

**KERJAYA PROSPEK GROUP BERHAD**  
Registration No. 198401010054 (122592-U)  
(Incorporated in Malaysia)

**KEY MATTERS DISCUSSED AT THE  
THIRTY-SEVENTH ANNUAL GENERAL MEETING HELD ON A FULLY VIRTUAL BASIS ON 27 MAY 2021**

**KEY MATTERS DISCUSSED**

**Q1 - Question directed to new CEO, Mr. Tee Eng Tiong**

**With this MCO 3.0, as the new CEO, can you tell us what measures would you be undertaking and how this MCO 3.0 would affect your construction division as well as your upcoming launches for your new development?**

A1- Due to the MCO 3.0, the Company is currently running at 60% capacity to meet the Government's requirement, where all the critical jobs like structural works continue to progress as planned. We will continue to be vigilant and enforce strict standard operating procedures in all our construction sites and office to minimise the impact on our construction progress.

With the roll out of vaccines, the economy will gradually pick up. We believe that 2021 is going to be a recovery year.

I am optimistic of the property sector's outlook. For a long time, the buying sentiment of consumers has been suppressed. Once everything returns to normal, coupled with the current low-interest rate environment, I believe property sales will rebound moving forward.

**Q2 - Question directed to new CEO, Mr. Tee Eng Tiong**

**Being the new CEO and a board member, can you talk more about yourself?**

A2 - I joined Kerjaya Prospek (M) Sdn. Bhd. in 2002 and was promoted to a project director in 2015. I have over 18 years of experience in the field of construction, especially in high rise buildings. With my long serving experience in Kerjaya and the construction industry, I am certainly be able to bring Kerjaya to new heights moving forward.

**Q3 - What is the targeted order book replenishment in Year 2021?**

A3 - The Group's targeted order book for year 2021 is RM1 billion for which the Group has achieved nearly RM0.38 billion as of to-date.

**Q4 - What is your view on the rising raw material prices for construction?**

A4 - We don't think that high raw materials prices will sustain in the long term. Apart from strategic purchasing approach like our ability to negotiate for better pricing using our strong cash balance and long-standing relationship with our suppliers, Kerjaya also has a strong engineering team where we are able to mitigate some of the impact from the volatility of raw material prices towards our cost using value engineering. Through value engineering, we can ensure that the quality and safety remain high and will not be compromised while benefitting from lower cost. For example, we can adjust the ratio of steel and concrete usage at some areas of our work.

**Q5 - What is your tender book as at to-date?**

A5 - Based on the current market condition, our tender book is about RM1.5 billion as at to-date.

**Q6 - Any of the company staffs especially front liner has been vaccinated?**

A6 - Yes, even the Board Members present physically here with four out of five have been vaccinated. Also, a small percentage of our senior staff have received their first shot of vaccines.

**Q7 - I want to asked the management on the following questions: -**

- a) **How about renewable energy business progress, please specify?**
- b) **Building material cost is increasing, can Kerjaya Prospek Group Berhad transfer the cost to customers, such as Kerjaya Property, E&O and the others company?**
- c) **Company's inventory buildings materials can sustain for how long?**
- d) **What is the outlook for the Company and construction sector in 2021 this year?**
- e) **Hopefully management can consider giving dividend shares to replace the cash dividend.**

A7 -

- a) For renewable energy business, the Group has taken the lead in investing in solar renewables pilot projects in some of our properties. The pilot projects will be implemented as soon as the Group receives the approval of Net Energy Metering 3.0 ("NEM3.0") quota from Sustainable Energy Development Authority ("SEDA");
- b) For construction business, the material cost is unable to transfer to the customers;
- c) Our inventory for building materials are sufficient for few months' supplies to our current projects;
- d) The Company's outlook will be good when most of the Malaysian has been fully vaccinated; and
- e) Our Company will consider distributing dividend shares when we have sufficient availability of Treasury Shares.

**Question and Answers from the Minority Shareholders Watchdog Group (“MSWG”)**

The Company has received a list of questions from the MSWG on 12 May 2021 and we have replied in writing to their queries ahead of the AGM. Please refer to Appendix A for the questions raised by MSWG and our responses to their questions.

*The following were the question and answers from the Minority Shareholders Watchdog Group referred to in the Key Matters Discussed at the Thirty-Seventh Annual General Meeting of Kerjaya Prospek Group Berhad held on a fully virtual basis on 27 May 2021*

### **Operational & Financial Matters**

#### **Q1 - Covid-19 pandemic**

**As the Covid-19 pandemic continues to spread, what is the expected impact of the pandemic on Kerjaya Prospek 's operations and financial position in FY2021? How is the Board planning to mitigate the impact of the pandemic on the Group's overall business activities?**

A1 - The rollout of Covid-19 vaccines is the key driver of the economic recovery in FY2021. Barring any unforeseen circumstances, we are optimistic that FY2021 will be better than FY2020.

Thanks to our strong balance sheet, strong outstanding order book and prudent management, the impact of Covid-19 on the Group's operations is still manageable. In fact, we delivered a profit after tax ("PAT") of RM90.8 million (11.2% PAT margin) and declared a total dividend payout of 3.0 sen (40.9% of PAT) to our shareholders in FY2020.

Nevertheless, the Group will continue to be vigilant and will review and revise its business strategies to meet the challenges ahead. We will enforce strict standard operating procedures in all our construction sites and office, including limiting the number and movement of workers between sites, conduct regular testing for our workers, etc, in order to keep the impact of Covid-19 on our operations at a minimum.

**Q2 - What are the reasons for the sharp increase in other operating expenses from RM9,652,364 in FY2019 to RM15,540,838 in FY2020 (Page 74 of the Annual Report 2020)?**

A2 - The increase in other operating expenses increased was mainly due to impairment loss on investment properties amounted to RM11.6 million and this was partly offset with the reversal for impairment on other investments amounting to RM8.9 million.

**Q3 - Kerjaya Prospek achieved an order book replenishment of RM1.5 billion in FY2020. This brings the outstanding order book to RM3.5 billion as at 31 December 2020 (Page 12 of the Annual Report 2020).**

**(a) How long will the order book of RM3.5 million last?**

**(b) What is the targeted order book replenishment in the next two financial years?**

A3 - (a) The outstanding order book of RM3.5 million will be last for 3 years.

(b) Our internal order book target for financial year 2021 and 2022 is at least RM1 billion respectively, however this will be subject to the market condition during the financial year. The Group has achieved RM384.5 million order book replenishment as of 5 May 2021.

**Q4 - On-going construction projects**

**(a) As at 31 December 2020, the Group has 28 on-going construction projects (Page 17 of the Annual Report 2020). What is the progress of the on-going construction projects?**

**(b) Is Kerjaya Prospek facing any delay and/or cost overruns? If so, what is the Group 's strategy to manage the delay and/or cost overruns?**

A4 - (a) All of the on-going construction projects are progressing well as per planned.

The Group will continue to focus on delivering all our existing construction projects on time and meet our customer's requirements.

(b) We do not encounter any major delay or cost overrun.

Amid the full shut down during the first MCO where all construction projects were halted, we managed to catch up and we are proud to say that we managed to deliver all of the projects based on the agreed time line with our customers.

The Group has put in various measures to safeguard our employees and workers, we had also invested in the workers' quarters within the construction sites, which will help to control and curb the Covid-19 cases. In fact, the Ministry of Works issued a statement that we have set a good example on the best practices of workers' quarter for the construction industry after a site visit on 6 February 2021.

The management will continue to exercise cautious measures to ensure we keep the escalating cost to the minimal while continuing to deliver our projects on time, within budget and to our customers' requirement. We remain committed to continue to deliver sustainable growth in the years to come to our shareholders.

**Q5 - On property development, please update on any planned activities or upcoming property launches in FY2021?**

A5 - The Group is targeting to launch two development projects in the second half of FY2021, which are the Montez project and Yakin Land project, with a combined gross development value ("GDV") of about RM630 million.

Montez project consists of 3 blocks of 12 & 13-storey leasehold apartment with a total of 436 units.

Yakin Land project consists of 2 blocks of 38-storey freehold apartment with a total of 454 units.

We are optimistic of the industry's outlook as property sales have been on the rise recently due to pent-up demand.

## **Sustainability Matters**

**Q1 - Kerjaya Prospek recently formed a renewables and energy solutions division to provide one-stop energy solutions.**

**This new renewables and energy solutions division will strengthen and further forge the Group's strong commitment towards Environment, Social and Governance ("ESG") initiatives to contribute in reducing carbon footprint and also create more sustainable environment (Page 16 of the Annual Report 2020)**

- (a) What is the progress of the Group's ESG initiatives?**
- (b) What is the expenditure budgeted for the ESG initiative in the next two financial years?**
- (c) What are the critical areas that the division has identified for improvement?**

- A1 -**
- (a) Since the inception of the new division, it has continuously looked at ways for the Group to contribute meaningfully from a ESG's perspective. The Group has taken the lead in investing in solar renewables pilot projects in some of our properties. The pilot projects will be implemented as soon as the Group receives the approval of Net Energy Metering 3.0 ("NEM3.0") quota from Sustainable Energy Development Authority ("SEDA").
  - (b) Currently, the Group has budgeted RM1 million per annum for ESG initiatives. The Group will continue to implement optimal energy solutions and/or renewables components into our existing and future properties projects in order to contribute towards a sustainable and environmental friendly development.
  - (c) Going forward, the new division will play a major role in providing optimal energy solutions for the Group's future projects.