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**ANNUAL
GENERAL
MEETING**

2019

MELATI EHSAN HOLDINGS BERHAD

(Company No. 673293-X)

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE FOURTEENTH ANNUAL GENERAL MEETING (“AGM”) HELD ON WEDNESDAY, 27 FEBRUARY 2019

Present : **Board of Directors**

Tan Sri Dato’ Yap Suan Chee	- Executive Chairman
Encik Radzulai Bin Yahaya	- Executive Director
Ir. Leong Chee Kian	- Executive Director
Mr. Lim Tong Hee	- Executive Director
Dato’ Mohd Zain Bin Yahya	- Independent Non-Executive Director
Datuk Alias Bin Ali	- Independent Non-Executive Director
Dato’ Prof. Dr. Sudin Bin Haron	- Independent Non-Executive Director

and senior management, company secretary, external auditors, independent scrutineers, share registrar and members present personally and acting as proxies, where applicable and by corporate representatives.

At the Fourteenth AGM, the shareholders raised the following questions on the business and operations of the Group which were duly responded by Chairman/Management:-

NO.	QUESTIONS	THE COMPANY’S RESPONSES
1.	<p><u>2019 Economic Outlook and Challenges Faced by Melati Ehsan Group</u></p> <p>What is the 2019 Economic Outlook and challenges faced in view of the current financial performance of Melati Ehsan Group</p>	<p>Melati Ehsan Group will focus on government projects to build more affordable houses and transit houses. Recently, Melati Ehsan Group had entered into an agreement with Ministry of Housing regarding the Perumahan Transit Belia via land swap arrangement. The initial costs was funded by internally-generated fund.</p> <p>Melati Ehsan Group is optimistic over the current market situation and expected to achieve a satisfactory performance in the years 2019 and 2020.</p>
2.	<p><u>Potential Problem in Bank Borrowing</u></p> <p>Melati Ehsan Group might encounter the financial constraint on constructing the government projects. What is the potential difficulties in obtaining bank borrowing?</p>	<p>At this juncture, with good relationship and track records with the Banks, there were no foreseen problem of obtaining banking facilities.</p>

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3.	<p><u>Development Progress in Selayang, Gombak Project</u></p> <p>How is the development progress in Selayang, Gombak Project</p>	<p>Bayu Melati Sdn. Bhd. (“BMSB”) had obtained the approval from the relevant authorities in February 2019. Subject to obtaining the final land title, the settlement on purchase consideration will be made in accordance with the Sale and Purchase Agreement. The purchase consideration was funded partially by bank borrowings and internally-generated funds. Currently, the Bank had approved the bank borrowings.</p> <p>Melati Ehsan Group is optimistic towards the sales performance of the Gombak project which will contribute positively to its financial performance.</p>
4.	<p><u>Business Model of Land Swap Programme</u></p> <p>What is the business model of land swap programme?</p>	<p>Under the land swap programme, the Group will construct 400 units Rumah Transit Belia at its own costs for the Ministry of Housing. In return, Melati Ehsan Group will be a developer of an affordable housing scheme (530 units). The Board was confident on the demand over the units as the development is located in a high housing demand area. After meeting with the bank on bank borrowing issues and discussion with finance team, the Board opined that the land swap programme is in the best of interest of Melati Ehsan Group.</p>
5.	<p><u>High Trade Receivables</u></p> <p>What are the causes of high trade receivables?</p>	<p>The increase in trade receivables was in line with the increase in revenue. In 2018 Melati Ehsan Group had disposed of the inventories and had make a special arrangement with the purchaser to encourage sales on unsold stocks. Without taking into the consideration the retention sum and special arrangement, the turnover days are within 45 days to 60 days. Thus, the trade receivable turnover is still manageable.</p>

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6.	<p><u>Order Book, Tendering and Future Development of Melati Ehsan Group</u></p> <p>Updates on the order book, tendering and future development of Melati Ehsan Group.</p>	<p>a) Pembinaan Kery Sdn. Bhd., a wholly-owned subsidiary of the Company will undertake the land swap programme and is one of the strategic development of Melati Ehsan Group in year 2019.</p> <p>b) There might not have many construction projects to be undertake by Melati Ehsan Group due to not many upcoming infrastructure and lower budget for the projects of Public Works Department (JKR).</p> <p>c) Melati Ehsan (M) Sdn. Bhd., a related company to Tan Sri Dato’ Chairman, had entered into a privatisation agreement with Perbadanan Kemajuan Negeri Selangor (“PKNS”) on 19 October 2018 and Bayu Melati Sdn. Bhd., a wholly-owned subsidiary of the Company was appointed as main/turnkey contractor for the development. Currently, Melati Ehsan Group is awaiting for the approval from local authorities and the estimate processing time is about 6 to 9 months.</p> <p>d) Mahsa land in Selayang, Gombak – about 3,000 units being approved and Gross Development Value is approximately RM900 million</p>
7.	<p><u>Set Up of the Construction Contract and Property Development</u></p> <p>What is the set up of the construction contract and property development?</p>	<p>Melati Ehsan Consolidated Sdn. Bhd., a subsidiary of the Company is engaging in property development which build and sell properties. Whereas, other subsidiaries are engage in construction contracts for constructing high rise building, highway, car park and infrastructure works for government.</p>

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8.	<p><u>The Company’s Strategy on Share Buy-Back</u></p> <p>Does the Company have any strategy on Share Buy-Back?</p>	<p>There was no Share Buy-Back Policy at the moment. The Company will ensure excess cash will be used for buy back its own shares and conduct the transaction as and when its think fit.</p>
9.	<p><u>Distribution of share dividend</u></p> <p>Would the Company consider to distribute the share dividend instead of cash dividend?</p>	<p>The Company will consider to distribute the share dividend to shareholders.</p>
10	<p><u>Term of Services of Dato’ Mohd Zain Bin Yahya</u></p> <p>Based on the Director’s Profile of Dato’ Mohd Zain Bin Yahya in the Annual Report 2018, the term of service of Dato’ Mohd Zain is more than 12 years. How long is the term of services of Dato’ Mohd Zain as Independent Director in the Company?</p>	<p>Dato’ Mohd Zain was appointed to the Board of Directors of the Company on 29 January 2007 as Non-Independent Non-Executive Director and was re-designated to Independent Non-Executive Director on 14 December 2014.</p> <p>Thus, the term of services of Dato’ Mohd Zain as at the Fourteenth AGM is about 6 years and approximately 2 months.</p> <p>In future, the Company will indicate the effective date of re-designation of Dato’ Mohd Zain in his director’s profile.</p>
11.	<p><u>Additional Independent Director</u></p> <p>Does the Company has any plan to increase the number of Independent Directors?</p>	<p>The current board composition was complied with the Main Market Listing Requirement. The Board will consider to enlarge the composition after taking into consideration on the financial performance and economic condition.</p>