

PESONA METRO HOLDINGS BERHAD (957876-T)
(Incorporated in Malaysia)

SUMMARY OF QUESTIONS AND ANSWERS DURING THE EIGHTH ANNUAL GENERAL MEETING (“8TH AGM”) OF THE COMPANY HELD AT THE ZENITH, LEVEL M1, CONNEXION CONFERENCE & EVENT CENTRE AT THE VERTICAL (CCEC VERTICAL), NO. 8, JALAN KERINCHI, BANGSAR SOUTH CITY, 59200 KUALA LUMPUR ON THURSDAY, 13 JUNE 2019 AT 10.30 A.M.

The following questions and answers were dealt with:-

AGENDA ITEM 1: AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

Q1) Mr Ng Soo Har @ Ng Seet Kow, a shareholder, enquired on the future prospect of the Group amidst the challenging economic and political environment globally.

A1) Dato’ Sri Lee Tuck Fook (“Dato’ Sri Lee” or “Chairman”) acknowledged the challenging operating conditions for both construction and property industries. However, the Group’s order-book is healthy and will keep the Group busy over the next few years.

A2) Mr Wie Hock Kiong (“Mr Wie”) added that despite tough market conditions, the Group managed to secure a few sizeable projects in the past two years. The Group has an outstanding order book of approximately RM2 billion which is expected to contribute to the Group’s revenue over the next three years. The increase in material costs had indeed affected the Company’s bottom line. However, going forward he foresees that the cost of materials would be stable or reducing in tandem with soft economic situation.

Q2) Mr Leow Yeow Ming (“Mr Leow”), a shareholder, enquired on the following:-

(a) **The Group has adopted a concept to preserve natural habitat by building eco-bridges to keep wildlife in the vicinity safe from traffic during animal crossings. He enquired the rationale of adopting such concept and whether it is a requirement imposed by the Government or Non-Governmental Organisation (“NGO”) and whether there are companies adopting the same concept; and**

(b) **The reasons and details of the 25% increase in the administrative expenses as compared to last year which has impacted the bottom line of the Group.**

- A2) (a) Mr Wie explained that the eco-bridge is the design needs of the client based on “design and build” contract in a way to support NGOs.
- (b) Mr Chong Kien Eng (“Mr Chong”), the Chief Financial Officer of the Company explained that the significant increase in the administrative expenses was attributed by (i) amortisation of concessionaire right for the UNIMAP project (2017: RM413,186.00 vs. 2018:RM3,470,142.00); and (ii) net impairment loss of RM5.3 million (one-off full impairment) on the investment in highways.

Having noted the above, Mr Leow suggested Management to list down significant items separately rather than lump it under “Statements of Profit or Loss and Other Comprehensive Income” for better clarity.

Q3) Mr Leo Ann Puat (“Mr Leo”), a shareholder, enquired on the following:-

- (a) **The reason for the increase in finance cost of RM6,960,242.00;**
- (b) **The reason for the increase in Trade and Other Receivables;**
- (c) **The future prospects on the segment of manufacturing and trading of polyurethane as it has incurred losses for the past two years as compared to the other two segments; and**
- (d) **The business outlook and performance for year 2019 as compared to year 2018.**
- A3) (a) Mr Chong explained that the increase in the finance cost was mainly due to the bank borrowing to finance the acquisition of concessionaire assets towards the end of 2017 in which the finance cost was accounted for on full year basis (i.e. 12 months during the year 2018) as compared to 2 months in year 2017.
- (b) Mr Chong took cognisance of the increase in trade and other receivables as compared to 2017. However, the accounts receivable turnover (solely on construction) is healthy, with an average collection period of 90 days.
- (c) Mr Chong explained that Management is aware of the losses made by the manufacturing and trading of polyurethane segment for the past two years. Thus, Management had provided full impairment in 2018. There will be no impact on the profitability of the Group in 2019 and onwards. He added that the Group is looking for potential buyer to divest manufacturing division.
- (d) Mr Wie responded that the Company has an outstanding order book of RM2 billion. He continued that the clientele of the Company are mostly top tier clients. Should the material costs be stable, he is optimistic of the outlook and prospects of the Group.

Q4) Madam Choo Sau Ching a shareholder, enquired on the status of a project, namely Residensi Gen, Kuala Lumpur.

A4) Mr Wie responded that the target completion date of Residensi Gen, Kuala Lumpur is July 2019 (as opposed to May 2019 as stated in the 2018 Annual Report, page 31). The delay was mainly due to several changes made to the building, as requested by the client. There is no impact on the Group's financial position and no Liquidated and Ascertained Damages (LAD) would be charged. Pesona Metro Sdn Bhd, being the main contractor of the project was granted an extension of time until 15 July 2019.

AGENDA ITEM 6: PAYMENT OF A SINGLE TIER FINAL DIVIDEND OF 1.0 SEN PER ORDINARY SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Q5) Mr Leo enquired whether the Company has adopted a dividend policy.

A5) Chairman responded that the Company has not adopted a formal dividend policy. The Company will declare dividend as and when profits are available. The Board will consider adopting a formal dividend policy at the appropriate time.