

VITROX CORPORATION BERHAD

(Company No. 649966-K)

(Incorporated in Malaysia)

Key matters deliberated during the 21st Annual General Meeting of the Company held at the Auditorium of ViTrox Campus 2.0, 746, Persiaran Cassia Selatan 3, Batu Kawan Industrial Park, 14110 Bandar Cassia, Penang on Thursday, 29 May 2025 at 10.00 a.m.

No.	Enquiries / Concerns	Company's response
1.	<p>Operational and Financial matters</p> <p>The Group reported fair value losses on financial instruments amounted to RM9.43 million (FYE2023: Nil) in the consolidated statement of comprehensive income (page 102 of AR2024), while in the notes to the financial statements fair value losses on financial instruments were stated RM11.75 million (FYE2023: RM3.64 million) (Note26, page 145 of AR2024).</p> <p>(a) Please explain the said inconsistency as well as the reasons for the significant increase in FYE2024 compared to FYE2023?</p> <p>(b) The Group's acquisition of investment which amounted to RM9.43 million (FYE2023: Nil) as shown in the consolidated statement of cash flows (page 105 of AR2024</p> <p>Given that there was no such "investment" stated in the consolidated statement of financial position as at 31 December 2024, please clarify whether the investment acquired during the year might have been fully written off as fair value losses in the same year of acquisition. If so, please explain to the shareholders the full details of the investment and what the reasons for such significant losses incurred for the Group?</p>	<p>The RM9.43 million disclosed in the consolidated statement of comprehensive income (page 102 of AR2024) represents an impairment loss on investment. This amount is also included within the total fair value losses on financial instruments of RM11.75 million, as disclosed in Note 26 (page 145 of AR2024). The RM11.75 million comprises two components: RM9.43 million arising from the aforementioned impairment loss on investment—which significantly contributed to the increase in fair value losses on financial instruments compared to FYE2023— and RM2.32 million relating to fair value losses on forward exchange contracts.</p> <p>Yes, the investment acquired during the year was fully written off as fair value losses in the same year of acquisition. The investment was made in an entity focused on developing a product that is strategically important to ViTrox. This product is a critical component in the manufacturing of our end products and plays a vital role in enhancing the resilience and integration of our supply chain.</p> <p>However, the progress of its research and development has been significantly delayed compared to the timeline initially agreed upon at the time of investment. In light of this, we have made the conscious decision to exit the investment early to mitigate potential future losses and safeguard shareholder value.</p>
2.	<p>On 1 August 2024, the Group, through ViTrox Capital Sdn. Bhd. acquired 100% equity interest in Luvotech MSC Sdn. Bhd. ("Luvotech") for cash consideration of RM3,700,000. The acquisition gave rise to a goodwill of RM3,256,625. Luvotech's net assets were RM443,000. (Note 8, page 131 of AR2024)</p> <p>The purchase price represented approximately 835% of Luvotech's net asset value, with goodwill accounting for 88% of the purchase consideration.</p> <p>Given the significant premium paid and the substantial goodwill recognised, what was the rationale for paying such a high portion of the purchase consideration to goodwill? Were there any identifiable intangible assets such as technology-based, contract-based, marketing-related or customer-related intangibles that were acquired as part of the transaction?</p>	<p>The premium paid was primarily for the acquisition of technology-based intangible assets that hold significant long-term strategic value. These assets can be seamlessly integrated into our end products, strengthening our innovation capabilities and enhancing the overall value proposition. This acquisition not only contributes to immediate improvements in the Group's revenue and profitability but also positions ViTrox for sustainable growth and competitiveness in the years ahead.</p>

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No.	Enquiries / Concerns (Cont'd)	Company's response (Cont'd)
3.	<p>Except for FYE2023, Penang Automation Cluster Sdn. Bhd. ("PAC"), an associate company of Vitrox has been making losses since FYE2017. Losses amounted to RM1.60 million in FYE2024. Despite this, the Group increased its investment in PAC during the year from effective ownership interest of 36% to 38% in 2024 (Note 9, page 132 of AR2024). Subscription for shares in associate amounted to RM2.93 million (page 105 of AR2024).</p> <p>Were there any impairment indicators that required the recognition of impairment losses, particularly at the Company level where the carrying amount was significantly higher than that of the Group level?</p>	<p>Based on our review of PAC's financial forecast, there was no indication of impairment as at 31 December 2024 that would require the recognition of impairment losses.</p>
4.	<p>In relation to related party transactions and conflict of interest, it is noted that Ms. Chuah Poay Ngee, a Non-Independent Non-Executive Director of Vitrox is also a director and major shareholder of South Island Building Sdn. Bhd. ("SIB"). (page 80 of AR2024)</p> <p>Based on Bursa announcement dated 1 July 2024, ViTrox Technologies Sdn. Bhd., a wholly-owned subsidiary of Vitrox, had on 1 July 2024 awarded a contract to SIB for the earthwork, piling and main building works of Campus 4.0 ("Construction") at a total consideration of RM45.987 million.</p> <p>Given that the commencement date for on-site work was stated as 8 July 2024, could the Board clarify whether any progress billings were recorded during FYE2024? If so, what were the amounts transacted during the year and outstanding balances, if any, as at year-end? If such transactions occurred, why were they not disclosed in the financial statements?</p>	<p>A total progress billing of RM5.27 million was recorded during the FYE 2024 and was recognised under Capital Work in Progress. Full payment to SIB was made as of 31 December 2024. Accordingly, there was no outstanding balance payable to SIB as at year-end. The transactions with SIB were not disclosed in the financial statements, as they do not fall within the scope of related party transactions.</p>
5.	<ol style="list-style-type: none"> 1) The reason for the decline in Profit for the financial year 2024 vs. 2023; 2) The reason for the increase in Inventories in 2024 vs. 2023; 3) The collectability of the Trade receivables that more than 90 days past due. 	<p>The decline in Profit for the FYE 2024 was primarily due to the investment in ViTrox Academy Sdn. Bhd. and ViTrox Agritech Sdn. Bhd.. These investments have impacted the profit performance in FYE 2024.</p> <p>As for the increase in inventories, it is a result of the Group's strategy to stock up on materials and build machines ahead of time, in order to capitalize on business opportunities. This approach allows the Group to maintain a competitive advantage over smaller players by reducing lead times. To address inventory management, the Group is working to improve material lead times and optimise on-hand inventory. The implementation of business process automation, ViTrox Just-in-Time ("VJIT") and Vendor Managed Inventory ("VMI") programmes, to further streamline operations.</p> <p>The trade receivables outstanding for more than 90 days are considered collectible. Hence, there was no provision for bad debts in FYE2024.</p>