

GUOCOLAND (MALAYSIA) BERHAD

Key pertinent questions and answers at the 94th Annual General Meeting of GuocoLand (Malaysia) Berhad (“GLM”) held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on Wednesday, 21 November 2018 at 10.00 a.m.

1. **On Group Financial Highlights (Page 33 of the GLM Annual Report), GLM Group (the “Group”) recorded considerably good revenue, however, the profit before tax was not that satisfactory. What are the Group’s overall strategies moving forward in view of the slow property market condition and competitive environment in Malaysia?**

Response

The Malaysian property market has been very challenging in recent years. We will continue to identify viable property development projects to be launched in current and next financial years based on market demand in order to meet the short-term and mid-term performance objectives. At the same time, the Group is looking to rationalise the Group’s assets towards strengthening its balance sheet. For instance, the Group had recently completed the disposal of two hotels in the last financial year. The Group is also making good progress to sell off unsold inventories with promotions and marketing in local and overseas markets.

2. **On Management’s Discussion and Analysis (Page 37), it is stated that “the Group’s profit after tax recorded at RM74.4 million, a decrease of 41.2% compared to RM126.5 million in the previous financial year”. However, the next sentence stated that “this was mainly due to higher profits contribution from its associate company,” . Is there a misstatement on the paragraph?**

Response

“The higher profits contribution from its associate company” referred to the higher profits recorded in the previous financial year which was due to disposal of land in Sepang, Selangor by its associate company and thus, resulted in higher profit after tax as compared to current financial year.

3. **On Sustainability Report (Page 54), GLM experienced high employee turnover rate. What are the strategies of the Company of retaining staff and talent in the future?**

Response

The Group ensures it has suitable programme to attract and retain right personnel with right capabilities. The high staff turnover rate reflects limited talent pool in property market industry in Malaysia. The Group noted that talent management is a continuous challenge to most organization. Nevertheless, we believe that the Group has its own branding as well as ecosystem in attracting and retaining right talents. Hence, the staff turnover rate at the senior management level is fairly stable.

4. **What is the current unbilled sales of the Group? What is the project’s Gross Development Value (“GDV”)?**

Response

The current unbilled sales of the Group are approximately RM400 million. The potential GDV of the Group for the next 12 months from its current and future launches at Emerald Rawang, Emerald Hills and Emerald 9 estimated will be more than RM1 billion.

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5. What will be the financial outlook of the Group in 2019?

Response

The Malaysian property industry market has been very challenging. Hence, the government continues to encourage growth in this sector and has introduced some incentives and schemes to first-time home buyer in 2019 Budget which will benefit the local market.

The Group expects the contribution from newly projects such as Emerald 9 and Emerald Hills which will drive the earnings of the Group in the future.

6. Is the Company's share price undervalued?

Response

We believe that the Company's share price is currently undervalued and does not reflect the value of its underlying assets and potential. The property industry is going through a challenging environment. Most of the share prices of property development companies are also similarly affected.

7. Noted that the Company has more than RM1 billion in retained profits. Why is the need to retain such large amount of retained profits in the Group? Why not consider in utilising it for dividend pay-out?

Response

The Group practises prudent financial management where the retained profits are kept for operational requirements, investment in land and development cost.

8. What is the reason of the negative revenue recorded in 4th quarter results of the financial year ended 2018?

Response

This was mainly due to the cancellations of certain sale and purchase agreements during the year.

9. Noted that the administrative expenses and finance costs were higher as compared to the preceding financial year. Will the Group control the administrative expenses and finance costs?

Response

The administrative expenses were higher due to the costs incurred in preparatory works and marketing activities related to the upcoming launchings of new projects, namely Emerald Hills and Emerald 9 in Cheras.

The finance costs were lower in the preceding financial year as the proceeds from the disposal of the Sepang land were utilised to repay the borrowings. The higher finance costs in the current financial year were consistent with the increased loan utilisation related to new projects. The Group will continue managing its gearing prudently.

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10. **Noted that the financial performance of Tower REIT is unsatisfactory. Will the Group dispose its investment properties such as hotel or building to Tower REIT?**

Response

We will consider such proposals if the transactions enhance shareholders' value.