

MCE HOLDINGS BERHAD

(Company No 1158341-K)

SUMMARY OF KEY MATTERS DISCUSSED DURING THE 2ND ANNUAL GENERAL MEETING (“AGM”) OF MCE HOLDINGS BERHAD DULY CONVENED AND HELD AT THE HOP SING II HALL, PONDEROSA GOLF & COUNTRY CLUB, NO. 3, JALAN PONDEROSA 1, TAMAN PONDEROSA, 81100 JOHOR BAHRU, JOHOR MALAYSIA ON 20 DECEMBER 2017 AT 9.30 A.M.

ITEM 1 OF THE AGENDA - AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

A shareholder requested the Management to consider the time of future AGM be convened around 10.00 a.m. or later so that the outstation shareholders would not be in a rush to come to the AGM in the morning.

He then raised the following questions on the operations of the Company:-

- i) The reason for the delay in constructing a medical centre at the land located at Setia Alam which was acquired by the Group in year 2014?
- ii) What are the action taken by Management to address one of the condition stated in the Sales and Purchase Agreement (“SPA”) entered with S P Setia Berhad (“the Vendor”) relating to the time frame given to construct the main building of a medical centre?
- iii) Please quote some examples on the actions taken by Management to prepare the Group to move forward on the joint venture between DRB-Hicom and Zhejiang Geely Holdings Group Co. Ltd. (“Geely”) in respect of Proton Holdings Berhad (“Proton”)?
- iv) What are Management’s response on the announcement made by Geely in relation to the cost reduction?
- v) Is the Group supplying parts for the newly launched Myvi model of Perodua?
- vi) What is the latest development of the Memorandum of Understanding (“MOU”) entered with E-Lead Electronic Co., Ltd. (“E-Lead”) ? Is E-Lead supplying any parts to Geely currently?
- vii) How about the joint venture with PT Garuda Multi Investama. (“GMI”), Indonesia?
- viii) What is the Group’s vision for the next 10 years with the present share capital of 44,404,702 shares? How do Management see the company in 10 year times? Do Management have confidence in bringing up the Group to say RM300 million market capitalisation?

The Chairman and the Board took note and agreed to consider the request for convening AGM at a later time for future AGMs. The Group Managing Director (“MD”) then addressed the questions raised as follow:-

- i) At the point of time when the Group acquired the land, the land was a commercial land and earmarked for development of healthcare facility by the Vendor. However, various type of approval is required from relevant authorities prior to the construction of a medical centre which includes approval from Ministry of Health (“MOH”) on zoning and set up of medical centre.

After the proposal on land acquisition was approved by shareholders in year 2014, Management has proceeded with the application of necessary approvals from relevant authorities. To date, Management had secured the approval for zoning, Borang 2, Development Order and Building Plan from MOH and Local Council.

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In view of the challenging business environment particularly with the emergence of a few newly set up private hospitals, the prospects and outlook of the proposed hospital / medical centre business has changed. Management is pursuing the medical centre project with extreme caution. To date, the Group has yet to incur any major investment to commence the construction of the medical centre.

- ii) Management has been in constant discussion with the Vendor and they are aware of the challenging business environment faced by the Group and the fact that construction of the medical centre project has yet commenced. They have thus far not raised any issue.
- iii) Management had established contact with the management of Geely, China upon DRB-Hicom’s announcement on the decision to joint venture with Geely i.e. prior to the completion of shares acquisition and appointment of new management in Proton. After Geely took over the management of Proton, the Group was one of the existing Proton’s vendor selected to visit Geely’s plant in China. Besides, Geely has conducted audits at Multi-Code Electronics Industries Berhad (“MCEIB”), the main subsidiary of the Group and MCEIB is also invited to submit tender for the new coming models to be launched by Proton i.e. SUV model. Personally, the Group MD has visited Geely in China on 4 occasions to network and establish rapport with Geely’s management.
- iv) In respect of the cost reduction requested by Proton/ Geely, the Management has been looking into various cost cutting measures such as realignment of supply chain and improving the operational efficiency.
- v) MCEIB supplies fog lamp, reverse sensor and switches for the newly launched Myvi model of Perodua.
- vi) E-Lead is a Taiwanese Company specialising in electronics products. The Management is of the opinion that there is a lot of complimentary and synergistic areas where both MCEIB and E-Lead can work together.

To the best of the Group MD’s knowledge, E-Lead has secured some orders from Geely but have yet to start supplying to them.

The Management’s intention with E-Lead is not to specifically target at Proton / Geely as its products can be suitable for other OEM cars manufacturers such as Perodua, Honda, Toyota etc.

- vii) The Management clarified that it is not a joint-venture between the Group and GMI. MCEIB has signed a Memorandum of Understanding with GMI. However, the progress has not been up to Management’s expectations and it will takes time to build up relationship and network before tapping into the Indonesia market.
- viii) The Management was not satisfied with the past few years’ performance which was mainly due to the performance of Proton. With Geely joining Proton, Management shared the same view as Proton/ Geely’s new management that there may be possibilities and opportunities for Proton to growth further. The growth potential for the Group is there and Management is working hard to capitalise on the opportunities available.

For Agenda 2 to 9, there was no questions raised by the shareholders at the meeting.