



Building Homes for Generations

SUMMARY OF KEY MATTERS DISCUSSED DURING THE 39TH ANNUAL GENERAL MEETING HELD ON THURSDAY, 28 APRIL 2022 AT 11.00 A.M. DULY CONVENED AND CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT NO. 2-1 JALAN SRI HARTAMAS 8, SRI HARTAMAS, 50480 KUALA LUMPUR.

QUESTIONS RAISED BY MINORITY SHAREHOLDER WATCH GROUP

During the 39th Annual General Meeting (“AGM”), the Chairman informed the shareholders present that the Company had received a letter dated 20 April 2022 from the Minority Shareholder Watch Group (“MSWG”).

The Chairman requested the Chief Financial Officer to present the questions/queries raised by MSWG and the Board and management’s response with the aid of slides for the benefit of shareholders present at the AGM as follows:

Operational/Financial Matters

- 1) What are the strategies the Group has adopted to contain both the rising costs and labour shortages in the construction industry. How successful have these strategies been in terms of houses deliveries?**

Answer:

Our Group has adopted fixed price contracts for its projects to lock in competitive pricing amidst the rising costs. During the tender process for the building contractors, we intensively review the pricing and interview their background for their commitment of manpower and supply of building materials.

The Group had further put in place certain cost management strategies to address the rising costs and labour shortage that are faced by the construction industry. We prefer not to elaborate the details of our cost management strategies here as it would open the strategies of our Group to our competitors and as such it is not in the best interest of the Group.

We consider our efforts to be successful as we have delivered the houses and obtained the Certificate of Completion & Compliance (CCC) without any late deliveries.

- 2) Industrialised Building System (IBS) is accountable for a significant reduction of wastages and reduction of the consumption of natural resources to preserve the environment and it is also one of measures to overcome labour shortages in the construction industry.**

Has the Group adopted IBS extensively in its property projects? If not, why?

Answer:

Our Group employed the IBS during the construction of One Sentral Serviced Residence. Despite the advantages of the IBS, the IBS was not cost effective for our housing projects due to low density and different intricate designs of our properties.

- 3) **The Group's completed properties held for sale decreased by RM 24.5 million or 32.1% from RM77.5 million in FY 2020 to RM 52.6 million in FY 2021. (Page 97 of AR)**

Please provide the number of units and value of completed properties sold in FY 2021 in terms of properties aged less than 1 year, 1 to 2 years and more than 2 years respectively.

Answer:

The information on completed properties sold in FY2021 as requested is disclosed below:

| | < 1 Year | 1 -2 Years | > 2 Years | Total |
|--|----------|------------|-----------|--------|
| Completed properties sold (units) | Nil | 25 | 19 | 44 |
| Cost of completed properties sold (RM'000) | - | 15,361 | 11,970 | 27,331 |

The difference between the cost of completed properties sold of RM27.3 million and the net movement/reduction of RM24.8 million in completed properties held for sale was mainly due to the amounts transferred to investment properties and additions to completed properties held for sale during the year.

- 4) **The Group sold RM36.4 million of completed properties in FY 2021 as compared to RM59.8 million in FY 2020.**

The cost of sales of completed properties in FY 2021 was RM27.33 million - much higher than RM17.1 million in FY 2020. (Page 106 of AR).

The gross profit of completed properties in FY 2021 was 24.9% as compared to 71.4 % in FY 2020.

- (a) **Please explain the lower gross profit margin of completed properties sold in FY 2021 as compared to FY 2020.**

Answer:

GROUP

| | FY2021 | FY2020 |
|----------------|---------------|---------------|
| | Total | Total |
| | RM'000 | RM'000 |
| Revenue | 67,594 | 89,855 |
| Cost of Sales | 46,840 | 59,419 |
| Gross Profit | 20,754 | 30,436 |
| Gross Profit % | 31% | 34% |

Summary of Key Matters Discussed during the 39th Annual General Meeting

Since the Covid-19 pandemic, the Group has been cautiously navigating through this challenging period and safeguarding interests of the shareholders whilst managing on-going projects and new launch.

As explained in our Management Discussion and Analysis (MDA) Report on Financial performance section (page 17 FY2021 Annual Report), the revenue of the Group was mainly derived from the development and sale of 3 storey semi-detached houses, 3 storey cluster houses, 3 storey super link (XL) houses and the affordable homes schemes.

With limited new launches, the Group's completed inventories level has been on reducing trend since FY2019, which is consistent with the Group's strategies to safeguard shareholders' interest during the pandemic.

While the Group cautiously manages the limited on-going projects amidst rising costs uncertainty and disposing completed inventories during the pandemic, the overall gross profit margin of the Group was consistently maintained at approximately 30% for the 2 financial years (with FY2020 to FY2021 being pandemic periods).

(b) What were the strategies adopted to reduce the units of completed properties held for sale?

Answer:

The completed properties of the Group comprise landed residential and commercial properties amounting to RM25.1 million as well as serviced apartments amounting to RM27.5 million.

Both the completed landed residential and commercial properties are bumi lots that are awaiting bumi release by Perbadanan Perumahan Johor. We have been following-up closely with the said government authority on our bumi-release applications.

Due to the pandemic, our Group could only employ the following limited strategies for our serviced apartments as well as the landed residential and commercial properties once we have obtained the bumi-release: -

- i. Advertisements and promotions on the Social Media platforms to reach out to potential buyers.
- ii. Engaged real estate agencies whose strength is into selling completed properties to their potential clients.
- iii. To have a competitive sales promotion package for our potential buyers.

5) The Group expects to launch the Rumah Mampu Milik Johor, ("RMMJ") scheme in Taman Nusa Sentral in early FY2022. (Page 18 of AR)

(a) What is the Gross Development Value of the RMMJ project to be launched?

Answer:

The Gross Development Value of the RMMJ project to be launched is approximately RM39.6 million.

Summary of Key Matters Discussed during the 39th Annual General Meeting

(b) Has the project commenced and when is the targeted completion date?

Answer:

The project has not commenced and the management is re-assessing the timing of the commencement for the launching of the project.

Corporate Governance Matter

1) In accordance with Paragraph 3.04 and 15.02 of Bursa Securities' Main Market Listing Requirements ("Listing Requirements"), at least two (2) directors or one-third (1/3) of the Board of Directors, whichever is higher, shall be Independent Directors.

The Board currently has only two IDs out of 7 Board members, or 28.6%.

Does the Board intend to appoint an additional ID to make up to ratio to one third? If so, by when please?

Answer:

Our Board currently comprises 7 Directors made up of 4 Executive Directors, 1 Non-Independent Non-Executive Director and 2 Independent Non-Executive Directors. This has been the size, structure and composition of the Board since its listing on Bursa Malaysia Securities Berhad in year 2002.

The provisions set out under Paragraph 3.04 and 15.02 of the Main Market Listing Requirements has not been amended or changed since our listing, that is, a listed issuer must ensure that at least 2 directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent directors.

Our Board's size, structure and composition is in compliance with the Main Market Listing requirements and the Board is of the opinion that the size and structure of our Board is appropriate and balanced for stewardship of our Company.

QUESTION FROM A SHAREHOLDER

The following questions were raised by the shareholders via email prior to the AGM.

1) May I know what is the Company's future outlook?

As mentioned in the Prospects section (page 18 of the Annual Report), the Group expects its revenue and performance for the financial year ending 30 November 2022 to be derived from the three storey cluster houses, three storey terrace houses (superlink XL), three storey shop offices, One Sentral Serviced Residence and the three storey semi-detached houses at *Taman Nusa Sentral*, Iskandar Puteri, Johor as well as the new development of the *Aurora Resort Villas (ARVs)* in *Aurora Sentral*.

The Group also expects to launch the Rumah Mampu Milik Johor (RMMJ) scheme in FY2022 and the RMMJ is expected to contribute to the revenue and financial performance of the Group for FY2022.

Summary of Key Matters Discussed during the 39th Annual General Meeting

2) How much is the impact due to Covid-19?

Covid-19 had adverse impacts on the global and domestic economy. As mentioned in the Review of Operations and Highlights in Year 2021 in our Management and Discussion Analysis (page 16 of the Annual Report), our business operations from the project development sites to the sales galleries were adversely affected as a result of the strict containment measures under the various Movement Control Orders that were imposed by the Government.

The strict containment measures had also adversely affected our operations including but not limited to our sales as the release of bumi-units from the relevant authorities for sales were delayed. The construction of our 3 storey semi-detached houses under the *Winter Pavilion* series were also affected by the various containment measures and operating capacity constraints. The launching of our new development of the *ARVs* in *Aurora Sentral* which was originally planned to be launched in FY2020 was delayed and deferred to FY2022.

We are not able to ascertain with any degree of accuracy the extent of any impact arising from Covid-19 on the operations and business of the Group.

3) Will the Board consider giving door gift such as e-voucher or e-wallets for those participating in this AGM as a token of appreciation?

Please be informed that since our listing on Bursa Malaysia Securities Berhad, Country View Berhad ("CVB") has maintained a stand of not providing any door gifts for shareholders attending its general meeting.

The Board and Management takes the view that the provision of door gift is not an appropriate avenue to reward its shareholders and does not add any significant long term value to the Company.

Instead, CVB has distributed corporate table calendars to all its shareholders each year since 2006 which promotes and builds its image and brand name and provides an accessory that serves a useful daily purpose in general for everyone.