



Building Homes for Generations

SUMMARY OF KEY MATTERS DISCUSSED DURING THE POSTPONED 37TH ANNUAL GENERAL MEETING HELD ON THURSDAY, 23 JULY 2020 AT 11.00 A.M. CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT NO. 2-1 JALAN SRI HARTAMAS 8, SRI HARTAMAS, 50480 KUALA LUMPUR

AGENDA 1 - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2019

During the Postponed 37th Annual General Meeting (“AGM”), the Chairman informed the shareholders present that the Company had received a letter dated 16 July 2020 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:

Strategic/Financial Matters

Q1) The Group has launched 48 units of three storey semi-detached houses under the Winter Pavilion series in November 2019. (page 8 of Annual Report)

- (i) **What is the latest take-up rate of the Heritage and Pearl Collections respectively?**
- (ii) **What was the reason for launching the high end units as the strong demand for properties is in the affordable homes with price range below RM500,000?**

A1) (i) The latest take up rate of the Heritage and Peak Collections as at 31 May 2020 were as follows: -

Type	Take up rate (%)
Heritage collection (40’ X 80’)	45%
Peak collection (40’ X 85’)	43%

- (ii) Our existing development, Taman Nusa Sentral is a mixed development project comprising of affordable homes under the Rumah Mampu Milik Johor (RMMJ) and Perumahan Komuniti Johor B (PKJ B) schemes, two storey terrace houses, serviced residences, three storey terrace houses, three storey semi-detached houses and three storey shop offices etc.

We have already delivered approximately 2,546 units of properties in Taman Nusa Sentral with CCC to date including 337 units of affordable homes under the RMMJ and PKJ B schemes in the year 2020. These affordable homes are in demand but even so we have yet to achieve 100% sales to date.

On the other hand, the take up rate for the premium three storey semi-detached houses is encouraging since its launch in November 2019.

We believe that there will be demand for properties which are well designed, competitively priced and strategically located as well as a limited number of units launched.

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- Q2) The Board at its last AGM reported that it has yet to obtain approvals from all the relevant authorities like Majlis Bandaraya Iskandar Puteri, Pejabat Tanah dan Galian, Johor, Jabatan Ukur dan Pemetaan Negeri Johor, Executive Council (EXCO) of the State Government of Johor and Pejabat Tanah Daerah Johor to launch the property project in Iskandar Puteri on the land acquired from UEM Sunrise last year.**
- (i) Has the Company obtained all the approvals from the relevant authorities? If no, what are the reasons for the delay in getting the approvals?**
 - (ii) When is the first phase of the property project to be launched and what is its Gross Development Value ("GDV")?**
- A2) (i) As stated in our annual report, the development on the new land acquired which will be named as Aurora Sentral had been originally targeted to be launched in financial year 2020 after obtaining all necessary approvals from the relevant authorities.
- The outbreak of the Covid-19 pandemic had led to the imposition of the various Movement Control Orders (MCOs) by the government which resulted in the complete shutdown of the operations of the Group as well as the offices of the approving regulatory authorities since 18 March 2020. We are currently in the phase of Recovery Movement Control Order (RMCO). Although operations had re-started, strict adherence to prescribed Standard Operating Procedures (SOPs) have caused further delays in the approval process. Most of the relevant approvals have been obtained. However, we still have some approvals pending, such as, the Qualified Titles (QTs) to be issued by Pejabat Tanah dan Galian (PTG) on our surrender and re-alienation (SBKS) application, approval from Majlis Bandaraya Iskandar Puteri (MBIP) on the Kebenaran Merancang Pindaan (KMP) application, Building Plans to be approved by MBIP, application for Certificate of Share Unit Formula (SIFUS), Schedule Of Parcel, Advertising Permit and Developer Licence, where applicable.
- (ii) In view of the impact arising from the Covid-19 global pandemic on the property market, the Group has deferred the launch of its upcoming development, Aurora Sentral to the next financial year 2021. However, the Group will continuously monitor the prevailing up to date market conditions before launching the development at Aurora Sentral.
- As the necessary approvals and plans have yet to be finalised, it is still premature at this juncture to determine the Gross Development Value (GDV) for the first phase of the development.
- Q3) The Group has disposed investment properties amounting to RM25.5 million that resulted in the Group recording a loss of RM1.1 million, or 4.3% (Pages 63 and 93 of Annual Report)**
- (i) Please explain the reasons why the investment properties were sold at a loss?**
 - (ii) What is the type of the investment properties that were sold?**
 - (ii) What is the gross and net rental yield of the investment properties sold prior to its disposal?**
- A3) (i) As disclosed during the 36th Annual General Meeting in 2019, we mentioned that our Group will explore the necessary avenues and measures to reduce the gearing ratio to an optimal level. One of the avenues mentioned is to sell the existing investment properties of the Group to generate cashflows and income to reduce the gearing ratio of the Group.
- (ii) The type of investment properties that were sold were 3 Storey Shop Offices.

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(iii) The Average Gross Rental Yield was 1.6% per annum and the Average Net Rental Yield was 1.5% per annum for the year 2019 based on net selling price of the properties. The rental yield if it is based on our internal cost of the properties is much higher.

Q4) The inventory of completed properties for sales decreased from RM101.8 million in FY2018 to RM80.9 million in FY2019, a reduction of RM20.9 million or 20.5% (page 97 of Annual Report)

- (i) Please provide the ageing profile of the completed properties for sales in the age bands of less than 1 year, 1 year to 2 year and more than 2 years.
- (ii) Please provide the breakdown of the completed properties for sales by types (landed properties, commercial properties, condominiums and apartments)?
- (iii) What are the measures the Company has taken to further improve the sales of the unsold completed properties for sales?

A4) (i) The ageing profile of the completed properties for sales as at 30 November 2019

Description	Less than 1 year	1 Year to 2 Years	More than 2 Years
Completed Properties	11%	14%	75%

(ii) Breakdown of completed properties for sales as at 30 November 2019

Description	(%)
Residential landed properties	33%
Residential Serviced Apartments	31%
Commercial properties	36%

(iii) Taman Nusa Sentral is now a matured development with approximately 2,546 units of properties completed with CCC as stated in our answer in 1 (b) above compared with 2 years ago. The Group believes that the unsold completed properties are well designed, strategically located, competitively priced and in limited quantities, and as such will continue to attract more buyers looking to purchase for investment and/or for their own usage. A significant number of the unsold completed properties for sale comprised of bumiputra reserved units, of which the Group is following up with the State Government for their release for sale.

Rest assured that we are well prepared for the challenges ahead and will take and implement any such plans, strategies and measures that will be required to sustain the Group.

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Further matters raised

The following question was raised by the shareholders via Q&A panel during the AGM.

Q1. When can we expect to see better times? Within this 2 years or it will take longer than this?

A1 Response from Executive Director

The Executive Director, Mr Law Kit Tat explained that due to the unpredictable nature of the Covid-19 global pandemic, the Group was unable to answer this question on when we can expect to see better times. However, the Group has put in place measures to mitigate/reduce the impact of Covid-19 which includes:

1. The Group had obtained banking facilities with a total amount of RM38.0 million from various Banks to supplement and improve the cash flow of the Group if required.
2. Defer the mandatory payment of RM35 million due from November 2020 to May 2021 to improve liquidity.
3. The Group had also prudently provided for an impairment loss of RM2.1 million during the First Quarter ended 29 February 2020.
4. The Group will be taking a more aggressive marketing and promotion campaign to improve the sale and leasing of its properties.
5. The Group will look to expedite the progress of construction works to improve its revenue and collections.
6. The launching of the Group's new project named "Aurora Sentral" will be postponed to the next financial year 2021. However, the Group will continuously monitor the prevailing up to date market conditions before launching the development at Aurora Sentral.

Mr Law Kit Tat further explained that operations and construction works were halted during the Movement Control Order (MCO). Despite this, the financial result for the Second Quarter ended 31 May 2020 remained profitable.

Due to the unpredictable impact arising from the Covid-19 global pandemic, the Board of Directors was unable to assure when a better time will come about but that measures had been put in place.

Q2. Can video call be done quarterly?

A2. Currently there are no requirements imposed on the Company to conduct quarterly conference or video calls.

The Company discloses and updates its shareholders and investing public through its Annual Reports, the Quarterly Interim Financial Reports and immediate announcements as and when appropriate.

The Company will continue with these disclosures and the communications protocols as set out in the Board's Corporate Disclosure Policy which is available on the Company's website at <https://www.countryview.com.my>.

There were no other questions except for the above.