

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

**MINUTES OF THE FIRST ANNUAL GENERAL MEETING OF THE COMPANY  
CONDUCTED ON A FULLY VIRTUAL BASIS AND ENTIRELY VIA REMOTE  
PARTICIPATION AND VOTING VIA ONLINE MEETING PLATFORM AT  
HTTPS://REBRAND.LY/SINARANAGM PROVIDED BY MLABS RESEARCH SDN. BHD.  
IN MALAYSIA ON FRIDAY, 24 SEPTEMBER 2021 AT 11:00 A.M.**

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**CHAIRMAN OF THE FIRST ANNUAL GENERAL MEETING** : Mr. Koo Kien Yoon, Non-Independent Non-Executive Director

**DIRECTORS PRESENT REMOTELY VIA REMOTE PARTICIPATION AND VOTING (RPV) PLATFORM** : Mr. Ding JianPing, Executive Chairman and Chief Executive Officer  
Ms. Xiao LuXi, Independent Non-Executive Director  
Encik Mohtar Bin Abdullah, Independent Non-Executive Director  
Mr. Chuah Hoon Hong, Independent Non-Executive Director  
Encik Ahmad Nasirruddin Bin Harun, Independent Non-Executive Director

**IN ATTENDANCE (VIA RPV PLATFORM)** : Mr. Cheng Chia Ping, the Company Secretary  
Ms. Tan Siok Ying, Assisting the Company Secretary  
Ms. Joleen Yeap, Assisting the Company Secretary

**BY INVITATION (VIA RPV PLATFORM)** : Mr. Woo Yew Tim, Special Assistant to Executive Chairman  
Mr. Ng Kee Siang, Messrs. ChengCo PLT, the External Auditors  
Mr. Raymond Kong, Messrs. Foo Kon Tan PLT, the External Auditors of K-Star Sports Limited  
Mr. James Lim, alphaOne Governance Sdn. Bhd., the Internal Auditors

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

## **CHAIRMAN**

Mr. Koo Kien Yoon, the Non-Independent Non-Executive Director of the Company, was appointed as the Chairman of the First Annual General Meeting of the Company ("**First AGM**") ("**Chairman**") pursuant to Clause 19.4 of the Company's Constitution. He welcomed all to the First AGM and informed that the 1<sup>st</sup> AGM was conducted via live streaming webcast and online remote voting without physical attendance by the shareholders, proxies and corporate representatives.

The Chairman informed that in view of the Government of Malaysia had enforced the National Recovery Plan ("**NRP**") amid Covid-19 pandemic, the Board of Directors ("**Board**") noted that pursuant to the Guidance and FAQs on Conduct of General Meetings for Listed Issuers ("**SC Guidance Note**") issued by the Securities Commission Malaysia, listed issuers were encouraged to conduct fully virtual general meetings during Phase 2 of the NRP.

The Chairman informed that the Board in compliance to the revised SC Guidance Note, has decided that this First AGM be conducted on a fully virtual basis through live streaming and remote participation and voting facility provided by Mlabs Research Sdn. Bhd.

The Chairman then introduced the Directors, the Company Secretary, Management External Auditors and Internal Auditors who were in attendance remotely.

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## **QUORUM**

The requisite quorum being present pursuant to Clause 24.6 of the Company's Constitution, the Chairman declared the Meeting duly convened.

The Chairman informed the Meeting that the Company was using 17 September 2021 as the determinant date of the General Meeting Record of Depositors.

## **NOTICE**

The Notice convening the Meeting dated 26 August 2021 having been circulated within the prescribed period was, with the permission of the Meeting, taken as read.

召开此会议的通告，日期为 2021 年 8 月 26 日，于充足的时间内发出，经会议同意，被视为已宣读。

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

The Chairman informed the Meeting that the Company had on 17 September 2017 received a letter from the Minority Shareholders Watch Group ("**MSWG**"), raised a few issues on strategy and financial matters and corporate governance matters of the Company.

The Meeting noted the questions raised by MSWG and the Company's corresponding reply to each question as presented. A copy of the Company's reply was annexed to this minutes as Annexure "A".

## **PROXIES, PROCEEDINGS AND POLL VOTING**

The Chairman briefed the Meeting that Bursa Malaysia Securities Berhad had mandated poll voting for all resolutions set out in the notice of general meetings.

The Chairman then highlighted to the shareholders and proxies present virtually at the Meeting of their right to ask questions in relation to the agenda items for the Meeting and vote on the resolution to be tabled at the First AGM. The Chairman further informed that in his capacity as Chairman of the Meeting, he had been appointed as proxy by some shareholders who were unable to participate in the Meeting, and would be voting as their proxy in accordance with their voting instructions, where indicated.

As there was no legal requirement for a proposed resolution to be seconded, the Chairman took the Meeting through each item on the Agenda. The Meeting proceeded with the "Question and Answer" session upon completion of deliberations of items to be transacted at the Meeting, prior to the poll voting session. Shareholders and proxies were informed that they could proceed to cast and submit their votes from the start of the Meeting, should they wish to, until the closure of the voting session to be announced.

The Meeting was informed that the Share Registrar of the Company, ShareWorks Sdn. Bhd. was appointed to act as the Poll Administrator and SharePolls Sdn. Bhd. was appointed to act as the Independent Scrutineer to verify the results of the poll tabulation. The Meeting was informed that the poll for resolutions would be conducted upon completion of the formality and discussion of the business tabled at the Meeting.

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A short video clip was played at the Meeting showing the step-by-step guide on the online voting module to guide shareholders and proxies on where and how they could post their questions.

**1.0 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM THE DATE OF INCORPORATION, 2 MARCH 2020 TO 31 DECEMBER 2020 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 period from the date of incorporation, 2 March 2020 to 31 December 2020 together with the Reports of the Directors and the Auditors thereon.

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 for the financial period from the date of incorporation, 2 March 2020 to 31 December 2020 together with the Reports of the Directors and the Auditors thereon, be received.

**2.0 DIRECTORS' FEES PAYABLE TO THE DIRECTORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021**

The Chairman informed that the second item on the Agenda was to approve the Directors' Fees payable to the Directors of the Company of up to RM160,000/- for the financial year ending 31 December 2021.

**3.0 RE-ELECTION OF THE FOLLOWING DIRECTORS, WHO RETIRED PURSUANT TO CLAUSE 21.11 OF THE CONSTITUTION OF THE COMPANY AND BEING ELIGIBLE, HAD EACH OFFERED THEMSELVES FOR RE-ELECTION:-**

- (A) MR. DING JIANPING;**
- (B) MR. KOO KIEN YOON;**
- (C) MS. XIAO LUXI;**
- (D) ENCIK MOHTAR BIN ABDULLAH;**
- (E) MR. CHUAH HOON HONG; AND**
- (F) ENCIK AHMAD NASIRRUDDIN BIN HARUN.**

The Chairman informed that the third item on the Agenda was to re-elect the following retiring Directors, who retired pursuant to Clause 21.11 of the Constitution of the Company and being eligible, had each offered themselves for re-election:-

- (a) Mr. Ding JianPing;
- (b) Myself;
- (c) Ms. Xiao LuXi;
- (d) Encik Mohtar Bin Abdullah;

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- (e) Mr. Chuah Hoon Hong; and
- (f) Encik Ahmad Nasirruddin Bin Harun.

**4.0 RE-APPOINTMENT OF MESSRS. CHENGCO PLT AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 AND AUTHORISATION OF THE DIRECTORS TO FIX THEIR REMUNERATION**

The Chairman informed that the fourth item on the Agenda was to re-appoint Messrs. ChengCo PLT as Auditors of the Company for the financial year ending 31 December 2021 and authorise the Directors to fix their remuneration.

**5.0 SPECIAL BUSINESS**

**AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**

The Chairman informed that the fifth item on the Agenda was a special business for the approval of the Ordinary Resolution for Authority to issue shares pursuant to Companies Act 2016.

The Meeting was informed that the Company wished to obtain the 20% General Mandate. The 20% General Mandate, unless revoked or varied by the Company in a general meeting, would expire at the end of the concession period, i.e. by 31 December 2021. Upon the expiration of the concession period, the 10% limit under Paragraph 6.03 of the Main LR would be reinstated and until the conclusion of the Second AGM in year 2022.

After having considered all aspects of the 20% General Mandate, the Board was of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders on the basis which had been stated in the Notice of the First AGM dated 26 August 2021.

**6.0 ANY OTHER BUSINESS**

There was no other notice received to transact any other business.

**7.0 QUESTION AND ANSWER SESSION**

After tabling of all resolutions, the Chairman announced that the Meeting was opened for "Question and Answer" session.

The Chairman informed the Meeting that the following question was received during the Meeting and addressed the question accordingly:-

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**7.1 Question from Kok Sak Lin, Poravi S P Sitham Pillay, Reemarachna Poravi and Lum Pek Kam**

Would the Board consider giving e-voucher/e-wallet credits for attending the First AGM?

**Answer**

The Chairman would discuss the said requests with the Board in due course.

**7.2 Question from Ranjit Singh A/L Joginder Singh, the MSWG**

You did not answer MSWG questions.

**Answer**

The replies to the questions raised by MSWG had been presented at the Meeting.

There being no further question raised, the Chairman then announced the closure of the "Question and Answer" session and the Meeting proceed with the polling voting.

**8.0 POLLING PROCESS**

The Chairman announced that the voting session would continue for another 5 minutes to allow shareholders and proxy holder to complete their voting via the RPV facility.

After 5 minutes, the Chairman announced the closure of the voting session and the Meeting was adjourned for the Scrutineer to verify the poll results.

**9.0 ANNOUNCEMENT OF POLL RESULTS**

The Meeting resumed at 12:00 p.m. and the Chairman called the Meeting to order for the declaration of the polling results for all resolutions set out in the Agenda.

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

**9.1 ORDINARY RESOLUTION 1**

**DIRECTORS' FEES PAYABLE TO THE DIRECTORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021**

The poll result for Ordinary Resolution 1 which was carried as follows:-

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<b>Ordinary Resolution 1</b>	<b>No. of Shareholders</b>	<b>No. of Ordinary Shares</b>	<b>Percentage</b>
Vote in Favour	16	147,164,600	99.9828%
Vote Against	2	25,200	0.0171%
<b>Total</b>	<b>18</b>	<b>147,189,800</b>	<b>100.0000%</b>
<b>Result</b>	<b>CARRIED</b>		

The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 1 be **CARRIED**:

“That the Directors' Fees payable to the Directors of the Company of up to RM160,000/- for the financial year ending 31 December 2021 be and is hereby approved for payment.”

## 9.2 ORDINARY RESOLUTION 2

### **RE-ELECTION OF MR. DING JIANPING WHO RETIRED IN ACCORDANCE WITH CLAUSE 21.11 OF THE COMPANY'S CONSTITUTION**

The poll result for Ordinary Resolution 2 which was carried as follows:-

<b>Ordinary Resolution 2</b>	<b>No. of Shareholders</b>	<b>No. of Ordinary Shares</b>	<b>Percentage</b>
Vote in Favour	17	147,189,600	99.9998%
Vote Against	1	200	0.0001%
<b>Total</b>	<b>18</b>	<b>147,189,800</b>	<b>100.0000%</b>
<b>Result</b>	<b>CARRIED</b>		

The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 2 be **CARRIED**:-

“That the retiring Director, Mr. Ding JianPing who retired pursuant to Clause 21.11 of the Company's Constitution, and being eligible for re-election, be re-elected as a Director of the Company.”

## 9.3 ORDINARY RESOLUTION 3

### **RE-ELECTION OF MR. KOO KIEN YOON WHO RETIRED IN ACCORDANCE WITH CLAUSE 21.11 OF THE COMPANY'S CONSTITUTION**

The poll result for Ordinary Resolution 3 which was carried as follows:-

<b>Ordinary Resolution 3</b>	<b>No. of Shareholders</b>	<b>No. of Ordinary Shares</b>	<b>Percentage</b>
Vote in Favour	16	147,189,700	99.9999%
Vote Against	2	100	0.0001%
<b>Total</b>	<b>18</b>	<b>147,189,800</b>	<b>100.0000%</b>
<b>Result</b>	<b>CARRIED</b>		

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The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 3 be **CARRIED**:-

“**THAT** the retiring Director, Mr. Koo Kien Yoon who retired pursuant to Clause 21.11 of the Company’s Constitution, and being eligible for re-election, be re-elected as a Director of the Company.”

#### **9.4 ORDINARY RESOLUTION 4**

##### **RE-ELECTION OF MS. XIAO LUXI WHO RETIRED IN ACCORDANCE WITH CLAUSE 21.11 OF THE COMPANY’S CONSTITUTION**

The poll result for Ordinary Resolution 4 which was carried as follows:-

<b>Ordinary Resolution 4</b>	<b>No. of Shareholders</b>	<b>No. of Ordinary Shares</b>	<b>Percentage</b>
Vote in Favour	14	147,169,500	99.9862%
Vote Against	4	20,300	0.0138%
<b>Total</b>	<b>18</b>	<b>147,189,800</b>	<b>100.0000%</b>
<b>Result</b>	<b>CARRIED</b>		

The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 4 be **CARRIED**:-

“That the retiring Director, Ms. Xiao LuXi who retired by rotation pursuant to Clause 21.11 of the Company’s Constitution, and being eligible for re-election, be re-elected as a Director of the Company.”

#### **9.5 ORDINARY RESOLUTION 5**

##### **RE-ELECTION OF ENCIK MOHTAR BIN ABDULLAH WHO RETIRED IN ACCORDANCE WITH CLAUSE 21.11 OF THE COMPANY’S CONSTITUTION**

The poll result for Ordinary Resolution 5 which was carried as follows:-

<b>Ordinary Resolution 5</b>	<b>No. of Shareholders</b>	<b>No. of Ordinary Shares</b>	<b>Percentage</b>
Vote in Favour	16	147,189,700	99.9999%
Vote Against	2	100	0.0001%
<b>Total</b>	<b>18</b>	<b>147,189,800</b>	<b>100.0000%</b>
<b>Result</b>	<b>CARRIED</b>		

The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 5 be **CARRIED**:-

“That the retiring Director, Encik Mohtar Bin Abdullah who retired by rotation pursuant to Clause 21.11 of the Company’s Constitution, and being eligible for re-election, be re-elected as a Director of the Company.”

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**9.6 ORDINARY RESOLUTION 6**

**RE-ELECTION OF MR. CHUAH HOON HONG WHO RETIRED IN ACCORDANCE WITH CLAUSE 21.11 OF THE COMPANY'S CONSTITUTION**

The poll result for Ordinary Resolution 6 which was carried as follows:-

<b>Ordinary Resolution 6</b>	<b>No. of Shareholders</b>	<b>No. of Ordinary Shares</b>	<b>Percentage</b>
Vote in Favour	16	147,189,700	99.9999%
Vote Against	2	100	0.0001%
<b>Total</b>	<b>18</b>	<b>147,189,800</b>	<b>100.0000%</b>
<b>Result</b>	<b>CARRIED</b>		

The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 6 be **CARRIED**:-

"That the retiring Director, Mr. Chuah Hoon Hong who retired by rotation pursuant to Clause 21.11 of the Company's Constitution, and being eligible for re-election, be re-elected as a Director of the Company."

**9.7 ORDINARY RESOLUTION 7**

**RE-ELECTION OF ENCIK AHMAD NASIRRUDDIN BIN HARUN WHO RETIRED IN ACCORDANCE WITH CLAUSE 21.11 OF THE COMPANY'S CONSTITUTION**

The poll result for Ordinary Resolution 7 which was carried as follows:-

<b>Ordinary Resolution 7</b>	<b>No. of Shareholders</b>	<b>No. of Ordinary Shares</b>	<b>Percentage</b>
Vote in Favour	16	147,189,700	99.9999%
Vote Against	2	100	0.0001%
<b>Total</b>	<b>18</b>	<b>147,189,800</b>	<b>100.0000%</b>
<b>Result</b>	<b>CARRIED</b>		

The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 7 be **CARRIED**:-

"That the retiring Director, Encik Ahmad Nasirruddin Bin Harun who retired by rotation pursuant to Clause 21.11 of the Company's Constitution, and being eligible for re-election, be re-elected as a Director of the Company."

**9.8 ORDINARY RESOLUTION 8**

**RE-APPOINTMENT OF MESSRS. CHENGCO PLT AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 AND AUTHORISATION OF THE DIRECTORS TO FIX THEIR REMUNERATION**

The poll result for Ordinary Resolution 8 which was carried as follows:-



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<b>Ordinary Resolution 8</b>	<b>No. of Shareholders</b>	<b>No. of Ordinary Shares</b>	<b>Percentage</b>
Vote in Favour	16	147,189,700	99.9999%
Vote Against	2	100	0.0001%
<b>Total</b>	<b>18</b>	<b>147,189,800</b>	<b>100.0000%</b>
<b>Result</b>	<b>CARRIED</b>		

The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 8 be **CARRIED**:-

“That the retiring Auditors, Messrs. ChengCo PLT be re-appointed as External Auditors of the Company for the financial year ending 31 December 2021 and that authority given for the Directors to fix their remuneration.”

## 10.0 SPECIAL BUSINESS

### ORDINARY RESOLUTION 9

#### AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

The poll result for Ordinary Resolution 9 which was carried as follows:-

<b>Ordinary Resolution 9</b>	<b>No. of Shareholders</b>	<b>No. of Ordinary Shares</b>	<b>Percentage</b>
Vote in Favour	15	147,189,500	99.9998%
Vote Against	3	300	0.0002%
<b>Total</b>	<b>18</b>	<b>147,189,800</b>	<b>100.0000%</b>
<b>Result</b>	<b>CARRIED</b>		

The Meeting (on a poll) **RESOLVED** that the following Ordinary Resolution 9 be **CARRIED**:-

**“THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 (“**the Act**”), Main Market Listing Requirements (“**Main LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Constitution of the Company, and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding Treasury Shares) for the time being to be utilised until 31 December 2021 (“**Expiry Date**”) as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad’s letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and after the Expiry Date, does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding Treasury Shares) for the time being as stipulated under Paragraph 6.03(1) of the Main LR of Bursa Securities;

**AND THAT** the Directors be and are empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

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**AND FURTHER THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

**11.0 CONCLUSION**

The Chairman concluded the Meeting at 12:05 p.m. and thanked all for shareholders and proxies for their participation at the First Annual General Meeting.

A vote of thanks was accorded to the Chair and the Chairman proceeded with the Extraordinary General Meeting of the Company thereafter.

Dated: 24 September 2021



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Badan Pengawas Pemegang Saham Minoriti Berhad  
 Tingkat 11, Bangunan KWSP  
 No. 3, Changkat Raja Chulan  
 Off Jalan Raja Chulan  
 50200 Kuala Lumpur

**Attention: Mr. Devanesan Evanson**

Dear Sir,

**SINARAN ADVANCE GROUP BERHAD ("SAG" OR "COMPANY")  
 RE: FIRST ANNUAL GENERAL MEETING ("FIRST AGM") OF SAG HELD ON FRIDAY, 24  
 SEPTEMBER 2021**

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We refer to your letter dated 17 September 2021 and we hereby reply to your concern in the ensuing paragraphs.

**Strategy & Financial Matters**

- 1) The Company has been in loss after tax position for the last five financial years. For FYE 2020, it recorded a loss after tax of RMB5.9 million. (Page 5 of AR 2020)**

**What are the Company's plan to lift it out of a loss-making position? When is the Company expected to be profitable?**

The Group has been rationalising its operating costs continuously to keep the Group's business sustainable amid challenging market sentiment. Result of the rationalisation approach has reduced the overall selling and distribution costs, administrative expenses as well as finance costs in the FYE 2020 as compared to the FYE 2019. In addition, the Group also sustained an earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") of RMB 4.32 million for the FYE 2020.

Moving forward, the construction segment of the Group is expected to also contribute positively to the Group's profitability with the current order book of approximately RM 60.31 million. However, the sustainability and growth of the construction business are dependent on the Group's ability to continue to secure more construction project. In this respect, the Group will continue to leverage in its core competency in building constructions focusing on affordable house to secure new projects and grow its construction business. Further, the Group's track record with its customers/developers is expected to serve as a reference to secure additional construction projects from them.



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**2) The Company operates in 13 provinces in China through distributorships. (Page 17 of AR 2020)**

**a) What is the range of commissions paid to these distributors to handle the sales of the Company?**

There is no commission entitlement to the distributors as the Group's sales are made directly to the distributors who manage their own outlets or sales channel.

**b) Does the Company have any plans on conducting its sales online as the pandemic has made many people stay indoors and many businesses have pivoted towards online sales to sell their products?**

The Group has no immediate plan to conduct online sales channel as the footwear segment's business model is business-to-business ("B2B") focusing on selling the products to its distributors instead of to the end customers.

**3) In 2017, the Company Group ventured into the construction industry through its wholly owned subsidiary, Sinaran Trillion Sdn. Bhd. to undertake contractual construction and related activities, with the intention to diversify its revenue base. The Group has been operating its construction business on a small-scale basis and hopes to grow it organically. (Page 17 of AR 2020)**

**a) What is the contribution of the construction segment to the Company's revenue in FYE 2020?**

STSB's construction segment had contributed approximately RMB20.45 million to the Company's revenue in the FYE 2020.

**b) What are the Company's plan to grow its construction business?**

As explained in question 1 earlier, the construction segment of the Group is expected to contribute positively to the Group's profitability with the current order book of approximately RM 60.31 million. However, the sustainability and growth of the construction business are dependent on the Group's ability to continue to secure more construction project.

**Corporate Governance Matters**

**1) The Company's Chairman and CEO for FYE 2020 were Mr. Ding JianPing.**

**This is not in line with Practice 1.3 of the MCCG 2017 which stipulates that the CEO and the Chairman's position should be held by different people.**

**Does the Company intend to adopt Practice 1.3? If so, by when?**

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The Group has no intention to adopt Practice 1.3 of the MCCG 2017 for the near future, bearing in mind that its key subsidiaries, duly incorporated in the Peoples' Republic of China ("**China**") requires a person to be registered/act as the legal representative and is the sole person responsible for every aspect of the business and oblige in any misconduct of the subsidiary companies. There is no other board member besides Mr. Ding JianPing to be in a better position to hold the CEO position or to be the chairperson of the Group who has more intense knowledge, caliber and experience to lead the Group's business mainly in China.

**2) The total fee for the internal audit function of the Company during FYE 2021 was RM20,000. (Page 49 of AR 2020)**

**a) Given that the fee is rather small (approximately RM1,667 per month), how does the audit committee assure itself that there would be adequate coverage and an effective audit function?**

The internal audit fee for the FYE 2020, is reasonable vis-à-vis the current scale of operations of K-Star Sports Limited (which, resulting from the Group's reorganisation, SAG is now the Ultimate Holding Company).

As you may be aware, since March 2020, Malaysia has been subjected to various forms of Movement Control Order ("**MCO**") and one of the major consequences of the MCO is international / interstate / interdistrict travel. Coupled with quarantine requirements, it was not feasible for the Internal Audit to be conducted for its operations in China.

As the mitigating factor, the Audit Committee has undertaken the following measures:-

- Regular business report by the Executive Chairman;
- Regular Covid-19 updates on the measures undertaken by the Government of China by the Executive Chairman; and
- Follow-up with component auditors of its key subsidiaries (who are based in China) as an alternative oversight of the China business operations.

**b) What are the areas covered by the internal auditors during FYE 2020?**

The internal audit areas covered by the Internal Auditors for the FYE 2020 were risk assessment, STSB's business operations / processes / functions with clearly stated objectives and risks is guided by the **International Professional Practices Framework (IPPF)** and COSO principles as well as the Guidelines on Adequate Procedures ("**GAP**") pursuant to the new provision under Section 17(A)(5) of the Malaysian Anti-Corruption Commission Act 2009 ("**MACCA 2009**").

In addition to the above, Internal Auditors also conducted a review to assess the status of compliance by K-Star Sports Limited and its subsidiaries with the GAP pursuant to the new provision under Section 17(A)(5) of the MACCA 2009.



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24 September 2021

**c) How many internal audit reports were issued during FYE 2020?**

There was only one (1) internal audit report issued for the FYE 2020 which covered risk assessment, the internal audit of the construction business and operations of STSB and the compliance with the GAP pursuant to the new provision under Section 17(A)(5) of the MACCA 2009 for K-Star Sports Limited and its subsidiaries. The scheduled Internal Audit on the business operations of key subsidiaries have to be deferred due to the travel restrictions imposed by the both Government of Malaysia as well as the Government of China, arising from the outbreak of Covid-19 pandemic.

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