

**MKH BERHAD**  
Registration No: 197901006663 (50948-T)  
(Incorporated in Malaysia)  
(the "Company")

**MINUTES OF THE FORTIETH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT EMERALD BALLROOM, 1ST FLOOR, RHR HOTEL @ KAJANG, JALAN SEMENYIH, 43000 KAJANG, SELANGOR DARUL EHSAN ON THURSDAY, 5 MARCH 2020 AT 10.00 A.M.**

Present : As per Attendance List

In Attendance : Tan Wan San - Company Secretary

By Invitation : As per Attendance List

**1. CHAIRMAN**

- 1.1 Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong ("Tan Sri Chairman") as Chairman of the Board chaired the meeting.

**2. QUORUM FOR THE MEETING**

- 2.1 Pursuant to the Company's Constitution, the Secretary confirmed that the meeting had met the requisite quorum to proceed. Tan Sri Chairman then called the meeting to order and welcomed all present to the Fortieth Annual General Meeting ("AGM") of the Company.

**3. NOTICE OF MEETING**

- 3.1 The notice of meeting dated 21 January 2020 was taken as read without any objection from the members and proxies.
- 3.2 Tan Sri Chairman thanked the members present for their continued support and understanding during this challenging environment and provided a brief on the performance of the Group, current development, steps undertaken by the Group to overcome this challenging business environment and continue to grow and prosper.
- 3.3 Ms Kok Siew Yin ("Ms Kok"), the Chief Financial Officer ("CFO") of the Company and the Group then presented to the all members and proxies present at the meeting a power point presentation on the performance of the core business namely property development and construction division, plantation division and property investment for the first quarter of financial year ending 30 September 2020.
- 3.4 Tan Sri Chairman invited the Company Secretary to brief the meeting on the procedures for voting on the proposed resolutions as set out in the notice of meeting.
- 3.5 The Company Secretary then briefed the meeting that pursuant to the Listing Requirements of Bursa Malaysia, any resolution set out in the notice of any general meeting or notice of resolution will be voted by poll to be taken at the end of the meeting. He then further briefed the meeting that the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor"), is appointed to act as the Poll Administrator and Asia Securities Sdn. Berhad, is appointed to act as the Independent Scrutineer to validate the votes cast at the meeting.

4. **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019**

- 4.1 The audited financial statements for the financial year ended 30 September 2019 ("FY2019") together with the reports of the directors and auditors thereon were laid before the meeting pursuant to Section 340 of the Companies Act, 2016.
- 4.2 Prior to the Meeting, Minority Shareholder Watchdog Group ("MSWG") had on 6 February 2020 submitted their questions to the Company on audited financial statements for the FY2019. The questions raised by MSWG and the answers from the Board attached as "**Appendix 1**" was distributed to those present at the Meeting.

The representative from MSWG informed that he was satisfied with the replies given by the Company.

He further enquired the Board whether the furniture manufacturing segment in China was for which market?

Ms Kok, the CFO replied that the furniture manufacturing segment in China was mainly for the export market.

- 4.3 Tan Sri Chairman invited questions pertaining to the financial statements from the members and proxies.
- 4.3 All the questions raised by the shareholders and proxies holders and response from the Management were laid out as per annexure remarked "**Appendix 2**" of this minutes.
- 4.4 Since there was no further questions, Tan Sri Chairman declared that the audited financial statements for the FY2019 and the reports therein be and is hereby received pursuant to Section 340 of the Companies Act, 2016.

5. **ORDINARY RESOLUTION 1  
TO APPROVE THE PAYMENT OF DIRECTORS' FEES TO THE NON-EXECUTIVE DIRECTORS**

- 5.1 Tan Sri Chairman informed the meeting that the next item on the agenda was to approve the payment of Directors' fees amounting to RM200,000.00 for the FY2019 to the Non-Executive Directors.
- 5.2 On the proposal of Mr KL Teh and seconded by Mr SM Chee, Tan Sri Chairman then put forth the following motion to the meeting for approval:-

"THAT the payment of Directors' fees amounting to RM200,000.00 for the FY2019 to the Non-Executive Directors of the Company be and are hereby approved."

**6. ORDINARY RESOLUTION 2  
TO APPROVE THE PAYMENT OF DIRECTORS' BENEFITS (EXCLUDING  
DIRECTORS' FEES) TO THE NON-EXECUTIVE DIRECTORS**

6.1 Tan Sri Chairman informed the meeting that Ordinary Resolution 2 was to approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors of the Company from 5 March 2020 until the next Annual General Meeting of the Company.

6.2 On the proposal of Ms KC Yap and seconded by Mr SM Chee, Tan Sri Chairman then put forth the following motion to the meeting for approval:-

"THAT the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors of the Company from 5 March 2020 until the next Annual General Meeting of the Company be and are hereby approved."

**7. ORDINARY RESOLUTIONS 3 TO 5  
RE-ELECTION OF DIRECTORS**

7.1 Tan Sri Chairman informed the meeting that the next item was to re-elect himself, who retires by rotation pursuant to the Company's Constitution and being eligible, had offered himself for re-election. Following this, he handed the Chair to the Company Secretary to conduct the proceeding of this agenda.

7.2 The Company Secretary then proceeded to the agenda which was to re-elect Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, who is retiring by rotation pursuant to Clause 112 (1) of the Company's Constitution and being eligible, had offered himself for re-election.

7.3 On the proposal of Mr SY Chua and seconded by Mr ES Sang, the Company Secretary then put forth the following motion to the meeting for approval:-

"THAT Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, who is retiring in accordance with the Company's Constitution be and is hereby re-elected as Director of the Company."

Thereafter, the Company Secretary passed the Chair back to Tan Sri Chairman.

7.4 Tan Sri Chairman then proceed to the next item of the agenda and informed the Meeting that Ordinary Resolution 4 was to approve the re-election of Datuk Chen Fook Wah, who is retiring by rotation pursuant to Clause 112(1) of the Company's Constitution and being eligible, had offered himself for re-election.

7.5 On the proposal of Mr KL Teh and seconded by Mr SM Chee, Tan Sri Chairman then put forth the following motion to the meeting for approval:-

"THAT Datuk Chen Fook Wah, who is retiring in accordance with the Company's Constitution be and is hereby re-elected as Director of the Company."

**7. ORDINARY RESOLUTIONS 3 TO 5  
RE-ELECTION OF DIRECTORS (CONT'D)**

7.6 Tan Sri Chairman then proceed to the next item of the agenda and informed the Meeting that Ordinary Resolution 5 was to approve the re-election of Haji Mohammed Chudi bin Haji Ghazali, who is retiring by rotation pursuant to Clause 112(1) of the Company's Constitution and being eligible, had offered himself for re-election.

7.7 On the proposal of Mr SM Chee and seconded by Mr SY Chua, Tan Sri Chairman then put forth the following motion to the meeting for approval:-

"THAT Haji Mohammed Chudi bin Haji Ghazali, who is retiring in accordance with the Company's Constitution be and is hereby re-elected as Director of the Company."

**8. ORDINARY RESOLUTION 6  
RE-APPOINTMENT OF AUDITORS**

8.1 Tan Sri Chairman then proceed to the next item of the agenda and informed the Meeting that Ordinary Resolution 6 was to approve the re-appointment of Deloitte PLT as Auditors of the Company for the financial year ending 30 September 2020 and to authorise the Directors to fix their remuneration.

8.2 The Chairman informed that the Company's Auditors, Deloitte PLT has indicated their willingness to continue in office as auditors of the Company for the ensuing year.

8.3 On the proposal of Mr PY Lim and seconded by Mr SM Chee, Tan Sri Chairman then put forth the following motion to the meeting for approval:-

"THAT Deloitte PLT, be and are hereby re-appointed as Auditors of the Company for the financial year ending 30 September 2020 and to authorise the Directors to fix their remuneration."

**9. SPECIAL BUSINESS**

**9.1 ORDINARY RESOLUTION 7  
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

9.1.1 Tan Sri Chairman informed the meeting that the next item on the agenda was to consider and if thought fit, to pass Ordinary Resolution 7, authorising the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 as set out in the notice for approval.

**9.1 ORDINARY RESOLUTION 7**

**AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (CONT'D)**

- 9.1.2 On the proposal of Mr TW Lew and seconded by Ms WC Poo, Tan Sri Chairman then put forth the following motion to the meeting for approval:-

"THAT subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) or party(ies) whomsoever as the Directors may in their absolute discretion, deem fit and expedient in the best interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**9.2 ORDINARY RESOLUTION 8**

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

- 9.2.1 Tan Sri Chairman informed the meeting that the next item on the agenda was to consider and if thought fit, to pass Ordinary Resolution 8 for proposed renewal of authority for the Company to purchase its own shares ("Proposed Renewal of Share Buy-Back") as explained in the Statement to Shareholders dated 21 January 2020 for approval.
- 9.2.2 On the proposal of Mr GT Lim and seconded by Ms WL Chen, Tan Sri Chairman then put forth the following motion to the meeting for approval:-

"THAT subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to exercise the power of the Company to purchase such amount of ordinary shares in the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company ("Proposed Renewal of Share Buy-Back") subject further to the following:

- (i) the aggregate number of shares purchased does not exceed 10% of the existing number of shares of the Company ("Purchased Shares") at the point of purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Purchased Shares shall not exceed the total retained profits of the Company at the time of the purchase(s); and

**9.2 ORDINARY RESOLUTION 8  
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS  
OWN SHARES (CONT'D)**

- (iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company unless the authority is renewed subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
  - (c) it is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;whichever occurs first,
- (iv) upon the completion of the purchase(s) of the Purchased Shares, the Directors of the Company be and are hereby authorised to deal with the Purchased Shares in the following manner:-
  - (a) to cancel the Purchased Shares so purchased; or
  - (b) to retain the Purchased Shares so purchased as treasury shares for distribution as dividends to the shareholders and/or resold on the market of Bursa Securities; or
  - (c) to retain part of the Purchased Shares so purchased as treasury shares and cancel the remainder; or
  - (d) to deal in such other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with fullest power to do all such acts and things thereafter as the Directors may deem fit and expedient in the best interest of the Company."

**9.3 ORDINARY RESOLUTIONS 9 AND 10  
RETENTION OF INDEPENDENT DIRECTORS / CONTINUING IN OFFICE AS  
INDEPENDENT NON-EXECUTIVE DIRECTORS**

- 9.3.1 Tan Sri Chairman informed the meeting that the next item on the agenda was to consider and if thought fit, to pass Ordinary Resolution 9 for the retention of office of Encik Jeffrey bin Bosra who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue in office as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017.



**9.3 ORDINARY RESOLUTIONS 9 AND 10**

**RETENTION OF INDEPENDENT DIRECTORS / CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS (CONT'D)**

- 9.3.2 On the proposal by Mr GT Lim and seconded by Mr SM Chee, Tan Sri Chairman then put forth the following motion to the meeting for approval:-

“THAT approval be and is hereby given to Encik Jeffrey bin Bosra who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017.”

- 9.3.3 Tan Sri Chairman further informed the meeting that the next item on the agenda was to consider and if thought fit, to pass Ordinary Resolution 10 for the retention of office of Haji Mohammed Chudi bin Haji Ghazali who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, to continue in office as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company in accordance with the required two-tier voting process of the Malaysian Code on Corporate Governance 2017.

- 9.3.4 On the proposal by Mr KL Teh and seconded by Ms ML Tew, Tan Sri Chairman then put forth the following motion to the meeting for approval:-

“THAT subject to the passing of Ordinary Resolution 5, approval be and is hereby given to Haji Mohammed Chudi bin Haji Ghazali who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company in accordance with the required two-tier voting process of the Malaysian Code on Corporate Governance 2017.”

**10. ANY OTHER BUSINESS**

- 10.1 The Chairman sought confirmation from the Company Secretary whether the Company had received any notice to transact any other business which had been given in accordance with Section 309 of the Companies Act 2016 and the Company's Constitution. The Company Secretary confirmed that the Company had not received any notice to transact any other business at the meeting.
- 10.2 The Chairman then invite the representative from Tricor, the Poll Administrator to brief the meeting on the e-polling process.
- 10.3 The Company Secretary then briefed the meeting that for Ordinary Resolution 10, polling will be conducted using a two-tier voting process which was segregated into Tier 1, consists of only large shareholders (holding no less than 33% of the voting shares of the Company) and persons connected to them and Tier 2, which consists of all shareholders other than the large shareholders and persons connected to them. Asia Securities Sdn Berhad (“Scrutineers”) was appointed as the independent scrutineer to verify the poll results.

10. **ANY OTHER BUSINESS (CONT'D)**

Thereafter, the members proceed to vote electronically on the various resolutions using the electronic voting devices provided by the share registrar.

11. **ANNOUNCEMENT OF POLL RESULTS**

11.1 The Chairman called the meeting to order at 12.55 p.m. for the declaration of results.

Based on the polling results which had been verified and validated by the Scrutineers, the Chairman declared all the resolutions tabled at the Meeting, CARRIED as follows:

Resolution	Vote in Favour			Vote Against		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
<b>ORDINARY BUSINESS</b>						
Ordinary Resolution 1 • Payment of Directors' Fees for financial year ended 30 September 2019	128	297,149,617	99.9996	2	1,200	0.0004
Ordinary Resolution 2 • Payment of Directors' benefits (excluding Directors' fees) to Non-Executive Directors of the Company	127	297,137,617	99.9996	2	1,200	0.0004
Ordinary Resolution 3 • Re-election of retiring Director, Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong	122	297,116,022	99.9656	9	102,156	0.0344
Ordinary Resolution 4 • Re-election of retiring Director, Datuk Chen Fook Wah	121	297,104,022	99.9656	9	102,156	0.0344
Ordinary Resolution 5 • Re-election of retiring Director, Haji Mohammed Chudi bin Haji Ghazali	110	294,605,472	99.1209	21	2,612,706	0.8791
Ordinary Resolution 6 • Re-appointment of Deloitte PLT as Auditors of the Company for the financial year ending 30 September 2020 and to authorise the Directors to fix their remuneration	129	297,216,978	99.9996	2	1,200	0.0004

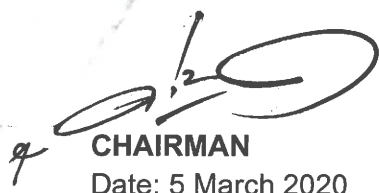


Resolution	Vote in Favour			Vote Against		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
<b>SPECIAL BUSINESS</b>						
Ordinary Resolution 7 • Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016	126	297,154,158	99.9825	4	52,020	0.0175
Ordinary Resolution 8 • Proposed Renewal of Authority for Share Buy-Back	128	297,171,078	99.9996	2	1,200	0.0004
Ordinary Resolution 9 • Retention of En Jeffrey bin Bosra as Independent Non-Executive Director	122	296,860,002	99.8795	9	358,176	0.1205
Ordinary Resolution 10 - • Retention of Haji Mohammed Chudi bin Haji Ghazali as Independent Non-Executive Director	Tier 1 - Large Holders:  17	Tier 1 - Large Holders:  273,874,626	Tier 1 - Large Holders:  100.0000	Tier 1 - Large Holders:  0	Tier 1 - Large Holders:  0	Tier 1 - Large Holders:  0.0000
	Tier 2 - Other Holders:  96	Tier 2 - Other Holders:  20,733,626	Tier 2 - Other Holders:  88.8195	Tier 2 - Other Holders:  18	Tier 2 - Other Holders:  2,609,926	Tier 2 - Other Holders:  11.1805

## 12. CLOSURE OF MEETING

- 12.1 As there was no other matter to be discussed, Tan Sri Chairman declared that the meeting closed at 1.05 p.m. and expressed sincere thanks to all members and proxies for their attendance.

Confirmed as a correct record

  
**CHAIRMAN**  
Date: 5 March 2020

**Response to Minority Shareholder Watchdog Group's Queries****Strategic and Financial Matters**

- 1) **The Plantation division recorded unrealised foreign exchange gains of RM14 million in FY 2019 as compared to the preceding year unrealised foreign exchange losses of RM36.4 million. This was due to the strengthening of Indonesian Rupiah against its borrowings in US Dollar. (page 22 of Annual Report)**

**What are the measures taken by the Company to hedge against the volatile Indonesian Rupiah?**

**Response:**

As the Crude Palm Oil ("CPO") is an internationally traded commodity mainly in USD, there is a natural hedge as the selling price of the CPO in Indonesian Rupiah ("IDR") has a positive correlation with the strengthening of the USD currency. We constantly monitor and compare the net selling price of CPO in the local Indonesian market (in Rupiah), CPO price in Malaysia and the foreign exchange rate to ensure that the Group is selling the CPO at the best possible price.

In addition, conversion of IDR to MYR and USD is scheduled in advance for payment of foreign borrowings and management fees and inter-co interest. These foreign currency rates are being monitored constantly and the conversion is made when they become reasonably attractive. Otherwise, the Indonesian Rupiah will be placed in Indonesian Banks to earn high-interest deposits. We are also exporting CPO whereby the sale proceeds are in USD.

We will continue to accumulate USD from export sales of CPO and Indonesian Rupiah from the sale of CPO and Palm Kernel ("PK") domestically and later convert to USD when the Rupiah conversion rate is attractive against the USD.

The Group will consider entering into hedging for CPO by selling forward in the futures market when the CPO price is consider attractive. The hedge will not exceed 50% of the Group's CPO production.

- 2) **The share of results of associates in FY 2019 was a loss of RM885,173 as compared to a profit of RM360,579 in FY 2018. The result of the loss was mainly contributed by Panasonic Homes MKH Malaysia Sdn. Bhd. ("PHMMSB") that recorded a loss of RM707,861 in FY 2019 as compared to a profit of RM903,034 in FY 2018. (pages 87 & 169 of the Annual Report)**

**Response:**

Panasonic Homes MKH Malaysia Sdn. Bhd. was formed with the objective to adopt two unique technologies by Panasonic Group namely PURETECH, a technology used to improve air quality and POWERTECH, Wall Pre-cast Concrete ("W-PC") construction method for better quality control, shortens construction time, reduce labour and dependency on foreign workers for MKH Group's landed residential properties and eventually, to market the said technologies to others within the property development industry.

- (a) **What were the reasons for PHMMSB recording a loss in FY 2019?**

**Response:**

PHMMSB recorded a loss of RM707,861 in FY 2019 as compared to FY 2018 was mainly due to unanticipated cost overrun in W-PC for the construction of 1,172 units of low-rise residential properties in our Hillpark Shah Alam North ("The Projects"). The Projects were completed in FY 2018 and FY 2019 over 4 phases.

- (b) **What are the measures taken to improve the profitability of PHMMSB?**

**Response:**

The management team of Panasonic Homes will review and streamline certain production processes that can further improve the efficiency in term of its speed and manpower requirements thus, increase the profit margin.

- (c) **What is the outlook for PHMMSB in FY 2020?**

**Response:**

The outlook for PHMMSB in FY 2020 will remain unfavorable in view of the cost overrun that has yet to be fully captured and reflected in FY 2019. With reference to our 1<sup>st</sup> quarter results ended 31 December 2019 ("1QFY2020") announcement dated 26 February 2020, the share of results of associates was RM2.42 million, which included the share of losses from PHMMSB of RM2.37 million. We are expecting the losses to be reduced in the upcoming quarters following the completion of The Projects.

- 3) The impairment loss on Other Receivables was RM4,531,362 in FY 2019 as compared to a nil amount in FY 2018. (page 98 of the Annual Report)**

- (a) **What was the reason for the substantial increase in the impairment loss on Other Receivables in FY 2019?**

**Response:**

The impairment loss on Other Receivables of RM4,531,362 was due to the external contractor namely, Intelligent Essence Sdn. Bhd. ("IESB"), who undertaken the construction of a KTM commuter station for Perbadanan Aset Keretapi ("PAK") as mentioned in note to accounts no. 11.2 (page 154 of Annual Report). IESB was one of the approved panel contractors by PAK and we have appointed IESB as the main contractor to undertake the construction works. Unfortunately, IESB was unable to perform despite the financial support from the Group. New contractors have been appointed to take over the said construction.

- (b) Please provide a breakdown of the components of Other Receivables and those with the impairment losses?

**Response:**

<b>CURRENT NON-TRADE</b>	<b>Gross Other Receivables RM</b>	<b>Allowance for Impairment loss RM</b>	<b>Net RM</b>
Indirect taxes paid in advance to tax authorities	17,124,894	-	17,124,894
Plasma Farmers Cooperative in Indonesia	5,996,149	-	5,996,149
Intelligent Essence Sdn Bhd - KTM main-contractor	4,531,362	(4,531,362)	-
Income taxes paid in advance to tax authorities	926,489	-	926,489
Unbilled rental (MFRS117, NTA3 (e)(viii) & (h)(ii))	5,857,461	-	5,857,461
Back-charges to contractors & subcontractors	5,007,566	-	5,007,566
Advances to minority shareholders in Indonesia	3,514,516	-	3,514,516
Staff loans/advances	606,808	-	606,808
Other receivables	2,120,936	(495,036)	1,625,900
	<b>45,686,181</b>	<b>(5,026,398)</b>	<b>40,659,783</b>

- (c) The measures have been taken to reduce the impairment loss on Other Receivables.

**Response:**

This was an unanticipated one-off loss for the Group and we will tighten-up the process of selection of contractors.

- 4) The Manufacturing Segment reported a much higher profit of RM2.54 million in FY 2019 as compared to RM0.59 million in FY 2018. The reason for the higher profit was due to higher revenue in FY 2019 (RM9.29 million) as against RM7.58 million in FY 2018. (pages 215 and 217 of Annual Report)

- (a) What is the reason for the higher revenue and profit for FY 2019?

**Response:**

The higher revenue for FY 2019 was mainly due to the increase in furniture sales orders whereas the higher profit was partially derived from the rental of this manufacturing division's land and buildings ("land and buildings").

As highlighted in our annual report 2017 (page 25 of Annual Report) previously, the Group is committed to convert part of the land and buildings for rental purposes that gives better returns on investment. In FY 2019, the Group has successfully

converted 75% of the land and buildings and recognised RM2,825,619 as rental proceed of land and buildings in other income.

The furniture manufacturing activities has been streamlined and operated in the balance of the land and buildings and this has improved the operation efficiency very much as compared to previously.

**(b) What is the plant capacity and the current utilisation rate?**

**Response:**

With the reduced furniture manufacturing spaces, lease and outsource the epoxy powder coating finishing plant, the operation has become more efficient with less fixed labour overhead. The manufacturing plant is currently operating at approximately 85% production capacity.

**(c) What is the outlook for this segment in FY 2020?**

**Response:**

The outlook for this segment in FY 2020 is expected to be positive as evident in our 1QFY2020 announcement but might be dampen by the unanticipated outbreak of Covid-19 coronavirus.

**5) The Group made a land donation of RM9,461,450 in FY 2018 as disclosed on page 138 of the Annual Report.**

**(a) What are the reasons for the land donation?**

**Response:**

The land donation of RM9,461,450 was made by Kajang Resources Corporation Sdn. Bhd. ("KRC"), a wholly-owned subsidiary of MKH and for the purpose of building and establishing Sekolah Menengah Jenis Kebangsaan Yu Hua Kajang (2) ("SMJK Yu Hua Kajang 2")/ ("School Land").

The donation of the School Land by KRC is part of the corporate social responsible of MKH Group in supporting the education sector for the benefit of the residence in Kajang and the proposed SMJK Yu Hua Kajang (2) is located at part of the Group's ongoing township development in Kajang 2 Precinct 1, 2 & 3 and Hillpark Kajang with total estimated future gross development value of more than RM3.5 billion. Upon completion, the new proposed SMJK Yu Hua Kajang (2) can accommodate approximately 2,000 students.

**(b) To whom was the land donated to?**

**Response:**

The School Land is donated to Lembaga Pengurus SMJK Yu Hua Kajang (2) (upon the lembaga duly instituted).

For further information in relation to the land donation, kindly refer to the general announcement released to Bursa Malaysia Securities Berhad on 30 October 2017.

## QUESTION AND ANSWER SESSION

## Question from shareholder/proxy holder (Key Matters Discussed)

Proxy Holder - Q1	Updates on the possibility of public listing of the plantation division and the property market?
Tan Sri Chairman	<i>The Group is constantly looking for way to expand its plantation division by acquiring new land banks and implementing new technology such as mechanization of fresh fruit bunches collection to further improve efficiency and the Board may consider the possibility of public listing the plantation division when the time is right.</i>
Group Managing Director	<p><i>Generally, the property market will remain challenging for the next 2 to 3 years as potential purchasers continued to be affected by affordability and loan financing issues.</i></p> <p><i>Nonetheless, the demand for “transit-oriented development” (“TOD”) remains favourable and the Group will continue to incorporate good concept in terms of modern design and practicality in our projects to suit the market. Our on-going development projects namely “TR Residence at Jalan Tun Razak” and “Inspirasi Mont’ Kiara” were almost fully sold due to its strategic location.</i></p> <p><i>MKH Group, being a niche and strategic player is very selective in its launching and focus on affordable price range of products with TOD concept. Our upcoming “Mirai Residences @ Kajang 2” is located approximately 400 metres away from the Kajang 2 Komuter Station (expected to be completed in May 2020) is one of the attraction for home buyers at a very competitive price.</i></p>
Proxy Holder - Q2	<p>To brief the meeting on the Group’s borrowings:-</p> <ul style="list-style-type: none"> <li>(a) breakdown of the quantum of the fixed and floating rate borrowings;</li> <li>(b) any interest savings from the reduction of Overnight Policy Rate (“OPR”) by Bank Negara Malaysia?</li> <li>(c) whether the USD loan was entirely for plantation operation and when the outstanding loan amount is targeted to be fully settled; and</li> <li>(d) the average funding cost for the USD loan.</li> </ul>
Group Company Secretary/ Chief Treasury Officer	<i>Majority of the Group borrowings were structured based on floating rate instead of fixed interest rate. There are interest savings from the recent reduction of OPR (by 25 basis points each as announced by Bank Negara on 22 January 2020 and 3 March 2020 respectively) for the Group’s borrowings.</i>



**Question from shareholder/proxy holder (Key Matters Discussed) (cont'd)**

Proxy Holder - Q2 (cont'd)

*Group Company Secretary/Chief Treasury Officer*      *The outstanding USD loan of approximately USD46.8 million (as at 30/09/2019) was entirely for our oil palm plantation division. Based on the current repayment schedule (USD 10 million - USD 15 million per annum), we are likely to fully settle the outstanding loan within the next 3 to 4 years (including advance prepayment). Our plantation division was self-sustaining in its operation. In addition, the outstanding USD loan was further reduced to approximately USD44.9 million as at 31 December 2019.*

*The average funding cost of USD loan was approximately 4.00% pa as at end of February 2020.*

Proxy Holder - Q3      (a) Why there was a drop in fresh fruit bunches ("FFB") production as compared to the previous financial year;  
(b) The overview of the Plantation division performance in FY2020; and  
(c) The average cost of production per MT of crude palm oil ("CPO").

*Plantation Director*      *The plantation division recorded a lower FFB production of 459,000 MT in FY2019 (FY2018: 465,000 MT) which was mainly due to the dry weather and this has led to higher average production cost incurred (such as upkeep of CPO mill for maximum productivity, fields maintenance - fertilizing programme, install stopper to conserve water for irrigation during dry season).*

*The average CPO price traded in FY2019 was approximately RM1,865 per MT as compared to RM2,163 per MT in FY2018. Despite the lower revenue achieved by our Plantation division, the FFB yield per hectare achieved was still commendable at 29 MT/ha (FY2018: 30 MT/ha).*

*The CPO prices has rebounded and was currently trading above RM2,400 per MT (active month) at the Malaysia Derivatives Exchange and this will augur well for our Plantation division. We will focus on the estate management to further increase the production efficiency including oil extraction rate and maximising the utilisation of the CPO mill to further capitalise on the higher CPO price.*

*The total cost of production (including management fee & interest) per MT of palm products were approximately RM1,844. While, ex-jetty cost per MT (excluding management fee & interests) was approximately RM1,667.*

**Question from shareholder/proxy holder (Key Matters Discussed) (cont'd)**

Shareholder - Q4	<p>(a) What is the occupancy rate for Hotel division and how much is required to breakeven?</p> <p>(b) Why there is an increase in impairment amount in FY2019 for investment property?</p>
Chief Financial Officer	<p><i>The occupancy rate of hotel was approximately 50% following the recent Coronavirus 2019 (Covid-19) outbreak.</i></p> <p><i>In order to achieve breakeven, our hotel needs to achieve an occupancy rate of approximately 80%.</i></p>
Property Director	<i>The increase in impairment losses was mainly due to changes in fair value of investment properties totalling RM6.2 million for FY2019 (FY2018: RM317,000). Rental rebates were given to tenants to assist them during this challenging period.</i>
Shareholder - Q5	<p>The possibility of the Company carrying out or to look into the following:-</p> <p>(a) to declare higher dividends in the future;</p> <p>(b) withdrawal of funds from the Housing Development Account ("HDA") to pay down bank borrowings; and</p> <p>(c) directors' payout ratio.</p>
Tan Sri Chairman	<p><i>The Board is mindful of the challenging business environment coupled with the Covid-19 pandemic. The dividend of 4.0 sen per ordinary share declared in respect of FY2019 was deemed to be reasonable given the present market environment.</i></p> <p><i>Any consideration for the Board to declare higher dividend rate would depend on the overall cash flow position of the Group. Sufficient cash must be retained by the Group for working capital, business expansion and to lock in new investment as and when the opportunity arose.</i></p>
Group Company Secretary/ Chief Treasury Officer	<p><i>As required by law, the withdrawal of funds from the HDA is only allowed when the development is completed and consent obtained from the Ministry of Housing. Due to the Covid-19 outbreak and trade war between US and China, the Group has taken prudent steps to conserve cash flow in meeting the Group's operational requirements and capital expenditure.</i></p> <p><i>The Directors' payout ratio of Executive and Non-Executive Directors commensurate with their roles and responsibility in ensuring the proper management and governance of the Group.</i></p>
Shareholder - Q6	The reason for the high tax rate of 40% (FY2018) and 38% (FY2019)?
Chief Financial Officer	<i>The high effective tax rate was mainly due to deferred tax benefits which would only be utilised when there is profit available as well as over/under provision in prior financial year.</i>