
Summary of proceedings and salient points raised during the Twenty-Eighth Annual General Meeting of the Company held on 24 May 2018 (“Meeting” or “28th AGM”)

Present : Tan Sri Ong Leong Huat @ Wong Joo Hwa (*Chairman*)
Mr. Ong Ju Yan
Dato’ Saiful Bahri bin Zainuddin
Mr. Foo San Kan
Tan Sri Datin Paduka Siti Sa’diah binti Sheikh Bakir
Dato’ Abdul Majit bin Ahmad Khan
Dato’ Thanarajasingam Subramaniam
Ms. Ong Yee Ching
Encik Nik Mohamed Sharifidin B N M Din

Absent with apology : Mr. Ong Ju Xing

Tan Sri Ong Leong Huat @ Wong Joo Hwa (“Tan Sri Chairman”) chaired the 28th AGM of the Company. The Chairman called the meeting to order at 2.45 p.m. after confirmation of the requisite quorum being present pursuant to Article 74 of the Company’s Articles of Association.

Tan Sri Chairman informed that the Listing Requirements of Bursa Malaysia Securities Berhad has mandated poll voting for all resolutions set out in the notice of general meetings with effect from 1 July 2016.

Pursuant to the above and Section 330 of the Companies Act 2016 (“**the Act**”), Tan Sri Chairman exercised his right to direct the vote on all resolutions of this Meeting to be conducted by way of poll. Tan Sri Chairman informed that the Share Registrar, Securities Services (Holdings) Sdn. Bhd., has been appointed to act as the Poll Administrator and Commercial Quest Sdn. Bhd. has been appointed as the Independent Scrutineer to verify the results of the poll voting.

All the resolutions tabled at 28th AGM of the Company held on 24 May 2018 were duly passed by the shareholders, including the re-election of Directors as set out in the Notice of 28th AGM. The shareholders also received the Audited Financial Statements of the Company and of the Group, together with the Reports of the Directors and Auditors thereon, for the financial year ended 31 December 2017. The poll results are annexed herewith as “Annexure A”.

Tan Sri Chairman invited the members, corporate representatives and proxies present at the 28th AGM to raise question on any matters in relation to the business of the Meeting. The questions raised by shareholders and the Minority Shareholder Watchdog Group (“MSWG”) have been duly answered and clarified by the Directors and Group Chief Financial Officer. The salient questions raised by the shareholders and MSWG are as follows:

Q1 As disclosed on page 62 of the Annual Report, the Hospitality segment recorded a much lower loss before tax of RM11.2 million in FY 2017 as compared to a loss before tax of RM23.4 million in FY 2016, a reduction of 52%. The revenue was much lower at RM106.6 million in FY 2017 as compared to RM120.7 million in FY 2016, a reduction of 12%.

- (a) **What was the reason for this segment to record a reduced loss of 52% when revenue only decreased by 12%?**
- (b) **When will this segment be expected to become profitable?**

A1: (a) The reduced loss were due to cost optimisation exercises carried out throughout the hotels which resulted in higher profit margins especially for the food and beverage division. Sales and marketing efforts have resulted in higher occupancy rates in certain resorts. Despite the better operating performance in FY17, the Segment registered a pre-tax loss due to impairment loss on a property of RM1.8 million in FY17 which is lower than the impairment loss made on infrastructure development cost of RM10.4 million in FY16 in accordance with the Group's accounting policies.

(b) We have embarked in improving the facilities and added new attractions at some of the hotels. For example, in Damai Laut, we have added a new mini water park, children's play room and created more activities at the beach to allow our guests to have an eventful holiday. Renovations for some of the hotel rooms for a few of our properties are underway and is expected to complete by end of 2018. Once completed coupled with the better facilities, we expect to increase the room rates.

More marketing efforts will be taken to engage with local and foreign travel agents to attract tourists to our hotels. The management will continue to carry out strategic plans to improve the profitability of the division to ensure the division contributes positively to the Group in the near future.

Q2 What is the percentage of construction revenue from internal and external sources for OSK Construction Sdn. Bhd. (formerly known as PJD Construction Sdn. Bhd.) in FY 2017?

Please explain how the Group intends to expand further into external construction works.

A2: In FY 2017, the percentage of construction revenue from internal and external sources for PJD Construction Sdn. Bhd. were 90% and 10% respectively.

On 8 March 2018, PJD Construction went through a re-organisation which entailed the re-branding to the current OSK Construction and beefing up the management team, among others. The Division plans to increase its order book from external source (whilst continue to work closely with the Property Division) and has been actively participating in some of the external projects tender.

Q3. What is the capex for the second phase of renovations that includes the upgrading of all the lifts with enhanced security features at Faber Towers?

Has there been any improvement in the occupancy rate of 70% and what measures have been taken to enhance the occupancy rate? What is the targeted occupancy rate?

A3: The second phase of renovation which includes the modernization of the 12 lifts with enhanced security features and purchase of a new chiller cost, totalled approximately RM6.2 million.

In the recent months of 2018, Faber Tower has secured new tenants taking up 22,500 square feet of office space, representing about 4.7% increase in occupancy of the total net lettable area of 481,000 square feet. However at the same time, there were 2 tenants occupying some 17,000 square feet that have vacated. Hence net impact to the overall occupancy has only increased marginally by about 1% to 71%.

The Management will continue to actively engage with agents, online marketing and offering easy entry such as free fit-out packages and expects the occupancy to increase to about 85% by end of the year 2018.

Q4. As reported on page 65 of the Annual Report, the take-up rate of Phase 1 of Melbourne Square was close to 50% from both local and international purchases.

(a) What is the latest take-up rate?

(b) When will the project start contributing to the Group's earnings?

A4: (a) As at 16 May 2018, the take up rate was 633 units or 60%.

(b) The Melbourne Square project in Australia continues to record strong take-up rate since its launch in June 2017 and the construction progress is in accordance with plan. The share of profit from Melbourne Square would only be recognised upon completion of the development in accordance with the profit recognition criteria under MFRS 15 'Revenue from Contracts with Customers'. Based on current construction work progress, it is expected that the Stage 1 of Phase 1 will be completed by end of 2019, where profit from Stage 1 will be recognised as share of profit of this associate company.

Q5. Tower 1 of Ryan & Miho located at Section 13, Petaling Jaya was launched in 4Q2017.

(a) What is the Gross Development Value ("GDV") of the entire project?

(b) What is the GDV and the latest take-up rate of Tower 1?

(c) When will the entire development be completed?

A5: (a) The estimated GDV of the entire project is approximately RM770 million.

(b) For Tower 1, the GDV is estimated at RM382 million and the take up rate is approximately 58% as at 30 April 2018.

(c) The entire development will be completed by end of the year 2021.

Q6. What is the prospect or outlook of the Group for the financial year ending 31 December 2018 ("FYE 2018")?

A6 Despite the challenges from various industries that the Group is facing, the Group would still benefit from its diversified businesses. Management viewed that the Group is able to maintain its performance and growth in FYE 2018 and did not foresee any sudden big surge in the Group's performance in the coming one (1) or two (2) years, with the hope that the dividend pay-out ratio could be maintained.

Q7. Refer to Note 3 to the Financial Statements, the improvement in performance of Financial Services and Investment Holding business segment for FYE 2017 as compared to the financial year ended 31 December 2016 (“FYE 2016”) was noted, what are the efforts taken by the Management to turn around the financial performance of this business segment?

A7 Financial Services and Investment Holding business segment comprised two main businesses i.e. Investment Holding and Capital Financing of which Investment Holding been recorded the interest expense, arising from borrowings undertaken by the Company to facilitate the corporate exercise for merger of PJ Development Holdings Berhad (“**PJD**”) and OSK Property Holdings Berhad with the Company. For FYE 2017, this business segment recorded on one-time gain on deemed disposal of subsidiary of RM177.6 million comprising foreign exchange gain and capital appreciation. While Capital Financing business reported improvement in its results in FYE 2017.

Q8 Did the construction works for Ryan & Miho project at PJ Section 13 cease? If so, what is the reason?

A8 The construction works are ongoing and is currently on schedule. There are two (2) phases for this project with a total of approximately 1,100 units. Phase 1 comprises approximately 500 units and over 300 units had been sold, the remaining units are expected to be sold by third quarter of FYE 2018.

The piling works for Phase 1 have been completed, while the piling works for Phase 2 is still ongoing.

Tan Sri Chairman informed the Meeting that Mr. Foo San Kan and Dato’ Abdul Majit bin Ahmad Khan, the Independent Directors of the Company have expressed their intention to retire at the conclusion of the 28th AGM to be in line with the Malaysian Code on Corporate Governance where the tenure of an independent Director of the Company shall not exceed a cumulative term of nine (9) years. Therefore, Mr. Foo San Kan and Dato’ Abdul Majit bin Ahmad Khan would retain office until the close of the 28th AGM.

Tan Sri Chairman on behalf of the Board of Directors thanked Mr. Foo San Kan and Dato’ Abdul Majit bin Ahmad Khan for the years of service and valued contribution to the Group during their tenure as Directors of the Company.

There being no other business, Tan Sri Chairman concluded the Meeting and thanked all present for their attendance. The Meeting ended at 5:05 p.m. with a vote of thanks to the Chair.

ANNEXURE A

Resolutions	Voted in Favour		Voted Against		Results
	No. of Shares	%	No. of Shares	%	
<u>Resolution 1</u> Declaration of a single-tier final dividend of 3.5 sen per share in respect of the financial year ended 31 December 2017	1,351,495,477	100.00	37,822	0.00	Carried
<u>Resolution 2</u> Payment of Directors' fees of RM326,247 for the financial year ended 31 December 2017	1,351,495,384	100.00	37,915	0.00	Carried
<u>Resolution 3</u> Payment of Directors' benefits to the Non-Executive Directors up to an amount of RM120,000 for the period from 25 May 2018 until the next Annual General Meeting of the Company	1,351,495,384	100.00	37,915	0.00	Carried
<u>Resolution 4</u> Re-election of Mr. Ong Ju Xing who retires by rotation in accordance with Article 102(1) of the Company's Articles of Association	1,342,267,313	99.31	9,265,986	0.69	Carried
<u>Resolution 5</u> Re-election of Dato' Saiful Bahri bin Zainuddin who retires by rotation in accordance with Article 102(1) of the Company's Articles of Association	1,342,267,313	99.31	9,265,986	0.69	Carried
<u>Resolution 6</u> Re-election of En. Nik Mohamed Sharifidin B N M Din who retires in accordance with Article 109 of the Company's Articles of Association	1,351,495,477	100.00	37,822	0.00	Carried

Resolutions	Voted in Favour		Voted Against		Results
	No. of Shares	%	No. of Shares	%	
<u>Resolution 7</u> Re-appointment of Messrs. BDO as Auditors of the Company	1,351,495,477	100.00	37,822	0.00	Carried
<u>Resolution 8</u> Authority to Issue Shares	1,343,708,827	99.42	7,824,472	0.58	Carried
<u>Resolution 9</u> Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature	117,310,943	99.97	37,822	0.03	Carried
<u>Resolution 10</u> Renewal of Authority for the Company to purchase its own shares	1,351,495,477	100.00	37,822	0.00	Carried