

SENTORIA GROUP BERHAD

(463344-K))

(Incorporated in Malaysia)

Summary of Twenty-First Annual General Meeting of the Shareholders of Sentoria Group Berhad held at Arabian Ballroom 3, Bukit Gambang M.I.C.E Centre, Arabian Bay Resort, Bukit Gambang Resort City, 26300 Gambang, Pahang Darul Makmur on Wednesday, 30 September 2020 at 10:30 a.m.

PRESENT

Directors: Datuk Aznam Bin Mansor (Chairman)
 Dato' Chan Kong San
 Dato' Gan Kim Leong
 Mr Wong Yoke Nyen
 Mr Lee Chaing Huat
 Dato' Hj. Abdul Rahman Bin Hj. Imam Arshad
 Datin Sri Lim Mooi Lang

IN ATTENDANCE

Ms Lim Chien Joo (Company Secretary)
Ms Lim Soo Sim (Messrs Grant Thornton Malaysia) ["GTM"]

BY INVITATION

Mr Gan Hock Soon (CSO)
Mr Khoo Kah Ken (Finance Manager)
Ms Chin Lee Chyen (Company Secretary)
Ms Tan Veer Leen (GTM)
Ms Elisa Chong Li Shin (GTM)

The Chairman welcomed the shareholders, proxies and guests to the Meeting.

There being a quorum, he declared the Meeting duly convened.

The Chairman informed that the Minority Shareholder Watch Group ["MSWG"] had vide its letter dated 21 September 2020 addressed to the Board of Directors ["Board"] raised several questions on Strategy and Financial as well as Corporate Governance matters in relation to the Company's Annual Report 2020.

Questions from and the corresponding reply to MSWG were read out by the Chairman of the Audit Committee, Mr Wong Yoke Nyen, details as follows:

Strategy and Financial Matters

Question 1

As at 31 March 2020, the Group's total outstanding order book and unbilled sales amount to RM340.0 million from its ongoing projects in Kuantan, Morib and Kuching. (page 7 of Annual Report).

- a) Please provide the breakdown of the unbilled sales of RM340 million by regions i.e. Kuantan, Morib and Kuching respectively.

Reply:

The breakdown of outstanding order book and unbilled sales by region is as follows:

Region 1 (Pahang): RM221 million

Region 2 (Selangor): RM61 million

Region 3 (Sarawak): RM58 million

Total : RM340 million

- b) When will the unbilled sales of RM340 million be recognised in the Group's financial statements?

Reply:

These projects are estimated to contribute to the Group's revenue within the coming 3 years.

- c) What is the current outstanding order book and unbilled sales as at 31 August 2020?

Reply:

There are no material changes since 31 March 2020 in view of MCO, CMCO and RMCO

Question 2

The Group's property development business is actively managing margin compression with the rising cost of construction (page 8 of Annual Report)

- a) What are the measures taken by the Group to mitigate the rising costs of construction?

Reply:

The Group continuously monitors its working capital management and right sizes its operational and financial resources to optimise cost efficiencies. These include negotiation with the sub-contractors and suppliers for more cost effective alternatives.

- b) How effective are the measures taken to reduce the rising cost of construction- please indicate costs before and after the measures have been implemented?

Reply:

Optimisation of cost efficiencies is still on-going as the construction and development works were only re-commenced after RMCO.

Question 3

The Group recorded Other Expenses of RM7.82 million in FY2020 as compared to a nil amount in the preceding financial year. (page 47 of the Annual Report)

- a) Please provide a breakdown of the Other Expenses

Reply:

<i>Financial Statement Elements</i>	<i>RM' million</i>
<i>Biological Assets/bad debts Written Off</i>	<i>1.8</i>
<i>Loss on disposal of property, plant and equipment</i>	<i>1.8</i>
<i>Impairment loss on PPE/biological assets</i>	<i>4.2</i>

<i>Total Other Expenses</i>	7.8
-----------------------------	-----

- b) Please explain the reason for the high Other Expenses in FY2020.

Reply:

These expenses such as impairment of assets were mainly due to impact of Covid-19 to Leisure and Hospitality Division.

- c) What measures have the Company taken to reduce the Other Expenses and how successful have these measure been in terms of cost saving?

Reply:

As detailed above, these other expenses were mainly due to impact of Covid-19 to Leisure and Hospitality Division. The Group shall continuously assess the impact of COVID-19 on its operations as well as the financial position for the financial year ending 31 March 2021.

Question 4

Included in the other receivables is an amount of RM21,096,000 (30.9.2018 and 1.10.2017: Nil) due from a customer who has utilised the Company's banking facility, granted by a licensed bank, to finance the customer's projects which have been awarded to the Group. (page 104 of Annual Report).

- a) Why did the Company allow the customer to utilize the Company's banking facility as this is not the normal practice?

Reply:

This involved a joint venture partner ("JV Partner") who is a developer appointed by a State Government to develop affordable housing development projects.

The JV Partner proceeded to appoint the Group as a turnkey contractor and the requirements include the Group to obtain a bridging loan to finance the construction works as part of the joint venture arrangement. Although the bridging loan is utilised by the Group, the loan is also secured by charges against the assets of the JV Partner.

- b) What is the name of the customer?

Reply:

The JV Partner is a developer appointed by a State Government to complete an affordable housing development projects.

- c) As the Company's financial position is not strong, did the Company request the customer to settle the banking facility to ease the cash flow position of the Company during this difficult period?

Reply:

The banking facility represents an integral feature of the joint venture arrangement described in the earlier response.

- d) Does the Company charge the customer interest on the Company banking facility? If yes, what is the rate it charges the customer as compared to the rate charge by the bank? If no, why?

Reply:

Interest arising from the bridging loan forms part of the construction cost of the joint venture arrangement undertaken by the Group.

- e) When is the customer expected to pay the Company the outstanding sum of RM21,096,000?

Reply:

We estimate that the remaining loan of RM21 million is to be fully repaid to the lender within the coming 3 years.

- f) What project has the customer awarded the Group? What is the contract value and duration of the contract?

Reply:

The related contract value awarded to Sentoria Group is approximately RM 200 million with 4 years duration for these housing developments projects.

- g) What is the stage of completion of the project?

Reply:

The average stage of completion for these affordable housing development projects is approximately 75%.

Question 5

Included in the deposits is a security deposit of RM12,754,000 (30.09.2018 and 1.10.2017: Nil) paid to the customer to secure the construction contracts granted to the Group.

- a) Is the security deposit paid to the same customer who has utilised the Company's banking facility to finance the customer's projects, which have been awarded to the Group? If no, please name the customer.

Reply:

Yes, same JV Partner.

- b) What is the construction contract value awarded to the Group by the customer?

Reply:

In relation to these security deposits, the contract value awarded to the Group is in excess of RM250 million.

- c) What is the stage of completion? When is the contract expected to complete?

Reply:

These are for few phases of housing development projects, some are in planning stage and some in advanced stage. Barring unforeseen circumstances, we estimate the completion of the projects within coming 3 years.

- d) Will the Group encounter any difficulty in getting the security deposit from the customer on completion of the contract?

Reply:

The Group does not foresee any difficulty in getting the security deposit from the JV Partner upon completion of the housing development projects.

Corporate Governance

Question 1

The Company stated that it has applied Practise 12.3 by stating the explanation that “the Company does not have a large number of shareholders and the forthcoming 21st Annual General Meeting [“AGM”] will be held in Gambang, Pahang Darul Makmur which is readily accessible”.

Based on the explanation, the Company has not applied the Practice as it has not leverage on technology to facilitate voting in absentia; and remote shareholders’ participation at General Meetings.

Reply:

The AGM of the Company are being held at a location in its own hotel since 2012.

The Group is the owner of the 3,100-capacity Grand Boardroom (Awarded “Largest Pillarless Ballroom in Malaysia” by Malaysia Books of Record) and is easily accessible via road transport.

Question 2

We have accessed the Company’s website on 20 September 2020 and note that there was no publication of the “Key Matters Discussed” at the Company’s 20th AGM held on 7 March 2019 as required under paragraph 9.21(2)(b) of the Main Market Listing Requirement. Please take note.

Reply:

There were no material matters discussed during last AGMs. Please refer to the Summary of Proceedings for 20th AGM which have been uploaded to our website now.

1. Audited Financial Statements together with the Reports of the Directors and Auditors thereon

The Shareholders received the Audited Financial Statements for the financial period from 1 October 2018 to 31 March 2020 together with the Reports of the Directors and Auditors thereon.

2. Approval of Resolutions

The Meeting resolved and approved the following resolutions at the meeting by way of poll voting: -

- (a) Ordinary Resolution 1 pertaining to the payment of Directors’ Fees of RM6,000 per month to each of the Non-Executive Directors from the conclusion of the 21st AGM until the conclusion of the 22nd AGM;
- (b) Ordinary Resolution 2 pertaining to payment of attendance allowances to the Non-Executive Directors from the conclusion of the 21st AGM until the conclusion of the 22nd AGM;

- (c) Ordinary Resolution 3 pertaining to the re-election of Datin Sri Lim Mooi Lang as Director pursuant to Article 103 of the Company's Constitution;
- (d) Ordinary Resolution 4 pertaining to the appointment of Grant Thornton Malaysia as Auditors of the Company;
- (e) Ordinary Resolution 5 pertaining to the authorisation of the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016;
- (f) Ordinary Resolution 6 pertaining the approval of the proposed renewal of authority for the Company to purchase its own shares; and
- (g) Ordinary Resolution 7 pertaining to the approval of the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading in nature.

No questions were raised on Ordinary Resolutions 1 to 7 which were duly proposed and seconded by the shareholders/proxies and the Chairman exercised his right to direct the vote on all these resolutions to be conducted by way of poll upon the completion of the remaining business of the AGM.

The results of the poll as follows:-

	Voted For			Voted Against		
	No. of Shareholders	No. of shares	%	No. of Shareholders	No. of shares	%
Resolution 1	22	396,694,424	100.0000	0	0	0.0000
Resolution 2	22	396,694,424	100.0000	0	0	0.0000
Resolution 3	23	398,694,424	100.0000	0	0	0.0000
Resolution 4	23	398,694,424	100.0000	0	0	0.0000
Resolution 5	23	398,694,424	100.0000	0	0	0.0000
Resolution 6	23	398,694,424	100.0000	0	0	0.0000
Resolution 7	19	119,992,056	100.0000	0	0	0.0000

Based on the poll results, the Chairman declared that all the 7 Ordinary Resolutions as set out in the Notice were duly carried.

On behalf of the Board, the Joint Managing Directors, Dato' Gan Kim Leong and Dato' Chan Kong San expressed the Board's appreciation and gratitude to the Chairman and Mr Lee Chaing Huat for the many contributions towards the adequate and effective function of the Board.

4. Close of Meeting

The Meeting closed at 11:30 a.m. with a vote of thanks to the Chair.