

NOTION VTEC BERHAD
(Company No. 637546-D)

MINUTES OF THE FIFTEENTH 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 WEDNESDAY, 6 MARCH 2019 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. 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.

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”).

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4. SUMMARY OF PROXIES RECEIVED

As part of good governance, the Chairman reported to all present that the Company had received in total 31 proxy forms from shareholders for a total of 40,367,433 ordinary shares representing 12.12% of the issued share capital of the Company.

Out of those, there was 1 shareholder who has appointed the Chairman of the Meeting as proxy to vote on his behalf and the shares so represented are 3,945,200, representing 1.18% 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 Boardroom Business Solutions Sdn Bhd (formerly known as Symphony Corporatehouse Sdn Bhd) as the independent scrutineers.

5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018 AND THE DIRECTORS' AND AUDITORS' REPORTS THEREON

The Audited Financial Statements of the Company for the financial year ended 30 September 2018 together with the Directors' and Auditors' Reports thereon were tabled for discussion.

The Chairman invited questions from the floor on the Audited Financial Statements for the financial year ended 30 September 2018. 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 Lim Leong Chye ("**Mr Lim**"), a shareholder enquired on (i) the fire insurance premium raised subsequent to the fire incident and its rate of increase; and (ii) status of the aluminium extrusion project.

Mr Jerry Choo Wing Yew ("**Mr Jerry Choo**"), the Executive Director/ Financial Controller responded that the insurance premium has increased at 30% from RM1.2 million to approximately RM1.6 million subsequent to the fire incident.

As for the aluminium extrusion project, the Chairman informed that the Company has invested in its own aluminium extrusion technology to save raw material costs and quality control for its high production line products. The factory which is located in Klang would have to be retrofitted to fit the

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requirement for aluminium extrusion technology is expected to complete by June or July 2019. Malaysian Investment Development Authority (“MIDA”) has approved a grant to the Company a 50% matching grant for the investment made by the Company under this project and the Company has received the grant from MIDA. The Chairman further added that the Company is currently sourcing raw material from local suppliers.

- 5.2 Mr Chee Sai Mun (“**Mr Chee**”), a shareholder enquired on (i) whether the change of the Government would affect the grant given by MIDA; (ii) reason for the significant increase in trade receivables; (iii) reason for the Hard Disk Drive (“**HDD**”) losing its market share; (iv) reason for no bonus payment to the Directors is reflected in Annual Report; and (v) business outlook.

The Chairman responded that:-

- (i) The Company has received a grant of RM2.8 million out of the Group’s investment of RM5.7 million from MIDA in the project.
- (ii) The trade receivables includes the material damage claim of RM159 million, of which RM79 million has yet to be received as at 30 September 2018. The Company has recently submitted the Business Interruption Claim of approximately RM30 million to RM55 million to insurer and is pending outcome of the application. The amount of the claim is subject to adjustment by adjuster.
- (iii) For HDD, there are two main suppliers in the market, i.e. Seagate Technology PLC and Western Digital Corporation. However, Solid-State Drive (“**SSD**”) with high speed of transfer as compared to HDD creates an intense competition to the market. Nevertheless, the Company is confident that the HDD is still vibrant and economically advantaged. The growth and profitability of the Company is much dependent on the customers’ mix and preference as well as the vendors’ strength and weakness. He further explained that the main issue that caused the Company losing its market share in HDD is due to the Company highly dependent on a single customer. Hence the Company will continue its efforts in enlarging its customer base. The Chairman further mentioned that the Company has plans to move to produce titanium material for Enterprise drives but the issue is mainly pertaining to getting access to new customers.
- (iv) No bonus payment was made to the Executive Directors for the financial year ended 30 September 2018.
- (v) For the first quarter ending 30 September 2019 (“**1Q2019**”), the Company experienced a loss of RM2 million mainly due to significant decrease of sales order from the customers for HDD, camera and automotive segment. Recession in Eurozone and the Tariff War have also affected the Company’s performance. The Company is also

expected to post a dismal result for the second quarter ending 30 September 2019. Nevertheless, the Company is hoping for a turnaround by July 2019 as its main manufacturing plant in Klang is fully restored, which will bolster the Group's growth going forward.

- 5.3 Mr Teh Kian Lang ("**Mr Teh**"), a shareholder commented on the depreciation of RM30.7 million and any proposed increase given that new machineries will be purchased by the Company in the near future. He further raised query on the business nature of the plants in Thailand and Johor Bahru. Mr Jerry Choo explained that the Company is unable to assess the full impact of the depreciation at this juncture as not all machineries are put in use. Depreciation of RM8 million was reported for 1Q2019 which resulted that the depreciation for a full financial year to be recorded at approximately RM32 million. Notwithstanding that, capital commitment of RM15 million over 10 years has yet to be reflected in the Financial Statements. The Chairman informed that the plant in Thailand is manufacturing baseplates as well as camera parts whilst plant in Johor Bahru mainly focuses on engineered products, semi-conductor and consumer electronic products. The Chairman further added that Dyson has recently requested for quotation from the Company for various consumer goods e.g. hand dryer and vacuum cleaner. The shareholders further noted that both plants in Thailand and Johor Bahru are rented.
- 5.4 Mr Wong Teck Quee ("**Mr Wong**"), a shareholder enquired about the Company's growth in automotive division. The Chairman explained that the Company is having 3 main customers, one of which is ZF TRW, a subsidiary of ZF Friedrichshafen AG and Continental AG, both German listed companies as well as Diamet Corp, a subsidiary of Japan's Mitsubishi Materials Corporation. The Company is supplying ZF TRW approximately 28 million pieces of auto plungers per year (equivalent to 14 million cars). Hence, the Company is considered a major player in the car braking system globally and is expected to continue posting a strong growth in this division. The Chairman further added that the Company is also supplying car braking system parts for electric car and is engaging with Dyson on its project to manufacture electric cars in Singapore. The Company has also furnished Dyson with the Company's profile in particular the area of expertise in electric car. Mr Wong further raised query on whether the Company faces any issue in gaining customers in HDD division. The Chairman informed that each customer has their own policy in selecting the vendors and the Company has no issue in formulating the pricing strategy.

In response to Mr Chee's query on the Company's business performance in term of segmental basis, the Chairman informed that 50% of the businesses are derived from HDD division whilst the remaining 35% and 15% are derived from Automotive division and Engineering Products respectively. The Chairman further added that the Company would have to diversify the business into other segments and expects that the Automotive division will be the Company's significant segment in 2019.

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- 5.5 Mr Chee further enquired about the rationale for the Company to have cash pile of more than RM100 million without planning to reduce its borrowing and whether the Company would opt to utilize cash to reduce its borrowing and in turn reduce the cost of interest. Mr Jerry Choo explained that the Company has increased its borrowings to RM70 million for the purpose of purchasing the machineries as the insurance claim was not receive at that point of time. Having the claimed insurance, the Company's cash stood at approximately RM100 million which will then be invested in the extrusion line and working capital.
- 5.6 In reply to the query raised by Mr Chee with regards to whether the use of the extrusion business is internal or external, the Chairman informed that the first phase of extrusion is purely for internal use as a way to increase its competitive edge and the payback is estimated about 4 to 5 years. On another note, the Chairman added that the Company is in the process of modernizing the plant, investing in automation i.e. robots and visual imaging automation system to improve its productivity and reduce its reliance on workforce.

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 2018 together with the Directors' and Auditors' Reports thereon had been duly received.

6. RE-ELECTION OF MR SAW TAT LOON

Ordinary Resolution 1 is on the re-election of Mr Saw Tat Loon 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 YEW

Ordinary Resolution 2 is on the re-election of Mr Choo Wing Yew 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.

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8. RE-ELECTION OF DATO' ABU BAKAR BIN MOHD NOR

Ordinary Resolution 3 is on the re-election of Dato' Abu Bakar Bin Mohd Nor who retires as Director of the Company pursuant to Clause 102 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 and its subsidiary of up to RM60,000 from 6 March 2019 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.

Mr Wong sought clarification on details of the Director's Remuneration for the financial year ended 30 September 2018 as stated in page 21 of the Annual Report 2018. Mr Jerry Choo explained that the salaries are the basic gross salaries paid to Executive Directors; fees are amount paid to Independent Directors; other emoluments are the allowances paid to the Directors; defined contribution plans are the contribution made to the Employees Provident Fund; and share based payments are pertaining to the Employees Share Option Scheme ("ESOS") granted to the Directors. The Chairman added that salaries for Executive Directors are variable and are given based on the performance evaluation.

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 more than nine 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. ALLOCATION OF AWARDS TO DATO' ABU BAKAR BIN MOHD NOR

Ordinary Resolution 9 is to seek shareholders' approval on the proposed allocation of awards to Dato' Abu Bakar Bin Mohd Nor, the Independent Non-Executive Director of the Company. The proposed allocation, if passed, will allow the Board of Directors to offer and grant to Dato' Abu Bakar Bin Mohd Nor, options to subscribe for up to 750,000 new ordinary shares in the Company under Long Term Incentive Plan.

Dato' Abu Bakar Bin Mohd Nor, the interested Independent Director who is also a 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.

Mr William Ng Kok Kiong ("Mr William"), a proxy who represents the shareholder of William Capital PLT enquired on (i) whether the Company has any plan to appoint additional Independent Directors in the near future; and (ii) justification to award ESOS to Independent Director as it may cause the independence as an Independent Director in doubt.

The Chairman responded that:

- (i) Identifying a candidate who can fulfill the requirement and qualification of an Independent Director and the Chairman of Audit Committee would not be an easy task. The commitment, contribution and performance of Mr Saw Tat Loon and Ms Anita Chew are being recognized by the Board of Directors. As such, the Board recommended their continuation as Independent Directors for shareholders' approval. The Board of Directors will consider and discuss the need of having additional Independent Director as and when required.
- (ii) There is no prohibition on granting share-based payment i.e. ESOS to Independent Directors. The Independent Non-Executive Directors could not sell, transfer or assign the new shares obtained through the exercise of the ESOS offered to them within 1 year from the date of offer of ESOS pursuant to Paragraph 8.20 of the Main Market Listing Requirements, and therefore granting an ESOS is not a guarantee payment to the Independent Non-Executive Directors, as ESOS would only be exercised when there is price differential between the option price and the market price. Ms Anita Chew informed that an Independent Director can hold shares of not more than 5% of the issued share capital. She further added that there is certain alignment between Executive Directors and Independent Directors of which their interests include efforts in contributing into the Company to ensure that the Company is well performed. Ms Anita Chew further opined that by having the Company's shares would not affect the independence of an Independent Director as a minority shareholder who holds shares in the Company the Independent Director would then align the interest in adding value to shareholders.

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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 11.00 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 Saw Tat Loon who is retiring in accordance with Clause 95 of the Constitution of the Company.	94,527,606	99.9996	419	0.0004

It was RESOLVED:-

That Mr Saw Tat Loon 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 Yew who is retiring in accordance with Clause 95 of the Constitution of the Company.	94,527,806	99.9998	219	0.0002

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.

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Ordinary Resolution 3	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 102 of the Constitution of the Company.	94,527,751	99.9998	219	0.0002

It was RESOLVED:-

That Dato' Abu Bakar Bin Mohd Nor 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 RM60,000 from 6 March 2019 until the conclusion of the next AGM of the Company.	94,499,813	99.9996	419	0.0004

It was RESOLVED:-

That the payment of Directors' Fees of up to RM300,000 and benefits payable of up to RM60,000 to the Directors of the Company from 6 March 2019 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.	94,527,806	99.9998	219	0.0002

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.

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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.	Tier 1			
	77,415,937	100.000	0	0.000
	Tier 2			
	17,111,657	99.997	431	0.003

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	94,527,594	99.9995	431	0.0005

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	94,527,606	99.9996	419	0.0004

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.

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Ordinary Resolution 9	Votes in favour		Votes against	
	No. of shares	%	No. of shares	%
Proposed Allocation of Awards to Dato' Abu Bakar Bin Mohd Nor, the Independent Non-Executive Director of the Company.	94,499,801	99.9995	431	0.0005

It was RESOLVED:-

That approval be and is hereby given to the Board to authorise the Long Term Incentive Plan Committee to award and to grant to Dato' Abu Bakar Bin Mohd Nor, who is an Independent Non-Executive Director of the Company, options to subscribe for up to 750,000 new ordinary shares in the Company, from time to time throughout the duration of the LTIP, **PROVIDED ALWAYS THAT:**

- (i) not more than 10% of the NVB Shares made available under the LTIP and any other scheme involving issuance of new NVB Shares to employees which may be implemented from time to time by the Company is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares); and
- (ii) he does not participate in the deliberation or discussion of his own allocation of the number of NVB Shares comprised in the Options to be offered to him as well as that of the persons connected with him within the meaning of the Listing Requirements under the LTIP,

and subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time;

AND THAT approval be and is hereby given to the Board to allot and issue such number of NVB Shares to Dato' Abu Bakar Bin Mohd Nor, from time to time, pursuant to the exercise of Options under the LTIP.

CONCLUSION

The Chairman expressed his appreciation to shareholders and proxies present for their attendance. There being no other business to be transacted, the Chairman declared the Meeting closed at 11.05 a.m.

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SIGNED AS A CORRECT RECORD



CHAIRMAN