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**ANNUAL
GENERAL
MEETING
2020**

MELATI EHSAN HOLDINGS BERHAD

(the "Company")

(Registration No. 200401034784 (673293-X))

(Incorporated In Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE FIFTEENTH ANNUAL GENERAL MEETING ("AGM") HELD ON WEDNESDAY, 26 FEBRUARY 2020

Present	:	Board of Directors	
		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
		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 Fifteenth 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.	<u>LETTER FROM MINORITY SHAREHOLDERS WATCH GROUP (MSWG)</u> The Company had received a letter dated 31 January 2020 from the Minority Shareholders Watch Group (MSWG) and few questions had been raised in relation to strategy/financial and corporate governance matters.	The questions and management replied had been distributed to the shareholders during the registration before meeting commenced. A copy of the replied letter is annexed herein as "Appendix I".
2.	<u>HIGH INVENTORIES AND TRADE RECEIVABLES</u> What are the causes of high inventories and trade receivables?	<u>Inventories</u> The high inventories was mainly due to the implementation of new accounting standard. The Company had reclassified the "Property Development Cost" to "Inventories". Other than raw material and work in progress, the scope of inventories are also included the construction and development costs.

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NO.	QUESTIONS	THE COMPANY'S RESPONSES
		<p><u>Trade Receivables</u></p> <p>The high trade receivables was due to the payment terms (bullet payment and deferred payment) of the Perumahan Pejawat Awam Malaysia (PPAM) project and Dewan Bandaraya Kuala Lumpur (DBKL) projects. Having obtained the Certificate of Fitness for PPAM project in January 2020, he expected the trade receivable will decrease substantially in the next quarter. The trade receivables will be collected upon completion of the PPAM.</p>
3.	<p><u>FUTURE PLAN FOR PROPERTY DEVELOPMENT SECTOR</u></p> <p>Noting the property development sector was a loss operation, any future plan for this sector?</p>	<p>In year 2019, there are a few development projects in a preliminary stage. Subject to the market condition, the Group will announce on the launching of these projects.</p> <p>Further, the project in Selayang, Gombak and Kluang, Bayu Melati Sdn. Bhd. ("BMSB") had obtained the final approvals from the Authority and currently, BMSB is awaiting the fund from the Bank. Melati Ehsan Group is optimistic over the projects to be launched.</p>
4.	<p><u>LEGALITY OF MONEY LENDING BUSINESS</u></p> <p>Is the Money Lending Business a legal business operation?</p>	<p>Melati Ehsan Group had obtained a Money Lenders Licence from Kementerian Perumahan Dan Kerajaan Tempatan (KPKT) and will consider to start this operation subject to the market demand</p>
5.	<p><u>CURRENT CONSTRUCTION PROJECTS AND OUTSTANDING BILLS</u></p> <p>What are the current construction projects and outstanding bills of Melati Ehsan Group?</p>	<p>The following lists are the details of order book and unbilled transaction of Melati Ehsan Group:-</p>

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NO.	QUESTIONS	THE COMPANY'S RESPONSES												
		<p data-bbox="783 533 938 564"><u>Order Book</u></p> <table border="1" data-bbox="788 595 1426 698"><tr><td data-bbox="788 595 1066 627">Construction Sector</td><td data-bbox="1066 595 1426 627">Approximately 2 billion</td></tr><tr><td data-bbox="788 627 1066 658">Property Sector</td><td data-bbox="1066 627 1426 658">Approximately 1.6 billion</td></tr><tr><td data-bbox="788 658 1066 698">Total:</td><td data-bbox="1066 658 1426 698">Approximately 3.7 billion</td></tr></table> <p data-bbox="783 730 1066 761"><u>Unbilled Transactions</u></p> <table border="1" data-bbox="788 792 1426 896"><tr><td data-bbox="788 792 1066 824">Construction Sector</td><td data-bbox="1066 792 1426 824">Approximately 1.6 billion</td></tr><tr><td data-bbox="788 824 1066 855">Property Sector</td><td data-bbox="1066 824 1426 855">Approximately 1.5 billion</td></tr><tr><td data-bbox="788 855 1066 896">Total:</td><td data-bbox="1066 855 1426 896">Approximately 3.1 billion</td></tr></table> <p data-bbox="783 927 1439 994">The current property development projects are as follows:-</p> <p data-bbox="783 1025 991 1057"><u>Kluang Projects</u></p> <p data-bbox="783 1088 1439 1290">Melati Ehsan Group will launch the projects soonest after obtaining the Advertisement Permit & Developer Licence (APDL) from Kementerian Perumahan Dan Kerajaan Tempatan (KPKT) and the Gross Development Value ("GDV") is about RM100 million.</p> <p data-bbox="783 1321 1007 1352"><u>Selayang Project</u></p> <p data-bbox="783 1384 1439 1684">The land was purchased from the private sector. The reason for not launching last year was mainly due to the land title from the authority was pending. The matter had been resolved about 2 weeks ago. The delays in the launching will not affect the GDV but Gross Development Cost might be affected. The Management will discuss with the suppliers and contractors and hopefully the development cost will remain unchanged.</p>	Construction Sector	Approximately 2 billion	Property Sector	Approximately 1.6 billion	Total:	Approximately 3.7 billion	Construction Sector	Approximately 1.6 billion	Property Sector	Approximately 1.5 billion	Total:	Approximately 3.1 billion
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6.	<p data-bbox="284 1720 592 1751"><u>KIARA BAY PROJECT</u></p> <p data-bbox="284 1783 762 1850">What is the position of Melati Ehsan Group in Kiara Bay Project?</p>	<p data-bbox="783 1783 1439 1850">The Kiara Bay Project is Tan Sri Dato' Chairman's family private investment.</p>												



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 (Company No: 673293-X)
 (Incorporated in Malaysia under the Companies Act, 2016)

To: The Shareholders of Melati Ehsan Holdings Berhad

Date : 26 February 2020

LETTER FROM MINORITY SHAREHOLDERS WATCH GROUP

Kindly be advised that the Company had received a letter dated 31 January 2020 from the Minority Shareholders Watch Group (MSWG). Few questions in relation to the strategy/financial and corporate governance matters had been raised.

Appended below are the questions and our Management replied via letter dated 18 February 2020 for your attention:-

Question	<i>Can the Board share with shareholders its views/thoughts on the current development pertaining to the construction industry and its potential impact on the Group's construction segment?</i>
Replied	<p>In 2018/2019, the Government announced numerous prudent measures to tackle the country's debt level, including reviewing and scrapping large infrastructure projects that bring no economic benefit to the nation. The cost-cutting pursuit was largely aimed at streamlining the national expenditure and improving the federal government's fiscal health. However, after a detailed review, the Government has recommenced several mega construction and infrastructure activities aimed at rejuvenate the sector and achieving broad-based sustainable growth with multiplier effect on the local economy. These high-impact projects are for example, public facilities/amenities, transportation and affordable housing schemes. Timely awards and implementation of these projects are necessary as the projects require a gestation period to generate the multiplier effect and contribute to the economy growth momentum.</p> <p>Nevertheless, the current outlook of the economy which is uncertain and shows signs of slow down will definitely have an impact on the local construction industry. We are not immune from the current dampened economy but remain positive and shall focus on affordable housing projects which we believe will still be in demand even in this current soft market. Despite the challenging outlook, we see opportunities in participating more infrastructure projects rolled out by the government this year i.e. highways, water supply, hospital, affordable housing schemes etc.</p> <p>Melati Ehsan will leverage on its healthy balance sheet to pursue new projects, investments and joint ventures that match our business objectives. The Group has over the years established itself on a solid foundation with a competitive edge (excellent track record and delivering projects ahead of schedule) and is in a strong position to capitalise on the construction projects that are in the pipeline.</p>

Question	<p><i>What is the progress and take-up rate of all current projects/developments under the Group?</i></p>																					
Replied	<p>Our construction works of projects undertaken from government are progressing well and ahead of schedule despite the current slowdown in construction sector. 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 Government is satisfied with our cost effective ‘design and build’ model and is confident with our good track record in delivering projects ahead of schedule with good workmanship.</p> <p>During the year under review, the Group focused on marketing those property units of completed development schemes. However, in the second half of 2019, the Group started a medium size landed residential development project in Kluang, Johor.</p> <p>The progress and take-up rate of the current projects/developments as at 31 January 2020 are as follows:-</p> <p>Construction Projects</p> <table border="1"> <thead> <tr> <th></th> <th></th> <th>Progress (%)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>673 units Perumahan Penjawat Awam Malaysia (PPAM) project, Sentul, Kuala Lumpur</td> <td>100.00</td> </tr> <tr> <td>2.</td> <td>Road works in the East Coast Economic Region, Central Spine Road, Seksyen 3E1 : Mentara to Merapoh, Pahang</td> <td>99.00</td> </tr> <tr> <td>3.</td> <td>41-storey corporate office tower in Jalan Conlay, Kuala Lumpur City Centre for Pelaburan Hartanah Berhad</td> <td>59.34</td> </tr> <tr> <td>4.</td> <td>Cadangan Kompleks Pejabat Direktorat Penguatkuasaan Dewan Bandaraya Kuala Lumpur, Bandar Tun Razak, Kuala Lumpur for Datuk Bandar Kuala Lumpur</td> <td>65.88</td> </tr> <tr> <td>5.</td> <td>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</td> <td>99.54</td> </tr> <tr> <td>6.</td> <td>400 units of Perumahan Transit Belia in Mukim Batu, Kuala Lumpur</td> <td>Planning stage</td> </tr> </tbody> </table>			Progress (%)	1.	673 units Perumahan Penjawat Awam Malaysia (PPAM) project, Sentul, Kuala Lumpur	100.00	2.	Road works in the East Coast Economic Region, Central Spine Road, Seksyen 3E1 : Mentara to Merapoh, Pahang	99.00	3.	41-storey corporate office tower in Jalan Conlay, Kuala Lumpur City Centre for Pelaburan Hartanah Berhad	59.34	4.	Cadangan Kompleks Pejabat Direktorat Penguatkuasaan Dewan Bandaraya Kuala Lumpur, Bandar Tun Razak, Kuala Lumpur for Datuk Bandar Kuala Lumpur	65.88	5.	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	99.54	6.	400 units of Perumahan Transit Belia in Mukim Batu, Kuala Lumpur	Planning stage
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<p>Replied (continued)</p>	<p>Development Projects</p> <table border="1" data-bbox="464 353 1430 920"> <tr> <td data-bbox="464 353 536 779">1.</td> <td data-bbox="536 353 1238 779">157 lots landed residential development project known as Meridian in Taman Kluang Barat, Kluang Johor consist of semi-detached, cluster and terrace houses</td> <td data-bbox="1238 353 1430 779">Construction progress : 8.6% Sales : Pending approval of advertising permit and developer licence for official launch</td> </tr> <tr> <td data-bbox="464 779 536 846">2.</td> <td data-bbox="536 779 1238 846">Proposed development project ME City in Petaling Jaya, Selangor Darul Ehsan</td> <td data-bbox="1238 779 1430 846">Planning stage</td> </tr> <tr> <td data-bbox="464 846 536 920">3.</td> <td data-bbox="536 846 1238 920">530 units of affordable service apartments in Mukim Petaling, Kuala Lumpur</td> <td data-bbox="1238 846 1430 920">Planning stage</td> </tr> </table> <p>The Group continues to participate in various tenders including design and build contracts in both the public as well as private sectors. The Group also continues to pursue quality investments and acquisition of lands in strategic locations in order to enhance its assets base for medium and long term development plans.</p>	1.	157 lots landed residential development project known as Meridian in Taman Kluang Barat, Kluang Johor consist of semi-detached, cluster and terrace houses	Construction progress : 8.6% Sales : Pending approval of advertising permit and developer licence for official launch	2.	Proposed development project ME City in Petaling Jaya, Selangor Darul Ehsan	Planning stage	3.	530 units of affordable service apartments in Mukim Petaling, Kuala Lumpur	Planning stage
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<p>Question</p>	<p><i>The Group's property development project with the proposed name "ME City" in Petaling Jaya, Selangor is expected to commence in the first half of 2020 (Page 15 of the Annual Report 2019).</i></p> <p>a) <i>What is the Gross Development Value of the ME City?</i></p> <p>b) <i>What is the development project's targeted contribution to the Group revenue in the next three years?</i></p>									
<p>Replied</p>	<p>a) The GDV for the ME City project is approximately RM2.5 billion</p> <p>b) Phase 1 of ME City is expected to be launched by 3rd quarter of 2020 with estimated GDV of RM618.6 million. However, this Project is not expected to have any material effect on the earnings and net assets for the financial year ending 31 August 2020. It is expected to contribute positively to the future earnings of the Group. Based on the current market condition, we expect the GDV of Phase 1 of ME City to contribute 30%, 30% and 40% to the Group revenue in the next three years after 2020.</p>									

<p>Question</p> <p>Replied</p>	<p><i>As reported on page 81 of the Annual Report 2019, the Group's gearing ratio has increased to 16.50% in FY2019 from 7.30% in FY2018. As the Group will embark on future project and development, what is the optimal gearing level that Melati Ehsan Group aspires to achieve in the long run?</i></p> <p>We have no optimal gearing level. However, the management and Board of Directors will monitor and assess the required borrowing on future projects and developments from time to time. The increase in gearing ratio was due to the Perumahan Penjawat Awam Malaysia ("PPAM") Project in Sentul undertaken by the Group. The PPAM Project has been completed in January 2020 and the loan is fully repaid.</p>
<p>Question</p> <p>Replied</p>	<p><i>Paragraph 9.21(2)(b) of the Main Market Listing Requirements requires a public listed company to publish a summary of the Key Matters Discussed at the AGM. As at 23 January 2020, the Key Matters Discussed at the last AGM were not published on the Company's website. Please explain.</i></p> <p>Kindly be advised that our last AGM was held on 27 February 2019 and thereafter, around 13 May 2019 published on the Company's website a summary of the Key Matters Discussed. The 15th AGM of the Company will be held on 26 February 2020.</p>
<p>Question</p> <p>Replied</p>	<p><i>Practice 11.2 of Malaysian Code on Corporate Governance (MCCG)</i></p> <ul style="list-style-type: none"><i>• Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.</i> <p>The Company is not a "Large Company" under the definition of MCCG 2017 and therefore it is not required to adopt integrated reporting at this stage.</p> <p>Nevertheless, the information disclosed in the annual report is in line with current regulatory and statutory guidelines and the principles which underline integrated reporting that include the Company's corporate governance, performance and prospects. The Company has also reported its Sustainability Statement on the Annual Report and provided the actions which the Board will take to formalise the Group's sustainability framework.</p> <p>Accordingly, between the options of "Applied" and "Departure" given in this CG Report template, the Company has chosen "Applied" in answering to this question.</p> <p>The Group continuously enhances its annual report, in order to improve its communication with its stakeholders with respect to the business of the company, its policies on governance, the environment and social responsibility.</p>