

SUNWAY LAGOON CLUB BERHAD (185477-W)
(Incorporated in Malaysia)

MINUTES OF THE 30TH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT POOLSIDE COVE, SUNWAY LAGOON CLUB, NO. 3, JALAN LAGOON TIMUR, BANDAR SUNWAY, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN ON THURSDAY, 27 JUNE 2019 AT 6.30 P.M.

PRESENT : **Class 'A' Board of Directors:**
Dato' Jeffrey Ng Tiong Lip (*Chairman*)
Mr Goh Hai Thun @ Ng Hai Thun
Ms Irene Sin May Lin @ Irene Wong May Lin
Mr Kelly Leong Wai Keong
Mr Fong Foo Tat

Class 'B' Board of Directors:
Mr Cheng Jew Keng
Mr Bernard Anand A/L Paul
Mr Lee Hong Tat
Mr Choy Le Roy

ABSENT WITH APOLOGIES : Ms Poh Siau Jane

**MEMBERS/PROXIES/
GUESTS** : As per Attendance Lists

IN ATTENDANCE : Ms Chin Lee Chin (*Company Secretary*)

OPENING ADDRESS

Dato' Jeffrey Ng Tiong Lip ("Dato' Chairman") called the Meeting to order at 6.30 p.m. and welcomed all members present and Messrs BDO PLT, the external auditors. He then made a brief introduction of the Class 'A' and 'B' Directors and extended the apologies of Ms Poh Siau Jane who was not able to attend the Meeting.

CONFIRMATION OF QUORUM

Upon enquiry from Dato' Chairman, the Secretary confirmed that there was sufficient quorum for the Meeting.

CONFIRMATION OF PROXIES

Upon enquiry from Dato' Chairman, the Secretary reported that a total of 20,000 Class 'A' shares and 308 Class 'B' shares were represented by proxies.

CONFIRMATION OF NOTICE SENT

Upon enquiry from Dato' Chairman, the Secretary confirmed that the notice convening the Meeting had been duly sent to all members and had been displayed on the members' notice board since 4 June 2019.

After obtaining the members' approval, Dato' Chairman proceeded with the Meeting. Upon the proposal by Dato' Chairman and with the consent of the members, the notice of the Meeting was taken as read.

1. CONFIRMATION OF MINUTES OF 29TH ANNUAL GENERAL MEETING HELD ON 28 JUNE 2018

The minutes of the 29th Annual General Meeting held on 28 June 2018, which were contained in the Annual Report, were tabled at the Meeting for confirmation by the members present.

After having obtained the members' agreement, the minutes of the 29th Annual General Meeting held on 28 June 2018 were confirmed and signed by Dato' Chairman as a true and correct record of the proceedings thereat.

2. MATTERS ARISING FROM THE MINUTES OF PREVIOUS MEETING

2.1 Re-election of Class 'B' Directors

Mr Tan Kok Cheeng ("Mr Tan") cited Mr Stewart Lee Hong Tat's ("Mr Stewart Lee") comments that there were no nominations to appoint new Class 'B' Director for the past 5 years at the last Annual General Meeting. He informed that the members had given their nomination in the past but the appointment of the nominee had been outvoted by the substantial shareholders of the Club. As a result, the members had decided not to put any further nomination for appointment of new Class 'B' Director.

In response, Dato' Chairman clarified that there were procedures which the members had to adhere to in relation to the nomination and re-election of Class 'B' Directors. The re-election of Class 'B' Directors would require majority votes from the members for the resolution to be passed. It was a democratic voting process and the Board of Directors had no control over it. However, he assured the members that the Board welcome members who were keen to contribute to the Club to join as Class 'B' Directors. The Board placed great emphasis on corporate governance and was doing its best to upkeep the Club.

Mr Stewart Lee encouraged any member who was passionate about the Club to submit his/her nomination as Class 'B' Director.

3. AUDITED FINANCIAL STATEMENTS, DIRECTORS' AND AUDITORS' REPORTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' and Auditors' Reports thereon were tabled to the members for discussion.

The members raised the following matters:

a) One-off Accounting Adjustment pursuant to Malaysian Financial Reporting Standards ("MFRS") 117

Mr Jeffrey Yee Chow Bing sought clarification on the lease rental adjustment of RM500,000 made in the Audited Financial Statements for the financial year ended 31 December 2018.

Ms Irene Tan explained that it was an accounting adjustment made pursuant to the changes in the accounting standard under the MFRS. It was a reversal of over accrued lease rental from prior years based on a straight line method over the remaining tenancy terms.

Mr Ho Kok Khiaw from Messrs BDO PLT confirmed Ms Irene Tan's explanation. He added that it was a one-off adjustment which was applicable for the financial year ended 31 December 2018 only.

b) The Club's lease

Mr Terry Yee Fook Weng ("Mr Terry Yee") highlighted that the Club's lease would be expiring in about 4 years' period. He commented that the Board should plan ahead in the best interest of the Club and its members on the said matter as it would involve costs i.e. renewal cost of the lease, etc. It would be difficult to plan if the Board and Management were in the dark on the landowner's decision over the lease. He suggested that the Board should make enquiries and get an early commitment from the landowner on the renewal of the Club's lease.

In reply, Dato' Chairman informed that pursuant to the Lease Agreement, the Club could write to the landowner to request for a lease extension at a certain period prior to the expiry of the lease term. However, the Board would write to the landowner to seek for their early reply based on the members' request. The Board would update the members once it obtained a response from the landowner.

Mr Tan expressed the concern of many members over the future of the Club since its lease would be expiring in 2023. He hoped that Management would forward a copy of the minutes of the Meeting to Tan Sri Dato' Seri Dr Jeffrey Cheah so that he would be aware of the members' concerns. The members had been supportive of Tan Sri Jeffrey Cheah's projects in Bandar Sunway since its inception and they were hopeful that he would consider their request to retain the Club as it was the only club in the area. Alternatively, the Board or Management could arrange for a meeting for the members to meet and discuss the lease issue with Tan Sri Jeffrey Cheah. He also commented that the lease agreement provided the right to the Club to request for an extension of the lease for another 15 years. He suggested that the Board write to the landowner to seek for the extension.

Dato' Chairman noted Mr Tan's request and informed that the Company Secretary would forward a copy of the minutes to Tan Sri Jeffrey Cheah. He further highlighted that the land belonged to Sunway Berhad Group. Therefore, Tan Sri Jeffrey Cheah would not be able to make the decision alone as there were other board members as well. As requested by members, Management would write to the landowner on the lease extension. Dato' Chairman would also convey the members' concerns to the landowner.

c) Increase in monthly subscription fee

Mr Tan highlighted that many members had raised their concern over the increase in the monthly subscription fee at the Class 'B' Shareholders' Meeting held on 11 May 2019. At the request of the members at the said meeting, Management had organised a separate meeting with a few representatives of the members to discuss on the Club's financial position and the rationale for the increase in the subscription fee. He thanked Management for the initiative. He noted that the revenue from the recent increase in subscription fee was not sufficient to turnaround the Club as the Club had approximately 470 defaulted members. He then enquired on the Board's strategies to cover the shortfall in revenue.

Dato' Chairman informed that the Board had deliberated on the Club's financial position at great length before deciding on the increase in subscription fee. The operational costs of the Club had increased (e.g. staff cost) and the increase in subscription fee was to ensure that the Club was not operating in a deficit position. It was a balance between the Club's financial position and the upkeep and maintenance of its facilities. He took note of the members' dissent over the matter. He updated that in 2017, Management had implemented a stricter collection measure by putting the defaulted members into CTOS' records. This had helped to improve the Club's financial performance during the period. Management had also carried out a benchmarking exercise on the subscription fee charged by other clubs offering similar facilities. It was found that the Club's revised subscription fee was at the median level as compared with other clubs.

Ms Irene Tan clarified that after the increase in subscription fee, the Club would have sufficient revenue to cover its operational costs. However, it would still record an accounting loss after taking into account the depreciation cost at earnings before interest and taxes (EBIT) level.

Dato' Chairman concurred with Mr Tan's observation that the Club would likely record an accounting loss for financial year 2019 as well. He explained that the Board had decided to increase the subscription fee to cover its operational costs only. The Board would be more mindful of future increase in subscription fee and Management would consider letting the members decide on the best option in future. He reiterated that the Board had been transparent and had taken the best course of action to address the challenging issues of the Club.

d) Allocation of Club's resources

Mr Terry Yee commended the Board for acting in the best interest of the Club. He also praised the Management team for their excellent job. He then enquired on the criteria for the allocation of resources for each sport. He highlighted that as at to-date, Management had yet to allocate a permanent venue for table tennis. He hoped that Management would relook into it and provide a fair and transparent revenue allocation for each sport.

Ms Nina Chua informed that in order to resolve the issue, Management would have to find a venue and provide a budget for it. This would be difficult due to the Club's current financial constraint. As a result, Management had resorted to having temporary locations for table tennis at the present moment.

Mr Cheng Jew Keng ("Mr Cheng") assured the members that Management intended to resolve the issue. However, it would result in loss of revenue for the Club if

Management were to allocate the Ixora Room for table tennis. Management would do its best to accommodate the said request.

Dato' Chairman requested Management to bring up the matter for discussion at the next Board Meeting.

e) Other Income of the Club

On Mr Terry Yee's further question on maximising the Club's other income, Mr Cheng informed that Management had taken great effort to lease out all its commercial spaces as soon as possible as well as carry out many activities and events to promote the Club for functions and seminars.

In view that the questions raised were not in relation to the Audited Financial Statements for the financial year ended 31 December 2018, Dato' Chairman requested that further enquiries be made after all the agenda of the Meeting had been completed. The members agreed with Dato' Chairman's request.

Dato' Chairman then proceeded to the next agenda.

4. ORDINARY RESOLUTIONS NO. 1 TO 2
- RE-ELECTION OF CLASS 'A' DIRECTORS

Dato' Chairman informed that the Class 'A' Directors namely Mr Goh Hai Thun @ Ng Hai Thun and Mr Fong Foo Tat were retiring by rotation in accordance with Clause 80(1) of the Company's Constitution and being eligible, had offered themselves for re-election.

At the proposal of Dato' Chairman, all the members present unanimously consented that the motion for the re-election of the abovementioned Directors be carried out concurrently by a single resolution.

On the motion duly proposed by Mr Tan Kok Cheeng and seconded by Mr Narasingam a/l Arumugam, the members RESOLVED THAT Mr Goh Hai Thun @ Ng Hai Thun and Mr Fong Foo Tat be hereby re-elected as Class 'A' Directors of the Company.

5. ORDINARY RESOLUTIONS NO. 3 TO 7
- RE-ELECTION OF CLASS 'B' DIRECTORS

Dato' Chairman informed that the Class 'B' Directors namely Mr Cheng Jew Keng, Ms Poh Siau Jane, Mr Bernard Anand A/L Paul, Mr Lee Hong Tat and Mr Choy Le Roy had been recommended by the Board of Directors for re-election pursuant to Clause 80(2) of the Company's Constitution.

At the proposal of Dato' Chairman, all the members present unanimously consented that the motion for the re-election of the Class 'B' Directors be carried out concurrently by a single resolution.

On the motion duly proposed by Mr Teo Poh Heng and seconded by Mr Joseph @ Berine Rozario a/l Abraham, the members RESOLVED THAT Mr Cheng Jew Keng, Ms Poh Siau Jane, Mr Bernard Anand A/L Paul, Mr Lee Hong Tat and Mr Choy Le Roy be hereby re-elected as Class 'B' Directors of the Company.

6. ORDINARY RESOLUTION NO. 8
- RE-APPOINTMENT OF MESSRS BDO PLT AS AUDITORS

On the motion duly proposed by Mr Narasingam a/l Arumugam and seconded by Mr Tan Kok Cheeng, the members RESOLVED THAT Messrs BDO PLT, having indicated their willingness to continue in office, be hereby re-appointed as Auditors of the Company for the ensuing year until the next Annual General Meeting at a remuneration to be fixed by the Directors.

7. ANY OTHER MATTERS

a) Lower membership fee for senior members above 60 years old

Mr Joseph @ Berine Rozario a/l Abraham suggested that Sunway Berhad Group consider providing sponsorship on the subscription fee for the Club's senior members above 60 years old as part of its corporate social responsibility initiatives.

Dato' Chairman responded that the Board would consider writing to Sunway Berhad to seek for 'sponsorship' for the Club's senior members.

CONCLUSION

The Meeting concluded at 7.45 p.m. with a vote of thanks to the Chair.

Confirmed as a true and correct record:-

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CHAIRMAN

Dated this: