Appendix I

AMTEL HOLDINGS BERHAD

(409449-A)

22nd Annual General Meeting

3 May 2019

MSWG

QUESTIONS & ANSWERS

STRATEGY & FINANCIAL MATTERS

Question 1

As stated on page 14 of the Annual Report 2018 (AR2018), the Group has a strong cash reserve totalling RM30.86 million which provides the Group with the capacity for future expansion and flexibility to invest in any potential business opportunities that yield positive returns.

What would be the expected minimum percentage of return on investment ("ROI") when the Board is evaluating potential business opportunities?

We need to be careful in utilising our cash reserves, balancing between future expansion of existing businesses and looking into new business opportunities. Every potential business opportunity needs to be evaluated on a case by case basis, rather than just looking at a fixed formula.

STRATEGY & FINANCIAL MATTERS

Question 2

On page 16 of the AR2018, it is stated that the Group's Information & Communication Technology ("ICT") products and services are highly dependent on the local Automotive industry and the revised National Automotive Policy ("NAP") expected to be unveiled this year.

How will the new NAP impact the business of Amtel?

The new NAP is expected to cover new technologies relating to vehicle connectivity and artificial intelligence. As a proven supplier of automotive accessories over the last 12 years, we will work closely with the automakers who will keep us informed of their needs ahead of time.

Amtel's main focus has always been placed on new product development initiatives. In the long term, we just need to ensure that our future products and/or services are aligned with the new NAP.

STRATEGY & FINANCIAL MATTERS

Question 3

We note on page 17 of the AR2018, the Group's main focus has always been placed on new product development initiatives for sustainability and the Group will also continue to introduce new and innovative products and services.

(a) How many new product development initiatives are the Group currently exploring and what is the status of such product development initiatives?

New products and/or services development initiatives is an ongoing effort. We have more than two (2) products under development and currently one (1) is under trial and subject to automaker's acceptance. However, we are unable to disclose due to our confidentiality agreements.

STRATEGY & FINANCIAL MATTERS

Question 3

We note on page 17 of the AR2018, the Group's main focus has always been placed on new product development initiatives for sustainability and the Group will also continue to introduce new and innovative products and services. *(Continued)*

(b) Are there plans to introduce new products and services for the financial year ending 30 November 2019? And if so, how many new products does Amtel intend to roll out?

Likewise, we are currently conducting trials. Gestation period for automakers takes between 24 - 36 months and the introduction of new product(s) is subject to their program, which we are unable to disclose at this moment.

STRATEGY & FINANCIAL MATTERS

Question 4

Under Note 14, (page 105) of the AR2018, we note that other receivables increased significantly to RM8,333,356 (2017: RM249,415) which was due to amount owing by a former subsidiary. The increase is alarming.

(a) What is the Board's view on the collectability of the said amount?

Based on the repayment received to-date, the Board is of the view that the said sum is collectible in full before 15 November 2019.

STRATEGY & FINANCIAL MATTERS

Question 4

Under Note 14, (page 105) of the AR2018, we note that other receivables increased significantly to RM8,333,356 (2017: RM249,415) which was due to amount owing by a former subsidiary. The increase is alarming. *(Continued)*

(b) Is there a repayment schedule and are there interest charges on the former subsidiary for the said amount owing?

Yes, there is a repayment schedule stated in the relevant share sale agreement, i.e. the purchaser shall pay the entire sum by 12 monthly instalments and so far, the payment is up to date.

No, there is no interest charges on the former subsidiary's advances. The Group does not practise interest charges on inter-company's advances, as these advances are short term in nature and are repayable on demand.

STRATEGY & FINANCIAL MATTERS

Question 4

Under Note 14, (page 105) of the AR2018, we note that other receivables increased significantly to RM8,333,356 (2017: RM249,415) which was due to amount owing by a former subsidiary. The increase is alarming. *(Continued)*

(c) To-date, how much of the other receivables have been collected?

The amount owing is RM8,200,513 and five (5) instalments totalling RM3,416,875 have been promptly collected, leaving a balance of RM4,783,638.

STRATEGY & FINANCIAL MATTERS

Question 5

On the same note 14, allowance for impairment loss on other receivables have increased to RM26,939 (2017: RM6,180).

(a) What is the nature of these impairment loss on other receivables?

This value comprises of several small amounts that are non-trade in nature and have been carried in the books for some time. As such, the Management has decided to impair these amounts during the financial year.

(b) What are the reasons for the increase and what are the recovery efforts undertaken?

As this value is made up of many small amounts, the Management is of the opinion that it is not cost effective to pursue further.

STRATEGY & FINANCIAL MATTERS

Question 6

Inventories of RM93,594 have been written down in 2018: (Note 31 (page 113) of the AR2018).

What is the nature of these inventories written down and what are the reasons for writing it down?

The Group assesses the carrying value of its inventories on a regular basis in compliance with Malaysian Financial Reporting Standards requirements. The write down during the financial year mainly comprises of obsolete spare parts and accessories relating to ICT business.

STRATEGY & FINANCIAL MATTERS

Question 7

On Note 35 (page 119) of the AR2018, we note that there were transactions with associates in relation to transfer of research and development amounting to RM577,777 (2017: Nil).

(a) Please provide further details in relation to the said transfer of research and development cost incurred.

In July 2014, the Group has obtained a mandate from its shareholders to grant financial assistance to Milan Utama Sdn Bhd ("MUSB"), which includes assisting MUSB in the development of telematics products. In year 2016, we had an agreement with MUSB to help organise and fund the development of a connected vehicle solution.

Under the agreement, MUSB will reimburse the Group progressively in accordance with payment milestones as agreed upon. The development cost billed in financial year 2018 is RM577,777 and the solution is currently under testing.

STRATEGY & FINANCIAL MATTERS

Question 7

On Note 35 (page 119) of the AR2018, we note that there were transactions with associates in relation to transfer of research and development amounting to RM577,777 (2017: Nil). *(Continued)*

(b) What is the name of the associate and its principal activities?

The name of the associate is Milan Utama Sdn Bhd. The Company is principally involved in the trading and distribution of telecommunication, telematics and ICT products, installation & distribution of vehicle products and project implementation.

STRATEGY & FINANCIAL MATTERS

Question 7

On Note 35 (page 119) of the AR2018, we note that there were transactions with associates in relation to transfer of research and development amounting to RM577,777 (2017: Nil). *(Continued)*

(c) What is the estimated budget for research and development for the financial year ending 2019?

The estimated budget for further research and development cost for MUSB for the financial year ending 2019 is estimated to be approximately RM100,000.

For the Group, we have set aside RM1,200,000, which represents close to 3% of the total ICT segment revenue.

CORPORATE GOVERNANCE MATTERS

Question 1

As stated on page 15 of the Corporate Governance Report, the Company does not have a written policy on gender diversity. Is there a plan to adopt such a policy by the Company? If so, by when?

Since August 2014, the Company has a female representative at the Board. Although there is no written policy on gender diversity, the Company is ready to comply with Practice 4.5 of the Malaysian Code on Corporate Governance 2017, when we find suitable female candidates who are able to contribute positively to the Company.

Thank You