

**SINARAN ADVANCE GROUP BERHAD**  
[Registration No. 202001007513 (1363833-T)]  
(Incorporated in Malaysia)

**SUMMARY OF KEY MATTERS DISCUSSED AT THE FOURTH ANNUAL GENERAL MEETING OF THE COMPANY (“FOURTH AGM” OR THE “MEETING”) CONDUCTED ON A VIRTUAL BASIS AND ENTIRELY VIA REMOTE PARTICIPATION AND VOTING FROM THE BROADCAST VENUE AT 4TH FLOOR, MENARA LIEN HOE, NO. 8, PERSIARAN TROPICANA, TROPICANA GOLF & COUNTRY RESORT, 47410 PETALING JAYA, SELANGOR DARUL EHSAN VIA AN ONLINE MEETING PLATFORM AT <https://rebrand.ly/SinaranAGM> PROVIDED BY INSHUB SDN. BHD. IN MALAYSIA ON WEDNESDAY, 5 JUNE 2024 AT 11:00 A.M.**

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**DIRECTOR WHO PRESENT PHYSICALLY AT THE BROADCAST VENUE** : Mr. Koo Kien Yoon, Non-Independent Non-Executive Director (Chairman of the Meeting)

**DIRECTORS WHO PRESENT REMOTELY** : Independent Non-Executive Directors  
Mr. Chuah Hoon Hong  
Encik Ahmad Nasirruddin Bin Harun  
Encik Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad  
Ms. Charissa Lim Zhu Ai

**IN ATTENDANCE** : Mr. Cheng Chia Ping, the Company Secretary

**BY INVITATION PRESENT REMOTELY** : Ms. Pauline Tee, Finance Manager  
  
Mr. Ding ZiDi, Deputy General Manager, Fujian Jinjiang Dixing Shoes Plastics Co., Ltd.  
  
Mr. Heng Kian Onn, ChengCo PLT, the representative of External Auditors

**MEMBERS, PROXIES AND CORPORATE REPRESENTATIVES PRESENT** : As per Attendance List

**1.0 PRESENTATION OF LETTER FROM THE MINORITY SHAREHOLDERS WATCH GROUP**

The Chairman briefed the Meeting that the Company had on 1 June 2024 received a letter from the Minority Shareholders Watch Group (“**MSWG**”), which raised several issues on operational and financial matters and corporate governance matters of the Company.

As requested by MSWG, the Meeting noted the points raised by MSWG and the Company’s reply thereto as presented by the Chairman. A copy of the same was annexed to this Summary as Annexure “A”.

**1.0 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND THE AUDITORS THEREON**

The Chairman informed that the first item on the Agenda was to receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon.

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The Meeting was informed that this Agenda item was meant for discussion only, as the provision of Section 340(1) of the Companies Act 2016 does not require formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda item was not put forward for voting.

The Chairman declared that the Audited Financial Statements the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon, be received.

## 2.0 ANNOUNCEMENT OF POLL RESULTS

Based on the poll results verified by the Scrutineer, the Chairman announced the poll results as follows:-

Resolutions	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
<b><u>Ordinary Resolution 1</u></b> The approval of Directors' fees payable to the Directors of the Company for the financial year ending 31 December 2024	495,779,100	99.9908	45,600	0.0092	Carried
<b><u>Ordinary Resolution 2</u></b> The approval of an amount of up to RM20,000/- as benefits payable to the Non-Executive Directors of the Company with effect from 6 June 2024, a day after the Fourth AGM until the next Annual General Meeting of the Company in year 2025 pursuant to Section 230(1)(b) of the Companies Act 2016	495,779,100	99.9908	45,600	0.0092	Carried
<b><u>Ordinary Resolution 3</u></b> The re-election of Mr. Chuah Hoon Hong who retired in accordance with Clause 21.7 of the Company's Constitution	495,824,500	100.0000	200	0.0000	Carried
<b><u>Ordinary Resolution 4</u></b> The re-election of Encik Ahmad Nasirruddin Bin Harun who retired in accordance with Clause 21.7 of the Company's Constitution	495,824,400	99.9999	300	0.0001	Carried

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Resolutions	Vote in Favour		Vote Against		Results
	No. of shares	%	No. of shares	%	
<b>Ordinary Resolution 5</b> The re-election of Encik Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad (" <b>Encik Abdul Menon</b> ") who retired in accordance with Clause 21.11 of the Company's Constitution	495,823,900	99.9999	700	0.0001	Carried
<b>Ordinary Resolution 6</b> The re-election of Ms. Charissa Lim Zhu Ai (" <b>Ms. Charissa Lim</b> ") who retired in accordance with Clause 21.11 of the Company's Constitution	450,824,500	100.0000	200	0.0000	Carried
<b>Ordinary Resolution 7</b> The re-appointment of ChengCo PLT as Auditors of the Company for the financial year ending 31 December 2024 and to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Directors	495,819,500	99.9990	5,200	0.0010	Carried
<b>Special Business:</b>					
<b>Ordinary Resolution 8</b> The authority to issue shares pursuant to the Companies Act 2016	495,784,200	99.9918	40,500	0.0082	Carried
<b>Ordinary Resolution 9</b> The Proposed Granting of Employees' Share Option Scheme (" <b>ESOS</b> ") Options to Encik Abdul Menon	495,783,100	99.9916	41,600	0.0084	Carried
<b>Ordinary Resolution 10</b> The Proposed Granting of ESOS Options to Ms. Charissa Lim	450,783,000	99.9908	41,700	0.0093	Carried

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**3.0 CONCLUSION**

There being no other notice received to transact any other business, the Chairman concluded the Meeting and thanked all present for their attendance.

The Meeting concluded at 11:58 a.m. with a vote of thanks to the Chairman.

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5 June 2024

Badan Pengawas Pemegang Saham Minoriti Berhad  
Level 23, Unit 23-2  
Menara AIA Sentral  
No. 30, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Wilayah Persekutuan Kuala Lumpur

**Attention: Encik Norhisam**

Dear Sir,

**SINARAN ADVANCE GROUP BERHAD (“SAG” OR “COMPANY”)  
RE: FOURTH ANNUAL GENERAL MEETING (“FOURTH AGM”) OF SAG HELD ON  
WEDNESDAY, 5TH JUNE 2024**

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**Operational & Financial Matters**

1. Sports footwear segment

The challenging business environment in China led to a decrease in consumer spending and a shift in preferences, resulting in reduced orders from sports footwear distributors. Consequently, revenue from the sports footwear segment declined by RM14.1 million or 39.0% in FYE2023 compared to FYE2022 (Page 20 of AR2023).

During the year under review, the foot wear distributorship business model adopted by the Group remained unchanged (Page 19 of AR2023).

- a) To what extent will the abovementioned factors continue impacting this segment's top line in FYE2024?

**Answer:** The factors leading to a decline in the sports footwear segment's revenue are likely to continue impacting the top line in FYE2024, given the current economic climate in China. Consumer spending is projected to remain subdued, and the shift in preferences could signify a longer-term trend rather than a temporary dip. Unless there is a significant economic recovery or a strategic pivot that aligns better with consumer preferences, the segment might continue to experience pressure on its revenues.

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- b) Should the segment consider fine-tuning its distributorship business model amid the current challenges? If not, why?

**Answer:** Considering the current challenges, fine-tuning the distributorship business model appears necessary. Maintaining the status quo could result in continued revenue declines. The management has discussed and considered some of the potential strategies which include:

- **Enhancing Digital Presence** - Implementing an omni-channel approach that combines online and offline sales to reach a broader audience.
- **Direct-to-Consumer Sales** - Exploring a direct-to-consumer model to increase margins and have better control over the customer experience.

However, the current model still provides competitive advantages like strong relationships with key distributors or significant market reach, incremental adjustments (e.g., improving distributor incentives, enhancing product offerings) might suffice instead of an overhaul. However, the recent passing of the Chairman may delay the consideration and implementation of the aforementioned decision.

- c) What is the current order performance from the existing distributors compared to the previous period? What is the expectation of orders for FYE2024?

**Answer:** Current order volumes from existing distributors have shown a decrease of 15% compared to the previous period, indicating ongoing challenges. Distributors have reported reduced consumer demand and increased competition. For FYE2024, orders are expected to remain flat or potentially decline further unless there are strategic interventions such as targeted marketing campaigns or new product launches that resonate with consumers' changing preferences. Implementing these strategies could help mitigate the decline and stabilize or grow order volumes.

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2. Construction segment

The construction business segment witnessed an increase in revenue reached RM27.1million in FYE2023, up by RM6.4 million or 31.1% from FYE2022. Consequently, the construction segment became the primary revenue contributor to the Group, accounted for 51.8% of total revenue in FYE2023 compared to 36.4% in the previous year. This growth was fuelled by the successful completion of construction contracts following the resumption of business activities (Page 20 of AR2023).

- a) Given the increase in the segment revenue percentage contribution to Group revenue, does the segment foresee its percentage contribution will grow further in the next few years?

**Answer:** The Board anticipates further growth contributions from the Construction segment in the coming years. However, it is mindful of the challenges posed by the declining revenues in the footwear segment.

- b) What is the segment's current order book, and in view of the Group's optimism about the potential recovery of the construction business (Page 25 of AR2023), what is the potential for order book replenishment in the next two financial years?

**Answer:** At present, the Board is in the process of tendering several private construction projects, the outcomes of which are pending. We are actively exploring construction opportunities that align with the Group's strategic objectives and are financially viable.

- c) What is the update on the segment's ongoing projects? Are the projects on schedule?

**Answer:** The construction segment's ongoing projects are progressing well. Major projects are on track with key milestones being met as scheduled. However, there have been minor delays in some of the residential projects due to supply chain disruptions. The Group has implemented contingency plans to mitigate these delays, including alternative sourcing strategies and extended work hours. Overall, the projects are expected to be completed within the stipulated timelines, maintaining the segment's strong performance record.

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3. Trade and Other Current Receivables

As at reporting date, the Group has trade and other current receivables more than 60 days which past due but not impaired amounting to RM22,176,000, representing 67.58% of the Group's total trade and other current receivables of RM32,816,000 (Page 131 of AR2023).

Would the Board not be concerned with this sizeable receivable past due more than 60 days? What are the measures taken to accelerate the recovery of the debt?

**Answer:** The Board has been actively engaging with the receivables to determine the payment methods that will expedite the payment process. Reminder letters have been issued to them while the Board has assessed that these debtors still have the capacity to pay, which they require more time due to delay in payments from their own customers.

Corporate Governance Matters

4. The Company has been without a chairman since the late Mr. Ding Jian Ping passed away on 30 November 2023 (Page 2 of AR2023).

Is the Company actively looking for a suitable individual for the chairman position? If so, what is the progress and when does the Company expect to have a chairman?

**Answer:** The Company is actively seeking a suitable individual for the chairman position following the passing of the late Mr. Ding JianPing on 30 November 2023. The Board has initiated a thorough search process, engaging with executive search firms and evaluating internal and external candidates especially with experience in the shoes and construction industries. Progress is being made, and the Company expects to appoint a new chairman within the next few months.

5. Practice 5.9 of the Malaysian Code on Corporate Governance (MCCG)

(The board comprises at least 30% women directors)

The Company has departed from applying Practice 5.9 of MCCG. The Board currently has one female director among its five members, making up 20% of the Board (Pages 6-11 of AR2023).

However, its CG Report mentioned that, among others, the Board opined that the alternate practices that it adopted are able to meet the Intended Outcome, as opposed to forceful setting



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of quick-fix targets and impractical measures to meet those targets, much to the long-term detriment of the Board and the Company (Pages 36-37 of CG Report).

Based on the Malaysia Board Diversity Study, which SAG can find the study on this website: <https://pulse.icdm.com.my/article/business-case-for-boarddiversity-correlation-to-company-performance/>, has shown that boards with at least one-third women representation correlates with 38% higher median ROE than boards with no women representation. A larger representation of women seems to suggest more inclusive boards.

Does the Company have any plans to achieve at least one-third women representation? If so, what plans, actions, and timeframe should the Company take and set to achieve this?

**Answer:** The Company is committed to enhancing board diversity and is developing plans to achieve at least one-third women representation. The actions and timeframe include:

- i. Review of Current Board Composition - Conducting a thorough review of the current board composition and identifying opportunities for introducing more female directors.
- ii. Succession Planning and Recruitment - Engaging with executive search firms to identify and recruit qualified female candidates for upcoming board vacancies
- iii. Internal Development Programs - Implementing programs to develop and promote high-potential female executives within the Company to prepare them for future board roles.
- iv. Diversity Policy Enhancement - Revising the Company's diversity policy to set clear, measurable goals for female representation on the Board.

The Company aims to achieve at least one-third women representation on the Board within the next two to three years. Progress will be reviewed periodically, and the Board will provide updates in the annual Corporate Governance Report.

6. Proposed granting of employees' share option scheme ("ESOS") Options to independent non-executive directors

In line with better corporate governance, MSWG does not encourage the practice of giving ESOS to any independent non-executive directors (INEDs) as they play the independent check and balance role (and not an executive role) in the Company and are responsible for monitoring the allocation of ESOS to employees and executive directors.

Furthermore, ESOS, by definition, refers to a scheme for employees.

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Under Resolutions 9 & 10, shareholders' approval is being sought for the proposed granting of ESOS options to Encik Abdul Menon Bin Arsad @ Abdul Manan Bin Arshad and Ms. Charissa Lim, being the INEDs of the Company. There is the risk that the INEDs may be fixated with the share price of the Company and this may affect their impartial decision-making, which should be made without reference to share price considerations.

**Answer:** While we acknowledge the recommendation from the MSWG, the Board places significant weight on the invaluable contributions of independent non-executive directors (INEDs) to the overall success of the Group. We carefully consider their contributions when deliberating on matters such as the granting of Employees' Share Option Scheme (ESOS) options. This ensures that any decisions made align with our commitment to corporate governance while recognizing and rewarding the pivotal role played by INEDs in guiding the Company's strategic direction.

- a) Why are the ESOS Options offered and granted to the above mentioned two INEDs since they do not perform executive roles? Should not the directors' fee and other benefits they receive be adequate to compensate for the services rendered by them?

**Answer:** The INEDs are also eligible to participate in the ESOS in order to recognise the contributions and efforts made by the INEDs as they play an important role in the business performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company, who will assist in the overall strategic decisions and directions of the Group.

- b) What are the performance metrics that will be adopted by the ESOS Committee to assess the eligibility of the above mentioned two INEDs under the proposed ESOS?

**Answer:** The Board will conduct the evaluation of the performance of the Directors annually. The ESOS Committee will assess the eligibility of the abovementioned two INEDs under the proposed ESOS based on the By-Laws of ESOS and the results of the performance of the Directors who achieve above 3.0 rating prior to recommending allocation of ESOS Options to the INEDs.



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- c) Considering their independent non-executive role, what are their views on the proposed ESOS? Are they keen to subscribe to the shares if the ESOS Options are offered and granted to them?

**Answer:** As mentioned in earlier question, the contribution and efforts from the INEDs must be recognised. The INEDs often contribute their ideas and advice on the board meeting to ensure that the Group's performance can be better in near future. The ESOS options was given opportunity to every Directors and staff of the Group to subscribe which are allowed under the guidelines with the shareholders' approval. Thus, they are no comments on the proposed granting of ESOS Options to INEDs of the Company.

As mentioned earlier, the proposed of granting ESOS Options to INEDs was due to the contribution from the INEDs. The Company provides a fair environment and opportunity to every Directors and staff to subscribe the shares.

Yours sincerely,

For and on behalf of  
Sinaran Advance Group Berhad

-duly signed-

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Koo Kien Yoon  
Non-Independent Non-Executive Director