



# 2013

ANNUAL REPORT

BUILDING PROGRESSIVE COMMUNITIES  
VIA GOOD GOVERNANCE

# PROJECT LISTING



## LEGENDS :

**1** Meranti @ Hillpark  
Shah Alam North

**3** Saville @ Kajang

**5** MKH World

**7** HillPark Homes 3

**2** MKH Avenue I

**4** Aurelia - Kajang 2

**6** Pelangi Heights

# FUTURE DEVELOPMENTS

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**Township**

- Kajang 2 South

**Commercial**

- Bandar Teknologi Sec 5

**Mixed Residential & Commercial**

- Temara @ Jln Tun Razak
- MKH Boulevard II
- MKH Avenue II
- MKH World, Serdang
- MKH City, Kajang

**Residential**

- Hillpark Home 3, Kajang
- Hillpark Home 4, Kajang
- Hillpark Residence, Kajang
- Saville @ Mon't Kiara

# CURRENT DEVELOPMENTS IN KAJANG-SEMENYIH

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**Township**

- Kajang 2
- Kajang East

**Commercial**

- MKH Avenue

**Mixed Residential & Commercial**

- MKH Boulevard
- Saville @ Kajang
- Saville @ Cheras

# CURRENT DEVELOPMENTS IN GREATER KUALA LUMPUR

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**Township**

- Hillpark @ Shah Alam North, Shah Alam

**Residential**

- Pelangi Heights, Pajam

**Mixed Residential & Commercial**

- Saville @ D'Lake, Puchong

**High Rise Residential**

- Saville @ The Park, Bangsar

# PAST DEVELOPMENTS IN KAJANG-SEMENYIH

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**Township**

- Pelangi Semenyih
- Pelangi Semenyih 2
- Taman Bukit Mewah

**Commercial**

- Wang Commerz
- Metro Avenue
- Sentosa Avenue
- Desa Mewah Shops

**High Rise Residential**

- Saville @ Melawati, Kuala Lumpur
- Saville Residence @ Old Klang Road, Kuala Lumpur

**Residential**

- Sentosa Heights
- Desa Mewah
- Hillpark Home 1
- Hillpark Home 2
- Sentosa Villa
- Mewah 9 Residence

# PAST DEVELOPMENTS IN GREATER KUALA LUMPUR

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**Integrated**

- Pelangi Damansara  
Sentral Residence Suites

**Residential**

- Zen Park @ Cheras, Cheras
- Pelangi Utama, Petaling Jaya
- Pelangi Damansara, Petaling Jaya
- Pelangi Astana, Damansara

**Mixed Residential & Commercial**

- Pelangi Seri Alam, Shah Alam

**Commercial**

- Pelangi Square Damansara, Petaling Jaya
- The One Avenue Damansara, Petaling Jaya
- 8 Avenue, Petaling Jaya
- Rimbunan Avenue, Kuala Lumpur





## COVER RATIONALE

At MKH we believe that there is more to property development than just concrete buildings. The emergence of a new wave of discerning consumers has spurred our organisation to face new challenges in a creative, systematic and bona fide manner.

It is therefore our unrelenting commitment to building progressive communities. We are steadfast in our quest to achieve this objective through good corporate governance, towards the betterment of our society and the nation at large, by developing quality value for money properties.

Saville @ Cheras



# CONTENTS

## CORPORATE INFORMATIONS

**02** Vision, Mission  
and Corporate Values

**04** Company  
Profile

**06** Awards &  
Achievements

**08** 5 Years Group  
Financial Highlights

**09** Corporate  
Structure

**12** Corporate  
Information

**14** Chairman's  
Statement

**26** Corporate Social  
Responsibility

**34** Directors'  
Profile

## CORPORATE GOVERNANCE

**38** Statement on  
Corporate Governance

**54** Audit  
Committee Report

**58** Statement on  
Risk Management  
and Internal Control

**62** Additional  
Compliance  
Information

**64** Financial  
Statements

## OTHER CORPORATE INFORMATIONS

**183** List of  
Properties

**189** Analysis of  
Shareholdings

**191** Directors'  
Shareholdings

**192** Analysis of Warrant  
Holdings

**194** Directors' Warrant  
Holdings

**195** Notice of Thirty-Sixth  
Annual General Meeting

**200** Statement Accompanying  
Notice of Thirty-Sixth  
Annual General Meeting

Form of Proxy



Artist's impression only





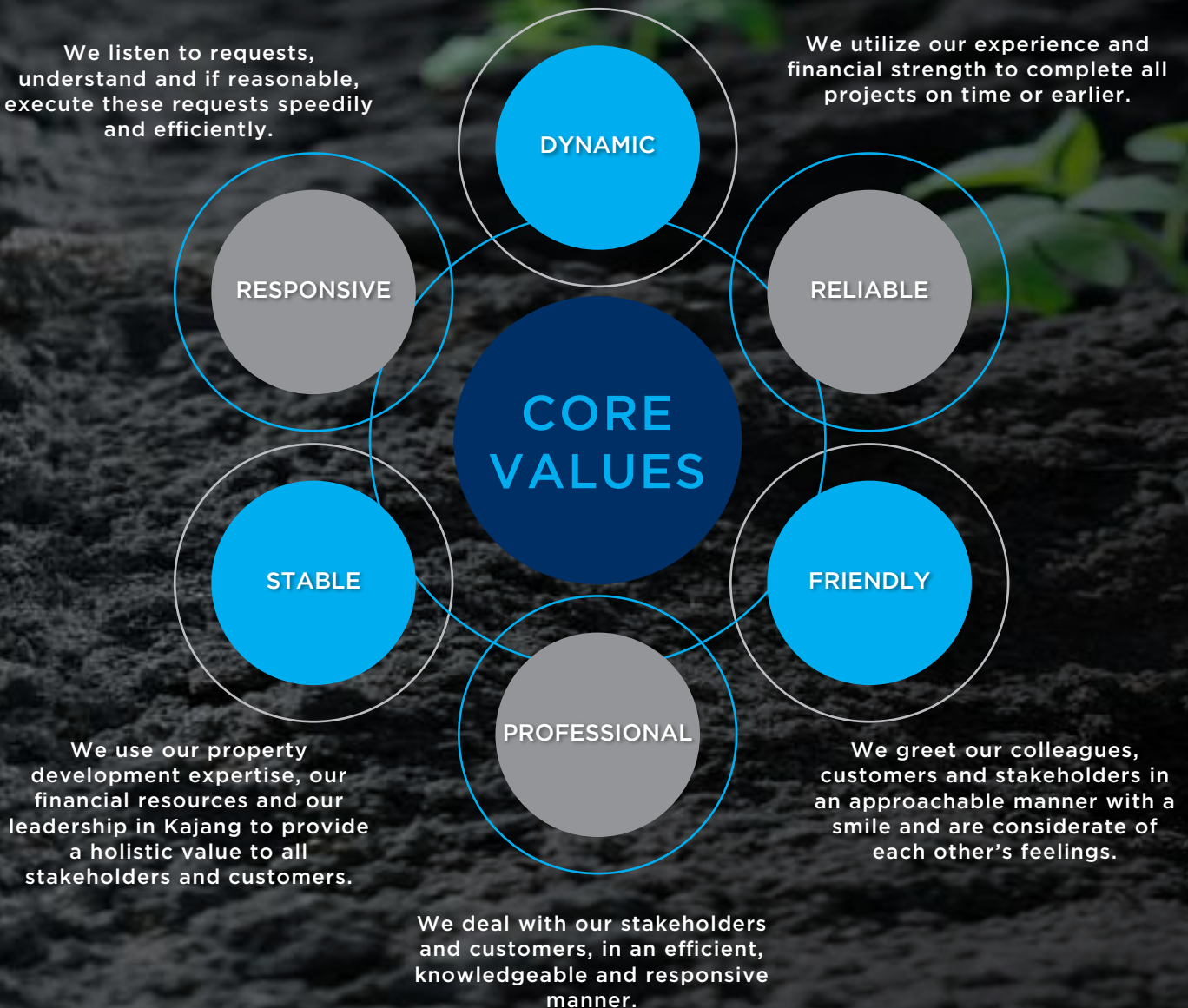
## VISION

To be a leading corporation  
in delivering sustainable growth.

We are energetic, moving ahead looking for new opportunities and delivering innovative products.

We listen to requests, understand and if reasonable, execute these requests speedily and efficiently.

We utilize our experience and financial strength to complete all projects on time or earlier.



## MISSION

1. To lead the market by continually developing and innovating quality products and projects that meet and exceed market expectations.
2. To be responsive to market trends and customer needs.
3. To provide a conducive working environment that will encourage the application of creative energy that is guided by best industry practices.
4. To be a good and responsible corporate citizen.
5. To provide a sustainable return to shareholders.



## MKH TODAY

**MKH Berhad** formerly known as (Metro Kajang Holdings Berhad) is an established and respected property developer listed on the Main Market of Bursa Malaysia. Since 1979, MKH has earned a distinguished reputation in improving quality of life by building good quality homes, while 2008 marked the Group's foray into oil palm plantation.

It is with great sense of satisfaction and pride that MKH commemorates its 37th year anniversary this year. Riding on 3 decades of success, the Group has succeeded in delivering a distinction in Kajang, making it one of the fastest growing townships in Malaysia.

Kajang 2 Transportation Hub







Hailing from the fast-growing township of Kajang, the Group has ventured into thriving urban circles such as Damansara, Bangsar, Cheras, Shah Alam, Puchong, and other parts of Greater Kuala Lumpur. MKH transformed into a metropolitan developer offering a mix of premium residential and commercial properties to affordable dwellings focusing on innovative concepts and quality living.

Little did the Group know that it has contributed to the nation by improving the quality of life through proper planning of integrated townships, quality developments, innovative technologies and well-designed communities for people to call home. To date, MKH has developed and undertaken more than 30,000 units of mixed development projects with a value exceeding RM12.0 billion.

In the quest for sustainable growth, MKH has diversified its business into oil palm plantation in Kalimantan, Indonesia. While property development and oil palm plantation are MKH's core businesses, the Group is also involved in property investment, property management, construction, trading and furniture manufacturing to provide maximum synergy and cost efficiency.

MKH has never lost sight on the importance of giving back to the society. In doing so, the Group looks beyond its industry and ad-hoc CSR activities to a holistic approach by engaging stakeholders in education, environment and social issues for long term sustainability.



## AWARDS & ACHIEVEMENTS

### THE EDGE *Top Property Developers Awards* 2015



**The Edge Top Property Developers Awards 2013 - 2015**  
(Top 30 Best Property Developers in Malaysia)



**GreenTech Awards 2014  
by GreenTech Malaysia** <sup>[1]</sup>



**Property Insight's Prestigious  
Developer Awards 2015** <sup>[2]</sup>



**Best Under Billion  
Awards 2015 by Focus Malaysia** <sup>[3]</sup>

[1] Top 30 Green Catalysts

[2] Top 10 Prestigious Developers

[3] Best Cashflow from Operations 2015



## PROJECTS



Pines @ Hillpark Shah Alam North

**THE EDGE**  
MALAYSIA

Affordable Urban Housing  
Excellence Award 2015

### The Edge Malaysia Affordable Urban Housing Excellence Award 2014-2015

2015 - Pines @ Hillpark Shah Alam North  
2014 - Pelangi Semenyih 2, Semenyih



Pelangi Semenyih 2, Semenyih

### Asia Pacific Property Awards (APPA)

#### APPA for Architecture Single Residence

Kajang 2, Kajang  
Kajang East, Semenyih

#### APPA for High Rise Residential

Saville @ the Park, Bangsar

#### APPA for Office Architecture

MKH World, Serdang

#### APPA for Commercial High-Rise

MKH Boulevard, Kajang

#### APPA for Office Development

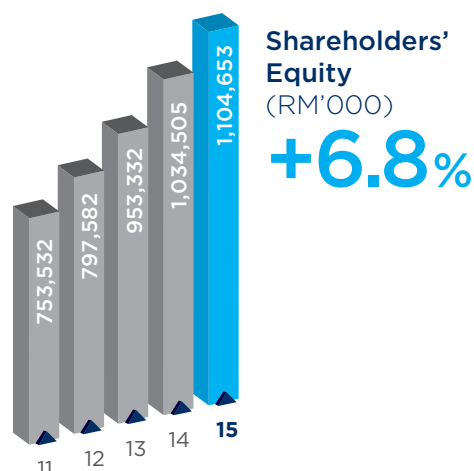
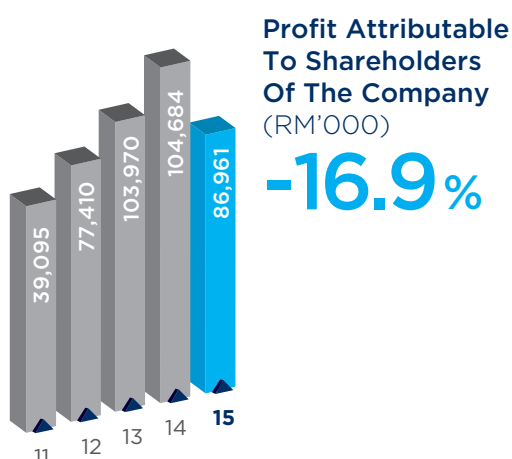
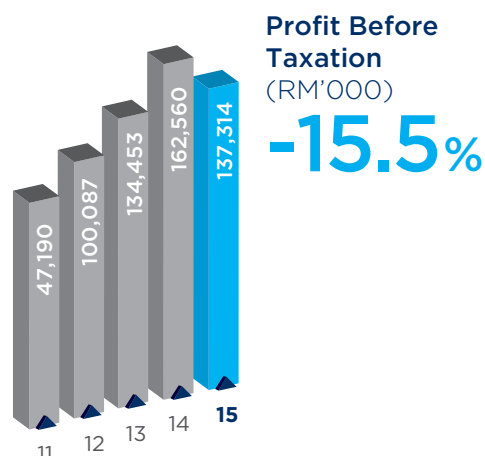
MKH World, Serdang

#### APPA for Development Marketing

Hillpark @ Shah Alam North



# 5 YEARS GROUP FINANCIAL HIGHLIGHTS



	2015 RM'000	2014 RM'000	2013 RM'000	* 2012 RM'000	* 2011 RM'000
<b>INCOME STATEMENT</b>					
• Revenue	1,041,898	806,522	688,219	555,925	342,016
• Profit Before Taxation	137,314	162,560	134,453	100,087	47,190
• Profit After Taxation	96,630	119,622	107,148	75,454	38,768
• Profit Attributable to Shareholders of the Company	86,961	104,684	103,970	77,410	39,095
<b>BALANCE SHEET</b>					
• Issued and Paid up Capital	419,407	419,394	349,253	291,044	264,585
• Shareholders' Equity	1,104,653	1,034,505	953,332	797,582	753,532
<b>RATIOS</b>					
• Dividend per share (sen)	7**	8**	10	5	5
• Net Earning per share (sen) @	20.73	24.97^	25.33^	19.95^	10.08^
• Net Assets per share (RM)	2.63	2.47^	2.27^	2.06^	1.94^
• Debt / Equity Ratio (%)	73	59	55	63	50
• Return on Shareholders' Equity (%)	8	10	11	10	5

\* Represents continuing operations and discontinued operations of the Group.

\*\* Single tier dividend

@ Attributable to the equity holders of the Company.

^ The preceding years' net earnings per share and net assets per share have been restated to effect the Bonus Issues made.





## PROPERTY AND CONSTRUCTION DIVISION

100%

- Aliran Perkasa Sdn Bhd
- Budi Bidara Sdn Bhd
- Danau Saujana Sdn Bhd
- Dapat Jaya Builder Sdn Bhd
  - 45% Rimbunan Melati Sdn Bhd
- Everland Asia Development Sdn Bhd
- Gabung Wajib Sdn Bhd
  - 65% Alif Mesra Sdn Bhd
  - 60% Amona Metro Development Sdn Bhd
- Gerak Teguh Sdn Bhd
- GK Resort Berhad
  - 70% PNSB-GK Resort Sdn Bhd
- Intelek Kekal (M) Sdn Bhd
- Intra Tegas (M) Sdn Bhd
- Kajang Resources Corporation Sdn Bhd
  - 49% PanaHome MKH Malaysia Sdn Bhd
- Kumpulan Indah Bersatu Sdn Bhd
  - 100% Palga Sdn Bhd
    - 100% Hiliran Juara Sdn Bhd
- Metro K.L. City Sdn Bhd
- Metro Kajang Construction Sdn Bhd
- Metro Kajang Development Sdn Bhd
- Pelangi Binaraya Sdn Bhd
- Pelangi Semenyih Sdn Bhd
- Pelangi Seri Alam Development Sdn Bhd
  - 100% Hillpark Resources Sdn Bhd (f.k.a. Puncak Alam Resources Sdn Bhd)
- Perkasa Bernas (M) Sdn Bhd
- Petik Mekar Sdn Bhd
- Serba Sentosa Sdn Bhd
- Serentak Maju Corporation Sdn Bhd
- Stand Allied Corporation Sdn Bhd
- Sumber Lengkap Sdn Bhd
- Suria Villa Sdn Bhd

99.99%

- Srijang Kemajuan Sdn Bhd
- 85% Achieve Acres Sdn Bhd
- 55% Vista Haruman Development Sdn Bhd

## NON- PROPERTIES DIVISION

100%

- Detik Merdu Sdn Bhd
  - 95% PT Maju Kalimantan Hadapan (f.k.a. PT Khaleda Agropima Malindo)
  - 100% PT Nusantara Makmur Jaya
- Global Landscape Creation Sdn Bhd
- Global Retreat (MM2H) Sdn Bhd
- Intelek Murni (M) Berhad
- Metro Kajang (Oversea) Sdn Bhd
  - 100% Vast Furniture Manufacturing (Kunshan) Co. Ltd.
- Metro Nusantara Sdn Bhd
- Metro Tiara (M) Sdn Bhd
  - 20% Rafflesia School (Kajang) Sdn Bhd
- MKH Building Materials Sdn Bhd
- MKH Credit Corporation Sdn Bhd
- MKH Food Sdn Bhd
- MKH Management Sdn Bhd
- MKH Resources Sdn Bhd
- Srijang Indah Sdn Bhd
  - 100% Laju Jaya Sdn Bhd
  - 100% Maha Usaha Sdn Bhd

# WHERE QUALITY & AFFORDABILITY SYNC





We are mindful of the need to provide a conducive environment in order for new communities to thrive. In this regard, we, together with all our dedicated staff and business associates, are synergizing our efforts to overcome whatever challenges that confront us. This is critical in ensuring the best possible balance between quality and affordability.



## BOARD OF DIRECTORS

**Y. Bhg. Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngı Chong**, Executive Chairman

**Y. Bhg. Tan Sri Datuk Chen Lok Loi**, Managing Director

**Datuk Chen Fook Wah**, Deputy Managing Director

**Datuk Mohammad Bin Maidon**, Independent Non-Executive Director

**Mohammed Chudi Bin Haji Ghazali**, Senior Independent Non-Executive Director

**Haji Mohamed Bin Ismail**, Independent Non-Executive Director

**Jeffrey Bin Bosra**, Independent Non-Executive Director

**Haji Hasan Aziz Bin Mohd Johan**, Independent Non-Executive Director

## AUDIT COMMITTEE

**Jeffrey Bin Bosra**  
(Chairman)

**Mohammed Chudi Bin Haji Ghazali**  
(Member)

**Haji Mohamed Bin Ismail**  
(Member)

## NOMINATION COMMITTEE

**Mohammed Chudi Bin Haji Ghazali**  
(Chairman)

**Haji Mohamed Bin Ismail**  
(Member)

## REMUNERATION COMMITTEE

**Haji Mohamed Bin Ismail**  
(Chairman)

**Jeffrey Bin Bosra**  
(Member)

## CHIEF FINANCIAL OFFICER

**Kok Siew Yin**

## GROUP COMPANY SECRETARY

**Tan Wan San** (MIA 10195)

## EXTERNAL AUDITORS

**Deloitte** (AF 0080)  
Level 16, Menara LGB  
1 Jalan Wan Kadir  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

Tel No : (603) 7610 8888  
Fax No : (603) 7726 8986

## INTERNAL AUDITORS

**KPMG Management & Risk Consulting  
Sdn Bhd**

Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

Tel No : (603) 7721 3388  
Fax No : (603) 7721 3399

## PANEL SOLICITORS

Khaled Mutang Chan & Lim  
Ling & Theng Book  
Markiman & Associates  
Michael Chen & Co.  
Steven Tai, Wong & Partners

## PRINCIPAL BANKERS

- Affin Bank Berhad
- Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
- AmBank (M) Berhad
- AmBank Islamic Berhad
- Bank Muamalat Malaysia Berhad
- Hong Leong Bank Berhad
- Hong Leong Islamic Bank Berhad
- Industrial and Commercial Bank of China (Malaysia) Berhad
- Malayan Banking Berhad
- Maybank Islamic Berhad
- OCBC Al-Amin Bank Berhad
- OCBC Bank (Malaysia) Berhad
- RHB Bank Berhad
- RHB Bank (L) Ltd
- RHB Investment Bank Berhad
- RHB Islamic Bank Berhad
- United Overseas Bank (Malaysia) Berhad

Saville @ Mon't Kiara



artist's impression only

## REGISTRAR

### Tricor Investor Services Sdn Bhd

Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

Tel No : (603) 2783 9299  
Fax No: (603) 2783 9222

## REGISTERED OFFICE

Suite 1, 5th Floor  
Wisma MKH, Jalan Semenyih  
43000 Kajang  
Selangor Darul Ehsan

Tel No : (603) 8737 8228  
Fax No : (603) 8736 5436

## STOCK EXCHANGE LISTING

### Main Market of Bursa Malaysia Securities Berhad

Stock Code : MKH  
Stock No : 6114  
Warrant Code : MKH-WB  
Warrant No : 6114WB

## CORPORATE WEBSITE

[www.mkhberhad.com](http://www.mkhberhad.com)



# CHAIRMAN'S STATEMENT

## DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of MKH Berhad ("MKH or Group"), it gives me great pleasure to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 30 September 2015 ("FY2015").

Meranti @ Hillpark Shah Alam North



Artist's impression only

“ The year 2015 saw a number of significant milestones for MKH Berhad as the Group have achieved billion-ringgit revenue mark, and a commendable high unbilled sales of RM920.0 million amidst challenging business environment. ”

## MARKET ENVIRONMENT

The Malaysian economy achieved moderated Gross Domestic Products ("GDP") of 4.7 percent in the third quarter of 2015, moderating from a 4.9 percent growth reported in the first half of the year, as export sectors were unable to offset a slowdown in private and public consumption. The decline in crude oil price has also resulted in our Ringgit Malaysia depreciating against the United States Dollar ("US Dollar").

The year 2015 was challenging for both the property and plantation sector. The stringent bank lending policies and the implementation of the Goods and Services Tax ("GST"), had contributed to a softer property market demand, noticeably for commercial and higher-end residential properties. Despite the softening of the property market, properties with appropriate product differentiation and pricing, in strategic locale especially near upcoming mega infrastructures, namely Mass Rapid Transit ("MRT") and Light Rail Transit ("LRT") generally fared well. The year also recorded a strong demand for the affordable housing segment.



The plantation business was also challenging due to lower overall commodity prices, including crude palm oil ("CPO"). The Indonesian Rupiah exchange rate has also depreciated against the US Dollar. The drop in crude oil prices has also resulted in CPO prices fallen in tandem albeit at a lesser extent with the CPO still averaging above RM1,900 per tonne. The CPO price is expected to gradually increase in 2016 as the supply of CPO is expected to be reduced due to the "El Nino" dry spell in major palm oil producing countries such as Indonesia and Malaysia and reduction in soy bean oil production due to "La-Nina" wet spell causing flood in South America which produces soy bean.

Hillpark Avenue

Artist's impression only





## OPERATIONAL REVIEWS

MKH showed resilience and delivered commendable results despite the challenging market environment. For the full financial year (“FY”) ended 30 September 2015, the Group’s achieved double-digit growth with 24% jump in revenue to RM1.0 billion from RM806.5 million a year ago. However, the Group’s pre-tax profit (“PBT”) fell 15.6% to RM137.3 million compared to RM162.6 million in the previous year mainly underpinned by lower profit contribution from the plantation division due to weaker CPO and palm kernel selling prices and higher unrealised foreign exchange losses and lower gain in fair value from investment properties.

Likewise, the Group’s profit after tax (“PAT”) dropped to RM96.6 million, representing 19.2% decrease year-on-year (“y-o-y”), while net profit attributable to shareholders excluding minority interest (“PATMI”) decreased 16.6% to RM87.0 million.

Kajang East Clubhouse







Saville @ The Park, Bangsar

Despite the softening of the property market in 2015 due to more stringent bank lending policies and the implementation of GST, Property & Construction division recorded an increase of 34.3% in revenue to RM720.9 million from RM536.9 million a year ago. This was evident from its record-breaking new property sales of RM841.8 million, an improvement of 3% from RM819.5 million recorded in the previous year. Consequently, MKH's unbilled sales reached a new high of RM920.0 million, representing 11.8% growth from RM823.0 million in the preceding year.

The Group's products ranging from commercial properties, affordable homes and premium homes with greater focus on affordable housing in strategic location namely MKH Avenue I in Kajang, Hillpark @ Shah Alam North, Saville @ Kajang, Pelangi Heights, Kajang East, Pelangi Semenyih 2 (Built-then-Sell), and Saville @ Cheras have proven to be successful strategy adopted by the Group.

## PROPERTY & CONSTRUCTION DIVISION

In tandem with the increase in revenue, this division has also achieved a higher PBT of RM117.4 million compared to RM86.5 million a year ago. The higher PBT is mainly due to higher revenue and profit recognition from the on-going development projects and new launches.

The commendable unbilled sales of RM920.0 million further fortifies long-term earnings visibility for the Group from which attributed sales revenue and profits will be recognised progressively.



LANDBANK STEADILY  
INCREASE WITH GDV OF

**RM12**  
billion

NATURED INSPIRED  
DEVELOPMENT WITH

**50**  
acres

FOREST PARK



## PLANTATION DIVISION

The oil palm plantation is another key growth driver to the Group. Due to the decline in CPO prices, the segment recorded a loss before tax of RM29.2 million compared to RM22.2 million profit before tax in the preceding year. Adjusting the unrealised forex losses, PBT was RM7.9 million as compared to RM40.4 million a year ago. The loss in FY2015 was attributed to higher unrealised forex losses of RM37.0 million compared to RM18.1 million in the preceding year as well as lower CPO price.

Revenue from the sale of CPO and palm kernel increased by 27.1% to RM209.5 million from RM164.8 million a year ago, buoyed by increasing fresh fruit bunches ("FFB") yield of 370,000 metric tonnes ("MT") which surpassed its year target of 360,000 MT. FFB yield improved by 17.1% to 24.6MT/hectare from mature and immature trees, while oil extraction rate ("OER") efficiency recorded at 21.2% in FY2015.

The average price of CPO in year 2015 was between RM1,900 to RM2,100 per MT and the price of CPO in Indonesia is forecasted to average between RM2,000 to RM2,200 per MT in 2016 mainly attributed to El-Nino dry spell effect on palm-oil production and a pick-up in biofuel demand when regional biodiesel mandates in Indonesia gain traction.

The plantation is well positioned to capitalise on the recovery of the CPO price in 2016 as the production of FFB is expected to increase by 11.6% to approximately 413,000 MT in 2016.

## HOTEL & PROPERTY INVESTMENT

This division recorded higher revenue of RM34.8 million but lower PBT of RM21.7 million for the current year, representing a growth of 1.2% and a reduction of 39.6% respectively compared to a year ago. The decrease in PBT for FY2015 was attributed to lower gain on changes in fair value of investment properties amounting to RM10.2 million compared to RM22.2 million a year ago and absent of gain on transfer of property development costs to investment properties amounting to RM1.8 million in the current year.

The Group's asset encompasses two shopping malls, namely Plaza Metro Kajang and Metro Point Complex, a 3-star hotel, office blocks, four parcels of commercial land leased to leading hypermarkets and fast-food restaurants, stratified office, shop lots, car park bays and Rafflesia International School, all located within the prime areas of Kajang-Semenyih and Kuala Lumpur. The Hotel & Property Investment division will continue to provide stable recurring income for the Group.





## TRADING

This division, which is mainly involved in the trading of building material and fixture for the Group's property development project, registered higher revenue and PBT of RM65.0 million and RM5.6 million respectively compared to RM57.1 million and RM3.8 million in the preceding year. The favourable variance was mainly due to higher building material sales to external subcontractors for the Group's development projects.

## MANUFACTURING

For the financial year under review, the furniture manufacturing subsidiary company in China, Vast Furniture Manufacturing (Kunshan) Co. Ltd. recorded a lower revenue and PBT of RM10.4 million and RM0.8 million for FY2015 compared to RM12.1 million and RM1.0 million respectively mainly due to lower sales volume and gross profit attributed to the minimum wages imposed by government of the People's Republic of China.

## DELIVERING SHAREHOLDERS' VALUE

The Group has been consistently creating value and delivering returns to its shareholders since its listing in 1995. The Board of Directors has declared an interim single-tier dividend of 7.0 sen per ordinary share for FY2015, amounting to RM29.4 million of cash dividends paid on 31 December 2015.

## ACCOLADES

The growing string of accolades in 2015 is a testament of MKH's strength and recognition from one's peers. This reaffirms our employees' commitment in delivering long-term shareholders' value.

### PROPERTY

#### **The Edge Top Property Developers Awards ("TPDA") 2015**

MKH was once again recognised as one of Malaysia's Top 30 best property developers; ranking 13 in the market from our 24th position in TPDA 2014.

#### **The Edge Malaysia Affordable Urban Housing Excellence Award 2015**

Once again, we are honoured to have played a meaningful part in fulfilling the nation's dream of affordable housing with The Edge Malaysia Affordable Urban Housing Excellence Award 2015 for Pines @ Hillpark Shah Alam North. Pines @ Hillpark Shah Alam North, the maiden phase of 558-acre eco-themed township Hillpark @ Shah Alam North shows our commitment in delivering affordable homes with quality and green living.



### **COMPANY**

#### **QLASSIC Excellence Awards 2014**

Our prize-winning residential development Pelangi Semenyih 2 - Phase 2A was awarded High QLASSIC Achievement 2014 award in the Landed Property category with a high score of 80%.

#### **Focus Malaysia's Best Under Billion Awards 2015**

The Group is honoured to be the winner of Best Cashflow from Operations category at the Focus Malaysia's among the companies with a market capitalisation under RM1 billion listed on the Bursa Malaysia Securities Berhad.

#### **Top 10 Prestigious Developers Awards 2015**

MKH was recognised at the Prestigious Developers Awards 2015 hosted by Property Insight Malaysia.

#### **Top 30 Green Catalysts Award 2014**

The Group was recognised at the GreenTech Awards 2014 by the GreenTech Association Malaysia as one of the catalysts for our effort and contribution towards creating sustainable green-certified homes.

### **PLANTATION**

#### **2015 District Award for Best Career Development for Female Workers**

The Group's plantation division is honoured to be the winner of Best Career Development for Female Workers in Kabupaten Kutai Kertanegara 2015 Award from Pejabat Bupati Kutai Kartanegara.

#### **2015 Social Welfare Award for Employee Provident Fund**

The Group's plantation division was awarded the Social Welfare Award 2015 for Employee Provident Fund from Badan Penyelenggara Jaminan Sosial Ketenagakerjaan Kantor Cabang Samarinda.



### **CORPORATE RESPONSIBILITY & SUSTAINABILITY INITIATIVES**

MKH appreciates the society's continuous support in the past year, and besides delivering quality homes to meet the people's demand, the Group also adopts a holistic approach in corporate social responsibility ("CSR"). We remain committed by engaging stakeholders in education, healthy living, community, social issue, environment and marketplace. These include building a well-planned community stalls ("gerai") at Puncak Alam in Shah Alam, rewarding homebuyers at 'MKH Carnival Finale', sponsoring 'MKH-Kajang International 12-Hour Walk 2015', 'The Godfather of Property Forum Series', 'RSGC Junior Amateur Open Golf Championship 2015' and compliance towards sustainable palm oil as part of our environmental conservation policy among others.



## FUTURE PROSPECTS

As 2015 ends and 2016 begins, we are mindful of the challenges due to the slowdown in property sector, but also the current slide in crude oil prices, depreciation of ringgit and tighter lending policies. We believe there are still opportunities throughout the year since domestic demand remains strong particularly for affordable housing. The progress of mega national transport infrastructure projects; MRT, LRT and the growing population of young homebuyers will be the key drivers in the affordable and mid-market segments.

This year, we will continue to leverage on our proven expertise in delivering affordable housing to homebuyers without compromising on quality, concept, connectivity and amenities as evident in our recent award-winning Pines @ Hillpark Shah Alam North. About 90% of our launches in FY2015 are mainly landed and high-rise residential homes with prices starting from RM380,000 - RM700,000, all located within our strong foothold of Kajang-Semenyih and Greater Kuala Lumpur; Cheras, Puchong and Shah Alam North. Property launches line-up this year include future ongoing phases of Kajang East, Hillpark 3, Hillpark @ Shah Alam North, Pelangi Heights and new launches for MKH Avenue II and Saville @ D'Lake Puchong, which are all within matured townships with ready infrastructure and amenities. Saville @ Cheras, one of the highlighted launches

in 2015, has great potential supported by its strategic location being integrated with the upcoming MRT station. The Group will also be partaking in the PR1MA and Rumah Selangorku programmes to provide more affordable homes to the people.

Our 15,943 hectares plantation with 90MT/hour CPO mill is another key growth factor. The CPO price is expected to rise in 2016 due to the "El Nino" dry spell effect, reducing CPO production in Indonesia and Malaysia. However, the impact of "El Nino" is expected to be minimal to our plantation which is located at the equator with adequate rain fall and given the Group's good agricultural practices through network of canals for irrigation to ensure high production yields of fresh fruit bunches ("FFB").

For FY2016, we expect an increase in FFB volume by 11.6% to 413,000 metric tonnes ("MT") or 28MT/hectare as majority of our planted trees aged 4-8 years are maturing for harvest. The higher projected FFB production from the favourable age profile of palm trees will have a positive effect on the Group's earnings. In terms of operations, we will continue to put emphasis on increasing productivity, yields and further improve on the oil extraction rate.

What sets us apart from others are the locality of our property developments, many which are near the upcoming MRT and LRT stations. Property and Plantation Division will continue to be the twin booster to support the Group's future earnings and growth momentum. PanaHome MKH Malaysia Sdn Bhd is a joint venture construction company between the Group (49%) and PanaHome Malaysia Sdn Bhd (51%) combining the Group's knowledge in the real-estate development business with PanaHome's Japanese construction technology. To date, our land bank has steadily increased to a gross development value (GDV) of RM12.0 billion which will keep us busy for the next 10 years. At least 7 of our current and future projects are located near MRT stations.



Saville @ Cheras

Artist's impression only.





Saville @ D'Lake, Puchong

Artist's impression only.

## ACKNOWLEDGEMENT

As the Group embarks on another year, the Board of Directors of MKH wishes to thank our shareholders, valued customers, regulatory authorities, media, business associates and bankers for their ongoing support. My heartfelt appreciation goes to Management and over 3,800 employees for their unwavering commitment and teamwork towards the Group's success.

In closing, I would like to thank fellow Board members for their invaluable expertise to the Group. As we forge ahead, I am confident that MKH will continue to accomplish its objectives of generating strategic growth while maximising shareholders' value in the coming years.

**Tan Sri Dato' Alex Chen Kooi Chiew**  
*Executive Chairman*



WELL AHEAD  
OF TIME



Strategic planning is at the forefront with respect to every facet of our diverse business operations. Thus, we focus greatly on the convenience of the thriving communities that we develop; to be in harmony with the surrounding environment and infrastructure.



“ Talent is an increasingly strong differentiator in determining the growth and success of a business. After identifying the right talents and skills, nurturing them will be an on-going effort as skilled talents are needed to expand our business and sustain our future. ”

**- Tan Sri Dato' Alex Chen,**  
*Executive Chairman*



Besides delivering sustainable growth and value for the shareholders, **MKH Berhad** (“MKH” or “the Group”) remains committed on corporate social responsibility practices mainly in the areas of workplace, community, education, social issues, environment and marketplace.

## THE WORKPLACE

Voted as one of the ‘Best Companies to Work for in Asia 2014’ for 2 consecutive years, the Group strives to provide a supportive work culture and environment, providing attractive advancements at all levels and offering competitive performance-based rewards for all employees. We believe that our employees are the key asset to the company’s success, and thus we strive to cultivate and manage the talents, skills, and commitment of our people.

### (a) Training

In managing our talents, MKH has organised various leadership coaching programmes to identify, retain and develop successors for critical positions. Workshops are organised and arranged for both departmental as well as individual improvements. Together with the guidance of the senior management team, these programmes in turn also act as opportunities for our talents to grow and perform their highest potential.



AAC Block Briefing and intalling Training for MKH Property / Development Team



2



3

2 MKH-Kajang International 12-Hour Walk 2015

3 MKH Walk Clinic led by RWAM before the event

4 Panasonic Visitation to Kajang 2 Sales Gallery

5 MKH Carnival Finale

6 RSGC Junior Amateur Open Golf Championship 2015

7 MKH Badminton Tournament 2015



4



5



6



7



**(b) Employee Fellowship**

The Group has also made a point in rewarding the many efforts of our employees through various team-building activities. Various events were held in the past year, such as day trip to Sekinchan, Kuala Selangor and Durian Fiesta.

**(c) Health**

In support of our employees leading a healthy and balanced lifestyle, simple breakfast is also provided for MKH staff every day, with alternative morning tea choices of tropical fruits and herbal tea. Numerous fitness activities are arranged for employees to wind-down after a day at the office such as weekly kick-boxing, yoga and zumba classes guided by certified coaches, or exercise in the well-equipped studio gym at the office. To make normal weekly badminton sessions interesting, MKH Badminton Tournament 2015 is held as an interactive platform through mutual love for the recreational sport.



REHDA National Golf Tournament

Nottingham Charity Run ("NCR") 2015







MKH Family trip to  
Sekinchan, Kuala Selangor

#### (d) Safety

To ensure that all our employees and support workers are working in a safe and healthy environment, MKH has also adopted the 'Malaysian Standard on Occupational Safety and Health Management System'. Certified training sessions on Basic First Aid are regularly arranged for frontline staff so they may react timely and accordingly should the need arises.

#### EDUCATION AND INDIVIDUAL DEVELOPMENT

A supporter of the United Nation's Millennium Development Goals, MKH strongly believes that education is the key to creating a sustainable future for all.

- Providing financial support to needy primary and secondary students through the 'Chin Mooi Education Foundation'.
- Ensuring better living standards for underprivileged children in Kalimantan, Indonesia by building school facilities to provide basic primary education.
- Supporting various educational activities organised by secondary and tertiary schools such as UM, UTAR, UKM, Nottingham University College, SMJK Yu Hua, SMK Convent, and SMK Jalan Bukit.
- Providing internship opportunities and graduate placement programmes for graduates to take up employment in MKH.



"Home Sweet Home" Property Exhibition  
at Gurney Paragon Mall, Penang

## COMMUNITY ACTIVITIES

MKH works successfully with various non-profit organisations (NGOs) to make a difference; be it small or big. The Group established long-term relationships with Malaysian Crime Prevention Foundation (“MCPF”) for safer community, Eastern Regional Organisation for Planning and Human Settlements (“EAROPH”) for sustainable human settlements and Race Walkers’ Association of Malaysia (“RWAM”) for healthy living.

- Collaborating with Majlis Daerah Kuala Selangor (“MDKS”) to build community stalls (“gerai”) at Hillpark @ Shah Alam North to meet public needs.
- Constructing of a new skybridge linking Bandar Baru Bangi and Bandar Teknologi to ease the traffic congestion in Kajang town (estimated to complete in 2017).

## HEALTHY LIVING

MKH strongly promotes sports events to community at large as evident in its years of sponsoring the International 12-Hour Walk with Race Walker’s Association of Malaysia (“RWAM”). The Group also supports sports development among youths such as ‘RSGC Junior Amateur Open Golf Championship 2015’ and ‘Impian Golf & Country Club’s Annual Championship 2015’

### • The 12th MKH - Kajang

#### International 12-Hour Walk 2015

This annual international event not only attracted local walkers, but also foreign walkers from as far as USA, Australia, France, Hong Kong, the Netherlands, Hungary and India among others.



Ground Breaking at Kajang 2

## THE ENVIRONMENT

The Group recognises the importance of environmental conservation, and has adopted the environmentally friendly policy as follows:

- Installing slit traps and washing thoroughly at every construction site to reduce dust and river pollution
- Disposing waste and construction debris at approved dumpsites only
- Practicing bore-pile to reduce noise pollution during substructure and piling works within Kajang Town
- Developing a new township with 50 acres of forest park in Hillpark @ Shah Alam North, Puncak Alam
- Adhering to the “zero-burning” policy and utilising environmentally friendly techniques during land clearing for oil palm cultivation
- Installing oil traps at palm oil mill proper interim storage of effluents emitted from palm oil mills to avoid river pollution
- Treating and applying Palm Oil Mill Effluent (“POME”) as natural fertiliser

As part of our POME waste management programme, POME is treated in anaerobic ponds; which is then applied to the soil as natural fertiliser.

Following our JV with PanaHome Malaysia, the Group aims to find balance in developing and sustaining the environment by combining the Group’s knowledge in the real-estate development business with PanaHome’s Japanese technology and construction expertise, as well as ideas for quality living.





MKH-Kajang International 12-Hour Walk 2015

## THE MARKETPLACE

MKH is committed to continuously enhance value for its shareholders and this is reflected by the Group's uninterrupted profit track record since 1979. It is our aim to provide high quality products and services to our customers, business partners and associates. To realise that goal, the Group has built good relationships with building material suppliers, subcontractors, customers, tenants and local communities.

Moreover, our commitment towards quality products used in our projects is guided by the Quality Assessment System in Construction ("QLASSIC"), which is founded by the CIDB ("Construction Industry Development Board") Malaysia. The Group's construction division has also obtained the ISO 9001:2000.

## PLASMA PROGRAMME

MKH actively participates in the Plasma Programme, which was initiated pursuant to the Indonesian government's policy of encouraging partnerships between plantation companies and their respective surrounding communities. In developing the programme, the Group applies the same standards as that of MKH estates. Plasma for Desa Sedulang area planted is 1,350 hectares or 90% out of total plantable land of 1,500 hectares, while Plasma Puan Cepak has 406 hectares has been fully planted for the financial year ended 2015.

The Plasma Programme is mutually beneficial to both members of the local communities and plantation companies. Locals who participate in the Plasma Programme benefit socially and economically from increasing incomes and better welfare such as training and education in oil palm cultivation. Plantation companies are able to enjoy a steady supply of FFB at prices set by a price committee established by the District Regional Government.





SUSTAINING  
THE SUSTAINABLE



Our commitment goes further than providing sustainable returns of investment (ROI) to our stakeholders. Where possible, we leave no stone unturned towards the preservation of the environment and ecosystem, in line with our corporate vision and mission. Consequently, the quality of our oil palm harvests is invariably second to none.

## **TAN SRI DATO' CHEN KOOI CHIEW @ CHENG NGI CHONG**

**- Executive Chairman**

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong, aged 72, a Malaysian, was appointed to the Board on 27 September 1979 and holding the present position as Executive Chairman since 30 October 2006. He is also a member of the Executive Committee. Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong is also the Chairman of Hulu Langat Chinese Industry & Commerce Association in Kajang and the Chairman of the Yu Hua School Board. He has been involved in business for about 55 years of which 37 years were in property development and construction industries and 23 years were in plantation sector.

Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong is the recipient of the award of "The Property Man of 2013" by FIABCI Malaysia, for his contribution to the property industry. He is the brother of Tan Sri Datuk Chen Lok Loi and Datuk Chen Fook Wah. He has no conflict of interest with the Company.

## **TAN SRI DATUK CHEN LOK LOI**

**- Managing Director**

Tan Sri Datuk Chen Lok Loi, aged 63, a Malaysian, holds a Bachelor of Business Studies (Marketing) from Monash University, Australia. He was appointed to the Board on 31 July 1984 and holding the present position as Managing Director since 19 January 2005. He is also a member of the Executive Committee. Tan Sri Datuk Chen Lok Loi is the recipient of the "Malaysian Construction Industry Excellence Awards 2015 CEO of The Year Award" and "REHDA Personality Award 2013". He has more than 34 years of experience in property development and construction related businesses.

Tan Sri Datuk Chen Lok Loi is a Patron, Past President of Real Estate and Housing Developers' Association (REHDA) of Malaysia and serves as a National Council and Executive Committee Member of REHDA Malaysia and sits on various government-private sector committees that formulate policies governing the housing and real estate industry.

Tan Sri Datuk Chen Lok Loi is the President of the Malaysian Association of Shopping Mall and the President of the Building Management Association of Malaysia, Deputy Chairman for Construction and Property Committee in the Association Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and served as the honorary treasurer of the Malaysia Crime Prevention Foundation (MCPF). He is also the President of the Race Walkers' Association of Malaysia (RWAM).

Tan Sri Datuk Chen Lok Loi is the brother of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Datuk Chen Fook Wah. He has no conflict of interest with the Company.



## DATUK CHEN FOOK WAH

- Deputy Managing Director

Datuk Chen Fook Wah, aged 59, a Malaysian, holds a Master of Business Administration from University of Wales. He was appointed to the Board on 25 November 1999 and holding the present position as Deputy Managing Director since 19 January 2005. He is currently a member of the Executive Committee. He was admitted to the Board of Valuers and Real Estate Agent of Malaysia in 1986. Prior to joining the Group, he was with Guthrie Trading Sdn Bhd from 1973 to 1974 and Hilton Realty from 1975 to 1978.

He is the brother of Tan Sri Dato' Chen Kooi Chiew @ Cheng Ngi Chong and Tan Sri Datuk Chen Lok Loi. He has no conflict of interest with the Company.

## DATUK MOHAMMAD BIN MAIDON

- Independent Non-Executive Director

Datuk Mohammad Bin Maidon, aged 74, a Malaysian, was appointed to the Board on 27 February 2014. He holds a Degree in Business Administration from Universiti Teknologi MARA. He started his career in the marketing division of Colgate-Palmolive (Malaysia) Sdn Bhd ("Colgate-Palmolive") in 1965 and later in the Human Resources Division until his retirement in 1999 with his last position as a Senior Director of Human Resources and Corporate Affairs. He was responsible for the Halal program of Colgate-Palmolive and had been working closely with Jabatan Kemajuan Islam Malaysia and Halal Development Corporation. He is an active member of the Halal Management Team of Colgate-Palmolive from 1980 to 2000 and is still a board member of Colgate-Palmolive as at this date.

He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

#### EN. MOHAMMED CHUDI BIN HAJI GHAZALI

- Senior Independent Non-Executive Director

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En. Mohammed Chudi Bin Haji Ghazali, aged 72, a Malaysian, was appointed to the Board on 19 March 2003. He is also a member of the Audit Committee and Chairman of the Nomination Committee. He was attached to Standard Chartered Bank Malaysia Berhad for 36 years and was a Senior Manager prior to his retirement in 1999. He has attended banking courses conducted at National Westminster Bank Staff College, Oxford and Manchester University Business School. He is currently a Board member of Koperasi Serbaguna Anak-Anak Selangor Berhad.

He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

#### HAJI MOHAMED BIN ISMAIL

- Independent Non-Executive Director

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Haji Mohamed Bin Ismail, aged 75, a Malaysian, was appointed to the Board on 18 March 2004. He is the Chairman of the Remuneration Committee and also a member of the Audit Committee and Nomination Committee. He was the State Director of Lembaga Pertubuhan Peladang from 1978 to 1989. He later became the Director General of Lembaga Tembakau Negara ("LTN") from 1990 to 2000 and was the Chairman of LTN from 2001 to 2002.

He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

## EN. JEFFREY BIN BOSRA

- Independent Non-Executive Director

En. Jeffrey Bin Bosra, aged 47, a Malaysian, was appointed to the Board on 1 August 2008. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee. He is currently a member of The Malaysian Institute of Certified Public Accountants ("MICPA") and The Malaysian Institute of Accountants ("MIA"). He started his professional career with Arthur Andersen & Co. focusing on external audits and business advisory works. He later joined an established commercial group as the Finance Manager from 1996 to 2000. He then joined Ernst & Young as the Senior Manager specialising in corporate governance, risk management, internal audits, special investigation and turnaround management related service. Encik Jeffrey Bin Bosra left Ernst & Young in 2004 and started his own audit firm.

He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.

## HAJI HASAN AZIZ BIN MOHD JOHAN

- Independent Non-Executive Director

Haji Hasan Aziz Bin Mohd Johan, aged 75, a Malaysian, was appointed to the Board on 18 July 2013. He holds a Diploma in Agriculture Malaya from College of Agriculture, Serdang, Selangor Darul Ehsan. He started his career in 1962 at the Department of Agriculture, Kuantan, Pahang under the Ministry of Agriculture (soil science division). He was appointed as the advisor to an oil palm plantation company, Watawala Plantations Ltd in Sri Lanka from 2001 to 2003 and later engaged as a Visiting Agent for some of FELCRA Berhad's plantations from 2009 till 2010.

He does not have any family relationship with any other Directors and/or major shareholders of the Company and has no conflict of interest with the Company.