

APPENDIX A

Questions raised by shareholders and response from the Chairman during the Twenty-Ninth Annual General Meeting of the Company held at Topas Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 23 October 2018 at 10:00 a.m.

Q1. The job wins by the Company for the financial year ended 2018 were remarkably low with a reduction of Profit Before Tax (“PBT”) of 40%. On the other hand, the manufacturing division recorded a higher percentage of PBT and is doing better compared to the other core business of the Group. Kindly comment on the prospects of job wins for the financial year 2019 taking into consideration competition and changes in Government policies and whether the prospects of job wins would be better than the preceding year.

A.1 The Chairman informed that the performance for financial year ended 2018 was indeed unsatisfactory for the construction division but is confident that the construction division of the Group would not face another low year in the financial year 2019. The manufacturing division recorded a slight improvement and its performance has been consistent over the years. Profit margin for the manufacturing division may be slightly lower in the current financial year due to increase in cost of goods sold (ie: the cost of material).

The Group has set a target of RM150 million revenue for the financial year 2019 compared to RM200 million in the previous year due to the current economic condition. The construction division should show improvement for the coming years with the acquisition of Pintary International Pte. Ltd. and its subsidiaries (“Pintary Group”) in Singapore. Pintary Group is expected to do well and expected to secure jobs worth up to SGD80 million or a revenue of approximately SGD60 million. Consequently, Pintary Group would have higher revenue compared to the operations in Malaysia. Pintaras Jaya Bhd should be able to achieve approximately RM300 million in total revenue for the financial year 2019.

The Chairman stated that the construction business is uncertain and unpredictable at this point of time in Malaysia, and foresee that the business would not be doing well for the next two years mainly due to current economic conditions, changes in Government policies and an over supply of residential and commercial properties. However, the Group is confident with the acquisition of Pintary Group and operations in Singapore, the construction division would improve for the coming years.

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- Q.2 The Company has been declaring good dividend at a ratio of 240% per annum. Will the Company be able to sustain with the current rate or in order to sustain, will the Company consider to revise and/or lower the dividend rate to 100% per annum for the coming years?
- A.2 The Chairman informed that including year 2018, it is the 4th year that the Company has declared a 20 cent dividend payout per year attributable to the Company's strong financial resources. The Company will continue to pay dividend at the current rate as much as the Company is able to, except with the occurrence of any unforeseeable event.
- Q.3 There are some quoted investments of approximately RM28 million. Are there plans to liquidate the investment for dividend payment?
- A.3 The Chairman informed that there is no necessity to liquidate the investment for the purpose of dividend payment as the Company has enough reserves.
- Q.4 The Company's Malaysian operations have an average of 20% profit margin. What profit margin can be expected from the newly acquired company in Singapore?
- A.4 The Chairman highlighted unlike Malaysia, the construction market in Singapore is matured with a very competitive environment, and accordingly the expected profit margin in Singapore will unlikely be similar with profit margin in Malaysia. In recent years, the market in Singapore has improved tremendously and many projects have been initiated by the Government. Therefore, the Company is confident that the subsidiaries in Singapore will be able to outperform the average profit margin (of mostly single digit) and aim for at least 10% profit margin over the coming three to five years. These subsidiaries have the support from the Company in order to grow and hence the profits generated over the time by the operations in Singapore would become significant.
- Q.5 Will the Company exercise share buy-back in order to support the share price as at the moment the main factor which had contributed to the support of the Company's share price is the declaration of high dividend by the Company and what criteria is used to trigger the Board to consider share buy-back?
- A.5 The Chairman informed that the Company has never exercised any share buy-back. The Board does not have a figure/criterion presently to trigger share buy-back exercise but generally would consider the same when the Board opined that the share price is too low or the share price is below the net asset value of the Company.
- Q.6 Does the Company plan to acquire more land or property to expand its business?
- A.6 The Chairman informed that the Company has sufficient properties. The Company has a piece of land in Meru which is currently used as store bought back in year 1993 at RM8.75 per square foot. The value of the said land has currently appreciated to approximately RM75.00 per square foot. Presently, the Company is considering to convert the usage of the said land and has plans to relocate the store to another location.

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Q.7 What is the Company's capex projection for the next five years?

A.7 The Chairman informed that the Company does not have a specific figure for capital expenditure for any particular year and it all boils down to need and necessity. There will not be significant capex for the Malaysian operations and most of the capex is for Singapore.

Q.8 Are there any outstanding jobs and what are the contract figures which would keep the Company occupied for the financial year 2019?

A.8 The Chairman informed that there is an outstanding order book of approximately RM100 million in Malaysia which would keep the company occupied for the next financial year. The Company is trying its best to win new jobs in Malaysia with a tender book of approximately RM400 million. Notwithstanding the Company's efforts, the contract rates coupled with current market conditions are very competitive. On the other hand, Pintary Group has a tender book of approximately SGD700 million with the outstanding order book of approximately SGD48 million. The Chairman is confident that the Pintary Group will be able to secure approximately SGD60 million for the financial year 2019.

Q.9 Moving forward, what is the Company's insight for the financial year 2019?

A.9 The Chairman informed that as a Group, the Company is operating well. There are about six machines operating in Malaysia while approximately 20 machines are operating at Singapore. The Chairman hopes that the upcoming Government Budget will be able to boost the construction industries in Malaysia. Otherwise, the year 2019 will be very challenging and filled with uncertainties for construction companies.

Q.10 The Company holds a considerable number of landed properties and apartments which are currently vacant. What are the plans for these properties?

A.10 The Chairman informed that the Company only holds 3 low-cost apartments and three 3-storey semi-detached houses which were a contra arrangement as payment to the Company. The Management will look into all the possible ways to dispose them.

Q.11 Why is the Company holding other currencies while its operations and based mainly in Malaysia?

A.11 The Chairman informed that the Company holds different currencies as it acquires machineries and raw materials from countries such as Europe, Japan, China and Korea which hence expose the Company to foreign exchange risk.

Q.12 What are the reasons for the overdue trade receivables of more than 365 days?

A.12 The Chairman informed that the delays on trade receivables are mainly due to the time taken for the finalisation of account of each project, which takes an average of one to two years before final accounts can be completed for payment.