

SENTORIA GROUP BERHAD
Registration No. 199801007217(463344-K)
(Incorporated in Malaysia)

Summary of the Twenty-Second Annual General Meeting of the Shareholders of Sentoria Group Berhad held and conducted on a fully virtual basis through live streaming with an online remote participation and voting provided by V-Cube Malaysia Sdn Bhd from the Broadcast Venue at BO1-A-09, Menara 2, KL Eco City, 3, Jalan Bangsar, 59200 Kuala Lumpur, Malaysia on Wednesday, 8 September 2021 at 10:30 a.m.

PRESENT

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

IN ATTENDANCE

Datuk Tan Leh Kiah (Company Secretary)
Ms Lim Soo Sim (Grant Thornton Malaysia PLT) ["GTM"]

BY INVITATION

Mr Gan Hock Soon (Chief Strategy Officer)
Mr Khoo Kah Ken (Group Finance Manager)
Ms Nur Husnini Binti Mokhtar Daud (Assistant Finance Manager)
Ms Chin Lee Chyen (Company Secretary)
Ms Tan Veer Leen (GTM)
Ms Ng Kehui (GTM)
Dato' Gan Ah Tee (BDO Consulting Sdn. Bhd.)
Mr Leoh Hin Han (BDO Consulting Sdn. Bhd.)
Ms Lim Liu Ting (AD-Consult Sdn. Bhd.)
Mr Lai Weng Chong (AD-Consult Sdn. Bhd.)

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 27 August 2021 addressed to the Board of Directors ["Board"] raised several questions on Operational and Financial matters in relation to the Company's Annual Report 2021.

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:

Operational and Financial Matters

Question 1

The Group's financial position has worsened in FY 2021 as it suffered a higher net loss of RM171 million as compared to a net loss of RM89 million in FY2020. To overcome the Group's financial difficulty, it has applied to Corporate Debt Restructuring Committee ("CDRC") under the purview of Bank Negara Malaysia to mediate with the lenders to restructure or renegotiate the respective

financial facilities held by the Group and certain of its subsidiary companies in the aggregate sum of approximately RM461 million as of 31 March 2021. (Page 54 of Annual Report).

- a) What was the reason for the Group having such high borrowings of RM461 million?

Reply:

- i. *The Group has total assets of RM993 million as at 31 March 2021. Borrowings were used to fund property, plant and equipment, investment properties, inventories (land held for development and property development cost) and working capital.*
- ii. *Carrying amount of these assets as at 31 March 2021 are as follows:*

Assets	RM million
Property, plant and equipment	493
Investment properties	53
Inventories	265
Total	811

- b) What are the chances that the CDRC will be able to get the lenders to restructure the borrowings?

Reply:

- i. *CDRC advised that the Group has obtained the pre-requisite 75% approval in principle from lenders for the debt restructuring under CDRC.*
- ii. *Total approval in principle received to date represents 93% of debt with financial institution lenders within the Group.*
- iii. *Lawyer has been appointed for the preparation of Restructured Loan Agreements, and barring unforeseen circumstances, we expect that the Restructured Loan Agreements to be finalized and completed by 31 October 2021*

- c) When does the Group expect CDRC to revert with an answer on the structuring of the Group's borrowings?

Reply:

CDRC has reverted with an answer to the Group, please refer to response (i to iii) in question 1(b).

- d) What will be the contingency plan if CDRC cannot get approval from the lenders to restructure the Group's borrowings?

Reply:

- i. *As mentioned in our responses to question 1(b), CDRC advised that the Group has obtained pre-requisite 75% approval in principle from lenders for the debt restructuring under CDRC.*
- ii. *Total approval in principle received to date represents 93% of debts within the Group.*
- iii. *Therefore, there is no contingency plan needed.*

- e) What are the recommendations of the consulting firm that the Company had engaged to assist in the restructuring of the Group's debts and liabilities?

Reply:

The consulting firm has recommended 4 pillars of restructuring measures:

- i. Re-focus on Sentoria's core competency - Development of affordable housing projects;*
 - ii. Divestment of non-core assets;*
 - iii. Restructuring of debt owing to existing creditors – Financial Institutions and Trade Creditors; and*
 - iv. Raising new monies for working capital management.*
- f) Please provide the name of the consulting firm and the fees payable to the firm.

Reply:

- i. BDO Consulting Sdn Bhd was appointed as the financial adviser to assist on all matters relating to the restructuring of the Group.*
- ii. Ernst & Young PLT is acting as independent financial adviser for the financial institution lenders to offer independent advice to them for the restructuring exercise under CDRC.*
- iii. Total fees payable to the firms represent less than 1% of the debts undergoing the restructuring exercise under CDRC.*

Question 2

Without a commensurate level of revenue generated from visitors to the leisure parks and hotels operated by the Group, the high fixed or semi-fixed operating costs has led to a loss-making position for the division. (Page 10 of the Annual Report)

- a) What are the fixed and or semi-fixed operating costs for both FYs 2021 and 2020?

Reply:

Major Fixed Cost	12 Months 2021 (RM'000)	18 Months 2020 (RM'000)
Depreciation	7,765	12,330
Finance Cost	7,545	10,706
- sub total (major fixed cost)	15,310	23,036
Major Semi-Fixed Cost		
Rental and provision for the leased hotel suite units	14,597	22,108
Utilities	1,956	7,165
Payroll and manpower costs	3,684	19,181
- sub total (major semi-fixed cost)	20,237	48,454

- b) What are the measures the Group has taken to reduce the fixed and semi-fixed costs so that the Group will be able to ride through this difficult period?

Reply:

- i. The Group continuously monitors its operating costs and right sizes its operational resources to optimise cost efficiencies. Measures include reduction of staff and costs and changing the basis of leased hotel suite units from fixed rental to revenue sharing.*

- ii. *The Group is seeking financial understanding and consideration from financial institutions, vendors and business partners.*
- iii. *The Group also monitors its working capital management which includes liaising with vendors and other creditors for longer repayment terms to preserve its available cash flow.*

Question 3

Sentoria Utara Sdn Bhd (“SUSB”), a material non-controlling subsidiary of the Group reported a higher net loss of RM33 million in FY 2021 as compared to a loss of RM0.1 million in FY 2020. (Page 100 of the Annual Report)

- a) What was the reason for SUSB incurring a higher loss in FY 2021?

Reply:

- i. *The losses are mainly due to:*
 - A. *Loss on re-measurement of inventories in relation to proposed disposal of land, which was announced to Bursa Malaysia on 8 January 2021, in accordance with MFRS 102;*
 - B. *Other operational losses; and*
 - C. *Financing costs.*

- b) What are the measures taken to reduce SUSB’s high losses in the future?

Reply:

- i. *With reference to our earlier responses, SUSB’s losses were mainly due to the one of the restructuring measures undertaken by the Group which is the proposed disposal of land in SUSB.*
- ii. *The Group is of the view that SUSB’s losses arising from the proposed disposal of land to be a non-recurring event and upon completion of the disposal of these land, SUSB would have paid off its borrowings with minimal operational cost to be incurred thereafter.*
- iii. *The Proposed Disposal of Land enables the Group to immediately monetise existing inventories for repayment of bank borrowings and working capital purposes.*
- iv. *The repayment of borrowings is expected to result in interest savings and lower gearing of the Group.*
- v. *The Group would also enjoy savings of annual quit rent and assessment for the disposed land of approximately RM0.8 million per annum upon completion of the Proposed Disposal.*

- c) What will be the outlook of SUSB in FY 2022?

Reply:

- i. *Upon the disposal of land, SUSB would have paid off its borrowings with no operation and no assets for development by then.*
- ii. *However, the Group would subsequently reassess the direction of SUSB after completion of the restructuring measures of the Group.*

1. Audited Financial Statements for the financial year ended 31 March 2021 together with the Directors' and Auditors' Reports thereon

The Shareholders received the Audited Financial Statements for the financial year ended 31 March 2021 together with the Directors' and Auditors' Reports 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 22nd Annual General Meeting until the conclusion of the 23rd Annual General Meeting;
- (b) Ordinary Resolution 2 pertaining to payment of attendance allowances to the Non-Executive Directors from the conclusion of the 22nd Annual General Meeting until the conclusion of the 23rd Annual General Meeting;
- (c) Ordinary Resolution 3 pertaining to the re-election of Dato' Chan Kong San as Director pursuant to Article 142 of the Company's Constitution;
- (d) Ordinary Resolution 4 pertaining to the re-election of Mr. Wong Yoke Nyen as Director pursuant to Article 142 of the Company's Constitution;
- (e) Ordinary Resolution 5 pertaining to the appointment of Grant Thornton Malaysia PLT as Auditors of the Company;
- (f) Ordinary Resolution 6 pertaining to the continuation in office of Mr Wong Yoke Nyen as Senior Independent Non-Executive Director;
- (g) Ordinary Resolution 7 pertaining to the authorisation of the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016;
- (h) Ordinary Resolution 8 pertaining the approval of the proposed renewal of authority for the Company to purchase its own shares; and
- (i) Ordinary Resolution 9 pertaining to the approval of the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature.

The Chairman informed the Meeting that the Company had received questions from the shareholders via real time submission of typed texts in the communication chat box during the Meeting. Questions from the shareholders were read out and answered by Mr Wong Yoke Nyen, details as follows:

Question and Answer ("Q&A")

- 1. Ms Tan Hooi Im requested the Company to consider giving eWallet credits to shareholders that spend their time to support this AGM.

Reply:

The Company would endeavour to provide better gifts to the shareholders such as dividends once the Company becomes profitable after overcoming the effects of the Covid-19 pandemic.

2. Mr Hong Kok Chuang enquired when the Company can become profitable.

Reply:

The Company was unable to provide a certain timing as to when the Company can become profitable but the Company would endeavour to turn around as soon as possible in spite of the current economic situation due the Covid-19 pandemic. The Company has taken steps by performing a debt restructuring exercise with the CDRC along with various means to become more cost effective in order for the Company to become profitable as soon as possible.

3. MSWG enquired whether all directors were present at the AGM

Reply:

Yes, all directors were present at the AGM.

4. Mr Po Kwang Huei, Ms Tan Hooi Im, Mr Tiw Chee Keong and Mr Hong Kok Chuang, informed the Board that the online voting ballot could not be located and requested the Board to contact the poll administrator.

Reply:

The voting ballot would be accessible once the Chairman announces the commencement of the voting session. Shareholders who have pre-voted during the e-registration or via proxy form would not have the access right to vote again.

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:-

	No. of Shareholders	Voted For		Voted Against		
		No. of shares	%	No. of Shareholders	No. of shares	%
Resolution 1	30	378,748,806	99.9996	6	1,457	0.0004
Resolution 2	31	378,862,139	99.9999	5	247	0.0001
Resolution 3	38	380,862,485	100.0000	0	0	0.0000
Resolution 4	37	380,862,463	99.9999	1	22	0.0001
Resolution 5	37	380,862,386	100.0000	0	0	0.0000
Resolution 6	36	380,862,364	99.9999	1	22	0.0001
Resolution 7	35	380,862,381	99.9999	2	5	0.0001
Resolution 8	35	380,862,381	99.9999	2	5	0.0001
Resolution 9	28	18,790,366	99.9999	2	5	0.0001

Based on the poll results, the Chairman declared that all the 9 Ordinary Resolutions as set out in the Notice were duly carried.

4. Close of Meeting

The Meeting closed at 12:00 noon with a vote of thanks to the Chair.