

OPPSTAR BERHAD
 Registration No. 202101031391 (1431691-M)
 (Incorporated in Malaysia)

**QUESTIONS RECEIVED FROM THE SHAREHOLDER OF OPPSTAR BERHAD
 DURING THE 2ND ANNUAL GENERAL MEETING HELD ON 28 AUGUST 2023**

Questions/comments from Shareholder	The Company's Response/Answer
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON	
a.	<p>The shareholder complimented the Company on its outstanding performance. He remarked that the Company's IPO price might be the best IPO of the year and hoped for even better results next year.</p> <p>He also acknowledged the challenges of the fast-changing technology landscape and asked how long the Company's design could remain relevant. He cited the example of how phones become outdated and unable to support the latest content and features after a few years.</p>
	<p>In response to the shareholder's comments on phone becoming outdated quickly, the Chief Executive Officer ("CEO") responded that the question was more applicable to product companies, while our Company is a pure play IC design service company. He clarified that we did not own or sell any products, but only offered design services to our customers, who then charged their own customers for the products.</p> <p>He said that there are contract manufacturing companies, who are in the back end, like Globetronics, Inari and etc, who owned factories and hired workers to produce products for their customers. We have the same business model, but in a different segment of the semiconductor industry, where we are in the front end of the semiconductor industry.</p> <p>He stressed that IC design is very complex and need specialized task that required high-level academic qualifications and skills; where the minimum academic requirement for the design task was performed by those with bachelor's degree and above.</p> <p>He acknowledged that because of the fast technological changes, semiconductor companies will need to come out with new products almost every year, for example for new cars and phones.</p>
b.	<p>The shareholder inquired about the billing method, whether it was based on progress payment or full sum. He said if it is a turnkey project, would it mean that the full sum would be charged upon completion.</p>
	<p>The CEO explained that a mid-sized design project usually takes between 1 to 1½ years, sometimes even 2 years. He informed that we charge on a progressive basis, dividing the design process into different milestones and billing the customers when each milestone is</p>

		<p>reached.</p> <p>He further informed that our business follows a progressive growth model, we start with the back end design, then move to the front end design, and finally turnkey. As per our CFO's presentation, we have been shifting to offer full products turnkey solutions to our customers since 2019.</p> <p>In 2022 and beyond, we expanded and will continue to expand our services to include IP and products development. We will create IP for our customers that we have co-ownership, which allows us to sell it to our other customers who need the same IP. This creates a source of additional income for us in the future, and we have just begun to adopt this model.</p> <p>The recent MOU we signed is another business model. We are co-developing products with our customers through a joint venture company, in which we own 45% of the shares. We will also share the profits from the sales of the products. This is the direction we are moving forward with the Group.</p>
c.	<p>The shareholder asked the impact of the IP co-ownership on the pricing strategy. He commented that the first customer, who is also a co-owner of the IP, would demand a lower price for the product. This would shrink the profit margin and affect our revenue.</p>	<p>The CEO assured him that we are not compromising our profits. He explained that the said MOU was agreed with one of our long-term customers who wanted to see our commitment. We offered them a fair discount, not a steep one. In return we have the co-ownership which enable us to sell to other customers.</p>
d.	<p>The shareholder asked about the book orders and turnkey orders that the Company had received, and how long they would last.</p>	<p>The CEO replied that our business relies heavily on our customers, who have different ways of contracting us for our IC design services. Some customers give us the contracts for entire IC design, while others, especially those multinationals, have quarterly budget cycles and only issue us 3-month POs. This has been the case for many years, even for customers who have been with us for 6-7 years.</p> <p>Our current order book is approximately RM20m, but we have other potential projects that are not reflected in the order book because of the customers' short-term order practices.</p>

e.	<p>The shareholder expressed his concern about the current global chip market situation, which is affected by the competition among big countries; and the China's economic slowdown is also affecting the demand for chips.</p> <p>He considered opening new office in India is a very risky move. He pointed out that each country has its own legal system and economic challenges. He gave an example of a successful entrepreneur from Penang who was dissatisfied in India, despite being offered grants/incentives that never materialised.</p> <p>He also pointed out that although our Company focuses on front-end products, it still depends on the demand for back-end products. If the back-end products cannot be sold, the Company's prospects will be affected in the long run.</p> <p>He advised to be careful when exploring new territories.</p>	<p>The CEO clarified that the Company is cautious in doing business and the selection of Taiwan, India and Singapore as strategic locations was based on various factors as detailed in the Prospectus.</p> <p>He further informed that we chose India is because India has an established IC design industry and availability of talent pool in India, we intend to establish an IC design team in India to provide us proximity to some of our existing customers (such as MNCs who have operations in India). In addition, we also received enquiries from a potential customer in India.</p> <p>Other than business opportunities in India, he emphasized the importance of talent development and acquisition, especially for the "hard to find talent" in the IC industry. He pointed out that Malaysia with a small population of 32 million could have limited future talent pool. Hence, we consider other countries as potential talent sources for our Group.</p>
f.	<p>The shareholder asked why the Company opted to invest in unit trust when the market was very challenging instead of fixed deposit ("FD"), where the interest rate is 4%. He also wanted to know the return of unit trust.</p>	<p>The Chief Financial Officer ("CFO") replied that some of the unit trust funds were actually more stable than they looked, as they were invested in bonds issued by the Malaysian government. He also noted that the FD interest rate had fallen from 4% to 3.8%, which was much lower than before.</p> <p>He further explained that the interest income from FD for corporate companies was subject to tax, unlike for individuals. Therefore, the Company has invested a portion of the internal generated fund in unit trust.</p> <p>He stated that the small portion of the IPO proceeds will be used for working capital. While the rest, around 70-90% which is not used for the time being, was placed in money market fund that had principal protected.</p>

**ORDINARY RESOLUTION NO. 2
TO APPROVE THE PAYMENT OF DIRECTORS' FEES AND BENEFITS OF UP TO RM400,000 TO THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE**

PERIOD FROM 1 APRIL 2023 UNTIL THE NEXT ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY TO BE HELD IN 2024

g.	The shareholder asked why the directors' fees and benefits had gone up so much, from RM267,623 as stated in Resolution 1 to RM400,000, as stated in Resolution 2.	The CFO explained that the amount as stated in Resolution 2 was for 17 months and it covered the period from 1 April 2023 until the next AGM to be held in August 2024. He said that the Company needed the shareholders' mandate to pay the Independent Directors on monthly basis instead of waiting till the next AGM then only get the shareholders' approval by then.
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**ORDINARY RESOLUTION NO. 6
AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 FOR
THE DIRECTORS TO ISSUE SHARES**

h.	The shareholder asked if the Company had a specific plan or was just seeking for a general mandate. He suggested that the Company should avoid placing the shares to individual shareholders who might dump them and cause the price to drop. He recommended that the Company should allocate the shares to institutional funds instead.	Datuk Chairman responded that the Company only wanted the mandate and that there is no concrete plan at the moment. Datuk Chairman acknowledged his suggestion/recommendation.
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