

SUPERCOMNET TECHNOLOGIES BERHAD

[Registration No. 199001005958 (197527-H)]

(Incorporated in Malaysia)

Minutes of the Thirty-Second Annual General Meeting of the Company held at Tasha Hall, Cinta Sayang Resort, Persiaran Cinta Sayang, 08000 Sungai Petani, Kedah on Friday, June 10, 2022, at 10.00 a.m.

Attendance

As per Attendance List

The Meeting commenced at 10.00 a.m. with the requisite quorum being present.

Notice

The Notice convening the Meeting was taken as read as it has been sent to all Members via hard copy by post. Members could also download the Annual Report 2021 and Share Buy-Back Statement from the Company's website. The Annual Report 2021 together with the Corporate Governance Report and Share Buy-Back Statement and the Notice of Meeting have been submitted and announced to the Stock Exchange. The Notice of Meeting was also advertised in News Straits Times within the prescribed period.

Mr. Goh Chooi Eam was appointed as Chairman of the Meeting by the Board members present as Mr. Ng Ngoon Weng was not present at the commencement of the Meeting.

1. CHAIRMAN'S ADDRESS

Upon the Secretary's confirmation of a quorum being present, Mr. Goh Chooi Eam wished all members present a very good morning and thanked them for their attendance at the Company's Thirty-Second Annual General Meeting (AGM).

After the introduction of the Board of Directors and Secretaries, the Chairman informed all present that the Company has received proxies totaling 509,973,883 shares, representing 66.95% of the issued shares of the Company.

Pursuant to Rule 8.31A of Bursa Malaysia ACE Market Listing Requirements, any resolution set out in the notice of general meeting is to be voted by poll. For the shareholders' information, the Share Registrar, Securities Services (Holdings) Sdn. Bhd. was appointed to act as the Poll Administrator while Commercial Quest Sdn. Bhd. was appointed to act as the scrutineer to validate the votes casted at the Meeting.

2. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS (AFS) FOR THE YEAR ENDED DECEMBER 31, 2021 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

This agenda item was meant for discussion only, as the provisions of Sections 248 and 340(1) of the Companies Act 2016 did not require formal approval of the members for the Audited Financial Statements (AFS). Hence, this Agenda item was not put forward for voting.

Encik Wan Mohd. Kushdi, a Member present at the Meeting enquired on the dividend policy of the Company (if any) and the ways the Company intended to sustain its business.

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In reply, Mr. Lim Eng Chuan, an Executive Director of the Company informed all present that there was no Dividend Policy adopted at the moment.

With reference to the sustainability of business operation, the Company had an added advantage during the Covid pandemic period due to the increase in demand in medical products related thereto. Despite the winding down of the pandemic, the Company would concentrate on other medical products whilst continuing to supply to the automotive industry which has been anticipated to grow.

Mr. Lim then handed back the Chair to Mr. Goh who then informed all present that the Company had received a letter from the Minority Shareholders Watch Group dated June 3, 2022 and he read the questions and replies for the members' notation as follows:-

Question 1:

The company achieved a strong performance for FYE 2021 where there was an increase in profitability for all 3 business segments namely medical, automotive and industry. The Company had registered a Compounded Annual Growth Rate of 42.9% in revenue since 2017. (Page 23 of AR 2021).

The Company had insulated itself from rising raw material transportation costs in FYE 2021 by implementing a cost pass-through solution.

What are the measures taken by the Company to mitigate the possibility of customers turning to the competitors of the Company as it cannot indefinitely implement the cost pass through solution as Customers will look for cheaper alternatives?

Answer:

The cost pass-through solution was mainly applied to those cost that drastically increase globally where other potential competitors also facing the same issues, for example: copper, electrical component and freight cost.

The Group had absorbed the cost increase for other materials and labour arose from global supply chain disruption and higher inflation. In order to mitigate the impacts, the Group are currently in midst of implement Lean Manufacturing for effective cost control and introducing new automation to replace existing manual processes and reducing quality rejects.

Other than the cost concerns, we have taken adequate measures to position ourselves through product quality, reliability and after-sales services. We were deeply encouraged and honored to have received a Supplier of The Year 2021 award and a Silver Recognition award from one of our significant customers.

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Question 2:

STB's commendable performance in FYE 2021 was boosted by the volume sales of medical devices such as the bronchoscope which was used as the first line of treatment for patients with suspected or confirmed Covid – 19 infection. (Page 23 of AR 2021).

As the pandemic becomes less severe, what are the Company's plans to mitigate the slowdown in sales of such products?

Answer:

In order to mitigate the slowdown in sales of such products, the Group has several new products in pipeline that could contribute meaningfully in FYE2022.

Question 3:

Research and Development (R&D) plays an important role in ensuring that the Company's products remain relevant to the market and especially since the Company's customers include MNCs such as Edward Lifesciences which is listed on the NYSE.

(a) What was the amount spent by the Company for R&D in FYE 2021?

(b) What is the amount allocated for R&D expenses for FYE 2022?

Answer:

The Group's R&D expenses for FYE 2021 and FYE 2022 were approximately 2% of the net profit for the respective financial year.

The Group's R&D expenses are relatively low as we position ourself as an OEM company where the Group do not hold any patent from the products developed together with customers. However, the Group are tied-together with the customers through FDA registration.

Question 4:

The Malaysian Government recently announced measures to make it more stringent to hire foreign labour. Any interruptions to the labour supply could adversely affect the Company's performance.

(a) What was the ratio of foreign labour to local labour in FYE 2021?

(b) In view of tightness in the labour market, does the Company plan to allocate more resources to automating its processes to reduce its dependence on labour?

Answer:

Foreign labour represents 18% of total employees of the Group.

We are currently in midst of implement Lean Manufacturing for effective cost control, and introducing new automation to replace existing manual processes and reducing quality rejects and labour reliance.

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Question 5:

Allowance for Credit Losses rose significantly in FYE 2021 to RM346k from NIL in FYE 2020. (Page 59 of AR 2021)

- (a) What were the reasons for the significant increase?
- (b) Has the Company's credit policies been reviewed to ensure that only credit-worthy customers are extended credit facilities?
- (c) Do you foresee a spike in this allowance in FYE 2022 as the economy is still lethargic?

Answer:

The credit losses arose from products development with new customers, where the customers having financial difficulty due to covid.

The Group has credit policies where only small amount are allowed to those new customers during products development.

The Group do not foresee a spike in this allowance in FYE 2022.

Question 6:

Practice 5.2 – At least half of the Board should comprise Independent Directors. STB's response: Departure. (page 26 of CG Report FYE2021)

MSWG's comment: As at the end of FYE 2021, only 3 out the 9 Directors or 33% were Independent Directors and this is not in line with Practice 5.2.

Does the Company plan to apply Practice 5.2, and if yes, by when?

Answer:

We are considering the recommendation on the number of independent directors.

Question 7:

Practice 5.3 : If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

STB's response – Two Independent Directors of the Company, Ng Ngoon Weng and Goh Chooi Eam who have served the Board for more than 9 years are seeking re-election. (Page 23 of CG Report FYE 2021)

MSWG's comment – Practice 5.3 stipulates that if a Director is to be retained beyond 9 years, there must be a two – tier voting conducted to obtain approval from shareholders. Does the Company intend to conduct a two – tier voting at the forthcoming AGM, and if no, why?

Answer:

Mr Ng Ngoon Weng and Mr Goh Chooi Eam have contributed positively and provided valuable guidance to the growth and governance of the Company, we will be having a two-tier voting exercise during this AGM.

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2. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS (AFS) FOR THE YEAR ENDED DECEMBER 31, 2021 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON (CONTINUED...)

As there were no further questions from the members, the AFS of the Company for the year ended December 31, 2021 together with the Reports of the Directors and Auditors were taken as laid before the Company pursuant to Section 244(2)(a) of the Companies Act 2016.

3. TO DECLARE A FINAL SINGLE-TIER DIVIDEND OF 1.5 SEN PER ORDINARY SHARE FOR THE YEAR ENDED DECEMBER 31, 2021

On the proposal by Mr. Kwan Yan Lae and seconded by Mr. Lee Zheng Lim, the proposed declaration of a Final Single-Tier Dividend of 1.5 sen per ordinary share for the year ended December 31, 2021 would be put to the members to vote by poll.

The members were informed that the said dividend, if approved, shall be paid on July 18, 2022 to the depositors whose names appear in the Record of Depositors at the close of business on June 24, 2022.

4. TO APPROVE DIRECTORS' FEES OF UP TO RM312,000.00 FROM THIS ANNUAL GENERAL MEETING (AGM) UNTIL THE NEXT DATE OF NEXT AGM OF THE COMPANY

On the proposal by Mr. Chua Vui Ting and seconded by Mr. Lim Kah Fu, the proposal to approve the Directors' Fees of up to RM312,000.00 from this AGM until the date of the next AGM would be put to the members to vote by poll under proposed Resolution 2.

5. TO APPROVE THE DIRECTORS' BENEFITS PAYABLE (EXCLUDING DIRECTORS' FEES) OF UP TO RM21,510.00 FROM THIS AGM UNTIL THE DATE OF NEXT AGM OF THE COMPANY

On the proposal by Ms. Lee Sheau Shiuan and seconded by Ms. Hamidah Bt. Azmi, the proposal to approve the Directors' Benefits payable (excluding directors' fees) of up to RM21,510.00 from this AGM until the date of the next AGM of the Company would be put to the members to vote by poll under proposed Resolution 3.

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6. TO RE-ELECT THE FOLLOWING DIRECTORS RETIRING UNDER THE PROVISION OF PARAGRAPH 102(1) AND 107(2) OF THE CONSTITUTION OF THE COMPANY

The Chairman informed the members that the following Directors retiring under the provision of Paragraph 102(1) and 107(2) of the Constitution of the Company respectively, and who, being eligible, had offered themselves for re-election:-

- i) Mr. Shiue, Jong-Zone A.K.A. James Shiue [Paragraph 102(1)]
- ii) Mr. Wu, Chung-Jung [Paragraph 102(1)]
- iii) Mr. Lim Eng Chuan [Paragraph 107(2)]
- iv) Ms. Ang Hwui Tee [Paragraph 107(2)]
- v) Ms. Tan Sok Suan [Paragraph 107(2)]

On the proposal by Mr. Seng Lead Ming and seconded by Mr. Li Huai, the motion on the re-election of Mr. Shiue, Jong-Zone A.K.A. James Shiue who retired pursuant to Paragraph 102(1) of the Constitution of the Company would be put to the members to vote by poll under proposed Resolution 4.

On the proposal by Ms. Ho Sai Boey and seconded by Ms. Khoo Sook Fu, the motion on the re-election of Mr. Wu, Chung-Jung who retired pursuant to Paragraph 102(1) of the Constitution of the Company would be put to the members to vote by poll under proposed Resolution 5.

On the proposal by Mr. Wong Kok Yen and seconded by Mr. Pan Chee Chen, the motion on the re-election of Mr. Lim Eng Chuan who retired pursuant to Paragraph 107(2) of the Constitution of the Company would be put to the members to vote by poll under proposed Resolution 6.

On the proposal by Mr. Cheng Wee Chian and seconded by Mr. Wong Kok Yen, the motion on the re-election of Ms. Ang Hwui Tee who retired pursuant to Paragraph 107(2) of the Constitution of the Company would be put to the members to vote by poll under proposed Resolution 7.

On the proposal by Mr. Lim Kah Fu and seconded by Mr. Chua Vui Ting, the motion on the re-election of Ms. Tan Sok Suan who retired pursuant to Paragraph 107(2) of the Constitution of the Company would be put to the members to vote by poll under proposed Resolution 8.

Their respective details could be found in the Annual Report 2021.

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7. TO RE-APPOINT MESSRS. DELOITTE PLT AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING DECEMBER 31, 2022 AND TO AUTHORISE THE BOARD OF DIRECTORS TO FIX THEIR REMUNERATION

As proposed by Mr. Lim Kah Fu and seconded by Ms. Lee Zheng Lim, the motion to consider Messrs. Deloitte PLT to be re-appointed as the Auditors of the Company for the financial year ending December 31, 2022 and to authorize the Directors to fix their remuneration would be put to the members to vote by poll under proposed Resolution 9. The retiring Auditors have expressed their willingness to continue in office.

8. AS SPECIAL BUSINESS – AUTHORITY TO ISSUE SHARES

On the proposal of Mr. Kwan Yan Lae and seconded by Mr. Lim Kah Fu, the proposed Resolution 10 was on Authority to Issue Shares pursuant to section 76 of the Companies Act 2016 and approvals from the Bursa Securities and other relevant governmental/regulatory authorities. The full text of the proposed resolution was set out in the Notice of Meeting.

9. AS SPECIAL BUSINESS – RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES

On the proposal of Mr. Wong Kok Yen and seconded by Mr. Pan Chee Chen, the proposed Resolution 11 was on Renewal of Authority to Purchase its own Shares and the full text of the proposed resolution was set out in the Notice of Meeting.

10. AS SPECIAL BUSINESS - CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Angelina Cheah, the Company Secretary was invited to table the proposed Resolutions 12 and 13 to consider the continuance of the following Directors in office as Independent Non-Executive Directors of the Company and would be dealt with separately: -

- a. Mr. Ng Ngoon Weng
- b. Mr. Goh Chooi Eam

She informed members present that the Nominating Committee and Board of Directors had assessed the independence of the above Directors, who had served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years respectively and the Board had recommended them to continue to act as Independent Non-Executive Directors of the Company based on the justifications detailed on page 5 and 6 under Notes 4 and 5 of the Annual Report 2021.

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10. AS SPECIAL BUSINESS - CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED...)

Meanwhile, in compliance with Corporate Governance, these motions would be carried out by way of a two-tier voting.

On the proposal by Mr. Chua Vui Ting and seconded by Mr. Kwan Yan Lae, the motion on the continuation in office by Mr Ng Ngoon Weng would be put to the members to vote by poll under proposed Resolution 12.

On the proposal by Mr. Lim Kah Fu and seconded by Mr. Kwan Yan Lae, the motion on the continuation in office by Mr. Goh Chooi Eam would be put to the members to vote by poll under proposed Resolution 13.

11. ANY OTHER BUSINESS

For the record, the Chairman notified all present that the Company has not received any notice of motion from the members of the Company since the dispatch of the notice of Thirty-Second Annual General Meeting.

The polling process commenced at 10.35 a.m. and the Chairman explained to the meeting on the procedures of the polling process. The Poll Administrator then collected the polling slips from members by using the ballot box.

While waiting for the Poll Administrator and Scrutineer to compute and check the poll results, the Chairman invited the members for a tea break.

The Chairman called the meeting to order again at 11.45 a.m. and read the poll results as per Appendix 1, a copy of which is attached herewith.

As verified and based on the poll results, it was resolved that all the Thirteen (13) resolutions were carried.

There being no further matters to discuss, it was resolved that the Meeting be concluded at 11.55 a.m. with a vote of thanks to the Chair.

Confirmed as a correct record



GOH CHOOI EAM
Chairman of Meeting