



MALAYSIA
PACIFIC
CORPORATION
BERHAD
(Company No. 12200-M)

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28th November 2018

MINORITY SHAREHOLDER WATCHDOG GROUP

Tingkat 11, Bangunan KWSP,
No. 3, Changkat Raja Chulan,
Off Jalan Raja Chulan
50200 Kuala Lumpur

Attention: Mr. Devanesan Evanson

Dear Sir/ Madam,

46th Annual General Meeting (AGM) of Malaysia Pacific Corporation Berhad (“The Company/Group”) on 29 November 2018

Referring to your letter dated 23 November 2018 pertaining to the issues raised at the 46th Annual General Meeting.

The board of directors of MPCorp would like to reply as follows:

Strategic and Financial Matters

1. It was disclosed on page 2 of the Annual Report that the Company via its wholly-owned subsidiary companies signed the Amended and Restated Joint Venture Agreement and Shareholders Agreement with Chun Fu Development Sdn Bhd to jointly develop approximately 42.77 acres of land with projected Gross Development Value (“GDV”) of RM247 million.
 - a. Has the development project been launched?
 - b. If so, what is the latest take-up rate the project?
 - c. When is the project expected to be fully completed?

Reply to 1.a & 1.b

On 21.09.2018 the Amended and Restated JVA and Shareholders Agreement were signed with Chun Fu Development and MPCorp. On 12.11.2018 the joint development project has entered into a SPA and it have to fulfill the following conditions with local authority before the project can be launch for sales.

- i. Obtaining the approval from the Johor Land Office for the subdivision of Sold Land;*

- ii. *Obtaining all necessary corporate authorisation to perform its obligations under the SPA in respect of the Sold Land;*
- iii. *Obtaining successful conversion of Sold Land; and*
- iv. *The JV Company obtained approval from State Authority for the sale and transfer of the Sold Land*

1.c

Bearing unforeseen circumstances, the SPA is expected to complete within 3 years subject to always obtaining approval for the Lands from relevant authorities.

- 2. The Company has entered a Joint Venture Development with Bina Puri Properties Sdn Bhd to develop a piece of land in Nusa Damai, Johor with a GDV of RM270.88 million.
 - a. What is the Company's share of Profit from this project?
 - b. What is the latest sales to-date from this project?

Reply:

2.a

The Company's share of profit from this project is 20%

2.b

At end of October 2018, the sales stand at RM85 million.

- 3. Please provide the latest update on the proposed disposal of Wisma MPL to an interested buyer.
 - a. What is the expected selling price of Wisma MPL
 - b. When is the expected date of completion of the disposal?
 - c. What will be the financial impact to the Group's financial results?

Reply:

3.a

The last auction price was RM230 million but there was no offer bid receive. Book value recorded as at 30.06.2018 is RM252 million.

3.b

Upon completion of Scheme of Arrangement.

3.c

The financial impact will be significant to the Group financial results.

If dispose at RM220 million, MPCorp to recognize a loss of RM21 million but gearing to improve to 1.54 times from 2.64 times.

4. The Group reported Other Income of RM18.35 million in FY2018 and RM18.37 million in FY2017.
 - a. What is the nature of the Other Income?
 - b. Please provide a breakdown of the Other Income for RY2018 and FY2017.
 - c. What is the expected amount of Other Income in FY2019?

Reply to 4.a & 4.b

The nature and breakdown of Other Income as below for FY2017 and FY2018

Description	FY2018 (RM'000)	FY2017 (RM'000)
<i>Reversal by proof of debt Exercise</i>	7,363	-
<i>Reversal of Provision</i>	6,913	-
<i>Fair Value Adjustment on Financial Liabilities</i>	2,399	-
<i>Reversal of Impairment</i>	219	846
<i>Revaluation Adjustment on Investment Property</i>	1,299	17,337
<i>Interest Income</i>	48	26
<i>Gain on Disposal of Fixed Asset</i>	74	164
<i>Others - Admin Fees</i>	33	-
Total	18,348	18,373

4.c

There is no estimate on Other Income as the nature is unpredictable.

5. The Group's Trade Receivable are concentrated mainly on 1 debtor that accounted for 95% of the Trade Receivables for RY2018 as disclosed on page 65 at the Annual Report.
 - a. What is the trade debtor.
 - b. What is the Group's risk management policy on mitigating concentration risk on Trade Receivables?
 - c. The impairment losses recognised in FY2018 was RM0.84 million, higher than the RM0.23 million impairment loss in FY2017.

Reply:

5.a

The trade debtor is Bina Puri Properties Sdn Bhd which account for 95% of Receivables in FY2018

5.b

The trade receivables of the Group are individually assessed to be impaired or not as the management are confident that these amounts are fully recoverable.

5.c

The increase of impairment of RM0.23 million in FY2017 to RM0.84 million in FY2018 was due to a prior year adjustment on debtor balance.

Corporate Governance Matters

1. Ms Ch'ng Se Hua, the Executives Directors ("ED"), attended only four out of six Board Meetings in FY2018. Please explain the reasons why she was absent from two Board meetings as Board meetings are scheduled well in advance.

Reply:

Ms Ch'ng Se Hua was absent from 2 Board meetings due to a prior commitment that was unable to change and not able to attend the meeting.

2. We have accessed the Company's website on 15 November 2018 and note that the "key matter discussed" in the Company's 45th Annual General Meeting held on 24 November 2017 has not been published as required under paragraph 9.21(2)(b) of the Main Market Listing Requirements.

Reply:

The minutes on matter discussed in the 45th - AGM held on 24.11.2017 will upload in the website.

Thank you.

Yours faithfully,

For and on behalf of

Malaysia Pacific Corporation Berhad

A handwritten signature in black ink, appearing to read "CS.S", with a checkmark above the first letter.

Ch'ng Soon Sen

Chief Executive Officer