

SALUTICA BERHAD (1024781-T)
(Incorporated in Malaysia)

SUMMARY OF PROCEEDINGS OF THE SIXTH ANNUAL GENERAL MEETING (“6th AGM”) OF THE COMPANY HELD AT THE COMPANY’S PLACE OF BUSINESS AT NO. 3, JALAN ZARIB 6, KAWASAN PERINDUSTRIAN ZARIB, 31500 LAHAT, IPOH, PERAK DARUL RIDZUAN ON MONDAY, 26 NOVEMBER 2018 AT 10.30A.M.

PRESENT : Mr. Chia Chee Hoong – Chairman
and as per attendance list

1. WELCOME ADDRESS

On behalf of the Board of Directors, Mr. Chia Chee Hoong, the Chairman extended a warm welcome to those present.

2. NOTICE OF MEETING

The Notice of Meeting had been despatched to shareholders on 29 October 2018. On a proposal of the Chairman, the Notice of Meeting was taken as read.

3. QUORUM

The Company Secretary, Mr. Chan Chee Kheong confirmed that a quorum was present. There being a quorum, the Meeting was called to order at 10.30 a.m.

4. VOTING

The Chairman briefed the shareholders that pursuant to the Main Market Listing Requirements of Bursa Malaysia, all resolutions set out in the Notice of the 6th AGM would be decided by poll.

The Company had appointed Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator to conduct the polling process and Coopers Professional Scrutineers Sdn. Bhd. to verify and validate the poll results. The polling process for voting on the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the Meeting.

5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 TOGETHER WITH THE DIRECTORS AND AUDITORS REPORT THEREON

The Chairman informed that the Audited Financial Statements for the financial year ended 30 June 2018 and Reports of the Directors and Auditors thereon, were tabled at the Meeting for discussion only and were not required to be put forward for voting.

The Audited Financial Statements for the financial year ended 30 June 2018 and Reports of the Directors and Auditors thereon laid before the Meeting is in accordance with the requirements of the Act.

6. QUESTIONS AND ANSWERS SESSION

The questions from shareholders and the replies given were attached as Appendix 1.

7. ANY OTHER BUSINESS

The Meeting noted that the Company had not received any notice for transaction of any other business, the Chairman then proceeded to the poll voting process.

8. DECLARATION OF RESULTS

Based on the poll results verified and validated by the Scrutineers, the Chairman declared all the resolutions tabled at the Meeting, **CARRIED** as follows:-

Resolution(s)	Vote For		Vote Against		Total Votes	
	No. of Units	%	No. of Units	%	No. of Units	%
<u>Resolution 1</u> Payment of Directors' Fees	256,044,200	99.999	2,500	0.001	256,046,700	100.000
<u>Resolution 2</u> Re-election of Mr. Lim Chong Shyh	264,246,700	100.000	0	0.000	264,246,700	100.000
<u>Resolution 3</u> Re-election of Mr. Leow Chan Kiang	261,646,700	99.016	2,600,000	0.984	264,246,700	100.000
<u>Resolution 4</u> Re-appointment of Auditors	264,246,600	100.000	100	0.000	264,246,700	100.000
<u>Resolution 5</u> Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016	262,764,400	99.439	1,482,300	0.561	264,246,700	100.000
<u>Resolution 6</u> Proposed Renewal of Share Buy-Back Authority	264,244,100	99.999	2,600	0.001	264,246,700	100.000

9. TERMINATION

There being no other business, the Meeting ended at 1.20 p.m. with a vote of thanks to the Chair.

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QUESTIONS AND ANSWERS SESSION

Q1: Shareholder : Have the costs incurred for the cordless headsets been fully expensed out?

CEO : Yes at least for the first cordless product launched by the Company. Research and development (R&D) is an ongoing process and the Company will continue to provide R&D services to its customers. Therefore, the Company will continue to spend wherever necessary to acquire new technology know-how and processes.

Q2: Shareholder : How does Salutica mitigate the costs when the sales price cannot be changed?

CEO : We need to stay competitive and continue to improve our processes and skill sets. Automation is a one area we have embarked on to reduce operation costs.

Q3: Shareholder : How is FOBO different from the other tpms (tire pressure monitoring system) in the market?

CEO : Our FOBO tpms monitors 24/7 even with the engine off. Those in the market do not provide real time monitoring like ours. Furthermore, our FOBO have patents granted and a few patent pending which means that our FOBO is the only one in the world with those specific features.

Q4: Shareholder : What is the percentage of R&D spending to the revenue?

CFO : Approximately 2%.

Q5: Shareholder : Does Salutica have any M&A (mergers & acquisitions) strategy?

CEO : We do not have specific strategy on M&A. However, we are open to work with companies that can complement or enhance our technology offering to both our current customers and potential customers alike.

Q6: Shareholder : Can we have a factory tour after the meeting?

CEO : We have not prepared for the tour as our operation is busy with production. Perhaps we can arrange smaller group some other time if there's such request later.

- Q7: Shareholder : Can you explain the status with Neonode especially on their Z-force technology?
- CEO : Z-force is a technology owned by Neonode. The Z-force application is currently on automotive. Neonode is in talks with automotive industry players on this technology and a few have progressed to prototyping stage. Safety is a key concern in the automotive industry hence the gestation period is longer, approximately 18 months, before it can be approved for mass production.
- Q8: Shareholder : What is FOBO's contribution to the revenue?
- CEO : Approximately 1%.
- Q9: Shareholder : Who are the two new customers that was mentioned in the slides presentation?
- CEO : We are not at liberty to disclose their names at the moment but one is from Australia and the other is from Germany.
- Q10: Shareholder : Is there any other car brand owner adopting tpms for their cars?
- CEO : Yes, besides Perodua under the safety campaign GearUp, we have interested parties enquiring about the tpms for their after-market accessories.
- Q11: Shareholder : Is the sub-assembly modules you have mentioned during the slides presentation at licensing or commercial stage?
- CEO : It will be showcase in the CES (Consumer Electronics Show) in Las Vegas in January 2019. The commercialisation is tentatively target at March 2019.
- Q12: Shareholder : On page 110 of the Annual Report on Capital Commitments, the amount have increased compared to 2017, why?
- CFO : The capital commitments were approved, however not spend yet. A part of it is from the IPO (initial public offering) proceeds which have been earmarked for the capital expenditure in relation to acquisition of new machinery and equipment where we have extended the utilisation to November 2019. We are looking at the acquisition of machinery, amongst others, machinery for automation and equipment that have the latest technology.
- Q13: Shareholder : On page 98 of the Annual Report, why is the intangible assets for the additions on the development costs is lower than the amortisation? Are they related to OEM (original equipment manufacturer) or FOBO development costs?
- CFO : As mentioned earlier during the slides presentation, there are projects in hand that requires more urgent attention and our R&D engineers' time to meet our customers' targeted deadlines. We have no choice but to prioritise our resources and have decided to push out the development of our FOBO medical device to a later date. In any case, we have already a working prototype of the medical device. The development costs capitalised as intangible assets were related to the FOBO products.

- Q14: Shareholder : Did the US dollars fluctuation, currently around 4.18 – 4.20 affects the profitability? By how much?
- CFO : We have natural hedge for the US dollars because our billing is in US dollars and approximately 65% - 70% of our total purchases are denominated in US dollars. That leave a balance of approximately 30% - 35% open for forward hedging. Therefore, the fluctuations are not material and affected approximately 1% of the margin only.
- Q15: Shareholder : Do you have succession planning in place?
- CEO : I have in place Joshua, my son, being the deputy CEO and for the rest of my direct report also have their own team of direct reports who are continuously groomed to handle management roles and responsibilities.
- Q16: Shareholder : Being a technology company, the Board should have more engineers in it to give technical advice. What's your comment on that?
- Deputy CEO : The board you are referring to is the listed company level which requires a diverse set of skills to have the oversight of a public listed company. The operational company, Salutica Allied, is where the management and directors have the technical engineering skills such as Operation, R&D and Supply Chain. They have the education background, experience and skill sets to run a technology company.

Notes:

CEO: Chief Executive Officer

CFO: Chief Financial Officer