

ANNEX A

Question 1

Have we stocked enough inventories?

Question 2

On page 68, there is some information on our major customers. Is the customer who accounted for 16% of revenue in 2020 still one of the top two customers in 2021? Also what sectors are these customers in?

Question 3

What is the latest update on the impact of the current global microchips shortage on our business? To what extent can we pass on the higher costs to our customers?

Question 4

In view of the US-China tech war - Qualcomm is reportedly losing market share in smartphone chip in China, has Compex Systems faced increasing challenges in marketing its products or solutions, which also use Qualcomm technology, to the Chinese market?

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Question 7

Can an update be provided for the Kulai plant in terms of manufacturing capacity relative to the one in China, capacity utilisation and impact due to the ongoing COVID-19 pandemic?

Question 8

Would the board explain the growing strategies and risk management plan in case of decoupling happen in between USA-China?

Question 9

In 2020 AR report, Chairman mentioned that Wifi 6 products are opening up more business opportunities,

- a) could the company share how Wifi 6 is changing the company's product mix in terms of revenue / profit versus wifi 5 / wifi 4 (say in % terms? eg. Is wifi 6 products becoming 50% of our current revenue?).
- b) Is the company still constrained by the supply of chips (both old and new across wifi 4, 5, 6 chip types)

Question 10

Can the company elaborate on:

- a) new growth areas / industries / new customers in 2021 and beyond? (E.g. Industrial computer designs, Education, etc)
- b) How does the company participate (or enable) the extension of corporate networks to homes? (2021 AR page 3 Chairman's statement)

Question 11

Due to the foresight of our management, it is stated that "the company has managed our customer's conversions into newer generation of microchips, which is less constrained in supply" and to "require most customers to place deposits when their orders are accepted". Can the company share if we have secured all the supplies of chips needed for future projects and is now in a better position to accept new projects going forward?

Question 12

In the results announcement, company said “a major European Union member country have applied our latest 11x (Wi-Fi 6) products to a public project”. Additionally, in the 2021 AR page 4, Europe’s share of our revenue saw a significant jump from 20% (in 2020) to 30% in 2021, could the company share more colours on this exciting revenue growth in Europe? Will this new customer cause a drop in our net profit margin?

Question 13

In 2021, dividend is capped conservatively at 5c. Can the board comment if this is a baseline payment (notwithstanding the capital reduction in 2020) or the company will be committed to pay a 8c or more dividend should the current good results continue?

Question 14

Can the company share how it has navigated through this over the past few years and if further measures are being taken? (E.g. further investment in Malaysia plant?). Are there restrictions on the use of Qualcomm chips in China?

Question 15

Would board explain the risk management plan in case of decoupling of Technology happen in and between USA-China?

Question 16

How is the operation of the factory in Malaysia affected by the Covid-19 measures in recent months?

Question 17

- a) Thank you Dr Chen Mun, Ms Katherine Ang and staff of PM Data for every year of growth and stability. In particular, this year was exceptionally difficult for many industries and I am amazed at our company’s resilience. With reference to page 10 of the annual report (five year summary), we have almost doubled our revenue and profits over this period. Can the management share their expectations of the industry’s growth prospects and our own?
- b) The next five years is certainly even more exciting with higher 5G and new WiFi adoption. What are our broad strategies to capture the growth of our current and new customers? With reference to potential merger and acquisitions, what would be a good fit for the company to either buy or be bought?
- c) Does our intellectual property include designs and systems that are patent-able and thus able to generate more recurring revenue for our business?
- d) Regarding the dividend in specie of the property to shareholders, I think it is a great move and fully support the company to delink the two businesses.

Question 18

In the past 5 years, approximately how many new competitors have entered the Group’s industry and competed against the Group?

Question 19

Who are the Group’s main competitors?

Question 20

What are the underlying drivers of demand for the Group’s products?

Question 21

What is the average life cycle of the Group’s wi-fi modules?

Question 22

During FY2021, how many customers have switched to the Group’s competitors?

Question 23

In 2021, the Group's "research and development and engineering teams have in recent times been actively engaged in early stage product development cycles of the Group's customers. Customisation of our proprietary products to meet their demands...is a valuable proposition that we put to our customers" [FY2021 Annual Report].

Will the transition towards customizing wi-fi modules make the customers more "sticky" (i.e. Will it be more difficult for customers of the Group's customized wi-fi modules to switch to the Group's competitors?)

Question 24

Is Compex's appointment as Qualcomm's Authorised Design Centre in South-East Asia an exclusive appointment? (i.e. no other companies can be appointed and compete against the Group, hence all Qualcomm's South-East Asian customers must use the Group's products and service?)

Question 25

What is the status of the Group's research and development of Wi-Fi 7 modules?

Question 26

According to the FY2021 Annual Report, the gross profit margin decreased from 54% to 49%. The reasons include (1) special preferential unit price for high volume purchases and (2) higher raw material costs for short-supply components.

- a) Will competitive pressures continue to force the Group to offer discounts to attract high volume purchases in the future?
- b) If the short-supply of components continue, will the Group be forced to continue absorbing the increased costs of raw materials?

Question 27

In the Q&A published on 29 Sep 2020, "The Board of Directors believes that before it considers any corporate action such as bonus issue (or share splits), the profitability of Group must be sustainable.

This implies that, as of Sep 2020, there is no significant certainty over the sustainability of the Group's profitability.

Could the Board please provide their current opinion on the sustainability of the Group's profit over the long-term?

Question 28

- a) How much did the Group spend on research and development (R&D) in FY2021?
- b) How much does the Group expect to spend on R&D in the future?
- c) Are all R&D costs expensed? Are there any capitalization of development costs under SFRS 38? Why not?

Question 29

About 8 weeks ago, a Facebook user (Rogue Dingo) posted an allegation against the Group on Compex's Facebook page. His allegations include "it is beyond my understand [sic] that a company will sell you hardware and then simply refuse to provide any support to [sic] further development

Because the allegation is serious, relevant to the shareholders' investment decisions and may also deter potential customers, could the Group please respond to these allegations?

Question 30

- a) If the shareholders approved the DIS and DIS is executed, who will be responsible for the operations of Harrison Pte Ltd?
- b) Do the directors and major shareholders (Dr Chen Mun and Ang Bee Yan) intend to retain the Harrison shares or opt for the cash alternative?