

**VITROX CORPORATION BERHAD**

(Company No. 649966-K)

(Incorporated in Malaysia)

Key matters deliberated during the 14th Annual General Meeting of the Company held at Auditorium of ViTrox Corporation Berhad, 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park, Phase IV, 11900 Bayan Lepas, Penang on Thursday, May 24, 2018 at 10.30 a.m.

No.	Question raised by	Question	Answer
1.	Khong Seng Kin	The reason of retaining a huge amount of Cash and Cash Equivalents as at FYE2017	Dato' Seri Dr. Chairman answered that the high cash reserve was to cater for the use of working capital and future capital investment.
		Measure taken to reduce Forex fluctuation risk	Mr. Lim Kim Seng replied that as 75% of the Group's Revenue and some of its liabilities were denominated in USD, by reviewing the forward contract from time to time could minimize the forex risk exposure against its net monetary assets to as low as possible.
		Wafer inspection system and expected timing for its commercialization	Mr. Chu Jenn Weng replied that such product was still at its preliminary stage for further improvement but the Group has received encouraging response from some potential customers thus far.  Dato' Seri Dr. Chairman also shared that in general, any launching of new product would take 3-5 years to yield positive results to its financial performance. He added that the spending on R&D expenses could be a more realistic indicator to monitor the progress of any product development instead.
2.	Lew Tuck Wai	Negative status on tax expense, which major subsidiary and the due date for tax incentive	Mr. Chu explained that the pioneer status currently granted to ViTrox Technologies Sdn Bhd will expire in year 2025. Whereas, the tax incentive enjoyed by ViE Technologies was expired in December 2017. The latter has submitted an application for a new pioneer status and pending for approval.
		Currency Risk	Mr. Lim explained that in consequential to the Foreign Exchange Administration Rules imposed by the Bank Negara Malaysia since December 5, 2016, such measure akin the natural-hedge approach which has minimized the Q-o-Q forex difference gradually.
		The Reversal of Allowance for slow moving inventories	Mr. Lim explained that the reversal was made as the aged inventories were able to be sold in the year.
		Steps taken to manage the Inventories and Receivables	Mr. Lim summarised that the continuous execution of various programs e.g. a more stringent inventory reserve policy and consistent review on aged inventory, a more rigorous payment term to new customers and regular follow up on outstanding accounts receivables has successfully reduced Days Inventory Outstanding (DIO) by 23% from 231 days in

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			<p>FY2016 to 179 days in FY2017 and Days Sales Outstanding (DSO) by 9% from 127 days in FY2016 to 115 days in FY2017.</p> <p>The management team endeavour to continuously improving the DIO and DSO to match or exceed the world class standard in the industry.</p>
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