



MKH BERHAD

Registration No. 197901006663 (50948-T)

43RD ANNUAL GENERAL MEETING

**MINORITY SHAREHOLDERS WATCH GROUP'S
QUESTIONS & ANSWERS**



MKH BERHAD Registration No. 197901006663 (50948-T)

43RD ANNUAL GENERAL MEETING

Operational and Financial Matters

- 1) The Group reported a gain on disposal of subsidiaries amounting RM323,748 in FY 2022 as compared to RM Nil in FY 2021. (Page 101 of AR)
 - (a) Why did the Group decide to sell the subsidiaries?

Response:

The Group decided to dispose these subsidiaries and focus on its core businesses in property development and construction, oil palm plantation and property investment.



Operational and Financial Matters (continued)

(b) Please provide the name of the subsidiaries sold and the associated profit from each disposal.

Response:

The name of the subsidiaries disposed and the associated profit from each disposal are as follows:

<i>No.</i>	<i>Name of Subsidiary</i>	<i>Gain on disposal</i> <i>RM</i>	<i>Principal Activities</i>	<i>Page 198 & 199 of AR</i>
1	<i>Juda Universe Sdn Bhd</i> <i>(“JUDA”)</i>	139,948	<i>online and offline retail software solutions with augmented reality function</i>	<i>Note 35 (a)</i>
2	<i>Europixel Sdn Bhd (“ESB”)</i>	20,647	<i>dormant</i>	<i>Note 35 (d)</i>
3	<i>Hexapace Sdn Bhd (“HSB”)</i>	42,093	<i>dormant</i>	<i>Note 35 (d)</i>
4	<i>Mercu Jasakita Sdn Bhd</i> <i>(“MJSB”)</i>	121,060	<i>dormant</i>	<i>Note 35 (d)</i>
		<hr/> 323,748 <hr/>		



Operational and Financial Matters (continued)

- 2) On 3 November 2021, the Company subscribed for 300,000 new ordinary shares representing 60% of the equity interest in Juda Universe Sdn. Bhd. (“JUDA”), for a cash consideration of RM300,000. As a result, JUDA became a subsidiary of the Company.

Subsequently on 22 July 2022, the Company disposed 300,000 ordinary shares representing 60% of the equity interest of JUDA, for a cash consideration of RM300,000. Upon the completion of the disposal, JUDA ceased to be a subsidiary of the Company. (Page 210 of AR)

- (a) Why did the Group decide to sell JUDA within a short period of time?

Response:

The Group decided to dispose JUDA and focus on its core businesses in property development and construction, oil palm plantation and property investment.



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Operational and Financial Matters (continued)

(b) Who is the buyer of JUDA?

Response:

The buyer of JUDA is Vibrant International Sdn Bhd.

(c) What is JUDA's main business?

Response:

JUDA is principally involved in developing online and offline retail software solutions with 360 degree augmented reality function with user interaction and integrated with other applications.



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Operational and Financial Matters (continued)

3) The Group incurred an impairment loss on other receivables amounting to RM825,934 in FY 2022 as compared to RM Nil in FY 2021. (Page 101 of AR)

(a) What is the nature of the impairment loss?

Response:

The nature of the impairment loss was mainly due to the non-recoverability of the debts due by contractors for the property development division's construction activities.



Operational and Financial Matters (continued)

(b) Please provide a breakdown of the impairment loss of RM825,934.

Response:

The breakdown of the impairment loss of RM825,934 is as follows:

- (i) Rhino Alliance Sdn Bhd (Keretapi Tanah Melayu Berhad's approved contractor) – RM662,500 – deposit paid by Srijang Kemajuan Sdn Bhd for Automated Fare Collection System and this contractor is being wound up.*
- (ii) Greatlight Builder Sdn Bhd – RM163,434 – rectification costs back-charge by Hillpark Resources Sdn Bhd for one of the development projects in Shah Alam and this contractor is being wound up.*



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Operational and Financial Matters (continued)

(c) Is there any potential for the impairment loss to be reversed in FY 2023?

Response:

It is unlikely for the impairment loss to be reversed in FY2023.



Operational and Financial Matters (continued)

4) Daksina Harta Sdn. Bhd., (“DHSB”), a 40% associate of the Group reported RM1.715 million revenue with a loss of RM4.75 million in FY 2022 as compared to RM Nil revenue and a loss of RM0.66 million in FY 2021. (Page 167 of AR).

(a) What was the reason for DHSB’s reported higher loss in FY 2022?

Response:

DHSB reported higher loss in FY2022 mainly due to charge out of sales and marketing expenses, administrative expenses and interest expense whereas the revenue and cost of sales will be recognised progressively over the development period of 48 months based on percentage of completion.



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Operational and Financial Matters (continued)

- (b) Has DHSB commenced any property development project in FY 2022? If yes, where is the property project and what is its Gross Development Value?

Response:

DHSB has commenced and launched its transit-oriented property development in August 2022 known as Jernih Residence @ Kajang, adjacent to Sg. Jernih MRT Station in Kajang, Selangor and with an estimated net Gross Development Value of RM550.0 million comprising 1,605 units of service apartments and 41 units of shops.



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Operational and Financial Matters (continued)

(c) How is DHSB's financial outlook in FY 2023?

Response:

DHSB's financial outlook in FY2023 is expected to be at a loss position as Jernih Residence @ Kajang is still at the preliminary stage of development. DHSB will turnaround into profit position once the development progress reaches advance stage of development.



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Operational and Financial Matters (continued)

5) The Group has increased its investment in quoted shares in Malaysia from RM355,820 in FY 2021 to RM775,849 in FY 2022. (Page 168 of AR)

(a) What was the reason for the additional investment in quoted shares?

Response:

The additional investment in quoted shares was mainly due to purchase of additional quoted shares in Hong Kong Stock Exchange with the aim to provide investment income returns.



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Operational and Financial Matters (continued)

(b) Please provide a breakdown of the quoted shares with its value for both FYs 2022 and 2021.

Response:

The breakdown of the quoted shares with its value for both FYs 2022 and 2021 can be referred to in APPENDIX I.



Operational and Financial Matters (continued)

- 6) The Group has written off finance lease receivables amounting to RM1.02 million in FY 2022 as compared to RM Nil in FY 2021. (Page 175 of AR)
- (a) What was the reason for the Group to write off the amount of RM1.02 million?

Response:

The Group wrote off the amount of RM1.02 million in FY2022 as the finance lease receivables have been fully impaired by MKH Credit Corporation Sdn Bhd (“MKCC”) prior to FY2003 and the recovery of the debts from the hire purchase customers are remote. The above written off amount has no effect on MKCC’s profit for FY2022. MKCC recorded a pre-tax profit of RM1,461,197 for FY2022.



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Operational and Financial Matters (continued)

(b) Please explain the nature of the finance lease receivables.

Response:

MKCC is principally engaged in the business of money lending, hire purchase and leasing finance. The finance lease receivables representing hire purchase financing due by MKCC's customers back in Year 2000.



Corporate Governance Matters

- 1) The Group's non-audit fee was RM1.312 million in FY 2022 as compared to RM0.398 million in FY 2021, an increase of RM0.914 million or 229.6%. (Page 80 of AR)
 - (a) What was the reason for the increase in non-audit fees?

Response:

The increase in non-audit fees was mainly due to professional services rendered by Deloitte PLT for the proposed corporate exercise being undertaken by the Group. The scope of works comprised special audit on the financial information for Accountant Reports, review of profits and cash flows projections for working capital sufficiency statements and other financial information pertaining to the proposed corporate exercise.



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Corporate Governance Matters (continued)

(b) Please name the service providers and the amount of fee paid to each of them in FY 2022.

Response:

The non-audit fees for FY2022 and FY2021 is analyzed as follows:



Corporate Governance Matters (continued)

The non-audit fees for FY2022 and FY2021 is analyzed as follows:

	<i>FY 2022</i>	<i>FY 2022</i>	<i>FY 2021</i>	<i>FY 2021</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>	
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	
<i>Audit Fees</i>	814,729	60,000	727,998	56,000	
<i>Non-audit Fees</i>	1,312,100	398,000	112,000	99,000	
<i>Total</i>	2,126,829	458,000	839,998	155,000	
					<i>Service Provider</i>
<i>Examination of withdrawals from the Housing Development Accounts pursuant to Regulation 12 of the Housing Developers Regulations, 1991</i>	24,000	-	<i>Note 1</i>	-	<i>Deloitte PLT</i>
<i>Audit of <u>Mewah Club</u> Trust Account</i>	7,000	-	5,000	-	<i>Deloitte PLT</i>
<i>Accountant Reports of <u>Mewah Club</u></i>	12,000	-	8,000	-	<i>Deloitte PLT</i>
<i>Review Statement of Risk Management and Internal Control</i>	16,000	16,000	15,000	15,000	<i>Deloitte PLT</i>
<i>Proposed Corporate Exercise</i>	1,253,100	382,000	84,000	84,000	<i>Deloitte PLT</i>
	1,312,100	398,000	112,000	99,000	

Note 1: FY2021 examination fees totaling RM24,000 was grouped under Audit Fees.



Stock code	Company	As at 1.10.2021		Addition		Disposed			Changes in Fair value gain/(loss)	As at 30.9.2022	
		No of share	Amount (RM)	No of share	Amount (RM)	No of share	Amount (RM)	Realised gain/(loss)		No of share	Amount (RM)
Malaysia											
5110	UOA REAL ESTATE INVESTMENT TRUST	92,000	103,040	-	-	(70,000)	(80,300)	3,486	(1,806)	22,000	24,420
5347	TENAGA NASIONAL	-	-	15,000	135,150	-	-	-	(14,400)	15,000	120,750
Hong Kong											
3818HK	CHINA DONGXIANG	430,000	196,586	-	-	-	-	-	(115,181)	430,000	81,405
0818HK	HI SUN TECH	30,000	20,653	12,000	7,991	-	-	-	(7,360)	42,000	21,284
1086HK	GOODBABY INT	56,000	35,541	-	-	-	-	-	(10,750)	56,000	24,791
3883HK	CHINA AOYUAN	-	-	127,000	228,132	-	-	-	(140,839)	127,000	87,293
3618HK	CHONGQING RURAL COMMERCIAL BANK (CQRC)	-	-	280,000	480,404	-	-	-	(64,499)	280,000	415,906
1681HK	CONSUN PHARMA	-	-	20,000	37,762	(20,000)	(40,941)	3,179	-	-	-
		608,000	355,820	454,000	889,439	(90,000)	(121,241)	6,665	(354,834)	972,000	775,849
			355,820		889,439			(114,576)	(354,834)		775,849

Note 17 (Page 168 of AR)



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THURSDAY, 16TH MARCH 2023**

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THANK YOU