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

SUMMARY OF QUESTIONS AND ANSWERS DURING THE SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON WEDNESDAY, 13 JUNE 2018 AT 10.30 A.M.

AGENDA ITEM 1: AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

Q1: A shareholder, asked the following questions:

i) The reason for the delay to complete the acquisition of the entire shares in SEP Resources (M) Sdn. Bhd. ("SEP") by the Company.

ii) The net earnings gained arising from the compulsory land acquisition in Bagan Datoh held by the Company's wholly-owned subsidiary, Ratus Syabas Sdn. Bhd. by Jabatan Ketua Pengarah Tanah Dan Galian Persekutuan Negeri Perak ("JKPTG") as well as the reason to protest against JKPTG since the Company had accepted the compensation sum of RM10.4 million.

A1: Mr Chong Kien Eng, the Chief Financial Officer of the Company ("Mr Chong") replied that the first phase of a two-phase corporate exercise (i.e. the acquisition of 70% equity interest in SEP for a concessionaire of the hostel of Universiti Malaysia Perlis) had been completed on 6 October 2017 and consolidated into the Company's accounts for the financial year ended 31 December 2017. The acquisition of the remaining 30% shares in the capital of SEP is subject to the approval from the government authority (i.e. Unit Kerjasama Awam Swasta ("UKAS")).

On the compulsory land acquisition, Mr Chong informed that the net gain was about 5% of the cost of investment.

Q2: A shareholder enquired on the alternative if UKAS rejects the aforesaid 30%-acquisition.

A2: Mr Chong replied that in the event UKAS rejects the acquisition of the remaining 30% shares in SEP, the Company would have to re-negotiate with the vendors to explore other alternative or abort the acquisition of the 30%.

He added that the Company is still awaiting the response from UKAS.

Q3: A shareholder enquired whether the acquisition price would remain at 70 sen per share or lower based on the current share price of the Company if UKAS approves the said acquisition.

A3: Mr Chong reaffirmed that the acquisition price had been fixed at 70 sen.

Q4: A shareholder further enquired the uncertainties associated with a change in federal government, in particular, the construction sector.

A4: Mr Wie Hock Kiong ("Mr Wie") informed that the Company was unsure whether there would be any change in government policy following the recent change in federal government. The construction of the student hostel project has however been approved by the previous government and it has been completed.

Q5: A shareholder raised the following questions:

(a) Construction projects secured under the previous government but yet to be approved and its impact on the Company.
(b) Remedies to address the above issue.

A5: Mr Wie informed that 1 out of the 7 projects undertaken by the Company was a government project (i.e. the Unisza project to construct a hospital in Terengganu). The Company is partnered with a state-government-owned company. The construction of the project is in the progress. Management is confident on the project completion.

Mr Wie added that the Company is also collaborating with WCE Holdings Berhad ("WCE") to construct an expressway. He expressed confidence on the continuity of the said project.

Q6: A shareholder expressed his concern on the impact on the Company's on-going projects if there is a change in government policy associated therewith. Thus, he enquired the mitigating measures to be undertaken by the Company if there is a change in government policy.

A6: Mr Wie replied that the current projects undertaken by the Company were mostly private projects.

Chairman added that the risks exposure of the Company is minimal as there was only 1 government project. The Board could not ascertain the implications at this juncture pending the federal government's new directives.

Q7: A proxy asked whether the profit margin of the Company would be affected by the slowdown in economy and property market as well as the competition from Chinese construction companies.

A7: Mr Wie informed that the construction industry is subjected to many factors, for instance, the hike in material and labour costs would affect the bottom line of the Company significantly.

He also shared with the shareholders the competitive business environment in construction industry such as direct competition with China industry player for the last 3 to 5 years. He added that material prices have been challenging too. For construction sector, the risks would normally range between 3 to 4 years, depending on the size of the project. The Company will manage the risks as best as it can.

Q8: A proxy enquired on the profit margin in the near future.

A8: Mr Wie informed that one factor to consider is the implementation of minimum wage of RM1,500.00. If this is implemented, the bottom line of the Company would be affected.

Q9: A proxy asked for the forecast for 2018.

A9: Chairman informed that the construction industry was affected by the increased in the price of raw materials especially steel.

He added that the Company had been diversifying its business activities to include the provision of asset management services for student hotels at Universiti Malaysia Perlis.

Q10: A shareholder commended on the high quality of the Company's projects. Nevertheless, he urged the Management to learn from China competitors so as to remain competitive.

He also shared with the Board the business strategies adopted by the China contractors. He urged the Board to look at cost-cutting measures on top of project delivery and best practices in construction industry.

He also asked how the Company could move forward and bring the Company to a higher level.

He commented that the return on investment ("ROI") is healthy but it is on a downward trend. In addition, the Company was not using the shareholders' funds efficiently. Thus, he urged the Board to look at ways of improving ROI.

A10: Chairman replied that the Board is watchful that the Company's businesses are conducted to the highest standards of governance. In relation to ROI, it would also depend on the construction mix of the Company. The Company will strike to have an appropriate mix between infrastructure jobs and buildings jobs. In addition, the Company would need to be prepared to diversify into other products or avenues of business.

He expressed confidence in the Company and believed it is as competitive as the China contractors.

Mr Wie informed that the Company would also take the opportunity to learn from the China contractors. He added that the Company has QA and QC to ensure the quality of the projects.

Meantime, a shareholder commented that business diversification is one of the common strategies used by the Malaysian companies. However, he opined that it is not an absolute solution. Instead, the Management should look at a better way of doing business.

He added that if the Company is not innovative nor develop talents, the root problem could not be solved despite the Company undertakes business diversification.

Q11: A proxy asked the following questions:

(i) The reason for the increase in bank borrowings by RM110.0 million as compared to last financial year.
(ii) The components for concession receivables of RM139 million and whether it is collectable.
(iii) The estimated gross domestic product ("GDP") for the 7 on-going projects and its revenue contribution for 2018.
(iv) The revenue and profit contribution to the Group level after the acquisition of 70% equity interest in SEP.
(v) The financial performance of the Group in the near future based on the forecast and on-going projects of the Group for the time being.
(vi) The prospect of the Company amid the challenging business environment (i.e. the change in government and challenging economic situation).
(vii) The Company's medium and long term business plan or strategies i.e. whether the Company would be concentrating in its core business - construction or diversifying into manufacturing or trading sector.
(viii) The reason for the decrease in share price.

A11: In regards to the Company's prospect, Chairman responded that it is more challenging as it is expected that there will be less new construction jobs.

On the decrease in share price, Chairman observed that most, if not all, companies in the construction sector have seen their share price dropped.

On the increase in bank borrowings of RM110 million, Mr Chong replied that the increase was due to the consolidation of the concessionaire assets. The concessionaire assets would be on 20 years concession. In order to finance the said concessionaire, the Company has obtained a term loan from a bank.

On the concession receivables of RM139.0 million, Mr Chong replied that the financial receivables is related to the 20-year rental that the Company would be receiving. It has been accounted for in the balance sheet of the Company.

In relation to the revenue contribution by SEP, Mr Chong referred the meeting to page 138 of the Annual Report 2017, Note 34 – Segmental Information. The revenue and net profit contributed by the concession for the current financial year was about RM17.4 million and RM9.6 million respectively.

On the gross development cost ("GDC"), Mr Chong informed that the outstanding order book of the Company stood at RM1.7 billion of which several projects would be delivered in financial year ending 31 December 2018. The Company expects to register a revenue of approximately RM500 million arising therefrom.

In relation to item (vii) above, Chairman clarified that the Company would continue to operate its core business as well as the concession. Management would still be tendering for new construction jobs and only consider diversifying its business when the opportunity arises.

Q12: A shareholder asked the following questions:

(i) The average yearly profit (after deducting interest and loan payment) for the 20-year concession.
(ii) Whether the Company has any plan to implement a share buy-back exercise as to stabilise the market price of the Company's shares and hence, enhance investors' confidence.

A12: Mr Chong replied that the profit contribution would be approximately RM10.0 million for each year.

On the share buy-back, Chairman informed that the Company has no intention to buy back the shares of the Company for the time being.

Q13: A proxy asked whether it would be possible for the government to buy back the concession since it is profitable.

A13: Mr Chong informed that the Company did not receive any indication/ notification from the government on this thus far.

He added that the concession was for the student hostel and it was for the benefit of the students on long term basis.

Q14: A proxy asked the following questions:

(a) Whether the rental be paid by the government directly to the Company or by the students.
(b) The intended use of the borrowings.

A14: Mr Chong replied that the government would be paying the rental directly to the Company on a monthly basis for a period of 20 years. The project is a 22.6-year concession i.e. 2 years 6 months would be the construction of the student hostel whilst the remaining 20 years would be providing asset management services.

He also informed that the borrowings was to finance the construction of the student hostel.

Q15: A proxy asked whether shareholders' approval is required before dividend distribution or Board's approval is sufficient.

A15: Chairman informed that the Board may from time to time pay to the members such interim dividend provided that it is justified by the profits of the Company and the Company is solvent.

AGENDA ITEM 5: PAYMENT OF A SINGLE TIER FINAL DIVIDEND OF 1.0 SEN PER ORDINARY SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Q16: A proxy asked whether the Company has adopted a dividend policy.

A16: Chairman replied that the Company does not have a formal dividend policy for the time being. The Board would be considering the adoption of a dividend policy when the Company's business is steady. It is the Company's policy and desire to declare dividend to its shareholders every year. However, it is very much dependent on the cash flow and business strategies of the Company.

AGENDA ITEM 8: AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

Q17: A proxy enquired on the amount of free float shares in market.

A17: Chairman responded that the free float shares in the market was about 40% of the total number of issued shares of the Company.