



Delivering Value

# **MKH Berhad** **40<sup>th</sup> Annual General Meeting** **Corporate Presentation**

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## Executive Board Members

Tan Sri Dato' Alex Chen	Group Executive Chairman
Tan Sri Datuk Eddy Chen	Group Managing Director
Datuk Chen Fook Wah	Deputy Managing Director

## Stock Information

Share Price @ 25 Feb 2020	RM1.52
Shares Issued	586.5 mil (excl. treasury shares of 7.5 mil)
Market Capitalisation	RM891 mil
Listing Status	Bursa Malaysia Main Board (Syariah Compliant)
Listing Date	October 1995

## FY 30 Sept 2019 Financial Performance (audited)

Group Revenue	RM1,121.7 mil	3.7%	Net Gearing	0.17x
PBT	RM158.4 mil	23.5%	Net Assets / Share	RM2.79
PATMI	RM82.6mil	16.5%	ROE	5.1%
Basic Earnings / Share	14.26 sen		ROA	2.5%
Net Dividend /Share	4 sen			





## Property Development & Construction

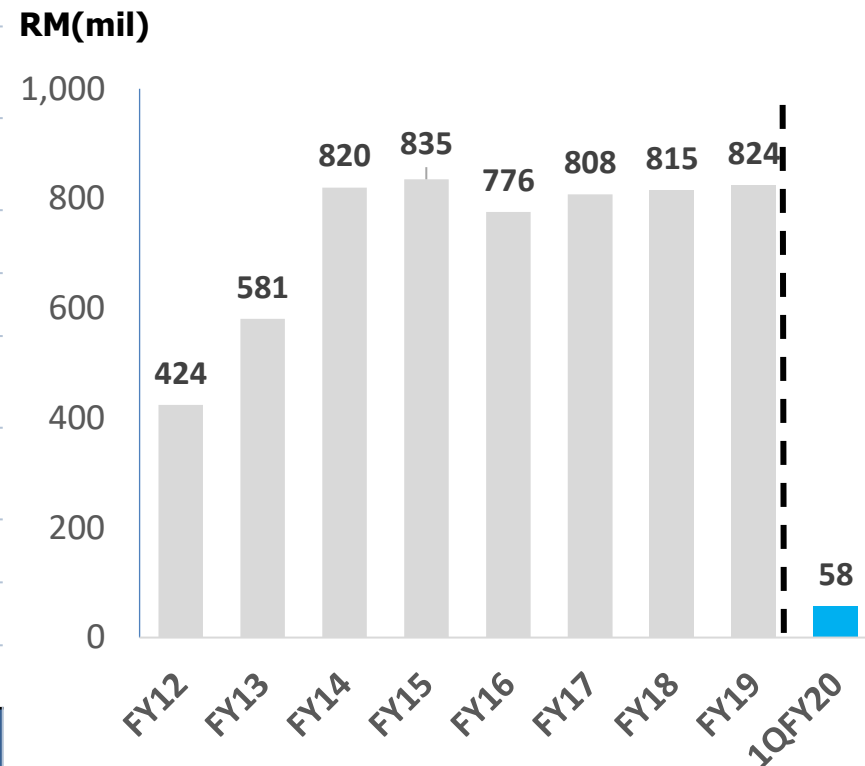


# RM58.2mil New Sales Registered in 1QFY20

Project Sales (RM mil)	1QFY20	1QFY19	FY19
Pelangi Heights	1.4	3.6	8.5
Hillpark 3 & BTK shop	0.8	1.2	4.1
Kajang East	(5.9)	69.7	196.4
Saville @ Cheras	0.6	(2.0)	13.0
Saville @ D'Lake, Puchong	(0.6)	(3.8)	20.2
Hillpark @ Shah Alam North	8.3	6.0	114.2
Hillpark Residence	1.4	0.9	3.8
TR Residence	3.0	7.5	25.9
Kajang 2 Precinct 2	0.8	(1.2)	4.8
Inspirasi Mont'Kiara	(0.3)	20.7	103.0
MKH Boulevard 2	8.1	45.3	109.0
Nexus @ Kajang	40.6	-	219.1
Others - Inventories	-	0.5	1.5
<b>Total</b>	<b>58.2</b>	<b>148.4</b>	<b>823.5</b>

- Residential development launches in Kajang & Greater Kuala Lumpur focusing on affordable housing

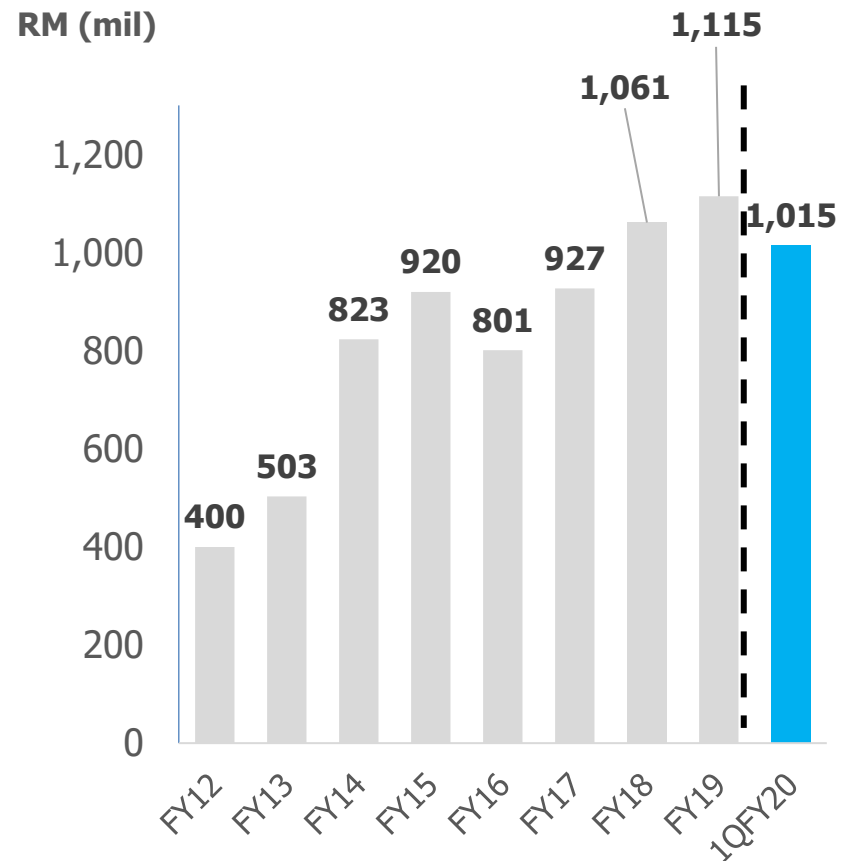
## New Sales for 1QFY20



# Unbilled Sales Stood at RM1.0 bil

Ongoing Projects 31 Dec 2019 (RM mil)	GDV (RM mil)	% Sold	Unbilled Sales (RM mil)
Hillpark @ Shah Alam North	128.3	79%	35.0
Hillpark Residence	168.5	95%	24.9
TR Residence	393.3	90%	179.8
Kajang 2 Precinct 2	146.7	93%	34.0
Inspirasi Mont'Kiara	448.1	94%	308.9
MKH Boulevard 2 (serviced apartment only)	247.6	47%	95.8
Kajang East Precinct 1	218.9	86%	94.4
Nexus @ Kajang (Tower A & B & C)	429.9	60%	239.4
BTK shops	5.3	55%	2.9
<b>Total</b>	<b>2,186.6</b>		<b>1,015.1</b>

## Unbilled Sales as of 1QFY20



# Planned Launches of RM1.5bil in FY20

- **Focusing on affordable residential projects**

- 59% new launches strategically situated within walking distance to the Kajang KTM & MRT Interchange Station
- Targeting genuine home buyers market where demand remains strong

- **Flexibility in product range of developments to sustain longer term growth**

- Primarily in Greater KL / Kajang area
- Potential new GDV of RM7.5 bil beyond FY20

- **Well positioned to unlock value of existing development landbank with increased interest in Greater KL & Kajang areas**



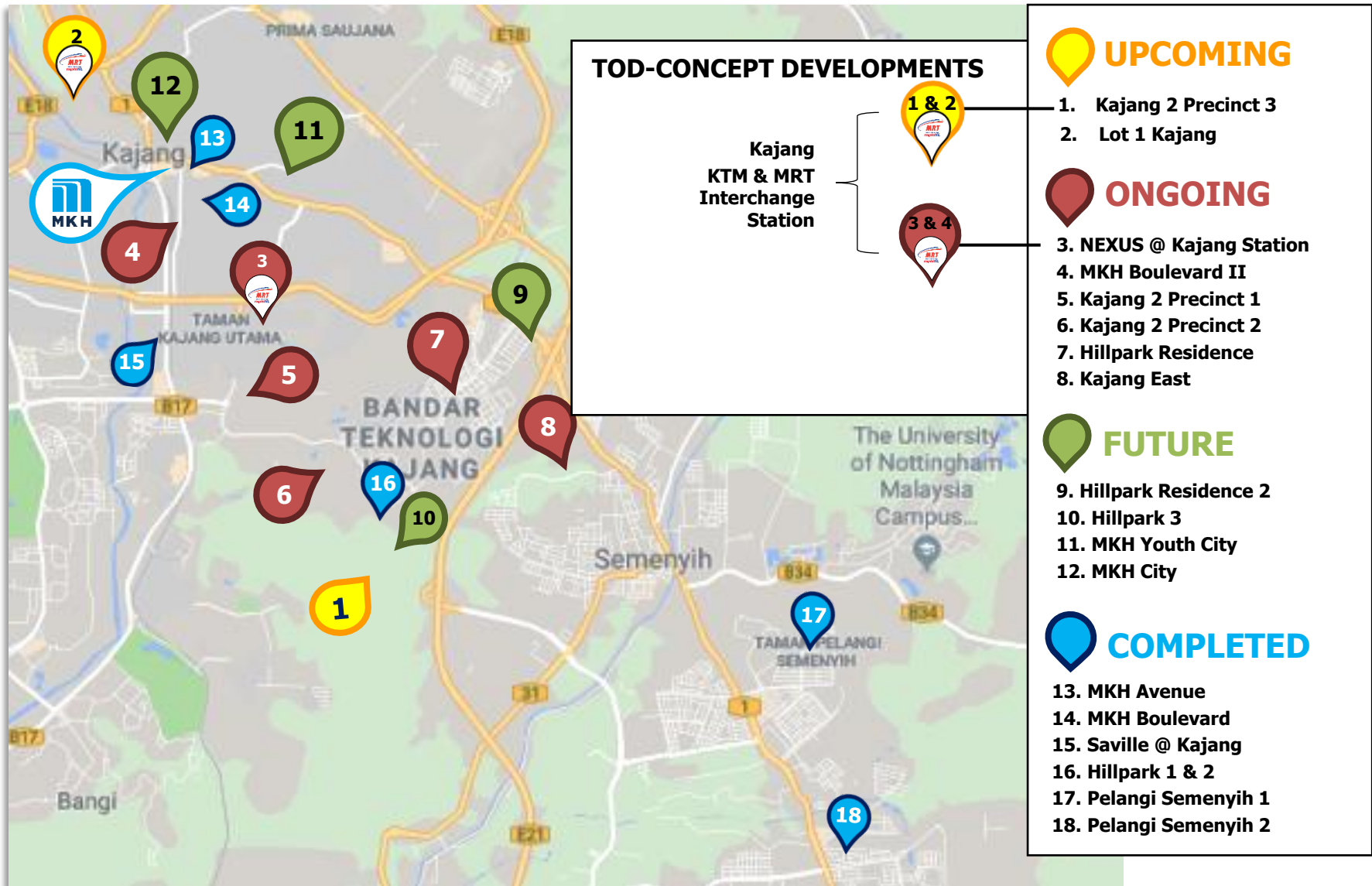
FY2020 Planned Launches	Launch GDV (RM mil)	Launch Period
Kajang East Precinct 1 – Phase 3	45.4	3QFY2020 (40units)/1QFY2021 (27units)
TR 2 Residence @ Jalan Tun Razak (SA only)	625.0	3QFY2020
Mirai @ Kajang 2 (SA)	303.8	3QFY2020
Nexus @ Taman Pertama Cheras (SA)	251.1	4QFY2020
Kajang 2 Precinct 2 – phase 5	251.2	4QFY2020
<b>Total</b>	<b>1,476.5</b>	

# New GDV Projection of RM7.5 bil beyond FY20

Summary of Projects 31 Dec 2019 (RM mil)	Land Area (acre)	Tenure	Total GDV	Remaining GDV	Est. Launches FY19	Est. GDV Beyond FY19	Period of Dev
<b>Kajang - Semenyih</b>							
Kajang 2 Precinct 1	270.0	Freehold	3,300	3,300	304	2,996	9 yrs
Kajang 2 Precinct 2 (JV)	170.0	Freehold	1,200	1,200	251	949	9 yrs
Kajang 2 Precinct 3	75.0	Freehold	467	467	-	467	5 yrs
MKH Youth City	10.2	Leasehold	650	650	-	650	5 yrs
MKH City	6.7	Leasehold	580	580	-	580	6 yrs
Hillpark Residence 2	9.2	Freehold	430	430	-	430	4 yrs
<b>Greater KL</b>							
Hillpark @ Shah Alam (JV)	75.0 (net)	Leasehold	230	230	-	230	4 yrs
NEXUS @ Taman Pertama (JV)	1.6	Freehold	251	251	251	-	4 yrs
TR 2 Residence @ Jalan Tun Razak	3.0	Leasehold	625	625	625	-	4 yrs
Mahkota Cheras (JV)	6.9	Freehold	440	440	-	440	4 yrs
MKH World	12.0	Freehold	746	746	-	746	5 yrs
SS5 @ Kelana Jaya	2.0	Freehold	50	50	-	50	6 yrs
<b>Total</b>	<b>641.6</b>		<b>8,969</b>	<b>8,969</b>	<b>1,431</b>	<b>7,538</b>	

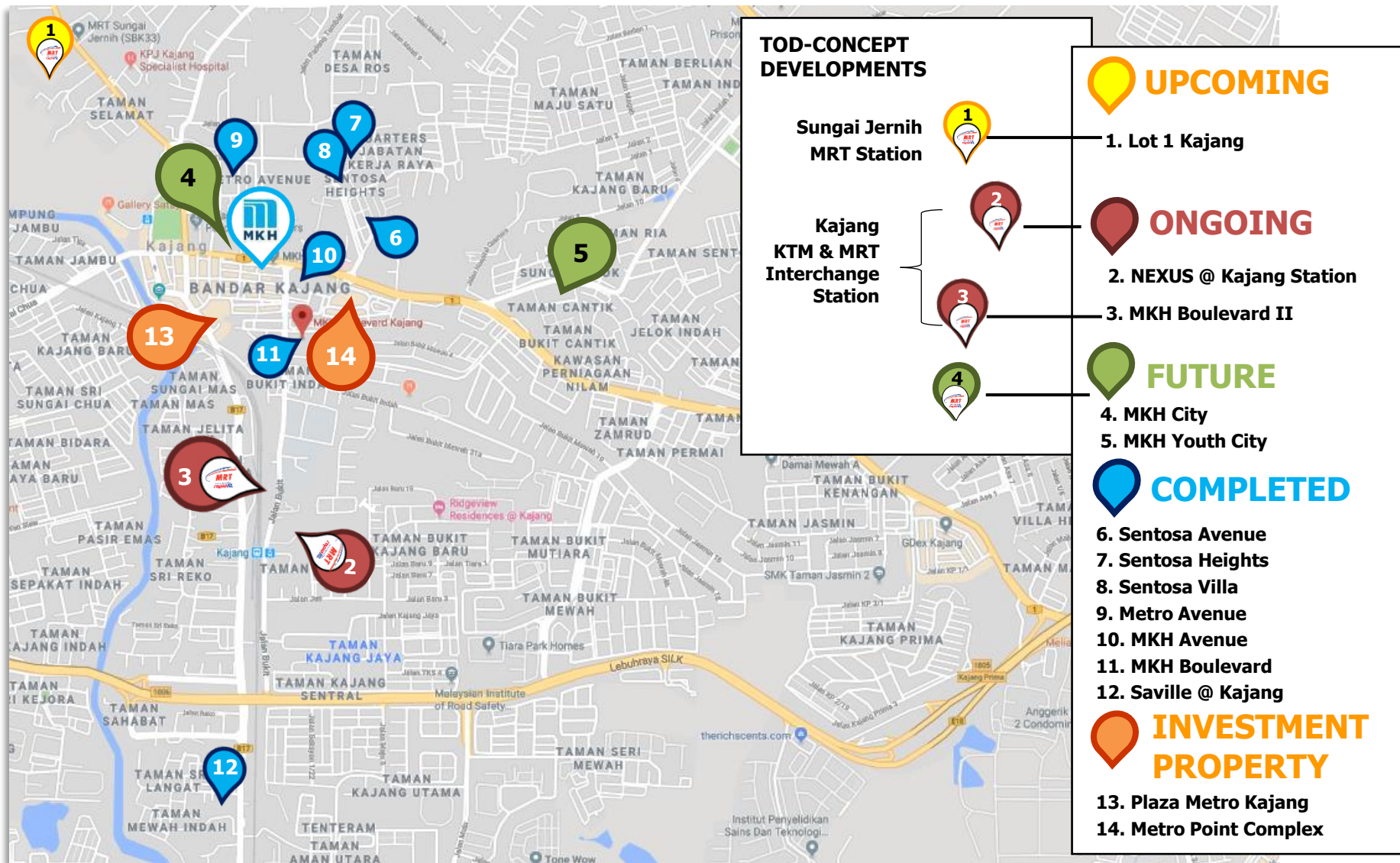


# Kajang / Semenyih Projects

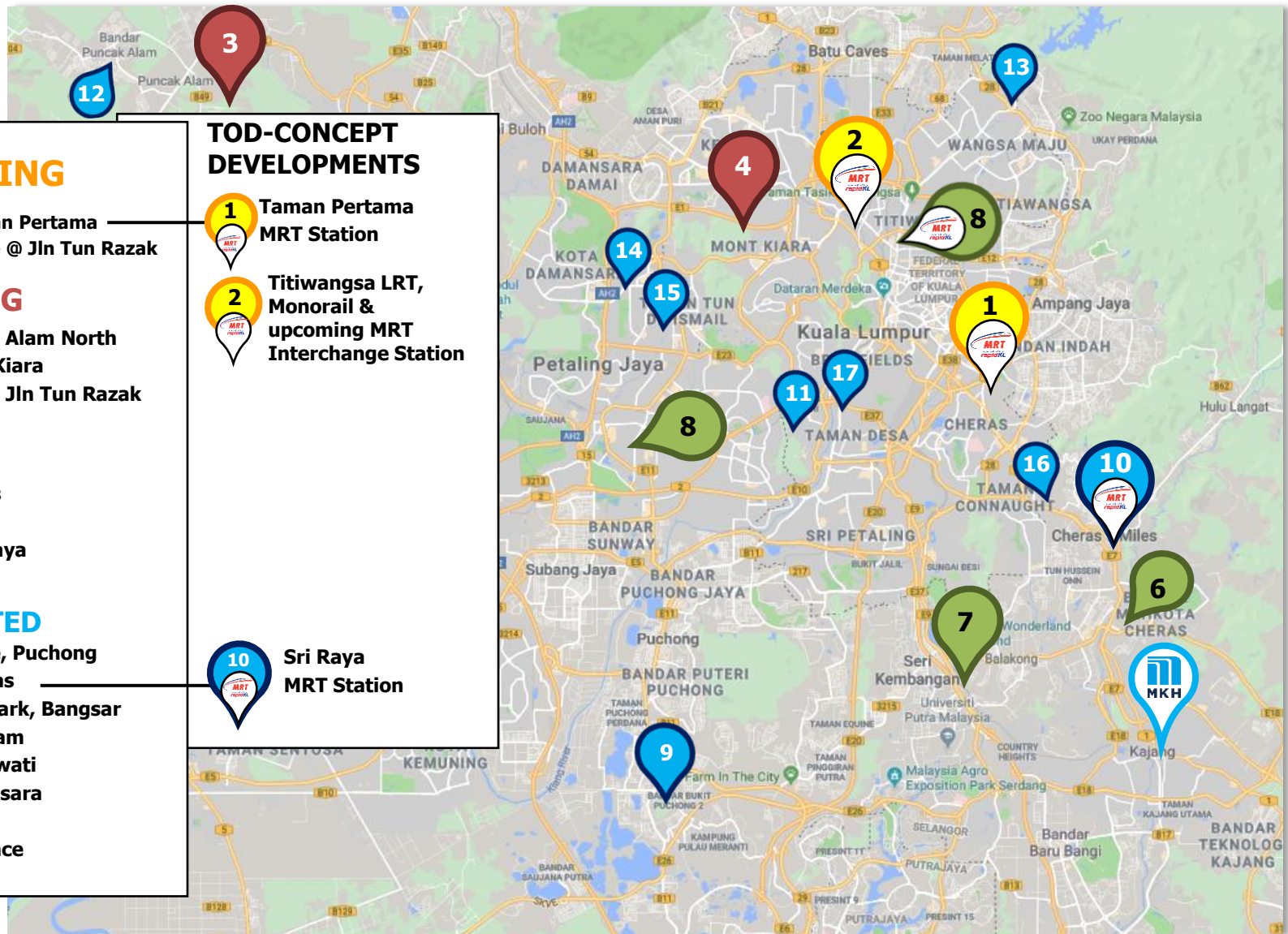




# Kajang City Centre Projects



# Other Greater KL Projects





# Ongoing Project: Kajang 2

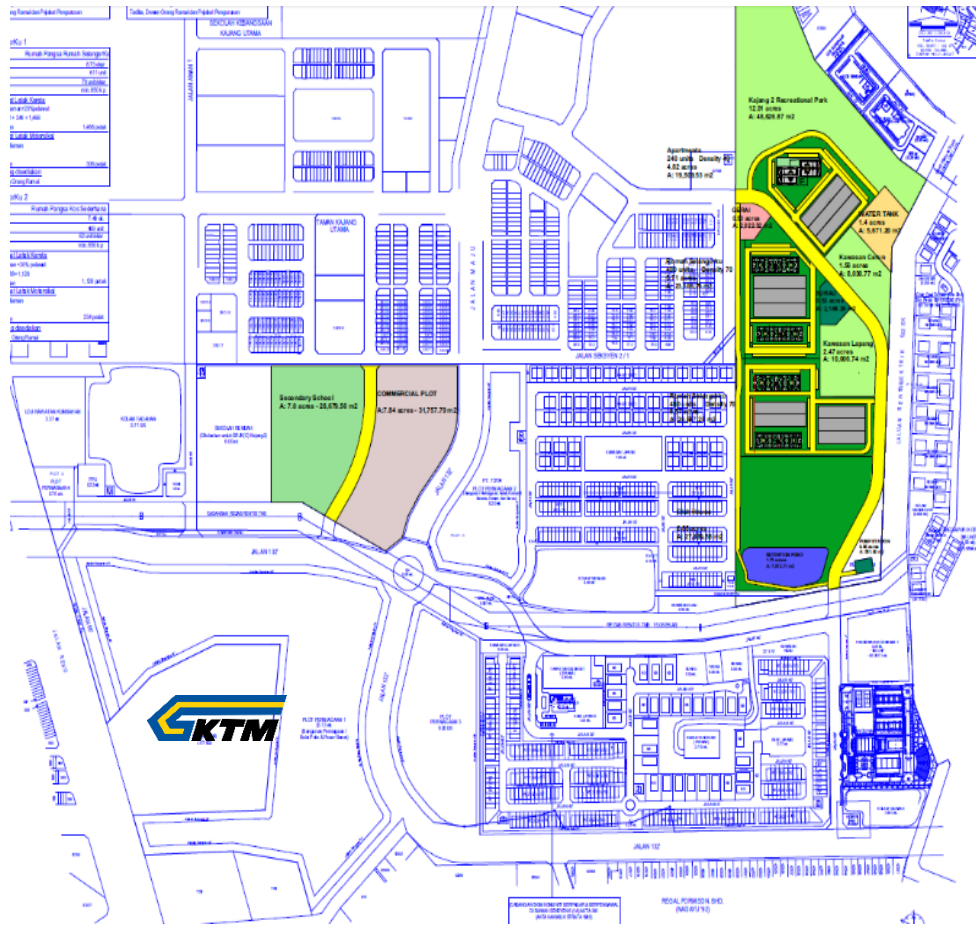
## A Flagship Township Development



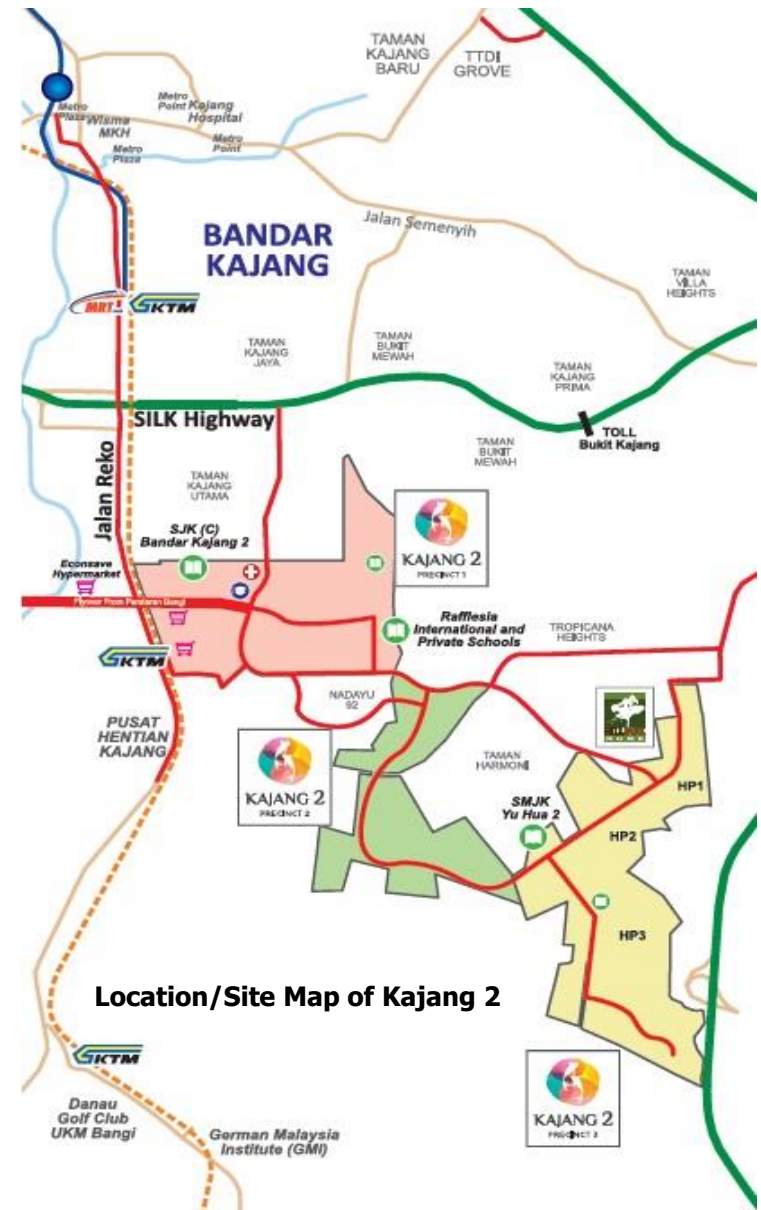
- **Flagship integrated township development with total estimated GDV of RM5.0 bil**

- Located on 515 acres of freehold land
- Comprising 3 precincts :-
  - Kajang 2 Precinct 1
  - Kajang 2 Precinct 2
  - Kajang 2 Precinct 3





# Masterplan of Kajang 2



### Location/Site Map of Kajang 2



# Ongoing Project: Kajang 2 Precinct 1 A Flagship Township Development



Artist impression of Kajang 2 Precinct 1, comprising of:-

- KTM Station with multi-level carparks
- Corporate Office Tower
- KTM Mall
- Shopping Mall
- Hotel Tower
- Medical Centre
- University
- Shop Offices
- Serviced Apartments
- Apartments

*Estimated to cater to an estimated population of 25,000 – 30,000 residents within 7-9 years upon completion.*

# Ongoing Project: Kajang 2 Precinct 1

## A Flagship Township Development



### ● Pacing new launches & creating greater premium through comprehensive facilities

- Enhanced accessibility with township's own KTM station interlinked with bus terminal & Sg. Buloh-Kajang MRT station; in addition to Kajang 2 flyover (completed 2017)
- Shopping malls, medical centre & convention centre
- Educational institutions:-
  - Establishment of new National-type Chinese Secondary School: SMJK Yu Hua 2 Kajang & Chinese primary school SJK (C) Kajang 2
  - Rafflesia International and Secondary Private Schools (in operations since Jan 2014)





- **Mixed development with estimated total GDV of RM1.2 bil**
  - Located on 170 acres freehold land
  - Comprising residential & commercial development
  - Launched phase 3 (Midori) & phase 4 (Hiroki) in Nov 2017 comprising 176 units D/S terrace with estimated GDV of RM146.7 mil
    - **93% sold as at Dec 2019**
  - Phase 5 (Kaizen) comprising 203 units (406 strata titles) townhouses with estimated GDV of RM251 mil, target to launch in 4QFY2020



## Upcoming Project: Kajang 2 Precinct 3

- **Planned for mixed development with estimated GDV of RM467.0 mil**
  - Located on 75 acres freehold land



- **Township development with total estimated GDV of RM569.0 mil**
    - Located on 138 acres freehold land within 8km of Kajang city centre
    - Comprising D/S terrace, semi-Ds & shop-offices
    - Gated and guarded precincts designed with resident-exclusive clubhouse facilities
  - **Last landed residential phase: Kajang East Precinct 1**
    - Comprising double-storey terrace & semi-D houses with estimated GDV of RM263.0 mil
    - To be launched over 4 phases
      - Phase 2 & 4 launched in Nov 2018
      - Phase 1 launched in May 2019
- Phase 3A (40 units D/S terrace) target to be launched in 3QFY2020**
- Phase 3B (27 units D/S terrace, semi-Ds) target to be launched in 1QFY2021**





- **Launched in Oct 2018**

- **47% sold as at Dec 2019** (serviced apartment only)



- **Mixed transit-oriented development with estimated total GDV of RM247.6 mil**

- Located on 2.5 acres freehold land in Kajang Town
- Comprising 604 units serviced apartments & 42 units commercial retail lots
- Strategically situated within walking distance to the Kajang KTM & MRT Interchange Station



- **Mixed development with total estimated GDV of RM429.9 mil**
  - Located on 8.2 acres freehold land in Kajang Town
  - Comprising serviced apartments & shop-lots strategically situated in front of the Kajang KTM & MRT Interchange Station



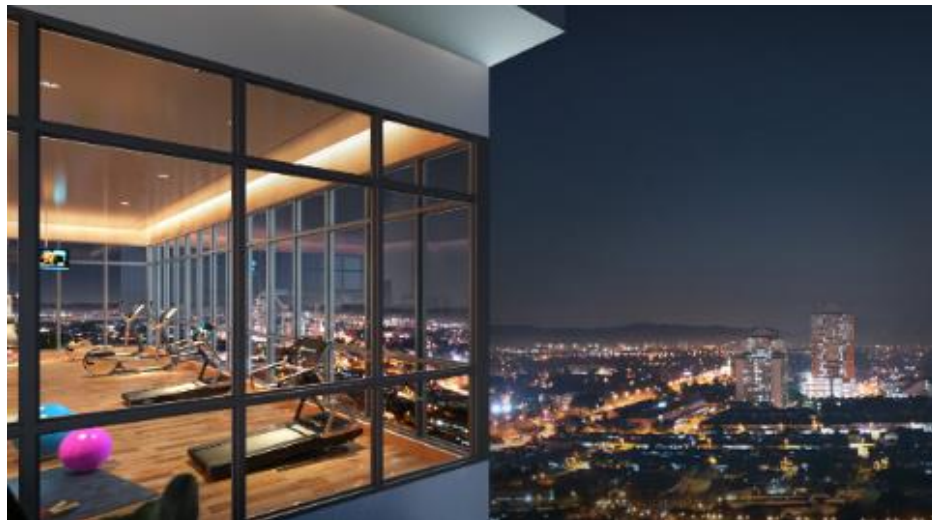
# Ongoing Project: NEXUS @ Kajang Station (JV)

- **Residential units are designed in three residential towers planned for separate launches**

- Tower A (PR1MA @ Kajang) comprising 393 units of serviced apartments with estimated GDV of RM120.6 mil
- - **Launched in May 2019 – 90% sold as at Dec 2019**
- Tower B comprising 393 units of serviced apartments with estimated GDV RM155.4 mil
  - 120 units of serviced apartments allocated for TNB
- **Launched in Jun 2019 – 42% sold as at Dec 2019**
- Tower C comprising 416 units of serviced apartments with estimated GDV of RM153.9 mil
- - **Launched in Aug 2019 – 55% sold as at Dec 2019**



# Ongoing Project: TR Residence @ Jalan Tun Razak



- **51%-owned integrated high-rise residential development with total estimated GDV of RM393.3 mil**
  - Located on 2 acres of leasehold land along Jalan Tun Razak, Kuala Lumpur
  - Comprising 36-storey tower accommodating 642 units serviced apartments & 12 units of commercial retail lots
  - Strategically situated next to Titiwangsa LRT, Monorail and upcoming MRT Interchange Station
  - Eco-concept development with rain water collection, natural ventilation & solar protection
- **Launched in end Jun 2017**
  - **90% sold as at Dec 2019**



## Ongoing Project: Inspirasi Mont' Kiara (JV)

- **65%-owned condominium project with total estimated GDV of RM448.1mil**
  - Located on 3 acres of leasehold land along Jalan Kiara 3, North Mont' Kiara
  - Comprising 46-storey tower accommodating 640 units serviced apartments & 2 units of commercial retail lots
- **Launched in Feb 2018**
  - **94% sold as at Dec 2019**



- **An integrated township with total GDV of RM 1.7 bil**

- Located on 558 acres leasehold land in Puncak Alam
- Built with the largest 50-acre town park (Central Town Park, Forest Park & Central Lake Park) in Puncak Alam
- Great accessibility via 6 major highways
- Safe community living in self-contained township with perimeter fencing and CCTV
- Passive green design as units are built in the North-South orientation to reduce heat





## Plantation



# Strategic Location of Plantation Estate



100%

**Detik Merdu Sdn Bhd &  
Metro Kajang (Oversea) Sdn Bhd**

95%

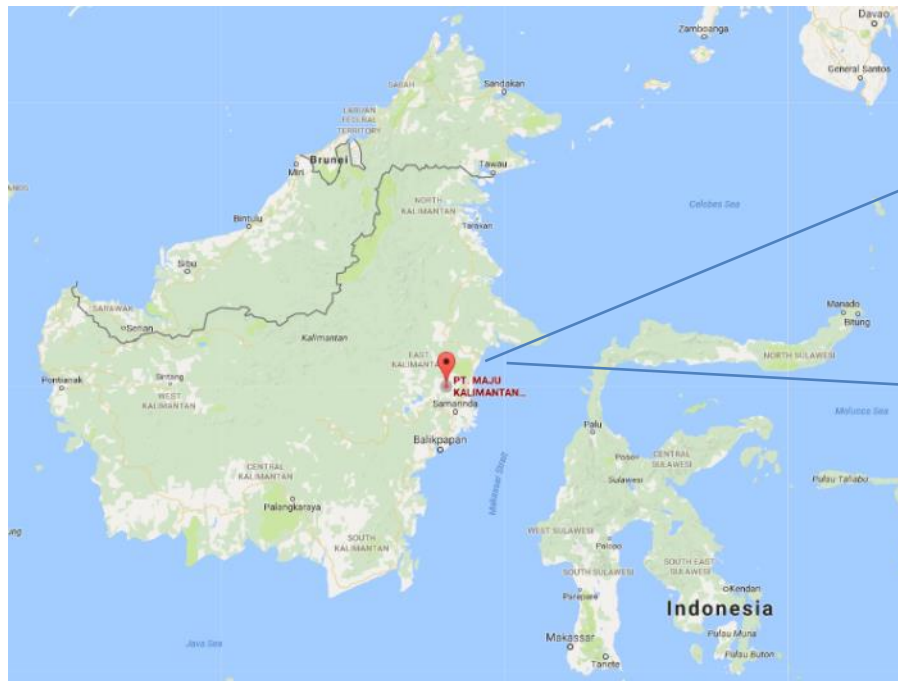
**PT Maju Kalimantan Hadapan  
(PT MKH 15,942.6ha)**

100%

**MKH Plantation Sdn Bhd**

75%

**PT Sawit Prima Sakti  
(PT SPS 2,445.5ha)**





# Growing Significance from Plantation Division

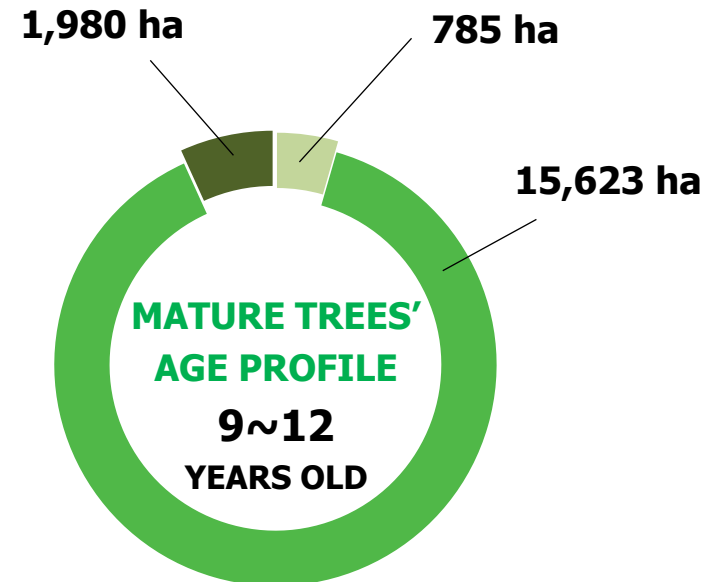
- Owns 18,388 ha (PT MKH & PT SPS) of “Hak Guna Usaha” for oil palm plantation

- Located 75km from Kota Samarinda, East Kalimantan
- Held under lease concession for 35 years from 2007 (PT MKH) and 2010 (PT SPS) respectively; with option to renew for 25 years and additional 35 years

**TOTAL ESTATE  
SIZE PLANTED:  
16,408 ha**



**CPO mill with maximum  
operating capacity of  
90MT/hour**



- Young trees
- In Harvest
- Infrastructure/Non-plantable Area

# Plantation Revenue and Profit

- **1QFY20 revenue achieved RM53.3 mil**

- PBT of RM9.6 mil in 1QFY20 compared to RM9.5 mil 1QFY19
- Included unrealised foreign exchange gains of RM3.1 mil in 1QFY2020 as compared to RM9.4 mil in 1QFY2019
- Higher adjusted PBT and EBITDA mainly due to higher average selling prices for CPO



Production (MT) *only PT MKH	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Target FY20
<b>FFB</b>	222,000	295,000	370,000	369,000	398,000	450,000	437,000	450,000
<b>CPO (internal FFB)</b>	52,000	67,000	81,000	85,000	83,000	101,000	99,700	103,000
<b>Average CPO Price (RM)</b>	2,100	2,200	2,000	2,050	2,530	2,160	1,860	1,870
<b>OER</b>	21%	21%	21%	22%	20%	21%	21%	21.5%
<b>FFB Yield/Ha</b>	16 MT	21 MT	25 MT	25 MT	26 MT	30 MT	29MT	30 MT



# Sustainability Efforts at Plantation



**Mill effluents are treated via facultative ponding system and reused as soil fertiliser**



**Improved harvesting mobility and estate productivity via implementation of mechanical-assisted evacuation and transportation of crop to CPO mill**



**Planting beneficiary plants alongside the estate perimeter as natural measures against pests instead of using agrochemicals**



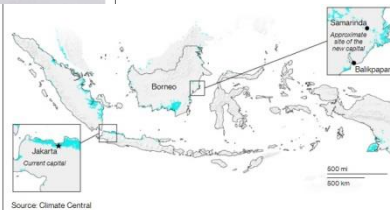
# Indonesia Shifting Its Capital from Jakarta (News)

## Bloomberg Businessweek

■ August 25, 2019, 5:00 AM GMT+8 ■ Updated on February 5, 2020, 5:00 AM GMT+8

### Why Indonesia Is Shifting Its Capital From Jakarta

By Thomas Kutty Abraham and Arys Aditya



Where will the new capital be?

An area straddling two regencies, North Penajam Paser and Kutai Kartanegara, in East Kalimantan province. (A new name has yet to be chosen.) Kalimantan is the Indonesian part of Borneo island, which is also home to two Malaysian states (Sarawak and Sabah) and the nation of Brunei. Some 1,400 kilometers (870 miles) northeast of Jakarta, it's geographically in the middle of Indonesia and largely protected from the kinds of natural calamities (earthquakes, tsunamis and volcanic eruptions) that befall other islands. Construction will begin in 2020 and government offices will start relocating in 2024, along with as many as 1.5 million employees.

What's the new plac

Locals call it coal country, near the heart of one of Indonesia's biggest mining regions. The gateway is Balikpapan, a former fishing village that became a boomtown after oil was found in the area in the late 19th century, during Dutch colonial rule. It has grown into a modern urban center and Kalimantan's financial heart, but an oil refinery run by state-owned PT Pertamina dominates the shoreline. Oil wells still dot the area but the fuel has been overtaken by coal. At PT Bayan Resources Balikpapan Coal Terminal further up the coast, snaking red conveyor belts stretch out into the bay, carrying the fuel to waiting ships. On the other side of the bay, villages still pursue a traditional life based on fishing, but their future is under threat from pollution.

## The Guardian

Indonesia

### Why is Indonesia moving its capital city? Everything you need to know

Jakarta will be replaced by a yet-to-be-built city in Kalimantan, on the island of Borneo

Kate Lyons  
@katalyons  
Tue 27 Aug 2019 05:39 BST



#### What is happening in Indonesia?

Indonesia's president, Joko Widodo has announced the national capital will move from Jakarta, on the island of Java, to the province of East Kalimantan, on Borneo.

Widodo told a press conference in Jakarta on Monday: "The government has conducted in-depth studies in the past three years and as a result of those studies the new capital will be built in part of North Penajam Paser regency and part of Kutai Kartanegara regency in East Kalimantan."

This is a plan that has been suggested by various Indonesian presidents over decades, but it looks like the move will finally, actually happen. Widodo said the government will prepare a bill to be considered by the House of Representatives. If approved, construction could start next year.

#### Why is it moving the capital?

Widodo says that the relocation is about addressing inequality and relieving some of the burden on Jakarta, and the island of Java. Java is home to 60% of the country's population and more than half of its economic activity. Kalimantan is almost four times bigger, but accounts for less than a tenth of the gross domestic production.

Kalimantan is also much more central in Indonesia's archipelago of 17,000 islands.

"The location is very strategic - it's in the centre of Indonesia and close to urban areas," the president said in a televised speech. "The burden Jakarta is holding right now is too heavy as the centre of governance, business, finance, trade and services."

Jakarta is also struggling under a huge environmental burden. Air quality in the city has plunged over the last few months, recording worse conditions in June than notoriously polluted cities such as Delhi and Beijing, prompting a group of activists and environmentalists to sue the government to take action.

Indonesia's capital is also sinking. Areas of north Jakarta, including the seawall designed to protect them, are falling at an estimated 25cm a year, due to subsidence. The city does not pipe in enough drinkable water, so Jakartans rely largely on wells which extract water from shallow aquifers, leading to the land above it collapsing.

The problem has been exacerbated by the explosion of new apartment blocks, shopping malls and even government offices and increases in the risk of a catastrophic flooding.

#### Where will the new capital be?

The move would see the government's administrative functions moved from Jakarta to a yet-to-be-built city in Kalimantan, more than 1,000km away. Kalimantan is the Indonesian portion of the island of Borneo, which is also shared with Malaysia and Brunei. However, Jakarta will continue to be the nation's commercial and financial centre, and it is believed that the majority of its nearly 10m residents would stay in Jakarta.

Widodo said moving the capital would cost 466 trillion rupiah (\$32.7bn), of which the state would fund 19%, with the rest from public-private partnerships and private investment. The price tag includes new government offices and homes for about 1.5 million civil servants.



Joko Widodo  
@jokowi

Pada siang yang berbahagia ini, saya menyampaikan bahwa pemerintah telah melakukan kajian mendalam, terutama tiga tahun terakhir. Hasilnya, lokasi ibu kota baru paling ideal adalah di Kalimantan Timur, sebagian di Kab. Penajam Paser Utara dan sebagian di Kab. Kutai Kartanegara.



12:56K 4:11 PM - Aug 26, 2019

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# Indonesia Shifting Its Capital from Jakarta (News)

**Bloomberg Businessweek**

**The Guardian**



Source: Climate Central

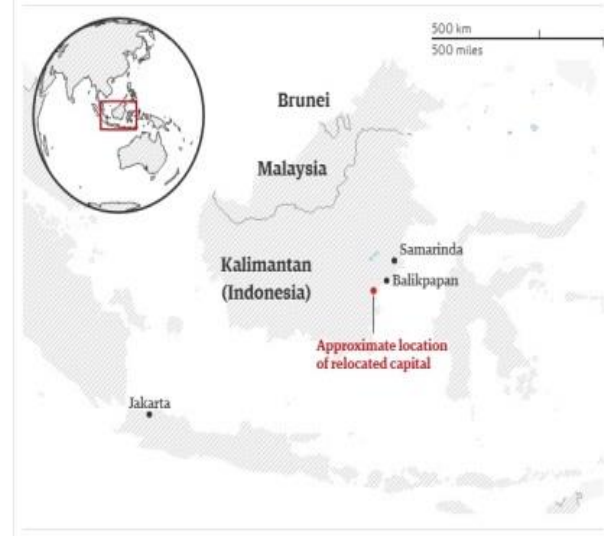
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## Property Investment





## Providing Recurrent Earnings

Investment Properties	Value (RM mil)	Description
Plaza Metro Kajang (NLA approx. 270,000 sq ft)	138.5	Shopping Complex
Metro Point Complex (NLA approx. 160,000 sq ft)	48.0	Shopping Complex
4 parcels of commercial land in Kajang & Semenyih	51.0	Leased to 2 hypermarkets & 2 leading fast-food restaurants
4 lots of offices & car-park bays	11.0	2 offices used as sales offices with the remaining up for lease
3 lots 2-storey shops & car park bays at Saville Melawati	7.9	To be leased out (partially tenanted)
1 lot 6-storey shop at MKH Avenue	11.0	2 offices used as sales offices with the remaining up for lease
Rafflesia International School	45.0	International school
<b>Total</b>	<b>312.4</b>	

- Revenue and PBT decreased by 5% and 23% to RM7.4 mil and RM2.0 mil respectively in 1QFY20 as compared to RM7.8 mil and RM2.6 mil respectively in 1QFY19 due to reduction in average rental rates for certain tenants in order to sustain the occupancy rates and the newly refurbished 3-star hotel namely RHR Hotel @ Kajang has yet to achieve its breakeven occupancy rates
- Steady contribution to Group's earnings with average rental yield of 5% p.a

## Outlook & Prospects





## Stronger Profit Recognition from Core Divisions

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- **Established developer with strong and long-term earnings visibility**
  - Strong foothold in Kajang / Semenyih
    - Largest beneficiary of the three MRT stations in Kajang and Cheras
    - New developments with TOD features
    - Future development with the nearest MRT (2) station/Kajang 2 KTM station
  - Secured choice locations for TODs along MRT Line 1 and 2
  - New GDV of RM7.5 bil beyond FY20 to anchor longer term growth
  - Target launches totalling RM1.5 bil in FY20
    - Unbilled sales stood at RM1.0 bil as at 31 Dec 2019
- **FY20 property development division to launch both residential & commercial developments; with focus on mass market housing with easy access to public transportation and lifestyle residential homes**
- **Expected growth contributed by improving production and yields with increasing maturity of young profile of trees**
  - CPO prices expected to remain sustainable
  - To focus on estate management to increase the production efficiencies including OER and maximising utilisation of CPO mill
  - Current CPO mill capacity at 90MT/hr is sufficient in catering to higher FFB yield.

# MKH's Business Plan for Growth

- **Strengthening core in Property Development & Construction division**

- To diversify products range, offering affordable and premium properties to suit different market segments
- To focus on innovative concept and design that incorporate lifestyle, practicality and passive green features to reduce energy consumption
- To ensure better quality products by increasing construction efficiency via adoption of Industrialised Building System (IBS), such as Light Weight Block & precast wall panel
- To maintain 20% to 25% gross profit for all types of developments except for JV projects
- To improve quality standards and achieve minimum QLASSIC score of 75%





# MKH's Business Plan for Growth

- **Strengthening Plantation division**

- To deliver FFB yield at average of 30MT/ha in 2020
- To sustain OER and KER efficiency at 21% and 4% respectively
- To monitor closely and reserve USD to mitigate forex losses arising from the repayment of USD loan



- **Landbanking strategy**

- Emphasis on opportunities in Kajang/Semenyih & other parts of Greater KL via JV or outright acquisition to complement existing development portfolio
- Actively seeking out plantation land in East Kalimantan to add to current 18,388 ha

- **Aim to pay single-tier dividend of 20% on PAT to shareholders for FY20**



# THANK YOU

