

MULTI-USAGE HOLDINGS BERHAD

[Registration No. 199101018622 (228933-D)]
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-EIGHTH ANNUAL GENERAL MEETING OF MULTI-USAGE HOLDINGS BERHAD (“MUH” or “THE COMPANY”) CONDUCTED ON A FULLY VIRTUAL BASIS FROM THE BROADCAST VENUE AT 12A-03, MENARA BOUSTEAD PENANG, 39 JALAN SULTAN AHMAD SHAH, 10050 PENANG ON MONDAY, 14 DECEMBER 2020 AT 9.30 A.M

The Chairman introduced the Directors and Company Secretary present, and drew attention to some housekeeping matters including manner of posting questions, and poll voting, which would be conducted during the deliberations of all agenda items for the five (5) resolutions in accordance with Paragraph 8.29A of the Listing Requirements. The Members were informed that Messrs. Agriteum Share Registration Services Sdn. Bhd was appointed as the Poll Administrator to conduct the polling process, whilst Symphony Merchant Sdn. Bhd. was appointed as the Scrutineers to verify the poll results.

With the consent of the meeting, the notice convening the 28th AGM was taken as read. The Chairman then proceeded to the official business of the 28th AGM.

2.0 AUDITED FINANCIAL STATEMENTS AND REPORTS OF DIRECTORS AND AUDITORS

The Audited Financial Statements of the Company and of the Group for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon (“Audited Financial Statements”) were tabled to the shareholders for discussion in accordance with Section 340 (1) of the Companies Act, 2016.

The Chairman informed that a letter dated 30 November 2020 was received by the Company from Minority Shareholders Watch Group (“MSWG”) in relation to Operational and Financial matters. The Company’s responses were displayed for shareholders’ information, a copy of which annexed hereto as “Annexure I”.

The Chairman sought questions from the Members. There being no other matters raised by the Members, the Chairman proceeded with the next agenda of the meeting.

3.0 TO RE-ELECT DATO’ ABDUL HADI BIN AWANG KECHIL WHO RETIRES PURSUANT TO CLAUSE 105 OF THE COMPANY’S CONSTITUTION

The Chairman informed that next agenda was to approve the re-election of Dato’ Abdul Hadi bin Awang Kechil who retires pursuant to Clause 105 of the Company’s Constitution.

The Chairman sought questions from the Members. There being no questions raised by the Members, the Chairman proceeded with the next agenda of the meeting.

4.0 TO RE-ELECT ANG KIM CHENG @ ANG TENG KOK WHO RETIRES PURSUANT TO CLAUSE 105 OF THE COMPANY’S CONSTITUTION

The Chairman informed that next agenda was regarding re-election of himself as Director of the Company who was retiring pursuant to Clause 105 of the Company’s Constitution. Due to conflict of interest, the Chairman invited the Audit and Risk Management Committee Chairman, Mr Ho Pui Hold (“Mr Ho”) to facilitate the agenda temporarily.

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Mr Ho sought questions from the Members. There being no questions raised by the Members, the Chairman proceeded with the next agenda of the meeting.

5.0 TO APPROVE THE PAYMENT OF DIRECTORS' FEES AND OTHER BENEFITS PAYABLE AMOUNTING TO RM180,000.00 FOR THE PERIOD FROM THE 28TH AGM UP TO THE 29TH AGM

The Chairman informed that next agenda was to approve the payment of Directors' Fees and other benefits amounting to RM180,000.00 for the period from the 28th AGM up to the 29th AGM of the Company.

The Chairman sought questions from the Members. There being no questions raised by the Members, the Chairman proceeded with the next agenda of the meeting.

6.0 RE-APPOINTMENT OF MESSRS UHY AS AUDITORS OF THE COMPANY

The Chairman informed that next agenda was to approve the re-appointment of Messrs. UHY as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.

The Chairman sought questions from the Members. There being no questions raised by the Members, the Chairman proceeded with the next agenda of the meeting.

7.0 AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

The Chairman informed that next agenda was to provide authority to Board of Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

The Chairman sought questions from the Members. There being no matters raised by the Members, the Chairman proceeded with the next agenda of the meeting.

8.0 ANY OTHER MATTERS

The Chairman was advised the Company Secretary that no notice to transact any other business had been received by the Company.

Thereafter, the Chairman invited the Poll Administrator to brief the Shareholders on the polling procedures, and upon the briefing, polling process took place at 10.00 a.m.

9.0 DECLARATION OF RESULTS

At 10.20 a.m., the Scrutineer announced the results of the poll voting and the Chairman declared that all resolutions stated in the Notice of 28th AGM dated 30 October 2020 were carried.

OPERATIONAL AND FINANCIAL MATTERS

Q1. The Group's bank and cash balances reduced from RM5.290 million in FY2019 to RM0.783 million in FY2020, due to lower revenue and losses incurred in FY2020. (page 10 of Annual Report).

- (a) Will the Group's operation be affected by the low bank and cash balances moving forward?**
- (b) What are the measures taken by the Group to address the low bank and cash balances available?**
- (c) Does the Group have any banking facilities that the Group can drawdown if the Group needs cash? If yes. What is the amount available and the interest cost?**

Company's Response

The Group has implemented several cost savings and rationalisation activities including temporary freezing staff recruitment, minimising non-essential expenses and renegotiation for better rates and quotes from vendors/suppliers to control costs and to manage the Group's cashflow. Additionally, the construction stage is approximately 85% completed. Therefore, the Board is of the view that the lower bank and cash balances would not be affected the Group's operation.

Currently, the Group will continue to employ a two-pronged approach of selling existing inventory of completed properties as well as current ongoing projects whilst strategy pacing new launches according to market demand.

Although the Group does not have any banking facilities but we are targeting that our sales for the coming FY2021 shall be improved as compared to FY2020 and hence generating more cash flow back to the Group.

Q2. The Group's gross profit margin reduced from 33.2% in FY2019 to 25% in FY2020. (page 9 of Annual Report).

- (a) What is the reason for the lower gross profit margin in FY2020?**
- (b) What measures has the Group taken to address the drop in gross profit margin?**

Company's Response

The lower gross profit margin in FY2020 was mainly due to a lower number of properties that were sold as well as lower contributions from work done on the on-going project as construction activities were halted during the MCO.

The Group implemented measures to control cost and to improve the sales take up rates to address the drop in gross profit margin.

Q3. The Group acquired 5 pieces of vacant buildings from a related party for RM1.25 million. (page 83 of Annual Report).

- (a) What is market value of the 5 vacant buildings at the time of acquisition?**
- (b) What was the Group's reason for buying the 5 vacant building as the Group is a property development company?**
- (c) Where is the location of the 5 vacant buildings?**

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- (d) What is the current status of the 5 vacant buildings? If the vacant buildings have been rented out. What is the rental income per annum from these vacant buildings?

Company's Response

The Group acquired 5 pieces of vacant land from a related party for RM1.25million and the market value at that time was roughly around RM1.596 million based on the valuation report carried out by the independent valuer

The Group's reason for buying the 5 vacant land was mainly due to increase of the land bank for future development.

The subject vacant land is situated within Bandar Machang Bubok which is mainly developed by TF Land Sdn Bhd with the single and double storey terrace, 2 to 3 storey semi-detached houses and bungalow, flats and 2 to 3 storey shophouses.

The Group's is in the midst of submitting the layout plan to local authorities for approval.

- Q4. The Group managed to sell RM1.512 million completed properties in FY2020 as compared to RM4.150 million in FY2019. (page 78 of Annual Report).**

The inventory of completed properties reduced by only RM0.6 million in FY2020 from RM33.0 million in FY2019 to RM32.4 million in FY2020. This indicates that the Group has difficulty in selling the completed properties.

- (a) What is the reason(s) for the lower sales of completed properties in FY2020?
- (b) What are the types and values of completed properties sold in FY2020?
- (c) What are strategies having the Group embarked to clear the slow-moving completed properties and how successful are the strategies in term of sales value of completed properties?
- (d) Please provide the aging profile of the completed properties by types and values in the bands of less than 1 year, 1 to 2 year and more than 3 years?

Company's Response

The reasons for the lower of sales of completed properties in FY2020 was mainly due to lockdown of our property development division and also the ability to close the deals in the second half of FY2020.

Completed Properties Stock Unit By Types

Type of property	➤ 2 year Stock Unit	➤ 3 year Stock Unit	Stock Value RM ('000)
2 Storey Semi-Detached		17	5,828
3 Storey Semi-Detached		18	7,401
Bungalow		20	12,859
3 Storey Shophouse		7	1,644
2 Storey Shophouse	17		4,445
Low-Cost Flats	6		252

During the FY2020, the property development division managed to sell few units of 2 Storey Semi-Detached at the selling price of RM1.37 million and 4 units of Low Cost Flat at the selling price of RM0.17 million.

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After the MCO lifted in June 2020, our property development division managed to sell the following completed properties as follows:

- (1) 3 Storey Shophouse at the selling price of RM1.19 million; and
- (2) 1 Bungalow at the selling price of RM1.26 million.

The Group has taken the following measures to aggressively market its completed and unsold properties:

- Participate in the 'Home Ownership Campaign' or HOC to reduce the buyers' cost on stamp duty;
- Offering referral fees to existing buyers, introducers for referring new buyers; and
- Adopting various sales and promotional schemes such as sales rebates, offering free legal fees on Sales & Purchase and Loan Agreement.

To date, we continue to see healthy bookings come from potential buyer.

Q5. The Group launched its phase 3 property project in Machang bubok, Bukit Mertajam, Penang comprising TF44- 44 units of 2-storey shop offices. TF15 – 15 units of 3-storey shop offices and LCF- 79 units of low-cost flats. (pages 9 of Annual Report).

(a) What is the stage of completion of TF44, TF15 and LCF phase of development as at October 2020?

(b) What is the latest take-up rates for TF44, TF15 and LCF-79 respectively?

Company's Response

For TF44 and TF15, consisting of 44 units of 2 storey and 15 units of 3 storey shop offices, the completion stage is approximately 85% with a take up rate of more than 36%.

For Low Cost Flat* Block-C, consisting of 79 units, the completion stage is approximately 95% which is pending Occupational Certificate to be issued by local authority. The take up rate is approximately 71%

Q6. As reported in the 2019 Annual Report, the Group launched TF39 – 39 units of 2-storey shop offices and LCF-Block C – 158 units of low-cost flats. (Page 9 of the 2019 Annual Report).

(a) Did the Company manage to sell all the TF39 – 39 units of shop offices and the low-cost flats? If not, what is the remaining unsold units and values of TF39 and low-cost flats respectively?

(b) What were the Gross Development Values of the TF39 2-storey shop offices and the low-cost flats?

Company's Response

For TF39, consisting of 39 units of 2 storey shop offices, there is no sale in FY2020. The remaining unsold is at 17units. The Gross Development Value of the TF39 is approximately at RM27.78 million

For Low Cost Flat* Block-A, consisting of 79 units, there is approximately 4 units sold in FY2020 with the remaining 6 units unsold. The Gross Development Value of Low Cost Flat* Block-A is approximately at RM3.32 million.

* Government Controlled Price

* Note that the sales for low-cost flats are under the control of the state government which will provide us the list of buyers.