

ANNEX A

Question 1

The company has enjoyed very high growth in terms of sales in 2H 2019 and 1H 2020 but has subsequently declined significantly in 2H 2020. Is it possible to return to this high growth rate again after the pandemic is fully over ? Or is this period of high growth rate simply an exceptional period that we should not expect it to be repeated anytime soon? What kind of growth rate should we expect the company to grow its wireless business in the medium to long term?

Question 2

The company has been affected by the slowdown in the hospitality and transport business. How important are these 2 segments? Is it possible to reveal what proportion of business comes from these 2 segments?

Question 3

Is the company's sales still mostly high mix, low volume or has it become a more equal mix of low mix, high volume and high mix, low volume?

Question 4

What is the succession plan for the Chairman/CEO ?

Question 5

Can Powermatic Data elaborate on the market it serves?

Question 6

How large is the 5G/6G wifi industry sector?

Question 7

Can the company provide more info on the customers it serves?

Question 8

Congratulation on the growth in earning and profit for the past five years. In many instances, the share price does not reflect the intrinsic value of the company.

Compounding this, there is not much volume traded on a daily basis.

Has the company thought about splitting shares or providing bonus shares to shareholder to mitigate this?

Question 9

On 31 Oct 2019, the company announced a capital structure review including options for the property at 7 and 9 Harrison Road which may involve a capital reduction. The company has engaged 'professionals' to advise on the review. On 25 Aug 2020, the company proposed a capital distribution of \$0.286 per share.

- a) The announcement on 25 Aug did not mention anything about the Harrison Road property. The property at Harrison Road forms a major part of total assets and is masking the true returns on equity (ROE) of the core wireless business. After the capital distribution, ROE is ~17% but would have been ~24% excluding the investment property and its corresponding rental income. Can the board provide an update on their intentions (as well as corresponding timeline and reasons for such action or inaction) on the property?
- b) The Group has \$42M of cash and other financial assets. After the capital reduction, we still have \$32M in cash and other financial assets.
 - i. In the last 10 years, the group was profitable and generating positive free cash flows (except in 2013 when the distribution segment is still around).

- ii. In the same 10 years, operating expenses were kept below \$4.1M and capital expenditures (including that for investment property) has not exceeded \$3M.
 - iii. Currently, the company has less than \$7M of liabilities and no debt.
 - iv. There are no major acquisitions in the last 10 years and management has not guided that there will be major acquisitions going forward. Clearly, much of the \$32M is in excess cash not required for working capital or operational needs. Not forgetting the fact that the investment property which is unencumbered and contribute an extra layer of financial strength and security, can the board explain in detail their plans for the use of the excess cash not distributed?
- c) The company had engaged professionals to advise on the capital structure review. 10 months later, the result is a capital distribution of \$0.286 (which probably could easily be paid via dividends). With the remaining cash hoard and investment property, the capital structure still does not look like it is optimal. Are there any other insights that can be gained from the review? Has the review even concluded? Is it even worth the time and resources to engage them?

Question 10

In the latest Annual Report, chairman stated that: "With the worldwide introduction of cellular 5G, the 802.11ax WiFi 6 products we have developed are now supporting most of the 3rd-party 5G cellular modems. This will open up more business opportunities for us to tap into new trending applications that require cellular and WiFi working concurrently." With a view of helping shareholders understand the company's products, services and prospects better, could you provide some examples or case studies of these trending applications that require cellular and WiFi working concurrently?

One of the key benefits of WiFi-6 (vs WiFi-5) is its relative high performance in dense environments such as in stadiums, office and transport stations/hubs. With the COVID-19 situation and resulting social distancing measures, it looks like the benefits of WiFi-6 is not as pronounced anymore. Also, the company mentioned that "Customers at large, especially those in the hospitality and transportation sector, expect business to slow down in the foreseeable future." Is there other sectors or industries that are instead ramping up their use of WiFi-6 products due to the COVID-19 situation? Are these sectors/industries within the company's area of expertise and thus potentially benefitting the company?

Question 11

With the secular WiFi-6 and 6E trend, Compex's expertise and increasing reputation in the connectivity arena and large cash amounts with no debt, is there any plans to widen the scope of their operations (actively search for more clients or create more products or serve more industries) or looking at any acquisitions that can complement the existing operations? Will potential growth and expansion of business be constrained by capacity and personnel / labour?

Question 12

How much does the company spend on Research and Development every year (a general range and/or percentage of revenue will be good enough)?

Question 13

The gross profit margins have been increasing in the last few years. Can the company provide insights and comment on this? (what kind of value-added services, why the manufactured products are giving better margins in recent years etc.)

Question 14

On top of manufacturing and sale of wireless connectivity products, the wireless connectivity segment includes value-add services including consultations, design services and engineering works. Would appreciate if the company can disclose how much of the FY2019 and FY2020 revenue is attributable to such services and their corresponding margins.

Question 15

For FY2020, has the Group started selling any WiFi-6 products or services? Is this a major portion of Revenue in FY2020 (please give a rough % estimate, if possible) and in the future?

Question 16

A single major customer accounted for 16% of the total revenue for FY2020, without which revenue would have dropped by more than 10%. Is the Group expecting this particular customer to be a regular contributor to future sales or is it on a project basis or a one-time business?

Question 17

The company has made good progress into Asia markets (ex Singapore) in recent years. The company is also hiring executives that can communicate with oriental Chinese speaking clients. Is the company setting its sights on China? Also, with Singapore looking towards building a Smart City, why does the company not have a decent sales base here (lower margins, too competitive etc.?)

Question 18

In light of the capital reduction, no dividend was proposed for FY2020. The dividend payout as a percentage of earnings has been declining since 2015. The dividend payout for 2019 was just 40% of earnings. Even with the capital distribution, it looks like the Group is still carrying cash above its operational, financial resilience and capex requirements. Does the board intend to establish a proper dividend policy?

Question 19

Base on the latest sustainability report, the number of employees had decreased from 134 in Mar 2019 to 109 in Mar 2020. Of particular concern: Production (decreased from 54 to 45), Quality Control (24 to 11) and HR and Management Support (5 to 2). This is also despite the commencement of operations for the 2nd production facility in Malaysia and the supposed ramping up of WiFi-6 in 2020 and beyond. Is this part of cost rationalization and efficiency? Any specific reasons for the decrease in number of employees?

Question 20

Powermatic was listed since 1992. Many investors including existing shareholders are still unaware or unclear of what the company does especially with respect to the wireless connectivity segment. In fact, many shareholders still think the company is just an electronics distributor (which was substantially scaled down a few years back). Since this is going to be an e-AGM, we would appreciate if the company can take advantage of this and give a short presentation of the company's products, business model, case studies etc.

Question 21

From annual report page 9 showing the 5 year summary, it shows our company has done well since being appointed as Qualcomm ADC. For the next five years, what are management's plans to grow revenue further with the current challenging environments? Any plans for the company to venture growth with other chip companies like Broadcom or broaden our offerings with other solutions like low power/cost chipsets?

Question 22

With reference to Note 19A, we have unrealized losses from our investments in Thailand shares as of 31 Mar 2020. Can the Board update whether the performance of these shares has improved as of today? I urge the Board to seek disposal of these shares as they are non-core assets to the company and distribute the proceeds to shareholders.

Question 23

With reference to Note 21 of the annual report regarding carrying value of inventories at \$1.751m compared to last year at \$3.039m. Can management explain the decrease in inventory levels and update what is the current situation regarding MLCC components shortage as well as pricing?

Question 24

With reference to Note 22 on company level trade receivables of \$15.135m, can the management update on the status of collection and when the money is expected to be received?

Question 25

Revenue geographical information in Note 4C shows a substantial increase to customers in Asia (ex Singapore). Can the management elaborate on this increase and also share which industries are showing the most promise in terms of our revenue growth?

Question 26

- a) In the announcement on 31 Oct 2019, Company mentioned review of capital structure including options on the property in Harrison Road and engage professionals to advise the Board. Besides the capital reduction announced recently, has the Board appointed marketing agents to seek a sale of the property? Could the Board also share the key findings from this review?
- b) Reference to announcement on capital reduction on 25 Aug 2020 (Ref point 3.3.2), the capital reduction will be funded from cash available of \$10.5m and incoming dividend from subsidiary of \$13.6m. The capital reduction of \$0.286 will see a distribution of around \$10m. Will the Board consider another potential capital reduction in next 12 months with the incoming dividend from subsidiary if this cash is deemed as excess to the operations of the company?

Question 27

Pls share the growth drivers for the shareholders in the next 5 years.

Question 28

Pls elaborate the dividend halt recently.

Question 29

Pls share any recent development of the industrial property sale

Question 30

On Pg 3 of the Sustainability Report recently released by the company, it was mentioned that "In the coming months of 2020, we expect business to slow down as some of our clients are in the hospitality and transportation sectors that are badly hit. They may defer their orders due to deferment of their marketing activities."

Question 31

Will Powermatic benefit significantly from the 5G implementation? If so, please share with us in what ways can Powermatic benefit? How is Powermatic going to position herself for this new initiative.

Question 32

Can management share where is the growth area for the company for the next 3 years?

Question 33

What are the challenges face by the company and how is the company going to tackle it? Is the US and China tension affecting the company's business and to what extent?

Question 34

Were there new customers clinched during the last financial year? If so, how many and are they big customers that will have positive impact on earnings?

Question 35

What is the outlook of the company for the next 3 years?

Question 36

What's the outlook of the company for the rest of the year and 2021? With the various economies going full steam on 5G, it seems to bode well for the company?

Question 37

What's the conclusion or status on the freehold property?

Question 38

Moving forward, is there going to be a substantial shift in manufacturing from China plant to Malaysia plant? Or does the company see a marked increase in output from both plants to cater to the demand?

Question 39

What's the rationale behind conducting a capital reduction exercise vs other options (eg. dividend payout, shares buyback)

Question 40

Even after the capital reduction, the company is still holding onto a very substantial amount of cash. Is the company looking to do something with the money to generate higher returns? (M&As, longer dated bonds, properties etc)

Question 41

WiFi 6. Can the company elaborate on the impact of Wifi 6 products on the company's Top and Bottom line for 2019?

Question 42

WiFi 6. Going forward, can the company elaborate on future business opportunities on Wifi 6, especially with regards to the following statement : "With the worldwide introduction of cellular 5G, the 802.11ax WiFi 6 products we have developed are now supporting most of the 3rd-party 5G cellular modems. This will open up more business opportunities for us to tap into new trending applications that require cellular and WiFi working concurrently" page 4 AR

Question 43

WiFi 6E. Is this the new growth segment for 2021? Can the company share a timeline on its future implementation?

Question 44

Geographical Revenues. AR Page 4 noted that company "made considerable progress in increasing its reach in the Asia market in FY2020, representing 43% of the total revenue" Can the company add colour to this? Is this repeatable in future or is it once off? Is the company focussing on growing the Asian esp. China market? What about the other regions?

Question 45

Challenges in some business segments. Company stated that it expect business in hospitality and transportation sector to slow down in foreseeable future. What are the counter measures taken by the company?

Question 46

Supply Chain Disruptions and Manufacturing Delays. Company says "Supply chain disruptions and delays in the manufacturing process will invariably stifle the growth in the coming year", can the company elaborate on what supply chain disruptions has happened in 2019 and what delays in manufacturing has it also experienced? Has both been rectified now?

Question 47

Property at Harrison Road. There is no mention of disposal of this property at the latest announcement on capital reduction. What has happened to the review? Is it now dead? Notice that there is also no sales advertisement on websites like commercial guru? Is the company selling the 2 buildings?

Question 48

2nd Production Plant in Kulai. What is full capex for this set up? (Is it 2.3m approx. as at note 14) Compared to China Suzhou Plant, what is the production capacity of this plant? 10%, 20%?

Question 49

Dividend Payout. Barring unforeseen circumstances and big capital expenditures, will the company consider making a commitment to a higher dividend payout? E.g. 10c per year given the company has reached a new earnings base and exciting times are ahead with WiFi 6 and 6E?

Question 50

Single customer (16% of total revenue) pg 68 AR . Is this a repeat customer? Can this customer be retained? Is the company able to attract more of such customers in future?

Question 51

With reference to the article 'Gartner Identifies the Top 10 Wireless Technology Trends for 2019 and Beyond': <https://www.gartner.com/en/newsroom/press-releases/2019-07-23-gartner-identifies-the-top-10-wireless-technology-trend>. which trends provide the most opportunities for Powermatic? How does Powermatic intend to capitalize on these emerging technological advances?

Question 52

Who are the main competitors of Powermatic in the wireless field? Does Powermatic foresee that there will be less competitors when the technology moves to WiFi 6E? What are the main challenges in developing WiFi 6E as compared to 802.11ax WiFi 6 which has already been successfully deployed?

Could you explain further what are those new trending applications that require cellular and WiFi working concurrently? What are the benefits of having both cellular and WiFi working concurrently in the 5G era

Question 53

Highlights and lowlights for FY2020 (end March 2020) and new FY2021 (end March 2021)

Question 54

How's the new plant utilization in Kulai? How much did it contribute to FY2020 revenue? Any forecast for FY2021 revenue?

Question 55

Suzhou plant normalized back to pre-lockdown? How is the plant utilization?

Question 56

Is PMdata equipped with all the required 5G testers/equipments to start capturing the 5G market besides working hard to bring the latest WiFi6 products onto market. any particular potential market/industry which PMData plan to target for WiFi6/5G?

Question 57

Freehold investment property sale - how is the sale/expression of interest progressing?

Question 58

For the past over dozen of years the company have been giving out a dividend of not less than 5 cents per share, is the management considering continue this practice or increase in ordinary dividend to 8 cents as the retained earnings of company have increase from 6.965mio to 21.656mio enabling the company to distributed a higher dividend going forward.

Question 59

For the coming year are you still confident to grow the business under the covid 19 market. What is your forecast for the current year.

Question 60

- a) How much of our new facility in Malaysia represents in terms of production capacity, new staff and capex? Is there any change in our relation with Qualcomm?
- b) Are there any issue in our supply chains? (sourcing of components,...)
- c) Was there any big one off project completed during FY20?
- d) How much revenues come from the WIFI 6 products in FY20 compare to FY19?
- e) Will we have revenues from WIFI 6E in FY21?
- f) What are the requests for rental rebate or deferment at Singapore property

Question 61

The company received a letter from the lawyer of a software company alleging that the Group's subsidiary used the software company's IP illegally. Any updates since then?

Question 62

When are you going to sell your building?