



## 43<sup>RD</sup> ANNUAL GENERAL MEETING OF KUMPULAN PERANGSANG SELANGOR BERHAD HELD ON 30 JUNE 2020

### QUESTIONS AND ANSWERS - DURING 43<sup>RD</sup> AGM

NO.	QUESTIONS	ANSWERS
1	Hope the BOD will give e-vouchers to the shareholders for our continuous, sincere and faithful support. We believe we can come through this crisis.	We take note of your recommendation and we shall take this into consideration when outlining the administrative details for the next AGM.
2	Please consider giving e-voucher to participating shareholders, as did Bursa in its recent AGM, thank you.	We appreciate sincerely your participation in the virtual 43 <sup>rd</sup> AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.
3	I humbly request BOD to consider giving e-voucher and/or e-credit (i.e. e-Wallet) to attendees as a token of appreciation.	We take note of your recommendation and we shall take this into consideration when outlining the administrative details for the next AGM.
4	Why didn't the Company declare any dividend for FY2019 in addition to the special dividend? Were COVID-19 challenges the reason behind the decision of not declaring dividend?	Taking a far-sighted view towards financial prudent and sustainability as well as taking into consideration the unprecedented circumstances arising from the COVID-19 pandemic, the Board has resolved to preserve liquidity, hence safeguarding the Group's operation and prospect.
5	<p>Mr. Chairman, in these challenging times, please reward shareholders (who have participated in this RPV) with e-vouchers or e-wallets credits.</p> <p>The Government is promoting e-wallet usage &amp; at the recent BURSA RPV AGM, shareholders were rewarded with e-wallet credits. Thank you.</p>	We take note of your recommendation and we shall take this into consideration when outlining the administrative details for the next AGM.



<p>6</p> <p>Good Morning Mr. Chairman</p> <p>i) Smartpipe - Joint Venture with Menteri Besar Kedah Inc. Any Update?</p> <p>ii) Sprint - Understand the new Government (PN) is not going to acquire it - Any Update?</p> <p>iii) Toyoplus - China operations - How badly would they affect Group's future earning?</p> <p>iv) Covid 19 - During 3-6 months. How badly was KPS affected? Any Recovery Plan?</p>		<p><b>i) <u>Smartpipe</u></b></p> <p>We are pursuing further discussion with the respective water authority in Kedah to detail the scope, design, costing and timeline of the proposed project.</p>
		<p><b>ii) <u>SPRINT</u></b></p> <p>There are no new updates on the SPRINT deal. It is a policy matter; we will announce accordingly on any new developments.</p>
		<p><b>iii) <u>Toyoplas</u></b></p> <p>The impact of COVID-19 has already been observed in Q1 2020 financials whereby Toyoplas recorded lower revenue to that of Q1 2019. The pandemic had not only suppressed demand from end-markets, it also disrupted supply chain for materials and contract manufacturers' activities which ultimately affected Toyoplas sales orders.</p> <p>We will attain better clarity on the impact of COVID-19 on the business, its costs and ultimately, on our profitability, the earliest at the conclusion of 2Q2020.</p>
		<p><b>iv) <u>COVID-19</u></b></p> <p>The impact of COVID-19 pandemic on KPS' business and its subsidiary operations so far was mostly concentrated in March 2020, with the Group experiencing slow recoverability from the disruption in supply chain and reduced demand from customers in China, Indonesia, Malaysia and the US, as manufacturing activities around the world declined. We shall continue to monitor the performance of the Group's manufacturing businesses, thereafter, getting better clarity on the impact of the pandemic can be assessed, once the end demand of our products reaches a new equilibrium.</p> <p>KPS has planned for a range of business scenarios and have taken several risk mitigations. For instance, operationally, it has communicated with the suppliers to ensure an alternative and more sustainable supply of raw materials, and with customers to better understand the requirements of their essential services under the current condition. The subsidiary companies have also coordinated with the respective contract manufacturers for optimum production planning based on the limited production capacity. Financially, KPS has turned the strategic focus on austerity measures, maintaining adequate liquidity to support the Group's business</p>



		<p>as well as providing flexibility to weather the impact of the pandemic whose extent and depth are still uncertain.</p> <p>Tasks ahead will require levels of responses and depth of resilience, focussing first on the aspects of operations that we can control in protecting the Group's business amidst the challenging operating environment, be it locally or globally. Whilst maintaining our operational strength and financial capacity, we shall ensure KPS' business continuity and remain diligent in executing our business plans, keeping the continuance of value creation across all our subsidiary companies.</p>																				
7	<p>How is the plastics manufacturing business doing? Is Smartpipe making progress?</p>	<p><b><u>Toyoplas</u></b></p> <p>In 2019, Toyoplas' performance was impacted by the US-China trade war with China historically being the largest revenue contributor. Revenue contracted year-on-year from 2018, as detailed below:</p> <table border="1" data-bbox="842 823 1776 1002"> <thead> <tr> <th>Revenue (RM mil)</th> <th>FY2019</th> <th>FY2018</th> <th>Growth</th> </tr> </thead> <tbody> <tr> <td>China</td> <td>217.2</td> <td>244.2</td> <td>-12%</td> </tr> <tr> <td>Indonesia</td> <td>86.3</td> <td>79.1</td> <td>+16%</td> </tr> <tr> <td>Malaysia</td> <td>94.7</td> <td>116.6</td> <td>-35%</td> </tr> <tr> <td>Group</td> <td>398.2</td> <td>439.9</td> <td>-9.5%</td> </tr> </tbody> </table> <p>However, despite the drop in the revenue generation, Toyoplas enhanced its gross profit margins.</p> <p><b><u>CPI</u></b></p> <p>CPI continued to challenge itself in becoming a reliable and robust integrated plastics injection moulding solutions provider within its industry. Anticipating the future impact of technology on the industry, CPI has widened its customer base, onboarding new strategic customers from existing and new markets. Supported by its long-term clientele, CPI has also unlocked new business opportunities this year by undertaking new projects from existing customers and providing more value-added services. CPI continued to serve the automotive, medical, telecommunications as well as consumer electronics industries, leveraging on long-term relationship with its customers.</p>	Revenue (RM mil)	FY2019	FY2018	Growth	China	217.2	244.2	-12%	Indonesia	86.3	79.1	+16%	Malaysia	94.7	116.6	-35%	Group	398.2	439.9	-9.5%
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		<p><b><u>Smartpipe</u></b></p> <p>Smartpipe is currently prospecting three projects in Kedah, Selangor, and Sarawak. Moving forward, Smartpipe will continue its engagement with existing and new agencies and state water authorities to market and promote Compact Pipe® solutions for both the water and sewerage segments.</p>
8	<p>Mr Chairman, we shareholders spent money, time &amp; immense effort to participate in this RPV and it would be good CSR to reward us with e-vouchers or e-wallets credits for our efforts. Thank you.</p>	<p>We appreciate sincerely your participation in the virtual 43rd AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.</p>
9	<p>Please update us about Smartpipe since last year AGM? Encik Ahmad Fariz spoke quite a lot about it last year.</p>	<p>Smartpipe is currently prospecting three projects in Kedah, Selangor, and Sarawak. Moving forward, Smartpipe will continue its engagement with existing and new agencies and state water authorities to market and promote Compact Pipe® solutions for both the water and sewerage segments.</p>
10	<p>Would KPS consider share buy-back?</p>	<p>KPS is still growing its business, creating values from its subsidiary business. As we are still in a growth cycle, there are many business opportunities that we would like to explore or prioritise, such as pursuing capacity expansion and committing to certain marketing expenditure to increase sales.</p> <p>Hence, returning surplus funds may not be the option that the Group is currently inclined to do. Furthermore, as the business is still growing, it is imperative that we first ascertain the sustainability of the Group's cash flow and profitability before committing to having a share buyback policy.</p>
11	<p>Mr Chairman, kindly send vouchers to attendees who participated in RPV. Thank you.</p>	<p>We appreciate sincerely your participation in the virtual 43<sup>rd</sup> AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.</p>
12	<p>Good morning,</p> <p>Please consider giving e-vouchers to shareholders who attended this live streaming. Thank you.</p>	<p>We take note of your recommendation and we shall take this into consideration when outlining the administrative details for the next AGM.</p>



13	<p>Good morning Chairman and Board,</p> <p>Since this is the 1st remote meeting in the New Normal under this difficult time, we would appreciate if the Company gives out e-voucher for those who have taken time to log in for the meeting. Thank you.</p>	<p>We appreciate sincerely your participation in the virtual 43<sup>rd</sup> AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.</p>
14	<p>Good morning to the Board of Directors,</p> <p>As this is the first ever virtual AGM, everything is a new normal. Most shareholders are senior citizen and are not tech savvy. It takes a great effort and time to go and learn, in order to support this AGM. For going the extra length, please consider giving e-vouchers to the shareholders who have attended the virtual AGM. Thank you.</p>	<p>We appreciate sincerely your participation in the virtual 43<sup>rd</sup> AGM recently. We take note of your recommendation and we shall take this into consideration when outlining the administrative details for the next AGM.</p>
15	<p>What is the cost of conducting this virtual AGM? Compared to traditional physical AGM, any cost saving?</p>	<p>Yes, we benefited from the cost saving. The total cost to conduct the virtual AGM is materially lower than that of physical AGM.</p>
16	<p>Can the Company continue to pay dividend 4.5 sen this year?</p>	<p>The full extent of the impact of COVID-19 pandemic on our business will be clearer by the end of the second quarter or by early third quarter, after which we will have a better indication on the state of our balance sheet and cash flows, the two areas of financial health that have bearing on the future dividend outlook.</p>
17	<p>Good morning Mr. Chairman.</p> <p>Very good presentation. Thank you to our Company Secretary and Share Registrar, Tricor, for conducting this RPV well with very minimal hiccups. I</p>	<p>Thank you for your vote of confidence and support. We appreciate sincerely your participation in the virtual 43<sup>rd</sup> AGM recently. We shall take your recommendation into consideration when outlining the administrative details for the next AGM.</p>



	<p>am voting positively for all resolutions. Hope you would provide some e-vouchers to reward all those participating and voting in this RPV.</p>	
18	<p>i) We cannot attend this meeting physically to collect the usual goodies. Will there be e-voucher to be given to shareholders who participated in this virtual meeting.</p> <p>ii) Why were only 30 minutes allocated for this Q&amp;A session. Is this in line with the Companies Act 2016, in the spirit of good corporate governance &amp; Bursa listing rules?</p> <p>iii) Shareholders only meet the Board once a year. Why should you restrict shareholders from asking questions?</p>	<p>i) We appreciate sincerely your participation in the virtual 43rd AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.</p> <p>ii) The Companies Act, 2016 (“CA2016), Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Bursa MMLR”) and Constitution of KPS are silent in specifying any stipulated timeframe for the shareholders to exercise their right (to participate, speak and vote) during the AGM. Notwithstanding that, the procedure undertaken by KPS does not disregard the shareholders’ right to participate, speak and vote at the virtual AGM as the technology used by KPS does facilitate electronic voting, including voting in absentia and remote shareholders’ participation which is in line with Clause 53(5) of KPS Constitution, Section 327(1) of Companies Act 2016, and Practice 12.3 of Malaysian Code of Corporate Governance.</p> <p>iii) The Company has provided reasonable opportunity to the shareholders to pose their questions whereby the shareholders can submit their questions prior to the general meeting within the stipulated time and through a manner (for example electronic means or by post) as determined by the Company to facilitate discussions at the meeting. Although not all questions posted by the shareholders were answered during the live broadcast streaming, Management/Board is committed to answer all the remaining questions after the AGM by email to the shareholders and posted on the KPS’s website.</p>
19	<p>i) How many attended your virtual meeting today? Was it a drastic reduction in attendance?</p> <p>ii) Why are you not considering e-voucher to encourage more participation? Why are you not helping the economy and people by providing e-vouchers?</p>	<p>i) 128 or 90.85% shareholders out of 141 who registered for the Remote Participation and Voting facilities (“RPV”) participated in the KPS virtual AGM. However, we are unable to make like to like comparison given that this is the first time KPS convened its AGM virtually. [Source: Tricor Investor &amp; Issuing House Services Sdn Bhd (“Tricor”)]</p> <p>Notwithstanding that, if compared with the 2019 physical AGM, the number of shareholders who registered were 532 but the number of shareholders who participated and voted were 139 or 26% of the total registered shareholders. [Source: Boardroom Share Registrars Sdn Bhd]</p> <p>ii) We take note of your recommendation and we shall take this into consideration when outlining the administrative details for the next AGM.</p>



20	<p>Please explain under which laws the BOD is allowed to impose additional 2 days registration on online portal by Tricor before meeting start? Shouldn't the submission of duly completed proxy form be suffice? Such rule was never approved by shareholders and Tricor also failed to give any explanations on who gives them such authorisation? Did Tricor obtain sanction from Security Commission for such extra process?</p>	<p>Pursuant to Para. 2.13(b) of the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by SC on 18 April 2020 subsequently revised on 24 June 2020, listed issuers are required to provide guidance to shareholders on the requirements and methods of participating in the general meeting.</p> <p>Even for physical and hybrid general meetings, based on the guidelines, the listed issuers are also required to request shareholders to register ahead of the meetings so that necessary arrangements can be made. [Source: Tricor]</p>
21	<p>Will the Board be offered sumptuous lunch after this virtual meeting? Will they also be paid meeting fees? How does Board justify this when company enjoy cost savings from not offering even e-vouchers e.g., like for getting face masks, sanitizers etc in lieu of not having to rent expensive venue and meals and drinks?</p>	<p>The Company provided simple Malay set lunch comprising of fried chicken, fish, vegetables and cordial drinks to the Directors and Management who were present at the broadcast venue upon conclusion of the virtual meeting. Only four Directors were physically present at the broadcast venue while four others joined the meeting via video conference from their respective venue. There was no meeting allowance being paid to Directors for their attendance in AGM as espoused in the Directors' Remuneration Policy of the Company.</p>
22	<p>Please send me hardcopy of annual report, circular (if any) and admin note to my address registered with my broker as I have not received it.</p>	<p>You may request for copies of the printed reports (Annual Report 2019, Sustainability Report 2019 &amp; Circular to Shareholders on Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature at <a href="https://tiih.online">https://tiih.online</a> by selecting "Request for Annual Report" under the "Investor Services".</p> <p>Alternatively, you may also make your request via telephone/e-mail to Tricor at the number +603-2783 9299 or e-mail address: <a href="mailto:is.enquiry@my.tricorglobal.com">is.enquiry@my.tricorglobal.com</a>.</p>
23	<p>Why did you limit 10 questions only when meeting has just started?</p>	<p>Having analysed all the questions received pre-AGM and those received via the query box, there were about 60 questions posted. The 60 includes sub-questions within the submitted questions.</p> <p>During the AGM, Encik Ahmad Fariz addressed 11 broad questions. However, given the wide ambit and depth of his response, he answered more than 75% of the 60 questions submitted.</p>



		<p>His response covered the following areas of KPS businesses:</p> <ol style="list-style-type: none"> <li>1) Dividend;</li> <li>2) Share Price Performance;</li> <li>3) Market Capitalisation;</li> <li>4) COVID-19 Risk;</li> <li>5) Business Outlook;</li> <li>6) Other Corporate Matters including Investments &amp; Share Buyback; and</li> <li>7) Other Administrative-Related Questions.</li> </ol> <p>The responses to the abovementioned questions will be emailed to the respective questioner and posted on the Company's website.</p>
24	We understand there is cost saving for this type of virtual meeting, please share the savings with the shareholders by giving some vouchers.	Yes, we benefited from the cost saving. We take note of your recommendation and we shall take this into consideration when outlining the administrative details for the next AGM.
25	What would the dividend outlook be beyond 2019?	The full extent of the impact of COVID-19 pandemic on our business will be clearer by the end of the second quarter or by early third quarter, after which we will have a better indication on the state of our balance sheet and cash flows, the two areas of financial health that have bearing on the future dividend outlook.
26	Why was there no dividend declared for FY2019 when the Company was making profit?	Taking a far-sighted view towards financial prudent and sustainability as well as taking into consideration the unprecedented circumstances arising from the COVID-19 pandemic, the Board has resolved to preserve liquidity, hence safeguarding the Group's operation and prospect.
27	What has been the impact of COVID-19 to KPS' subsidiaries in general?	<p>Q1 2020 started off with challenges for businesses globally, as the year was greeted with the global pandemic COVID-19. The Group's subsidiaries, save its trading business, were not spared from the impact of the pandemic.</p> <p>The pandemic has resulted in disruption in the global supply chain as well as in weaker demand, which are expected to have material impact to the Group's profitability in 2020.</p>
28	Would KPS consider share buy-back?	KPS is still growing its business, creating values from its subsidiary business. As we are still in a growth cycle, there are many business opportunities that we would like to explore or prioritise, such as pursuing capacity expansion and committing to certain marketing expenditure to increase sales.





		Hence, returning surplus funds may not be the option that the Group is currently inclined to do. Furthermore, as the business is still growing, it is imperative that we first ascertain the sustainability of the Group's cash flow and profitability before committing to having a share buyback policy.
29	Is Smartpipe making any headway?	Smartpipe is currently prospecting three projects in Kedah, Selangor, and Sarawak. Moving forward, Smartpipe will continue its engagement with existing and new agencies and state water authorities to market and promote Compact Pipe® solutions for both the water and sewerage segments.
30	I would like to enquire whether the Company will still hold RPV for future general meetings after the MCO is lifted?	<p>Yes, it is possible, as Clause 53(4)(5) of the Company's Constitution and Section 327(1) of CA2016 allows the use of technology for the conduct of physical and/or virtual General Meeting, provided the following conditions are met:</p> <ul style="list-style-type: none"> <li>i) All the Members for the time being entitled to receive notice of the General Meeting shall be entitled to receive notice of the physical and/or virtual General Meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as determined by the Board of Directors and permitted by this Constitution; and</li> <li>ii) The Members who attend the General Meeting remotely may participate, speak and vote at the physical and/or virtual General Meeting provided that the remote locations should leverage on technology to facilitate voting, including voting in absentia and remote shareholders' participation at the physical and/or virtual General Meeting.</li> </ul> <p>Besides that, KPS need to also ensure that the main venue of the meeting is in Malaysia and the Chairperson of the meeting shall be at the main venue, as per Clause 52(3) of the Constitution.</p>
31	Are we entitled for any e-voucher?	Thank you for your enquiry. We shall take this into consideration when outlining the administrative details for the next AGM.
32	The directors' fees should be reduced during this difficult time.	The current Directors' Remuneration commensurate with the Directors' contribution to the Company overall performance. Besides that, the said Directors' Remuneration is aimed to attract talent as well as nurture and retain high calibre Directors in the Board in promoting business stability and growth of the Company.



33	Are there specific plans for corporate social responsibilities in 2020?	<p>KPS will continue its efforts for 2020 in addressing Economic, Environmental and Social ("EES") risks and opportunities for the Group.</p> <p>Aligned with our “We Invest for A Better Future” spirit, KPS is committed to building social development that generates positive results to our intended target audiences. As a Public Listed Company, apart from supporting the company's strategic direction, our top priority is to assure all sustainability programmes, activities and initiatives are successfully executed and will benefit the targeted communities.</p> <p>Our efforts in carrying out specific CSR programmes are guided by an integrated framework i.e. Education, Entrepreneurship, Community Development Programme and Philanthropy.</p>
34	How bad is the current COVID-19 pandemic affecting the performance of the Company?	<p>Q1 2020 started off with challenges for businesses globally, as the year was greeted with the global pandemic COVID-19. The Group’s subsidiaries, save its trading business, were not spared from the impact of the pandemic.</p> <p>The pandemic has resulted in disruption in the global supply chain as well as in weaker demand, which are expected to have material impact to the Group’s profitability in 2020.</p>
35	I know of a lot of shareholders who do not have means & link to this virtual AGM to vote. How is the Board going to address this problem?	Such members may cast a vote via proxy forms appointing the Chairperson of the meeting to vote on the members’ behalf. The proxy forms should be submitted within the stipulated time and through a manner (for example electronic means or postal) as stipulated in the Notice of Meeting.
36	Can the Company mail out the vouchers to us?	We appreciate sincerely your participation in the virtual 43rd AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.
37	What is the Group’s intention or plans on reducing debt?	Having assessed our financial position and cashflow, we have plans to reduce the gearing level to a more desired level, reflecting a realistic picture of the Group’s financial situation.
38	<p>i) In light of COVID-19, any redundancies? Any measures to retain key staff?</p> <p>ii) Also, will there be any vouchers or e-vouchers for the shareholders?</p>	<p>i) As at Q1 2020 KPS Group has a total of 3,345 employees and it is certainly a challenge in managing employees during this difficult time. The Management however has taken few proactive measures such as applying for business to operate during MCO (MITI), subscribing to Wage Subsidy Program (SOCSSO), deferment of HRDF payment, amongst others. By having proactive measures and careful cash flow management, we have avoided employees redundancies or downsizing exercise. In retaining key staff, KPS Group has its Talent Management &amp; Succession Planning program in place since 2016 to support the Business</p>



		<p>Plan and it is an initiative to retain key talents within the Group. Annually, the Nomination &amp; Remuneration Committee (NRC) deliberates on the implementation and subsequently notifies the Board.</p> <p>ii) Thank you for your enquiry. We shall take this into consideration when outlining the administrative details for the next AGM.</p>
39	Will next year's AGM be virtual or physical?	We shall stand guided by the restrictions or guidelines set by the National Security Council and Ministry of Health for next year's AGM.
40	Is there any breach of covenants or issues on managing the debts? How bad is the pandemic to the Group's business?	<p>To date, we have not breached any of the loan covenants. All covenants are closely monitored on monthly basis.</p> <p>Our action on debt risk management includes debt aging monitoring and review of existing credit term with customers.</p> <p>The pandemic has resulted in disruption in the global supply chain as well as in weaker demand, which are expected to have material impact to the Group's profitability in 2020.</p>
41	<p>i) How has the Board minimised/limited/managed possible exchange rate fluctuations?</p> <p>ii) Does the Board's plan for future need in working capital – how will it be raise?</p>	<p>i) KPS has in place a foreign exchange policy to minimise the adverse exchange rate fluctuations. Currency exposure arising from import of goods from various countries is managed by using foreign currency forward contracts with maturities of less than twelve (12) months, to hedge against fluctuation in the foreign currency exchange rate.</p> <p>ii) Our working capital is normally financed by internally generated funds and credit facilities.</p>
42	<p>i) Can you inform us of the current financial position?</p> <p>ii) Has the Board checked its figures?</p>	<p>i) KPS latest financial position is as per Q1 2020 results, announced on 28 May 2020. The report is available in Bursa Malaysia website.</p> <p>ii) Prior to the announcement, Management has presented the results to Board Audit Committee for concurrence before being tabled to Board of Directors for approval.</p>



43	Can we get e-vouchers?	Thank you for your enquiry. We shall take this into consideration when outlining the administrative details for the next AGM.
44	How do I get vouchers this year? Times are not good. With COVID-19, every little thing counts. I have always appreciated the vouchers every year. But this year how are we going to get them?	We appreciate sincerely your participation in the virtual 43rd AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.
45	Can we have physical meeting instead of virtual AGM next year?	We shall stand guided by the restrictions or guidelines set by the National Security Council and Ministry of Health for next year's AGM.
46	Most companies are cutting costs, please advise us on your cost cutting measures.	We are selective with our cost cutting measures, focusing on essential initiatives, and aiming for positive impact in managing the expectation of our many stakeholders.
47	Will shareholders still be receiving any vouchers this year since there is no physical AGM?	We appreciate sincerely your participation in the virtual 43rd AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.
48	Will there be any free gifts for shareholders who attended this virtual AGM?	Thank you for your enquiry. We shall take this into consideration when outlining the administrative details for the next AGM.
49	When will I receive my next dividend?	The full extent of the impact of COVID-19 pandemic on our business will be clearer by the end of the second quarter or by early third quarter, after which we will have a better indication on the state of our balance sheet and cash flows, the two areas of financial health that have bearing on the future dividend outlook.



50	<p>Why did KPS share price keep retracing? Will it ever rebound to the previous levels prior to SPLASH disposal?</p>	<p>There are two aspects to your question here we wish to address: structural change in KPS' earnings profile and overall investors' sentiment, both of which play significant roles in determining share price performance. Firstly, structural change in KPS' earnings profile. SPLASH used to contribute about RM100 million to the Group's earnings. KPS' historical share price which used to hover between RM1.50 and RM2.00 level was basically reflecting the historical Profit Attributable to the Owners of the Parent level of about RM100 million, equivalent to an Earnings per Share ("EPS") of about 20 sen.</p> <p>The disposal of SPLASH in August 2018 which was a result of the rationalisation of water assets initiated by the State had created a vacuum in KPS earnings. As reported, for the financial year ended 31 December 2019, KPS registered a Profit Attributable to the Owners of the Parent of approximately RM26 million, which was equivalent to an EPS of 5 sen, a fourth of that it reported previously. Reflecting the structural change in the earnings profile which normalised from RM100 million to RM26 million, fundamentally, the historical price of RM1.50 is not sustainable. Because the equity market is efficient in pricing in the new earnings profile and in discounting KPS future earnings, the share price retraced by 41.2% at the end of 2019 to RM0.70 from RM1.19 at the beginning of the year. Historically pegged at between 10x and 12x EPS to reflect perceived fair valuation relative to its peers in the same industry, KPS shares are currently trading at RM0.52.</p> <p>Secondly, cautious overall investors' sentiment. The performance was also affected by the overall risk aversion to investing in small capitalised stocks due to marred sentiment amidst rising uncertainty in the global and domestic economies, which in turn shifted the investment priority and preference amongst fund managers to large capitalised stocks which generally command better liquidity. Due to this, interest in stocks with small market capitalisation such as KPS weakened, giving further downward pressure to the share price performance. KPS has been working tirelessly, linking our many business capabilities to complement each other, optimising resources, and providing synergy within the Group. We had performed well since we launched the Business Transformation Plan ("BTP") in 2016.</p> <p>BTP is a strategic focus within the Group in creating the building blocks for future earnings aimed at narrowing the earnings gap from the disposal of SPLASH. And we had accomplished more in 2019, delivering stronger results in terms of profitability, operational efficiency, and liquidity. Further to the BTP that provides for better business fundamentals and earnings visibility, we have devised a multi-pronged business plan to improve our long-term profitability. The five-year business plan, acronymically known as LEAP25 (business plans for 2020 – 2024) is aimed at strengthening KPS' position as a stronger investment holding company with a few strategic ambitions. Details on LEAP are further provided and explained in the Management Discussion &amp; Analysis section from page 31 through page 71 of the 2019 Annual Report.</p>
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		<p>With the success of our business transformation plan in recent years, we are positive of the prospect of the Group within the next 5 years. With the expected improvement in profitability, the valuation of KPS shares is expected to re-rate higher, assuming the same earnings multiple attached to KPS shares at its peers going forward. With the anticipated re-rating, we will be able to cement the interest further by the analysts to initiate coverage on KPS and by the fund managers to initiate holdings in KPS shares.</p> <p>Given the structural change in earnings profile mentioned above, it is expected for the analysts and fund managers to be convinced of our earnings visibility and sustainability before committing to covering and investing in KPS. Our Investor Relations team has been and shall continue to engage with the investment community to increase KPS investor profile and subsequently improve the Group's investment appeal and marketability.</p>
51	<p>Despite the size of the assets and business, the company is small with less than RM300million market capitalisation. Why?</p>	<p>In theory, under a mature condition where the earnings of a company are on a steady and sustainable state of growth, net tangible asset per share ("NTA") could be a base to determine if the company is undervalued or overvalued. However, if the company is on a turnaround or growth cycle, its NTA would experience fluctuations due to the vagaries in the earnings profile. In this case, the NTA would not indicate the "reasonable value" of the company. Thus, it would be misleading to use a valuation that is benchmarked against solely on the NTA.</p> <p>We still need look into the company's other historical financial performance, such as the growth trends of the revenue, operating profits, and profits of the owners of the parent. Information on financial performance is widely accepted by investors as a stronger determinant of the future performance of the share price of the company. As highlighted in the previous question, KPS that is currently still in a growth cycle, is trading at RM0.52, reflecting the historical EPS of 5 sen and pegged at about 10x PE multiple.</p> <p>Based on the last financial reporting, our NTA was about RM630 million or RM1.17 per share. The respective market capitalisation was approximately RM280 million, or a share price of RM0.52. We take note on the gap between these two values.</p> <p>Notwithstanding COVID-19 pandemic and its impact to the Group's business, we are positive of the prospect of the Group within the next 5 years. With the expected improvement in profitability, the valuation of KPS shares is expected to re-rate higher, assuming the same earnings multiple attached to KPS shares at its peers going forward. With the anticipated re-rating in valuation which</p>



		will be supported by the expected expansion in earnings post 2020, the market capitalisation is also expected to grow in tandem, hence narrowing the gap between KPS' NTA and its market capitalisation.
52	What is your plan to catapult KPS' performance in the future?	<p>On 17<sup>th</sup> January 2020, we mapped out the key elements of our five-year strategic plan to determine the Group's firm position in the marketplace. The implementation of this strategy, acronymically known as LEAP25, is to strengthen KPS' position as a stronger investment holding company.</p> <p>Tasks ahead will require levels of responses and depth of resilience, focusing first on the aspects of operations that we can control in protecting the Group's business amidst the challenging operating environment, be it locally or globally.</p> <p>Whilst maintaining our operational strength and financial capacity, we shall ensure KPS' business continuity and remain diligent in executing our business plans, keeping the continuance of value creation across all our subsidiary companies.</p>
53	<p>i) Are we expecting new acquisitions or disposal of subsidiaries in 2020?</p> <p>ii) Despite the size of the assets and business, the company is small with less than RM300 million market capitalisation. Why?</p>	<p>i) Likely, there will not be any major acquisitions this year.</p> <p>Disposals of subsidiaries will be considered if the offered prices are attractive. We have plans for the non-core assets. However, COVID-19 has already dampened business sentiment, resulting in us probably taking a longer time to materialise those plans.</p> <p>ii) In theory, under a mature condition where the earnings of a company are on a steady and sustainable state of growth, net tangible asset per share ("NTA") could be a base to determine if the company is undervalued or overvalued. However, if the company is on a turnaround or growth cycle, its NTA would experience fluctuations due to the vagaries in the earnings profile. In this case, the NTA would not indicate the "reasonable value" of the company. Thus, it would be misleading to use a valuation that is benchmarked against solely on the NTA.</p> <p>We still need look into the company's other historical financial performance, such as the growth trends of the revenue, operating profits, and profits of the owners of the parent. Information on financial performance is widely accepted by investors as a stronger determinant of the future performance of the share price of the company. As highlighted in the previous question, KPS that is currently still in a growth cycle, is trading at RM0.52, reflecting the historical EPS of 5 sen and pegged at about 10x PE multiple.</p>



		<p>Based on the last financial reporting, our NTA was about RM630 million or RM1.17 per share. The respective market capitalisation was approximately RM280 million, or a share price of RM0.52. We take note on the gap between these two values.</p> <p>Notwithstanding COVID-19 pandemic and its impact to the Group's business, we are positive of the prospect of the Group within the next 5 years. With the expected improvement in profitability, the valuation of KPS shares is expected to re-rate higher, assuming the same earnings multiple attached to KPS shares at its peers going forward. With the anticipated re-rating in valuation which will be supported by the expected expansion in earnings post 2020, the market capitalisation is also expected to grow in tandem, hence narrowing the gap between KPS' NTA and its market capitalisation.</p>
54	Will shareholders be given any e-voucher for their participation?	Thank you for your enquiry. We shall take this into consideration when outlining the administrative details for the next AGM.
55	Please give us some e-vouchers. Thank you.	We appreciate sincerely your participation in the virtual 43 <sup>rd</sup> AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.
56	Why no dividend declared?	Taking a far-sighted view towards financial prudent and sustainability as well as taking into consideration the unprecedented circumstances arising from the COVID-19 pandemic, the Board has resolved to preserve liquidity, hence safeguarding the Group's operation and prospect.





57	i) How is the plastic manufacturing business doing?	<p><b>i) <u>Toyoplas</u></b></p> <p>In 2019, Toyoplas' performance was impacted by the US-China trade war with China historically being the largest revenue contributor. Revenue contracted year-on-year from 2018, as detailed below:</p> <table border="1" data-bbox="875 451 1630 627"> <thead> <tr> <th>Revenue (RM mil)</th> <th>FY2019</th> <th>FY2018</th> <th>Growth</th> </tr> </thead> <tbody> <tr> <td>China</td> <td>217.2</td> <td>244.2</td> <td>-12%</td> </tr> <tr> <td>Indonesia</td> <td>86.3</td> <td>79.1</td> <td>+16%</td> </tr> <tr> <td>Malaysia</td> <td>94.7</td> <td>116.6</td> <td>-35%</td> </tr> <tr> <td>Group</td> <td>398.2</td> <td>439.9</td> <td>-9.5%</td> </tr> </tbody> </table> <p>However, despite the drop in the revenue generation, Toyoplas enhanced its gross profit margins and achieved the targeted FY2019 Profit Guarantee of RM38.6mil as per the Share Sale Agreement in relation to the acquisition.</p> <p><b><u>CPI</u></b></p> <p>CPI continued to challenge itself in becoming a reliable and robust integrated plastics injection moulding solutions provider within its industry. Anticipating the future impact of technology on the industry, CPI has widened its customer base, onboarding new strategic customers from existing and new markets. Supported by its long-term clientele, CPI has also unlocked new business opportunities this year by undertaking new projects from existing customers and providing more value-added services. CPI continued to serve the automotive, medical, telecommunications as well as consumer electronics industries, leveraging on long-term relationship with its customers (most of whom are market leaders and multinational companies).</p>	Revenue (RM mil)	FY2019	FY2018	Growth	China	217.2	244.2	-12%	Indonesia	86.3	79.1	+16%	Malaysia	94.7	116.6	-35%	Group	398.2	439.9	-9.5%
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	ii) Is Smartpipe making any headway?	ii) Smartpipe is currently prospecting three projects in Kedah, Selangor, and Sarawak. Moving forward, Smartpipe will continue its engagement with existing and new agencies and state water authorities to market and promote Compact Pipe® solutions for both the water and sewerage segments.																				



	iii) Would the Company consider giving out e-vouchers to shareholders who took the trouble to attend the virtual AGM?	iii) We appreciate sincerely your participation in the virtual 43rd AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.
	iv) How much does it cost to conduct the virtual AGM?	iv) The total cost to conduct the virtual AGM is materially lower than that of physical AGM.
	v) Will the Board consider reverting back to physical AGM next year?	v) We shall stand guided by the restrictions or guidelines set by the National Security Council and Ministry of Health for next year's AGM.
58	I would like to request e-voucher instead of door gift.	Thank you for your enquiry. We shall take this into consideration when outlining the administrative details for the next AGM.
59	There is not much news about KPS after the acquisition of Toyoplas? Is KPS slowing down?	KPS is not slowing down. Quite the contrary, KPS is constantly on the radar of the media fraternity and the investment community as it has in recent years actively engaged its stakeholders with regards to its sustainability, corporate and financial initiatives. KPS has also been steadily engaging its stakeholders with regards to the Group quarterly financial results, reporting success stories of its investments.
60	Would KPS consider share buy-back?	<p>KPS is still growing its business, creating values from its subsidiary business. As we are still in a growth cycle, there are many business opportunities that we would like to explore or prioritise, such as pursuing capacity expansion and committing to certain marketing expenditure to increase sales.</p> <p>Hence, returning surplus funds may not be the option that the Group is currently inclined to do. Furthermore, as the business is still growing, it is imperative that we first ascertain the sustainability of the Group's cash flow and profitability before committing to having a share buyback policy.</p>



61	Why didn't we receive any gift this year?	As the AGM is conducted virtually via broadcast, logistically, it is not feasible to have a similar arrangement for door gifts this year. We shall take this into consideration when outlining the administrative details for the next AGM.
62	<p>i) What has been the impact of COVID 19 to KPS' businesses, and mitigating actions taken?</p> <p>ii) Are there are any new developments with Smartpipe?</p>	<p>i) The impact of COVID-19 pandemic on KPS' business and its subsidiary operations so far was mostly concentrated in March 2020, with the Group experiencing slow recoverability from the disruption in supply chain and reduced demand from customers in China, Indonesia, Malaysia and the US, as manufacturing activities around the world declined. We shall continue to monitor the performance of the Group's manufacturing businesses, thereafter, getting better clarity on the impact of the pandemic can be assessed, once the end demand of our products reaches a new equilibrium.</p> <p>KPS has planned for a range of business scenarios and have taken several risk mitigations. For instance, operationally, it has communicated with the suppliers to ensure an alternative and more sustainable supply of raw materials, and with customers to better understand the requirements of their essential services under the current condition. The subsidiary companies have also coordinated with the respective contract manufacturers for optimum production planning based on the limited production capacity. Financially, KPS has turned the strategic focus on austerity measures, maintaining adequate liquidity to support the Group's business as well as providing flexibility to weather the impact of the pandemic whose extent and depth are still uncertain.</p> <p>Tasks ahead will require levels of responses and depth of resilience, focusing first on the aspects of operations that we can control in protecting the Group's business amidst the challenging operating environment, be it locally or globally. Whilst maintaining our operational strength and financial capacity, we shall ensure KPS' business continuity and remain diligent in executing our business plans, keeping the continuance of value creation across all our subsidiary companies.</p> <p>ii) Smartpipe is currently prospecting three projects in Kedah, Selangor, and Sarawak. Moving forward, Smartpipe will continue its engagement with existing and new agencies and state water authorities to market and promote Compact Pipe® solutions for both the water and sewerage segments.</p>



	<p>iii) How much is the cost to conduct this virtual AGM? Any tokens/gifts for shareholders?</p>	<p>iii) The total cost to conduct the virtual AGM is materially lower than that of physical AGM. As the AGM is conducted virtually via broadcast, logistically, it is not feasible to have a similar arrangement for door gifts this year. We shall take this into consideration when outlining the administrative details for the next AGM.</p>
63	<p>In view of the COVID-19 pandemic, will the remuneration of the top management and directors be reviewed as the performance of the Company is expected to be affected negatively? This will help in some ways to enable the junior and normal staffs to continue their work without having their monthly salary affected. Thank you.</p>	<p>Although a cost-cutting is understandable during this challenging time, we shall take an equitable approach and make reasonable decisions with regards to remuneration, focussing on the well-being of our staff force as well as aiming at creating more value for the Group.</p>
64	<p>Will KPS consider listing some of the subsidiaries to raise funds for expansion and reward its shareholders? If yes, when?</p>	<p>At this juncture, the priority is to focus on growing the subsidiaries, continuously creating values within the Group and as a result ensuring the sustainability of the Group's businesses and their profitability.</p>
65	<p>What happens to the SPRINT deal? If the SPRINT deal materialises, what are your plans for the cash proceeds? Will there be any special dividend for the shareholders?</p>	<p>There are no new updates on the SPRINT deal. It is a policy matter; we will announce accordingly on any new developments. Our priority now would be paring down debts, reducing gearing to a more desirable level.</p>
66	<p>i) What is the Group strategy moving forward due to this pandemic?            ii) Did the Directors get paid for attending this virtual AGM and how much?            iii) Hope that Directors will consider giving e-voucher for shareholders who attended this virtual AGM, thanks.</p>	<p>i) On 17th January 2020, we mapped out the key elements of our five-year strategic plan to determine the Group's firm position in the marketplace. The implementation of this strategy, acronymically known as LEAP25, is to strengthen KPS' position as a stronger investment holding company. Tasks ahead will require levels of responses and depth of resilience, focussing first on the aspects of operations that we can control in protecting the Group's business amidst the challenging operating environment, be it locally or globally. Whilst maintaining our operational strength and financial capacity, we shall ensure KPS' business continuity and remain diligent in executing our business plans, keeping the continuance of value creation across all our subsidiary companies.</p>



		<p>ii) There was no meeting allowance being paid to Directors for their attendance in AGM as espoused in the Directors' Remuneration Policy of the Company.</p> <p>iii) We appreciate sincerely your participation in the virtual 43<sup>rd</sup> AGM recently. We shall take this into consideration when outlining the administrative details for the next AGM.</p>
67	<p>Shareholders expect KPS to hold roadshows to attract fund managers to invest in the company especially EPF, PNB, Khazanah or even foreign entities. Why are other companies able to attract funds from these entities and not KPS?</p>	<p>As highlighted in the Investor Relations Section on pages 21 through 27 of the 2019 Annual Report, the investment community that comprises analysts and fund managers was kept updated of the Group's business direction and prospect.</p> <p>In 2019, we held about 80 engagements with the analysts and fund managers, amongst whom were representatives from Government-Linked Investment Companies ("GLIC") such as EPF, KWAP and PNB, as well as from local research and asset management companies, as well as foreign research houses and fund management companies such as Credit Suisse and DBS Vickers. In addition to these engagements, we had also participated in investment roadshows with CIMB Research and Alliance Investment, which were participated by both local and foreign fund managers.</p> <p>Moderating economic growth in 2019 had emerged downside risks to corporate earnings, resulting in aversion to investing in small-cap stocks under which KPS shares are categorised. During this cautious regime, most GLICs and fund managers prioritised their investments into stocks with larger market capitalisation which normally have higher liquidity.</p>