



AMTEL HOLDINGS BERHAD
199601037096 (409449-A)

25th Annual General Meeting
25 May 2022

MSWG

QUESTIONS & ANSWERS

OPERATIONAL AND FINANCIAL MATTERS

Question 1

Over the last 3 financial years, the Group has not been growing its revenue and profit after tax as shown below:

FINANCIAL YEARS ENDED 30 NOVEMBER	FY 2021 RM'000	FY 2020 RM'000	FY 2019 RM'000
Revenue	54,728	56,041	63,170
Profit after tax	3,558	4,061	4,828

(Page 14 of AR 2021)

Does the Group have any plans to grow the business either organically or through M&As? If so, do the plans also include diversifications?

The primary reason why the revenue and profit after tax has not been growing in 2020 and 2021 is due to the COVID-19 pandemic, which severely affected the automotive industry. Hence, the sales of our core ICT products have slowed down as well. Our group's production activities were temporary halted due to the implementation of various lock down measures undertaken by our government to curb the spread of the COVID-19 virus. Otherwise, our Group's performance in 2020 and 2021 would have been better.

Following the reopening of our country's borders and business activities, we are now actively looking to roll out our new products and services both locally and overseas. We are also constantly exploring different options such as diversifications and M&As to further grow our Group's businesses.

OPERATIONAL AND FINANCIAL MATTERS

Question 2

The Group's TIS segment was given the approval by the Ministry of International Trade and Industry to operate with 60% working capacity during the FMCO, even though not all project sites could operate. The ICT production activities gradually resumed only during Phase 1 of NCR in August 2021 when the movement restrictions were relaxed (Page 15 of AR 2021).

Currently, what percentage of working capacity are the TIS segment and ICT production operating at? Is the Group planning for any expansion of capacity in the near future?

As we transitioned into endemic phase, both TIS and ICT segment are now allowed to operate at full working capacity. However, our overall efficiency has been and is still affected due to disruption in global supply chain and shortage of labour.

Yes, one of the main reason for us to shift into a larger HQ at Glenmarie is to cater for future expansion. The current utilization rate at our ICT's new production line at Wisma Amtel is approximately 80%. Should the need arise, we should have sufficient floor space to set up new production lines to expand the production capacity.

OPERATIONAL AND FINANCIAL MATTERS

Question 3

The automotive industry, among others, was one of the hardest hit sectors due to semiconductor chip shortage. Automotive manufacturers and parts suppliers are all having to change certain designs or look for alternatives, which undoubtedly increased the overall production costs across the entire supply chain (Page 15 of AR 2021).

In what areas and to what extent has Amtel been affected? Has the situation improved?

As explained earlier, we were not able to get all the required components from our existing suppliers for our core ICT products, hence, we are forced to look for alternative avenues and this undoubtedly has increased our overall production costs.

Yes, the situation has improved slightly but still leaves a lot to be desired.

OPERATIONAL AND FINANCIAL MATTERS

Question 4

There is a long lead time between conceptualisation to completion in product development and launching of sales. During the financial year, Amtel continued to expand and offer new and value-added products and services to its customers to remain competitive in the market (Page 16 of AR 2021).

(a) What is the average lead time?

Product design and engineering is Amtel's expertise. Depending on the types of products, generally the lead time for the entire process from conceptualization up to launching of sales will take around 2 to 4 years.

(b) What were the new and value-added products and services offered during the financial year and how was the response?

We rolled out our new product Digital Video Recorder ("DVR") in early 2021 and sales has been encouraging. DVR currently contributes approximately 25% of the ICT segment's total revenue. Based on the latest forecast sales orders, we expect the sales volume to increase by another 20% in the coming months.

OPERATIONAL AND FINANCIAL MATTERS

Question 5

To fend off competition, Amtel will continue to leverage on its competitive strengths such as strong business relationship with its customers, new innovations integrating green features, especially those related to artificial intelligence, to enable it to expand its product range and services and eventually, broaden its customer base (Page 17 of AR 2021).

What sort of new innovations with green features were introduced and what has been the impact?

This refers to our new software application which is currently at the pilot testing phase with our customers. Due to confidentiality issues, we are unable to share further information at this point in time.

OPERATIONAL AND FINANCIAL MATTERS

Question 6

Amtel's ICT business is partially exposed to foreign currency fluctuation through its imports of components and services that are primarily transacted in USD and Renminbi. On the same note, it will also be sourcing compatible materials from local suppliers of similar quality and standards (Page 17 of AR 2021).

What percentage of its imports of components and services are transacted in USD and Renminbi? How successful has Amtel been in sourcing compatible materials from local suppliers of similar quality and standards?

Approximately 50% of the components and services imported are transacted in USD and Renminbi. Our aim has always been to source supplies locally whenever possible and will continue to do so to help boost the local economy and local employments.

OPERATIONAL AND FINANCIAL MATTERS

Question 7

While the demand for its own in-house designed, built-in toll reader (LOKATAG) and digital video recorder continue to increase, Amtel has poured in more resources into incorporating its existing products with Advanced Driver Assistance Systems (“ADAS”) along with Artificial Intelligence (“AI”) features which it targets to roll out to the market in the coming financial year (Page 18 of AR 2021).

Are LOKATAG and digital video recorder and existing products incorporated with Advanced Driver Assistance Systems (“ADAS”) along with Artificial Intelligence (“AI”) features expected to generate significant revenue contributions to the Group?

Yes, those mentioned products are expected to generate significant revenue contributions to the Group in the coming years.

CORPORATE GOVERNANCE MATTERS

Question 1

Practice 4.1 of the MCCG - At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors. Amtel's response: Departure (Page 12 of Corporate Governance Report FY 2021).

The Board currently has six (6) members comprising the following: -

- (i) One (1) Non-Independent Non-Executive Chairman;
- (ii) Two (2) Independent Non-Executive Directors; and
- (iii) Three (3) Executive Directors.

The Company has only two Independent Non-Executive Directors (INEDs) which is less than 50% of the board composition. Furthermore, 1 of the 2 INEDs has also served for an unduly long period exceeding 25 years.

When does the Company plan to increase its number of INEDs in accordance with Practice 4.1?

The Company is in the midst of identifying suitable candidates who are able to fill this role.

CORPORATE GOVERNANCE MATTERS

Question 2

Practice 4.5 - The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Amtel's response: Departure. Female representation will be considered when a vacancy arises and/or suitable candidates are identified. Currently, the Board does not have any Gender Diversity Policy (Page 17 of Corporate Governance Report FY 2021).

When does the Company plan to have female representation on the Board and have a Diversity Policy?

Our female director has retired during FY 2021 and we have yet to identify a suitable female candidate to fill up this role.

Thank You

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