

# DUTALAND BERHAD

(7296-V)

## QUESTIONS FROM THE MINORITY SHAREHOLDER WATCHDOG GROUP (MSWG) TO BE RAISED AT THE 50<sup>TH</sup> AGM

### STRATEGIC/FINANCIAL MATTERS

#### **Question:**

1. We noted that the FFB (fresh fruit bunches) production had been declining over the last three years as follows:

FY 2015 – 101,587 MT

FY 2016 – 87,294 MT

FY 2017 – 85,448 MT.

The Company in its reply to MSWG in 2016 had stated that with the engagement of external consultants to review and improve the management of the estate, the FFB productions would be expected to be higher in FY2017.

- (a) What were the factors that had caused the FFB production to decline further in FY2017 instead of to improve as expected?
- (b) Besides engaging external consultants, what are the measures taken to improve the FFB production?

#### **Answer:**

- (a) The extreme dry weather due to the El-Nino phenomenon in the early part of 2015 and 2016 have caused the low crop trend in FY2016 and FY2017.
- (b) The management has taken measures to recruit and maintain sufficient workforce especially harvesters to improve on crop recovery. The management will continue with the fertilizer application program as recommended by the visiting agronomist.

**Question:**

2. The Company in its reply to MSWG in 2016 had also stated that Phase 4F of the Oakland Commercial Centre with 182 units of shop-office had been launched in May 2016 and Phase 4G with 265 units of shop-office was scheduled to be launched in Year 2017.
- (a) What is the latest take-up rate and the expected revenue to be recognized in FY2018 for project Phase 4F?
- (b) Has Phase 4G project launched in Year 2017 as scheduled? What is the progress of the project?

**Answer:**

- (a) **The take-up rate is approximately 30%. The expected revenue to be recognized in FY2018 for Phase 4F is about RM23 million.**
- (b) **Phase 4F and Phase 4G together formed the development known as “Lakeside Boulevard Commercial Center”. Phase 4G has been designed and branded as premium product and is planned for sale launch in 2018 when Phase 4F is in more advanced stage of development.**

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**Question:**

3. The Duta Grand Hotels (“DGH”) project was halted in 1997/1998 when the construction of the superstructure had reached level 32 due to the Asian Financial Crisis. As reported in the Management Discussion & Analysis, management is now looking at various ways to re-commence the project.
- (a) Given that the project has been halted for 20 years and the superstructure of the building would have been subject to wear and tear, would re-commencement of the project require demolition of the superstructure?
- (b) What is the timeline set for re-commencement of the project?

**Answer:**

- (a) **The Company has engaged an international structural consulting firm to conduct a study on the structural integrity of the building. The study concluded that the structure is sound and no demolition is required.**
- (b) **No timeline has been set for re-commencement of the project.**

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**Question:**

4. On 22 August 2017, the Board announced that the Group had accepted the letter of intent from Boustead Rimba Nilai Sdn Bhd (“BRN”) for the proposed acquisition by BRN of 42 parcels of plantation land owned by the Group and the Board had further announced that the Group had confirmed acceptance of BRN’s offer on 6 October 2017.

(a) With the disposal of the Group’s major operating assets, could the Board share the direction of the Group moving forward?

(b) The Board had on 29 August 2016 announced that the Company had triggered Paragraph 8.03A of the Main Market Listing Requirements due to inadequate level of operations and Bursa Malaysia had on 9 November 2016 granted the Company a waiver from being classified as an affected listed issuer pursuant to Paragraph 8.03A.

Would the disposal of the plantation assets affect the waiver granted by Bursa Malaysia?

**Answer:**

**(a) The Group is likely to be involved in property investment / development and other related businesses.**

**(b) With the proceeds realized from the disposal of the plantation assets, the Group will have more options to diversify its earnings base. In the meantime, the Oakland project will contribute to the income of the Group.**

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## **CORPORATE GOVERNANCE MATTER**

### **Question:**

5. We noted that the extract of minutes of the 49<sup>th</sup> AGM of the Company published in the website pursuant to Paragraph 9.21(2) of the Main Market Listing Requirements was simplified with questions raised by some shareholders. In the spirit of transparency and effective communication with stakeholders, we hope the Board would include the following information in the future minutes of AGM published in the website of the Company:
- (i) Attendance of the Board member;
  - (ii) Number of shareholders/proxies attended the Meeting; and
  - (iii) Questions and Company's reply to the questions raised by MSWG.

### **Answer:**

**Will include as advised.**

### **Question:**

6. Could the Board provide the breakdown of the allowances/statutory contributions amounted to RM570,000 paid to the Executive Directors in the financial year ended 30 June 2017?

### **Answer:**

**Allowances (RM396,000) and statutory contributions (RM174,000).**

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**Question:**

7. We noted that YBhg Dato' Abdul Majit bin Ahmad Khan had attended only 3 out of 5 Board meetings (60%).

As we believe that advance notice of the Board meetings would have been given to the Directors, what was the reason for him not being able to attend the meetings held during the year?

**Answer:**

**Dato' Abdul Majit bin Ahmad Khan did not attend at the 2 Board meetings scheduled for 20 September 2016 and 27 February 2017 given unforeseen engagements which required Dato' Abdul Majit to travel abroad.**

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