

**JAKS RESOURCES BERHAD**

Registration No. 200201017985 (585648-T)

(Incorporated in Malaysia)

**SHAREHOLDERS' QUESTIONS****EXTRAORDINARY GENERAL MEETING OF THE COMPANY**

Date : 3 March 2023, Friday

Time : 3:00pm

Location : Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

No.	Queries	Responses
1	Has JAKS received dividend from its' joint venture entity, JAKS Hai Duong Power Co Limited ("JHDP")?	A total of RM70.12 million of dividend has been remitted to JAKS for year 2022. Please refer to the cashflow statement in our quarterly result for 31 December 2022.
2	What is the status of the subscription of additional 10% stake in JHDP?	We are in the process of negotiating with financial institutions on the 10% option subscription JHDP. Any decisions made in regards to the exercise will take into account the interest rate climate and financing terms which are favourable to us. Any material updates on the matter will be announced.
3	Why is JAKS embarking on an equity fund-raising exercise given its' low gearing ratio? Would gearing up be a more feasible option? What is the rationale in engaging Kenanga Investment Bank Berhad as an investor instead of en-bloc placement to 3 <sup>rd</sup> party investors?	<p>Given the existing interest rate climate, the Proposed Private Placement will serve as an additional source of funding for the working capital of our Group without incurring interest expenses as compared to conventional means of debt financing, in addition to strengthening the capital structure of our Group by increasing the capital base of our Company. The proceeds from the private placement is primarily for repayment of loan, which will reduce our interest expenses for approximately RM2.8 million per annum.</p> <p>The arrangement with Kenanga serves as an alternative option and flexibility route for us to raise targeted equity funding</p>

		whilst enabling our Company to prioritise the placement to third party investors as the primary choice for the Proposed Private Placement. It also provide us with the flexibility and option to cease or terminate the Call Option Agreement at any time at the discretion of our Company without incurring any termination penalties.
4	What is the future prospect of JAKS' construction division?	<p>The construction sector has been challenging for the past few years, affected by various internal and external factors like war, pandemic, inflation and labour shortages. We had gone through 2 years of COVID-19 MCOs.</p> <p>Nevertheless, we are hoping for revival in the construction sector particularly on government infrastructure projects like water, sewerage, roads, hospitals, etc which is our strength. At the same time our future direction is to expand our Power and Energy division, particularly in renewable energy projects. We hope to secure new projects soon.</p>
5	Does the Company intend to declare dividend this year?	Any updates on the matter will be announced on Bursa. However, we wish to highlight that the Company had on 13 February 2023 announced a Proposed Dividend Reinvestment Plan exercise which will grant shareholders the option to receive dividends in shares or cash.
6	What is the rationale for the issuance of LTIP Options/Shares?	The LTIP actually preserves the company's cashflow since it saves the company from paying out cash.
7	What is the rationale of issuing new placement shares when the share price as at near all time low?	The pricing of the placement will be fixed at the point of issuance of the shares. What is stated in the EGM circular is illustrative only. Management will take into account the share price and interest of JAKS shareholders prior to issuance of any new placement shares.

		<p>The main purpose this private placement is for repayment of loan, which will help us to save the interest expenses of approximately RM2.8 million per annual, which is equivalent to approximate 5% of our earning in financial year 2022.</p>
8	Any door gift for shareholder who attend this meeting?	<p>We will take this into consideration for future meetings.</p>
9	When is the expected commercial operations date for the LSS4 project?	<p>Currently the construction progress is approximately 90% completed. We target to achieve commercial operation date by 2<sup>nd</sup> quarter 2023.</p>
10	With this round of cash call, would the Company be self-sufficient and able to turnaround its businesses? What has been done by the management to ensure that it doesn't face with any tightening of liquidity in the Group, including major restructuring of its management team and staff?	<p>After this round of private placement, we are able to reduce our debt and consequently reduce our interest expenses.</p> <p>In addition, our staff cost has decreased by 27.3% in FYE 2021 as compared to FYE 2020. We continuously monitor and control our staff costs.</p>
11	Kindly provide the salient terms of the call option agreement with Kenanga Investment Bank Bhd ("KIBB") for up to 209.03 million placement shares? What is the rationale for this arrangement with KIBB and how this would impact its tumbling share price of JAKS?	<p>The salient terms of the Call Option Agreement is set out in Appendix I of the Circular dated 10 February 2023.</p> <p>This arrangement serves as an alternative option for us to raise targeted equity funding whilst enabling the Company to prioritise the placement to third party investors. However, we wish to emphasise that the Call Option Agreement has been structured to provide our Company with the flexibility and option to cease or terminate the Call Option Agreement at any time at the discretion of our Company without incurring any termination penalties.</p> <p>For information purposes, each Sub Tranche is deliberately sized to be fairly small (i.e. relative to the number of Shares and its general trading volume). Therefore, the sale of each Sub-Tranche</p>

		via an on-market trade is not expected to cause undue downward pressure on the share price.
12	What is this 1.991mil foreign currency translation gained from? It is due to the profit received from the joint venture?	This is the movement in the translation reserve due to currency exchange that goes to Other Comprehensive Income.
13	How does strengthening of Ringgit Malaysia ("RM") and rising interest rates affect the investment returns from JHDP?	<p>Both events will adversely impact the investment returns from JHDP as:-</p> <p>i. Dividends from JHDP is denominated in USD thus a strong RM may not yield a maximum gain upon conversion. However, exchange rate risk inherently exist in any oversea investments and the Management will continue to monitor the exchange rate movement; and</p> <p>ii. As the loan at JHDP level is based on floating rate, JHDP is subject to higher finance cost in rising interest rate environment.</p>
14	What are the management plans to turnaround its' property investment segment, in particular Pacific Towers Business Hub & Evolve Concept Mall?	<p>As at end of February 2023, the occupancy rate for Pacific Towers and Evolve Concept Mall are 37% and 57% respectively.</p> <p>The overall market conditions for commercial and retail properties is challenging for all property owners. We focus to improve the occupancy and yield of the 2 properties. For the Pacific Towers Business Hub, the residential and commercial blocks have been completed and handed over to the buyers. We hope that reopening of economy and increased vibrancy will attract more high-quality tenants. We see a slight improvement in the tenancies, and inquiries are starting to pick up particularly for the food &amp; beverage and entertainment sector. We are now working closely with a property consultant and agency to help us drive</p>

		<p>the tenancy and marketing to potential tenants.</p> <p>For Evolve Concept Mall, we are focusing on repurposing the mall into event hosting, sports and recreational activities, premium retirement/wellness home, nursery, digital economy, e-commerce and co-working space. We have seen an increase in demand for event hosting areas and expect this We have observed improved footfall in the mall since the reopening of the economic sectors in April last year year. As such, we are hopeful that the occupancy rate will continue to improve in tandem with the economic recovery.</p> <p>Nevertheless, we are keeping our options open to monetise the property if an opportunity arises.</p>
15	Will there be new fund-raising exercises in the near future?	<p>The Private Placement is expected to reduce the gearing ratio of JAKS from 0.29 to 0.23 which will provide the Company more headroom to gear up for future expansion. Nevertheless, Management will take into consideration JAKS' liquidity position and investment requirements for new projects prior to embarking any new fund-raising exercises.</p>