

SUMMARY OF KEY MATTERS DISCUSSED OF THE FIFTY-FIFTH ANNUAL GENERAL MEETING (“55<sup>th</sup> AGM”) OF THE COMPANY HELD AT BANQUET HALL, 1<sup>ST</sup> FLOOR, KUALA LUMPUR GOLF & COUNTRY CLUB, NO. 10, JALAN 1/70D, OFF JALAN BUKIT KIARA, 60000 KUALA LUMPUR ON TUESDAY, 28 FEBRUARY 2017 AT 10.30 A.M.

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## **1. CHAIRMAN**

Mr Michael Lim Hee Kiang welcomed all present and conveyed the apologies from the Chairperson of the Company, Puan Sri Datin Chook Yew Chong Wen for not being able to attend the Meeting.

Pursuant to the Constitution of the Company, the Directors present shall elect any of the Directors to be the Chairman of the Meeting. The Board has nominated Mr Wen Chiu Chi as Chairman of the Meeting.

Mr Wen Chiu Chi presided as Chairman of the Meeting and welcomed all members to the Meeting.

## **2. QUORUM**

The Secretary confirmed that a quorum was present. With the requisite quorum being present, the Chairman of the Meeting called the Meeting to order at 10.30 a.m.

## **3. NOTICE**

With the consent of the members present, the Notice convening the Meeting having been circulated for the prescribed period was taken as read. The Chairman of the Meeting then proceeded with the business of the Meeting.

## **4. SUMMARY OF PROXIES RECEIVED**

As part of good governance, the Chairman of the Meeting informed the members that the Company had received in total 103 proxy forms from shareholders for a total of 246,683,897 ordinary shares representing 71.79% of the total number of issued shares of the Company.

Out of those, there were 41 shareholders who have appointed the Chairman of the Meeting as proxy to vote on their behalf and the shares so represented stood at 1,247,600 which represent 0.36% of the total number of issued shares of the Company.

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Summary of Key Matters discussed at the Fifty-Fifth Annual General Meeting of the Company held on Tuesday, 28 February 2017

## **5. RIGHTS OF SHAREHOLDERS**

The Chairman of the Meeting further informed the shareholders that they are encouraged to participate, speak and vote in this meeting. The Chairman then proceeded with the business on the agenda.

## **6. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2016**

The Chairman of the Meeting informed the Meeting that the Audited Financial Statements of the Company for the financial year ended 31 October 2016 were meant for discussion only as approval of the shareholders is not required.

The Chairman of the Meeting also informed that the Minority Shareholder Watchdog Group (“MSWG”) had on 20 February 2017 written to the Company seeking clarification/information on several points and issues raised pertaining to strategies and financial matters of the Company as well as corporate governance matter.

At the invitation of the Chairman of the Meeting, the Chief Operating Officer, Mr Chong Koon San read out the questions received from the MSWG and provided the answers to the questions raised at the Meeting for the benefit of the shareholders and stakeholders. A copy of the slide presentation on the questions raised by the MSWG and answers is attached herein as Appendix A.

The Chief Operating Officer then gave a brief overview of the current properties and future property development projects of the Company.

The Chairman of the Meeting subsequently invited questions from the floor and took cognizance of the following enquiries, proposals and/or suggestions by shareholders and proxies during the Meeting:-

### **A. Financial Results**

- (i) The investment funds of the Company were placed with 4 investment houses based in Singapore, namely JPMorgan Chase & Co., UBS AG Singapore, The Hongkong and Shanghai Bank and Morgan Stanley Asia (Singapore) Pte. The said funds were placed with the investment houses in Hong Kong prior to the economy crisis and subsequently transferred to Singapore, in variety types of investment, mainly placed in global market without specification in geographical areas.
- (ii) The investment in hedge funds held by the Company has reduced to a relatively small amount and upon maturity, the Company intend to redeem the funds.
- (iii) Approximately 50% of the total currencies held by the Company were in Singapore Dollar, 40% were in United States Dollar, and the balance foreign currencies were held in Euro Dollar and Australian Dollar.

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- (iv) Part of the Unit Trust funds held by the Company had been utilized as payment of final dividend of RM171.8 million approved at last year's Annual General Meeting and some had been used for the acquisition of 4 parcels of lands amounting to RM30 million, as well as for working capital purposes for development of projects.
- (v) Even though the Company may have cash surpluses that are sufficient to repay all borrowings, the reporting of the gearing ratio of the Company for the financial year ended 31 October 2016 at 0.10 was made in compliance with accounting requirements. This gearing ratio was mainly due to two (2) outstanding borrowings amounting to AUD35 million and RM40 million respectively (equivalent to approximately RM240 million in total).

**B. Outlook of the Company**

- (i) Part of the cash in hand was intended to be utilized for real estate investment in Australia.
- (ii) The Company is currently focusing on large project developments to generate greater returns, amongst which includes development of the land on which Wisma Damansara sits, and Management was confident that there would be no issue on the funding for this project.
- (iii) Management was in the midst of discussing with the Kuala Lumpur City Hall for a relaxation of the height restriction set forth for Wisma Damansara Project.
- (iv) The Gross Development Value of Aira Residence is approximately RM850 million.

**C. Proposals/Suggestions**

- (i) In response to a shareholder's proposal for new Independent Non-Executive Directors to be appointed in view of the long tenure of the existing Independent Non-Executive Directors of the Company, the Company is of view that the existing Independent Non-Executive Directors are independent of management and free from any business or other relationships which could interfere with the exercise of judgement, objectivity or the ability to act in the best interest of the Company. Nevertheless, the Company acknowledged that succession planning is required and would actively look into it.
- (ii) In response to a shareholder's proposal for bonus issue exercise to be taken to maximise the share value of the Company, the Company would explore on its possibility, where appropriate.

After having addressed all the questions/issues raised, it was recorded that the Audited Financial Statements of the Company had been duly tabled and received by the Shareholders.

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*Summary of Key Matters discussed at the Fifty-Fifth Annual General Meeting of the Company held on Tuesday, 28 February 2017*

## 7. POLL PROCEDURE

Pursuant to the Constitution of the Company, the Chairman of the Meeting demanded for a poll to be taken on all the resolutions set forth in the Notice of the 55<sup>th</sup> AGM.

After the briefing of the polling procedure, the Chairman of the Meeting then proceeded with the resolutions set out in the Agenda.

## 8. VOTING RESULTS

All the following resolutions tabled at the 55<sup>th</sup> AGM of the Company were duly passed by the shareholders of the Company:-

### **Ordinary Business**

<b>Resolution</b>	<b>Agenda</b>
Ordinary Resolution 1	Declaration of a final single-tier exempt dividend of 12.0 sen per Ordinary Share and a special single-tier exempt dividend of 8.0 sen per Ordinary Share for the financial year ended 31 October 2016
Ordinary Resolution 2	Approval on the payment of Directors' Fees for the financial year ended 31 October 2016
Ordinary Resolution 3	Re-appointment of Puan Sri Datin Chook Yew Chong Wen as Director
Ordinary Resolution 4	Re-appointment of Dato' Zaibedah Binti Ahmad as Director
Ordinary Resolution 5	Re-election of Mr Ong Liang Win as Director
Ordinary Resolution 6	Re-appointment of Messrs Ernst & Young as Auditors

### **Special Business**

<b>Resolution</b>	<b>Agenda</b>
Ordinary Resolution 7	Authority for Mr Michael Lim Hee Kiang to continue in office as Independent Non-Executive Director
Ordinary Resolution 8	Authority for Dato' Zaibedah Binti Ahmad to continue in office as Independent Non-Executive Director
Ordinary Resolution 9	Authority for Mr Ong Liang Win to continue in office as Independent Non-Executive Director

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of the Company held on Tuesday, 28 February 2017

**Special Business (Cont'd)**

<b>Resolution</b>	<b>Agenda</b>
9. Ordinary Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
Special Resolution	Proposed Amendments to the Articles of Association

**CLOSURE**

There being no other business to be transacted, the Meeting terminated at 12.45 p.m. with a vote of thanks extended to the Chairman of the Meeting.

\*\*\*\*\*[End]\*\*\*\*\*



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# **Questions from the Minority Shareholder Watchdog Group (MSWG) via letter dated 20 February 2017**

## Questions from the Minority Shareholder Watchdog Group

### Strategic and Financial Matters

- 1) As stated in the Management, Discussion and Analysis, the development planning for the Group's land bank in Damansara Heights is progressing in various stages.

Could the Board provide more details on the progress of the development plan of this land bank?

- 2) We noted that the sale of the AIRA residence project was successfully launched in October 2016.

What is the take-up rate to-date for this project?

- 3) The property investment division contributed 39% and 48% of the Group revenue and profit before tax, respectively.

What was the average rental yield of the investment properties in FY 2016 compared to the previous financial year?

- 4) We noted that the Group intends to embark on a major renovation exercise of Menara Milenium.



## Questions from the Minority Shareholder Watchdog Group

What would be the estimated expenditure and timeline for the renovation?

- 5) Under Note 12 on page 94 of the Annual Report, the fixed income investment funds (investments outside Malaysia) increased from RM359.4 million to RM460 million in FY 2016.

What is the average rate of return on these investments?

### **Corporate Governance Matter**

We noted that all independent directors have served on the Board for a cumulative period of more than 9 years.

We hope that the Board would address the position in its succession planning process.



# SPB's responses

## Question 1:

*As stated in the Management Discussion and Analysis, the development planning of the Group's land bank in Damansara Heights is progressing in various stages.*

*Could the Board provide more details on the progress of the developmental plan of this land bank?*

Our response:

Land bank	Land size	Nature of development	Status update
<u>Wisma Damansara</u>	7.9 acres	Commercial/ Residential development	Preliminary architectural drawings for a 2-phase development. Targets: <ul style="list-style-type: none"> <li>• Approved Development Order in mid-2017</li> <li>• Building Plan approval in end 2017.</li> <li>• Phase 1 construction start in mid-2017.</li> <li>• Phase 1 sales launch – end 2018 or early 2019.</li> </ul>
<u>Aira Villas (Jalan Batai)</u>	4.9 acres	Commercial/ Residential development	Preliminary assessment of site topography. Evaluation of development potentials on site.

# SPB's responses

Question 2:

*We noted that the sale of the Aira residence project was successfully launched in October 2016. What is the take-up rate to date for this project?*

Our response:

Since the launch, we have received bookings of more than 30% of the units. At present, sales is progressing well on track and achievement is within our expectations. We target to achieve sales of 50% of the units by end 2017.

# SPB's responses

## Question 3:

*The property investment division contributed 39% and 48% of the Group revenue and profit before tax, respectively.*

*What was the average rental yield of the investment properties in FY 2016 compared to the previous financial year?*

## Our response:

The key investment properties are Menara Milenium, Kompleks Pejabat Damansara, Plaza Bataj and Taman Tunku Apartments. The range of rental yields of these properties in FY2016 and FY2015 are as follows:

	<u>FY2016</u>	<u>FY2015</u>
Gross average rental yields:	7.1 – 10.1%	5.4 – 8.9%
Net average rental yields:	5.0 – 8.0%	3.6 – 6.7%

The improvement in yields in FY2016 resulted from higher rental rates achieved from new tenancies in Plaza Bataj and improved rates on renewed tenancies in Menara Milenium.

# SPB's responses

## Question 4:

*We noted that the Group intends to embark on a major renovation exercise on Menara Milenium.*

*What would be the estimated expenditure and timeline for the renovation?*

## Our response:

The objective of the renovation exercise on Menara Milenium, an upgrading exercise in nature, is to:

- a. improve the market competitiveness of the building for the next 20 years; and
- b. achieve Multimedia Super Corridor (MSC) building status.

The works cover:

- a. improvements to air-condition system, electricity & water supplies, main lobbies;
- b. Replacement of lifts and improvement of lift lobbies; and
- c. MSC cybercentre requirements on infrastructure and electricity supply.

The exercise is to be undertaken in two stages:

- a. Stage 1 will be covering the period 2017 – 2019; and
- b. Stage 2 for the period 2020 – 2021.

The program's total estimated expenditure is RM55.6 million with works to be spread over a period of 5 years.

# SPB's responses

Question 5:

*Under Note 12 on page 94 of the Annual Report, the fixed income investment funds (investments outside Malaysia) increased from RM359.4 million to RM460 million in FY2016. What is the average rate of return on these investments?*

Our response:

The fixed income investment funds outside Malaysia generated a return ranging from 1.9 – 2.5 % in FY2016; the average return was 2.2%.

# SPB's responses

Corporate Governance Matter:

*We noted that all independent directors have served on the Board for a cumulative period of more than 9 years.*

*We hope that the Board would address the position in its succession planning process.*

Our response:

The independent directors have accumulated vast knowledge, experiences and relevant skills and they continue to participate and contribute actively at Board meetings of the Company. The Nominating Committee has assessed the performance of these directors and found that they had remained objective and impartial in their engagement with the Board. The succession planning for these directors has taken all these factors into consideration.