

KUMPULAN PERANGSANG SELANGOR BERHAD (23737-K)
(Incorporated in Malaysia)

MINUTES of the Thirty-Ninth Annual General Meeting of the Company held at the Plenary Hall, SACC Convec, No. 4, Jalan Perbadanan 14/9, 40000 Shah Alam, Selangor Darul Ehsan on Friday, 27 May 2016 at 9.30 a.m.

Present : Members

As per Attendance List

Directors

YM Raja Dato' Haji Idris Raja Kamarudin (**Chairman**)
Encik Mustaffa Kamil bin Ayub
Encik Suhaimi bin Kamaralzaman
YB Dato' Kamarul Baharin bin Abbas
YB Sivarasa a/l Rasiah
YBhg Dato' Dr. Mohamed Ariffin bin Aton
Encik Mohamed Ross bin Mohd Din
YBhg Dato' Idris bin Md Tahir
YM Raja Shahreen bin Raja Othman

By Invitation : As per Attendance List

In Attendance : Puan Hashimah binti Mohd Isa (Company Secretary)
Encik Mohd Asrul bin Ismail

PRELIMINARY

YM Raja Dato' Haji Idris Raja Kamarudin ("YM Dato' Chairman") presided as Chairman of the meeting.

NOTICE OF MEETING

The notice convening the meeting, having been circulated earlier to all the members of the Company and duly advertised in "New Straits Times" within the prescribed period, was taken as read.

QUORUM

On behalf of the Board, YM Dato' Chairman welcomed all present at the meeting. Thereupon, the Secretary confirmed the presence of the requisite quorum and YM Dato' Chairman called the meeting to order at 9.40 a.m.

Before proceeding with the Agenda, YM Dato' Chairman presented his welcoming address to the shareholders present as per **Appendix I** attached.

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 AND THE REPORTS OF DIRECTORS AND AUDITORS

The Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of Directors and the Auditors thereon having been circulated to all the shareholders of the Company within the statutory period were tabled to the meeting for discussion.

It was noted that, pursuant to Section 169(1) of the Companies Act, 1965, a formal approval of the shareholders for the Audited Financial Statements is not required.

Before YM Dato' Chairman opened the floor for questions, he informed the meeting that the Company received several questions from the Minority Shareholder Watchdog Group ("MSWG") and the Board was requested by the MSWG to address those points as raised by them and present the answers during this meeting. The Board had replied in writing to the questions raised by MSWG accordingly. The answers from the Company with regards to MSWG's questions were read out at the meeting. A resume of the MSWG's questions and the answers is attached herewith as per **Appendix II**.

YM Dato' Chairman proceeded to invite questions from the floor. The following questions were raised and the related answers were duly noted as follows:-

- i) A shareholder, Mr Chan Sin Sang ("Mr Chan") recollected the Board of Directors' and members' attention to the announcement made by Perangsang Selangor on 13 May 2016 in relation to the new strategic investment in King Koil brand licensing business, through acquisition of 60% equity stake in Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp"). The comments and queries raised by Mr Chan were highlighted below: -
 - Following the announcement made on 13 May 2016, the market share price of Perangsang Selangor declined by 10%. The shareholders' presumed that the King Koil licensing business is in the commodity sector where the barriers to entry is very low and the market itself is very niche. Further, King Koil is not the main player in the mattress global industry as it is only ranked 7th in the United States ("US") market.
 - Perangsang Selangor has no experience in the mattress industry and the Company would incur high operating expenditure due to travelling to and from the US to get familiarized with the business. Perangsang Selangor is suggested to focus on its current core business instead.

- The global mattress industry is expected to grow at 6% per annum from 2014 and reach USD33.5 billion in 2020. The 6% growth is however contradicting to the Company's target Return on Investment ("ROI") of 12%.
- The previous shareholder of Kaiserkorp, Mr Yeoh Jin Hoe had only acquired 100% equity stake in Kaiserkorp on 12 February 2015 before 60% of the stake was acquired by Perangsang Selangor less than 15 months later. Taking cognizant of the short term period of disposal, Mr Chan sought further clarification whether thorough evaluation was conducted.
- The total investment cost of RM115 million is considered high as the investment is merely on the goodwill and intangible assets. Based on the Audited Account of Perangsang Selangor for the Financial Year Ended 31 December 2015, the 'Interest-bearing Borrowings' of Perangsang Selangor is expected to increase from RM30.1 million to RM86.47 million and the 'gearing ratio' would increase from 0.02 times to 0.08 times. The 'Profit Attributable to the Equity Holders' is however reduced from RM55.33 million to RM53.7 million.
- Mr Chan further sought Perangsang Selangor's action plan to enhance value of the Company's investment in King Koil licensing business.

The replies to the above comments and enquiries were noted as follows:

- Perangsang Selangor has been pursuing a replacement business in place of its water business sector prior to disposal of Titisan Modal (M) Sdn Bhd ("Titisan") Group. The previous high gearing ratio had restricted the Company from investing in any new business sector. Upon disposal of Titisan Group in December 2015, the Company's borrowings have reduced from RM1.04 billion to RM30.13 million resulting in a gearing ratio of only 0.02 times which enables the Company to embark on its new phase of profitability-driven investments, focusing on mature revenue-generating assets.
- With regards to Perangsang Selangor's venture into the King Koil licensing business, YM Dato' Chairman reiterated that Perangsang Selangor is not involved in the manufacturing or marketing of mattress. In actual fact, Perangsang Selangor acquired a majority interest in the licensor of the King Koil brand which ranked 7th in the US mattress market and has 40 licensees with 42 manufacturing facilities worldwide across 80 countries generating over USD 1 billion in global retails sales. The business risk in King Koil is low taking into account that the investment involves a licensing/franchising business model instead of an acquisition of manufacturing assets.

- YM Dato' Chairman agreed that the 6% annual growth rate for global mattress industry may be considered low as compared to the previous water business sector of Perangsang Selangor. However, in view that the King Koil licensing business has been established for over 100 years, the 6% annual growth from 2014 is considered as stable and acceptable for a matured industry. Furthermore, the 6% growth rate is on a base in US Dollar which is expected to reach USD33.5 billion in 2020.
- He further clarified that the 6% annual growth and 12% ROI have different interpretation since the calculation for annual growth is based on the revenue generated by the mattress industry whereas the ROI is calculated on the original cost of each investment. The 12% targeted ROI in the King Koil licensing business is considered reasonable yields.
- Prior to the decision made to invest in the King Koil licensing business, Perangsang Selangor had performed thorough investment evaluation which includes engaging external advisers to conduct due diligence and management's presentation of a Value Creation Plan to grow the business, before inking of the definitive agreements took place. As part of the mitigation plan with regards to the limitation of internal expertise in the licensing industry, Perangsang Selangor would be bringing in expertise from within the industry to enhance the business as needed.

According to YM Dato' Chairman, the expertise issue should not be a hindrance to Perangsang Selangor venturing into new businesses as the Company is an investment holding company and may not necessarily have any specific core business. In essence, Perangsang Selangor would acquire matured assets which are immediately income-generating. Perangsang Selangor would then appoint experienced professionals from the specific industry to represent Perangsang Selangor's interest as well as to provide strategic guidance if required.

- YM Dato' Chairman justified that the investment in King Koil licensing business has been given due consideration by the Board and full disclosures have been made as required by Bursa Malaysia Securities Berhad. He added that, none of the Directors or major shareholders of Perangsang Selangor have direct/ indirect interest in the transaction. The transaction was made on 'willing buyer willing seller' basis premised on the rationale of the acquisition and in accordance with the key selection criterion as identified by the Company regardless of the holding period by the previous shareholder. In addition, Mr Yeoh Jin Hoe would still remain as the shareholder in Kaiserkorp by holding 40% equity interest which enable both parties to further enhance the growth of Kaiserkorp by implementing the Value Creation Plan as envisaged by the Company.

- To mitigate the high travelling cost to the US-based office, Perangsang Selangor may consider relocating the King Koil head office to Malaysia, considering that the operations largely involve the management of the licensees only.
- ii) Encik Ahmad Rizal bin Mohd Daud, a proxy sought justification for the purchase consideration of USD28.8 million which is significantly higher than the Net Assets contributed by the investment.

In reply, Encik Ahmad Fariz bin Hassan informed that the King Koil's balance sheet is typical for a licensing business which is asset-light/ low-capex, thus its Net Assets are relatively low as compared to a mattress manufacturer, for instance. On recurring revenue and expenses basis, the EV/EBITDA multiple for the acquisition is in the low teens (*13.7x on adjusted 2015 EBITDA*), which is within reasonable range when compared against valuation of previous transactions involving mergers & acquisitions in the mattress industry and those involving well-known brands (*range between 11x to 18x*).

- iii) Encik Mohamad Zaidi bin Jaafar, a shareholder referred to the announcement made by Perangsang Selangor on 21 March 2016 in relation to the acquisition of 51% equity stake in Smartpipe Technology Sdn Bhd ("SPT"). He enquired on development of the investment and whether SPT has secured any.

To this, YM Dato' Chairman informed that SPT has yet to secure any projects. However, Perangsang Selangor has been working with the partners to educate and promote the trenchless technology ("compact pipe system") offered by SPT to various water players. SPT is the first to bring the technology into Malaysia where other local Non-Revenue Water ("NRW") players have been and are still using the conventional open cut replacement method.

The WAVIN's product may be new in Malaysia but the compact pipe system has had extraordinary run of success in several countries including Hong Kong where the NRW has reduced from 30% in 2004 to 15% in 2015. Perangsang Selangor has expected a unique selling points of WAVIN's product over the conventional method where both Federal and Selangor State Government are committed to establish NRW reduction program. Hence it is understood that this is a necessary step.

- iv) Having noted on the potential prospects of SPT, Mr Cheng Chang Chai ("Mr Cheng"), a shareholder sought information on list of competitors in the market and the impending tender process to be entered by Perangsang Selangor.

In response, YM Dato' Chairman informed the shareholders that there is no direct competitors as yet since SPT is the sole license holder of WAVIN technology in Malaysia. There are other competitors in the pipe replacement/rehabilitation business but are still using the conventional open cut replacement method. The competitive advantage for SPT is that it uses the trenchless pipe rehabilitation system where it promotes less excavation work, minimal disruption, accommodating bendy tracks and provides quick installation time. As for the tender submission, SPT has not submitted any tender as yet. However, SPT has commenced negotiation with the State Government with the aim of reducing the percentage of NRW currently stood at 36% and envisage to resolve the water disruption issue.

- v) Mr Cheng further asked information on the progress of water restructuring in Selangor involving 30% Perangsang Selangor's interest in Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH"). He recapped on the announcement made by the Minister of Energy, Green, Technology and Water of Malaysia that the agreement should be concurred before 7 October 2016 or possibility for the Federal Government to invoke Section 114 of the Water Services Industry Act 2006 (WASIA).

YM Dato' Chairman informed that Perangsang Selangor is a related party to the negotiation by virtue of Selangor State Government's interest in the Company. As such, Perangsang Selangor has entrusted the two (2) independent shareholders of SPLASH to pursue with the negotiation. It is envisaged that the negotiation would be finalized by this year in order for the Company to focus on its strategic initiatives.

- vi) Taking into consideration the Company's strong cash position, Mr Cheng suggested that Perangsang Selangor to explore implementing Share Buy Back program to strengthen the Company's share value in the market. The suggestion raised was duly noted by the Board of Directors.
- vii) Mr Vinodth Ram a/l Ramasamy, a MSWG's corporate representative apologized for repeating the request to publish the summary of AGM proceedings on the Company's website since Perangsang Selangor has consistently published the same since 2013. He further sought information on the same quantum amount allocated for Corporate Social Responsibility ("CSR") funds amounting to RM5.0 million for the past five years.

In reply to the inquiry, YM Dato' Chairman informed that the RM5.0 million allocation for CSR activities is budgeted based on the recommendation by the CSR Board Committee and approved by the Board of Directors. The CSR programmes are mainly catered towards contributing to and engaging with stakeholders encompassing consumers, employees and the community at large.

- viii) Ms Heng Ai Cheng, a shareholder requested the Company to consider on the timing for holding the general meetings to allow the shareholders living at the outskirt of Shah Alam area to attend the meetings without being caught in the traffic congestion. The request was duly noted by YM Dato' Chairman.

There being no further questions raised, YM Dato' Chairman declared that the Audited Financial Statements for the financial year ended 31 December 2015 together with the reports of the Directors and the Auditors thereon be and was hereby received.

Before YM Dato' Chairman proceeded to the second item of the Agenda item, he drew the shareholders' attention to the Malaysian Code on Corporate Governance ("MCCG") 2012, whereby the shareholders were encouraged for poll voting, particularly on substantive resolutions for good corporate governance purpose. However, in view that all the proposed resolutions at this meeting are not deemed as substantive resolutions, hence, polling are not required.

Besides that, YM Dato' Chairman brought the meeting's attention to Article 56 of the Company's Articles of Association in respect of rights to demand for a poll.

2. ORDINARY RESOLUTION 1
- PROPOSED DECLARATION OF A SINGLE TIER FINAL DIVIDEND OF 2 SEN PER SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The meeting proceeded to consider the proposed declaration of a single tier final dividend of 2 sen in respect of the financial year ended 31 December 2015.

YM Dato' Chairman informed the meeting that the single tier final dividend, if approved will be paid on 22 August 2016 to every shareholder who is entitled to receive the dividend on 25 July 2016.

YM Dato' Chairman moved on to invite proposer and seconder for the following motion and the motion was duly proposed by Puan Nurliana binti Kamarudin and seconded by Encik Mohamad Zaidi bin Jaafar:-

"THAT a single tier final dividend of 2 sen in respect of the financial year ended 31 December 2015 be hereby approved."

The Chairman invited questions from the floor.

- a. Mr Chow Chee Keon, a shareholder sought the Board of Directors' consideration to declare a special dividend of 2% per share in addition to the single tier final dividend of 2% per share. He justified that the 'Net Assets per share attributable to owners of the parent' has increased from RM2.41 in 2014 to RM2.48 in 2015 and the available cash and bank balances of the Company stood at RM92.56 million. He further commented that the RM5.0 million allocated for CSR fund is quite significant and proposed that the sum to be distributed as a 'gift' to the shareholders who have reached retirement age.

To this, Puan Hashimah binti Mohd Isa, the Company Secretary clarified that the agenda for this AGM is to consider the declaration of single tier final dividend of 2 sen per share. Any additional dividend to be declared should be carried out with proper procedures and in accordance with the Company's dividend policy. Likewise the special dividend of 29.58% paid in 2013 upon disposal of Kumpulan Hartanah Selangor Berhad, YM Dato' Chairman informed that Perangsang Selangor would consider paying additional dividend to the shareholders whenever the Company generates extraordinary profit.

As for CSR fund amounting to RM5.0 million, YM Dato' Chairman emphasized that the people/ public are stakeholders of the Company and the profit generated by the Company should be distributed fairly. He urged all the companies and shareholders in Malaysia to support the CSR activities in promoting better quality of life as well as enhancing the social development for underprivileged community, students and youth. Details of Perangsang Selangor's CSR distribution fund can be found in page 36 of the Annual Report 2015.

- b. In reply to Mr Cheng's query whether is there any interim dividend to be declared by Perangsang Selangor for the financial year ending 31 December 2016, YM Dato' Chairman informed that dividend declaration is price sensitive and material information. Such information could only be shared/ disclosed to the public via announcement to Bursa Malaysia Securities Berhad.

There being no questions raised, henceforth, YM Dato' Chairman then put the motion to vote by way of show of hands.

Based on the voting results, YM Dato' Chairman declared that by unanimous votes, the following motion be and was hereby duly carried: -

"THAT a single tier final dividend of 2 sen in respect of the financial year ended 31 December 2015 be and hereby approved."

3. **ORDINARY RESOLUTION 2**
- RE-ELECTION OF DIRECTOR – YM RAJA DATO' HAJI IDRIS RAJA KAMARUDIN

The meeting proceeded to Resolution 2 which was to re-elect YM Raja Dato' Haji Idris Raja Kamarudin ("YM Raja Dato' Idris") as a Director of the Company, who retired pursuant to Article 84 of the Company's Articles and Association.

YM Dato' Chairman informed the meeting that since the proposed resolution was concerning his re-election as Director of the Company, he had handed over the chair to Encik Mustaffa Kamil bin Ayub ("Encik Mustaffa") for this motion.

Encik Mustaffa informed the meeting that YM Raja Dato' Idris was subject to retirement pursuant to Article 84 of the Company's Articles of Association and being eligible for re-election, has offered himself for re-election. The profile of YM Raja Dato' Idris could be found on page 14 of the Annual Report 2015.

Encik Mustaffa invited proposer and seconder for the following motion and the motion was duly proposed by Mr Wha Kien Loy and seconded by Encik Abdul Ghani bin Hakim: -

"THAT YM Raja Dato' Haji Idris Raja Kamarudin who retires pursuant to Article 84 of the Company's Articles of Association, be re-elected as Director of the Company."

Encik Mustaffa invited questions from the floor. There was no substantive question that required recording, the motion was put to the meeting for voting by way of show of hands.

Based on the voting results, two (2) shareholders have voted against the motion but majority of the shareholders have voted in favor of the motion. Henceforth, Encik Mustaffa declared that by majority votes, the following motion was declared carried: -

"THAT YM Raja Dato' Haji Idris Raja Kamarudin who retires pursuant to Article 84 of the Company's Articles of Association, be re-elected as Director of the Company."

Encik Mustaffa then handed over the chair back to YM Dato' Chairman for the remaining agenda of the meeting. Thereafter, YM Dato' Chairman thanked the shareholders for the trust given to him.

4. **ORDINARY RESOLUTION 3**
- RE-ELECTION OF DIRECTOR – ENCIK SUHAIMI BIN KAMARALZAMAN

The meeting proceeded to Resolution 3 which was to re-elect Encik Suhaimi bin Kamaralzaman ("Encik Suhaimi") as Director of the Company, who retired by rotation pursuant to Article 84 of the Company's Articles of Association.

YM Dato' Chairman informed the meeting that Encik Suhaimi was subject to retirement under Article 84 of the Company's Articles of Association and being eligible for re-election, has offered himself for re-election accordingly.

YM Dato' Chairman added that the details of Encik Suhaimi could be found on page 16 of the Annual Report 2015.

YM Dato' Chairman invited proposer and seconder for the following motion and the motion was duly proposed by Encik Mohamad Zaidi bin Jaafar and seconded by Mr Stanley Lee:-

"THAT Encik Suhaimi bin Kamaralzaman who retires pursuant to Article 84 of the Company's Articles of Association, be re-elected as Director of the Company."

YM Dato' Chairman invited questions from the floor. At this juncture, Mr Stanley Lee, a shareholder commented that the Board composition of Perangsang Selangor is too large which comprised of nine (9) Directors as compared to other larger companies. He further suggested the Board of Directors to re-look on its composition to match with the Company's performance. This was duly noted by the Board of Directors.

There being no further questions raised, the motion was put to the meeting for voting by way of show of hands.

Based on the voting results, one (1) shareholder has voted against the motion but majority of the shareholders have voted in favor of the motion. Henceforth, YM Dato' Chairman declared that by majority votes, the following motion was declared carried:-

"THAT Encik Suhaimi bin Kamaralzaman who retires pursuant to Article 84 of the Company's Articles of Association, be re-elected as Director of the Company."

Subsequently, Encik Suhaimi thanked the shareholders for the support given to him.

5. ORDINARY RESOLUTION 4
- RE-ELECTION OF DIRECTOR – ENCIK ROSELY @ MOHAMED ROSS BIN MOHD DIN

The meeting proceeded to Resolution 4 which was to re-elect Encik Rosely @ Mohamed Ross bin Mohd Din ("Encik Mohamed Ross") as Director of the Company, who retired by rotation pursuant to Article 84 of the Company's Articles and Association.

YM Dato' Chairman informed the meeting that Encik Mohamed Ross was subject to retirement under Article 84 of the Company's Articles of Association and being eligible for re-election, has offered himself for re-election accordingly.

YM Dato' Chairman added that the details of Encik Mohamed Ross could be found on page 20 of the Annual Report 2015.

YM Dato' Chairman invited proposer and seconder for the following motion and the motion was duly proposed by Puan Nini Shazrina binti Ahmad Shamli and seconded by Encik Mohamad Zaidi bin Jaafar:-

"THAT Encik Rosely @ Mohamed Ross bin Mohd Din who retires pursuant to Article 84 of the Company's Articles of Association, be re-elected as Director of the Company."

YM Dato' Chairman invited questions from the floor. There being no questions raised, the motion was put to the meeting for voting by way of show of hands.

Based on the voting results, one (1) shareholder has voted against the motion but majority of the shareholders have voted in favor of the motion. Henceforth, YM Dato' Chairman declared that by majority votes, the following motion was declared carried:-

"THAT Encik Rosely @ Mohamed Ross bin Mohd Din who retires pursuant to Article 84 of the Company's Articles of Association, be re-elected as Director of the Company."

Encik Mohamed Ross thanked the shareholders for his re-election as Director of the Company.

6. ORDINARY RESOLUTION 5
- DIRECTORS' FEES

The meeting proceeded to Resolution 5 to consider the recommended Directors' fees for the financial year ended 31 December 2015 amounting to RM441,589.00

YM Dato' Chairman invited proposer and seconder for the following motion and the motion was duly proposed by Puan Siti Rozidah binti Sani and seconded by Encik Abdul Ghani bin Hakim:-

"THAT the payment of Directors' Fees amounting to RM441,589.00 for the financial year ended 31 December 2015 be approved."

YM Dato' Chairman invited questions from the floor.

There being no questions raised, the motion was put to the meeting for voting by way of show of hands.

Based on the voting results, two (2) shareholders have voted against the motion but majority of the shareholders have voted in favor of the motion. Henceforth, YM Dato' Chairman declared that by majority votes, the following motion was declared carried:-

"THAT the payment of Directors' Fees amounting to RM441,589.00 for the financial year ended 31 December 2015 be and hereby approved."

7. ORDINARY RESOLUTION 6
- RE-APPOINTMENT OF MESSRS ERNST & YOUNG AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

YM Dato' Chairman proceeded to Resolution 6 and the meeting was requested to consider the re-appointment of the retiring Auditors, Messrs Ernst & Young who have indicated their willingness to continue office as Auditors of the Company for the next financial year, and to authorise the Board of Directors to fix the Auditors' remuneration.

YM Dato' Chairman invited proposer and seconder for the following motion and the motion was duly proposed by Mr Stanley Lee and seconded by Encik Mohamad Zaidi bin Jaafar:-

"THAT Messrs. Ernst & Young be re-appointed as the Company's Auditors for the ensuing year AND THAT the Board of Directors be authorised to fix their remuneration."

YM Dato' Chairman invited questions from the floor.

There being no questions raised, the motion was put to the meeting for voting by way of show of hands.

Based on the voting results, one (1) shareholder has voted against the motion but majority of the shareholders have voted in favor of the motion. Henceforth, YM Dato' Chairman declared that by majority votes, the following motion was declared carried:-

"THAT Messrs. Ernst & Young be re-appointed as the Company's Auditors for the ensuing year AND THAT the Board of Directors be authorised to fix their remuneration."

8. **ORDINARY RESOLUTION 7**
- RE-APPOINTMENT OF DIRECTOR – YBHG DATO’ DR. MOHAMED ARIFFIN BIN ATON

The meeting proceeded to Resolution 7 which was to re-appoint YBhg Dato’ Dr. Mohamed Ariffin bin Aton (“Dato’ Mohamed Ariffin”) as Director of the Company, who retired pursuant to Section 129(2) of the Companies Act, 1965, to hold office until the conclusion of the next AGM of the Company.

YM Dato’ Chairman informed the meeting that Dato’ Mohamed Ariffin was subject to re-appointment pursuant to Section 129(2) of the Companies Act, 1965, to hold office until the conclusion of the next AGM of the Company.

YM Dato’ Chairman added that the details of Dato’ Mohamed Ariffin could be found on page 19 of the Annual Report 2015.

YM Dato’ Chairman invited proposer and seconder for the following motion and the motion was duly proposed by Puan Nini Shazrina binti Ahmad Shamli and seconded by Encik Abdul Ghani bin Hakim:-

“THAT YBhg Dato’ Dr. Mohamed Ariffin bin Aton who retires pursuant to Section 129(2) of the Companies Act, 1965, be re-appointed as Director of the Company until conclusion of the next AGM of the Company.”

YM Dato’ Chairman invited questions from the floor. There being no questions raised, the motion was put to the meeting for voting by way of show of hands.

Based on the voting results, two (2) shareholders have voted against the motion but majority of the shareholders have voted in favor of the motion.

Premised on the above, YM Dato’ Chairman declared that by majority votes, the following motion was declared carried:-

“THAT YBhg Dato’ Dr. Mohamed Ariffin bin Aton who retires pursuant to Section 129(2) of the Companies Act, 1965, be re-appointed as Director of the Company until conclusion of the next AGM of the Company.”

Thereafter, Dato’ Mohamed Ariffin thanked the shareholders for the trust given to him.

9. SPECIAL RESOLUTION 1
- PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION ("Proposed AA Amendment")

YM Dato' Chairman proceeded to Special Resolution 1 and the shareholders were requested to consider the approval of the Proposed AA Amendment.

YM Dato' Chairman invited proposer and seconder for the following motion and the motion was duly proposed by Encik Mohamad Zaidi bin Jaafar and seconded by Encik Abdul Ghani bin Hakim:-

YM Dato' Chairman invited questions from the floor.

There being no questions raised, the motion was put to the meeting for voting by way of show of hands.

Based on the voting results, YM Dato' Chairman declared that by unanimous votes, the following motion was declared carried:-

"THAT the Proposed Amendment to the Articles of Association of the Company be and hereby approved."

10. ANY OTHER BUSINESS

YM Dato' Chairman informed the meeting that the Company has not received notice to transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

CLOSURE

There being no further business, the meeting was closed at 11.20 a.m. with a vote of thanks to the Chairman.

CONFIRMED AS A CORRECT RECORD


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CHAIRMAN

Dated: 25 August 2016

Bismillahirrahman Nirrahim.

Assalamualaikum Warahmatullahi Wabarakatuh,

As Chairman of The Board of Directors of Perangsang Selangor Berhad ("the Board"), I would like to warmly welcome all of you, our valued shareholders to our 39th Annual General Meeting. Today marks the passing of five years since I was entrusted with leading the board and management team, however I remain just as committed as when I began, to enhancing and improving Perangsang Selangor towards creating value for our shareholders. It is a responsibility that none of us has taken lightly, and I can attest that every member of the team has been diligently contributing efforts to achieve this goal over the past year.

We have now successfully completed the Four Year Corporate Turnaround Plan that we began implementing in 2011, which can be found in Page 26 of the Annual Report for the 2015 financial year. I am proud to report that we have not only been able to maintain our net asset value at approximately RM 1.2 billion, but also have grown our Retained Earnings from 2011-2015 by more than RM 200 million. Most significantly, the company's borrowings have been reduced from RM 1.2 billion to just slightly over RM 30 million at the end of 2015.

The past year has seen a significant improvement in the financial prospects of the Company, a highlight of which was our divestment of the investment in Konsortium ABASS Sdn Bhd ("ABASS"). Consequently, Perangsang Selangor has reduced its borrowings from RM 1.04 billion to RM 30.13 million resulting in a gearing ratio of only 0.02 times.

Concurrently we have performed a capital recycling of a number of our subsidiaries and investments including our stake in Kumpulan Hartanah Selangor, further strengthening the financial position of the Company. Whilst the issues surrounding the divestment of SPLASH and the tolled SPRINT highway are ongoing, we are optimistic of a swift resolution but are unable to share further details on this due to regulatory guidelines by the authorities. Financially, Perangsang Selangor has continued to show sustained positive performance over the past year, a more detailed explanation of which can be found on Page 29-31 of the 2015 Annual Report.

As I mentioned before, Perangsang Selangor is now about to embark on what we believe will be a new phase of profitability, driven by a dual focused approach of yield optimisation combined with targeted investment stages, focused on mature, revenue generating assets. This will further allow for greater implementation of our 'bolt-on' strategy of consolidating similar businesses in a sector to increase profitability as a whole. In line with this we have increased our investment in Aqua-Flo which supplies chemicals to the water treatment industry, which over the last year has shown significant revenue growth, and just recently was awarded three contracts with a total estimated value of RM 98 million over a period of two years.

We will also be identifying businesses beyond Selangor unlike in the past, allowing for a wider selection of potential prospects. Ultimately any value derived from these businesses will still flow back to the state and consequently present new business opportunities within Selangor in the future. In essence Perangsang Selangor will acquire matured assets which are immediately income generating. We will then appoint experienced professionals from the specific industry of the asset to represent our interests as well as provide strategic guidance if required.

An example of this is Perangsang Selangor's venture into the franchise licensing industry, which provides lucrative revenue generating capabilities, offset with relatively low risk, as the manufacturing distribution or delivery risks associated with the products or services provided are taken on by the franchisees themselves, insulating the parent licensor. This has driven the acquisition of a majority interest in King Koil. We have great expectations for the potential of this investment as King Koil is an established brand, ranked 7th in the international mattress market and has over 40 licensees worldwide across 80 countries with 42 manufacturing facilities who have generated over USD 1 billion in global retail sales.

It is important to note that while we may not be directly involved in the management of any of our businesses, by holding a majority stake, Perangsang Selangor will be in a position to bring in expertise from within the industry to enhance the business as needed. That this investment will soon become a stable income generating channel and become a springboard that will allow the Company to achieve greater profits. This acquisition also highlights a key criterion we look for in selecting a potential asset in that it should be a market leader or have the potential to become the market leader and thus provide capital gain potential.

The management team has also successfully completed the acquisition of a 51% stake in Smartpipes Technology Sdn. Bhd. which has the exclusive rights to a water pipe rehabilitation solution that can be implemented nationwide. According to the latest estimate by Kementerian Tenaga, Teknologi Hijau dan Air ("KeTTHA"), over 4,460 km of pipe across Malaysia needs to be replaced so the potential income from the adoption of the Smartpipes solution is extremely lucrative. It has already been implemented in Hong Kong to great success, so we are optimistic of the high growth potential of this business.

Dear Shareholders,

Looking to the road ahead, we have a number of new investments and projects in the works which we believe will continue to sustain our current trend of profitability. These include the on-going redevelopment of Plaza Perangsang and the re-development of Perangsang Templer Golf Club ("PTGC") into an environmentally friendly, eco-themed residential township which is expected to contribute positively to the Group's performance upon its launch in 2016.

In summation, driven by these new strategies as well as the internal streamlining we have pursued over the last couple of years, the company's prospects moving forward are extremely positive. We are extremely grateful for the trust and confidence you have had in us over the years. With the continued support of all of you, I believe that InsyaAllah we will be able to reach even greater heights of profitability. All of us at the company are excited to embark on this new journey with you, as we seek to meet and surpass all your expectations.

Thank You

Wabillahi taufik wal hidayah

Wassalam mualaaikum Warahmatullahi wabarakatuh.

Thank you for listening to my speech with such interest.

With that, I shall now proceed with the Agenda.



KUMPULAN PERANGSANG SELANGOR BERHAD
(23737-K)

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Date: 26 May 2016

Head of Corporate Monitoring
MINORITY SHAREHOLDER WATCHDOG GROUP
Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

Attention: Mr Quah Ban Alk

Dear Sir,

THIRTY-NINETH (39th) ANNUAL GENERAL MEETING ("AGM") OF KUMPULAN PERANGSANG SELANGOR BERHAD ("Perangsang Selangor" or "the Company")

We thank you for your letter dated 16 May 2016 and for accepting our invitation to attend the abovementioned AGM. We have noted the questions raised in your letter and have pleasure to append below our answers to the points raised which we hope will be acceptable to you.

STRATEGY & FINANCIALS

- 1) As mentioned in the Chairman's Statement, Perangsang Selangor is continuously assessing business opportunities to further boost its financial performance. The Group is actively engaging potential partners and positive on the outlook even with the current challenging business environment.

- a) Is there any talk or serious discussion with any potential partner and what is the prospect moving forward? Please comment.

Yes, Perangsang Selangor is and has consistently been engaging with different businesses, organizations and relevant parties, in the market in general, in search of business opportunities that would help elevate Perangsang Selangor's financial performance.

As was recently announced, Perangsang Selangor is pursuing a new strategic investment plan, under which we have acquired a controlling stake in the King Koil® brand licensing business. The acquisition is a 60% stake in Kaiserkorp Corporation Sdn Bhd, which wholly-owns King Koil Licensing Company Inc which is based in the United States. Additionally, Perangsang Selangor has ventured into the water pipeline rehabilitation business with the 51% acquisition stake in Smartpipe Technology Sdn Bhd. Its main competitive advantage is that it uses a trenchless pipe rehabilitation system produced by Wavin called a "Compact Pipe" system, that allows for less excavation work, minimal disruption, accommodates curved or twisted tracks and has a quick installation time.



Ahli Kumpulan Darul Ehsan Berhad
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Moving forward, Perangsang Selangor is currently on the lookout for partnerships with more mature, cash-generating companies. At this moment of time we are in negotiations for several deals of these nature which are a mixture of being at the preliminary and advance stage of negotiations. Accordingly, we will make an appropriate announcement once any of them have been finalised

- b) **What is the benchmark of Perangsang Selangor when looking for an investment and please enlighten us on the Group's targeted Return on Investment (ROI), business margin level as well as the acceptable risks parameters.**

The Group's targeted Return on Investments remains at 12%. As optimistic as we are, Perangsang Selangor does, to a certain degree acknowledge the general slowdown of the world economy. As it currently stands, Malaysia's 2016 Gross Domestic Product, per Bank Negara Malaysia, is forecasted to grow 4% to 4.5%, lower than the 5% and 6% recorded in 2015 and 2014 respectively. Nevertheless, we aim to continuously improve existing business margin levels and do so by benchmarking ourselves against our outperforming peers in the market.

Perangsang Selangor's Enterprise Risk Management ("ERM") framework includes specific risk impact/appetite parameters which clearly define the Company's impact/appetite thresholds. The parameters set are currently being updated and aligned with the yearly approved budget which is endorsed by the Board. The ERM framework primarily serves to proactively identify, evaluate and ensure key risks are managed. Furthermore, there is also in place a monitoring and review mechanism that not only keeps track of the performance of Perangsang Selangor's investments, but allows for the monitoring of key business initiatives undertaken. Consequently, regular reports are submitted to the Board for their review. More on Perangsang Selangor's ERM framework can be found on page 50 of our 2015 Annual Report.

2) Trading Sector

The sector became the biggest revenue contributor to the Group's earnings in FY2015, accounting for 73% of the Group's total revenue.

In terms of percentage, what is the expectation of the revenue contribution to Group's total revenue for the next few years? Does the Group plan to expand further its investment in the sector, going forward?

The trading sector has indeed in 2015 become the biggest revenue contributor largely due to increased contributions coming from Aqua-Flo Sdn Bhd ("AFSB"), and we do not expect this to significantly change in the near term. As announced on 25 May 2016, we would increase our stake in AFSB to 51% post the completion of the Proposed Acquisition of AFSB via the signing of Sale and Purchase of Shares Agreements ("SPA") with Prismachem Sdn Bhd and Hydrovest Sdn Bhd for a total cash consideration of RM6.78 million. This exercise is expected to be completed in the second quarter of 2016.

Nevertheless, we also highlighted earlier that we have made a number of new investments. Accordingly, the dependency of having just one entity as the biggest revenue generator in the Trading segment, will shift.

In reference to the other segments, the Management is focusing its attention to improving segmental profitability as we are aware that increases in revenue alone are insufficient if the profitability does not move in tandem. As an example, initiatives are underway, (with some nearing completion) for the hospitality and recreational rationalization plans, which should result in better returns. Optimizing shareholder returns continues to be a priority to Perangsang Selangor.

3) Hospitality and Recreation Sector

- a) **Please update shareholders on the progress of the proposed redevelopment of PTGC in Templer Park into an eco-themed township project and when exactly it is expected to take off in 2016?**

Parties in contract to the Perangsang Templer and Golf Club redevelopment had on 4 March 2016 executed the supplemental agreement. The official launch of the redevelopment, Setia Eco Templer that took place on 15 May 2016 has received an encouraging take up rate especially for its terrace and bungalow type units.

- b) **What is the expected ROI from the redevelopment? How much would it contribute to the Group's business for FY2016?**

Under the agreement, Cash Band (M) Berhad, a wholly owned subsidiary of Perangsang Selangor is to receive 13% of the gross sales value of the development or a minimum of RM140 million. To date, proceeds have reached RM100 million with another RM40 million scheduled to be received over a four year period beginning 2019.

4) Telecommunication Sector

When does the Board expect "Ceres" would channel a share of profit to the Group?

Although not contributing positively to the Group, Ceres Telecom Sdn Bhd showed improvement by reducing its share of losses by 19%. This is an achievement especially with analysts having rated this sector 'Neutral'. Revenue for 2015 had increased by 50% to RM43.9 million coupled with better management in Ceres's marketing and administrative costs. This is a positive indication to Ceres's initiatives in increasing its subscriber base. The near term outlook for Ceres heavily depends on its ability to continue increasing its subscriber base as the volume will help with the economies of scale in improving its profit margin. Towards achieving this, Ceres recently launched two new products namely MyPrepaid and Friends Mobile.

5) Infrastructure and Utility Sector

- i) **SPLASH (Perangsang Selangor holds 30% equity stake)**

The impact of IC Interpretation 12 has made SPLASH's share of profit to the Group reduced significantly by 31%, delivering the share of profit of RM103.85 million in 2015 as compared to RM151.60 million in 2014. What is the outlook for SPLASH's share of result in FYE2016 and does the Board expect further impairment loss to be made in the current financial year?

The reduced profit contribution from SPLASH by 31% was primarily due to the impairment loss on trade receivables as a result of the proportionate payment by Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"). We expect the SYABAS's debts will be resolved upon completion of the take-over of SPLASH by Pengurusan Air Selangor Sdn Bhd and thus we do not expect significant impairment loss be made in SPLASH's financial statements in FYE 2016.

ii) SPRINT (Perangsang Selangor holds 20% equity stake)

SPRINT's RM5.91 million share of profit in 2015 (2014: RM2.05 million shares of losses delivered to the Group was likely a "turnaround" of the highway operator. What were the reasons for the significant improvement in the share of profit deliverable? Does the Board have any plan to increase the shareholding in SPRINT? Please comment.

The year-on-year improvement from loss to profit making was attributable to two factors namely the increased toll charges that took place in October 2015 and the increase in compensation from the Government. Collectively, both increments boosted revenue by 27.5% whilst operating expenses though higher, albeit at a slower pace of 6.9%. Traffic on the said highway also showed improvements. Pre-toll hike, revenue from toll collections during quarters one to three of 2015, grew an average of 5.6%.

6) Corporate Governance

MSWG is promoting standards of Corporate Governance best practices in PLCs. In this regard, we hope the Board would give due consideration to address the following issue:-

i) We noted that both YB Dato' Kamarul Baharln bin Abbas and YB Sivarasa a/l Rasiah are elected Members of Parliament.

There is growing recognition globally that servicing politicians and public sector offices are discouraged from serving on the Board of public listed companies on the grounds of time commitment and conflict of interest issues.

We hope the Board would consider a governance policy on this matter.

The Company duly recognises that Directors are expected to allocate sufficient time to the Company to perform their duties effectively. Despite their busy schedules as Members of Parliaments, the affected Directors are fully aware that it is imperative to devote sufficient time to carry out their fiduciary duties.

The testimony of the Directors strong presence and commitment in serving the Board of Perangsang Selangor have been shown by their three (3) year track record of attendances as follows:-

Directors	Board Meetings		
	2013	2014	2015
YB Dato' Kamarul Baharin bin Abbas	17/17	13/14	10/11
YB Sivarasa A/L Rasiah	14/17	12/14	10/11

Besides that, the two (2) Directors are also members of several Board Committees established by the Board as depicted on page 10 of the Corporate Information section of the Annual Report 2015, which operate under approved terms of reference, functions and frequency of meetings.

- ii) In line with efforts of the government and Securities Commission to Improve the number of woman directors on Board, please share on the measures and effort taken by the Group to address the issue.**

The Company acknowledges the benefits of having a diverse Board and sees diversity at Board level as an essential element in maintaining a competitive advantage. As a follow through, the Board has recently established the Board Diversity Policy which covers gender, age and ethnic policy to inculcate boardroom diversity in maintaining a competitive edge.

Notwithstanding the above, the Board is of the view that while it is important to promote boardroom diversity, the normal selection criteria of a Director based on effective blend of competency, skill, vast experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capability. In identifying suitable candidates for appointment to the Board, Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

Currently, the Board composition and all Board appointment are made on merit, in the context of skill and experience regardless of age, gender, ethnicity and nationality.

- iii) The recent amendments to Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements requires companies to publish the summary of key matters discussed at the AGMs onto the companies' website for AGMs held on or after 1 July 2016. In line with this, we hope the Board would publish the summary of proceedings for this AGM on the Company's website.**

Being a keen advocate of good Corporate Governance practices, the Company has consistently published the minutes of our AGMs since 2013 on Perangsang Selangor's website. Similarly, minutes of this upcoming AGM will also be uploaded accordingly.

We trust that the foregoing clarifications suffice and look forward to your presence at the Company's AGM on Friday, 27 May 2016 at 9.30 a.m.

Thank you.

Yours faithfully

KUMPULAN PERANGSANG SELANGOR BERHAD



AHMAD FARIZ BIN HASSAN
Chief Executive Officer