

JOHAN HOLDINGS BERHAD
Registration No. 192001000038 (314-K)

Summary of Minutes of the Postponed Extraordinary General Meeting of the Company held as a fully virtual general meeting at Tricor Conference Room of Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan (the “Broadcast Venue”) on Wednesday, 13 May 2020, at 2.30 p.m.

1. ADDRESSED BY CHAIRMAN

The Chairman, on behalf of the Board of Directors, welcomed the shareholders and proxies present to the Postponed Extraordinary General Meeting (“EGM”) of the Company which was conducted fully virtual and broadcasted live from the Broadcast Venue. The attendance of the EGM was restricted to shareholders, proxies and authorised representatives of corporate shareholders, who had registered to join the EGM remotely (“the Members”).

The Company Secretary confirmed that the requisite quorum was present at the EGM, the Chairman called the meeting to order.

The Chairman reported that the EGM was convened via a fully virtual meeting in the manner as guided by the Securities Commission Malaysia Guidance on the Conduct of General Meetings for Listed Issuers. The Chairman, the Company Secretary and Mr Nantha Kumar from UOB Kay Hian Securities (M) Sdn Bhd, the Principal Adviser were in attendance physically at the Broadcast Venue.

All the other Board members, the representative of Deloitte PLT, the Reporting Accountants, the representative of KGV International Property Consultants (M) Sdn Bhd (“KGV”), the Independent Registered Valuer and the management team members were also present at the EGM virtually.

2. POLL VOTING

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution as set out in the Notice of EGM was voted by poll, conducted electronically via the Remote Participation and Voting (“RPV”) facility provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”), the poll administrator appointed for the poll voting. The Chairman informed the Members that the voting session commenced from 2.30 p.m. until the end of voting session to be announced. Members were allowed to submit their question in the query box provided in live stream meeting.

The Chairman invited the representative from Tricor to brief the Members on the voting procedure through RPV facility.

Having concluded on the briefing by the representative of Tricor, The Chairman then proceeded to deal with the business on hand.

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3. ORDINARY RESOLUTION

PROPOSED DISPOSAL BY PRESTIGE CERAMICS SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF JOHAN HOLDINGS BERHAD ("JOHAN" OR THE "COMPANY") OF A PIECE OF FREEHOLD LAND MEASURING APPROXIMATELY 112,396 SQUARE METRES, HELD UNDER GRN 150651, LOT 13992, MUKIM DENGKIL, DAERAH SEPANG, NEGRI SELANGOR TO ASPECT POTENTIAL SDN BHD, FOR A TOTAL DISPOSAL CONSIDERATION OF RM127,000,000 TO BE SATISFIED VIA A COMBINATION OF CASH AND PAYMENTS IN KIND ("PROPOSED DISPOSAL")

The Chairman informed the Members that the purpose of the EGM was to seek shareholders' approval to the Ordinary Resolution for the Proposed Disposal of the 28 acres freehold land ("the Land") belonging to Prestige Ceramics Sdn Bhd for a total consideration of RM 127 million. KGV had valued the Land at RM127,030,000.

The Chairman informed the Members that the EGM was originally scheduled on 25 March 2020 and had subsequently been postponed thrice to 13 May 2020, due to the implementation of Movement Control Order ("MCO") by the Government effective from 18 March 2020 and extended to 12 May 2020.

As a result of the MCO, both parties to the Sale & Purchase Agreement dated 27 November 2019 ("SPA") had on 24 April 2020 via Letters of Agreement mutually agreed to amend several terms in the SPA. Accordingly, the Ordinary Resolution to be tabled at the EGM was modified to cater to these variation in the terms of the SPA.

The Chairman informed that the Notice of EGM dated 28 April 2020 reflected the modified Ordinary Resolution had been circulated to all shareholders pursuant to the provisions of the Company's Constitution and advertised in the New Straits Times on 28 April 2020. With the permission from the Members, the Notice convening the EGM was taken as read.

The Circular to Shareholders dated 10 March 2020 containing relevant information on the Proposed Disposal, and the Notification to Shareholders of the Postponement of EGM dated 28 April 2020 ("Notification") containing information on the variation in the terms of the SPA as well as procedure of conducting, participating and voting at the fully virtual EGM were tabled.

The Chairman reported that Aspect Potential Sdn Bhd, the Purchaser of the Land ("the Purchase"), is a wholly owned subsidiary of OSK Holdings Berhad. The following salient terms of the SPA and Letters of Agreement were highlighted:

- (a) The sale consideration of RM127 million shall be satisfied by the Purchaser as follows:-
 - Cash consideration of RM108 million (85%), of which RM12.7 million was paid on 27 November 2019.

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- Upon receiving shareholders' approval to the Ordinary Resolution for the Proposed Disposal today, the Purchaser will effect further settlement by 12 June 2020 as follows:-
 - (i) Cash payment of RM50.3 million to the Company's solicitors as stakeholder, and
 - (ii) Payment in kind for a total value of RM19 million to be satisfied by 12 June 2020 as follows:
 - Effect transfer of documents of title together with vacant possession to 4 units of retail lots located at USJ One, Subang Jaya, and
 - Delivery of vacant possession to 3 units of 3-storey terrace factories located at Gravitas, Shah Alam. Due to the MCO, the Purchaser was allowed an extension of time up to 3 months from 13 May 2020 to effect transfer of documents of title for these 3 units.

KGV had valued these 7 units of completed properties at RM19,065,000. The Company intends to keep these completed properties for investment purposes, to generate recurring rental income and/or to realise capital gain in the event the Company is able to dispose of such properties at higher sale price moving forward.

- Under the terms for deferred cash payment, the final balance cash payment of RM45 million will be receivable in 3 equal instalments of RM15 million each by 27 November 2022, 27 November 2023 & 27 November 2024 respectively.
- (b) These deferred cash payment of RM45 million and the transfer of the 7 completed properties in (ii) above were guaranteed by a Corporate Guarantee provided by OSK Holdings Berhad.
- (c) The cash proceeds of RM108 million were proposed to be utilised as follows, as set out on Page 7 of the Circular:
 - RM14.75 million for repayment of a term loan of a subsidiary
 - RM26.00 million for Investment /business opportunities
 - RM 55.084 million for general working capital of Johan Group
 - RM12.166 million for estimated expenses in relation to the Proposed Disposal

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The Board of Directors (“the Board”) had allocated RM26 million for investment opportunities for new businesses and/or complimentary to the business of the Group. In the event the Board could not identify any suitable or viable investment opportunity and/ or collaboration within the 12 months period, the proceeds will be utilised to defray general working capital if so required or to place such fund in deposits with financial institutions, to generate interest income.

The Chairman informed the Members that the Board was of the opinion that the Proposed Disposal is in the best interest of the Company and that the terms and conditions of the SPA and as varied in the Letters of Agreement are fair and reasonable. The Board had recommended that shareholders to vote in favour of the Ordinary Resolution pertaining to the Proposed Disposal.

The Chairman reported that the Company had received proxy forms from shareholders holding a total of 377,256,457 shares, representing 60.56% of the total issued shares of the Company appointing the Chairman and proxies to vote in favour the resolution to be considered at the EGM.

The Chairman then opened up a Question and Answer (“Q&A”) session to allow the Members to post questions in relation to the Proposed Disposal.

Questions raised by the Members and the response were as follows:-

- (i) A Member asked whether there is a gain or loss arising from the Proposed Disposal. He also questioned why the amount of estimated expenses for the Proposed Disposal and estimated tax expenses as disclosed in item 2.8 on page 6 of the Circular were not tally with the amount as disclosed in footnote (4) of item 4 on page 9 of the Circular.

Mr Nantha Kumar, the representative of UOB Kay Hian Securities (M) Sdn Bhd, the Principal Adviser replied that the Proposed Disposal would expected to result in a loss position, as disclosed in item 2.8 on page 6 of the Circular. The loss was mainly due to the discounting impact on Deferred Cash Payment and the estimated tax expenses resulting from the Real Property Gain Tax (“RPGT”).

Mr Nantha Kumar clarified that the estimated expenses for the Proposed Disposal of RM450,000 as stated in page 6 was consistent with the estimated expenses as stated in page 9, which was breakdown to professional fees of RM260,000, regulatory fees of RM40,000 and other incidental expenses of RM150,000, totalling RM450,000. He further clarified that the amount of RPGT of RM11.716 million was consistent in both footnote (2) of item 2.8 in page 6 and footnote (4) of item 4 in page 9.

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- (ii) A Member pointed out that the Group intends to allocate approximately RM26 million of the sale proceeds to pursue its investment objectives, amongst others, to explore any investment opportunities or business collaborations, which may be in the similar or complementary, to the existing business of Johan Group, such as the Diners World Travel or Diners Club card businesses. He asked about the prospect of these two (2) businesses in view of the current Covid-19 pandemic issue.

The Chairman replied that the Diners Club Singapore Pte Ltd (“DCS”) still doing well notwithstanding to the Covid-19 pandemic as supermarket spending is increasing. On the other hand, the Diners World Travel only form part of the Group’s business and hence there would be no material impact to the Group arising from the Covid-19 pandemic.

- (iii) A Member asked (i) what the cost for the virtual EGM was, (ii) the future plan for the Group, and (iii) how the shareholders be rewarded after the Proposed Disposal.

The Chairman replied that the cost for convening the virtual EGM was approximately RM61,000. The Group currently still have ongoing businesses such as the Diners Club card business in Singapore and the Orient Star Resort in Lumut. Moving forward, the Company shall provide more capital in DCS and use part of the sale proceeds for new business or investment opportunities. The Company endeavours to achieve better results as a reward to shareholders. The Chairman informed the Members that the Company is unlikely to declare a Special dividend at this point of time as the Company needs cash for its business operations. He informed the Members that the Company is currently undergoing cost rationalisation exercise and salary cut for the staff.

After dealt with the questions raised, the Chairman proposed the Ordinary Resolution in relation to the Proposed Disposal to be voted by the Members by poll via the RPV facility. The Members were allocated another five (5) minutes time to submit their votes.

After the Chairman announced the closure of the voting session, he declared that the EGM be adjourned at 3.05 p.m. to enable the poll administrator and independent scrutineers to count the votes and verify the poll results.

The EGM was resumed at 3.15 p.m.

The Chairman informed the Members that the poll result was validated by the independent scrutineers. The poll result was as follows and the Chairman declared that the Ordinary Resolution was carried:-

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	FOR		AGAINST	
	No. of shares	%	No. of shares	%
<u>Ordinary Resolution</u> Proposed Disposal	377,676,757	99.9980	6,000	0.0020

4. CLOSURE

There being no other business to transact, the Chairman thanked the shareholders and proxies present for their attendance and declared the meeting closed at 3.17 p.m.