

SUMMARY OF KEY MATTERS DISCUSSED AT THE EIGHTEENTH ANNUAL GENERAL MEETING (“18TH AGM”) OF THE COMPANY DULY CONVENED AND HELD AT THE PLATINUM BALLROOM, NOVOTEL KUALA LUMPUR CITY CENTRE, NO. 2, JALAN KIA PENG, 50450 KUALA LUMPUR ON WEDNESDAY, 31 OCTOBER 2018 AT 3.00 P.M.

Madam Chua Elsie (“the Executive Chairman”) chaired the 18th AGM of the Company. The Executive Chairman called the meeting to order at 3.00 p.m. and the Secretary confirmed the presence of a requisite quorum for the meeting.

The Executive Chairman tabled the Company’s Audited Financial Statements (“AFS”) and the Reports of the Directors and Auditors for the financial year ended 30 June 2018 (“FYE 2018”).

The Executive Chairman declared that the AFS together with the Reports of the Directors and Auditors for the FYE 2018 as received and duly tabled at the 18th AGM in accordance with Section 340(1)(a) of the Companies Act 2016. The Executive Chairman explained that the AFS for FYE 2018 were for discussion only, as they did not require shareholders’ approval. Hence, the AFS would not be put forward for voting.

The Executive Chairman then provided a brief summary of the financial performance of the Company and the Group for the FYE 2018.

Next, the Executive Chairman informed that Minority Shareholder Watchdog Group (“MSWG”) had in its letter dated 26 October 2018 requested the Company to furnish information and clarification on the AFS for FYE 2018. On behalf of the Board of Directors, the Executive Chairman thanked MSWG for giving the Company notice of its questions to enable the Board to reply to the said letter.

For the information of the Members present, the following questions from MSWG and the corresponding replies were read out by Ms. Lee Sook Lee, the Group Financial Controller:-

Strategic and Financial Matters

Q1. Please provide the latest hotel occupancy rates for the following hotels:

- (a) Novotel Kuala Lumpur City Centre;
- (b) Oakwood Hotel & Residences, Kuala Lumpur;
- (c) The Nomad Serviced Residences, Bangsar;
- (d) The Glow Penang;
- (e) The Gurney Resort Hotel & Residences, Penang.

A1. Latest hotel occupancy as at 30 September 2018 ranged between 53% and 81%.

Q2. The Company plans to launch new property projects with Gross Development Value (“GDV”) of RM327 million in FY 2019, (page 36 of the Annual Report). Kindly provide the GDV for each project.

A2. Planned new launches GDV are:

- (a) Topaz Phase 4E, 136 units 2 & 3 storey terrace houses @ Taman Putra Prima, Puchong, Selangor of GDV RM147 million;
- (b) Harp Phase 19 & 20 Parcel 2B, 112 units Cluster Homes @ Taman Desa Tebrau, Johor Bahru, Johor of GDV RM137 million; and
- (c) Bintang Maya II Phase 8B2 & 8B3, 98 units 2 storey terrace houses @ Sungai Petani, Kedah of GDV RM43 million.

- Q3.** Please provide the rationale for disposing one parcel of development land in Penang for RM46.8 million, resulting in a net gain of RM11.5 million as disclosed on page 29 of the Annual Report.
- A3.** The Group decided not to pursue its development plans due to a change in local authority's by-laws in relation to serviced apartments requirement to provide affordable housing and more public car parks which made the project no longer viable.
- Q4.** In respect of The Nomad Serviced Residences, Bangsar, kindly provide the following information:
- (a) As disclosed on page 32 of the Annual Report, one block of 26 units serviced apartments was closed for sale. Please explain the rationale for the sale.
- (b) What will be the financial impact arising from the disposal?
- A4.** One block of 26 units serviced apartments was closed for renovation and upgrading works for 7 months (March 2018 to September 2018) and as such was not open for business. The Group has no plans to dispose off the property at this juncture of time.
- Q5.** The Group holds an equivalent amount of RM39.8 million of British Pound ("GBP") as Cash and Bank Balances as disclosed on page 161 of the Annual Report.
- Please explain the rationale for the Group to hold GBP as the Group's businesses, Property Development and Hotel/Hospitality Operations are predominantly in Malaysia.
- A5.** Cash was transferred to the United Kingdom in December 2017 as the Group planned to bid for a student accommodation building in the UK. The bid was not successful. The cash is temporarily deposited with a financial institution in the UK. The Group intends to transfer the cash back to Malaysia when the exchange rate is optimal.

Corporate Governance Matters

- Q1.** The Company in its Corporate Governance Report stated that it had departed from Practice 7.1 by disclosing the directors' remunerations in bands of RM50,000.

We wish to highlight that this is not in compliance with Appendix 9C, Part A (11) of the Main Market Listing requirements ("MMLR") which states that the remuneration of directors of the listed issuer (including the remuneration for services rendered to the listed issuer as a group) on a named basis, stating the amount received or to be received from the listed issuer and on a group basis respectively. The disclosure must include the amount in each component of the remuneration (e.g. directors' fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated money value) for each director.

Please take note of this to comply with the MMLR.

- A1.** This is duly noted and we will comply for future reports.

Subsequent to the above, the Executive Chairman opened the floor for questions on the AFS of the Company for FYE 2018.

The following were queries raised by shareholders and the responses made by the Board members and Management:-

(a) **Mr. Chan Kang Peng (Shareholder)**

Questions:

- (i) The Company had organised charitable events as part of its annual Corporate Social Responsibility. Why not extend to the shareholders vouchers for hotel stay?
- (ii) Mr. Chan requested for higher dividend to be paid to shareholders.

Reply by Board of Directors and Management

- (i) The Company will consider giving out vouchers for hotel stay at a discount.
- (ii) The Company is paying a dividend of 4.5 sen per share for the financial year ended 30 June 2018. The Company also needs to conserve funds for further investments in the near future for expansion of the land bank.

(b) **Mr. Wan Heng Wah (Shareholder)**

Questions:

- (i) Is there any reason not to align GLOW Penang and The Gurney Hotel Penang with the Four Points Hotel by Sheraton, ACCOR Group?
- (ii) What is the land area of Taman Desa Tebrau, Johor Bahru before and after development?

Reply by Board of Directors and Management

- (i) The hotel properties are all different and cannot be aligned under the same brand. Another reason is to spread the risks.
- (ii) The land area of Taman Desa Tebrau, Johor Bahru is 1,000 acres before development. About one-third of the land has not been developed yet.

(c) **Mr. Lew Tuck Wai (Shareholder)**

Questions:

- (i) Are any of the hotels making losses?
- (ii) The net book value of the properties shown in the list of properties in the Annual Report do not reflect a fair valuation of the properties. How are the properties valued?

Reply by Board of Directors and Management

- (i) All hotels recorded positive Gross Operating Profit.
- (ii) The Company has complied with the accounting standards in the valuation of properties. The Company's Auditor informed that land held for development are not allowed to be revalued under the accounting standards.

(d) **Ms. Jenny Wong Chew Boey (Proxy)**

Question:

Is the Company going private?

Reply by Board of Directors and Management

The Executive Chairman said the major shareholder, Ikatanbina Sdn Bhd has not expressed any interest in taking the Company private.

(e) **Mr. Leo Ann Puat (Proxy)**

Question:

The financial performance of the Company for the five years from 2014 to 2018 as shown in page 8 of the Annual Report is good and consistent. However, the dividend yield is less than the fixed deposit return and the price of the Company shares is undervalued. Are there any exciting plans for the next 5 years?

Reply by Board of Directors and Management

The Company's policies and strategies have always included and considered first and foremost the building up of the land bank particularly strategic plots of land and secondly expanding the number of hotels within the Group. However, the Company is prudent and careful before committing to major investments.

(f) **Mr. Chung Chay Yoeng (Shareholder)**

Question:

What are the available-for-sale financial assets referred to under item 20(a) of page 142 of the Annual Report.

Reply by Board of Directors and Management

These refer to the investments in Bursa Malaysia Berhad shares.

(g) **Ng Kok Kiong (Proxy)**

Question:

- (i) What is the total unbilled sales?
- (ii) What is the take-up rate of project launches for 2018?
- (iii) What is the impact of Goods and Services Tax ("GST")/Sales & Service Tax ("SST") on the projects?
- (iv) What is the breakdown of inventories referred to in page 88 of the Annual Report?
- (v) Explain the items on unrealised loss on foreign exchange, impairment on other receivables and property, plant and equipment written off referred in page 123 of the Annual Report.

Reply by Board of Directors and Management

- (i) The unbilled sales as at 30 June 2018 is about RM70 million.
- (ii) The average take-up rate for launched projects is more than 50%.
- (iii) Abolishment of GST does not mean 6% lower construction cost as development costs consist of many other components besides material costs. Although major building materials are exempted from the SST, there are still other cost components in property development such as prescribed land and labour cost.

- (iv) Major amount of the inventories consist of 150 units shop offices at Taman Desa Tebrau, Johor.
- (v) - The unrealised loss on foreign exchange arose mainly from the weakening of GBP bank deposits against the Malaysian Ringgit.
- Impairment on other receivables is in respect of provision for amount defaulted by Novotel carpark operator. Legal action has been taken against the defaulted carpark operator.
- Plant and equipment written off is in respect of part M&E/fitting costs of the Bangsar Residences upon the commencement of upgrading and refurbishment works.

With that, the Executive Chairman concluded the questions and answers session for Agenda 1, and proceeded to the next agenda item.

There were no questions raised for Agenda items 2 to 8. All the resolutions tabled at the 18th AGM of the Company and voted upon by poll were duly passed by the shareholders.

There being no other business, the Meeting terminated at 4.50 p.m. with a vote of thanks to the Chairman.