

**QUESTION RAISED BY MSWG RELATING TO SEVENTH ANNUAL GENERAL MEETING OF IOI PROPERTIES GROUP BERHAD**

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**Strategic and Financial Matters**

**Q1. The Xiamen Housing Security and Housing Administration has continued to implement property cooling measures such as restrictions on the purchase of a third home by Xiamen residents (with floor size of less than 180 sq m) and restrictions on the purchase of property by non-Xiamen residents. (Page 17 of the Annual Report).**

**(a) What measures has the Group taken to ensure that the Group's properties in Xiamen will continue to do well?**

*To ensure our future launches continue to do well, we have to differentiate ourselves by offering high quality products with competitive pricing targeted at mid to high income groups. We will also continue to have promotional activities to create visibility for our development, as well as ongoing marketing activities to reach out to our target customers, such as online and offline advertisements, branding events, marketing campaign and buyers referral programme. We will continue to monitor and assess developments in the property sector and adopt strategies in line with market sentiments.*

**(b) What are the latest take-up rates of the lifestyle concept retail mall and the office tower in Xiamen respectively?**

*We have to-date secured tenancies of up to 35% of the retail mall's net lettable area ("NLA"), with another 9% of the NLA under final negotiation stage.*

*For the office segment, as construction is currently at the initial stage, leasing activities have not commenced. The offices are scheduled to be completing by year 2023.*

**Q2. The Group reported RM31.9 million loss on net foreign currency translation on foreign currency denominated borrowings and deposits in FY2019 as compared to RM29.5 million gain on net foreign currency translation gain on foreign currency denominated borrowings and deposits in FY2018. (Page 178 of the Annual Report).**

**(a) What are the reasons for the net foreign currency translation loss?**

*The net foreign currency translation loss of RM31.9 million reported in FY2019 was mainly due to the weakening of the RMB against the USD in FY2019.*

**(b) What are the risk mitigating measures taken by the Group to minimise the loss on net foreign currency translation on foreign currency denominated borrowings and deposits?**

*Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies. The Company's risk management objectives and policies are detailed under Note 40 (Page 264) of our FY2019 Annual Report.*

**Q3. The Group's completed development properties was RM2,044 million in FY2019, marginally lower than RM2,103 million in FY2018. (Page 243 of the Annual Report)**

**(a) What is the breakdown by amount of completed development properties for Malaysia, People's Republic of China and Singapore for both FYs 2019 and 2018?**

<b>Region</b>	<b>2019 RM'mil</b>	<b>2018 RM'mil</b>
Malaysia	1,896	1,971
China	88	44

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<i>Region</i>	<i>2019 RM'mil</i>	<i>2018 RM'mil</i>
<i>Singapore</i>	<i>60</i>	<i>88</i>
<i>Total</i>	<i>2,044</i>	<i>2,103</i>

- (b) What are the reasons for the slow movement of the completed development properties in each region?**

*In the Klang Valley, the unsold residential stocks are mostly priced above RM750,000 for high rise properties and above RM1.2 million for landed properties. Properties within these price categories would need time for the market to digest. The commercial stocks are challenging as this sector has been experiencing lacklustre demand due to the subdued retail sector and overall low business sentiment. For Johor region, the unsold residential stocks are mostly for high rise properties which are pending for the release of bumi-quota from the government of Johor.*

- (c) What are the measures taken to speed up the disposal of the completed development properties for each region moving forward?**

*We will aggressively increase our sales fleet by appointing real estate agents. The other strategy is to offer "Rent to Own" packages where units are rented out first to increase occupancy rate whilst giving tenants the option to convert the rental into part payment for purchase. Other measures include intensifying our marketing efforts especially digital marketing and offering "Easy to Own" and innovative financing packages to reduce upfront cost.*

- Q4. The Group's Joint Ventures namely Scottsdale Properties Pte. Ltd. ("SPPL") and Pinnacle (Sentosa) Pte. Ltd. ("PPL") as disclosed on the pages 236 - 237 of the Annual Report showed two different financial results of the Group.**

- (a) SPPL recorded a higher profit in FY2019 (RM247 million) as compared to FY2018 (RM20.1 million). What were the reasons for the higher profit?**

*Higher share of profits was mainly contributed from the sale of South Beach Residences that was launched in FY2019.*

- (b) PPL recorded a lower loss in FY2019 (RM62.3 million) as compared to FY2018 RM115.9 million). What were the reasons for the lower loss?**

*The lower losses in FY2019 were mainly due to lower impairment incurred for the year. The share of impairment loss for FY2018 was RM79.7 million as compared to RM42.8 million in FY2019.*

- (c) When is PPL expected to record a profit? Is SPPL expected to continue to be profitable?**

*Excluding impairment losses recognised in FY2018 and FY2019, PPL remains profitable with contributions from rental income. We will time the launch cautiously when the market outlook is positive.*

*SPPL is expected to continue to be profitable with contributions from the sale of South Beach Residences coupled with recurring income from its leasing activities and hotel operations.*

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- (d) Please provide the names of the property projects that SPPL and PPL are involved in.

<b>Joint ventures</b>	<b>Name of the property projects</b>
PPL	Cape Royale
SPPL	South Beach Residences South Beach Tower South Beach Avenue JW Marriott Singapore South Beach

**Corporate Governance Matters**

- Q1. Proposed Resolution 8 is to pay a gratuity payment to late Tan Sri Dato' Lee Shin Cheng ("Tan Sri Dato' Lee") of an amount of RM17.732 million in recognition of his 44 years of service and contribution to IOI Properties Group Berhad ("IOIPG" or the "Company") Group.**

- (a) **IOIPG's Corporate Governance Statement (Practice 6.1) states that there are no termination, retirement and post-retirement benefits that may be granted to Directors and the top 5 management personnel (who is not Chief Executive Officer) except for those payment pursuant to statutory requirements.**

There is no mention of gratuity payment.

**Why is there an exception to pay the gratuity payment?**

The proposed gratuity payment is a one-off non-contractual retirement benefit to the late Tan Sri Dato' Lee, as he had given his notice to retire prior to his demise, and is recommended by the Board of Directors in accordance with Sections 227 and 230 of the Companies Act 2016.

The gratuity payment was recommended due to the late Tan Sri Dato' Lee's special role as the Founder and driving force behind the Group over the last 44 years.

- (b) **Is the gratuity payment to the late Tan Sri Dato' Lee stated in his service contract?**

There was no service agreement entered between our former Executive Chairman and the Company.

- (c) **The late Tan Sri Dato' Lee's estate has decided to voluntarily waive the bonus entitlement for FY2019. How much was the bonus for FY2018?**

The FY2018 bonus paid to the estate of the late Tan Sri Dato' Lee amounted to RM16.1 million.

For your information, the FY2019 bonus waived by the estate of the late Tan Sri Dato' Lee amounted to RM13.6 million.

- Q2. The Employees' Share Option Scheme ("ESOS") Committee comprises of Mr Lee Yeow Seng, as the chairman and Dato' Lee Yeow Chor, a Non-Independent Non-Executive Director ("NINED") as a member as stated on page 60 of the Annual Report.**

**Why are there no Independent Non-Executive Directors ("INEDs") appointed as member of the ESOS Committee to provide check and balance and an independent perspective in the administration of the ESOS Scheme.**

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Originally the ESOS Committee comprised three members, which included the previous Executive Chairman. As the ESOS will be expired in 6-month times, the Board will take note of MSWG's comments on its future composition of ESOS Committee.

For your information, prior to establishment of the ESOS Committee, the Governance, Nominating and Remuneration Committee had reviewed, among others, the maximum allowable allotment, basis of allocation and eligibility of ESOS. The implementation of the ESOS allocation was strictly in accordance with the parameters set and the additional issuance of share options in FY2017 at an adjusted price made pursuant to the By-Laws as a result of the renounceable right issues.

**Q3. The Company has identified the Chief Operating Officers (“COO”) and Chief Financial Officers (“CFO”) as its key senior management personnel. (Practice 7.2 of the Malaysian Code on Corporate Governance Report 2019)**

**As the position of the CFO was vacant during the financial year, the Company has excluded the CFO position from the list of key senior management personnel.**

**Who is the other senior management personnel that the Company has identified as the Company disclosed the three key senior management personnel with total remuneration of RM2.225 million?**

The three key senior management personnel referred to our CG Report are Mr Teh Chin Guan (COO of Property Development), Mr Cheah Wing Choong (COO of Property Investment) and Mr Lim Beng Yeang (COO of Property Development, Johor Division).