

# MELATI EHSAN HOLDINGS BERHAD

(the "Company")

(Registration No. 200401034784 (673293-X))

(Incorporated In Malaysia)

## SUMMARY OF KEY MATTERS DISCUSSED AT THE SIXTEENTH ANNUAL GENERAL MEETING ("AGM") HELD ON TUESDAY, 23 FEBRUARY 2021

<b>Present</b>	<b>:</b>	<b>Board of Directors</b>	
		Tan Sri Dato' Yap Suan Chee	- Executive Chairman
		Mr Lim Tong Hee	- Executive Director
		Ir Leong Chee Kian	- Executive Director
		Mr Cheah Jit Peng	- Executive Director
		Dato' Mohd Zain Bin Yahya	- Independent Non-Executive Director
		Encik Hidzir Bin Yahya	- Independent Non-Executive Director
		Mr Clifford Anthony Clement	- 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 Sixteenth 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.	<b><u>RIGHTS ISSUE ON PRO RATA BASIS</u></b>  Difference between the normal rights issue and the rights issue on Pro Rata Basis in ordinary resolution 12? Is all rights issue are fairly assigned based on the number of shares held? What are the sum that the Board is looking to raise for the pro rata rights issue and for what purpose?	<p>The Covid-19 pandemic and Movement Control Order ("MCO") had affected listed issuers. The listed issuers were facing big challenges in raising working capital and repayment of bank borrowing. The Enhanced Rights Issue Mandate is a temporary relief measure allowing eligible listed issuers to obtain mandated shareholders approval at a general meeting to undertake rights issue exercises. This exercise will enable the Company to raise fund from the existing shareholders in certain periods of time.</p> <p>There are no difference between the normal rights issue and the rights issue on Pro Rata Basis.</p> <p>The Company did not plan to issue the rights issues at this juncture.</p>

# MELATI EHSAN HOLDINGS BERHAD

(the "Company")

(Registration No. 200401034784 (673293-X))

(Incorporated In Malaysia)

## SUMMARY OF KEY MATTERS DISCUSSED AT THE SIXTEENTH ANNUAL GENERAL MEETING ("AGM") HELD ON TUESDAY, 23 FEBRUARY 2021

NO.	QUESTIONS	THE COMPANY'S RESPONSES
2.	<b><u>COMPANY'S BUSINESSES</u></b>	
	Any updates on the Company's businesses?	<p>The updates on the Company's businesses as follows:-</p> <p>(a) <u>Conlay Project</u> Melati Ehsan Group is going to handover the corporate office tower in Jalan Conlay, Kuala Lumpur City Centre to Pelaburan Hartanah Berhad ("PHB") in the mid of the year 2021. This project is expected to contribute positive profit to the Melati Ehsan Group.</p> <p>(b) <u>Rumah Transit Belia Project</u> Melati Ehsan Group had entered into a Development Agreement with the Ministry of Housing and Local Government for construction of 400 units Rumah Transit Belia and development of 530 units affordable housing in Jalan Puchong, Kuala Lumpur.</p> <p>(c) <u>Selayang Project</u> Melati Ehsan Group had obtained the approval on the land title. However, the final approval has not released due to the MCO. This project is expected to contribute good profit to the Group in the next 5 years.</p> <p>(d) <u>Kluang Project</u> The land is located at Kluang town for landed residential development. This project is affected by the MCO but the selling is expected to be picked up in few months.</p> <p>(e) <u>ME City Project</u> The ME City Project is located at Petaling Jaya. The sales gallery had been built up. The Project is estimated to be completed within 5 to 10 years.</p>

## MELATI EHSAN HOLDINGS BERHAD

(the "Company")

(Registration No. 200401034784 (673293-X))

(Incorporated In Malaysia)

### SUMMARY OF KEY MATTERS DISCUSSED AT THE SIXTEENTH ANNUAL GENERAL MEETING ("AGM") HELD ON TUESDAY, 23 FEBRUARY 2021

NO.	QUESTIONS	THE COMPANY'S RESPONSES
3.	<p><b><u>E-VOUCHERS OR E-WALLET</u></b></p> <p>Will there be e-vouchers or e-wallet given for those who are attending the virtual Annual General Meeting?</p>	<p>E-wallet, e-voucher or token is not provided in the Company's policy.</p>
4.	<p><b><u>LETTER FROM MINORITY SHAREHOLDERS WATCH GROUP (MSWG)</u></b></p> <p>Few points had been raised by Minority Shareholders Watch Group (MSWG) in relation to strategy/ financial and corporate governance matters.</p>	<p>The Company has responded to the questions raised by MSWG during the meeting. A copy of the replied letter is annexed herein as "Appendix I".</p>



## MELATI EHSAN HOLDINGS BERHAD (673293-X)

Date : 18 March 2021

### MINORITY SHAREHOLDERS WATCH GROUP

Tingkat 11 Bangunan KWSP  
No. 3 Changkat Raja Chulan  
Off Jalan Raja Chulan  
50200 Kuala Lumpur

Attention : **Mr Devanesan Evason**  
Chief Executive Officer

*Dear Sirs,*

### 16<sup>TH</sup> ANNUAL GENERAL MEETING OF MELATI EHSAN HOLDINGS BERHAD ("MELATI EHSAN" OR "THE GROUP") HELD ON TUESDAY, 23 FEBRUARY 2021

We refer to your letter dated 17 February 2021 pertaining to the above subject matter.

Append herein below our response and reply in relation to your questions:-

#### Operational & Financial Matters

##### 1. Covid-19 Pandemic

What is the expected impact of the pandemic on the Company's operations and financial position in FY2021?

*The impact of Covid-19 is being felt across most business sectors and industries. Various containment directives (Movement Control Order) executed by the Government have resulted in a nationwide shutdown of all non-essential business and eventually triggered Melati Ehsan operations to be temporarily halted and scaled down. However, upon the Government relaxing certain conditions of the MCO, the Group's operation gradually resumed whilst being continuously reviewed from time to time.*

*The Group shall maintain a sound financial standing in FY2021. As at the financial year ended 31 August 2020, Melati Ehsan's cash and bank balances stands at approximately RM45.00 million with total borrowings at a negligible level of less than RM1.00 million. Based upon this footing, the Group shall be able to manage any impending challenges and uncertainties arising from impact of the Covid-19 pandemic.*

##### 2. Melati Ehsan Group's share of results of the joint venture from an investment in B.H.O Melati Sdn. Bhd. recorded a loss of RM2,410,505 in FY2020 compared to a profit of RM2,794,916 recorded in FY2019 (Page 58 of the Annual Report 2020). How will the Board address the loss incurred by B.H.O Melati Sdn.Bhd.?

*The loss incurred during the FY2020 is due mainly to interest expense accrued & no progress / work done during the MCO from March-2020.*

...2/-

**MELATI EHSAN HOLDINGS BERHAD**

16<sup>TH</sup> ANNUAL GENERAL MEETING OF MELATI EHSAN HOLDINGS BERHAD  
 (“MELATI EHSAN” OR “THE GROUP”) HELD ON TUESDAY, 23 FEBRUARY 2021

**3. On-going projects**

- a) What is the current progress of the Company’s existing projects? Are the projects on track to be completed within the stipulated timeframe?

*Our construction projects are progressing well despite the Covid-19 pandemic. This was due to our good management and high commitment from our project team as well as strong support from our consultants, sub-contractors and suppliers who have been with us for many years. .*

*The progress of the Group existing projects as at 31 January 2021 are as follows:-*

**Construction Projects**

		<i>Progress (%)</i>
<i>i.</i>	<i>673 units Perumahan Penjawat Awam Malaysia (PPAM) project, Sentul, Kuala Lumpur</i>	<i>100.00 (Completed during FY2020)</i>
<i>ii.</i>	<i>Road works in the East Coast Economic Region, Central Spine Road, Seksyen 3E1 : Mentara to Merapoh, Pahang</i>	<i>100.00 (Completed during FY2020)</i>
<i>iii.</i>	<i>Cadangan Membina 1 Blok 7 Tingkat Berserta Mezzanine Tempat Letak Kereta Bertingkat, Dewan Serbaguna dan Gerai Diatas Sebahagian Lot 67619 di Jalan MRR II, Mukim Batu, Kuala Lumpur for Datuk Bandar Kuala Lumpur</i>	<i>100.00 (Completed during FY2020)</i>
<i>iv.</i>	<i>41-storey corporate office tower in Jalan Conlay, Kuala Lumpur City Centre for Pelaburan Hartanah Berhad</i>	<i>93.07</i>
<i>v.</i>	<i>Cadangan Kompleks Pejabat Direktorat Penguatkuasaan Dewan Bandaraya Kuala Lumpur, Bandar Tun Razak, Kuala Lumpur for Datuk Bandar Kuala Lumpur</i>	<i>97.38</i>
<i>vi.</i>	<i>400 units of Perumahan Transit Belia in Mukim Batu, Kuala Lumpur</i>	<i>Planning stage</i>

**Development Projects**

<i>i.</i>	<i>157 lots landed residential development project known as Meridian in Taman Kluang Barat, Kluang Johor consist of semi-detached, cluster and terrace houses</i>	<i>60.4%</i>
<i>ii.</i>	<i>Proposed development project ME City in Petaling Jaya, Selangor Darul Ehsan</i>	<i>Planning stage (Sales Gallery has been completed)</i>
<i>iii.</i>	<i>530 units of affordable service apartments in Mukim Petaling, Kuala Lumpur</i>	<i>Planning stage</i>

**MELATI EHSAN HOLDINGS BERHAD**  
16<sup>TH</sup> ANNUAL GENERAL MEETING OF MELATI EHSAN HOLDINGS BERHAD  
("MELATI EHSAN" OR "THE GROUP") HELD ON TUESDAY, 23 FEBRUARY 2021

---

- b) Are any of the Company's current projects facing cost overruns or other issues? If so, what is the Company's strategy to manage the issues?

*Melati Ehsan's current projects are not facing cost overruns or other issues.*

**4. Construction Orderbook**

- a) What is Melati Ehsan Group's outstanding orderbook?

*The Group's outstanding orderbook as of 31 August 2020 are as follows:-*

*Construction : RM1.464 billion*  
*Property development : RM1.629 billion*

- b) How long will the orderbook last?

*The Group's orderbook will last for 10 years*

- c) What is the targeted orderbook replenishment in FY2021?

*We foresee a lower availability of new construction jobs in the local market and a more competitive tender environment. Based upon this, Melati Ehsan plans to focus on timely execution and completion of its existing orderbook.*

*Nevertheless, the management is at all times constantly looking out for ways to participate and tender for government / quasi government institutions and private sector projects. The projects that we participated in the tenders were in different types ranging from infrastructure to building works. Our related experience within the construction industry, backed by strong and prudent financial management would stand a good chance. However, we are unable to provide the details of the participation and tender for competitive reasons, but the Group will announce or update the shareholders accordingly in the event that the projects are secured.*

**5. What is the outlook for Melati Ehsan Group's property development segment business in the next two financial years?**

*Melati Ehsan expects the overall local property market to remain soft with added uncertainties created by the virus outbreak. The key issues affecting the property market are price affordability, overhang of certain segments of properties, rising cost of living and stringent lending policies. Over the near term, investors and buyers are expected to defer decision-making as uncertainty clouds the future. Currently, it is a buyer's market and many deals are being offered by developers to attract first-time buyers as opposed to investors who have been temporarily sidelined. Nevertheless, the affordable segment of the property market is expected to be still active, subject to location and product features. As such, the Group will remain focused on the affordable housing segment and will continue to launch the right products that cater to the market demand.*

**MELATI EHSAN HOLDINGS BERHAD**  
16<sup>TH</sup> ANNUAL GENERAL MEETING OF MELATI EHSAN HOLDINGS BERHAD  
("MELATI EHSAN" OR "THE GROUP") HELD ON TUESDAY, 23 FEBRUARY 2021

---

**Sustainability Matters**

On sustainability, how is the Company intending to manage the environmental aspect in relation to its project's activities?

*Companies in today's global economy are not only accountable for the quality of their products and the profitability of their businesses but are also obligated to fulfil social and environmental commitments to both their stakeholders and the communities in which they operate. Melati Ehsan continues to uphold its values of good corporate citizenship and contribute to the wellbeing of the society.*

*On this note, the Group always place emphasis to conduct our business in a manner that will be beneficial to the environment. The Group had partnered with Malaysian Capacity Development Network for Sustainable Water Management and Jabatan Pengairan dan Saliran Malaysia on "Training of Trainers on Integrated Urban River Basin Management". Under this programme, the Group has shared its experience in practices and issues of river pollution in river basin management at Sungei Kertas of the Perbadanan Kemajuan Negeri Selangor building construction site.*



*In addition, Pembinaan Kery Sdn Bhd, (the Group's wholly owned subsidiary) had completed access roads in the East Coast Economic Region ("ECER"), helps to improve the inclusivity, connectivity and accessibility of the Central and East Regions of Peninsular Malaysia. The scopes of works include earthworks, drainage, road pavement, geotechnical, slope protection and bridges construction. In recognition of the management excellent performance, Pembinaan Kery Sdn Bhd was accorded the Kontraktor Cemerlang 2019 by JKR under the Green Development category in 2019.*

*The Group will continue to incorporate environmental element such as utilise recycle materials, green preservation, noise reduction and waste management in the conduct of our business and we believe our stakeholders would value and appreciate our efforts to manage our operations in a responsible manner while achieving commendable financial results.*

The above questions have been answered at the 16<sup>th</sup> AGM of the Company held on 23 February 2021.

Thank you.

Yours faithfully  
for and on behalf of  
**MELATI EHSAN HOLDINGS BERHAD**

  
  
TAN SRI DATO' YAPSUAN CHEE