

Minutes of the Extraordinary General Meeting (“EGM” or “the Meeting”)

Minutes of the EGM of Sapura Resources Berhad (“SRB” or “the **Company**”) deemed held where the Chairman of the Meeting was in Malaysia and on a fully virtual basis hosted on the website at <https://meeting.boardroomlimited.my> provided by Boardroom Share Registrars Sdn. Bhd. in Malaysia on Friday, 21 June 2024 at 10:00 a.m.

DIRECTORS	: Encik Ahmad Jauhari bin Yahya (Chairman)	- Independent Non-Executive Director
	YH. Dato’ Shahrman bin Shamsuddin	- Managing Director
	YBhg. Tan Sri Dato’ Seri Shahril bin Shamsuddin	- Non-Independent Non-Executive Director
	Mr. Andrew Heng	- Senior Independent Non-Executive Director
	Dr. Yap Lang Ling	- Independent Non-Executive Director
	Encik Reza bin Abdul Rahim	- Non-Independent Non-Executive Director
		- Director
MEMBERS	: As per the Attendance List	
PROXY HOLDERS / CORPORATE REPRESENTATIVES	: As per the Attendance List	
INVITEES	: As per the Attendance List	
IN ATTENDANCE	: Ms. Zoe Yau Jye Yee	- Company Secretary
	Ms. Rachel Chong	- Assisting the Company Secretary
	Mr. Branden Lim	- Assisting the Company Secretary

1. OPENING REMARKS BY THE CHAIRMAN

NOTED Encik Ahmad Jauhari bin Yahya (“**the Chairman**”) was in the chair. The Chairman welcomed all present to the live streaming of the EGM of the Company.

The Chairman informed that the Board of Directors (“**the Board**”) has decided to leverage on technology and conduct the EGM of the Company on a fully virtual basis via the live streaming webcast and online remote voting using remote participation and voting facilities hosted on the website at <https://meeting.boardroomlimited.my> provided by Boardroom Share Registrars Sdn. Bhd.

The Chairman then introduced the Directors, the Company Secretary of the Company, the representative from the Principal Adviser – Kenanga Investment Bank Berhad and the representative from the Independent Adviser – KAF Investment Bank Berhad (“**KAF**”) who joined the Meeting today.

2. QUORUM

The requisite quorum being present pursuant to Clause 94 of the Company’s Constitution, the Chairman declared the Meeting duly convened. The Chairman then called the Meeting to order at 10:00 a.m.

The Chairman informed the Meeting that the Company used 14 June 2024 as the determinant date of the General Meeting Record of Depositors.

INFORMED The Chairman informed the Meeting that the Board agreed to provide an e-voucher of RM30 in the form of Touch ‘n Go e-wallet to all the shareholders who participated in today’s EGM.

3. PROCEEDINGS OF THE MEETING

INFORMED The Chairman then invited the Company Secretary to brief the meeting on the process of the poll voting.

Ms. Yau Jye Yee, the Company Secretary, informed that the Chief Financial Officer (“CFO” and the Independent Adviser would be giving their presentation before the Meeting proceeded with the items of the Agenda, followed by the question-and-answer (“Q&A”) session to respond to the questions transmitted by shareholders and proxies.

As stipulated by the Securities Commission Malaysia, shareholders and proxies could rely on real time submission of typed texts to exercise their rights to speak or communicate in the Meeting by submitting questions or remarks in relation to the items in the Agenda through the messaging box within the online meeting portal. The Chairman would announce the relevant questions and answer the questions accordingly.

The Company Secretary further informed that any unattended questions and/or remarks submitted during the Meeting will be responded to by the Company after the Meeting via email.

4. NOTICE

NOTED The Notice convening the Meeting dated 6 June 2024 having been circulated within the prescribed period was, with the permission of the Meeting, taken as read.

5. VOTING PROCEDURES

INFORMED The Chairman informed all that voting for the Meeting would be conducted by way of electronic polling which complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Chairman further informed that there were shareholders who could not participate in the Meeting and had appointed him to vote on their behalf. Accordingly, the Chairman would be voting in his capacity as a proxy in accordance with the shareholders’ instructions, where indicated.

The Chairman informed all that there is no legal requirement for a proposed resolution to be seconded and as such, the voting module has been made accessible to all to cast and submit their votes from the start of the Meeting. The voting module would continue to be accessible for an additional ten (10) minutes after all the questions transmitted during the Meeting have been dealt with and would close upon the closure of the voting session to be shown on the screen.

The Chairman informed that Boardroom Share Registrars Sdn. Bhd. has been appointed as the Poll Administrator and SKY Corporate Services Sdn. Bhd. has been appointed as the Independent Scrutineers to verify the results of the electronic poll voting.

A short video clip containing the polling process was then played.

6. CORPORATE VIDEO, PRESENTATION BY CFO AND ADVISER

BRIEFED AND INFORMED The Corporate Video of SRB providing an overview of Permata Sapura was played.

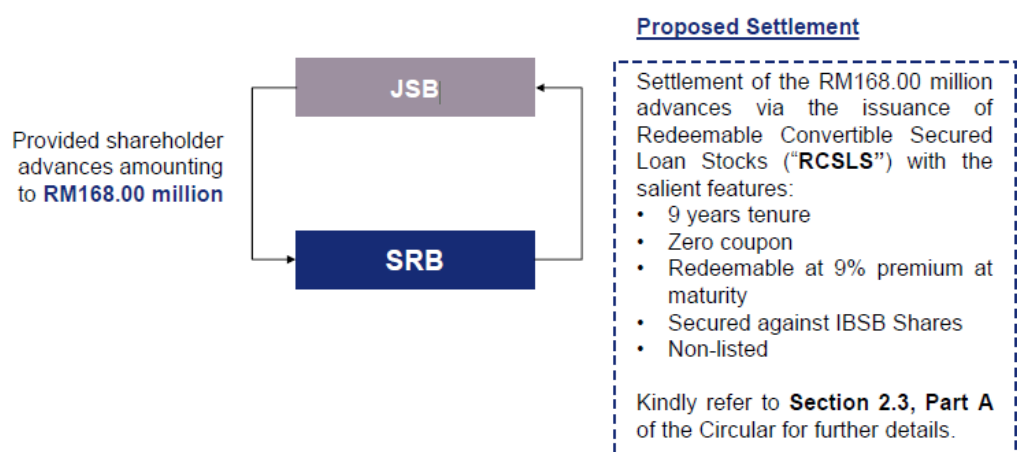
The Chairman then invited the CFO of the Company, Encik Azzaddin bin Abdullah ("**Encik Azzaddin**"), to give a presentation on the Proposed Settlement and the Proposed Rights Issue.

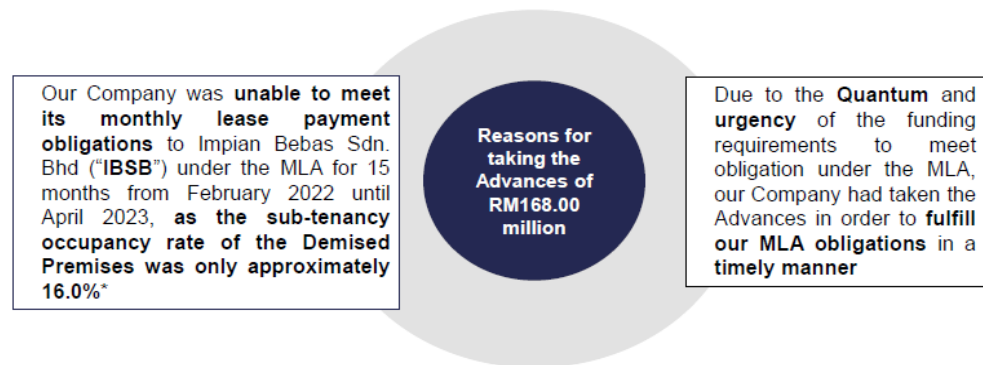
Encik Azzaddin presented, and the Meeting noted the following salient information:-

1. Proposed Settlement

Details of the Proposed Settlement

SRB received advances amounting to RM168.0 million in aggregate from Jurudata Sdn. Bhd. ("**JSB**"), a subsidiary of a major shareholder of SRB, Sapura Holdings Sdn. Bhd. ("**SHSB**")

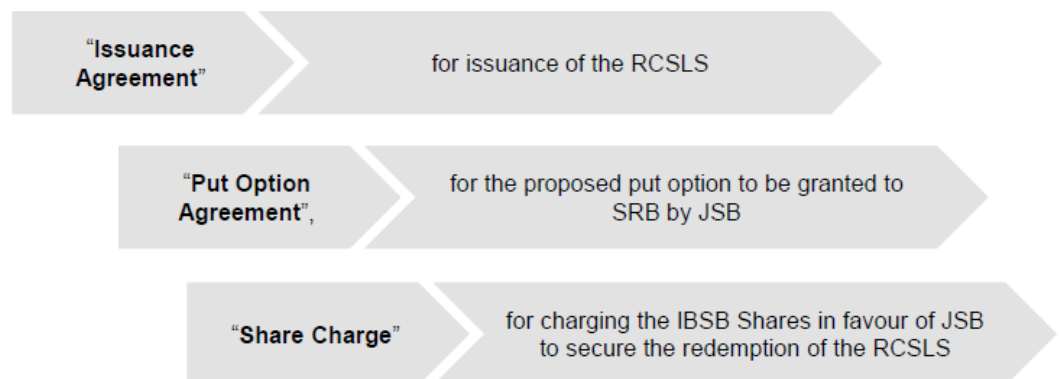




Note: As at the latest practicable date ("LPD"), the occupancy rate of the Demised Premises has increased to approximately 91.0%

SRB had then entered into the Settlement Agreement for the Proposed Settlement of the Advances via the issuance of the Redeemable Convertible Secured Loan Stock ("RCSLS").

The Company will also enter into the following agreements after obtaining shareholders' approval.



Information on Impian Bebas Sdn. Bhd. ("IBSB") and Permata Sapura

IBSB is a 50:50 joint venture between SRB and KLCCH to construct Permata Sapura. Permata Sapura was completed with CCC issued on 19 March 2021.



Property address	Permata Sapura, Kuala Lumpur City Centre, 50088 Kuala Lumpur
Existing use	A 58 level mixed-use commercial building
Tenure	Freehold
Registered owner	IBSB
Audited net book value as at 31 December 2022	RM1.49 billion
Market value of Permata Sapura as ascribed by Raine & Horne	RM1.526 billion as at 30 April 2024
Occupancy rates	94% for the office building space as at the LPD 15% for the retail space as at the LPD
Net-lettable area	641,938 sq. ft. of office building space 90,243 sq. ft. of retail space 132,997 sq. ft. space for the convention centre



➤ **Forms part of the KLCC development.** KLCC is an integrated mixed development comprising the amongst others the iconic Petronas Twin Towers, Menara Maxis, Menara ExxonMobil, Mandarin Oriental Hotel

➤ Situated within the 'Golden Triangle' of Kuala Lumpur. **Strategically located** directly adjacent to the southern and eastern side of KLCC Park and KLCC Convention Centre

➤ The Convex of Permata Sapura forms **part of KL Convention Centre**. It has a **high traffic footfall** and is a **short distance from major attractions** such as Aquaria, Suria KLCC, Pavilion Kuala Lumpur, and also connects to a LRT station

➤ A short distance from Pavilion Kuala Lumpur

Source: Valuation report on Permata Sapura by Raine & Horne

Proposed Put Option

- The Proposed Put Option provides SRB with an option to put its IBSB Shares to JSB. The option is to be granted by JSB pursuant to the Proposed Put Option, exercisable by SRB.
- SRB may exercise the Proposed Put Option if it has insufficient cash reserves to redeem any outstanding RCSLS on the RCSLS Maturity Date.

In the event that SRB intends to exercise the Proposed Put Option at any time during the Option Period, SRB will convene a separate EGM prior to the exercise of the Proposed Put Option to obtain the shareholders' approval.

Rationale of the Proposed Settlement

The Board is of the view that the issuance of the RCSLS is the most suitable avenue to settle the Advances, for the following reasons:-

➤ To preserve cash and bank balances while settling the Advances	➤ Avoid the risk of our Company having to effect the SRB Properties SPC Transfer
➤ Sufficient time to establish a solid tenant base for Permata Sapura. As Permata Sapura's value is anticipated to appreciate over time, this will, in turn, increase the NA attributable to Shareholders. For information, as at the LPD, the sub-tenancy rate of the Demised Premises under the MLA has increased to approximately 91.0%	➤ RCSLS is expected to further strengthen the equity base as well as the NA and gearing ratio of our Group
➤ Company's weak cash flow position makes it difficult for us to secure bank borrowings	➤ Convertibility feature of the RCSLS will minimise any immediate dilution effect on our Group's and Company's earnings per share
	➤ Our Company may exercise the Proposed Put Option if it has insufficient cash reserves to redeem any outstanding RCSLS on the RCSLS Maturity Date

2. Proposed Rights Issue

Details of the Proposed Rights Issue

- The Proposed Rights Issue is intended to raise gross proceeds of up to approximately RM33.50 million.
- Procured undertaking of up to RM30.83 million from SHSB and Tan Sri Dato' Seri Shahril bin Shamsuddin ("**Tan Sri Shahril**"), the major shareholders of SRB.
- The quantum of gross proceeds has been determined upfront whilst the issue price of the Rights Shares and the entitlement basis for the Rights Shares have not been determined at this juncture in order to provide the Board flexibility in pricing the Rights Shares. Due to potential share price movements, pricing of the Rights Shares will be closer to the implementation of the Proposed Rights Issue, which will enable the issue price of the Rights Shares to take into consideration amongst others, the prevailing market price of our Company Shares at that point in time.
- However, for **illustrative purposes only**, the illustrative details of the Rights Shares are set out below –

Illustrative issue price	RM0.24 per Rights Share
Illustrative entitlement basis	1 Rights Share for every 1 existing SRB Share held

The Proposed Rights Issue is expected to raise gross proceeds of up to approximately RM33.50 million. Based on the illustrative issue price of RM0.24 per Rights Share, the gross proceeds will be used in the following manner below –

Description	Minimum Scenario RM'million	Base Case Scenario / Maximum Scenario RM'million
Payment obligations under the MLA and cash calls pursuant to the JV Agreement (if required)	26.23	28.90
Permata Sapura related expenses to secure tenants	1.00	1.00
Estimated expenses in relation to the Proposals	3.60	3.60
Total	30.83	33.50

Rationale of the Proposed Rights Issue

The Board is of the view that the Proposed Rights Issue is the most suitable means of fund-raising for the Company for the following reasons:

➤ Opportunity for shareholders to **participate** in the equity offering of our Company on a **pro-rata basis**

➤ If our Group is unable to meet its payment obligations under the MLA, it may **potentially trigger** an event of **default**

➤ Can be implemented on a **larger scale**, as compared to conventional private placements, which are **limited in scale** and have a **dilutive impact** to our existing Shareholders

➤ To ensure our Group has the funds to **meet the payment obligations** of our Company pursuant to the MLA and cash calls

Considering our Group's **funding requirements**, the Proposed Rights Issue appears most appropriate at this juncture

3. Approvals Required

The Proposals are subject to the following approvals being obtained –

- (i) Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the following on the Main Market of Bursa Securities:
 - (a) up to 428.3 million new SRB Shares pursuant to the conversion of the RCSLS; and
 - (b) up to 139.6 million Rights Shares to be issued pursuant to the Proposed Rights Issue,
which was obtained vide its letter dated 29 April 2024;
- (ii) Written consent of KLCC (Holdings) Berhad, which was received on 7 March 2024;
- (iii) Written consent of Maybank Investment Bank, which was received on 2 May 2024;
- (iv) The shareholders of SRB at this EGM in relation to the Proposals; and
- (v) Any other relevant authorities, if required.

Save for the Shareholders’ approval, the rest of the approvals required above have been obtained.

4. Tentative Timeline

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the second half of 2024.

The tentative timeline for the Proposals is as follows –

Date	Events
End June 2024	Announcement of the Rights Entitlement Date
Early July 2024	<ul style="list-style-type: none"> • Implementation of the Proposed Settlement • Issuance of the RCSLS • Completion of the Proposed Settlement
End July 2024	<ul style="list-style-type: none"> • Rights Entitlement Date • Despatch of the abridged prospectus
End August 2024	<ul style="list-style-type: none"> • Closing date of application for the Rights Shares • Listing and quotation of the Rights Shares • Completion of the Proposed Rights Issue

The Chairman thanked Encik Azzaddin for his presentation and thereafter invited Encik Ahmad Fazlee Aziz (“**Encik Ahmad Fazlee**”), the representative from KAF for the presentation by the Independent Adviser.

Encik Ahmad Fazlee presented, and the Meeting noted the following salient information:-

1. Introduction

- The Proposed Settlement entails the following:
 - (i) proposed settlement of Advances owing to JSB amounting to RM168.0 million, via the:
 - (a) Issuance of 373,333,333 new 9-year zero coupon RCSLS at an issue price of RM0.45 per RCSLS; and
 - (b) JSB granting SRB a put option which is exercisable anytime commencing on from the 8th anniversary of the date of issuance of RCSLS until 1 week before the maturity date of the RCSLS, for which upon exercise, JSB will be obliged to purchase such number of ordinary shares in IBSB held by the Company which shall be sufficient to settle the outstanding RCSLS which will not be redeemed in cash on the maturity date of the RCSLS (“**Proposed Put Option**”).
- (collectively, the “**Proposed Settlement**”)

- The Proposed Settlement is deemed a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirements in view of the interests of the Interested Directors and Interested Shareholders in the Proposed Settlement.
- KAF had on 30 June 2023 been appointed as the independent adviser to advise the non-interested Directors and non-interested shareholders of the Company in respect of the Proposed Settlement.
- The purpose of the Independent Advice Letter ("IAL") is to provide the non-interested Shareholders with our independent evaluation on the Proposed Settlement together with our recommendation on whether the non-interested Shareholders should vote in favour of the Proposed Settlement

2. Key Evaluation Criteria

A	Rationale <ul style="list-style-type: none">▪ Preserving Cash and Bank Balance▪ Value Appreciation▪ Cash Flow Restriction▪ Asset Transfer or Liquidation▪ Strengthen Equity Base▪ Minimize Dilution▪ Put Option	B	Issue Price of RCSLS <ul style="list-style-type: none">▪ Compare the Issue Price to the NA per SRB Share▪ Compare the Issue Price to the market prices of SRB Shares▪ Compare the Issue Price to the fair value of the RCSLS	C	Salient terms of the RCSLS <ol style="list-style-type: none">RedemptionCoupon paymentRights of RCSLSConversion period and rightsConversion priceConversion modeListing statusSecurity	
D	Salient terms of				E	Financial effects <ul style="list-style-type: none">▪ Evaluate the pro forma effects of the Proposed Settlement on the following:<ol style="list-style-type: none">Share capitalNA, NA per Share and gearingEarnings and EPS
	(I) Settlement Agreement	(II) Put Option Agreement	(III) Issuance Agreement	(IV) Share Charge Agreement		

A | RATIONALE OF THE PROPOSED SETTLEMENT



Preserving Cash and Bank Balance	Settlement of Advances via RCSLS <u>helps to preserves cash and bank balances</u> , which can be utilised for other purposes
Value Appreciation	Settlement of the Advances via RCSLS <u>allows the Company to establish solid tenant base</u> and consequently may contribute to increase in net assets of the Company arising from Permata Sapura's value appreciation
Cash Flow Restriction	The Company is facing <u>difficulty in securing bank loans for the settlement of the Advances</u> due to its limited cash flow position
Asset Transfer or Liquidation	Arising from the terms of the Advances, <u>if the Company fails to settle them, the Company has to transfer its properties</u> or liquidate its assets to repay the amount. However, we noted that that such transfer or liquidation of the properties are subject to various approvals being obtained (including the approval of the Company's shareholders in general meeting as required under the Listing Requirements)
Strengthen Equity Base	Issuance of RCSLS <u>expected to strengthen the equity base</u> arising from a net increase of RM56.62 million to the Group's NA
Minimize Dilution	The 9-years tenure and convertibility feature of RCSLS will <u>minimise immediate dilution</u> on the Company's earnings per share
Put Option	Available <u>avenue of exercising Proposed Put Option to redeem outstanding RCSLS</u> if the Company has insufficient cash reserves for redemption of the RCSLS

Premised on the above, we are of the view that the rationale for the Proposed Settlement is considered reasonable.

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B | ASSESSMENT ON ISSUE PRICE OF RCSLS



Issue Price : **RM0.45**

1. Compare the Issue Price to the NA per Share of SRB

	NA per Share	Premium / (Discount)	
		RM	%
Based on the latest audited consolidated financial statements for FYE 31 January 2023	1.58	(1.13)	(71.52)
Based on the latest unaudited consolidated financial statement for FYE 31 January 2024	1.32	(0.87)	(65.91)

- We note that the Issue Price is at a substantial discount of RM1.13 (or approximately 71.52%) to the audited NA per Share based on the latest audited financial statement of SRB for FYE 31 January 2023 ("NA/Share").
- However, there is no assurance that the Company could realise the NA/Share at its full value, after taking into consideration that the nature of the assets of the SRB Group comprises mainly investment properties, specifically Permata Sapura which may not be readily converted to cash or cash equivalent, as well as the financial and legal exposure to obligations arising from Permata Sapura's MLA which remains a key risk.
- The Group is not at present in a position to realise the full value of its NA. Hence, the NA per share is not the absolute indicator to measure the fairness of RCSLS Issue Price.
- In addition, the SRB Shares have traded at prices below the NA per SRB Share for the past one (1) year up to and including the LTD.

Issue Price : **RM0.45**

1. Compare the Issue Price to the NA per Share of SRB (cont'd)

- To further evaluate the RCSLS Issue Price against the SRB's book value/NA per Share, we have also considered and used the implied price-to-book multiple ("P/B Multiple") of the RCSLS Issue Price.

$$\frac{\text{RCSLS Issue Price}}{\text{NA per Share}} = \frac{\text{RM0.45}}{\text{RM1.32}} = \frac{\text{Implied P/B Multiple}}{0.341 \text{ times}}$$

(A) Compare against the historical P/B Multiple of SRB Shares

- We have considered the historical P/B Multiple of SRB Shares for the past 5 years to illustrate how the market has been pricing the SRB Share relative to its book value/NA

FYE (As at 31 January)	P/B Multiple (times)
2019	0.199
2020	0.178
2021	0.161
2022	0.427
2023	0.238
Min	0.161
Max	0.427
Average	0.241
Median	0.199

- Based on the above, the P/B Multiple of **0.341 times** as implied by the RCSLS Issue Price is:
 - within the range of the historical P/B multiples (for the past 5 FYEs) of between 0.161 times and 0.427 times; and
 - higher than the average and median historical P/B multiples of 0.241 times and 0.199 times respectively.

Issue Price : **RM0.45**

1. Compare the Issue Price to the NA per Share of SRB (cont'd)

- To further evaluate the RCSLS Issue Price against the SRB's book value/NA per Share, we have also considered and used the implied price-to-book multiple ("P/B Multiple") of the RCSLS Issue Price.

$$\frac{\text{RCSLS Issue Price}}{\text{NA per Share}} = \frac{\text{RM0.45}}{\text{RM1.32}} = \frac{\text{Implied P/B Multiple}}{0.341 \text{ times}}$$

(B) Compare against the P/B Multiple of Comparable Companies

- We have compared the implied P/B multiple derived from the RCSLS Issue Price against the P/B Multiple of publicly listed companies which are broadly comparable to SRB

Companies	NA per Share (RM)	Share price (RM)	P/B multiple (times)
Ken Holdings Berhad	1.868	0.615	0.329
Talam Transform Berhad	0.061	0.010	0.165
Majuperak Holdings Berhad	0.657	0.290	0.441
EUPE Corporation Berhad	3.430	1.500	0.437
Min			0.165
Max			0.441
Average			0.343
Median			0.383

- Based on the above, the P/B Multiple of **0.341 times** as implied by the RCSLS Issue Price is:
 - within the range of the P/B Multiple of the Comparable Companies of between 0.165 times and 0.441 times; and
 - lower than the average and median P/B Multiple of the Comparable Companies of 0.343 times
- All P/B multiples of the Comparable Companies are below 1.0 times, which suggests that the market share price of such companies which are comparable to SRB had been generally trading below their book value

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Issue Price : **RM0.45**

1. Compare the Issue Price to the NA per Share of SRB (cont'd)

- Notwithstanding that the RCSLS Issue Price is at a substantial discount to the audited NA per SRB Share for FYE 31 January 2023, it can be observed that:
 - The SRB Shares has been trading below its NA per Share for the past five (5) FYEs, as represented by the historical P/B Multiples ranging from 0.161 times to 0.427 times; and
 - The P/B Multiples implied by the RCSLS Issue Price is within range of the Comparable Companies' historical P/B Multiple, which are also generally trading below their book value/NA per Share i.e. P/B Multiples of less than 1.0 times.
- We noted that the sub-tenancy occupancy rates in Permata Sapura had increased to 91.0% arising from the incentives i.e. rent-free period to tenant for fit-out purpose. However, 87.3% of the said tenants are renting at rental rates below the rate as stated in the MLA which has affected the Group's financial performance. Thus, the financial and legal exposure to obligations arising from the MLA remains a risk to the Group, presently limiting its NA value realization.
- Based on the above, we are of the view that the RCSLS Issue Price is fair.

Issue Price : **RM0.45**

2. Compare the Issue Price to the historical market prices of SRB Shares

LTD : 24 November 2023

Period	Share price (RM)	Premium / (Discount) RM	%
Closing price as at the LTD	0.4700	(0.0200)	(4.26)
5-day VWAP	0.4655	(0.0155)	(3.33)
1-month VWAP	0.4550	(0.0050)	(1.10)
3-month VWAP	0.4384	0.0116	2.65
6-month VWAP	0.4405	0.0095	2.16
12-month VWAP	0.4275	0.0225	5.26

- i. The RCSLS Issue Price represents a slight discount between 1.10% to 4.26% to the closing price as at the LTD and over the 5-day and 1-month VWAP up to and including the LTD; and
- ii. The RCSLS Issue Price represents a premium of between 2.16% to 5.26% over the 3-month, 6-month and 12-month VWAP up to and including the LTD.

LPD : 14 May 2024

Period	Share price (RM)	Premium / (Discount) RM	%
Closing price as at the LPD	0.4400	0.0100	2.27
5-day VWAP	0.4482	0.0018	0.40
1-month VWAP	0.4235	0.0265	6.26
3-month VWAP	0.3591	0.0909	25.31
6-month VWAP	0.3847	0.0653	16.97
12-month VWAP	0.4009	0.0491	12.25

- i. The RCSLS Issue Price represents a premium of between 0.40% to 25.31% to the closing price as at the LPD and over the 5-day, 1-month, 3-month, 6-month and 12-month VWAP up to and including the LPD

- Based on the above, notwithstanding that the RCSLS Issue Price represents a slight discount of between 1.10% to 4.26% to the closing price as at LTD, the RCSLS Issue Price mainly represents a premium to the historical market price of SRB Shares. As such, we are of the view that the RCSLS Issue Price is fair.

Issue Price : **RM0.45**

3. Compare the Issue Price to the fair value of RCSLS

As the RCSLS is a convertible debt instrument, we are of the view that the fair value of the RCSLS is appropriately derived by aggregating the value of the liability component and equity component of the RCSLS, which were valued using the following valuation methodologies:

Fair value of the RCSLS	=	Value of straight bond (Present value of the liability component)	+	Value of holder conversion option (Value of the equity component)
Valuation methodology	=	Discounted cash flow to derive the present value of the redemption amount at maturity	+	Trinomial option pricing model, taking into consideration the salient features of the RCSLS
Derived value	=	RM0.25	+	RM0.17
Fair value of the RCSLS	=	RM0.42		

	Fair value (RM)	Premium / Discount	
		RM	%
Fair value of the RCSLS	0.42	0.03	7.14%

- We note that the Issue Price is at a premium of RM0.03 (or approximately 7.14%) to the fair value of the RCSLS.
- Based on the above, the RCSLS Issue Price represents a premium to the fair value of the RCSLS. As such, we are of the view that RCSLS Issue Price is fair

Premised on the above, we deem the RCSLS Issue Price to be fair and reasonable insofar as the interest of the non-Interested Shareholders is concerned.

C | EVALUATION ON SALIENT TERMS OF RCSLS



Salient terms of RCSLS	Our evaluation
Redeemable	The RCSLS is redeemable at 109% of its nominal value by the Company on the RCSLS Maturity Date, which represents non-compounding interest of 1% for 9-years tenure of the RCSLS. We deem this term to be <u>fair and reasonable and not to the detriment</u> of the non-Interested Shareholders.
Zero coupon	The RCSLS do not carry any contractual coupon entitlement. We are of the view that this is <u>reasonable and not detrimental to the non-Interested Shareholders</u> as it conserves the Company's future cash resources within the Company.
No distribution rights	The RCSLS holder are not entitled to any participating rights in any distribution and/or offer of securities until and unless the RCSLS is converted into new SRB Shares. We are of the view that this is <u>reasonable and not detrimental to the non-Interested Shareholders</u> , as RCSLS holder are treated as "debt providers" prior to converting the RCSLS into new SRB Shares.
Convertible over 9-years period	The conversion tenure of 9 years shall minimise any immediate dilution effect on SRB's EPS as it will only be converted into new SRB Shares progressively over the tenure. We deem this term to be <u>reasonable and not to the detriment of the non-Interested Shareholders</u> of SRB.
Conversion shall comply with the public spread requirement	Pursuant to the Issuance Agreement, JSB will undertake that the RCSLS to be held by them will not be converted into new SRB Shares unless such conversion complies with the public spread requirements under the Listing Requirements. Furthermore, if the conversion trigger mandatory general offer, waiver will be sought. We deem this term to be <u>reasonable and not to the detriment of the non-Interested Shareholders</u> .

Salient terms of RCSLS	Our evaluation
Adjustment to RCSLS Conversion Price	Each nominal value of RCSLS is convertible into new SRB Shares at the conversion price and will be subject to the adjustments in certain circumstances under the provisions of the Issuance Agreement. We note that such adjustments are usually limited to specific conditions in the event of alteration to the share capital of SRB, such as capital distribution or issue of shares, which we deem as <u>fair and not detrimental to the non-Interested Shareholders.</u>
Conversion mode – No cash payment required	Cash payment is not required for the conversion of the RCSLS, and the conversion shall be satisfied by surrendering the RCSLS to the Company for cancellation. No further proceeds will be raised upon conversion of RCSLS to new SRB Shares. We deem this term to be <u>reasonable and not detrimental to the non-Interested Shareholders.</u>
Listing status	The RCSLS are not listed, quoted or traded on Bursa Securities. The RCSLS will only be issued to JSB (single holder). We deem that this is <u>reasonable and not detrimental to the non-Interested Shareholders.</u>
Security	The RCSLS is secured by a first party charge over IBSB Shares (collectively, the IBSB Ordinary Shares and IBSB Preference Shares) held by the Company. This charge acts as security for the redemption of RCSLS at 109% of their nominal value on the RCSLS Maturity Date. As such, we deem that this is <u>fair and reasonable and not detrimental to the non-Interested Shareholders.</u>

D | EVALUATION ON SALIENT TERMS OF THE AGREEMENTS



No.	Agreement	Our evaluation
I.	Settlement Agreement	<ul style="list-style-type: none"> The issuance of the RCSLS represents a full and final settlement of the Advances, together with waiver of all outstanding Hibah payment. We also reviewed the salient terms of the Settlement Agreement and concluded that the salient terms of the Settlement Agreement are normal commercial terms and <u>are reasonable and not detrimental to the non-Interested Shareholders.</u> <p>Refer to Section 4.2 of the IAL</p>
II.	Put Option Agreement	<ul style="list-style-type: none"> As part of the Proposed Settlement, JSB will grant the Company a put option which gives the Company the right, but not the obligation, to sell the IBSB Shares as an alternative financing means (if the Company did not have sufficient cash reserves) to redeem the outstanding RCSLS. We also reviewed the salient terms of the Put Option Agreement and concluded that the salient terms of the Put Option Agreement are normal commercial terms and <u>are reasonable and not detrimental to the non-Interested Shareholders.</u> <p>Refer to Section 4.5 of the IAL</p>

No.	Agreement	Our evaluation
III.	Issuance Agreement	<ul style="list-style-type: none"> The Issuance Agreement is to be entered into by the Company with JSB for the purpose of the issuance of the RCSLS pursuant to the Proposed Settlement. We also reviewed the salient terms of the Issuance Agreement and concluded that the salient terms of the Issuance Agreement are normal commercial terms and <u>are reasonable and not detrimental to the non-Interested Shareholders.</u> <p>Refer to Section 4.6 of the IAL</p>
IV	Share Charge	<ul style="list-style-type: none"> The Share Charge is to be entered into by the Company with JSB for the creation of a charge in respect of all the IBSB Shares held by the Company in favour of JSB, to secure the redemption of the RCSLS. We also reviewed the salient terms of the Share Charge and concluded that the salient terms of the Share Charge are normal commercial terms and <u>are reasonable and not detrimental to the non-Interested Shareholders.</u> <p>Refer to Section 4.7 of the IAL</p>

E | EFFECTS OF THE PROPOSED SETTLEMENT



We have taken note of the effects of the Proposed Settlement and the Proposals (illustrated based on the Minimum Scenario, Base Case Scenario and Maximum Scenario) as follows:

Effects on:	Minimum / Base Case Scenario	Maximum Scenario
1 Share capital	Proposed Settlement <u>will not have any effect</u> on the issued share capital of the Company	Proposed Settlement will result in an <u>increase in the issued capital of the Company by RM93.12 million</u> (upon partial conversion of the RCSLS into new SRB Shares)
2 NA and NA per share	<ul style="list-style-type: none"> Upon implementation of the Proposed Settlement, the <u>pro forma Group's NA to increase by RM56.62 million</u> (after taking into consideration the equity component of the RCSLS of RM55.18 million and capitalisation of the estimated expenses in relation to the Proposed Settlement of RM1.44 million) Accordingly <u>pro forma NA per Share to increase by RM0.40</u> 	<ul style="list-style-type: none"> Upon implementation of the Proposed Settlement, after the Proposed Rights Issue and assuming partial conversion of the RCSLS, the <u>pro forma Group's NA to increase by RM61.48 million</u> (due to net effect arising from increase in the issued share capital of RM93.14 million and reduction of equity component of the RCSLS of RM31.66 million) The <u>NA per Share however shall decrease by RM0.42</u> due to increase in number of new SRB Shares to be issued arising from the partial conversion of the RCSLS
3 Gearing	Upon implementation of the Proposed Settlement, the Group's gearing is expected to <u>slightly improved from 2.42 times to 2.25 times</u> mainly due to recognition of the equity component of the RCSLS of RM55.18 million	
4 Earnings and EPS	<p>The Proposed Settlement is <u>not expected to have an immediate material impact on the earnings</u> of the Group.</p> <p>However, the Proposed Settlement is <u>expected to have a dilution effect on the EPS</u> upon completion of the Proposed Settlement <u>as a result of an increase in the number of issued SRB Shares arising from as and when the RCSLS are converted into new SRB Shares.</u></p> <p>Furthermore, the issuance of the RCSLS with zero-coupon and the waiver of all outstanding Hibah payments as outlined in the Settlement Agreement will enable the Group to <u>avoid any future interest/Hibah payments associated with the Advances.</u></p> <p>Premised on the above, we are of the view that the financial effects of the Proposed Settlement are not detrimental to the interest of the non-Interested Shareholders.</p>	

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3. Other Considerations

- KAF has also considered the risk factors associated with the Proposed Settlement.
- KAF wished to highlight that although measures will be taken by the Board to limit or mitigate the risks highlighted herein, no assurance can be given that the abovementioned risk factors will not crystallise and give rise to material and adverse impact on the operation and its financial performance, position or prospects of SRB Group.

4. Conclusion

- Based on the above and our IAL dated 6 June 2024, KAF is of the view that the Proposed Settlement is **fair** and **reasonable** and is **not detrimental** to the non-interested Shareholders of SRB.
- Accordingly, KAF advised and recommended that the non-interested Shareholders to **vote in favour** of the ordinary resolution pertaining to the Proposed Settlement.

Upon completion, the Chairman thanked Encik Ahmad Fazlee for his presentation.

7. **ORDINARY RESOLUTION 1** **PROPOSED SETTLEMENT BY SRB OF THE ADVANCES OWING TO JSB AMOUNTING TO RM168.0 MILLION VIA THE ISSUANCE OF RM168,000,000 NOMINAL VALUE OF 373,333,333 NEW 9-YEAR ZERO COUPON RCSLS ("PROPOSED SETTLEMENT")**

The Chairman informed the Meeting that the first item on the Agenda is to approve the Proposed Settlement.

8. **ORDINARY RESOLUTION 2** **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW ORDINARY SHARES IN SRB TO RAISE GROSS PROCEEDS OF UP TO APPROXIMATELY RM33.50 MILLION ("PROPOSED RIGHTS ISSUE")**

INFORMED The Chairman informed the Meeting that the next and last item on the Agenda is to approve the Proposed Rights Issue.

9. **Q&A SESSION**

INFORMED The Chairman informed that SRB had received three (3) questions submitted by the shareholders before the EGM ("**pre-EGM questions**"). The Chairman then proceeded to answer the pre-EGM questions.

ENQUIRED AND RESPONDED **Pre-EGM Questions** **Question 1:**

Mr. Kow Lih Shi ("**Mr. Kow**") enquired whether the Company could pay dividend of RM0.10 per share.

Response:

The Chairman responded that the Company is not able to pay dividend to the shareholders.

Question 2:

Mr. Kow enquired about the action plan that SRB could implement to increase cash on the balance sheet and expand the demand for SRB's assets, and whether the Company should upgrade its infrastructure to increase revenue.

Response:

The Chairman responded that the Company is improving its revenue and optimising its cost to increase the cash. There is also on-going marketing effort to attract demand for SRB's assets including Permata Sapura.

The Chairman further responded that the infrastructure of Permata Sapura has been completely built and does not require any upgrade for the time being.

Question 3:

Mr. Kow enquired about the corporate actions taken during the EGM and the benefits to be expected. He further enquired whether it will generate more cash, raise funds or enable the purchase of undervalued assets.

Response:

The Chairman responded that as described under Paragraph 4.4.3 of the Circular to shareholders –

- (i) The Proposed Settlement will allow the Company to address its immediate financial obligations in relation to the Advances and to retain ownership of SRB Properties; and
- (ii) The Proposed Rights Issue will raise funds and address the Company's obligation in relation to the Master Lease Agreement ("**MLA**").

After responding to the pre-EGM questions, the Chairman proceeded to respond to the questions received during the EGM.

EGM Questions

Question 1:

Mr. Ng Hoon Ho ("**Mr. Ng**") enquired whether it is wise to move the properties of SRB as collateral to bail out Permata Sapura as he was of the view that it would cause collateral damage to SRB.

Response:

The Chairman responded that the proposal to move the three (3) properties will only be made if the Settlement Agreement is not approved by the non-interested shareholders. Nevertheless, any proposed move of the SRB properties will still be subject to the non-interested shareholders' approval.

Question 2:

Mr. Ng enquired whether the Company will be able to repay the amount owed to JSB in view that 87% of the occupied space in Permata Sapura is rented below the MLA rate, which may eventually lead to the surrendering of the 3 SRB properties.

Response:

The Chairman responded that the amount owed to the JSB is for the payment of the MLA that has been due. The Settlement Agreement is to allow SRB to repay the amount owed to JSB via the issuance of 373,333,333 RCSLS.

The Chairman further responded that the Advances from JSB amounting to RM168 million have been received and it was for the payment of the MLA during the year 2022 and 2023. The occupancy rate during the period was 16%. Part of the Advances was also used for the payment of cash calls.

The Chairman added that the Settlement Agreement that is put forward for the non-interested shareholders for approval at the EGM is for the settlement of the RM168 million Advances via the RCSLS. Once the Settlement Agreement is approved and the RCSLS are issued, there shall be no proposal to transfer the SRB properties.

Question 3:

Mr. Ng enquired about the monthly revenue of Permata Sapura in view that the occupancy rate of Permata Sapura is 94% as at the LPD. He further enquired how the monthly revenue compared to the MLA and whether IBSB is able to record a positive bottom line.

Response:

The Chairman invited the CFO to respond to Mr. Ng's question. Encik Azzaddin responded that the monthly rental revenue for Permata Sapura as at May 2024 is RM2.23 million while the MLA payment is RM3.98 million, representing a shortfall of RM1.74 million. The shortfall will be covered by the proceeds from the Rights Issue.

Encik Azzaddin added that the rental revenue is inclusive of the rent-free period for an anchor tenant. The normalised revenue excluding the rent-free period would be RM3.52 million for May 2024, representing a shortfall of RM0.46 million. SRB only needs to pay half of the MLA to IBSB as SRB only owns 50% of the IBSB shares.

Question 4:

Mr. Chai Ming Jye (“**Mr. Chai**”) enquired whether the shareholders could apply for the Rights Issue through online facilities.

Response:

The Chairman responded that shareholders may refer to the Abridged Prospectus for detailed instructions on the ways to subscribe for the Rights shares. The Abridged Prospectus will be issued soon.

Question 5:

Mr. Chai enquired whether the top floor or the sky garden of Permata Sapura have been rented out for high-end Al Fresco dining.

Response:

The Chairman responded that the top floor – Level 51, has been rented out to a high-end restaurant. The space at the Sky Garden – Level 6 is still available for rental.

Question 6:

Mr. Teh Peng Tin (“**Mr. Teh**”) enquired about the cost of the EGM and requested the Board to provide door gifts to the shareholders who attended the EGM. Mr. Teh further enquired about the rationale for the proposals.

Response:

The Chairman responded that the cost for the Virtual EGM is approximately RM60,000. The Chairman added that the Board has agreed to provide an e-voucher of RM30 in the form of Touch ‘n Go e-wallet to all shareholders who participated in the EGM, and the e-voucher will be emailed to the shareholders in due course.

The Chairman further responded that the rationale for the Proposals had been presented by the CFO earlier.

Question 7:

Mr. Chai enquired how are non-interested shareholders assured that non-interested shareholders, directors and their connected persons or related parties are refrained from voting at the EGM and the resolutions in view that it is concerning the related party transactions.

Responded:

The Chairman responded that the voting will be conducted through an e-polling system. The poll results shall be verified by an independent scrutineer and will show the interested parties abstaining.

Question 8:

Mr. Robin Lee Choon Fye enquired whether the Board will consider privatising the Company in view of the poor performance of SRB and its share price over the last few years.

Response:

The Chairman responded that taking into consideration all matters of the Proposals, the Board is of the view that the Proposals are in the best interest of the Company.

There being no further questions, the Meeting proceeded with the polling process.

10. POLL VOTING

NOTED At this juncture, the short video clip regarding the polling process was then played again. The shareholders and proxies were given ten (10) minutes to cast and submit their votes. Thereafter, the Scrutineer proceeded to verify the poll results.

11. ANNOUNCEMENT OF POLL RESULTS

ANNOUNCED The Chairman resumed the Meeting at 11:27 a.m. after the verification of poll results by the Scrutineer. The results of the poll as follows were shown on the screen:-

Resolutions	Voted in Favour		Voted Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 1 Proposed Settlement by SRB of the Advances owing to Jurudata Sdn. Bhd. ("JSB") amounting to RM168.00 million via the issuance of RM168,000,000 nominal value of 373,333,333 new 9-year zero coupon Redeemable Convertible Secured Loan Stocks in SRB ("RCSLS") at the issue price of RM0.45 per RCSLS ("Proposed Settlement")	7,336,589	82.8097	1,522,987	17.1903	Carried
Ordinary Resolution 2 Proposed Renounceable Rights Issue of new ordinary shares in SRB ("Rights Shares") to raise gross proceeds of up to	79,858,574	98.1065	1,541,274	1.8935	Carried

approximately RM33.50 million (" Proposed Rights Issue ")					
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INFORMED The Chairman then declared that all the Ordinary Resolutions are **CARRIED**.

RESOLVED The Meeting **RESOLVED** that all the Ordinary Resolutions be and are hereby **APPROVED** as follows:-

ORDINARY RESOLUTION 1

- **PROPOSED SETTLEMENT BY SRB OF THE ADVANCES OWING TO JURUDATA SDN BHD ("JSB") AMOUNTING TO RM168.00 MILLION VIA THE ISSUANCE OF RM168,000,000 NOMINAL VALUE OF 373,333,333 NEW 9-YEAR ZERO COUPON REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS IN SRB ("RCSLS") AT THE ISSUE PRICE OF RM0.45 PER RCSLS ("PROPOSED SETTLEMENT")**

"THAT, subject to the approval of all relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Board of Directors of SRB ("**Board**") for the following:

- (i) to undertake the Proposed Settlement and to allot and issue up to 373,333,333 RCSLS at an issue price of RM0.45 for each RCSLS to settle the Advances amounting to RM168.00 million;
- (ii) to create the RCSLS based on the indicative salient terms of the RCSLS as set out in Section 2.3 of the circular to shareholders of the Company dated 6 June 2024 ("**Circular**") and in accordance with the provisions of an agreement to be entered into by SRB with JSB for the purpose of the issuance and constitution of the RCSLS ("**Issuance Agreement**");
- (iii) to enter into and execute the Issuance Agreement and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Issuance Agreement;
- (iv) to enter into a put option agreement with JSB ("**Put Option Agreement**") for the grant of a put option by JSB to the Company which is exercisable anytime commencing from the 8th anniversary of the date of the issuance of the RCSLS until 1 week before the maturity date of the RCSLS;
- (v) to enter into a share charge for a first party charge over all the ordinary shares and preference shares in IBSB held by the Company in favour of JSB to secure the redemption of the RCSLS ("**Share Charge**"); and
- (vi) to allot and issue such number of new ordinary shares in SRB ("**SRB Shares**") to the RCSLS holders pursuant to the conversion of the RCSLS to new SRB Shares during the tenure of the RCSLS in accordance with the provisions of the Issuance Agreement;

THAT any fractional entitlement of the RCSLS arising from the Proposed Settlement, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interest of the Company;

THAT the new SRB Shares to be issued pursuant to the conversion of the RCSLS shall be listed on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) subject to compliance with the Main Market Listing Requirements of Bursa Securities (“**Listing Requirements**”) and the conditions imposed by Bursa Securities, if any;

THAT the RCSLS shall not be listed on the Main Market of Bursa Securities;

THAT the RCSLS shall constitute direct, unconditional, secured and unsubordinated obligations of the Company and shall at all times rank equally with all other present and future secured and unsubordinated indebtedness and obligations of the Company except those which are mandatorily preferred by law;

THAT the new SRB Shares to be issued upon the conversion of the RCSLS shall, upon allotment and issuance, rank equally in all respects with the then existing SRB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to the shareholders of the Company, the entitlement date of which precedes the date of allotment and issuance of the new SRB Shares arising from the conversion of RCSLS;

THAT this Ordinary Resolution 1 constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to the settlement agreement entered into by the Company with JSB dated 27 November 2023 (“**Settlement Agreement**”), as amended and varied by the supplemental agreement dated 23 January 2024 (“**Supplemental Agreement**”), and the Issuance Agreement and shall continue in full force and effect until all RCSLS and new SRB Shares to be issued pursuant to or in connection with the Proposed Settlement have been allotted and issued in accordance with the terms of the Settlement Agreement, Supplemental Agreement and Issuance Agreement, respectively;

THAT the Board be and is hereby authorised to do all acts and things as it may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required, or imposed by the relevant authorities (including, without limitation, any changes to the conditions relating to the RCSLS), and to take all steps and to enter into all such agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or persons and to carry out any other matters as may be required to implement, finalise and give full effects to the Proposed Settlement;

AND THAT, pursuant to Section 85(1) of the Companies Act 2016 which is to be read together with Clause 14 of the Constitution of the Company, approval be and is hereby given to waive the pre-emptive rights of the shareholders of the Company in respect of the new SRB Shares to be issued arising from the conversion of the RCSLS pursuant to the Proposed Settlement (so far as otherwise applicable), and the approval under Ordinary Resolution 1 amounts to a “direction to the contrary given in a general meeting” for the purposes of Clause 14 of the Constitution of the Company.”

ORDINARY RESOLUTION 2

- PROPOSED RENOUNCEABLE RIGHTS ISSUE OF NEW ORDINARY SHARES IN SRB ("RIGHTS SHARES") TO RAISE GROSS PROCEEDS OF UP TO APPROXIMATELY RM33.50 MILLION ("PROPOSED RIGHTS ISSUE")

"THAT, subject to the approval of all relevant authorities and/or parties being obtained (where required), approval be and is hereby given to the Board to undertake the Proposed Rights Issue, and to allot and issue such number of Rights Shares, based on an entitlement basis and at an issue price to be determined and announced later by the Board, to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined and announced later by the Board ("**Entitled Shareholders**"), to raise gross proceeds of up to approximately RM33.50 million, and on such terms and conditions and in such manner as the Board may determine;

THAT the Board be and is hereby authorised to determine and vary, if deemed fit, necessary and/or expedient, the entitlement basis and issue price of the Rights Shares to be issued in connection with the Proposed Rights Issue;

THAT any Rights Shares which are not taken up or not validly taken up shall be made available for excess application by the other Entitled Shareholders and/or their renouncee(s). It is the intention of the Board to allocate the excess Rights Shares, if any, in a fair and equitable manner, and on such basis as it may deem fit or expedient and in the best interest of the Company, which will be announced later by the Company;

THAT any fractional entitlement of the Rights Shares arising from the Proposed Rights Issue, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interest of the Company;

THAT the Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the then existing issued SRB Shares save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Rights Shares;

THAT the Rights Shares shall be listed on the Main Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue be utilised for the purposes as set out in Section 3.6 of the Circular and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary, expedient or in the best interests of the Company subject to (where applicable) the approval of the relevant authorities;

THAT this Ordinary Resolution 2 constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an agreement, option or offer and shall continue in full force and effect until all Rights Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been allotted and issued in accordance with the terms of the Proposed Rights Issue;

AND THAT the Board be and is hereby authorised to do all acts and things as it may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required, or imposed by the relevant authorities (including, without limitation, any changes to the conditions relating to the Rights Shares), and to take all steps and to enter into all such agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or persons and to carry out any other matters as may be required to implement, finalise and give full effects to the Proposed Rights Issue."

CLOSE OF MEETING

There being no other business, the Chairman concluded the Meeting and thanked all for participating in this Meeting. The Meeting ended at 11:30 a.m. with a vote of thanks to the Chair.

CONFIRMED AS CORRECT,



Chairman

Dated: 21 June 2024