Ordinary Resolution 1	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
To re-elect Mr Choo Wing Yew who is retiring in accordance with Clause 95 of the Constitution of the Company.	122,076,681	99.9230	94,062	0.0770

It was RESOLVED:-

That Mr Choo Wing Yew 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 Dato' Abu Bakar Bin Mohd Nor who is retiring in accordance with Clause 95 of the Constitution of the Company.	122,069,648	99.9173	101,095	0.0827

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It was RESOLVED:-

That Dato' Abu Bakar Bin Mohd Nor 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 Ms Teh Su-Ching who is retiring in accordance with Clause 102 of the Constitution of the Company.	122,067,181	99.9152	103,562	0.0848

It was RESOLVED:-

That Ms Teh Su-Ching who retired in accordance with Clause 102 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 3 March 2022 until the conclusion of the next AGM of the Company.	121,426,635	99.7950	249,419	0.2050

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 3 March 2022 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.	122,078,681	99.9230	94,062	0.0770

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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 Ms Anita Chew Cheng Im as Independent Non-Executive Director.	122,061,613	99.9107	109,130	0.0893

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.

Special Resolution 1	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
Proposed Amendments to the Constitution of the Company	122,058,548	99.9086	111,695	0.0914

It was RESOLVED:-

That the proposed alteration or amendments to the existing Constitution of the Company, as annexed herewith as Appendix A of the Notice of Annual General Meeting, be and hereby approved and adopted, with immediate effect.

And that the Directors of the Company be and hereby authorised to assent to any conditions, modification, variation and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.

Special Resolution 2	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Act.	121,974,558	99.8398	195,685	0.1602

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It was **RESOLVED**:-

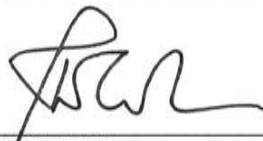
That pursuant to Section 76 of the Act and subject to passing of Special Resolution 1, the Directors be and are hereby empowered to allot and issue Shares in the share capital of the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed twenty percent (20%) of the total number of issued shares of the Company (excluding treasury shares) at the time of issue as empowered by Bursa Securities, 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 Securities and other relevant bodies where such approval is necessary.

And that the Directors of the Company be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate.

CONCLUSION

The Chairman expressed his appreciation to the Participants for their attendance. There being no other business to be transacted, the Chairman declared the Meeting closed at 10.35 a.m.

SIGNED AS A CORRECT RECORD



CHAIRMAN

Queries from Minority Shareholders Watch Group and Replies from the Company

1. The Group's EMS division, although there was growth in revenue, reported a loss mainly due to higher-than-expected rejects of a certain new product, the higher raw material prices that the Group could not immediately pass to the customers and the lockdown disruptions [page 9 of Annual Report 2021 ("AR2021")].

- (a) What has caused the rejects of a certain new product mentioned above?

Being an aluminium thin-wall tubing, the product was sensitive to manufacturing processes and stringency of acceptance.

- (b) How much was the financial impact to the Group in relation to the higher-than-expected rejects of a certain new product?

The higher-than-normal rejects rate, the estimated loss was RM300 to RM500,000 a month.

- (c) What were the measures taken to mitigate high rejects of products, going forward?

This was avoided when we requested lesser orders for this particular product.

2. The Group started production of nitrate gloves in 2020 and since then it has completed 3 lines by August 2021. The remaining 3 lines should be completed by early 2022 (page 9 of AR 2021).

- (a) Have the remaining 3 lines been completed and have they commenced production? Is the anticipated take-up from these 3 new lines from existing customers or new customers?

The 4th line is ready and 5th and 6th lines are expected to be completed by mid-2022. The take up is expected to be by both new and existing customers.

- (b) In FY2021, the Group secured a contract with a European company to which the Group supplied approximately RM70 million worth of gloves, the main contributor to the Group's PPE division. What is the contract duration?

It was a once-off type of hospital supply contract which had been fulfilled.

- (c) To what extent will declining average selling price of gloves impact the expected revenue contribution from the Group's glove manufacturing business, going forward?

The average selling price has now reached at what we believe to be rock bottom at above USD3 a box of 100 pieces. We are selling in accordance to market supply and demand conditions and unlikely we will sell at below cost unless it is to recover cash.

- (d) To-date, how many months of outstanding orders does the Group have?

At current time, there is no outstanding orders but negotiating future orders.

3. In relation to fluctuating prices of aluminium which is the Group's main raw material, (page 10 of AR 2021) how much has cost increased in FY2021 due to increase in raw material prices? What efforts are being taken to manage the increasing cost of raw materials?

Aluminium price in January 2021 stood at USD2,000 and by September 2021 it has risen to USD2,800 or 40% and currently it is USD3,200 a ton. We continue to actively engage with each customer to increase the raw material component of product cost.

4. On 20 December 2021, the Group announced that the factory building which is located at Lot 6071, Jalan Haji Abdul Manan, Batu 5 ½, Jalan Meru 41050 Klang, Selangor Darul Ehsan ("the Factory") has been affected by the flood due to the continuous heavy rain on 18 and 19 December 2021. The Factory produces gloves and computer numerical control machining under the automotive segment. All the assets are adequately covered by insurance and sufficient insurance coverage has been taken for consequential business loss due to flood.

- (a) What is the potential financial impact on the Group for financial year ending 2022?

As reported in Q1 FY2022 quarterly announcement, we are writing off RM7.5 million arising from the flood loss but we are also claiming RM8.1 million material loss from insurers.

- (b) What are the measures taken by the Group to prevent flood in the future to avoid disruption to its operations?

As it is first time we have had such a major flood since 2005, we do not expect such an occurrence for a long time, there are plans to install racking system to place work in progress and finished goods on the racks in order to avoid damage.

5. Inventories written down increased significantly to RM3.2 million (2020: RM1.8 million), while inventories written off amounted to RM0.5 million (2020: Nil) (page 52 of AR 2021).

- (a) What comprises these inventories that have been written down? Are these inventories written down still salable?

The higher stock written down of RM 1.4 million is mainly due to the provision for certain raw material which were slow moving resulting from lower orders for certain automotive parts which were affected by the global slowdown. These stocks are recoverable.

- (b) What comprises the inventories that have been written off?

The higher stock written off of RM 0.5 million is related to the new projects in the extrusion of raw materials undertaken for the EMS segment during the year.