

VISDYNAMICS HOLDINGS BERHAD
Registration No. 200501000050 (677095-M)
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE COMPANY'S FIFTEENTH ANNUAL GENERAL MEETING
HELD ON FRIDAY, 13 MARCH 2020 AT 10:30 A.M.**

NO.	QUESTION RAISED BY MINORITY SHAREHOLDERS WATCH GROUP/ SHAREHOLDERS/ PROXIES	RESPONSES FROM DIRECTORS/ MANAGEMENT
1.	<p>The Company continues to have strong liquidity and receives potential orders in the pipeline going forward into new year (page 4 of Annual Report ("AR") 2019).</p> <p>(a) Given the current international outbreak of Coronavirus, is the Group's current order book on track?</p> <p>(b) What is the Group's targeted revenue growth for the next 3 years?</p>	<p>The prevailing circumstances of the outbreak of Coronavirus does affect the Company's operation for the next few months as the customers had slowdown in their production and postponed placement of order but there was no cancellation of order received from customers thus far. Nonetheless, the sales personnel had been approaching customers for new sales order.</p> <p>The Company had encountered difficulties in delivery of product to customers due to flight cancellations. Alternatively, the products were delivered by sea freight which would require longer delivery time and caused slight delay in delivery to the customers.</p> <p>The revenue growth for the next three (3) years was unpredictable as the technology sector was a fast-growing industry.</p>
2.	<p>The Group continues to explore new markets and business opportunities for its products and services (page 5 of AR 2019).</p> <p>What are the new markets that the Group is targeting to explore?</p>	<p>There were business opportunities and potential in the semiconductor industry, for testing or after testing machines and the result of exploration to new market would be promising if it was materialised. The Company was not able to provide information on the markets due to confidentiality constraints but will do so should these opportunities be realised.</p>
3.	<p>The Group focuses on and heavily invest in Research and Developments ("R&D") activities to continuously enhance current products and innovate new products in order to be the industry's top choice for equipment solution providers (page 5 of AR 2019).</p> <p>What is the expected R&D spending for the financial year ending 2020?</p>	<p>The Company spent majority of the time in R&D activities. However, not the entire expenses for R&D activities was recognised due to accounting standards and treatment in recognising the R&D expenses. The Company was not able to provide the estimated R&D expenses for the year 2020 due to confidentiality constrain and current market uncertainties.</p> <p>In addition, the Company did not confine to R&D activities alone but also involved in design, testing and assembling machines to ensure quality and performance of the machines met with the requirements of customers as well as servicing activities done by the service engineers.</p>

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4.	<p>Note 7, Short Term Investment funds amounting to RM3.8 million (2018: Nil) (page 7 of AR2019).</p> <p>(a) What is the rationale for investing in unit trust funds instead of investing in business operations?</p> <p>(b) What is the Company's investment policy for purchase and disposal of unit trust funds?</p> <p>(c) What is the minimum expected return on such investment?</p>	<p>The investment in unit trust fund was part of the Company's tax planning. The said investment had an expected return ranging between 3% to 4% and the earning from the said fund was not subject to tax as compared to the interest received from conventional fixed deposit placement.</p> <p>The amount of investment in the unit trust was subject to the cash flows requirement for the Company's operation and only excess cash held by the Company would be invested into the unit trust fund.</p> <p>In addition, the unit trust fund invested by the Company was a conventional fund with low investment risk and this investment was high in liquidity with no maturity period. The gain from the investment would be computed on daily basis.</p>
5.	<p>The Group has trade receivables amounting to RM4.2 million (2018: RM10.1 million) that are past due as at the end the reporting period but not impaired as the management is of the view that these amounts are recoverable from customers based on their financial standing and payment history (Note 9 (c), page 82 and page 5 of AR 2019).</p> <p>To-date, how much of the RM4.2 million of trade receivables have been collected?</p>	<p>There were subsequent receipts of RM2.46 million, representing approximately 60% of the reported trade receivables, from customers as at the end of January 2020.</p> <p>The reported trade receivables were not long outstanding amount due by the customers as the Company provided different credit terms to different customer, which some agreed credit terms allowed certain customer to have longer payment terms or instalments.</p> <p>Furthermore, the customers were making payment to the Company based on the agreed payment schedule.</p>
6.	<p>The reason accounted for drop in revenue by 20% for the financial year 2019 as compared to the financial year 2018 (page 6 of AR 2019).</p>	<p>The Company's performance for the financial year 2018 was exceptional and it was a record year since the Company's inception. The Management was of the view that the performance for the financial year 2019 was reasonably good despite of the unforeseen economic challenges in year 2019. In addition, the Company had different revenue recognition method due to unique agreed credit terms with the customers and the Company was prudent in recognising the Company's revenue.</p>

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7.	Whether the Company could sustain its performance of the fourth financial quarter ended 31 October 2019 in the coming financial year.	Based on the previous financial performance of the Company, large number of revenue would be recognised in the third and fourth financial quarters while the first half of the financial year would remain down due to festive season during December to February of the following year. It was usual trend of the Company's performance to have higher revenue captured at the last financial quarter.
8.	Type of machines produced by the Company and their function.	The Company's machines were not designed for the use of specific industry and it was not device specified. Most of the Company's products were automated test equipment for back-end semiconductor test focused on dimensional and vision inspection.
9.	Who are the Company's major customers in the industry?	The Company's major customers were from Taiwan and China, the Greater China region. Currently, the market in the United States nominated areas such as the Philippines had low demand due to the trade war between the United States and China.
10.	Who are the Company's closest competitor in the industry?	The Company's closest competitors included companies from Belgium and Singapore.
11.	Contribution of the high-speed transfer and inspection machine for non-semiconductor device to the Company's revenue	The revenue contribution of the said machine was not significant for the financial year 2019.
12.	What are the production time of a unit of machine and the inventories turnover days?	<p>The production time was depending on the specifications of machines. The Company would maintain inventories at optimise level to meet the production need and replenish the inventories once it was utilised.</p> <p>The inventories were mixture of raw materials, work in progress, finished goods shipped to customers. The finished goods shipped to customers. would be regarded as inventories until the same was recognised as sales upon receipt of the buy-off confirmation from the customers.</p>

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13.	Any credit risk arising from different credit terms given to different customers.	The Company do expose to certain commercial risk. However, the risk was minimal and in view of the established credibility of the existing customers, the Company did not foresee any potential bad debt therefrom.
14.	The details of prepayments amounting to RM1.88 million of the Group for the financial year ended 31 October 2019 reported under Note 10 to the Audited Financial Statements for the financial year ended 31 October 2019.	The prepayments were mainly the tax prepayments to Inland Revenue Board of Malaysia.
15.	Whether the Company intends to declare higher dividend in the future in view of improvement in performance and prospect of the industry.	The Board was being prudent in managing the Company's cash flows as the Company would require hefty fund to finance the R&D activities in order to sustain the Company's business and performance as well as to conserve sufficient fund for future development. However, the Company would continue in striving to declare higher rate of dividend to the shareholders.