

NERA TELECOMMUNICATIONS LTD

(the “Company”)

Company Registration No.: 197802690R
(Incorporated in the Republic of Singapore)

Minutes of the Annual General Meeting (the “**AGM**”) of the Company held at Temasek Club, 131 Rifle Range Road, Singapore 588406 on Tuesday, 23 April 2019 at 10 am

PRESENT

As per Attendance List.

CHAIRMAN

The Chairman of the Board of Directors, Ms. Wong Su Yen, chaired the AGM. The Chairman welcomed all shareholders present at the AGM and introduced the Directors and Management to the shareholders.

QUORUM

The Secretary confirmed that the quorum was present and the Chairman called the meeting to order at 10 am.

AGM PRESENTATION

Mr. Beck Tong Hong (“Mr. Beck”), the Chief Executive Officer and Executive Director of the Company gave a presentation to the shareholders on: (i) the Company’s key corporate developments comprising announcements released by the Company to Singapore Exchange Securities Trading Limited for the past 12 months; (ii) FY2018 Financial Performance and (iii) Future Outlook and Strategies transforming the Company into a more sustainable company.

Mr. Beck then invited comments or questions from shareholders. Shareholders’ questions were raised and addressed.

Mr. Ng Darien (“Mr **Ng**”), a shareholder of the Company enquired given that the Company has been operating in Asia Pacific and Australia; and is now also moving into Pakistan, whether the Company will continue to operate its business in Europe, Middle East and Africa (“**EMEA**”). Mr. Beck responded that the Company will continue to conduct business in EMEA, but due to challenges in that region, the Company is now more focused on the Asia Pacific market, which includes Pakistan. Mr Beck added the Company has been operating in Pakistan for a number of years.

Mr. Ng further enquired about the Company’s business operations in Indonesia and Myanmar. Mr Beck replied that the business in Indonesia is stable whilst the Company is facing challenges in Myanmar; the Company would look into available options for the Company’s business operations in Myanmar.

In response to Ms. Teo Sally’s (“**Ms. Teo**”) enquiry, a shareholder of the Company on the Company’s main competitors and the Company’s competitive advantage, Mr. Beck replied that the Company’s main competitive advantage is the Company’s global footprint, over 4 decades of excellent track record, large pool of certified engineers, and comprehensive technological solutions offered. Mr. Beck also shared with shareholders about the Company’s competitors.

Ms. Ng further enquired if the Company plans to collaborate with bigger companies from the United States for example to develop its 5G networks or related technologies. Mr. Beck responded that the main 5G network technology providers are from North America and Europe and the Company is exploring opportunities to collaborate with them. Mr. Beck added the Company has been working with various technological vendors and partners and it will continue to look out for strategic technological partners to complement the Company's current portfolio.

Ms. Teo enquired about the Company's technological partners/vendors in cybersecurity. Mr. Beck informed the Meeting that there are many vendors in cybersecurity and the Company chooses to work with best-in-breed cybersecurity vendors to complete the Company's product portfolio to meet customers' needs, and he named a few vendors which the Company is currently working with.

Mr. Chng Chee Khin, a shareholder of the Company enquired about the challenges faced by the Company in EMEA and whether the Company has any intention to close its business in EMEA. Mr. Beck replied that the Company has been facing keen competition in EMEA from a number of international organisations which manufacture microwave products on their own. Mr. Beck added the Company is still exploring and weighing the various options available to the Company for its EMEA business.

In response to Mr. William Adijaya Goh's ("**Mr. Goh**") query, a shareholder of the Company on the recognition of revenue from the contracts won, Mr Beck replied that each contract has a different project cycle and the duration is usually between 3-18 months.

Mr. Beck further shared with the Meeting about revenue recognition for a contract of S\$7.8 million won in November 2018. He informed the Meeting that the said contract is a multi-year contract, and besides the installation of the Wi-Fi Infrastructure Network, the Company also provides managed services and maintenance services to the said Network, and he added that the order backlog would be gradually converted to revenue over the next few years.

Mr. Goh referred to Page 73 of the Annual Report (Consolidated Cash Flow Statement), where it shows S\$1,464,000 dividends paid to a preference shareholder by a subsidiary, and enquired about the nature of this dividend and the frequency of declaring such a dividend to the said preference shareholder. Mr Beck responded that one of the Company's subsidiaries in an ASEAN country had declared a dividend to its shareholders, and under the statutory law of the relevant country, the preference shareholder is entitled to this preferential dividend; thereafter the Company received the dividend as its ordinary shareholder. Mr. Beck added this was a one-time preferential dividend declared and payable to that preference shareholder.

NOTICE

The notice convening the meeting, having been in the hands of the shareholders for the requisite statutory period, was taken as read.

The Chairman informed the shareholders that all resolutions to be passed at the meeting would be voted on by poll. Polling shall be conducted electronically via a wireless handheld device.

The Chairman further informed the Meeting that Trusted Services Pte. Ltd. ("**Polling Agent**") was appointed as Polling Agent and Corporate Republic Advisory Pte. Ltd. ("**Scrutineer**") was appointed as Scrutineer for the polling process at the meeting.

The Polling Agent invited the Scrutineer to present a short video explaining the voting process. A test resolution was conducted for shareholders to be familiarised with the voting process.

The Chairman informed that in her capacity as the Chairman of the AGM, she had been appointed as the proxy for some shareholders and would be voting in accordance with their instructions for each of the resolution by way of a poll.

ORDINARY BUSINESSES:

1. ADOPTION OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 TOGETHER WITH THE DIRECTORS' STATEMENT AND THE INDEPENDENT AUDITOR'S REPORT THEREON

Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Directors' Statement and the Independent Auditor's Report thereon was tabled at the Meeting.

The motion was proposed by Mr Chiam Hock Leong, a shareholder of the Company and seconded by Mr Quah Soon Chin Dennis, a shareholder of the Company.

The Chairman then invited questions from shareholders on the Audited Financial Statements and the Reports.

Mr. Ang Seong Kang Samuel ("**Mr. Ang**") informed the Meeting that he was the former CEO of the Company, and he was acting as proxy for Ms Lim Yew Hua. Mr. Ang enquired about the Company's financial results, where the turnover and order intake were lower when compared to previous year and requested the Company to share with the shareholders the reason for the decline. Mr. Beck responded that the lower turnover in FY2018 was mainly due to lower order intake from the EMEA region as well as delays in project completion. Mr. Beck added that, notwithstanding the lower turnover, the Company managed to achieve a net profit after tax of S\$7.8 million (same as in FY2017) because the Company had taken proactive cost control measures early.

The Chairman also shared with the Meeting that the Board of Directors has been monitoring closely the market trend as well as the Company's performance over the years. The Company's priority is transforming its business and moving into new growth areas whilst maintaining its existing business. The Chairman added that business transformation takes time and the Company has seen traction as seen in the new contracts won in the identified new growth areas during the transformation process.

Mr Tan Choon Hong ("**Mr Tan**"), a Director of the Company cited that the Management is aware of factors attributable to declining business and they have identified areas for growth and are constantly working towards that direction. Mr. Tan added Mr. Beck had given a very comprehensive presentation on those targeted areas at the AGM Presentation.

On dividends paid to the Company and paid to preference shareholder by a subsidiary, Mr. Goh enquired in the Audited Financial Statements, where the dividend received by the Company is recorded. Ms Jacqueline Tan ("**Ms Tan**"), Senior Financial Controller of the Company replied that the dividends paid to the Company was eliminated at the Group level, therefore it was not reflected in the Company's Consolidated Financial Statement.

Mr Goh further raised questions on strategies presented by Mr. Beck at the AGM Presentation and cautioned that the Company and Management should give careful thought to the Company moving into new areas.

Mr Tan responded that the Board together with the Management have been reviewing the Company's strategies and the Board is mindful that the Company stays within its core competencies in developing new strategies. Mr Tan added the Company is seeing early fruits of the strategies put in place by the current Management Team as the Company has won some contracts as presented by Mr. Beck earlier, and hoped to share more tangible results with shareholders in the future. Mr Tan further added that the Company will not progress and will remain stagnant if no changes are made.

The Chairman also assured the shareholders that the Board is focused on ensuring that shareholders' interests are safeguarded and it is a correct move for the Company to explore identified new growth areas as the Company is not only strengthening its core skills and technical expertise but also leveraging on the Company's customer base to evolve its business.

Mr. Ang further raised queries on incorporating a new subsidiary in Thailand and enquired the rationale of incorporating a new subsidiary in Thailand when the Company already has an existing subsidiary wholly-owned by the Company, and whether the transaction is in compliance with the laws and regulations, and whether the Financial Statements of the said subsidiary are audited.

Mr. Beck responded that the Company took the opportunity to restructure the business in Thailand by incorporating a new subsidiary when the Company learnt that the local director had decided to step down. The new subsidiary was incorporated with the help of a legal adviser.

The Board also informed the Shareholders that the incorporation of the new subsidiary was conducted within the law and further assured the shareholders that the Group Financial Statements are audited by EY Singapore and the Thailand subsidiary is audited by EY Thailand.

Mr. Ang further raised queries related to guidelines on the payment of CEO remuneration as the CEO Services Agreement was not disclosed in the Annual Report.

Dr. Lee Kwok Cheong ("**Dr. Lee**"), the Chairman of the Company's Remuneration Committee ("**RC**") responded that CEO remuneration was paid within the framework set by the RC at the beginning of every year. Due to competitive industry conditions, and the sensitivity and confidentiality of such matters, the details of the framework were not disclosed in the Annual Report. Dr. Lee also shared with the shareholders the remuneration framework consists of 3 components: (i) Financial performance (including profit) of the Company; (ii) Execution of the Company's new strategies; and (iii) Other aspects in managing the Company - such as staff development and stakeholder relationship management.

Dr. Lee further explained that moving into new areas is not a reckless decision because the traditional business is facing significant market pressure. Therefore, the Company has to invest in its people, build up its competency, and move into new areas. Dr. Lee added that the Company has to motivate the Management to deliver results.

In response to Ms. Phua Lucy's query, a shareholder of the Company, on Geographical Presence in the Annual Report, Mr. Beck replied that the Geographical Presence was segregated in accordance to origin of customers instead of presence of the Company's office.

Mr. Ang referred to Page 144 of the Annual Report (Shareholding Statistics), showing the total shares held by the Company's substantial shareholder, Asia Systems Ltd was different from the FY2017 Annual report, and enquired whether the substantial shareholder had acquired shares during the year 2018. Mr. Tan in response, confirmed that Asia Systems Ltd did not make any acquisition during year 2018.

Post Meeting Note

The Company released an announcement after the conclusion of the AGM, informing the shareholders that the incorrect shareholding reflected on Page 144 of the Annual Report was due to a typographical error.

As there were no further questions, the Chairman put the resolution to the vote. The results on the vote by way of poll were as follows:

	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		No. of Shares	As a percentage of total number of votes for and against the resolution (%)	No. of Shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 1</u> Adoption of the Audited Financial Statements for the financial year ended 31 December 2018 together with Directors' Statement and the Independent Auditor's Report thereon	199,362,939	198,246,239	99.44%	1,116,700	0.56%

The Chairman declared Ordinary Resolution 1 carried.

2. DECLARATION OF FINAL DIVIDEND

Mr. Wu Dongqin, a shareholder of the Company proposed that the payment of Final Dividend (tax exempt one-tier) of 1.5 cents per ordinary share for the financial year ended 31 December 2018. The motion was seconded by Mr. Tan Eng Chuan, a shareholder of the Company.

The motion was put to vote by poll. Shareholders were informed to cast their votes on the wireless handheld device. The results of the votes are as follows:

	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		No. of Shares	As a percentage of total number of votes for and against the resolution (%)	No. of Shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 2</u> Declaration of Final Dividend (tax exempt one-tier) of 1.5 cents per ordinary share for the financial year ended 31 December 2018	199,510,439	199,431,439	99.96%	79,000	0.04%

The Chairman declared Ordinary Resolution 2 carried.

3. RE-ELECTION OF MR. TAN LYE HUAT

It was noted that in accordance with the provisions of the Constitution of the Company, Mr. Tan Lye Huat would retire at the Meeting and being eligible, had offered himself for re-election. It was further noted that Mr. Tan, if re-elected, would remain as Chairman of the Audit and Risk Management Committee and member of the Nominating Committee.

The motion to re-elect Mr. Tan Lye Huat as a Director was duly proposed by Ms. Patricia Lee Lai Ming, a shareholder of the Company and seconded by Mr. Gan Seng Chat, a shareholder of the Company.

The motion was put to vote by poll. Shareholders were informed to cast their votes on the wireless handheld device. The results of the votes are as follows:

	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		No. of Shares	As a percentage of total number of votes for and against the resolution (%)	No. of Shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 3</u> Re-election of Mr Tan Lye Huat as Director	198,992,939	198,361,239	99.68%	631,700	0.32%

The Chairman declared Ordinary Resolution 3 carried.

4. RE-ELECTION OF DR. LEE KWOK CHEONG

It was noted that in accordance with the provisions of the Constitution of the Company, Dr. Lee Kwok Cheong would retire at the Meeting and being eligible, had offered himself for re-election. It was further noted that Dr. Lee, if re-elected, would remain as Chairman of the Remuneration Committee and member of the Audit and Risk Management Committee

The motion to re-elect Dr. Lee Kwok Cheong as a Director was duly proposed by Ms. Patricia Lee Lai Ming, a shareholder of the Company and seconded by Mr. Ngiam Lee Jong, a shareholder of the Company.

The motion was put to vote by poll. Shareholders were informed to cast their votes on the wireless handheld device. The results of the votes are as follows:

	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		No. of Shares	As a percentage of total number of votes for and against the resolution (%)	No. of Shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 4</u> Re-election of Dr Lee Kwok Cheong as Director	199,468,839	199,100,339	99.82%	368,500	0.18%

The Chairman declared Ordinary Resolution 4 carried.

5. RE-APPOINTMENT OF MESSRS ERNST & YOUNG LLP AS AUDITOR

The shareholders present were informed that Messrs Ernst & Young LLP had indicated their willingness to continue in office as Auditors of the Company.

Ms. Quek Eu Lyn, a shareholder of the Company proposed that Messrs Ernst & Young LLP be re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors. The motion was seconded by Mr. Gan Seng Chat, a shareholder of the Company.

The motion was put to vote by poll. Shareholders were informed to cast their votes on the wireless handheld device. The results of the votes are as follows:

	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		No. of Shares	As a percentage of total number of votes for and against the resolution (%)	No. of Shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 5</u> Re-appointment of Messrs Ernst & Young LLP as Auditors	199,409,739	198,737,839	99.66%	671,900	0.34%

The Chairman declared Ordinary Resolution 5 carried.

SPECIAL BUSINESSES:

6. PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Ms. Chan Lai Yoke, a shareholder of the Company proposed that the payment of Directors' fees of S\$270,000/- for the financial year ended 31 December 2018. The motion was seconded by Mr. Liew Kok Meng, a shareholder of the Company.

Mr. Ang commented the Directors' fees have remained stagnant for a number of years and suggested that the RC revisit the fees on account of substantial efforts and hardship contributed by Non-Executive Directors ("**NED**"). Mr. Ang also raised a query on additional Directors' fees of S\$175,000 proposed and paid to Independent Directors ("**IDs**") in 2018 as a one-off fee paid for the directors' contribution to the divestment of the payment solutions business ("**special project**") whilst the special project was completed in 2016.

Dr. Lee thanked Mr. Ang for his recognition of the NED's effort, and responded to Mr. Ang that the additional Directors' fees were paid to IDs mainly for their effort and time spent on a special project completed in 2016. As the IDs were an interested party to the proposed additional Directors' fee, the RC and IDs had taken a very cautious approach in reviewing the proposed additional Directors' fee, and therefore the delay.

Mr. Tan also shared with the shareholders that after completion of the special project, the Board of Directors had after careful consideration and deliberation, decided that the IDs should be awarded for their contribution towards the special project which had improved shareholders' value.

The motion was put to vote by poll. Shareholders were informed to cast their votes on the wireless handheld device. The results of the votes are as follows:

	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		No. of Shares	As a percentage of total number of votes for and against the resolution (%)	No. of Shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 6</u> Approval of the payment of Directors' fees amounting to S\$270,000 for the financial year ended 31 December 2018.	199,077,239	198,896,239	99.91%	181,000	0.09%

The Chairman declared Ordinary Resolution 6 carried.

7. AUTHORITY TO ISSUE SHARES

Mr. Ngiam Lee Jong, a shareholder of the Company proposed and Mr. Gan Seng Chat, a shareholder of the Company seconded the following motion:

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Rules of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary) of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per

centum (20%) of the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary of the Company (as calculated in accordance with sub-paragraph (2) below);

- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares (excluding treasury shares and shares (if any) held by a subsidiary of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

The motion was put to vote by poll. Shareholders were informed to cast their votes on the wireless handheld device. The results of the votes are as follows:

	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		No. of Shares	As a percentage of total number of votes for and against the resolution (%)	No. of Shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 7</u> Authority to allot and issue shares	197,721,339	197,565,339	99.92%	156,000	0.08%

The Chairman declared Ordinary Resolution 7 carried.

8. AUTHORITY TO GRANT AWARDS AND ISSUE SHARES UNDER THE PERFORMANCE SHARE PLAN

Resolution 8 was to grant awards and issue shares under the Performance Share Plan.

The Chairman informed the Meeting that the Group Executives and Associated Company Executives, who are shareholders of the Company would abstain from voting on this resolution, and they could only vote on this Resolution if they were appointed as proxies and specific instruction were given to them as to the way the votes were to be cast.

Mr. Yong Leng Ti, a shareholder of the Company proposed and Mr. Wu Dongqin, a shareholder of the Company seconded the following motion:

“That approval be and is hereby given to the directors to grant awards in accordance with the provisions of the Nera Telecommunications Performance Share Plan 2015” (the “Share Plan”) to allot and issue from time to time such number of shares in the capital of the Company as may be required to be delivered pursuant to the vesting of awards under the Share Plan, provided that the aggregate number of new shares allotted and issued and/or to be allotted and issued and issued shares (including treasury shares) delivered or to be delivered pursuant to the awards granted under the Share Plan shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time, and that such authority, shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.”

The motion was put to vote by poll. Shareholders were informed to cast their votes on the wireless handheld device. The results of the votes are as follows:

	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		No. of Shares	As a percentage of total number of votes for and against the resolution (%)	No. of Shares	As a percentage of total number of votes for and against the resolution (%)
<u>Resolution 8</u> Authority to grant awards and issue shares under the Performance Share Plan	198,508,939	198,244,239	99.87%	264,700	0.13%

The Chairman declared Ordinary Resolution 8 carried.

CONCLUSION

There being no other business, the Chairman thanked all present for their attendance and declared the meeting closed at 11:58 am.

Confirmed as a correct record of
The proceeding of the meeting

Ms. Wong Su-Yen
Chairman