

Pintaras Jaya Berhad

Company Registration No.: 198901012591 (189900-H)

- Appendix to the Minutes of 30th Annual General Meeting held on 25 October 2019

APPENDIX A

Questions raised by shareholders and response from the Chairman during the Thirtieth Annual General Meeting of the Company held at OWG, Inspire Ballroom, No. 10, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25 October 2019 at 10:00 a.m.

- Q.1 Clarification on the provision for rectification cost on the cash flows from the Company operating activities of RM7.3 million in the financial statements for the year ended 30 June 2019.
- A.1 The Chairman briefed that it is a provision provided or money set-aside for works where the Company anticipates rectification works for piles constructed beyond contract tolerances. These contract tolerances may be tighter than expected works tolerances.
- Q.2 What are the Company's criteria for its investment in equities?
- A.2 The Chairman informed that investments in equities are managed by professional fund managers and that the Company is centering on a long term, conservative, fundamental growth of the investment. It is not a business for the Company but as the Company has surplus cash reserves, it makes business sense to place a portion of its cash to professional managers in order to achieve higher rate of return while still maintaining the Company's cash reserves.
- Q.3 Moving forward, what is the Company's insight for the construction industry for the next three to five years?
- A.3 The Chairman informed that the Company as a Group, is operating well at this point in time and foresee that the Company is able to secure more jobs for the coming years. On the other hand, the construction market in Malaysia is uncertain for the next three to five years due to competition, reduced tenders and margins. The Chairman hoped that the Government would increase expenditure on infrastructure developments to boost the construction industry in Malaysia. Otherwise, the coming few years would be challenging and be filled with uncertainties.
- Q.4 The Company's subsidiaries in Singapore are performing tremendously well. What is the maximum capacity of contract value the subsidiaries in Singapore can carry out simultaneously?
- A.4 The Chairman informed that the Company targets at SGD120.0 million contract value per year within 3 to 4 years depending on competition and market condition of the construction industry in Singapore.

Pintaras Jaya Berhad

Company Registration No.: 198901012591 (189900-H)

- Appendix to the Minutes of 30th Annual General Meeting held on 25 October 2019

- Q.5 Has the Singapore's subsidiaries secured any contract from the Housing and Development Board ("HDB") in Singapore?
- A.5 The Chairman informed that HDB jobs forms a substantial part of the construction market in Singapore. The subsidiaries in Singapore have secured several HDB jobs in Singapore.
- Q.6 Explain the increasing capex in Singapore's operation.
- A.6 The Chairman informed that capex in Singapore has been high at about RM38.0 million as the subsidiaries are rapidly growing and expanding its office, storage space, and plant & equipment to meet the revenue expansion. The Chairman also highlighted that the Company would only spend according to requirements.
- Q.7 There is an increase of borrowings to RM27.2 million. Is the Company expecting further increases in Hire Purchase financing for the coming years?
- A.7 The Chairman informed that the Company did not have any borrowings previously. But as the cost of borrowing in Singapore is attractive at lower than 4% p.a., it makes more commercial sense to borrow than to purchase equipment on cash terms.
- Q.8 The Company has been declaring good dividend payout. Will the Company consider exercising share buy-back instead of investing into equities of other Companies?
- A.8 The Chairman informed that including year 2019, it is the 4th year that the Company has declared a 20 cent dividend payout per year. The Company has been paying dividends since 1994 without fail. The Chairman informed that investing into equities is the Company's means of retaining cash reserves and at the same time achieve higher rate of returns for the Company. If the Company should exercise share buy-back, cash reserve will reduce and the Company will face difficulties to collect back the cash again from shareholders in the event the Company requires cash. In general, the Company will consider share buy-back in the event the Board opines that the share price is below the net asset value of the Company.
- Q.9 What is the utilisation of plant & equipment for the Company?
- A.9 The Chairman informed that plant & equipment is fully utilised at this point in time for both Malaysia and Singapore operations. Approximately 25% capacity of the rigs and cranes from the Malaysian operation has been mobilized to Singapore to support the Singapore operation. This is the reason the Company has purchased more equipment to support its operation and hence increasing capex requirement in Singapore.

Pintaras Jaya Berhad

Company Registration No.: 198901012591 (189900-H)

- Appendix to the Minutes of 30th Annual General Meeting held on 25 October 2019

Q.10 What is the expected revenue contribution from Malaysia and Singapore for year 2020?

A.10 The Chairman informed that revenue for financial year 2019 from Singapore is much higher than in Malaysia. It is foreseeable that the revenue for next year would probably be at 75% from Singapore and 25% from Malaysia's operation for the construction activities.

Q.11 On the manufacturing division, does the Company have plans to export its products?

A.11 The Chairman explained that tin cans are difficult to export and the market is limited. Empty tin cans incur a huge volume over space ratio and thus logistics would be costly. Such businesses are concentrated locally and every country has their own tin can manufacturers. The Company does export tin cans to Singapore via land transport as manufacturing costs are much higher in Singapore. However, competition in Johor placed us in a disadvantageous position. The Chairman highlighted that while the tin can business is a very mature business, it has all this while provided good cash flow to the Company.

Q.12 What are the reasons for the overdue trade receivables?

A.12 The Chairman informed that Singaporean companies generally adhere to making payment on time compared with Malaysian companies. They are more legalistic while Malaysian companies view legal action as a threat. The determination period for adjudication process is much shorter in Singapore, which takes one to two months whereas it takes five to six months for a determination in Malaysia. In addition, delays on trade receivables are also due to the time taken for the finalisation of accounts for each project, which takes an average of one to two years before final accounts can be completed for payment.

Q.13 As conventional postal of notice of general meeting may result in non-delivery or lost in post, will the Company consider adopting the use of electronic media to circulate notice of general meeting?

A.13 The Chairman briefed that the existing Constitution (known as Memorandum & Articles of Association) does not provide for such method of dissemination of notice of general meeting. Once shareholders approved the adoption of the new Company Constitution which will bring our existing Constitution to be in line with the Companies Act 2016 and the amendments of the Listing Requirement under item 11 of today's agenda, the Company shall explore this possibility and promote environment sustainability in disseminating notice, circular and/or annual report via electronic means.

Pintaras Jaya Berhad

Company Registration No.: 198901012591 (189900-H)

Appendix to the Minutes of 30th Annual General Meeting held on 25 October 2019

- Q.14 The overall total wages, salaries and bonuses of employees increased from RM14.66 million in year 2018 to RM29.51 million in year 2019. What is the estimated increase of staff from the acquisition of the subsidiaries in Singapore? What are the other employee benefits and cause of the increase from RM370,000 in year 2018 to RM4.1 million in year 2019? What are the reasons for the increase in salaries and bonuses of Executive Director of approximately RM1.0 million?
- A.14 The Chairman informed that the wages, salaries and bonuses of employees and Executive Directors are affected by the Singapore acquisition. There is approximately 180 additional employees from Singapore with salaries subjected to the conversion rate of approximately 3 times. Further, the increase in benefit in kind is mainly due to the levies paid for foreign workers.
- Q.15 Does the Company have a foreign currency hedging policy for Singapore Dollar now that we are operating in Singapore?
- A.15 The Chairman informed that there is no necessity for such a policy at this point of time. Should we have this policy, it would be applicable only to the Singapore operation. He added that the Singapore operation is operating independently from Malaysia, thus very rarely will there be outflow and inflow of money to and from Singapore unless the Singapore subsidiaries seek financial assistance from the Company. Thus, there is no major foreign exchange risk to the Company.
- Q.16 Mr Kong Kim Piew, an Independent Non-Executive Director (“INED”) resigned on 15 November 2018. The current Audit Committee (“AC”) composition comprises of two INED and a Non-Executive Director (“NED”) who is newly appointed. Will the Company seek for another INED to replace the outgoing INED?
- A.16 The Chairman informed that the current composition of the Company’s AC is in compliance with the Listing Requirements. Hence, unless the Company comes across a good candidate who is well versed with the business, the Company shall maintain the current composition at this point of time.
- Q.17 Is there any policy on dividend payment/declaration?
- A.17 The Chairman informed that there is no policy on the declaration of dividend and highlighted that including this year, it is the 4^h year that the Company has declared a 20 cent dividend payout. The Company may require substantial capital expenditure for the subsidiaries in Singapore. However, it will continue to pay dividends at the current rate subject to the performance of the Company next year.