



Bintai Kinden Corporation Berhad

(Company No: 290870-P)

3-2-8, Kompleks Kantonmen Prima, No. 698, Jalan Ipoh, 51200 Kuala Lumpur.
Tel: 03-2732 2684 / 03-4042 6233 Fax: 03-2732 2654 Website: www.bintai.com.my

Date : 29 September 2020

Minority Shareholder Watch Group
Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

Attention : Mr Devanesan Evanson
Chief Executive Officer

BINTAI KINDEN CORPORATION BERHAD **26TH ANNUAL GENERAL MEETING HELD ON TUESDAY, 29 SEPTEMBER 2020**

We refer to your letter dated 19 September 2020 pertaining to the above mentioned matter and append the information requested as follows:

Strategy and Financial Matters

1. The Group has implemented cost rationalisation programs within the Group to make sure the Group will be able to ride through the Country's receding economic condition and the outbreak of the Covid-19 pandemic as mentioned in the Chairman's Statement.
 - (a) Please highlight the cost rationalisation programs that the Group has implemented?

Cost rationalisation programs implemented include:

(i) Reduction of Remuneration for Directors and all employees:

- Managing Director - 40%;
- Executive Directors - 30%;
- Fee for Independent Directors - 30%;
- Other staff - 5% to 25%.

(ii) Disposal of high maintenance motor vehicles;

(iii) Downsizing of office premises;

(iv) Freezing all new recruitments unless really necessary.

- (b) How much cost rationalisation has the Group achieved in percentage since the implementation of the programs as compared to before the cost rationalisation programs?

The rationalisation programs managed to reduce approximately 18% of the total cost of the Group after implementation.

2. For Financial Year Ended 31 March 2020 (“FY2020”), contributions to the M&E business were focused on projects awarded by Tenaga Nasional Berhad in constructing sub-stations at various locations in Malaysia for total contract sum amounting to approximately RM200 million.

- (a) What is the current order book for this segment? How long is this order book expected to last?

Current order book up to June 2020 is approximately RM200 million. Expected to last until year 2022.

- (b) What has been the success rate when tendering for projects in the last two years?

Success rate in job tendering for the past two years was 10%.

- (c) Where are the Group’s targets for exploring new opportunities for a diverse range of M&E projects in the local market and to capture new market demand?

(i) The Group is targeting on more infrastructure projects (such as TNB) which are necessary even though during this crisis that we are now facing.

(ii) It is a real challenge to capture new market demand due to the limitation of geographical area that we can go at this moment due to the pandemic. We shall re-evaluate the possibility of exploring new market demand in the future when the situation improves.

3. Gross Profit (“GP”) margin decreased from 15.90% (FY:2019) to 12.93% in FY2020. What is the reason for the lower GP margin?

The reason for lower GP margin was due to the decreasing revenue for financial year ended 31 March 2020 of RM89.86 million as compared to the preceding financial year ended 31 March 2019 of RM147.13 million as a result of:

- (i) completion of concession arrangement segment; and
(ii) standstill position of the on-going project due to the Movement Control Order (“MCO”) imposed by the Malaysian Government as preventive measure in response to the Covid-19 pandemic in the country.

4. To further diversify the Group's earnings stream, the Group will be engaging with reputable healthcare professionals for guidance on green field set-up, operational tie-up, management support and resources sharing for the operations of the medical centre and healthcare-related service.

(a) What is the progress of this new medical venture?

Prior to the outbreak of this Covid-19 Pandemic, we were in the final stage of planning but as a result of the outbreak, we are re-aligning our plans and has decided to shelve the proposed plan temporarily to a later date when the time is more conducive.

(b) When it is expected to be in operation?

It is expected to be in operation within 3 to 5 years after obtaining approval from the relevant authorities.

(c) When is the expected funding required to set up the medical centre and how will the Company fund the investment?

The expected funding is required after getting approval from the relevant authorities and will be funded via project financing.

5. BKCB's net current liabilities stood at RM31.8 million as at 31 March 2020. With negative operating cash flow of RM21.5 million, how would BKCB satisfy the repayment obligation for borrowings, other liabilities and cost overheads which are due in the next 12 months?

The Group is actually working hard to pursue all outstanding payments from its debtors for completed projects and at the same time trying to complete more projects in hand to ease the Group's cash flow position. The Group is also proposing some fund raising corporate exercise to increase the Group's working capital requirements.

6. As at 31 March 2020, BKCB recognised concession receivables amounting to RM128.8 million under a concession arrangement for the in-campus accommodation project for Kolej Universiti Islam Melaka that was completed on 27 September 2019. During FY2020, the concession grantor has missed certain payments for Availability Charge Rates that BKCB is entitled to due to the difficulties faced by the grantor in operating the university following the emergence of the COVID-19 outbreak.

What is the status of these receivables? How much of it has been recovered to-date?

The amount of concession receivables were not RM128.8 million but RM1 million per month for a period of 22 years. The outstanding receivables will be pursued via negotiation with the concession parties as well as with the financial institution for debt restructuring.

Amount recovered to date is approximately RM3 million.

7. BKCB's interest expense increased by 55.7% to RM9.5 million in FY2020 (FY2019:RM6.1 million). There was only a 13.2% increase in total borrowings. The breakdown of interest expense shows that there was an increase in interest expense of RM3.2 million on Term Loans (Note 23) despite lower effective interest rates per annum for (FY2020:7.00%:FY2019:7.9%) (Note 18). What is the reason of the increase in interest expense and what are the anticipated finance costs going forward?

Higher term loan interest was due to the completion of concession arrangement segment. The Company anticipated finance costs going forward to be reduced by way of negotiation with financier for debt restructuring and the intention to utilise proceeds from fund raising exercise to partially repay the outstanding borrowings.

Corporate Governance ("CG") Matters

1. As stated in the CG Report, BKCB departed from Practice 4.1 of Malaysian Code on Corporate Governance (MCCG) which stipulates that at least half of the Board comprises independent directors. The composition of the current Board of Directors comprises 7 members of whom 3 are independent directors. Does the Company plan to adopt the MCCG Practice? If so, what is the target date?

The Nomination Committee will put in more effort to recommend more suitable candidate for Board's approval.

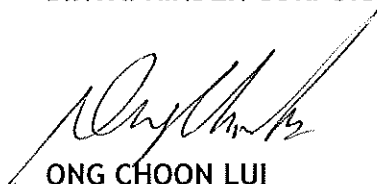
2. BKCB in its CG Report disclosed that it has departed from Practice 4.5 which requires the board to disclose in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. The Company has not adopted the Practice which requires the board to disclose in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. Please take note.

The Company departed on the recommended composition of 30% female directors but the Company / Group never practice any gender discrimination on employees of all levels. In view of nature of business which is in engineering, we only have approximately 30% female employees in our organisation. Even though the percentage of female employees is low, we have never practice gender discrimination towards our employees. Our employees were recruited and assessed based on their qualifications and working experience that suit to their respective scope of work.

Thank you.

Yours faithfully

BINTAI KINDEN CORPORATION BERHAD



ONG CHOON LUI

Group Managing Directors/Chief Executive Officer