

SUMMARY OF KEY MATTERS DISCUSSED AT THE 9TH AGM OF INARI AMERTRON BERHAD HELD ON 27 NOVEMBER 2019

PART A: KEY MATTERS DISCUSSED

No.	Questions raised by shareholders/proxy	The Company's responses
1.	Does the Company have any plan to execute merger & acquisition?	The Company will consider such opportunities if the Board is of the view that the proposal presents a fair valuation and synergistic to the Company's businesses.
2.	Will the Company consider consolidation of shares in view of low EPS?	The Company is of the view that the current capital base is optimal.
3.	Any potential competition in pricing that encountered or will be encountered by the Company?	Pressure in cost reduction is continual and the Company is constantly working on pricing models to compete in pricing where we have to.
4.	Any impact foreseen from the corporate exercise happening in one of the customers?	Block A in Plant 34 has been allocated to the customer as scheduled and as of the AGM, we opined that business relationship between Inari and the customer remains intact.
5.	Any new customer to take up Block C of Plant P34?	A number of potential customers have visited the plant and indicated their interest in Block C. The Company will make the necessary announcement when there is new business collaboration.
6.	What are the new products mentioned in the 1st quarterly report of FY2020 announced recently?	The new products mentioned are new RF products, higher speed fibre-optic transceivers and 3D facial recognition products.
7.	Given that 5G technology can be used in other areas apart from smartphones, will Inari consider manufacturing products other than smartphone components?	Yes. There are many other products which require 5G such as sensors and IOT which could be added to the Company's product portfolio.
8.	Is Inari still involved in LED billboard production?	Inari is still in this business however volume is insignificant due to low customer demand.
9.	If it takes 3 years to fill up the capacity in Plant P34, how much is the forecast capital expenditure?	Capital expenditure is budgeted around RM120 million – RM150 million per year for the Inari Group.

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10.	Do the 9 plants produce same or different products?	All the 9 plants produce different products.
11.	Where does the Company source for the packaging materials and its cost?	Most packaging materials are sourced locally at the cheapest possible price at a required quality.
12.	If Apple smartphone is to be exempted from China's tariff, how will it affect Inari?	If the move results in an increase in smartphone sales, it will be a good development for Inari.
13.	Does Inari manufacture any products for the China market?	Our products are sold worldwide.

PART B : MATTERS RAISED FROM MSWG

No.	Questions raised by MSWG	The Company's responses
1.	<p>The production of new health sensor and both 2D and 3D facial recognition modules for the IOT segment has started and is ongoing (page 26 of the Annual Report 2019 ("AR2019")).</p> <p>a) Has the production of new health sensor and both 2D and 3D facial recognition modules for the IOT segment reached full scale production?</p> <p>b) What is the expected percentage revenue contribution from these products for the IOT segment for the financial year ending 2020?</p>	<p>a) We have been working on the IRIS Scan facilities and equipment deployment to Health Sensor, 2D and 3D facial recognition after customer declared the end of IRIS application in their new coming smartphones. We had successfully qualified the Health Sensor, 2D and 3D facial recognition products and in production mode currently.</p> <p>b) Presently, our priority is more on the ramping of 3D into the coming newer 5G smartphones. We anticipated the IOT contribution should around 8% - 10% of the overall revenue stream in FY2020.</p>
2.	<p>In relation to the Company's new plant in Batu Kawan, Penang (P34), Block A has been allocated to a major customer, Block B is to cater for spill over RF testers in preparation for future 5G business, while Block C is to cater for the new customers (page 27 of AR2019).</p> <p>What is the manufacturing capacity for Block A, Block B and Block C?</p>	<p>The manufacturing capacity for Block A, Block B and Block C are 210,000 square feet, 210,000 square feet and 260,000 square feet respectively, totalling 680,000 square feet for P34.</p>

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3.	<p>Revenue from Taiwan has decreased to approximately RM2.1 million (2018: RM8.3 million), while revenue from Others was RM3.1 million (2018: RM2.1 million) (Note 24, page 193 of AR2019).</p> <p>a) Why has revenue contribution from Taiwan decreased significantly? Do you expect revenue contribution from Taiwan to continue on a declining trend?</p> <p>b) Which are the other countries that have contributed to the Group's total revenue?</p>	<p>a) The revenue contribution from Taiwan decreased significantly due to the business being a legacy product - optical sensors for computer mouse by our subsidiary, Amertron Incorporated, Philippines. We do not expect any contribution from this product line in the coming financial year due to product obsolescence.</p> <p>b) The other countries' revenue of RM3.1 million, representing 0.3% of the Group's total revenue which is insignificant. These mentioned countries consist Germany and Hong Kong.</p>
4.	<p>Dato' Dr. Tan Seng Chuan, the Executive Vice Chairman of Inari is also the Executive Director of Insas Berhad and Diversified Gateway Solutions Berhad.</p> <p>As the Executive Vice Chairman of the Company, Dato' Dr. Tan Seng Chuan is expected to devote his full-time commitment to Inari as he is drawing salary, bonus and other benefits under the contract of service with the Company.</p> <p>Please explain how Dato' Dr. Tan Seng Chuan manages his time commitment to the Company vis-à-vis his position as Executive Director of Insas Berhad and Diversified Gateway Solutions Berhad given that all three are executive positions that require full-time commitment.</p>	<p>The Board has established clear roles and responsibilities for individual Executive Director ("ED") in the discharge of their respective fiduciary duties and leadership functions to govern and set the strategic direction of the Company while exercising oversight on the management. EDs' roles in Inari are task and results driven, and full time operational roles are undertaken by the CEO, CFO, COO and the management team.</p> <p>Dr Tan, as Executive Vice-Chairman, assists the Chairman to manage the activities and roles of the Board of Directors and subcommittees; in particular, he leads on risk management, sustainability and group remuneration policy as well as participating actively in business development and strategy for the group alongside the CEO. As Vice-Chairman, Dr Tan was instrumental in setting up the succession planning at the point of IPO, bringing in the younger CEO & CFO team to lead Inari after Inari's IPO in 2011.</p> <p>As part of the succession strategy, the EDs, in their individual areas, are expected to pace and mentor the management leadership team, be task driven and to avoid interference into the day-to-day operations lead by the C-suite. We cannot comment on Dr Tan's roles in the other companies, but we believe he has the leadership skills and experience to manage his time across the companies in similar task driven execution.</p>

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5.	<p>Dato' Wong Gian Kui, the Executive Director of Inari is also the Executive Director/Chief Executive Officer of Insas Berhad and the Executive Director of Ho Hup Construction Company Berhad.</p> <p>As the Executive Director of the Company, Dato' Wong Gian Kui is expected to devote his full-time commitment to Inari as he is drawing salary, bonus and other benefits under the contract of service with the Company.</p> <p>Please explain how Dato' Wong Gian Kui manages his time commitment to the Company vis-à-vis his position of Executive Director of Insas Berhad and Ho Hup Construction Company Berhad given that all three are executive positions that require full-time commitment.</p>	<p>Dato' Wong's role is similarly task driven in the areas of finance, audit, legal, corporate finance, merger and acquisition transactions, and corporate governance. Being a qualified accountant with more than 35 years of in-depth work experience, he works closely with and mentors the CFO, participates in negotiation for all proposed M&A transactions and vets all important legal documents and announcements by the Group. In view of Dato' Wong's CEO role at Insas Berhad and responsibilities in other PLCs, his role amongst the EDs is the least operations related. His compensation also reflects the limited scope of his executive role. Like Dr Tan, we cannot comment of Dato' Wong's roles in other companies, but we believe he too has the leadership skills and experience to manage his time across the companies in similar task driven execution.</p> <p>The terms of the EDs' services contracts, except for the CEO who is also an ED, allow for executive roles in other companies. All EDs are members of the Executive Committee ("EXCO") and have formal EXCO meetings regularly. The EDs' roles have been important to Inari's growth and success since its listing.</p> <p>The fixed salaries of the EDs are low with most of their remuneration being variable and linked to the performance of the Group. For FY19, Dr Tan and Dato' Wong's fixed remuneration are only about 30% of their total compensation. Both Dr Tan and Dato' Wong are founding directors of Inari since its inception in 2006.</p>
6.	<p>Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Al-Marhum Sultan Haji Ahmad Shah, DK(II), SIMP only attended 3 out of 5 Board meetings and Audit Committee meetings – 60% attendance during the financial year (page 87 of AR2019).</p> <p>What are the reasons for her not being able to attend the other two Board meetings and Audit Committee meetings during the financial years?</p>	<p>Tengku Aishah's absence was due to having to attend an ad hoc state event and bereavement of her father Al-Marhum Sultan Haji Ahmad Shah during the meeting dates.</p>