

SYF RESOURCES BERHAD
(Registration No. 199501035170 (364372-H))
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED

EXTRAORDINARY GENERAL MEETING (“EGM”) OF SYF RESOURCES BERHAD (“SYF” OR “THE COMPANY”) HELD LIVE FROM BROADCAST VENUE AT MEETING ROOM, NO. 1, BLOCK C, JALAN INDAH 2/6, TAMAN INDAH, BATU 11 CHERAS, 43200 SELANGOR ON TUESDAY, 14 JULY 2020 AT 10.00 A.M.

- Present : Datuk Mohamed Arsad Bin Sehan
(Independent Non-Executive Chairman)
Dato’ Mohamad Azmi Bin Ali – *Attended via video conference*
(Independent Non-Executive Director)
Dato’ Abdul Rashid Bin Mat Amin – *Attended via video conference*
(Independent Non-Executive Director)
Dato’ Wong Gian Kui – *Attended via video conference*
(Non-Independent Non-Executive Director)
- In Attendance : Ms Heidi Thien Lee Mee, Company Secretary
- By Invitation : Mr Lee Oon Kar, Financial Controller
Ms Laura See, Principal Adviser from M & A Securities Sdn. Bhd.
Mr James Goh, the Independent Adviser from Strategic Capital Advisory Sdn. Bhd.
Sr. Anthony Chua, the Valuer from KGV International Property Consultants (M) Sdn. Bhd.
Mr. Lee Choon Wan, Mr Tom Lim Shien Pin and Ms Tan Yi Woan, the Legal Advisers from Messrs. Lee Choon Wan & Co
Ms Samantha Goh, the Poll Administrator from Tricor Investor & Issuing House Services Sdn. Bhd.

The Chairman informed the Meeting that the Company received a letter from the Minority Shareholders Watch Group (“MSWG”) dated 6 July 2020 and the Company’s responses which were displayed on the screen during the meeting were as follows:-

- Q1. Phase 1 of the Development Project was launched in February 2019 and as at 15 June 2020 (LPD), 135 units have been sold, representing approximately 41% of the total units launched for sale. (Page 4 of the Circular). SYF intends to participate aggressively in the marketing of the Project. (Page 22 of the Circular)
- a) What are the marketing strategies to be implemented in promoting the properties of the Project?

Answer:

The MCO lockdown and enforced stay-at-home culture has increased awareness and emphasized the advantages of a comfortable home with sufficient space and amenities. Alstonia's product offering will resonate with this new culture and will provide the underlying theme of SYF's marketing strategy. SYF marketing drive will focus on:-

- Intensive use of digital platforms and social media to promote Alstonia and generate qualified sales leads.
- Appoint more aggressive real estate companies with proven track record to promote the product.

- b) Will the marketing strategies to be implemented impact the GDV and the PBT of the project estimated at RM307.79 million and RM26.13 million respectively?

Answer:

We have accounted for the cost of the marketing strategies into the GDV and PBT of the Project estimated at RM307.79 million and RM26.13 million respectively.

- Q2. Imposition of the MCO nationwide from 18 March 2020, as a measure to curb the spread of COVID-19 has halted most economic activities. Supply of foreign labour was also affected by the outbreak of COVID-19.

- a) Is the development schedule of the project expected to be affected by the MCO and COVID-19 outbreak?

Answer:

The progress of the projects is in line with the development schedule, the excepted completion date of June 2022 as in the Circular (Page 4) has accounted for the delay due to the MCO and COVID-19 outbreak.

- b) Is there any anticipated late-delivery compensation to the buyers?

Answer:

The anticipated late-delivery compensation amounting to approximately RM560,000 has been accounted for in the project feasibility. We expect the Housing Local Government Ministry to table and pass a bill in Dewan Rakyat next month so that developers would not be liable for any delay in completion as a result of the MCO.

- Q3. Kiara Susila agrees and covenants that in the event of the NA of Darul Majumas is less than RM500,000 at the completion of the Subscription Agreement, Kiara Susila undertakes to top-up the shortfall between the minimum net asset and the actual NA within 30 days (Page 66 of the Circular)

What is the nature of the assets to be topped-up by Kiara Susila in the event the top-up is required?

Answer:

The top up will be in the form of cash.

- Q4. Darul Majumas was incorporated on 2 August 2011. The principal activity of Darul Majumas is property development.

Has Darul Majumas undertaken any projects since incorporation or are there any projects in the pipeline, besides the Alstonia Residence Project?

Answer:

None, the Alstonia Residence Project is the only project since incorporation.

- Q5. In addition to the Subscription Consideration, the Board anticipates that additional financial commitment will be required from the SYF Group to support the development of the project. SYFD may make further equity investments in Darul Majumas not exceeding a total of RM30 million progressively (Page 7 of the Circular).

Given that the estimated PBT accruable to the shareholders of SYF upon completion of Alstonia Residence Project ("Alstonia") is approximately RM20 million (RM26.13 million x 75%) and that Darul Majumas has no other projects or assets, how will the investment of up to RM30 million in Darul Majumas create value to the non-interested shareholders?

Answer:

Any further equity investment will be in the form of redeemable preference shares with a prescribed dividend and would be redeemed upon completion of Alstonia. SYF will thus earn a return on these preference shares in addition to the profit expected from the project.