

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of this Statement prior to its issuance as it is prescribed as an Exempt Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.



MKH BERHAD

Registration No. 197901006663 (50948-T)
(Incorporated in Malaysia)

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY
TO PURCHASE ITS OWN SHARES
("PROPOSED RENEWAL OF SHARE BUY-BACK")**

The ordinary resolution in respect of the above Proposed Renewal of Share Buy-Back will be tabled as Special Business at the Forty-Fourth Annual General Meeting (“44th AGM”) of the Company to be conducted at Emerald Ballroom, 1st Floor, RHR Hotel @ Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan, Malaysia on Tuesday, 12 March 2024 at 10.00 a.m.

The Notice of the 44th AGM together with the Form of Proxy are set out in the Annual Report 2023 of the Company dispatched together with this Statement.

If you are unable to attend and vote at the 44th AGM, you may complete the Proxy Form and deposit it at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at Tricor Investor & Issuing House Services Sdn Bhd’s (“Tricor’s”) Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 24 hours before the time appointed for the taking of the poll or at any adjournment thereof.

Members can also have the option to submit the proxy appointment electronically via Tricor’s TIIH Online website at <https://tiih.online> before the proxy form submission cut-off time as mentioned in the above. The lodgement of the Proxy Form does not preclude you from attending, participating, speaking and voting at the 44th AGM should you subsequently decide to do so.

Last date and time for lodging the Proxy Form : Monday, 11 March 2024 at 10.00 a.m.

Date and time of 44th AGM : Tuesday, 12 March 2024 at 10.00 a.m., or
at any adjournment thereof

This Statement is dated 30 January 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement

“Act”	The Malaysian Companies Act, 2016 as amended from time to time and includes any re-enactment thereof
“AGM”	Annual General Meeting
“Board” or “Directors”	The Board of Directors of MKH
“Bursa Securities”	Bursa Malaysia Securities Berhad
“Code”	The Malaysian Code on Take-Overs and Mergers 2016, as amended from time to time and includes any re-enactment thereof
“Constitution”	The Constitution of MKH, as amended from time to time
“EPS”	Earnings Per Share
“LPD”	15 January 2024, being the latest practicable date prior to the date of this Statement
“Listing Requirements”	The Main Market Listing Requirements of Bursa Securities, and all amendments thereto
“Major Shareholders”	<p>A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or aggregate of the nominal amounts of those shares, is</p> <p>(a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or</p> <p>(b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company</p> <p>For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.</p>
“Market Day(s)”	A day on which the stock market of Bursa Securities is open for trading of securities
“MKH” or “the Company”	MKH Berhad (Registration No. 197901006663 (50948-T))
“MKH Group” or “Group”	MKH and its subsidiary companies
“MKH Share(s)” or “Share(s)”	Ordinary shares in MKH
“NA”	Net Asset
“Proposed Renewal of Share Buy-Back”	Proposed renewal of authority for MKH to undertake the Proposed Share Buy-Back

DEFINITIONS (CONT'D)

Except where the context otherwise requires, the following definitions shall apply throughout this Statement (Cont'd):

“Proposed Share Buy-Back”	Proposed general mandate from the shareholders of MKH for the Company to purchase its own shares up to a maximum of ten per centum (10%) of the Company’s existing number of shares
“Purchased Shares”	MKH Shares purchased pursuant to the Proposed Share Buy-Back
“RM” or “Sen”	Ringgit Malaysia and sen respectively
“Statement”	This Statement dated 30 January 2024
“Treasury Shares”	Purchased Shares which are or will be retained as treasury shares by the Company and shall have the meaning given under Section 127 of the Act

All references to “our Company” and “MKH” in this Statement is made to MKH Berhad and references to “our Group” are made to our Company and our subsidiaries. All references to “we”, “us”, “our” and “ourselves” are made to the Company, or where the context requires, our Group or our subsidiaries. All reference to “you” in this Statement is made to our Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

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MKH BERHAD

Registration No. 197901006663 (50948-T)
(Incorporated in Malaysia)

Registered Office:

Suite 1, 5th Floor
Wisma MKH
Jalan Semenyih
43000 Kajang
Selangor Darul Ehsan
www.mkhberhad.com

Date: 30 January 2024

Directors:

Y.Bhg. Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong (*Group Executive Chairman*)
Y.Bhg. Tan Sri Datuk Chen Lok Loi (*Group Managing Director*)
Y.Bhg. Datuk Chen Fook Wah (*Deputy Managing Director*)
Y.Bhg. Dato' Lim Hong Shuan (*Senior Independent Non-Executive Director*)
Ms. Hoon Shat Mei (*Independent Non-Executive Director*)
Ms. Lee Pei Yee (*Independent Non-Executive Director*)
En. Jeffrey bin Bosra (*Non-Independent Non-Executive Director*)

To: The Shareholders of MKH Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHARE BUY-BACK

1.0 INTRODUCTION

At the Forty-Third (43rd) AGM of the Company held on 16 March 2023, the Board had obtained your approval to undertake the Proposed Share Buy-Back. This authority shall lapse at the conclusion of the forthcoming 44th AGM unless a new mandate is obtained from the shareholders of MKH.

On 22 December 2023, the Company announced to Bursa Securities of its intention to seek the shareholders' approval for the Proposed Renewal of Share Buy-Back at the forthcoming 44th AGM of the Company.

The purpose of this Statement is to provide the shareholders of the Company with details of the Proposed Renewal of Share Buy-Back and to seek the approval of the shareholders for the ordinary resolution on the Proposed Renewal of Share Buy-Back to be tabled as Special Business at the forthcoming 44th AGM of the Company.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK.

2.0 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Board proposes to seek the renewal of the authority for the Company to purchase up to a maximum of ten per centum (10%) of the existing number of Shares of the Company as quoted on Bursa Securities. The Proposed Renewal of Share Buy-Back is subject to compliance with Section 127 of the Act and any prevailing laws and regulations issued by the relevant authorities.

As at LPD, the total number of issued Shares of the Company was 586,548,168 (including 9,132,300 Treasury Shares). Hence, up to 58,654,816 MKH Shares may be purchase by the Company pursuant to the Proposed Renewal of Share Buy-Back.

The authorisation for the Proposed Renewal of Share Buy-Back will be effective immediately upon the passing of the ordinary resolution in relation to the Proposed Renewal of Share Buy-Back and shall continue to be in force until:

- (a) the conclusion of the next AGM unless the authority is renewed subject to conditions;
- (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 an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

The approval from the shareholders for the Proposed Renewal of Share Buy-Back does not impose an obligation on the Company to purchase its own Shares but rather it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the above time period.

The purchase of such MKH Shares will be carried out through Bursa Securities via stockbrokers appointed by the Company.

2.1 Maximum Amount Of Funds To Be Allocated And The Source Of Funds

Pursuant to the Listing Requirements, the maximum amount of funds to be used for the Company to purchase its own Shares shall not exceed the total amount of its retained profits. As at 30 September 2023, the audited retained profits of the Company was RM630,921,121.

The funding of the Proposed Renewal of Share Buy-Back will be sourced from internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds and borrowings and repayment capabilities of the Company at the time of purchase. In the event that the Proposed Renewal of Share Buy-Back is to be partly financed by bank borrowings, the Board will ensure that the Company will have sufficient funds to repay such borrowings and that the repayment would not have any material effect on the cash flow of the Group.

The actual number of MKH Shares to be purchased, the total amount of funds to be utilised, impact on cash flows and the timing of the purchase(s) will depend on the prevailing equity market conditions, sentiments of the stock market and the available financial resources of the Company at the time of the purchase(s).

2.2 Treatment Of Shares Purchased

In accordance with Section 127 of the Act, the Company would be able to deal with any MKH Shares so purchased by the Company 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 dividend to the shareholders and/or resell 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 the Bursa Securities and such other relevant authorities may allow from time to time.

The decision whether to retain the Purchased Shares as Treasury Shares, or to cancel the Purchased Shares or a combination of both, will be made by the Board at the appropriate time.

If such Purchased Shares were held as Treasury Shares, the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise would be suspended and the Treasury Shares would not be taken into account in calculating the number or percentage of Shares or a class of Shares in the Company for any purposes including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at shareholders meetings.

An immediate announcement will be made to Bursa Securities in respect of the intention of the Directors to either resell the Purchased Shares or cancel them.

2.3 Purchase/Resale Price

Pursuant to the Listing Requirements, the Company may only purchase its own Shares on the Bursa Securities at price which are not more than fifteen per centum (15%) above the weighted average market price of MKH Shares for the five (5) Market Days immediately before the purchase(s). In the case of a resale of Treasury Shares, the Treasury Shares may only be resold on Bursa Securities at a price, which is:

- (a) not less than the weighted average market price of MKH Shares for the five (5) Market Days immediately before the resale; or
- (b) at a discount of not more than five per centum (5%) to the weighted average market price of MKH Shares for the five (5) Market Days immediately before the resale provided that:
 - (i) the resale takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the Shares being resold.

2.4 Public Shareholding Spread Of MKH

The Proposed Renewal of Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required under Paragraph 8.02 (1) of the Listing Requirements.

As at the LPD, the public shareholding spread of the Company based on 577,415,868 (excluding 9,132,300 Treasury Shares) MKH Shares was 42.63%. The public shareholding spread of the Company is expected to reduce to 37.24% assuming the Company implements the Proposed Share Buy-Back in full i.e. up to 10% of the existing number of Shares of the Company with the Shares purchased from public. The Board will ensure that the Company complies with the minimum public shareholding spread of 25% in implementing the Proposed Renewal of Share Buy-Back.

2.5 Implication Of The Proposed Renewal of Share Buy-Back In Relation To The Code

Pursuant to Rule 4.01 of the Code which states that if a person, together with persons acting in concert (“PAC”) with him (if any), holding more than thirty-three per centum (33%) but less than fifty per centum (50%) of the voting Shares of a Company, who as a result of a purchase by the Company of its own voting Shares, increases his holding in any period of six (6) months by additional two per centum (2%) or more of the voting Shares or voting rights of the Company, there is an obligation to extend a mandatory take-over offer to acquire the remaining Shares not already held by the said person and the PAC with him.

Based on MKH’s Register of Substantial Shareholders as at the LPD, Chen Choy & Sons Realty Sdn Bhd (“CCSR”), who is a Major Shareholder of MKH and its deemed PAC, namely, Tan Sri Dato’ Chen Kooi Chiew @ Cheng Ngi Chong, Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah, collectively hold 47.41% of the total number of Shares of the Company.

Assuming the Proposed Renewal of Share Buy-Back is implemented in full and all the Purchased Shares are cancelled within a period of six (6) months, the collective shareholdings of CCSR and the PAC in MKH will increase to 51.85% i.e. more than 2%. As a result, there will be an obligation for CCSR and the PAC to undertake the mandatory take-over offer for the remaining MKH Shares not already owned by them.

In this regard, CCSR and the PAC will apply for a waiver under Rule 4.15 of the Code if the obligation is expected to be triggered as a result of the implementation of the Proposed Renewal of Share Buy-Back.

2.6 Purchase Of Shares And Resale, Transfer Or Cancellation Of Treasury Shares

In the preceding twelve (12) months from 1 January 2023 to 31 December 2023, the Company has not purchase its own Shares.

As at the LPD, a total of 9,132,300 MKH Shares were being held as Treasury Shares. The Company has not resold, transferred, cancelled and/or distributed any Treasury Shares as dividends in the preceding twelve (12) months.

3.0 RATIONALE AND POTENTIAL ADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back will enable the Company to utilise its surplus financial resources not immediately required for use, to purchase its own Shares. The Proposed Renewal of Share Buy-Back may enhance the EPS and reduce the liquidity level of the Shares of the Company in Bursa Securities, which generally shall have a positive impact on the market price of the Shares of the Company. Other potential advantages of the Proposed Renewal of Share Buy-Back to the Company and its shareholders are as follows:

- (a) to allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors' confidence;
- (b) when the Shares bought back by the Company are cancelled, shareholders of the Company are likely to enjoy an increase in the value of their investment in the Company as the net EPS of the Company and the Group will increase proportionately; and
- (c) the Purchased Shares may be held as Treasury Shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain if the Purchased Shares are resold at price(s) higher than their purchase price(s).

4.0 POTENTIAL DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The potential disadvantages of the Proposed Renewal of Share Buy-Back to the Company and its shareholders are as follows:

- (a) the Proposed Renewal of Share Buy-Back will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge from time to time; and
- (b) the Proposed Renewal of Share Buy-Back will reduce the amount of financial resources available for distribution to shareholders of the Company in the form of cash dividends.

The Proposed Renewal of Share Buy-Back, if implemented, will reduce the financial resources of the Group, but since the amount is not substantial, the Board is of the view that the Proposed Renewal of Share Buy-Back will not affect the furtherance of the Group's business or payment of dividends by the Company. Nevertheless, the Board will be mindful of the interest of MKH and its shareholders in undertaking the Proposed Renewal of Share Buy-Back and in the subsequent cancellation of the Shares purchased.

5.0 EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

5.1 Issued And Paid-Up Share Capital

The effects of the Proposed Renewal of Share Buy-Back on the number of Shares of the Company will depend on the intention of the Board with regards to the treatment of the Purchased Shares. If the Purchased Shares are cancelled, it will result in a reduction on the total number of Shares of the Company.

Conversely, if the Purchased Shares are retained as Treasury Shares, the Proposed Renewal of Share Buy-Back will not have any effect on the issued and paid-up share capital of the Company. Nevertheless, the rights as to voting, dividends and participation in other distributions and otherwise are suspended and the Treasury Shares shall not be taken into account in calculating the number or percentage of Shares for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

For illustration purposes only, the scenario below shows the movement of the number of Shares of our Company as the LPD upon the implementation of the Proposed Renewal of Share Buy-Back, assuming that ten per centum (10%) of our Company's existing number of Shares are purchased and cancelled:-

	As at LPD	
	No. of Shares	%
Existing number of Shares*	586,548,168	100.0
Less: Treasury shares	(9,132,300)	(1.56)
Less: Maximum number of Shares that may be purchased amounting up to ten per centum (10%) of the existing number of Shares pursuant to the Proposed Renewal of Share Buy-Back	(49,522,516)	(8.44)
Maximum number of issued shares which may be purchased in respect of the Proposed Share Buy-Back	(58,654,816)	(10.0)
Total number of issued shares after the Proposed Share Buy-Back and cancellation	527,893,352	90.0

Note:-

* The existing number of Shares is inclusive of the Treasury Shares held by the Company. As at the LPD, the number of MKH Shares held as Treasury Shares are 9,132,300 none of which are cancelled.

5.2 Earnings

The effects of the Proposed Renewal of Share Buy-Back on the consolidated earnings of our Group would depend on the purchase prices of the MKH Shares, the effective cost of funding, the number of MKH Shares purchased or any loss in interest income. The revised number of Shares subsequent to the Proposed Renewal of Share Buy-Back will generally have a positive impact, all other things being equal, on the consolidated EPS of the Group.

Assuming that any MKH Shares so purchased are retained as Treasury Shares and resold, the effects on the consolidated earnings of the Company will depend on the actual selling prices, the number of Treasury Shares resold and the effective gain or interest savings arising.

If the MKH Shares so purchased are cancelled, the consolidated EPS of the Group will increase provided the income foregone and interest expense incurred on these Purchased Shares is less than the consolidated EPS prior to such purchase.

5.3 Net Assets

The consolidated net assets per MKH Share may increase or decrease depending on the number of the MKH Shares purchased, the purchase prices of the MKH Shares to be bought back, the effective cost of funding and the treatment of the MKH Shares purchased.

The Proposed Renewal of Share Buy-Back will reduce the net assets per share when the purchase price exceeds the net assets per share at the time of purchase. On the contrary, the net assets per share will increase when the purchase price is less than the net assets per share at the time of purchase.

5.4 Working Capital

The Proposed Renewal of Share Buy-Back, as and when implemented will reduce the working capital and cash flow of the Group, the quantum being dependent on the number of Purchased Shares, the purchase price of MKH Shares and the amount of financial resources to be utilised for the purchase of MKH Shares. However, it is not expected to have a material effect on the working capital and cash flow of the Group.

For Purchased Shares which are retained as Treasury Shares, upon its resale, the working capital and cash flow of the Company will increase. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the Treasury Shares and the number of Treasury Shares resold.

5.5 Dividend Policy

The Proposed Renewal of Share Buy-Back is not expected to have any material effect on the dividend policy of the Company. The dividend to be declared by the Company in the future, if any, will depend on, amongst others, the profitability and cash flow position of the Group and the Company. Nonetheless, the Treasury Shares purchased may be distributed as dividends to shareholders if the Company so decides.

5.6 Directors' And Major Shareholders' Interests

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a result of the Purchased Shares, none of our Directors and/or Major Shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back.

5.7 Shareholdings Of Directors And/Or Substantial Shareholders

The table below illustrates the direct and indirect interests of our Directors and substantial shareholders as at the LPD, based on the assumption that our Company purchases 58,654,816 of its own Shares, representing approximately ten per centum (10%) of our Company's existing number of Shares as at that date, from parties other than our Directors and substantial shareholders.

The effects of the Proposed Renewal of Share Buy-Back on Directors' and substantial shareholders' shareholdings:-

Name	As at LPD			No. of ordinary shares held			After the Proposed Share Buy-Back		
	Direct	%	Indirect	Direct	%	Indirect	Direct	%	Indirect
Directors									
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong*	277,080	0.0480	253,129,658	43.8384	277,080	0.0525	253,129,658	47,9509	
Tan Sri Datuk Chen Lok Loi#	10,602,844	1.8363	245,220,987	42.4687	10,602,844	2.0085	245,220,987	46.4528	
Datuk Chen Fook Wah [^]	163,354	0.0283	236,981,354	41.0417	163,354	0.0309	236,981,354	44.8919	
Dato' Lim Hong Shuan	-	-	-	-	-	-	-	-	
Ms. Hoon Shat Mei	-	-	-	-	-	-	-	-	
Ms. Lee Pei Yee	-	-	-	-	-	-	-	-	
En. Jeffery bin Bosra	-	-	-	-	-	-	-	-	
Substantial Shareholders									
Chen Choy & Sons Realty Sdn Bhd [^]	56,859,954	9.8473	179,465,500	31.0808	56,859,954	10.7711	179,465,500	33.9965	
Public Bank Group Officers' Retirement Benefits Fund	53,352,059	9.2398	-	-	53,352,059	10.1066	-	-	
Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong*	277,080	0.0480	253,129,658	43.8384	277,080	0.0525	253,129,658	47,9509	
Tan Sri Datuk Chen Lok Loi#	10,602,844	1.8363	245,220,987	42.4687	10,602,844	2.0085	245,220,987	46.4528	
Datuk Chen Fook Wah [^]	163,354	0.0283	236,981,354	41.0417	163,354	0.0309	236,981,354	44.8919	

Notes:

* Deemed interest through shares held in nominee companies.

[^] Deemed interest through shares held in Chen Choy & Sons Realty Sdn Bhd ("CCSR"), Lotus Way Sdn Bhd and a nominee company.

Deemed interest through shares held in CCSR and in a nominee company.

[^] Deemed interest through shares held in CCSR, Activest Sdn Bhd and a nominee company.

6.0 HISTORICAL SHARE PRICES

The following table sets out the monthly highest and lowest prices of the Company's Shares traded on Bursa Securities for the past twelve (12) months from January 2023 to December 2023:

	High	Low
	RM	RM
2023		
January	1.30	1.18
February	1.30	1.21
March	1.28	1.16
April	1.36	1.27
May	1.35	1.19
June	1.25	1.19
July	1.33	1.22
August	1.40	1.28
September	1.45	1.35
October	1.43	1.35
November	1.45	1.38
December	1.49	1.40

(Source: Bloomberg)

The last transacted market price of MKH Share on Bursa Securities on the LPD, prior to the printing of this Statement was RM1.42.

7.0 CONDITIONS AND APPROVALS REQUIRED

The Proposed Renewal of Share Buy-Back is subject to the approval being obtained from the shareholders of MKH at the forthcoming 44th AGM and any other relevant authorities, if required. The Proposed Renewal of Share Buy-Back is not conditional upon any other proposal.

8.0 DIRECTORS' RECOMMENDATION

Your Board of Directors having considered all aspects of the Proposed Renewal of Share Buy-Back is of the opinion that the said Proposed Renewal of Share Buy-Back is in the best interest of the Company and therefore recommends that you vote in favour of the Ordinary Resolution on the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming 44th AGM.

9.0 ANNUAL GENERAL MEETING

The notice convening the 44th AGM to vote on the resolution pertaining to the Proposed Renewal of Share Buy-Back is set out in the Company's Annual Report 2023 accompanying this Statement. The 44th AGM of the Company will be held at Emerald Ballroom, 1st Floor, RHR Hotel @ Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Tuesday, 12 March 2024 at 10.00 a.m.

If you are unable to attend and vote during the forthcoming 44th AGM, you may appoint one or more proxies or chairman of the meeting as your proxy to attend and vote on your behalf by completing and lodging the Form of Proxy as set out in the Annual Report 2023 of the Company dispatched together with this Statement with the share registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, at Tricor's Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 24 hours before the time appointed for the taking of the poll or at any adjournment thereof.

9.0 ANNUAL GENERAL MEETING (CONT'D)

Members can also have the option to submit the proxy appointment electronically via Tricor's TIIH Online website at <https://tiih.online> before the proxy form submission cut-off time as mentioned in the above. The lodgement of the Proxy Form does not preclude you from attending, participating, speaking and voting at the 44th AGM, should you subsequently decide to do so.

10.0 FURTHER INFORMATION

Shareholders are advised to refer to the following for further information:-

10.1 Directors' Responsibility Statement

This Statement has been seen and approved by the Board of Directors of MKH and they collectively and individually accept full responsibility for the accuracy and correctness of the information contained in the same and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false and misleading.

10.2 Material Litigation, Claims or Arbitration

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and have no knowledge of proceedings pending or threatened against our Group, or of any fact likely to give rise to any proceedings, which might materially or adversely affect the business or financial position of our Group.

10.3 Material Contingent Liabilities

As at LPD, save as disclosed below, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results or financial position of the Group:

On 11 January 2019, the recipient of KTM Komuter Station, Perbadanan Aset Keretapi ("PAK") has issued a certificate of non-completion ("CNC") to Srijang Kemajuan Sdn Bhd ("SKSB"), a 99.99% owned subsidiary of the Company and stating that SKSB has failed to complete the construction of KTM Komuter Station ("Construction Works") by 10 December 2016 and therefore PAK is entitled to impose liquidated ascertained damages ("LAD") pursuant to the Development cum Lease Agreement ("DCLA") dated 12 October 2012 entered between PAK and SKSB. The LAD will be calculated daily at a rate of RM4,438.36 from the revised completion date on 10 December 2016 (extension of time number 1) until the completion of the Construction Works.

On 28 February 2019, SKSB has written to dispute the validity of the CNC on the grounds that SKSB had on 10 January 2017 submitted extension of time ("EOT") number 2 of which PAK has yet to assess SKSB's application for EOT number 2 and on the same day, SKSB submitted EOT number 3 ("EOT 3") in view of the delay by relevant authorities in approving the change of building design and use of building materials.

On 19 August 2019, PAK granted SKSB's EOT number 2, for a period of up to 8 January 2017 ("EOT 2").

On 13 January 2020, SKSB has written to appeal for the EOT 2 to be extended to 30 December 2017 instead of 8 January 2017.

10.3 Material Contingent Liabilities (Cont'd)

On 15 June 2020, SKSB submitted EOT number 4 (“EOT 4”), for period from 11 April 2020 to 1 July 2020 together with the above mentioned EOT 2 (period from 11 December 2016 to 30 December 2017) and EOT 3 (period from 31 December 2017 to 10 April 2020).

On 23 November 2021, SKSB submitted EOT number 5 (“EOT 5”), for period from 10 June 2020 to 17 October 2021 together with the above mentioned EOT 2, EOT 3 and EOT 4.

On 13 March 2023, SKSB has handed over vacant possession of the KTM Komuter Station to PAK. Subsequently, on 10 November 2023, SKSB submitted EOT number 6 (“EOT 6”), for period from 18 October 2021 to 13 March 2023.

Based on legal opinion obtained, the directors of SKSB are of the opinion that SKSB's LAD could not be estimated until and unless PAK has completed the assessment of EOT 3, EOT 4, EOT 5 and EOT 6 as the date by which SKSB is required to complete the Construction Works remains uncertain.

In view of the uncertainty, there is no revised completion date from which the LAD could be computed and PAK's right to impose LAD pursuant to DCLA cannot be triggered. Accordingly, SKSB has not made any provision in the financial statements and only disclosed as contingent liabilities.

10.4 Documents For Inspection

Copies of the following documents are available for inspection at the Registered Office of the Company at Suite 1, 5th Floor, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan during normal office hours on any business day falling from the date of this Statement up to and including the date of the 44th AGM:

- (a) Constitution of MKH; and
- (b) Audited financial statements of MKH for the past two years ended 30 September 2022 and 30 September 2023.

Yours faithfully
for and on behalf of the Board
MKH BERHAD

TAN SRI DATO' CHEN KOOI CHIEW
@ CHENG NGI CHONG
Group Executive Chairman

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