

KEJURUTERAAN ASASTERA BERHAD

[199701005009 (420505-H)]
(Incorporated in Malaysia)

THE TWENTY-FOURTH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT NO. 18, JALAN RADIN BAGUS 9, BANDAR BARU SERI PETALING, 57000 KUALA LUMPUR, ON THURSDAY, 20 MAY 2021 AT 9.30 A.M.

QUESTION AND ANSWER SESSION

1) Question/Comments:

What is the prospect of the renewable energy and energy efficiency solutions business which is currently still an insignificant portion of the Group's business? How fast the expansion and profit contribution being expected moving forward?

Response:

The energy segment would improve the Company's earning feasibility from the year of 2021 onwards. The plan for energy segment has been slightly delayed compared to the forecast of growth in Malaysia, Thailand and Vietnam due to the travel restrictions related to the pandemic. If all the energy projects in the pipeline were successfully implemented, the segment would start to contribute the top line and bottom line of the financial statements by end of the year of 2021 and would continue to contribute more in the year of 2022.

Currently, the Company has the cogeneration facility and waste heat recovering projects at three plants with a total capacity of 5.7 Megawatt. One of the plants with a capacity of 1.5 Megawatt ("MW") was expected to commence operation in the third quarter of the year of 2021. The other two assets were a 2.0 MW cogeneration facility and a 2.2 MW waste heat recovery facility which were at the final stage of completion.

2) Question/Comments:

The contract assets had increased significantly which led to the tight cashflows of the Group. How the Group manages its liquidity and cash requirements? When will the contract assets balances being billed and collected? Any recoverability issue for the contract assets?

Response:

The Company has utilised bank facility to overcome the short-term cash environment and made collection efforts to tighten the credit control procedures. The contract assets would be billed upon receipt of certification and collected when due.

Currently, there had been no recoverability issue on the contract asset.

3) Question/Comments:

Any significant delay to the projects undertaken by the Group due to the lockdown?

Response:

The Company was able to fully resume operations from 1 June 2020 and was able to minimise the disturbance to the projects' schedule. Management had been monitoring the development of business closely. The work progress of the Company basically follows the work progress of the builders. One of the issues caused by the lockdown was shortage of manpower. The impact of lockdown on the work progress was not significant.

The new projects of the Company had increased by 27% in the year of 2020 as compared to year 2019. In the first quarter of the year of 2021, the Company was able to secure six (6) new projects. Currently, all these projects were on time.

4) Question/Comments:

Why the Group's borrowings had increased significantly and what are the purposes for such funds being used for?

Response:

The higher borrowing was due to the slower turnover of trade collection which lead to higher utilisation of trade financing overdraft facility.

5) Question/Comments:

Why there is reclassification of prior year figures as stated in Note 48 to the financial statements?

Response:

The reclassification was for better presentation purposes and clear understanding of the Property, plant and equipment ("PPE") and Right-of-use assets.

6) Question/Comments:

What is the progress of Meru One and Konpro's acquisition? What is KAB's current business outlook for the remaining of 2021? Any targeted new tenders coming up?

Response:

Both parties are in the midst of fulfilling CP on the SPA signed in March 2021. Going forward, KAB will continue to focus on its core competencies and expertise in the business of electrical and mechanical engineering services in Malaysia. We are also exploring opportunities to expand our green energy solutions business, namely the energy efficiency solutions, clean energy generation, renewable energy and asset management services.

At the same time, we will continue to grow our footprint in the Southeast Asian region, particularly in Malaysia, Thailand and Vietnam.

The group is actively participating in various local tenders for the M& E business sector and exploring potential value-accretive mergers and acquisitions to improve the company's profitability.

7) Question/Comments:

The Company to consider providing e-Wallet credits (e.g., Touch&Go) or food vouchers to shareholders.

Response:

The management appreciates and acknowledges the following suggestions and we are grateful for your unwavering support, loyalty and confidence in us. Instead of providing e-wallet credits, we have issued bonus issue of free warrants in April this year to reward the shareholders.

We are constantly putting our efforts to enhance our shareholders' value, hence our business performances.

8) Question/Comments:

How much does the Company spend to hold this virtual AGM plus remote participation & voting (RPV)?

Response:

The management ensure the costs are manage appropriately and we are committed to comply with all the relevant SOPs as required by the authorities.

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