PINTARAS JAYA BERHAD
Registration No. 198901012591 (189900-H)
(Incorporated in Malaysia)

Questions raised by shareholders and answers/responses from the Chairman during the Thirty-Third Annual General Meeting ("AGM") of Pintaras Jaya Berhad ("PJB" or "Company") held at OWG, Inspire Ballroom, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 21 October 2022 at 10.00 a.m.

QUESTIONS AND ANSWERS

The Company had received a request from the Minority Shareholders Watch Group ("MSWG") dated 3 October 2022 to raise the following questions at the AGM. The answers/responses given by the Company were as detailed hereunder:-

<u>Operational & Financial Matters</u>

1. PJB recorded a profit before tax (PBT) of RM48,264,803 in FY2022 (FY2021: PBT of RM75,122,590), mainly due to a land sale profit of RM17,000,000. This represents a year-on-year decrease in PBT by RM26,857,787 or 35.75%.

   Without the land sale profit, PJB's year-on-year PBT would have decreased by RM43,857,787 or 58.38% (Page 36 & Page 44 of the Annual Report 2022).

   (a) How does the Board intend to address the decline in PBT recorded in FY2022?

   <u>Response:</u> The comparison should include gains or losses from portfolio investment on PJB's year-on-year PBT. Hence, if gains or losses from portfolio investment and land sale were excluded, the Group PBT for 2022 will be around RM40 million while for 2021 was RM64 million representing a decrease of about 38%. This is still significant and it reflects the challenging operating environments both in Singapore ("SG") and Malaysia ("MY"). Most factors were outside our control. We just have to ride this out and not have ourselves badly hurt and emerge stronger than the competition.

   (b) What is the financial performance prospect of PJB in FY2023?

   <u>Response:</u> We have already clearly expressed our views on Pages 33 and 36 of the Annual Report 2022. The Board does not expect a better financial performance for FY2023.

2. In FY2022, the Group recorded a lower PBT margin of 10.9% compared to a PBT margin of 20.3% in FY2021. This is mainly due to unprecedented headwinds of Covid, labour shortages, material price increases, high energy costs, and supply chain disruptions (Page 35 of the Annual Report 2022).

   (a) The abovementioned factors and costs may continue to impact the Group's PBT adversely. In what ways can the Group improve the PBT margin?

   <u>Response:</u> It is difficult to maintain let alone improve the PBT margin. Everyone just have to work harder, smarter and be more efficient.

(b) Can the Group pass on the costs or a portion of it to the customers?

Response: Some costs can be passed on to customers by higher selling prices for our tin-can business.
In construction, awarded contracts are based on firm rates so increased costs are borne by us.

(c) What is the Group's targeted PBT margin for FY2023?

Response: There is no specific target but we have to adjust to prevailing market conditions.

3. There is a loss on disposals of financial assets at fair value through profit or loss of RM5,759,060 in FY2022 (FY2021: Gain of RM7,307,288) (Page 44 of the Annual Report 2022). Which financial assets caused the loss on disposal?

   Response: The loss was from portfolio investment.

4. Construction Orderbook

   (a) What is the Group's latest orderbook, and targeted orderbook replenishment in MY and SG in the next two financial years?

   Response: Our orderbook currently is about RM320 million.

   Targeted orderbook replenishment is around RM350 - RM400 million per annum.

   (b) Has the Group faced difficulties securing any new contracts? If so, what is the Segment's strategy to deal with the difficulties?

   Response: Yes, securing new contracts with adequate margins is challenging. We need to be selective so that we do not sit idle and not incur project losses.

5. What is the outlook for the Group's manufacturing business segment in FY2023?

   Response: Manufacturing business outlook is stable with potential for some growth.

6. What is the Company's strategy for the next 2 - 3 years as it was noted that 80% of the total revenue of the Group were contributed by construction division in SG.

   Response: It was a tough journey for the Company to venture into the SG market 5 years ago. The Group's aims are to remain a profitable piling contractor, to continue to grow and at the same time the Management will continue seeking for new opportunities/ markets.

Other questions raised by the shareholders and the answers/responses given by the Company were as follows:-

1. It was noted that there was a decline of RM40.2 million in the marketable securities from RM41.7 million for year 2021 to RM1.5 million for year 2022. What is the reason for the significant decline?

   Response: The huge decline in the marketable securities was due to the move to a trust fund structure.

2. It was noted that the Company invested in a new printing line. How much was the capital expenditure for this investment?

   Response: The capital expenditure for the new printing line was approximately RM5.0 million and is anticipated to generate positive revenue after 12 months from the investment.

3. Does the Company have any plans to diversify its core business besides engaging in construction and manufacturing activities?

   Response: Construction and manufacturing remain the main income streams of the Group. The Board however, recognises the need to diversify its businesses.

4. What is the prospect for construction in SG and MY in securing contracts? How is the profit margin for the contracts that the Group managed to secure?

   Response: Construction business in MY remains uncertain and it is expected that FY 2023 will be a tough year for Construction Market in MY. The construction business in SG is stable as 70% of the construction projects are government projects with adequate margin. The Group will continue to stay vigilant on the profit margin of the projects to be tendered in FY 2023.

5. The Company should consider implementing share buy-back to enhance shareholders' value. The Company's share price is standing between RM2.10 to RM2.15 per share. The net tangible assets per share is getting stronger recording at RM2.41 for FY 2022.

   Response: The Company has been declaring consistent dividend for the past years. The dividend payouts for the past 3 years were RM16.6 million per year. The Company conserves cash to enable it to face uncertainties and challenges throughout its operations. The Company may buy-back its own shares when the need arises.