

MULTI-USAGE HOLDINGS BERHAD

(Company No. 228933-D)

(Incorporated in Malaysia)

Summary of Key Matters Discussed at the Twenty-Sixth Annual General Meeting of MULTI-USAGE HOLDINGS BERHAD (“MUH” or “The Company”) held at Grand Ballroom 3 of Avani Sepang Goldcoast Resort, No 67 Jalan Pantai Bagan Lalang, Kg. Bagan Lalang, 43950 Sungai Pelek, Selangor Darul Ehsan on Thursday, 27 December 2018 at 9.00 a.m.

Before proceeding with the agenda item, the Chairman explained to the meeting the procedure of voting on a resolution. He informed that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, poll voting was required for the resolutions set out in the notice of the 26th AGM.

The Chairman informed the meeting that Messrs CHL, an independent auditor, was appointed as the Scrutineer of the meeting for the purpose of the polling, whilst Messrs Agriteum Share Registration Services Sdn Bhd was appointed as the independent Poll Administrator.

1. 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 2018 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 21 December 2018 was received by the Company from Minority Shareholders Watch Group (“MSWG”) in relation financial statements of the Company. In view none of the representative of MSWG was present at the 26th AGM, the Chairman informed that MSWG’s letter, along with the Company’s replies, would be uploaded into the Company’s website.

There being no matters raised, the Chairman proceeded with the next agenda of the meeting.

2. TO RE-ELECT THE following Directors retiring pursuant to the Company’s Articles of ASSOCIATION:

- I) HO PUI HOLD (ARTICLE 99)**
- II) DATO’ ABDUL HADI BIN AWANG KECHIL (ARTICLE 99)**
- III) NG KOK WAH (ARTICLE 99)**
- IV) ANG AI WAY (ARTICLE 99)**
- V) ANG KIM CHENG @ ANG TENG KOK (ARTICLE 94)**
- VI) ANG HWEI CHYN (ARTICLE 94)**

The Chairman informed that the next agenda was to approve the re-election of Ho Pui Hold, Dato’ Abdul Hadi Bin Awang Kechil, Ng Kok Wah and Ang Ai Way who retire pursuant to Article 99 of the Company’s Article of Association, himself, Ang Kim Cheng @ Ang Teng Kok and Ang Hwei Chyn who retire in accordance with the Article 94 of the Company’s Articles of Association.

At this juncture, the representative of MSWG, Mr Lee Chee Meng (“Mr Lee”) joined the 26th AGM and sought responses for the questions posted by MSWG vide its letter dated 21 December 2018.

The Chairman informed that the questions stated in MSWG's letter were in relation to financial statements of the Company, which should have been posted by MSWG at the earlier agenda on the receipt of audited financial statements of the Company. To ensure smooth deliberation of the agendas on the 26th AGM, the Chairman proposed to address MSWG's questions upon deliberation of all agendas of the 26th AGM.

There being no questions raised by the shareholders, the Chairman proceeded with the next agenda of the meeting.

3. TO APPROVE THE PAYMENT OF DIRECTORS' FEES AND OTHER BENEFITS OF: -

I) RM61,000/- FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

II) AN AMOUNT NOT EXCEEDING RM150,000/- FOR THE FINANCIAL YEAR ENDING 30 JUNE 2019

The Chairman informed that the next agenda was to approve the payment of Directors' Fees and other benefits amounting to RM61,000.00 for the financial year ended 30 June 2018, and an amount not exceeding RM150,000/- for the financial year ending 30 June 2019.

There being no questions raised by the shareholders, the Chairman proceeded with the next agenda of the meeting.

4. RE-APPOINTMENT OF MESSRS UHY AS AUDITORS OF THE COMPANY

The Chairman informed the shareholders that the retiring auditor, Messrs UHY had expressed their willingness to accept re-appointment as auditors of the Company.

At this juncture, Mr Lee enquired as to whether the Auditors were satisfied with the key assumptions used by the Company relating to the impairment of goodwill. Mr Tio, the Partner of Messrs UHY, responded that the Auditors were satisfied with the assumption.

Mr Lee commented that the inventory increased from RM6.5 million to RM29.5 million and made a remark that the Company was unable to sell its properties and further enquired why there was a huge increase in average revenue growth rate ("ARGR") from 4% (FY2017) to 117% (FY2018). Mr Kong Kai Yuen ("Mr KY Kong"), the Chief Executive Officer replied that there were sales, but the sales were slow due to economic reasons.

Mr. KY Kong further explained that the ARGR used in the value-in-calculation for the purpose of testing the impairment of goodwill was high due to the low amount of turnover recorded in the current year (2018). The Company expected sales to increase in the next few years to at least double that of the current year.

The Chairman proposed to deliberate the rest of the MSWG's questions, relating to financial statements, upon deliberation of all agendas of the 26th AGM.

There being no further questions raised by shareholders, the Chairman proceeded with the next agenda of the meeting.

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

The Chairman informed the shareholders that the 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.

There being no matters raised, the Chairman proceeded with the next agenda of the meeting.

6. ANY OTHER MATTERS

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

Prior to briefing the shareholders on the polling procedures, Mr KY Kong, the Chief Executive Officer, read out the questions posted by MSWG vide its letter dated 21 December 2018

Mr KY Kong informed that all questions posted by MSWG had been addressed and the replies were provided to MSWG vide the Company's letter dated 24 December 2018. The Company's responses were as follows: -

Strategic and Financial Matters

1) As reported in the Management Discussion and Analysis Statement, the Group has obtained the Certificate of Completion and Compliance ("CCC") for the 22 units of 3-Storey bungalows and 79 units of low-cost flats, Block A.

(a) What is the latest take-up rate and sales value of the 3-storey bungalows and low-cost flats respectively?

(b) What is the average selling price of a unit of the 3-storey bungalow and low cost flat?

(c) What is the latest take-up rate and the Gross Development Value ("GDV") of the 39 units of 2-storey shophouses and Block C low cost flats respectively?

The response for Question No. 1 (a) to (c), as follows: -

As at 30 November 2018	22 units of 3-storey Bungalows	79 units of Low-cost flats (Blk A)	39 units of 2-storey shop office	79 units of Low-cost flats (Blk C)
Unit Sold	5	69	21	11
Take Up Rate	22.7%	87.3%	53.8%	
Sales Value	RM6.2 mil	RM2.7 mil	RM14.2 mil	RM462,000
Average Selling Price	RM1.2 mil	RM40,000*	RM675,000	RM42,000*

**Government Controlled Price*

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

(d) What is Group's land bank available for development and its GDV?

The response for Question No. 1(d), as follows: -

The Group's land bank for on-going and future development were located at Bandar Machang Bubok, totaling approximately 11.02 acres and consisting mainly of shop offices, services apartments, commercial units and a few residential units. Some of these lands were still in the planning stage and the total GDV had not been estimated. However, upcoming projects which had been planned, which had been launched and to be launched in the near future were 59 units of 2 and 3-storey shop offices and 2 blocks of services apartments with commercial units. The estimated GDV was approximately RM180 million.

2) The inventories on completed properties have increased from RM 6.5million in FY2017 to RM29.5 million in FY2018, an increase of RM23 million or 354%.

(a) Please provide a breakdown of the completed properties by location, type and value.

(b) Please provide the age profile of the completed properties in terms of 1 year, 2 year and others.

(c) What is the reason for the high inventories of the completed properties?

(d) What is the measures have been taken to clear the completed properties?

The response for Question No. 2(a) to (d), as follows:

The completed properties were all located at Bandar Machang Bubok, Bukit Mertajam, Pulau Pinang. They consist of 2 units of shop offices, 39 units of 2-storey and 3-storey semi-detached houses and 21 units of 3-storey bungalows. Total GDV was estimated at approximately RM55 million. Most of the properties were completed in 2015 and 2017.

The reason for the higher inventory level was due to the sluggish sales and weak demand in the property market. The Company would continue to engage in more promotional and marketing activities to attract more buyers for its unsold units.

3) As disclosed in the Statement of Cash Flows on page 43 of the Annual Report, the inventories written down was RM1.2 million in FY2018 as compare to nil in FY2017.

(a) Please explain the nature and reason of the inventories to be written down.

(b) What are the measures been taken to minimize the amount of inventories to be written down in the future?

(c) Is there any potential of the inventories written down being recovered?

The response for Question No. 3(a) to (c), as follows: -

The inventory written down of RM1.2 million relates to the court case whereby OSK Capital made an application to sell five (5) properties registered in the name of TF Land Sdn Bhd. Further information was reflected in page 110 of the Annual Report 2018.

On 26 October 2018, the Judge had dismissed OSK's claims and OSK had appealed against the judgement.

Upon the final disposal of the case, if favorable, TF Land would write back the impairment.

- 4) One of the key assumptions used in value-in-use calculations for the impairment of Goodwill is Average Revenue Growth Rate ("ARGR") as disclosed on page 69 of the Annual Report.**

Why there is a huge increase in ARGR from 4% (FY2017) to 117% (FY2018)?

The response for Question No. 4, as follows: -

The average growth rate used in the value-in-calculation for the purpose of testing the impairment of goodwill was high due to the low amount of turnover recorded in the current year (2018). The Company expected sales to increase in the next few years to at least double that of the current year.

- 5) The Group has written off and provided an additional impairment loss of RM 7.1 million and RM 2.5 million respectively on Trade Receivables in FY2018 as disclosed on page 74 of the Annual Report.**

(a) Please provide the reasons for the impairment loss and the amount written off as these are in respect of the outstanding balances from purchasers of properties-in-progress and completed project as most of the purchasers would have obtained housing loans for their purchases.

(b) Please explain the actions taken to recover the amount written off and what is the success rate todate?

The response for Question No. 5, as follows: -

Impairment loss was only RM2,516 and not RM7.1 million and RM2.5 million as mentioned in MSWG's letter.

Mr Lee also proposed the Board of Directors to consider holding the general meetings later than 10.00 a.m. The rationale was to provide sufficient time for the shareholders and proxy holders to reach the meeting venue. He further proposed the Board of Directors to focus on the business operation and improve the financial performance in the following year.

Mr KY Kong informed that a write-up published by MSWG previously was reported bluntly. The Management of MUH had written to MSWG on the matter, however, no response was received as to-date. Also, MSWG provided a misleading comment on the Company previously. The Management of MUH, once again had written to MSWG, but no response was received as to-date.

Thereafter, the Chairman invited the Poll Administrator to brief the shareholders on the polling procedures.

The Chairman adjourned the meeting at 9.35 a.m., and informed that a recess of about 30 minutes would be provided to the shareholders pending verification and voting of the polling.

7. DECLARATION OF RESULTS

Upon resumption of the meeting at 9.50 a.m., the Chairman announced the results of the poll voting and declared that all resolutions stated in the Notice of 26th AGM were carried.