

Appendix A
(which forms part of the Minutes of 10th Annual General Meeting)

SUMMARY OF KEY MATTERS DISCUSSED DURING THE 10TH ANNUAL GENERAL MEETING (“10TH AGM”) HELD VIA PHYSICAL MODE AT TRADING POST, PONDEROSA GOLF & COUNTRY CLUB, NO. 3, JALAN PONDEROSA 1, TAMAN PONDEROSA, 81100 JOHOR BAHRU, JOHOR ON WEDNESDAY, THE 30TH DAY OF JULY, 2025 AT 9.00 A.M.

QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCH GROUP

During the 10th AGM, the Chairman informed the shareholders present that the Company had received a letter dated 24 July 2025 from the Minority Shareholder Watch Group (“MSWG”).

The Chairman then presented the questions/queries raised by MSWG to the shareholders together with the Board and management’s response for the benefit of shareholders present at the AGM as follows:

Operational & Financial Matters

Q1. *In FY2025, the Group faced intensified competition in the construction and engineering sectors, resulting in the loss of certain tenders at the final evaluation stages. (page 16 of Annual Report (AR) 2025)*

(a) *What key insights has the Group gained from the tenders lost at the final evaluation stage?*

Answer:

One of the main insights that we observed, is a shift of market players crossing and entering into our industry from their original traditional space. We believe the reason for this is due to their current market industries that are not growing as expected, or declining in our current economy or market situation. Market players are either taking the opportunity to expand or to sustain in their current situation. Leading to a more aggressive market competition in our current market space.

Another insight that we observed, is the procurement model by client. Cost is increasing at every level of the supply chain. Client is constantly balancing cost versus budget. As such, procurement model is also very dynamic whereby a single contract can be cut or divided into multiple packages. This could result into certain missing link to complete the project to its full functionality or intent of the design which could lead to argument or additional cost to complete the project along the way. Upon recognizing these factors, it is our opinion that our Group should not take unnecessary risk.

From our point of view, we will always evaluate our position on the entire project life-cycle with emphasis of successful delivery at the end of project. During the process of assessment and evaluation, if our Group observes or considers that the risks are high and not favourable and will jeopardize our Group in any areas, we will deem this as not a viable project and will not proceed further even if it means losing the tender.

(b) How is the Group refining its tendering strategy to enhance competitiveness and improve future success rates?

Answer:

Enhancing our competitiveness is continuous every-day effort. It is our view that this learning curve does not stop in-order for us to continuously maintain or grow our positioning in the market. Some of these efforts are :-

- Streamlining our supply chain to building better cooperations with partners.
- Increasing our productivity to developing rewards system / KPI for our employees.
- Introducing automation to improve efficiency to improve internal processes.

One of the most effective strategy that we observed, is selecting the right client. Key factors that we believe that are more important than commercial interest are the level of communication, the synergy between both parties, the level of understanding and working model with the client.

Establishing good trust and confidence between both parties are of utmost importance.

While we recognize that this strategy takes a lot more effort at every level of the client's organization structure, this is also proven to be most effective strategy in increasing our success rate. As such, our target approach is very selective in-terms of projects and clients. Our objective is to ensure we deliver every single project successfully and exceeding our client's expectation. Our intention is to build trusts for returning opportunities or through referral based on actual case studies.

Q2. The Group's outstanding order book stood at RM156 million as of end-FY2025, providing revenue visibility and short-term financial stability. (page 16 of AR 2025)

(a) How much of this orderbook is expected to be recognised in FY2026?

Answer:

Barring unforeseen circumstances, expected revenue to be recognised in FY2026 is approximately RM80mil to RM85mil or 51% to 54% of the order book. This is not including Orders secured at the start of our FY2026 and orders that we will be securing in next 6 months.

(b) What is the Group's current tender book? And what is your target orderbook replenishment for FY2026?

Answer:

The current order book on hand is approximately in the range of RM140 to 150 million, give or take.

The total project value for projects that we have submitted tenders is slightly above RM500 million.

Q3. *The Group's net profit margin decreased slightly to 1.75% in FY2025, compared to 1.80% in FY2024. (page 15 of AR 2025)*

(a) *What were the key factors contributing to the continued low margin?*

Answer:

The continued low net profit margin in FY2025 was mainly attributed to the following factors:

1. Reduced Revenue Generation:

- Project delays during the financial year impacted the pace of business turnover, resulting in lower revenue recognition within the reporting period.

2. Margin Pressures from Cost Environment:

- Rising costs related to overhead, manpower and commodities, while contract pricing remained fixed throughout the contract period.
- Additional cost due to prolonged project timelines, with Extension of Time (EOT) compensation yet to be finalized or received.
- Competitive pricing strategies were employed to strengthen market positioning in a saturated and price-sensitive environment.

3. Fixed Administrative overhead and Finance Costs:

- Fixed administrative overheads weighed more heavily on profit margins amid reduced revenue.
- Financing costs remained at relative high level as the Group continued leveraging borrowings to support ongoing operations and project execution.

(b) *What steps is the Group taking to improve efficiency and productivity across its business operations?*

Answer:

To enhance efficiency and productivity, the Group has implemented the following key initiatives:

- Focused efforts on acquiring projects with healthier margins to improve overall profitability.
- Reviewing and realigning workforce allocation to better match project requirements and improve cost efficiency.
- Enforcing more stringent cost control measures across all business units to identify and address inefficiencies.
- Negotiating more favourable terms with suppliers to counter rising input costs.
- Strengthening cash flow and working capital management to reduce dependency on external financing.

These initiatives form part of the Group's broader strategy to reinforce its operational foundation, improve margins, and drive sustainable growth.

Corporate Governance Matters

Q4. On 28 April 2025, the CEO of the Company, Dato' Jeffrey Lai, was appointed as Chairman of the Board on an interim basis while remaining as CEO, following the resignation of Datuk Tan Kok Hong @ Tan Yi, the Independent Non-Executive Chairman.

- (a) Why was there no immediate succession plan for the Chairman's role?*
- (b) What measures are being taken to identify and appoint a new Independent Chairman? What is the expected timeline for this appointment?*

Answer:

Cabinet has in place a succession framework whereby all major critical positions are required to have a person identified to assume the principal position in such circumstances where the principal resigns or is incapacitated or unable to carry on.

The immediate succession plan under our framework for the Chairman would be the identification of a suitable Director from amongst the existing Directors who commands the respect of all directors to be appointed to the position of chairman for the interim period until a suitable candidate is identified.

The appointment of Dato' Jeffrey Lai as Chairman is in line with the succession plan. The Board's Nomination Committee will be meeting again and will consider and take into consideration all current dynamics and challenges which the Board and Company may face before making its recommendations to the Board.

This process involving identification, assessment and appointment is expected to be carried out and completed as soon as practicable before the next financial year end.

Sustainability Matters

Q5. In FY2025, the Group generated 112.56 MWh of green energy through its solar power systems, a decrease from 125.18 MWh in FY2024. (page 49 of AR 2024)

- (a) What are the reasons for the decline in solar energy generation?*

Answer:

The decline in solar energy generation can be attributed to the following factors:

1. Adverse weather conditions – Cloud cover and rainy days can significantly reduce the amount of sunlight reaching the solar panels, thereby lowering energy output.
2. Dirty or obstructed panels – Dust, dirt, or other debris on the surface of solar panels can block sunlight and reduce efficiency.
3. System downtime – Maintenance issues, technical faults, or power system failures can lead to temporary shutdowns, interrupting energy production.

4. Panel degradation – Over time, solar panels naturally lose efficiency due to wear and tear, reducing the amount of electricity they can generate.

(b) *What percentage of the Group's total energy consumption is derived from solar energy?*

Answer:

Approximately 35% of the Group's total energy consumption is sourced from solar energy.

(c) *Are there any plans to install additional solar panels in FY2026?*

Answer:

Currently, our Group does not have any plans to expand the solar system capacity in FY2026. This is due to the existing system being sufficient for our current energy needs. Moreover, the nature of our business does not require high energy consumption, unlike manufacturing plants or factories, so there is no immediate need for expansion.

Nonetheless, the Board will continue to monitor the Group's energy usage and assess the need for future investments in solar energy as part of our ongoing sustainability efforts.

QUESTION POSTED DURING THE 10TH AGM

Q1. Is Cabnet currently involved in any project tendering related to data centers? Additionally, what types of projects is Cabnet presently targeting, and what are the size, number, and nature of these tendered projects?

Answer:

Cabnet only begun exploring data center market in late 2024. On certain data center project tendering that we participated, we were not successful in winning. Should there be any project with significant value awarded subsequently, Cabnet will make the necessary announcement through Bursa Malaysia Securities Berhad in accordance with regulatory requirements.

In view of the confidentiality requirement, we are unable to share detail information of on-going tendering projects. In term of the size of the projects, it could be ranging from Ringgit Malaysia a few million to several hundred million, as mentioned previously, we have submitted tenders with combine value of slightly above RM500 million.