

SAPURA RESOURCES BERHAD

(Company No. 3136-D)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE SIXTY-SECOND ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE MULTI-PURPOSE HALL, GROUND FLOOR, SAPURA@MINES, NO. 7 JALAN TASIK, THE MINES RESORT CITY, 43300 SERI KEMBANGAN, SELANGOR DARUL EHSAN ON THURSDAY, 20 JUNE 2019 AT 10:00 A.M.

ATTENDEES

- 1) All members of the Board of Directors
- 2) Company Secretaries
- 3) Representatives from Messrs. Ernst & Young, the external auditors
- 4) Shareholders/ Proxies/ Authorised Representative/ Invitees and others as per attendance list

CHAIRMAN

YBhg. Tan Sri Datuk Amar (Dr.) Hamid bin Bugo ("**Tan Sri Chairman**"), the Chairman of the Meeting welcomed all shareholders/ proxy holders/ invitees present at the Sixty-Second Annual General Meeting ("**62nd AGM**") of the Company. The Chairman introduced the members of the Board and Company Secretary at the head table to all present.

QUORUM

The presence of quorum was confirmed by the Company Secretary pursuant to Article 64 of the Company's Articles of Association.

PROXIES

The Company Secretary reported that the Company had received proxy forms from 631 shareholders representing 3,260,586 ordinary shares within the stipulated prescribed period of 48 hours before the time fixed for convening the Meeting.

NOTICE

The Notice convening the Meeting dated 21 May 2019 having been circulated within the prescribed period was, with the permission of the Meeting, taken as read.

The Meeting was informed that subsequent to the dispatch of the Notice of the AGM on 21 May 2019, Mr. Andrew Heng was appointed as an Independent Non-Executive Director of the Company on 3 June 2019. The Company had on 11 June 2019 issued an addendum to the Notice of the 62nd AGM to include an additional Ordinary Resolution on the re-election of Mr. Andrew Heng as a Director of the Company pursuant to Article 91 of the Company's Articles of Association.

POLL VOTING

All the resolutions as set out in the Notice of the 62nd AGM dated 21 May 2019 and 21 June 2019 were conducted by way of poll. The Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd., acted as the Poll Administrator and Boardroom Corporate Services Sdn. Bhd., appointed as the Independent Scrutineers to verify and confirm the results of the poll.

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(Summary of Key Matters Discussed at the Sixty-Second Annual General Meeting held on 20 June 2019 - cont'd)

SUMMARY OF KEY MATTERS DISCUSSED AT THE 62nd AGM

The following are the key questions that were raised from the floor, which were adequately responded and addressed by Management and the Board:-

- 1. How much additional capital expenditures would be required to fund Lot 91 KLCC project till its completion? Does the Company expect to raise any additional funding for the said investment?**

Reply by Encik Shamsul Anuar bin Musa ("**Encik Shamsul**"), the Chief Corporate Planning and Business Development Officer:

The construction of Lot 91 KLCC project was almost 62% completed, hence the additional capital expenditures required to fully complete the development is approximately RM60.0 million to RM70.0 million.

- 2. How much is the total construction cost which could be used to determine the rental rates? Based on the Management's estimation, would the Company be able to generate sufficient rental income for the repayment of bank borrowing?**

Reply by YH. Dato' Shahrman bin Shamsuddin ("**Dato' Shahrman**"), the Managing Director:

The total development cost for Lot 91 KLCC project is estimated at RM1.5 billion. Currently, the Company is focusing on the completion of building as well as to secure tenants.

- 3. Would the Company redevelop its warehouse at Jalan Tandang into multi-storey warehouses to generate income?**

Reply by Dato' Shahrman:

The Company would assess the market's demand and the Company's resources before considering any redevelopment of warehouses at Jalan Tandang.

- 4. What is the Maintenance, Repair and Overhaul ("MRO") in terms of the business development, technical specification and its prospect?**

Reply by Dato' Shahrman:

There are demand for hangar services in Malaysia whereby most of the civil aircrafts are maintained in overseas e.g. Singapore. Hence, the Company took the opportunity to embark on the MRO business locally. In respect of the technical competencies, Management had employed qualified local technicians and foreign expertise mainly from Singapore, China and the Middle East to meet the requirements.

- 5. As the total development cost of Lot 91 KLCC is about RM1.5 billion against the net lettable area of approximately 930,000 square feet of which the cost per square foot is approximately RM1,600/-. What would be the rental rate to generate positive cash flow and in the event, it is insufficient, would the parent company cover the shortfall?**

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Reply by Tan Sri Chairman:

The Management had conducted a study on the property market and it remains challenging. Nevertheless, by having a strong and reputable partner, KLCC (Holdings) Sdn. Bhd., the Lot 91 KLCC project is expected to contribute positively to the Group in the future.

6. What are the Company's concerns about Lot 91 KLCC project as the Annual Report stated that "we are in the process of reviewing the impact on the investment"?

Reply by YBhg. Tan Sri Dato' Seri Shahril bin Shamsuddin ("**Tan Sri Shahril**"), the Non-Independent Non-Executive Director:

Due to adverse economic conditions and current glut in the property market, the demand of office spaces in Klang Valley remains soft and challenging. The Company embarked on the investment of Lot 91 KLCC some years ago as it is located strategically in the KLCC vicinity and is the last piece land available for mixed development at that area. Although the total development cost is approximately RM1.5 billion, the project is expecting to contribute positively to the Group's future earnings in the longer term. Based on the observations, it was noted that certain sectors in the market have started to turnaround with some retail offices being relocated from abroad to Malaysia. These effects would contribute positively to the Group's future earnings. As Lot 91 KLCC is nestled in the heart of metropolitan Kuala Lumpur, the future rental rates are expected to rise.

The Company would continue to manage and oversee the operating costs in order to meet its financial obligations and future capital injection would be considered, if necessary.

7. What would be the expected capital expenditures allocated to carry out the MRO business?

Reply by Dato' Shahrman:

There are two (2) types of MRO businesses carried out by the Group i.e., aircraft MRO business and joint venture with MTU Asia Pte. Ltd. ("**MTU**"). The total investment for aircraft MRO business and joint venture with MTU is estimated at RM24.0 million and RM25.0 million, respectively.

Reply by Tan Sri Shahril:

The Company had entered into a joint venture with MTU as a sole distributor to undertake the sale and service of products, engines and parts, and provision of related value-added services.

8. Is there any delay in the construction of Lot 91 KLCC Project? If so, would the contractors compensate the Company for such delays?

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Reply by Dato' Shahrman:

There was a delay of 47 days and the Company has the right to claim compensation with the contractors only if the delay affects the whole project completion date.

- 9. As the top thirty (30) largest shareholders are mainly retail shareholders, not institutional investors, the Company could consider declaring dividend to attract institutional investors. Why is the Company's share price declining?**

Reply by Dato' Shahrman:

In respect of declaration of dividend to attract institutional investors, the Board would review and consider this suggestion. As for the declining of share prices, it is determined by the market which the Board has no control.

- 10. Why did the Group's Other Income decreased so drastically from RM28.5 million in the previous financial year to RM5.4 million in the financial year ended 31 January 2019?**

Reply by Puan Ainun Mardziah binti Hashim ("**Puan Ainun**"), the Acting Chief Financial Officer:

The decrease in Other Income for the Group amounting RM23.1 million and the Company of RM23.3 million were mainly due to:-

- (i) one-off reversal of provision for indemnity of RM22.0 million; and
- (ii) lower profit distribution from short-term investment of RM1.4 million due to smaller deposit amount placed.

- 11. What are the reasons for the Group's trade and other receivables to increase so significantly from RM9.5 million in the previous financial year to RM14.7 million in the financial year ended 31 January 2019?**

Reply by Puan Ainun:

The increase in the Group's trade and other receivables were mainly due to:-

- (i) increase in trade receivables balances from Aviation Group of RM5.2 million, Property Investment of RM9.7 million. Of which, RM2.9 million has been paid in quarter 1 of 2019.
- (ii) increase in deposit rental by RM0.6 million due to increase in rental rate for Senai Hangar; and
- (iii) GST refund at Aviation companies of RM0.9 million yet to be received from Kastam.

- 12. What are the measures undertaken by the Group and what is the timeframe to improve the collection of its receivables?**

Reply by Puan Ainun:

Apart from the Group's ongoing effort to improve account receivable collections, the Group had now successfully recovered 20% of its receivables collection against the total impairment loss.

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The Group's current credit term for payment is within 30 days. The credit control measures taken by the Group include sending reminder letters, one-to-one meeting with customers and issuing of letter of demand.

APPROVAL OF RESOLUTIONS

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

Resolutions	Voted in Favour		Voted Against		Results
	No. of Shares	%	No. of Shares	%	
<u>Ordinary Resolution 1</u> Re-election of Tan Sri Dato' Seri Shahril bin Shamsuddin as a Director pursuant to Article 88 of the Company's Article of Association	72,856,284	99.9915	6,220	0.0085	Carried
<u>Ordinary Resolution 2</u> Re-election of Dato' Muthanna bin Abdullah as a Director pursuant to Article 88 of the Company's Article of Association	72,856,204	99.9914	6,300	0.0086	Carried
<u>Ordinary Resolution 3</u> Re-election of Mr. Andrew Heng as a Director pursuant to Article 91 of the Company's Article of Association	72,857,294	99.9929	5,210	0.0072	Carried
<u>Ordinary Resolution 4</u> Re-appointment of Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration	72,852,294	99.9860	10,210	0.0140	Carried
<u>Ordinary Resolution 5</u> Payment of Directors' Fees of RM592,000.00 for the financial year ended 31 January 2019	72,852,244	99.9860	10,260	0.0141	Carried
<u>Ordinary Resolution 6</u> Payment of Directors' Benefits Payable of	72,853,244	99.9873	9,260	0.0127	Carried

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Resolutions	Voted in Favour		Voted Against		Results
	No. of Shares	%	No. of Shares	%	
RM64,010.00.00 from 21 June 2019 until the next Annual General Meeting					
Ordinary Resolution 7 Retention of Dato' Muthanna bin Abdullah as an Independent Director of the Company	72,857,194	99.9927	5,310	0.0073	Carried
Ordinary Resolution 8 Retention of Tan Sri Datuk Amar (Dr.) Hamid bin Bugo as an Independent Director of the Company	72,857,194	99.9927	5,310	0.0073	Carried
Ordinary Resolution 9 Retention of Dato' Fuziah @ Fauziah binti Dato' Ismail as an Independent Director of the Company	72,857,144	99.9926	5,360	0.0074	Carried
Ordinary Resolution 10 Authority for Directors to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016	72,852,294	99.9915	6,210	0.0085	Carried
Special Resolution Proposed Adoption of a new Constitution of the Company	72,854,294	99.9942	4,210	0.0058	Carried

The results of the poll were validated by Boardroom Corporate Services Sdn. Bhd., the Independent Scrutineers appointed by the Company.

TERMINATION

There being no other business to be transacted, Tan Sri Chairman concluded the Meeting at 12:05 p.m. and thanked all present for their attendance.