



AMTEL HOLDINGS BERHAD

199601037096 (409449-A)

26th Annual General Meeting

24 May 2023



MSWG QUESTIONS & ANSWERS

Operational & Financial Matters

Question 1

The Company's manufacturing lines were not able to operate at maximum efficiency as there were many instances of production line down due to the inability of certain suppliers to cope with the pent-up demand. The Company's buffered stocks were wiped out at some point and it had to work overtime once the delayed components have finally arrived at its factory. (page 17 of AR 2022)

Have all these problems been resolved and operations running smoothly? What is the current utilisation rate? What is the targeted optimal utilisation rate?

Most of the problems have already been resolved. Our current utilisation rate stands at 80% and the targeted optimal utilisation rate for us is around 90%, which is hard to achieve at the moment due to labour shortage.

Operational & Financial Matters

Question 2

To fend off competition, the Group will continue to reinforce its core value and competency by leveraging on its competitive strengths such as strong business relationship with its customers, partnerships, new innovations integrating green features, especially those related to artificial intelligence (“AI”), to enable it to expand its product range and services and eventually, broaden its customer base. (page 18 of AR 2022)

To what extent has the Group made headway in leveraging on new innovations integrating green features, especially those related to artificial intelligence (“AI”), to enable it to expand its product range and services? Please describe what products have been introduced. Has the customer base expanded?

As explained in page 19 of AR 2022, the rollout of the mentioned products has been delayed due to market sentiments. Further announcement on our new product launching will be made in due course.

Operational & Financial Matters

Question 3

One of the incentives which is directly beneficial to the Group is that full tax exemption will be provided for Electric Vehicle (“EV”) charging equipment manufacturers from 2023 to 2032, as well as a complete Investment Tax Allowance over a five-year period. As a tier-1 supplier to local automotive companies, Comfort welcomes the government’s support in boosting the local development of EV ecosystem. (page 19 of AR 2022)

What are the major products/parts supplied by the Group to local automotive companies under the EV ecosystem? How competitive is the Group in this area?

While the local automotive companies focus on developing the proper EV itself, we support them by providing end-to-end EV charging equipment ecosystem solutions. This includes white labelling of hardware, software customisation, installation and maintenance services.

The growing EV market has attracted many suitors some with no or little knowledge or background. With our solid 17 years track record in the automotive industry, we believe we are well positioned to serve the local automotive industry as part of its transition to EVs.



Operational & Financial Matters

Question 4

Based on the positive feedbacks and orders received from its customers in relation to its EV charging equipment, Comfort expects its Green Technology division to gain more tractions as it continues to roll out more EV-related products and services. (page 19 of AR 2022)

Are the orders sizeable and is the Group able to secure many new customers?

The industry is still at its infancy stage. The orders we received are not significant yet. The good thing is that we have managed to supply EV-related products and services to a few notable players within the market itself, which we believe will gradually broaden our customers' base and reduce our exposure in customer concentration risk.

Operational & Financial Matters

Question 5

The Company expects the demand for its existing own in-house designed products, mainly built-in toll reader (LOKATAG) and digital video recorder to continue to increase within this financial year. (page 19 of AR 2022)

**On what basis does the Company expect these products to continue to increase within this financial year?
Does the Company face stiff competition from other suppliers?**

We expect the numbers for these products to increase based on the sales forecast provided by our automotive customers.

Yes, while we do face price pressure from other competitors, it drives us to continue innovate and create new products with stronger value proposition for our customers.



Operational & Financial Matters

Question 6

The Company is confident with the adoption of its products and services across several new vehicle model which are currently not equipped with its products at the moment. (page 19 of AR 2022)

On what basis is the Company confident? What competitive edge does the Company have over its competitors?

One of our automotive customers will be launching a new vehicle model in Q2 2023 which will incorporate our products. Hence, we are confident that our overall sales figure will increase.

We differentiate ourselves from other competitors by developing unique features that are customised to our customers' requirements rather than just mired in a price war.



Operational & Financial Matters

Question 7

Net cash from/(used in) operating activities turned from RM2.45 million in FY 2021 to (RM2.19 million) in FY 2022. (page 72 of AR 2022)

Going forward, what measures would the Group take to enhance the net cash from operating activities to turn it positive and healthier?

We will endeavour to enhance our Group's cash flow from operating activities by (i) increasing sales by offering new products and expanding our business into new markets, (ii) as part of the Group's cost reduction exercise, we will continue to strengthen the credit control and policies on our customers & suppliers, (iii) improving the inventory management and the procurement process, and (iv) continuing negotiating for better pricing and payment terms with our local and overseas suppliers.

Operational & Financial Matters

Question 8

Revenue from 3 (2021: 3) major customers of the Group amounted to RM44,706,815 (2021: RM34,481,653). (page 133 of AR 2022)

For FY 2022, revenue from the 3 major customers constitutes 74% of the Group's revenue.

Has the Company taken measures to mitigate the customer concentration risk?

We are mindful of the customer concentration risk and have continuously seeking out new customers. We started our automotive business with just a single customer and have succeeded to-date expanded to 7.

As stated in page 19 of AR 2022, we are also allocating more resources into building our online and aftermarket presence as part of our horizontal growth strategy to venture into new markets.



Corporate Governance Matters

Question 1

Ordinary Resolution 4 states “That subject to their consent to act, HLB Ler Lum Chew PLT be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Baker Tilly Monteiro Heng PLT to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed between the Directors and the Auditors”.

This arose from a letter dated 20 March 2023 written by Dato’ Koid Hun Kian, the Company’s Chief Executive Officer and largest shareholder (13%) who proposed the resolution. (pages 2 and 8 of AR 2022)

(a) Since when has Baker Tilly Monteiro Heng PLT been the Company’s auditors?

Baker Tilly Monteiro Heng PLT has been the Company’s auditors in place of Baker Tilly AC (formerly known as Moore Stephens AC) since 2017.

Corporate Governance Matters

Question 1

(b) Why is there a need to change the auditors especially considering the Audit Committee has stated the following in the AR?

“Based on the results of the assessment for the financial year under review, the Audit Committee is satisfied with the quality of services, adequacy of resources provided, independence, objectivity and professionalism demonstrated by the External Auditors in carrying out their functions”. (page 36 of AR 2022)

Please explain.

Corporate Governance Matters

Question 1

(b)

Baker Tilly Monteiro Heng PLT replaced Baker Tilly AC (formerly known as Moore Stephens AC) back in 2017 was only due to the merger of Baker Tilly Monteiro Heng and Moore Stephens AS. The same team has served us for more than 26 years.

The unprecedented situation caused by COVID-19 has prompted the Group to review all products and services rendered by our partners, suppliers, agencies, professional services etc.: the management considered it most pertinent to embrace fresh ideas and approaches in business. In this connection, the Audit Committee after having evaluated a few proposals from various audit firms, was of the opinion that Messrs HLB Ler Lum Chew PLT might serve the purpose well.

Corporate Governance Matters

Question 2

Practice 1.6 - Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

AMTEL's response: Departure.

The Board is supplied with appropriate and timely information to enable it to discharge its duties. The Board papers are distributed to all Directors prior to the Board meetings and sufficient time is given to enable Directors to evaluate the matters to be discussed in order to discharge their duties effectively and efficiently. Upon conclusion of the meetings, the draft minutes prepared by the Company Secretaries are circulated to the Board in a timely manner to ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including those Directors who are abstain from voting or deliberating on a particular matter and tabled for review in the next meeting.

MSWG's comment: How many days before Board meetings are Board papers circulated? When are Board minutes circulated after Board meetings? Why did the Company state that it has departed from Practice 1.6?



Corporate Governance Matters

Question 2

The agenda and meeting papers are normally distributed seven (7) days in advance prior to the meetings to allow the Directors sufficient time to review and request for any further information or clarification, while the draft minutes prepared by the Company Secretaries are normally circulated to the Board (two) weeks after the relevant meeting.

Pursuant to the Guidance Note of the Practice 1.6 of the Malaysian Code on Corporate Governance, Board committee meetings should be conducted separately from the board meeting to enable objective and independent discussion during the meeting. The Listing Requirements in particular, stipulate that the majority of members present in the Audit Committee meeting must be independent directors. This requirement may be compromised if the Audit Committee meeting is combined with the main board meeting, or when the number of executive directors present in the meeting is excessive.

Although our Board Committees including the Audit Committee meetings are conducted separately from the Board meetings, they were normally attended by all Board members including the Executive Directors. Hence, the Company is deemed to have departed from Practice 1.6 of the Malaysian Code on Corporate Governance in this respect.



Corporate Governance Matters

Question 3

Practice 5.9 - The board comprises at least 30% women directors.

AMTEL's response: Departure.

Currently, there is no woman Director on Board. Nevertheless, the Board acknowledges the importance of gender diversity and is in the midst of appointing a woman Director to align with the amended MMLR of Bursa Securities to have at least one (1) woman Director on the Board by 1 June 2023. The Board would also consider increasing female representation when a vacancy arises and/or suitable candidates are identified.

MSWG's comment: The Board does not have even a single woman Director on the Board. Is the Company on track to have at least one (1) woman Director by 1 June 2023 as stated?

Yes, a suitable woman candidate has been identified and she is on course to be appointed to the Board to replace Mr. Siow Hock Lee who will retire at the forthcoming AGM on 24 May 2023.



Thank You

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