



S P SETIA BERHAD
(Company No: 19698-X)
(Incorporated in Malaysia)

Key Matters Discussed at the Forty Third Annual General Meeting (“43rd AGM”) of the Company held at Function Room 1, Setia City Convention Centre, No. 1 Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 17 May 2018 at 11.00 a.m.

The 43rd AGM was attended by all the Directors of the Company. Mr Choy Kah Yew, Chief Financial Officer, read out the questions submitted by the Minority Shareholder Watchdog Group vide letter dated 14 May 2018 and the Company’s responses.

At the 43rd AGM, the shareholders raised the following questions on the business and operations of the Group which were duly responded by Dato’ Khor Chap Jen, President and Chief Executive Officer and Mr Choy Kah Yew, Chief Financial Officer:

No.	Question	The Company’s Responses
1.	<p>The shareholder commented that although revenue and profit after tax for FY2017 was lower compared to the previous financial year ended 31 December 2016 (“FY2016”), the overall financial position of S P Setia Group was stable and strong. He raised the following questions:</p> <p>(a) Reason for the Construction segment to record a loss for FY2017 against a profit for FY2016 on the back of higher revenue for FY2017.</p>	<p>The Construction arm, Setia Precast Sdn Bhd, was established to support the property development projects of the S P Setia Group and did not undertake third party construction jobs. Its revenue from construction contracts during the year included the Kompleks Institut Penyelidikan Kesihatan Bersepadu in Setia Alam, Aeropod in Sabah and Perumahan Penjawat Awam 1Malaysia. Their prices for the aforesaid contracts were rather competitive in view that these projects were secured from the Property Development segment within S P Setia Group. Any loss would mean greater savings for the Property Development segment.</p>

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No.	Question	The Company’s Responses
	<p>(b) Whether the targeted sales of RM5 billion for FY2018 was achievable and if the expected profits for FY2018 would be comparable to that of FY2017.</p> <p>(c) In respect of unbilled sales from completed projects, were there any unsold units and whether there were any new projects in 2018.</p>	<p>The Group was on track to achieve the sales target of RM5 billion taking into consideration that the Group had recorded sales of RM1.5 billion for the first 4 months of 2018.</p> <p>In terms of the estimated profit for FY2018, in the challenging property market, it was inevitable that property developers would need to give more discounts to secure sales and this would have some impact on the profit margin.</p> <p>The value of unsold stock as at to-date was RM1.6 billion and the Management would be placing its efforts to sell these stocks. The new projects in Malaysia would be Setia Fontaines in Bertam, the Group’s debut in mainland Penang, while for overseas, it would be Setia Uno in Melbourne, Australia and Daintree Residence in Singapore. Other launches were merely the extension of the phases of the current on-going projects.</p>
(2)	Potential impact on the contracts awarded by the Government given the change of the Federal Government following the recently concluded General Election	The contracts were entered into on arm’s length basis after due process of negotiation. Furthermore, the land at Setia Federal Hill has already been registered in the name of Setia Federal Hill Sdn Bhd and the construction of the Kompleks Institut Penyelidikan Kesihatan Bersepadu in Setia Alam has already been completed.
(3)	Impact of the reduction of Goods and Services Tax to property prices	It would be too preliminary to ascertain the impact at this juncture in view that there could be a possibility of the introduction of Sales and Services Tax in replacement thereof which would have impact on the price of building materials.

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No.	Question	The Company’s Responses
(4)	Prospect of Battersea Power Station (“BPS”) project.	BPS Project would contribute positively to the Group in the long run and the properties in Phase 1 handed over to the purchasers in 2017 had so far received encouraging rental prospects.
(5)	Status of the notices of additional tax assessment (“Notices”) announced by the Company	As advised by the tax solicitors, the Group had good basis to challenge the Notices. As such, the Group had instituted necessary legal proceedings accordingly.

The resolutions set out in the Notice of 43rd AGM dated 18 April 2018 were put to vote by way of poll. The Chairman announced the results of the poll for each of the resolutions and declared that all the resolutions set out therein were duly carried and passed by the shareholders and proxies present.

Dated this: 18 May 2018