<u>46th AGM Questions and Answers</u>

1. **What is the impact of the rising input costs so far? Will KPS be able to maintain its bottom line going forward?**

   The company has been facing the impact of rising input costs, particularly in materials and labour, over the past two years. This trend is expected to persist in the foreseeable future. Our key materials, such as resin and paper, reached historical highs in 2022, and although prices have stabilised somewhat, they remain significantly above pre-pandemic levels. The impact on the business is imminent, requiring us to run our business more efficiently and resiliently.

   Despite these challenges, KPS was able to defend its bottom line in FY'22; our gross profit margin was 21%, 2% higher than the 19% recorded in FY'21, supported by a favourable sales mix and new projects. The normalised PBT and PAT margins were 6% and 4%, compared with 5% and 4% recorded in FY'21.

   For FY'23, we anticipate the continuation of strong headwinds related to material and labour costs, compounded by an increase in electricity tariffs. In response, we have set out clear business initiatives that focus on revenue growth with cost-efficiency measures, further steering us in the right direction to stay resilient in this demanding operating environment.

2. **What is the outlook on EMS? In the Q4'22 analyst briefing slides, it mentioned that shortages of IC and the slowdown in consumer spending will impact EMS. Have things improved since then?**

   While the shortages of ICs (Integrated Circuits) are no longer critical, they still have an impact on selective customers. The slowdown in consumer spending has been exacerbated by factors such as inflation, increased interest rates, and concerns about an impending recession. These factors have contributed to the Group's decline in revenue in Q1'23 and are expected to continue exerting pressure on the business going forward.

   To mitigate the effects of slower demand on revenue generation, we shall consider various business development strategies and tactical initiatives. They include diversifying product offerings, exploring new markets and customer segments, improving operational efficiency, and investing in marketing and sales efforts to stimulate demand. While closely monitoring global economic trends and consumer sentiment, we are committed to ensuring a regular review of our cost management strategy to effectively manage our operating costs while positioning ourselves for future growth.

   To this effect, we shall enhance operational efficiency by re-evaluating the supply chain, optimising the distribution network and inventory, and emphasising R&D when co-developing new products and exploring substitute materials to reduce waste and stay competitive. In alleviating the impact of rising electricity tariffs, we are identifying cost-saving opportunities by reducing energy consumption. We are also planning for additional installations of solar panels, monitoring utility consumption, and identifying energy-saving opportunities, all of which are aimed at significant cost reduction.

3. How much is the financial impact caused by the increase in electricity tariff?

Following the implementation of ICPT (Imbalance Cost Pass-Through) on 1 January 2023, the Group is currently experiencing an additional charge of up to 0.20 sen per kWh. The rise in electricity prices during the first quarter of 2023 had a considerable effect, resulting in a total impact of approximately RM940K, or 34%, on our manufacturing facilities compared to the corresponding quarter last year. We anticipate the full-year effect of the tariff increase would be above RM4 million.

Our primary subsidiaries have responded to this challenge by taking decisive measures to mitigate the increasing costs of electricity tariffs. CBB, for example, has taken proactive action by installing solar panels. This forward-looking initiative has resulted in monthly savings of RM40K since January 2023. By adopting solar energy, CBB has decreased its dependence on traditional electricity sources and achieved significant cost reductions.

Similarly, Toyoplas and CPI have also recognised the significance of transitioning to renewable energy. They have devised comprehensive plans to install solar panels at their manufacturing facilities. This strategic step is expected to gradually reduce their reliance on conventional electricity, effectively addressing the challenges posed by the electricity hike. With the completion of this initiative, Toyoplas and CPI companies anticipate monthly cost savings of approximately RM75K and RM100k each.

4. Has the price of paper and resin trended downwards?

The resin price, although lower than its peak in 2022, remains at a higher level compared to 2020. Furthermore, the average paper price has stabilised in Q1'23 but is still 43% higher than in Q1'22. These factors continue to exert pressure on the Group's profitability. To address this, the Group is committed on ensuring operational resilience by implementing enhanced revenue growth strategies. This includes prioritising business development efforts, expanding alongside existing customers, and focusing on higher-margin opportunities.

In addition, the Group will maintain its focus on cost-efficiency measures and streamline initiatives to maintain lean operations. This approach allows the Group to build its capacity to support existing and new businesses, creating sustainable value while safeguarding revenue and profitability.

5. **The latest Q1 2023 results are poor. Why are the results poor after the vendor of the acquired companies completes their profit guarantee period? High revenue but low profit after tax margin?**

   In fact, the Q1 2023 results reflect the challenges and adversities we faced since the onset of the COVID-19 pandemic, which has significantly contributed to the current state of the sluggish economy with several macroeconomic shocks, including inflation, fear of recession, and lower consumer spending. Despite these difficulties, all our subsidiaries made commendable efforts to ensure business growth, even amidst the constraints imposed by measures such as MCO and lockdowns, which hindered our business development activities, yet our subsidiaries have persevered and remained steadfast during this period. Furthermore, our profitability has been affected by the cost pressures arising from supply chain issues, exacerbating the challenges we face.

   Toyoplas, in particular, experienced significant pressure due to its customer profile and the diverse geographic locations of its operation. Unfortunately, its profit guarantee period coincided with this challenging period, characterised by stagnant industry growth and an overall sluggish economy. Nevertheless, Toyoplas' and KPS teams put forth extraordinary efforts, enabling Toyoplas to meet the profit guarantee in both years.

   The question correctly highlights the disparity between high revenue and low Profit After Tax (PAT) margin. The high revenue demonstrates our ability to sustain business growth even under difficult circumstances. However, managing the new cost structure requires additional time and effort.

   For a fair comparison, it is essential to consider Toyoplas' cost structure before the pandemic, excluding the increases in material, labour, utility, and logistics costs. By doing so, it becomes evident that Toyoplas would have generated close to RM50 million to RM60 million by now, compared to the previous RM40 million.

   Nevertheless, given the changing operating environment, our management is fully committed to navigating the current situation and devising strategies to achieve optimal results within the given circumstances.

6. The Segment Profit from the Manufacturing business segment declined to RM60.2 million despite maintaining its Revenue (FY2021: Segment Profit = RM95.776 million) (Note 36 - Pages 370-372 of AR)
(i) What are the main factors for the drop in manufacturing profit for FY2022?
(ii) Please explain the impairment losses of RM11.694 million reported for FY2022.

(i) As explained in the previous responses, our profitability has been affected by the cost pressures resulting from supply chain issues. Furthermore, as part of our continuous efforts to improve long-term business sustainability, Toyoplas incurred significant non-recurring restructuring costs in FY2022 to streamline its resources and operations.

(ii) In line with the corporate restructuring exercise at Toyoplas, there is an impairment arising from consolidating two plants in China, which led to the proposal for plant closure in Shanghai. The impairment was provided for non-moveable assets, mainly on the machinery of RM7.8 million. In addition, the rental contract in Shanghai was initially for five years but needs to be shortened hence leading to the impairment loss on the right of use assets of RM2.1 million.

There is also an impairment for the moving out from Bac Ninh to Bac Giang's factory in Vietnam, which led to the impairment on non-moveable assets of RM1.8 million.

7. How does KPS Berhad plan to manage business risks and uncertainties in 2023?

KPS Berhad remains committed to creating value for our stakeholders and will continue to exercise prudence and caution in executing our business strategy to safeguard the viability of our business. To ensure sustainable growth momentum within the Group. We will be placing our focus on three critical areas: revenue growth and diversification, cost-saving initiatives, and the expansion of capacity and capabilities.

To achieve revenue growth and diversification, we have been driving business development efforts and have accomplished the following as of the first quarter of 2023.

I. Toyoplas managed to secure projects from two new customers in the healthcare and renewal energy sector and one project from an existing customer.
II. As for CPI, it secured one new project from an existing customer. It also has two projects from two new customers that are in the approval and verification stage.
III. King Koil successfully rolled out 'Smartlife' mattresses into 100 stores of one of the largest bedding specialty retailers in the US in March 2023.

In terms of cost-saving initiatives, we are diligently monitoring our operating costs and improving process efficiency. For example:

I. CBB started to roll out the centralised vendor management system in 2022, which has proven beneficial in improving operational efficiency. CBB is exploring ways to expand the implementation to other functions and resources.
II. Toyoplas is consolidating and streamlining its operations to align with its customers' movements. Due to the US-China trade war, most of Toyoplas' EMS partners served by Toyoplas operations in China diversified their operations outside China. In line with this, Toyoplas has wound down its operation in Nanning and transferred the machines mainly to Vietnam, capitalising on the lower operating costs there. Toyoplas also actively manages workforce efficiency to maintain optimal headcount across its operations. The efforts will continue in 2023 to tackle the challenges of high input/labour costs.
III. CPI has commenced operations in its new EMS plant since March 2023, with better layout and process planning, it aims to improve efficiency and reduce waste.

Regarding the expansion of capacity and capabilities, we have allocated RM51.8 million in capital expenditure to maintain our competitive advantage. This investment will be directed towards the following areas:

I. Solar installation in Toyoplas and CPI – with a projected saving of approximately RM2.1 million upon completion.
II. New machinery and equipment to replace aged machines, reduce downtime, increase capacity, and stay competitive.
III. Renovation of MDS' main factory to double its production capacity to maximise its production and to bring in sub-contract works, which will, in turn, improve the gross margins by about 10%.
IV. Transitioning King Koil towards integrated manufacturing, starting with in-house foam splicing to reduce foam costs by 15%.

8. How do you mitigate foreign exchange risks?

Given the inherent nature of our business, wherein most sales and purchases by subsidiaries are in USD currency, we employ a natural hedge strategy. Furthermore, to further minimize the impact of foreign exchange risks in this volatile environment, the Group's subsidiaries operating outside Malaysia have initiated measures to hedge local currencies to USD.

9. What is the outlook for KPS Berhad FY2023?

We foresee that the operating environment will remain challenging. The weakening demand and rising input costs would challenge growth prospects and earning visibility. With this in mind, we have realigned our expectations of the business's opportunities with the current external macro environment and our internal operational dynamics in light of the broader economic downturn.

In maintaining operational resilience, KPS Berhad will continue to implement revenue growth strategies, prioritising business development efforts such as acquiring new revenue streams, growing alongside existing customers, and focusing on higher margin opportunities. In addition, cost efficiency measures and streamlining initiatives will continue to be a focus to ensure lean operations and build its capacity to support existing and new businesses.

10. Notwithstanding the special dividend, the management has not improved on dividend payout.

KPS is committed to delivering financial obligations to shareholders and sharing the enterprise performance via consistent and sustainable returns to ensure continuous support and confidence by shareholders. In considering the level of dividend payment, we consider such factors as the level of available cash and retained earnings, the projected levels of capital expenditure, funding needs for future growth and working capital requirements.

Our commitment to dividend distribution is guided by fundamental factors and financial metrics, and we consistently aim to reward our shareholders with a minimum payout of 30% of our normalised Profit After Tax and Minority Interest ("PATAMI"), as stated in our dividend policy.

Moreover, it's worth noting that our average dividend payout over the past five years has been more than 50%, demonstrating our ongoing commitment to rewarding shareholders. Additionally, in FY2022, our dividend yield reached an impressive 12.9%, surpassing the performance of our industry peers. We remain focused on delivering value to our shareholders through consistent and competitive dividend distributions.

11. I would like to suggest that dividend to be declared on every quarter basis instead of every 6 months or 12 months basis. The minimum dividend payout should be increased from 30% to 50%.

The decision on dividend frequency hinges on the goal to strike a balance between providing value to shareholders and maintaining the financial stability and growth of the Group. By distributing dividends semi-annually, the Group can ensure sufficient cash reserves to meet other financial obligations and operational needs such as working capital and investments. Bi-annual frequency provides a longer interval between payments, thus allowing for better cash flow management.

Despite our dividend policy being set at 30%, we have consistently exceeded this threshold by paying out more than 50% over the past five years, irrespective of market conditions.

12. Is it possible still the shareholders expect dividend payout for FY2023?

As explained in the responses to the previous question, the Group will consider the level of dividend payment based on several factors to ensure sustainable growth of the Group while rewarding the shareholders for their continued support.

13. Moving forward, what is the group's plan to add value to the company? When will shareholders be rewarded with bonus issues?

Moving forward, our primary focus is adding value to the company and delivering sustainable returns to our shareholders. Instead of bonus issues, we have implemented a dividend policy since March 2021. This policy ensures that a minimum of 30% of our normalised PATAMI is allocated towards dividends. We believe that this approach provides stable and sustainable returns to our shareholders.

While bonus issues have their advantages, such as providing additional shares to shareholders, they also have downsides, including dilution of ownership and potential reduction in earnings per share (EPS) for existing shareholders. Additionally, bonus issues do not provide immediate liquidity or the freedom for shareholders to choose how to utilise the cash.

We believe that dividends offer immediate cash benefits and provide our shareholders with the freedom and flexibility to use the cash as they see fit. We value the importance of liquidity and choice for our shareholders, which is why we have made the strategic decision to prioritise dividends over bonus issues. Our commitment is to provide regular dividend payments, ensuring transparency and predictability for our shareholders.

Currently, there are no plans to reward shareholders via bonus issues. Instead, we will continue to reward our shareholders through dividends based on a minimum of 30% of normalised PATAMI, in accordance with KPS Berhad's Dividend Policy.

14. Is there a plan to strengthen the R&D capability to co-develop new products with clients, to increase the "stickiness" of the customer?

We recognise the crucial role of research and development (R&D) in driving innovation and maintaining competitiveness. To ensure we meet the evolving needs of our customers, we place a strong emphasis on R&D within our manufacturing process. This involves dedicating resources to continuously develop new products, enhance existing ones, and refine our processes. We aim to deliver value to our customers and foster long-term relationships.

We actively collaborate with our clients to co-develop new products by engaging in open communication and seeking their input throughout the design and development stages. This collaborative approach allows us to understand their specific requirements and effectively tailor our solutions to meet their needs. By involving in our client's product development process, we enhance the level of customisation and create a sense of partnership that strengthens the bond between us and our customers. We also explore opportunities to improve our processes and operations through R&D efforts. This includes researching and adopting alternative materials that reduce waste and promote sustainability. By incorporating eco-friendly practices, we demonstrate our commitment to environmental responsibility while providing our customers with products that align with their sustainability goals.

Our focus on R&D, collaborative product development, and sustainable practices underscores our commitment to delivering innovative solutions, meeting customer needs, and contributing to a more sustainable world.

15. What is the visibility to double the ROE by 2025? Is there any backup plan to achieve it in case the current businesses can't recover as per the plan?

Our 5-Year business plan (2020 to 2025), acronymically known as LEAP25, aims to strengthen KPS' position as a more substantial investment holding company with a few strategic ambitions. One of the main goals of LEAP25 is to at least increase the Group's ROE to a high-single-digit, from 2.8% in 2019. Our implemented business strategies have yielded positive results, as evidenced by the improvement in ROE to 3.4% in 2020, 5.5% in 2021 and 6.9% in 2022, comparable with an average ROE of 7.3% achieved by several peers in the investment holding category.

However, it is essential to acknowledge that the current macroeconomic and social-geographic conditions, if prolonged, may pose challenges to our projected growth and hinder our ability to reach the targeted ROE by 2025. Nonetheless, we remain committed to maintaining operational resilience and will continue to focus on enhancing margins across our subsidiary companies through operational efficiencies and pursuing new growth opportunities. Additionally, we will prioritise Group-wide cost optimisation measures to support our overall financial performance.

16. **What company benefits from the government promoting invest Malaysia, does MOU with China benefit the company too?**

    This initiative will indirectly benefit KPS Berhad. As government promotes "Invest Malaysia" to attract more overseas investors and businesses to invest/set up operations in Malaysia, it will enhance the country's GDP, generate employment, increase demand, and potentially create new business prospects for KPS Berhad and its subsidiaries.

17. **Will the state election outcome affect the company's future prospects, mission etc.?**

    KPS Berhad is an apolitical business entity that maintains a steadfastly neutral stance concerning political ideologies, parties, and issues. Our unwavering commitment lies in providing value to our customers, generating profits, and preserving our competitive position in the market. By prioritising these core objectives, our business remains resolute in its purpose, ensuring sustainability and success, independent of any political climate.

18. **Why Toyoplas expands into Vietnam?**

    Due to the US-China trade war, most of Toyoplas' EMS partners served by Toyoplas operations in China diversified their operations outside China. As a result of this move downstream, the point of delivery by our Toyoplas China operations moved further away, with most deliveries being made to Vietnam. The cost of doing business in Vietnam is also lower than our operations in Dongguan and Shanghai.

    Having operations in Vietnam puts Toyoplas in a more advantageous position to obtain new customers considering the market's preference in choosing Vietnam as an offshore manufacturing location.

19. **Why is Toyoplas winding-up an entity in Nanning?**

    Toyoplas Manufacturing (Nanning) Co. Ltd. initiated its winding process on August 30, 2022, with an expected completion date in 2023. The winding-up of the Nanning facility aligns with the completion of the new factory in Vietnam, which is a strategic move aimed at capitalizing on cost advantages and leveraging the ongoing US-China trade war.

    In Toyoplas as a whole, there was no reduction in capacity or loss of business due to the winding-up of Nanning. All primary machines and customers served by Nanning were moved to other locations within Toyoplas. The new factory in Vietnam is much larger than Nanning. It can accommodate at least double the previous capacity of the Nanning plant.

20. Toyoplas completed the construction of the new factory in Northern Vietnam in Dec 2022.

I. What was the total investment in this new factory (land, construction, and equipment)
II. Current utilised capacity and target utilisation for FY2023?
III. What is the percentage contribution of this new plant to the Toyoplas revenue?

I. The total investment in this new factory amounted to RM39.9 million, with construction costs accounting for RM31.2 million and land acquisition costing RM8.7 million.
II. The utilisation rate for the first quarter of 2023 ("Q1'23") was 10% due to the ongoing customer audit. However, we anticipate a gradual increase in the utilisation rate as the audit progresses and operations stabilise throughout the year.
III. As of Q1'23, the new plant contributed 5.5% of Toyoplas' total revenue. We expect this contribution to surpass 10% for the entire FY2023.

21. The Group reported an impairment of investment in NGC Energy Sdn Bhd amounted to RM67.3 million in FY2022 (page 75 of the AR)

I. What was the total invested amount in NGC Energy?
II. The reason(s) for the huge impairment in NGC Energy?

I. KPS initially invested RM50 million in NGC Energy. Over the years, the carrying amount has increased to RM89.4 million as at 31 December 2022 resulted from accumulated profit shared from the investment.
II. The present value of future cash flows of RM22.1 million is lower than the above carrying amount of the investment of RM89.4 million. The declining trends of operating profit resulted from the challenges in the operating environment coupled with dampening business sentiments had shown an indication of impairment on the said investment. The impairment also includes goodwill of RM2.4 million.

22. Moving forth, how is KPS plan to utilise the cash of RM546.2 million?

The higher cash balance in FY 2022 by RM84.4 million as compared to FY 2021 was mainly due to the proceeds received from the disposal of SPRINT by SPRINT Holdings (KPS owned 20%) to Amanat Lebuhraya Rakyat Berhad of which the disposal was completed in October 2022.

Part of the SPRINT disposal proceeds have been utilised for (i) special dividend and (ii) acquisition for MDS of RM68.0 million. The remaining proceeds will be utilised for working capital and CAPEX, as well as to be reserved for scheduled repayments of loans & borrowings. The cash reserved is to ensure KPS Group still have sufficient cash so that it will not disrupt the whole operations and businesses.

Nevertheless, the business is still growing, and KPS Group still explores any opportunity in the market. Still, the priority is to ascertain KPS Berhad's Group sustainability before committing to any expansion or investment in the future.

23. The media have reported huge investments required for the replacement of water pipes in Selangor and Klang Valley. As an investment arms of the Selangor Govt, KPS's subsidiaries do not seem to be benefitting from the huge investment made by Air Selangor for areas such as pipe replacement. Appreciate the Board and Managements' comments on this. Thank you.

We will not participate in the pipe replacement projects.

In line with our strategic decision to concentrate on our core manufacturing businesses, we have shifted our focus away from the infrastructure sector. This decision was driven by several factors, including the high capital expenditure and cash flow requirements associated with the infrastructure business. We recognised that maintaining a significant presence in this sector could potentially pose risks and impact our ability to reward our shareholders with dividends consistently.

By diverting our attention from the infrastructure business, we aim to prioritise the allocation of resources to our core operations (manufacturing). This strategic shift allows us to optimise our capital utilisation and enhance our ability to generate sustainable returns for our shareholders. Our primary objective is to ensure the long-term financial stability and growth of the company while consistently delivering dividends to our valued shareholders.

24. Is KPS's HCM involved in the recent tender of Federal Government's flood mitigation project?

We have not submitted any proposal to the government for the flood mitigation project. As mentioned earlier in response to question 23, we have redirected our attention from the infrastructure sector in order to prioritise our core manufacturing businesses.

25. What will the company benefit from the Sabah Sarawak development programme?

No, as we will not participate in Sabah & Sarawak's development programmes. As mentioned earlier in response to question 23, we have redirected our attention from the infrastructure sector in order to prioritise our core manufacturing businesses.

26. What are KPS' plans for NGC Energy?

NGC Energy is profitable and has been consistently contributing to the Group. KPS will continue to work with NGC Energy to create value. As we advance, NGC Energy looks to cover more household areas to further improve its Domestic segment sales volume by reaching out to other domestic users. It will also continue strengthening marketing efforts to penetrate the I&C segment further.

27. Is MDS Advance performing to KPS's expectations and internal target KPIs since the acquisition?

Tracking the first quarter after the acquisition of MDS, which was completed in January 2023, MDS continues to make strides by increasing the capacity of core assets such as automated machines and realigning production planning and capabilities. As one of the players in the machining industry in the Engineering Support Industry (ESI) category, MDS' performance is highly dependent on the performance of its customers, namely end-user manufacturing companies that include, particularly, the medical, semiconductor, and E&E sectors.

The encouraging demand from the medical sector, which accounts for 51% of MDS' revenue, is driving MDS' performance this year, which has started since the COVID-19 pandemic hit. Through these factors, MDS recorded revenue growth of 46% in 1Q2023 compared with 1Q2022, an increase of RM1.83 million. PBT was recorded at RM1.73 million in 1Q2023, an increase of RM0.89 million compared to the same period last year.

28. Is there any plan to list its subsidiaries on the stock market over the next 12 months? The PE ratio of KPS is not reflective of the EMS business of its subsidiaries.

We do have long-term plan on how to crystalise the value of our subsidiaries, it could be through listing or partial or full disposal, but it will depend on the valuation, market conditions and timing of the exercise.

On the PE ratio, we have over the years engaging with fund managers and analysts. In fact, we now have three analysts' coverage. The feedback we got from them, even though 85% of our revenue comes from manufacturing and more than 50% of it is from the EMS sector, the investment community still see us as a conglomerate instead of a manufacturing or EMS company; hence there is a discount on our PE ratio. We will continue to try but can't promise we can change their view in the short term. What we can do now is to try to improve the share price by improving the profitability of our company, which we can work on. We will also work on improving the dividend payout to our shareholders to improve the total shareholders' return (TSR) for our shareholders.

29. Is there any Share Buy Back plan for KPS based on its share price is well below the company's NTA and it yields quite a good dividend?

KPS is still growing its business, creating value 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 expenditures to increase sales.

Considering the ongoing growth cycle of the business, it is crucial for us to assess the sustainability of the Group's cash flow and profitability before implementing a share buyback plan. While the company's share price may currently be below its Net Tangible Assets (NTA) and the dividend yield is attractive, our primary objective is to ensure the long-term viability and expansion of the company.

As the Group continues to progress and solidify its financial position, we will continuously evaluate the possibility of implementing a share buyback policy. However, for the time being, our focus remains on maximising growth opportunities and enhancing the overall value proposition for our shareholders.

30. Is there any plan to invite more institutional funds to invest in KPS? Looks like a certain foreign institutional fund (Norges Bank) has exited to be a shareholder, may I know what is the reason?

Yes, we shall continue to engage with the investment community to increase awareness and understanding of the Group's strategy, business direction, and investment appeal. In FY2022, we managed to secure two additional analyst coverages from Kenanga Research and PublicInvest Research, aimed to invite more institutional funds to invest in KPS Berhad. As a result, SP Tactical Investment fund has purchased 0.19% of the Group's shares.

Institutional funds may sell their shares for various reasons, and one possible factor is the need to reallocate their investments due to changes in their internal strategy. This reallocation could be prompted by shifts in the macroeconomic environment, particularly if it becomes less favourable for the manufacturing sector.

31. KPS' share price was quite volatile. What were the reasons for the sudden surge in share price and volume occasionally, and what is the management strategy to improve the share price?

The volatility in KPS' share price can be attributed to various factors, including speculative trading practices in the exchange and fluctuations in market sentiment. These factors are beyond the Group's control. However, we remain confident that KPS' long-term fundamentals will support its fair valuation.

At the same time, we shall continue to engage with the investment community to increase awareness and understanding of the Group's strategy, business direction, and investment appeal.

32. Is there any plan to have more IR activities like twice-a-year investors briefing sessions?

We take note of your input and shall consider conducting briefing session for retail investors.

33. May the shareholders/proxies obtain a copy of the CEO presentation material?

The CEO Presentation material has been uploaded to the KPS' website. You can click the following link to access the slides. https://kps.com.my/index.php/corporate-presentation

34. How are the Sustainability initiatives important to the Company?

KPS always strives to integrate the hopes and expectations of our stakeholders into our business vision and mission. To this end, we are committed to upholding the principle of sustainable development and operations, creating positive economic, environmental, and social impacts to ensure a better tomorrow for our future generations.

In this regard, we focus on sustainable practices that are impactful and mutually beneficial, advancing both the Group and the communities in which we operate in terms of shared economic prosperity, contribution to environmental preservation, and the safeguarding and upliftment of society.

35. How do you balance spending on sustainability-related initiatives with dividends to shareholders, and can you provide an update on the company's philanthropic or community investment activities?

As a responsible organisation that invests in ESG sustainability, KPS focuses on growing the business and ensuring sustainable value creation for ALL its stakeholders.

In 2022, we delivered a total dividend of 9.0 sen, or RM48.4 million, for the financial year ended 31 December 2022. This total dividend equals 136.7% of FYE 2022 core PATAMI, which is much higher than the Group's guidance of a minimum 30% pay-out as per our dividend policy.

At the same time, we allocated RM3.2 million in various community development initiatives, benefiting more than 100,000 stakeholders.

a. The Education Development pillar - RM100,000
b. The Entrepreneurship Development pillar – RM200,000
c. The Community Development pillar – RM1,646,000
d. The Environment, Safety & Health pillar – RM369,000

36. Other than waste management, what are environmental initiatives that KPS Berhad undertook to address its environmental footprint?

As our core business is manufacturing, we continue to play an active role in spurring interest and awareness levels amongst our employees and the community where we operate to fully realise the benefits of co-existing harmoniously.

Energy Efficiency
The Group sources most of its energy from the national electricity grid to power buildings and manufacturing operations. We have introduced various initiatives aimed at saving energy while at the same time exploring alternative and renewable sources such as solar systems. This is a fundamental effort on our part to mitigate climate change.

Circular Economy
We are also exploring circular economy initiatives on top of our effective waste management practices initiated in 2020. We have already increased the use of recycled materials in our injection moulding applications. Trends are shifting to the approach of designing for recycling, where the subsequent recycling process is considered as early as the production design and development stages.

37. How much does KPS Berhad spend to hold this virtual AGM plus remote participation & voting (RPV) and could KPS Berhad conduct the next AGM/EGM physically?

The estimated cost for holding the virtual AGM is approximately RM50,000.

The Company shall be guided by the guideline/directive from the Securities Commission Malaysia relating to conducting its general meetings. Currently, KPS will continue to promote remote participation and voting (RPV). Based on Clause 53(4)(5) of the Company's Constitution, KPS can conduct a fully virtual meeting which complies with requirements under Section 327 of the CA2016.

In addition, the Company will consider the request after taking into consideration the cost involved and its feasibility for the benefit of both the shareholders and the Company.

38. Please send me a copy of the Annual Report 2022.

As mentioned in the e-notification to the shareholders dated 20 April 2023, the shareholders can request the hardcopy of the AR2022 from the Share Registrar of the Company, namely, Boardroom Share Registrars Sdn Bhd at 03-7890 4700 or email to bsr.helpdesk@boardroomlimited.com.

39. On 28-05-2023, 3.50 pm I was informed via an email from your share registrar that I am not a shareholder of KPS and not allowed to participate in this AGM. Kindly investigate how this can happen and how many shareholders are denied participation in this AGM.

Based on feedback from the Share Registrar, Management noted that on 28 May 2023 at 3.47 pm, there was a technical error causing glitches to the registration system of our 46th AGM, affecting 171 shareholders. The error was later noticed and immediately rectified by our team on the same day, with the affected shareholders re-notified of their entitlement to attend the AGM.

The necessary meeting credentials were also sent out successfully to all shareholders, including the abovementioned 171. To this effect, no shareholder was denied attendance at the AGM. In fact, based on Records Share Registrar records, Mr Choy Yau Kee did attend the 46th AGM on 30 May 2023 successfully.

40. Is any door gift provided to shareholders who attended this online AGM?

Instead of one-off gifts, KPS focuses more on creating long-term values for the shareholders. The announcement of a total dividend of 9.0 sen per ordinary share amidst this challenging environment is a testament to the Company creating such value.

End