

# City & Country



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From left:  
**Datuk Seri Liew Kee Sin**  
SP Setia  
**Datuk Lee Yeow Chor**  
IOI Properties  
**Robert Tan**  
IGB Corp  
**Datuk Wong Choon Kee**  
Sunway City  
**Datuk P Kasi**  
MK Land Holdings



From left:  
**Jauhari Hamidi**  
Sime UEP Properties  
**Datuk Jagan Sabapathy**  
Bandar Raya Developments  
**Datuk Ghazali Mohd Ali**  
Boustead Properties  
**Datuk Jamaludin Osman**  
Island & Peninsular  
**Datuk Michael Yam**  
Sunrise



THE EDGE  
MALAYSIA

# Top Property Developers 2005

The Edge ranks Malaysia's best players — from the consumer's perspective

## TOP 30 (2005)

RANK	COMPANY
1	SP Setia Bhd
2	IOI Properties Bhd
3	IGB Corp Bhd
4	Sunway City Bhd
5	MK Land Holdings Bhd
6	Sime UEP Properties Bhd
7	Bandar Raya Developments Bhd
8	Boustead Properties Bhd
9	Island & Peninsular Bhd
10	Sunrise Bhd
11	Glomac Bhd
12	UDA Holdings Bhd
13	E&O Properties Development Bhd
14	Naim Cendra Holdings Bhd
15	Petaling Garden Bhd
16	YTL Land & Development Bhd
17	Talam Corp Bhd
18	Dijaya Corp Bhd
19	Paramount Corp Bhd
20	Selangor Properties Bhd
21	Country Heights Holdings Bhd
22	Plenitude Bhd
23	Daiman Development Bhd
24	PJ Development Holdings Bhd
25	Mah Sing Group Bhd
26	SHL Consolidated Bhd
27	GuocoLand (M) Bhd
28	Pelangi Bhd
29	WCT Land Bhd
30	LBS Bina Group Bhd

## TOP 10 (2005)

RANK	COMPANY	SIGNIFICANT PROJECTS
1	<b>SP Setia Bhd</b>	Setia Eco Park, Bandar Setia Alam, Duta Tropika, Setia Indah Johor*
2	<b>IOI Properties Bhd</b>	Bandar Puchong Jaya, Bandar Puteri Puchong, Bandar Puteri Klang, Bandar Puteri Klang
3	<b>IGB Corp Bhd</b>	Mid Valley City, Sierramas, Seri Bukit Persekutuan
4	<b>Sunway City Bhd</b>	Bandar Sunway, Sunway Damansara, Sunway Rahman Putra, Kiara Hills, Sunway City Ipoh*
5	<b>MK Land Holdings Bhd</b>	Damansara Perdana, Damansara Damai, Cyberia, Bukit Merah Laketown*
6	<b>Sime UEP Properties Bhd</b>	Ara Damansara, Bandar Bukit Raja, Putra Heights
7	<b>Bandar Raya Developments Bhd</b>	Troika, CapSquare, Permas Jaya*, Bangsar Hill, Palmyra, Inara, Bukit Bandaraya
8	<b>Boustead Properties Bhd</b>	Mutiara Damansara, The Curve, Mutiara Rini*
9	<b>Island &amp; Peninsular Bhd</b>	Bandar Kinrara, Taman Setiawangsa, Alam Damai, Kota Seriemas
10	<b>Sunrise Bhd</b>	Mont'Kiara Damai, Kiara Designer Suites, Mont'Kiara Banyan, Solaris Dutamas

\*Projects located outside the Klang Valley

# City & Country

GROUP EDITOR-IN-CHIEF/GROUP  
MANAGING DIRECTOR  
Ho Kay Tat

EDITOR  
Au Foong Yee  
(afyee@bizedge.com)

SENIOR WRITERS  
Diana Chin  
Lim Ming Haw

WRITERS  
Jennifer Gomez  
Fintan Ng  
Sujartha Kumarasamy  
Michelle Chan

ADVERTISING &  
MARKETING

GROUP DIRECTOR  
Edward Stanislaus  
(02) 9699 8339

MANAGERS  
Alison Lim  
(012) 212 3442  
John Joseph  
(012) 288 3952

SENIOR EXECUTIVES  
Heidee Dato' Hj Ahmad  
(019) 388 1880  
Sharon Lee  
(017) 873 8139  
Koo Ping Ping  
(012) 213 5876  
Geetha Perumal  
(016) 250 8640  
Suresh Sekaran  
(012) 307 7473

EXECUTIVES  
Shirley Chin  
(012) 226 2321  
Debbie Joseph  
(012) 206 9344  
Esther Woon  
(012) 288 1690

COORDINATOR  
Aznita Anuar  
(03) 7660 3838 ext 602

We welcome your  
comments and criticism.  
Send your letters to  
The Edge, PO Box 8348,  
Pejabat Pos Kelana Jaya,  
46788 Petaling Jaya,  
fax: (03) 7660 8568;  
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full name, address  
and contact number  
(tel/fax) for us to verify.

## QUALITATIVE ATTRIBUTES (2005)

RANKING	COMPANY
1	Sunrise Bhd
2	SP Setia Berhad
3	IGB Corp Bhd
4	Bandar Raya Developments Bhd
5	IOI Properties Bhd
6	Sime UEP Properties Bhd
7	YTL Land & Development Bhd
8	Sunway City Bhd
9	KLCC Property Holdings Bhd
10	Boustead Properties Bhd
11	MK Land Holdings Bhd
12	Glomac Bhd
13	Paramount Corp Bhd
14	Island & Peninsular Bhd
15	E&O Property Development Bhd
16	Mah Sing Group Bhd
17	Dijaya Corp Bhd
18	SHL Consolidated Bhd
19	Country Heights Holdings Bhd
20	Equine Capital Bhd
21	Guocoland (M) Bhd
22	Daiman Development Bhd
23	Petaling Garden Bhd
24	Selangor Dredging Bhd
25	Naim Cendera Holdings Bhd
26	Pelangi Bhd
27	Plenitude Bhd
28	Eastern & Oriental Bhd
29	EUPE Corp Bhd
30	PJ Development Holdings Bhd

## QUANTITATIVE ATTRIBUTES (2005)

RANKING	COMPANY
1	IOI Properties Bhd
2	SP Setia Bhd
3	IGB Corp Bhd
4	Sunway City Bhd
5	MK Land Bhd
6	Sime UEP Properties Bhd
7	Talam Corp Bhd
8	UDA Holdings Bhd
9	Island & Peninsular Bhd
10	Boustead Properties Bhd
11	Bandar Raya Developments Bhd
12	Naim Cendera Holdings Bhd
13	Petaling Garden Bhd
14	Selangor Properties Bhd
15	E&O Property Development Bhd
16	WCT Land Bhd
17	Dijaya Corp Bhd
18	Worldwide Holdings Bhd
19	Glomac Bhd
20	LBS Bina Group Bhd
21	PJ Development Holdings Bhd
22	Plenitude Bhd
23	Country Heights Holdings Bhd
24	Metro Kajang Holdings Bhd
25	KSL Holdings Bhd
26	Sunrise Bhd
27	Daiman Development Bhd
28	Pelangi Bhd
29	Guocoland (M) Bhd
30	PK Resources Bhd



## TOP 30 (2004)

RANK	COMPANY
1	IGB Corp Bhd
2	SP Setia Berhad
3	IOI Properties Bhd
4	MK Land Holdings Bhd
5	Sime UEP Properties Bhd
6	Bandar Raya Developments Bhd
7	Sunway City Bhd
8	Island & Peninsular Bhd
9	Boustead Properties Bhd
10	Sunrise Bhd
11	Petaling Garden Bhd
12	UDA Holdings Bhd
13	E&O Property Development Bhd
14	Pelangi Bhd
15	Talam Corp Bhd
16	Selangor Properties Bhd
17	Country Heights Holdings Bhd
18	YTL Land & Development Bhd
19	Dijaya Corp Bhd
20	Glomac Bhd
21	Daiman Development Bhd
22	Equine Capital Bhd
23	Paramount Corp Bhd
24	Metro Kajang Holdings Bhd
25	Worldwide Holdings Bhd
26	Malton Bhd
27	United Malayan Land Bhd
28	Hong Leong Properties Bhd
29	Negara Properties Bhd
30	Asia Pacific Land Bhd

## QUALITATIVE ATTRIBUTES (2004)

RANKING	COMPANY
1	Sunrise Bhd
2	IGB Corp Bhd
3	SP Setia Bhd
4	Sime UEP Properties Bhd
5	Bandar Raya Developments Bhd
6	Sunway City Bhd
7	YTL Land & Development Bhd
8	Island & Peninsular Bhd
9	Boustead Properties Bhd
10	IOI Properties Bhd
11	MK Land Holdings Bhd
12	Pelangi Bhd
13	Glomac Bhd
14	Equine Capital Bhd
15	Country Heights Holdings Bhd
16	Petaling Garden Bhd
17	Paramount Corp Bhd
18	Dijaya Corp Bhd
19	Eastern & Oriental Bhd
20	Selangor Properties Bhd
21	Negara Properties Bhd
22	Hong Leong Properties Bhd
23	Mutiara Goodyear Development Bhd
24	Damansara Realty Bhd
25	Malton Bhd
26	Mah Sing Group Bhd
27	E&O Property Development Bhd
28	Daiman Development Bhd
29	Bolton Bhd
30	Metro Kajang Holdings Bhd

## QUANTITATIVE ATTRIBUTES (2004)

RANKING	COMPANY
1	IGB Corp Bhd
2	IOI Properties Bhd
3	SP Setia Bhd
4	MK Land Holdings Bhd
5	Sime UEP Properties Bhd
6	Sunway City Bhd
7	UDA Holdings Bhd
8	Bandar Raya Developments Bhd
9	Island & Peninsular Bhd
10	Talam Corp Bhd
11	E&O Property Development Bhd
12	Petaling Garden Bhd
13	Boustead Properties Bhd
14	Selangor Properties Bhd
15	Worldwide Holdings Bhd
16	Daiman Development Bhd
17	Dijaya Corp Bhd
18	Country Heights Holdings Bhd
19	Naim Cendera Holdings Bhd
20	KSL Holdings Bhd
21	Metro Kajang Holdings Bhd
22	Pelangi Bhd
23	SHL Consolidated Bhd
24	Asia Pacific Land Bhd
25	Plenitude Bhd
26	Ayer Hitam Planting Syndicate Bhd
27	PJ Development Holdings Bhd
28	LBS Bina Group Bhd
29	Kumpulan Hartanah Selangor Bhd
30	United Malayan Land Bhd

## TOP 10 (2003)

RANKING	COMPANY
1	IGB Corp Bhd
2	SP Setia Bhd
3	IOI Properties Bhd
4	Bandar Raya Developments Bhd
5	MK Land Holdings Bhd
6	Sunway City Bhd
7	Sime UEP Properties Bhd
8	Island & Peninsular Bhd
9 (tie)	Sunrise Bhd
	Pelangi Bhd

## QUALITATIVE ATTRIBUTES (2003)

RANKING	COMPANY
1	Sunrise Bhd
2	IGB Corp Bhd
3	Sime UEP Properties Bhd
4	SP Setia Bhd
5	Bandar Raya Developments Bhd
6	MK Land Holdings Bhd
7	Sunway City Bhd
8	Pelangi Bhd
9	Island & Peninsular Bhd
10 (tie)	Dijaya Corp Bhd
	Negara Properties Bhd

## QUANTITATIVE ATTRIBUTES (2003)

RANKING	COMPANY
1	IOI Properties Bhd
2	SP Setia Bhd
3	IGB Corp Bhd
4 (tie)	Bandar Raya Developments Bhd
	MK Land Holdings Bhd
	Sunway City Bhd
7	UDA Holdings Bhd
8	Sime UEP Properties Bhd
9	Talam Corp Bhd
10 (tie)	Island & Peninsular Bhd
	Malton Bhd



The panellists (clockwise from left): Au, Tong, Ng, Teo and Kumar

# Who are Malaysia's top property developers?

By Au Foong Yee

Results of *The Edge* Malaysia Top Property Developers Awards 2005 have unveiled little or no surprises. The winners are no strangers to the property-buying public and all the top 10 players are based in the Klang Valley.

While the top 10 winners of the awards remain unchanged from 2004, there has been a shuffle in the the individual positions of the key players.

SP Setia Bhd, after been placed second in the first two years since the awards were introduced in 2003, moves up to top position to take the title of the best developer — as adjudged from the consumers' perspective.

IOI Properties Bhd, ranked third in both 2003 and 2004, also moves up a notch, to the second position this year.

Top in the qualitative sub category of the awards is Sunrise Bhd. This developer has been ranked as the best in this sub category since 2003. In the quantitative sub category, IOI Properties leads this year, followed by SP Setia.

*The Edge* Malaysia Top Property Developers Awards 2005 benchmarks the country's best players, chosen for both their quantitative and qualitative attributes. They are not only outstanding for their size and profitability, but they also showcase exemplary quality in numerous areas such as timely delivery, innovation, value creation for buyers and creativity.

Specifically, the exercise is based on five quantitative and five qualitative attributes. This year, the ranking covered all the 102

companies in the property sector of the Main and Second Boards of Bursa Malaysia.

The quantitative attributes, tied to performance in the 2004 financial year are: Shareholders' funds; group pre-tax profit; revenue; gearing; and cash plus cash equivalents. The qualitative attributes are: Quality of products; innovation and creativity; value creation for buyers; image; and expertise. (Details in the box on methodology.)

Data for the quantitative attributes is based on published sources extracted by Interactive Data Systems Sdn Bhd, while the judging of the qualitative attributes is carried out by a five-member panel comprising "gurus" of the property development industry whose expertise is acknowledged locally as well as globally. They are: International Real Estate Federation (Fiabci) world president 2005-2006 Datuk Alan Tong; Real Estate and Housing Developers' Association president Datuk Jeffrey Ng; Fiabci Malaysian Chapter president Datuk Teo Chiang Kok; and Fiabci Asia-Pacific Secretariat secretary-general Kumar Tharmalingam. Au Foong Yee, the group executive editor of property & retailing, *The Edge* and *theSun*, moderated the deliberation.

## Top 30

Seven new developers have moved into the overall top 30 positions. They are: Naim Cendera Holdings Bhd; Plenitude Bhd; PJ Development Holdings Bhd; Mah Sing Group; SHL Consolidated Bhd; WCT Land Bhd; and LBS Bina Group Bhd.

Interestingly, Glomac Bhd, who held the 20th position last year, has moved up to 11th

place. Glomac's improved performance in the ranking comes as little surprise as this developer has become increasingly aggressive of late, moving from building mostly affordably priced homes to the high-end and boutique market in both the traditional housing addresses as well as within the Kuala Lumpur city centre.

## Those not ranked

It must be noted that the ranking does not cover all developers in the country. Privately owned companies as well as property development subsidiaries of companies not listed in the Property Sector of Bursa Malaysia have been excluded from the exercise. This is due to the non-availability of financial data on these companies.

At the same time, companies listed in the Property Sector with substantial earnings from activities other than property development have been included in the ranking.

## Market perception

No doubt, the qualitative attributes of a company are subject to market perception. In the face of increasingly stiff competition, the onus then falls on the developer to convince the property-buying market on its qualitative attributes.

In the same context, what a potential home buyer wants of a developer may not necessarily reflect the objective of an investor in the same company (see story on Page 4). In conclusion, a property developer ranked top from the consumer's perspective need not be the darling of fund managers.

## THE METHODOLOGY

### How the companies are ranked

Research for *The Edge* Malaysia Top Property Developers Awards 2005 was carried out between June and July 2005 on all the 102 companies listed in the property sector of the Main and Second Boards of Bursa Malaysia. Privately owned companies and property development subsidiaries of companies not listed in the Property Sector of Bursa Malaysia have been excluded from the exercise. The ranking, based on the companies' quantitative and qualitative attributes, is from the consumer's perspective. All financial data considered is for the 2004 financial year. It is sourced from published sources through Interactive Data Systems (M) Sdn Bhd.

### Quantitative attributes

This aspect of the ranking involves the application of five quantitative attributes: Shareholders' funds; group revenue; group pre-tax profit; gearing (total short-term and long-term debt divided by shareholders' funds); and cash and cash equivalents.

### Qualitative attributes

There are five qualitative attributes. They are: Product quality (service, finish, timeliness); innovation and creativity (product, marketing); value creation for buyers (capital appreciation); image and market perception (credibility, management style, effectiveness); and expertise (management, experience).

### Points awarded

A maximum of 10 points is awarded for each quantitative and qualitative attribute, 10 being the highest. The awarding of points for the quantitative attributes is straightforward, based on the available data. For the qualitative attributes, points are awarded by a five-member panel of judges (see profile of the panellists on Page 4) amid deliberation on the candidates.

Two of the judges, Datuk Jeffrey Ng and Au Foong Yee, abstained from the deliberation and awarding of points for Asia Pacific Land Bhd and Sunrise Bhd, respectively. Ng is also managing director of Asia Pacific Land. Sunrise and Nexnews Bhd have a common major shareholder. Nexnews publishes *The Edge* and *theSun*.

Note: The ranking has been carried out with the best of intentions. The property development sector, an important engine of growth of the economy, has played and is expected to continue playing a significant role in the shaping of the country's economic health. This is in addition to the need for the sector to fulfil the nation's housing requirements. Given the onus placed on the sector, we therefore feel the need to sieve through the multitude of players to identify and benchmark the country's top property developers, as perceived by the general property-buying public. We have also taken the opportunity to highlight some of their success stories. Feedback and suggestions are welcome. — Editor, *City & Country*

# Mixed share price performance

Winners of *The Edge* Malaysia Top Property Developers Awards 2005 are ranked based on both their quantitative and qualitative attributes.

How did their stock price fare? Are their shareholders laughing their way to the bank? Or is it only the buyers of the properties of these developers who have cause to celebrate?

For an insight, let us look at the data compiled by Interactive Data Systems Sdn Bhd over an 18-month period from Jan 1, 2004, to June 30, 2005.

Overall, the KLSE Property Index performed poorly — it fell 157.14 points or nearly 21% from 748.68 to 591.54 points. In comparison, between Jan 1, 2003 and June 30, 2004, the index improved 36.62%, from 536.06 points to 732.39 points, an increase of 196.33 points.

Meanwhile, between Jan 1, 2004, and June 30, 2005, the KLSE Composite Index went up 12.66% or nearly 100 points from 788.49 to 888.32 points. But in the previous corresponding period, the index had increased nearly 30% to 819.86 points.

The general stock market sentiment dipped during the period under review and the performance of property counters also declined as a whole. And this is reflected in the stock performance of the top 30 property counters ranked in this year's awards.

During the 2004 ranking period, four of the top 10 ranked developers more than doubled their share price, while fifth-placed Bandar Raya Developments Bhd (BRDB) saw its price improve 94.6% from RM1.12 to RM2.18. Of the top 30 ranked companies then, only four recorded a dip in their share price during the period.

This time round, the picture changed somewhat — more than half or 17 companies showed declines in their share prices — in tandem with the weaker stock market. Among the leading 10 companies, two — MK Land Holdings Bhd and BRDB — saw their share prices drop 52.99% and 28.23%, respectively.

But there were companies whose share prices bucked the general market trend, performing very well and rewarding investors with healthy gains. Of this year's top 10 ranked developers, the share

prices of SP Setia Bhd, IOI Properties Bhd, Sunway City Bhd, Island & Peninsular Bhd (I&P) and Sunrise Bhd gained 56 sen, 45 sen, 81 sen, 16 sen and 12 sen, respectively, during the 18-month period review.

This year's top ranked company, SP Setia, put in a credible performance — a shareholder would have seen a nearly 16% gain in price from RM3.52 to RM4.08 during the 18 months.

IOI Properties, the second ranked company, saw its share price gain 6.38% during the period but three other counters in the top 10 — IGB Corp, Sime UEP and Boustead Properties — saw their share prices fall, although marginally.

It must be noted that among the top 10 developers, several had corporate exercises which affected their share prices. These include IGB's capital-distribution exercise involving Kris Components Bhd shares, and Boustead, which had bonus and rights issues last year. Meanwhile, I&P had a capital repayment exercise involving Golden Hope Plantation shares and Sunrise had a bonus issue in 2004.

A property analyst points out that the decline in stock market performance was sector-wide, so the poorer performance was not something unique to the property sector. This was generally a reflection of the overall weaker market sentiment and perhaps some issues peculiar to a few counters.

"For some of the property counters which performed poorly, there were various reasons for this. A few of the companies fell short of sales forecasts and investor expectations and so investors pulled out and the companies' share prices declined. Other companies issued warrants which would have diluted the shareholdings and this was viewed negatively by some shareholders and investors," one analyst notes.

For companies with exposure to properties and projects in coastal locations, for example, in the northern states, the uncertainty generated by last year's destructive tsunami had some impact on their share price performance.

There had been concerns that buyers were putting off buying coastal properties or high-rise units in certain areas because of fears of tsunamis and tremors. Several property counters which con-

## RETRACEMENT ANALYSIS

Bursa Malaysia (Jan 1, 2004 to June 30, 2005)

DESCRIPTION	1/1/04	30/6/2005	DIFFERENCE	DIFFERENCE (%)
KLSE Composite Index	788.49	888.32	99.83	12.66
KLSE Property Index	748.68	591.54	-157.14	-20.99

DESCRIPTION	1/1/2004(RM)	30/6/2005(RM)	DIFFERENCE(RM)	DIFFERENCE (%)
1 Mah Sing Group Bhd <sup>1</sup>	0.771	1.39	0.619	80.29
2 Sunway City Bhd	1.04	1.85	0.81	77.88
3 Paramount Corp Bhd	1.33	2.32	0.99	74.44
4 Petaling Garden Bhd	1.01	1.71	0.7	69.31
5 SHL Consolidated Bhd	1.2	1.59	0.39	32.50
6 UDA Holdings Bhd	1.39	1.74	0.35	25.18
7 Pelangi Bhd	0.65	0.76	0.11	16.92
8 SP Setia Bhd	3.52	4.08	0.56	15.91
9 Island & Peninsular Bhd <sup>2</sup>	1.319	1.48	0.161	12.21
10 Sunrise Bhd <sup>3</sup>	1.257	1.38	0.123	9.79
11 Naim Cendera Holdings Bhd	3.06	3.3	0.24	7.84
12 IOI Properties Bhd	7.05	7.5	0.45	6.38
13 Guocoland (M) Bhd	0.575	0.59	0.015	2.61
14 Daiman Development Bhd	1.41	1.35	-0.06	-4.26
15 Sime UEP Properties Bhd	4.48	4.22	-0.26	-5.80
16 Selangor Properties Bhd	2.12	1.97	-0.15	-7.08
17 IGB Corp Bhd <sup>4</sup>	1.215	1.12	-0.095	-7.82
18 Boustead Properties Bhd <sup>5</sup>	3.744	3.4	-0.344	-9.19
19 E&O Property Development Bhd	0.7	0.63	-0.07	-10.00
20 YTL Land & Development Bhd <sup>6</sup>	1.16	1	-0.16	-13.79
21 Dijaya Corp Bhd	0.9	0.755	-0.145	-16.11
22 PJ Development Holdings Bhd	0.475	0.39	-0.085	-17.8
23 Bandar Raya Developments Bhd	2.09	1.5	-0.59	-28.23
24 WCT Land Bhd	0.99	0.62	-0.37	-37.37
25 Plenitude Bhd	2.12	1.25	-0.87	-41.04
26 Glomac Bhd <sup>7</sup>	2.147	1.26	-0.887	-41.31
27 LBS Bina Group Bhd	1.37	0.79	-0.58	-42.34
28 Country Heights Holdings Bhd	1.19	0.68	-0.51	-42.86
29 MK Land Bhd	2.34	1.1	-1.24	-52.99
30 Talam Corp Bhd	1.15	0.5	-0.65	-56.52

### Notes

<sup>1</sup> 9/4/2004 Bonus issue (BI) + Rights issue (RI)

<sup>2</sup> 2/8/2004 BI

<sup>3</sup> 15/9/2004 RI & 16/12/2004 BI

<sup>4</sup> 25/2/2004 BI

<sup>5</sup> 29/4/2005 Capital repayment

<sup>6</sup> 23/3/2005 Capital distribution in specie

<sup>7</sup> 28/6/2004 Stock split

tinued to have debt-restructuring problems and uncertainty over the companies' future also saw their share prices fall.

On the current subdued performance of property counters, there are several

contributing factors such as an oversupply of properties in some areas and buyers holding back to see if interest rates would rise or if house prices would fall. — By **Lim Ming Haw**

## THE JUDGES



### Datuk Alan Tong Kok Mau

World president, International Real Estate Federation (Fiaabci)

Executive chairman of Bukit Kiara Properties Sdn Bhd, Tong has earned the

distinction of being the first Malaysian property developer to be elected Fiaabci world president for the 2005/06 term. In 1964, he started his own architectural practice and four years later, founded Sunrise Sdn Bhd, a property development firm. Upon retirement from active politics in 1985, he resumed stewardship of Sunrise which was listed on the then Kuala Lumpur Stock Exchange in 1996. Tong cashed out the following year. After a brief hiatus, he returned to the property development scene through Bukit Kiara Properties. Tong is a past president of Fiaabci Malaysian Chapter (1994 to 2000) and was Fiaabci deputy world president for Asia-Pacific (1997 to 1998).



### Datuk Jeffrey Ng

President, Real Estate and Housing Developers' Association of Malaysia (Rehda)

Ng is also managing director of Asia Pacific Land

Bhd, a position he has held since 1992. An economics graduate from Monash University, Melbourne, Ng worked with an international auditing firm in Australia before returning to Malaysia. He then headed the internal audit department of Federal Hotels Group (1981 to 1984) before moving on to the finance, corporate, planning and executive management of business operations in the property and hotel industries. Ng is a member of the Institute of Chartered Accountants Australia, Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He is also vice-president of Fiaabci Malaysian Chapter and a member of the Board of Directors of the Construction Industry Development Board (CIDB).

As MD of Asia Pacific Land, Ng abstained from deliberations and the awarding of points for the company during the panel discussion.



### Datuk Teo Chiang Kok

President, Fiaabci Malaysian Chapter

An electrical engineer by training, Teo is a director of Bandar Utama Development Sdn Bhd and was

involved in property development for about three decades. He has undertaken a multitude of projects including high-rise commercial and office complexes, shopping centres, industrial and housing schemes. These include the ongoing and popular Bandar Utama township in Petaling Jaya. A past president of Rehda, Teo also sits on the advisory board of the Association for Shopping and High-rise Complex Management.



### Kumar Tharmalingam

Secretary-General, Fiaabci Asia-Pacific Secretariat

Kumar, also the immediate past president of Fiaabci Malaysian Chapter, is a fellow of the Royal Institution of

Chartered Surveyors. He was managing partner of Debenham, Tweson, Tharmalingam & Aziz (1978 to 1986) and set up First Malaysia Property Trust, a joint venture between the Bank of Commerce and Austwide, Australia (1987). He joined Taiping Consolidated Bhd in 1992 and was responsible for the development of JW Marriott Hotel and Starhill Centre before he left in 1998 to be the director of Hall Chadwick Asset Recovery Sdn Bhd.



### Au Foong Yee

Group executive editor, property & retailing, *The Edge/theSun*.

Au edits *The Edge City & Country* and *theSun Propertyplus*. She is also the editor of *haven*, an interior design and garden magazine published by *The Edge*. Au abstained from deliberations and the awarding of points for Sunrise Bhd during the panel discussion. Sunrise and Nexnews Bhd have a common major shareholder. Nexnews publishes *The Edge* and *theSun*.



Liew: SP Setia is always interested to learn more about ideas in terms of lifestyle



Setia Eco Park's Street of Dreams, a show village encompassing various bungalow and semidee designs for purchasers to choose from



A closer look at one of the show units at Setia Eco Park

# SP Setia has a home for every want

By Diana Chin

It is a day after the collapse of the under-construction Jalan Meru interchange of the New Klang Valley Expressway and Datuk Seri Liew Kee Sin, group managing director and chief executive officer of SP Setia, looks visibly tired. He apologises for his appearance and when he spots a photographer, suggests that *City & Country* use a file picture of him instead.

Almost 22 hours after the incident, Liew admits that he has had very little sleep. Yet, he is raring to go on with the interview which had been set more than a week ago. *City & Country* had half expected the meeting — on SP Setia emerging in the top 10 of *The Edge* Malaysia Top Property Developers Award 2005 — to be postponed. After all, at this point, the developer was in the limelight for the wrong reasons and the media and everyone else wanted answers — answers that the company did not immediately have.

Liew and his team had spent the entire

afternoon and night before reassuring the authorities, public and media that the company would get to the bottom of things and would not shy away from its responsibilities. "Ensuring the quality of our service and construction is very important to us. It is our priority," he says, stressing that the company does not run away from its problems. SP Setia had contracted the building of the RM150 million interchange to an external contractor.

"Just like how we deliver our homes, we make sure the defects are minimal. There are bound to be defects because of the labour issue. It is a big challenge for all developers," says Liew. But on SP Setia's part, it always tries to complete the project earlier. "That gives us ample time to do any rectification before we hand it over and this reduces the number of complaints."

The collapse of the interchange means there will be a delay in the developer's plans to open the link before it hands over the first batch of homes in Bandar Setia Alam April next year. The 2,525-acre freehold Bandar Setia Alam has

a gross development value (GDV) of RM5 billion and is the group's largest project by far.

Liew had expected the interchange to be completed by the end of this year and it was to be an added incentive to buyers — promising easier and quicker access into the new township. The next step now is to reassure customers that the remaining structure is safe, says Liew.

"That bridge was not a requirement for our approval but we wanted to show our customers that we were not making money out of them but genuinely wanted to improve the infrastructure," states Liew.

## Property supermarket

Liew compares SP Setia to a housing supermarket, with a home available in every RM100,000 bracket. "The trick is how to market it differently," he says.

Confident that the market is still growing, Liew sees a worldwide trend of people upgrading to better homes. "This is because we're doing well," he says. SP Setia unveiled a second niche boutique development, Duta Tropika, in December 2004 as a follow-up to

the sellout Duta Nusantara. Both projects are in Kuala Lumpur's sought-after Hartamas area.

Duta Tropika took the theme of resort living to new heights with its imaginative architecture such as hanging gardens, indoor courtyards, outdoor showers and floating feature ponds. Another feather in SP Setia's cap was the official launch of Setia Eco Park in June. This exclusive high-end project set the market abuzz in the months leading to its debut, offering a fusion of luxurious dream abodes set within a living landscape teeming with gentle wildlife.

"I am proud that we pulled off the launch of Setia Eco Park beautifully as all eyes were on this project. It is the first eco-themed project of its kind that we believe will set new standards for high-end development in the industry," says Liew.

Next up is Setia Tropika in Johor Baru. Comprising 740 acres, about 600 acres will be allocated for normal housing while the remainder will be a gated community. Liew says it is SP Setia's final priority for the last quarter of

## Q&amp;A with SP Setia

**City & Country: How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?**

**Liew:** We face the same challenges every year — how to constantly improve our sales and profit before tax. We also need to make sure our shareholders and customers are happy. The market is tough. There are many developers at many locations. The idea is to always stay ahead of competition. Only by staying ahead will you get your sales, and from your sales come your profits. It's a cycle of things.

We have achieved a lot in the last few years. We have won awards for property development, landscaping, financial awards and even the third best employer award this year. But what is most important is that our customers must be happy with us. How do you think we keep up our RM1 billion sales every year? It's our customers who keep coming back.

**What is your take on the prospects of the property market for the second half of 2005 and 2006?**

I think the property market is still very good. A lot of people are talking about poorer sales. This is because there is a bigger supply. If you look at absolute demand for homes, the take-up rate has actually increased. Demand for the property market will always be there, even in bad times. It's just a matter of preference.

In terms of number of units per year, it has been continuously growing even during the 1997/98 recession. When the country is doing well and the stock market is very good, high-end properties will sell well. When times are bad, the low-end market will do well. I think the country is doing all right now. Our GDP is still on track to expand between 5% and 6% while inflationary pressures are manageable. The prevailing low interest rate regime will continue to spur property transactions. Nevertheless, concerns over rising oil prices and a lacklustre stock market might precipitate a slowdown in demand, especially for projects in less desirable locales. More will have to be done by both the private sector and government to bolster business and consumer sentiment.

**What are your priorities, concerns and business strategies?**

Before this incident (collapse of the interchange), one of our priorities was to complete the interchange by year-end. We will still complete it, perhaps with a six-month delay. What we want to do now, as far as the homes in Setia Alam are concerned is to make sure quality control is still there and it is done properly. Hopefully, the interchange can catch up in time for the first handover. Another of our priorities is to launch Setia Tropika in Johor Baru in September. Again, it will be a significant launch. Something that no one has done before.

We are always concerned about

market reaction to our products. Whenever we do something new, we like to gauge market response to it. Right now, we're doing market studies and busy finishing about 10 show houses with different kinds of floor plans at Setia Tropika. By the time we launch in September, we would have the perfect floor plan that people want. Setia Tropika is different yet again. It will be a modern concept, very zen-like. We took that bold move to be different. I think Johor Baru is a good place for us to test the market. We're trying to make a link house look like a semidee and a semidee look like a bungalow. It's all about visual presentation. Hopefully by doing this, people will be willing to pay a little bit more. Setia Tropika is set to be priced above market rate and will come with SP Setia's signature landscaping. As for infrastructure, we have approval from the authorities to build a direct link costing RM15 million into the township from the North-South Expressway.

**What do you see as your company's strengths and weaknesses? Your recipe for success?**

The biggest strength is our ability to change all the time. If we look at history, in 1997/98, our business model changed — which is why we were able to survive. After that, we changed again to cater to the improving market. Now we have to change again because of competition. Our biggest strength is staying ahead by changing constantly to suit the market.

Our biggest weakness is the lack of formal training of workers in the construction industry in the country. The biggest problem faced by all developers is the quality of our workers. I've been talking about this for the last few months and now this [collapse] has happened. (At press time, initial reports stated that the cause of collapse was due to human error. It was reported that the workers had removed the pre-stress beams without the approval of the supervisors/engineers on site.)

I think the biggest strength so far is my staff. We're very united and our teamwork is one of our major strengths — how fast we change our plans, how fast we get approvals, how fast we do design. We're very united and strongly committed as a team of 984 staff.

**Comments on performance of your products on the market.**

SP Setia has always been recognised as a responsible developer that delivers quality products in the mass housing category. Our trustworthy reputation has been reinforced over the years through completed townships such as Bukit Indah Ampang and Pusat Bandar Puchong. Ongoing projects such as Setia Alam, Bukit Indah Johor and Setia Indah Johor as well as the upcoming Setia Tropika will continue to showcase the high standards that the market has come to expect of an SP Setia home.

In 2002, we made a successful foray into the high-end market with

the debut of Duta Nusantara in Sri Hartamas. Despite being a newcomer then, our project was well received, testament of the strength of our brand name. Moving on, we want to leverage on Duta Tropika and Setia Eco Park to cement our reputation as a leading developer of high-end homes.

**Comments on being one of The Edge Malaysia Top Property Developers 2005.**

Once again, we are humbled by the recognition. It is indeed rewarding to be recognised by our peers for doing what is most important to us. As a property developer, our priority is to persistently pursue excellence in all aspects of our business, be it service or quality. And if we win awards along the way, it is indeed a bonus that will motivate us to work even harder to exceed expectations.

**Your wish list.**

As always, I hope for a continued sound and resilient economic and political climate. As the construction industry is reliant on foreign labour, a stable and pragmatic labour policy that will ensure adequate supply of workers will be most welcomed.

In addition, it is also of paramount importance to have clear and consistent government policies and an effective government machinery to ensure a business-friendly environment which can encourage businesses to thrive and grow.

the year and estimated GDV for this project is RM2 billion.

For the year ended Oct 31, 2004, the group achieved a turnover of RM1.03 billion, over RM203 million more than FY2003's while pre-tax profit was RM234.6 million against RM179.1 million the year before (see table).

**Signature show villages**

More and more developers are building show units these days to help market their products. Well known for its show villages, Liew says SP Setia is constantly learning, locally and internationally. "We are always interested to learn more about ideas in terms of lifestyle," says Liew. That's why SP Setia builds so many show houses — to find out what customers want and do not want.

"A show village is an important marketing tool," says Liew, adding that SP Setia does not mind spending money as that is the biggest way of getting feedback from customers. Most of all, Liew says the company spends a lot of time studying development in other countries — for example, how to incorporate a resort lifestyle into a normal/practical home, which it has done for Duta Tropika.

"I feel we're always ahead in terms of what the market wants. When we first started out, it was all about good landscaping, but now we have progressed into different styles altogether. Our dream is to build infrastructure for everyone. Everywhere we go, we don't just build homes but we aim to improve infrastructure as well," says Liew.

"I always tell my senior staff that for every piece of land we acquire, we must always assume that it is our first project. You must never say I've done so many that it doesn't matter anymore. You must always be hungry and dedicated if you want to do it well," he says.

Apart from a project itself, SP Setia takes into consideration the greater environment and how it can improve the services. The developer has won various awards, including the Kuala Lumpur Stock Exchange Corporate Excellence Merit Award 2002; Best Landscape Award (national category) for its Setia Indah, Johor, township in 2002; and Asiamoney's Top 10 Overall Best-Managed Companies in 2003. It was also placed second in *The Edge Malaysia Top Property Developers Award 2003 and 2004*; and third Best Employer in Malaysia for 2005 in a survey carried out by Hewitt Associates and *The Edge*.

**SP SETIA BHD****Financial year-end Oct 31 (RM mil)**

ITEM / YEAR	2004	2003	2002	2001	2000
revenue	1,025.1	821.7	647.6	555.2	542.0
Pre-tax profit	234.6	179.1	148.2	125.0	121.2
Paid-up capital	568.0	559.4	431.0	334.8	333.9
Shareholders' funds	1,392.2	1,267.4	922.0	746.5	675.7
Profit attributable to shareholders	161.2	126.0	102.4	89.7	80.1
Dividend rate (% of profit after tax)	51	43	28	31	17

**ONGOING LAUNCHES**

PROJECT / LOCATION	UNIT TYPE	PRICE RANGE (RM)	LAUNCH DATE	NO OF UNITS	
				LAUNCHED	SOLD
Setia Eco Park	SD	661,000 – 861,000	Mar-05	402	369
Shah Alam	Bgw	900,000 – 1.7 mil			
Duta Tropika	Villa	1.6 million – 3.5 mil	Dec-04	138	104
Sri Hartamas	Villa	1.9 million – 3.1 mil			
Setia Alam	DST	170,000 – 400,000	Apr-04	2,734	2,397
Shah Alam	SD	550,000 – 600,000			
Setia Indah Johor	SST	155,800 – 240,000	Jan-01	5,898	5,143
Johor Baru	DST	185,800 – 382,000			
	SD	476,800 – 925,080			
	Bgw	768,800 – 1.2 mil			
Bukit Indah 1 & 2	SST	163,800 – 175,800	May 1997	8,152	7,407
Johor Baru	DST	218,000 – 288,000			
	SD	370,500 – 577,080			

**IN THE PIPELINE**

PROJECT	SIZE (ACRES)	EST GDV	EXP LAUNCH	PRODUCT TYPE	TOTAL UNITS
Setia Tropika, JB	740	RM2 bil	Sept-05	DST & SO	8,000

SST – 1-storey terraced house      DST – 2-storey terraced house      SD – Semi-detached house      Bgw – Bungalow

# IOI Properties moves upmarket

By Diana Chin

**D**atuk Lee Yeow Chor is a man of few words. IOI's group executive director is also a man who does not like to sound repetitious. He apologises to *City & Country* during our meeting at the group's headquarters in IOI Resort Putrajaya for "sounding the same year after year".

This is IOI Properties Bhd's third year being ranked in the top 10 of *The Edge Malaysia Top Property Developers Award*. And Lee is modest about the ranking, attributing it to the strong conviction and commitment of the company's staff towards providing superior value for money development to suit the different and changing needs of its customers. Last year, IOI Properties ranked third; this year, the developer has moved up a notch in the ranking.

One of the bigger property developers around in terms of development and financial standing, IOI Properties' revenue for the financial year ended June 30, 2004, was RM678 million compared with RM494.5 million in 2003, while pre-tax profit increased to RM326.2 million in FY2004 from RM240.3 million before.

However, Lee states that IOI Properties saw sales abruptly fall in the four months from June last year due to a follow-on effect of a very good preceding year. "The interest in the market slowed down a little and we were generally concerned, but we did not react negatively to it or reduced prices of our properties," says Lee. Instead, IOI Properties continued to launch new phases in its developments at higher prices.

No longer known as a "mass housing" developer, IOI Properties is moving upmarket into bigger types of homes that are also more exclusive. "People already expect this with semi-detached units and bungalows, but I also see it happening with linkhomes. It can also easily apply to shops. Instead of very small 3-storey shops, we go on to bigger-sized lots and build higher," states Lee.

The trend seems to favour buyers' expectations for better features and surroundings that come complete with facilities and amenities. Meeting these demands, IOI Properties saw the second highest quarterly sales in April to June this year. Lee says all IOI Properties projects are enjoying good sales. IOI Properties has developments in three major areas in the country — the Klang Valley, Johor and Penang. In the Klang Valley, its market is concentrated in the Puchong area, namely Bandar Puchong Jaya and Bandar Puteri Puchong.

Noticing the trend that purchasers are getting younger and looking for more interesting homes with an emphasis on lifestyle concepts and innovative designs, IOI Properties' lat-

est development in the Serdang/Cyberjaya corridor will offer just that.

Lee is tight-lipped about the project, revealing only that it is around 580 acres and will offer homes with more clean lines in terms of design. "We've had a lot of time to plan for this project as we acquired the land about three years ago. We can afford to do so because Puchong is growing strongly and that gives us a steady income base," says Lee.

Asked where IOI Properties draws inspiration for its design, Lee replies that the company engages a relatively younger set of architects who were educated overseas. "We have also put a lot of time and effort into research and interdisciplinary type of planning, so we involve not just the architects, but the marketing and sales and landscaping people," he adds.

As he pauses and takes some time to contemplate what he has just shared with *City & Country*, Lee quietly expresses that it is his vision to build IOI Properties into a blue-chip property stock. He expects to do this by transforming a volatile and risky property-based business into a very stable one, where earnings are among the highest in the industry.

"I think it is a given that the property business follows a cycle. It depends largely on the economic environment. But our records in the past have shown that we don't suffer from these highly fluctuating income trends. In fact, we have managed to maintain our profits even during the downturns," says Lee.

So how does IOI do it?

For the first time during the interview, Lee smiles. There are a few basic things, he says, that IOI Properties adheres to. "It's the nature of how we manage our business. We focus on township development where we can sell all types of houses according to the demand at the time, keeping to various income spectrums. And we are able to plan and launch our products and change the proposition quickly according to the changes in market demands.

Going forward, IOI Properties' focus is to maintain the momentum. Lee divides it into three main priorities. He says, as a developer, IOI Properties has to acquire land and do it in an astute manner at the appropriate time in the property cycle. The land has to be large because of the nature of its developments.

The second priority is the building of communities. "I feel that this is important, especially what we've done with Puchong. To us, it's a long-term effort building these communities and strengthening the spirit and relationship between them," says Lee. At this point in time, Puchong's online community at myioi.com is thriving and so is its bimonthly community newsletter called *Reach Out* — both are accessible to all residents in Pu-

chong, not just purchasers of IOI properties.

"We also have to continuously cultivate our brand and image in this business where reputation and track record is important. This is another of our priorities," states Lee.

The success of Bandar Puchong Jaya has only reaffirmed IOI Properties' strength in its effectiveness in executing plans, says Lee. "Just like

the group's other business in palm oil, we have one of the highest yields among all the plantation companies. We are efficient in our operations and this also translates into our property arm. We are able to move very fast and we enjoy one of the highest profit margins in the industry."

But Lee is quick to point out that it takes basic ingredients to be a successful developer. However, to be

able to develop something well and fast requires "a strong conviction on the part of the management to want to provide superior value for money products to suit the different needs of our customers".

"There must be that commitment in the long-term basis," he adds. ■

**Q&A with IOI Properties on Page 10**



Lee's vision is to build IOI Properties into a blue-chip property stock

## IOI PROPERTIES BHD

Financial year-end June 30 (RM mil)

ITEM / YEAR	2004	2003	2002	2001	2000
Revenue	678.0	494.5	528.8	426.4	414.5
Pre-tax profit	326.2	240.3	245.2	203.8	200.7
Paid-up capital	332.7	332.7	332.7	332.7	282.7
Shareholders' funds	1,663.4	1,530.2	1,416.0	1,335.6	956.8
Profit attributable to shareholders	228.2	177.4	163.6	134.1	126.9
dividend rate (%)	45	40	35	30	20

## IN THE PIPELINE

PROJECT / LOCATION	UNIT TYPE	LAUNCH DATE	NO OF UNITS LAUNCHED	SELLING PRICE RANGE (RM)	EXPECTED COMPLETION
Bandar Puteri Klang	DST	Aug-05	164	193,800	Aug-06
	SO	Nov-05	45	668,800	Nov-07
	DST	Jan-06	115	240,800	Jan-08
Bandar Putera Klang	DST	Oct-05	161	146,800	Oct-07
	SO	Oct-05	15	290,800	Oct-07
Adamas Heights, Cyberjaya	DST	Dec-05	165	268,800	Dec-07
Bandar Puteri Puchong	DST	July-05	144	from 370,000	24 mths
	SO	Sept-05	104	from 1.3mil	36 mths
	2½-terr	Oct-05	228	from 450,000	24 mths
Bandar Puchong Jaya	SO	July-05	27	from 850,000	36 mths
	2½-terr	Sept-05	81	from 490,000	24 mths
	Apt	Oct-05	240	from 180,000	36 mths

DST – 2-storey terraced house

Terr – Terraced house

SO – Shopoffice

Apt – Apartment



Tan: Did not have doubts of Mid Valley City's success

# IGB building a strong foundation

By Lim Ming Haw

As we wait at the penthouse to meet Robert Tan, group managing director of property giant IGB Corporation Bhd, we scan the surrounding area below and imagine what Mid Valley City will look like when completed in a couple of years.

Construction and infrastructure work that are going on will ensure a Malaysian shopping mall ranks among the world's giant retailing centres. When we are ushered into his spacious but spartan office, he is inviting and cheerful, despite having just returned from a business trip to Europe and the Philippines.

Tan recalls that his last interview with *The Edge* was around the same time last year when IGB was listed among Malaysia's top 10 property developers. He opens a cupboard and looks for a coat to match his shirt and tie for the photos. We settle for him standing in front of an art piece behind his desk. A shelf of books on, what else but property and design and architecture, sits close by, among them, Lee Kuan Yew's memoirs.

Tan settles into a comfortable lounge, ready for a rare interview. It's been six years since he took charge at IGB as joint MD, and says he is still good for another "5 to 10 years". "I have energy for this project [Mid Valley City] and once it is fully completed, maybe I can take a back-seat role. I want to establish a firm foundation," he says.

If Mid Valley City is established, it would mean "a lot of recurring income" for the group. "If so, then all we need to do is treasury management of the recurring income. So, we need to set up a strong foundation and ensure transparency and accountability in the group. It will also make it easy for someone else to

take over. By then, IGB should be on a firm footing," he says.

With a brand like IGB, investors can be assured that when the time comes, a worthy successor will be appointed, perhaps groomed, from within the large group of companies in the IGB stable. Surprisingly, Tan had not been actively involved in the company's direct businesses before his appointment as joint MD.

Throughout the interview, there is a sense of the legacy he and his relatives have inherited. Several cousins and a brother and a sister sit on the IGB Board.

His two major challenges have been the development of Mid Valley City and the merger with Tan & Tan Development Bhd. "Mid Valley City is close to me and it gives me great satisfaction as I see it coming up. We had planned and started this during the economic crisis, yet we completed it on time. I am very proud of this fact."

He "didn't have any doubts of its success", but smiles as he adds, "some of my contemporaries were nervous about it". Then, in a serious tone, "If Mid Valley City had failed, it would have brought IGB down".

With 2.5 million visitors flocking to Mid Valley City a month, it has recurring income to ensure revenue for the group. The second phase is underway and scheduled for completion within a couple of years. His dream of a self-contained, buoyant city with retail, commercial and residential space and three hotels will soon be a reality.

On the merger with Tan & Tan, with its reputation for quality property products and service, Tan admits it was a challenge.

"After the merger, we had to get two different entities to work together. There were different mindsets and styles. But we have

**Continues on Page 12**

## From page 8

### Q&A with IOI Properties

#### **City & Country: How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?**

IOI Properties had a good financial year in the second half of 2003 and towards the first half of 2004. Our sales and profit increased by more than 35% during this period compared to the previous corresponding period.

However, from mid-2004, sales abruptly fell for four months. For a company that is expected to generate hundreds of million in both turnover and profit every year, we were naturally concerned. Nevertheless, we did not react negatively to this by reducing prices or giving discounts. We maintained our prices and continued to launch new phases at higher prices as we believed in the superiority and location of our houses and shops.

We patiently waited for this lull or hiatus in demand to pass and in the meantime continued our normal pace of constructing new houses and shops. As it turned out, our sales improved towards the end of 2004 and during the last three months (April to June), we achieved our second highest quarterly

sales and profit without launching any new township development.

I think the lesson to be learnt here is that a savvy property developer should know its market well, concentrate on planning and delivering the right products and have faith in the superiority and location of its products. Of course, having sufficient financial resources and not being overly geared helps greatly in such situations.

#### **Your take on the prospects of the property market for the second half of 2005 and 2006.**

With the national economy performing satisfactorily and the expected stability in the fiscal environment, I expect the overall property market to be healthy and steady. What will happen in 2006 depends on a few factors which I cannot foresee at the moment.

#### **What are your priorities, concerns and business strategies?**

Clearly, the increasing affluence and sophistication of Malaysians has resulted in rapidly growing demand for better houses with modern features and pleasant environment. We started moving in this direction from being a

well-known mass market property developer four years ago with the launch of our then latest township development in Bandar Puteri Puchong. We are glad to note that our effort in this area has borne fruit and today we are able to sell semi-detached houses at close to RM1 million and shopoffices at more than RM1.5 million each in Puchong which is around 40% higher than market price four years ago.

At the same time, we also detect an emerging trend where a sizeable number of purchasers belong to the mid-20s to mid-30s age category, with preference for smaller houses but with emphasis on innovative design and distinctive lifestyle concept. Sensing the importance of this trend, we have been planning our next township development in the Serdang-Cyberjaya corridor (to be launched at the end of 2005) along those directions.

#### **What do you see as your company's strengths and weaknesses? Your recipe for success?**

I think most property development company CEOs will give you similar points and answers as to what constitutes the recipe

for success in property development. To me, IOI Properties' greatest edge over most other developers so far is our ability to execute our plans efficiently and effectively in response to market changes and also our uninterrupted 26 years of track record and reputation.

#### **Comments on the performance of your products on the market.**

We are very satisfied with the market's response to our houses and shopoffices and are happy that we are able to improve our profits consistently over the last 10 years and yield good returns to our shareholders.

#### **Comments on being one of The Edge Malaysia Top Property Developers 2005.**

Of course, we are gratified that we have been recognised in this manner by our peers in the industry. I think our achievement reflects the strong conviction and commitment of our people towards providing superior value for money houses, shops and offices to suit the different and changing needs of our customers. I give due credit to them for their dedication and untiring effort.



**IGB CORP BHD**

Financial year-end Dec 31 (RM mil)

	2004	2003	2002	2001
Revenue	504.6	532.2	405.7	199.9
Pre-tax profit	141.7	184.4	114.5	62.0
Paid-up capital	706.9	581.8	572.1	297.0
Shareholders funds	2,292.1	2,098.8	1,941.8	1,293.0
Profit attributable to shareholders	101.1	147.5	78.8	50.5
Dividend rate (%)	5	10	3	5

**ONGOING LAUNCHES**

PROJECT/ LOCATION	UNIT TYPE	LAUNCH DATE	NO OF UNITS LAUNCHED	SELLING PRICE (RM)	SALES STATUS (%)	EXPECTED
						COMPLETION
Havana, Seri Maya	Condo	Sept-03	437	261,000 – 740,000	70	Oct-06
Cendana on Sultan Ismail	Condo	Jan-05	144	1.22mil – 7.56mil	75	Dec-07
Federal Hill	Bgw	Nov-03		3.2mil – 4.68mil		Dec-05
	DSSD	June-02		2.65 mil – 2.97mil		Just completed
	Twnhse	June-02		1.39 mil – 1.96 mil		Just completed
	Condo	June-02	148 (Total)	1.33 mil – 4.5 mil	95	Just completed
Northpoint @ Mid Valley	Office suites	Sept-04		529,000 – 4.6 mil		Dec-05
	Residences	Nov-04	432 (total)	500,000 – 1.18 mil	65	Dec-05
Sierramas West	2 <sup>1</sup> / <sub>2</sub> -SD	Oct-02		935,000 – 1.08 mil		Just completed
	Bgw	Oct-02	27 (Total)	1.25 mil – 1.76 mil	85	Just completed

**IN THE PIPELINE**

PROJECT	SIZE/ TENURE	EXPECTED LAUNCH DATE	PRODUCT TYPE	NO OF
				UNITS
6 Stonor	1.359 acres/FH	Sept-05	Condo	83
Jalan Madge	2.57 acres/FH	End-05	Condo	77
Savanna, Seri Maya	16.2 acres/FH	July-05	Condo	437
Seri Penaga, Sierramas West	25 acres/FH	Oct-05	Bgw	25
DSSD – 2-storey semi-detached house	Bgw – Bungalow	SD – Semi-detached house	Twnhse – Townhouse	Condo – Condominium

**From Page 10**

the IGB way and those who want to work with the company have to conform to its philosophy. Overall, the merger has been good and the staff have settled in nicely,” Tan says. With a hotels division that’s increasing in size — from budget-style accommodation to 5-star high-end properties — IGB’s staff strength exceeds 10,000. “But at the HQ, we have about 100 persons and most of the resources here are in the accounting division.”

Mid Valley City represents a shift from IGB’s residential focus of earlier years. Now, as Tan repeatedly points out, the emphasis is on ensuring revenue and profits for the long haul. The way the IGB group sees the market and industry developing has prompted it to search for recurring income, which will be generated by shopping malls, commercial properties, asset management, hotels and similar projects. For its loyal buyers, the group will continue to develop residential properties as long as it sees and gets a good deal.

“We are striving towards that... getting recurrent income. For Mid Valley City, we need a certain size, and it will have one of the world’s largest malls when completed by September 2007. When The Gardens is ready, together with Megamall, we will have 2.4 million sq ft of retail space,” he says. The Gardens is being promoted as an upmarket lifestyle mall catering to a different niche from Megamall. Japanese department store chain Isetan is the anchor tenant and other high-end retailers will take up space at The Gardens. Tan says the total retail space at Mid Valley City by end-2007 will be slightly lower than the 2.5 million sq ft space

at the Mall of America in Bloomington, Minnesota, and Canada’s Edmonton Mall. In China, he adds, the large malls have one million sq ft of retail space.

**New opportunities**

Will IGB build another Mid Valley City in the country? Unlikely, although it is exploring a proposal to manage a large mall in Kota Kinabalu. Further away, it is actively considering various proposals for large malls. Several Middle East parties have invited it to explore opportunities there. “They have come over and like what they see in Mid Valley and want us to do something similar there. There is a lot of interest from Dubai and Bahrain to be JV partners.”

Real estate and shopping mall development, he stresses, require patience and “one cannot rush in.” “We look at each opportunity and evaluate it. And then we wait and when the opportunity arises, we will take advantage of it. Shopping centre management is a science as there are so many components involved. It is not just about being big,” he says.

The UK-trained surveyor says IGB and Tan & Tan pioneered a lot of concepts and while IGB will continue to develop property, he feels that the housing industry has entered a more challenging phase. Development has a long gestation period, which may not be worth the effort, time and expense of some firms. “You have to buy the land, submit approvals which can take a few years, and then build and sell the units. We are not a mass-market property developer. IGB tried this in the past but was not too successful... we couldn’t match the prices of those with cheap landbank. So, we decided to let others do it. We prefer

the niche, specifically the high-end, market. We have developments in Jalan Stonor and Jalan Madge. We have JVs with others and not building too many units.

“There is already overdevelopment in some areas and some overhang. Reputation is the key... if you have a good reputation, your units will sell. For Cendana, many buyers are foreigners who find the ringgit cheap and exchange rate low. Many are buying for retirement purposes. In fact, Malaysia is a cheap destination for everything!”

The freehold Cendana on Jalan Sultan Ismail comprises 45 storeys of luxury condos, ranging in size from 2,131 sq ft to 5,091 sq ft. The prices start from RM1.25 million and go up to RM7.91 million for the penthouse. When it comes to hotels, Tan is enthusiastic. IGB will grow its different hotel brands and focus on city hotel properties. In Kota Kinabalu, it will launch a new brand called Cititel Express to cater for budget travellers and backpackers. “Overseas, 120 sq ft rooms, some without windows, are popular,” he explains.

“Hotels provide recurrent income, although our bread and butter is still property development. We are not an aggressive nor a mass developer. We will reduce dependence on resort hotels as this sector is unpredictable and outside our control. The resort sector is vulnerable to disasters and influences beyond our control.

“We are looking at hotel properties in the Philippines, China and Thailand with their large populations. We hope to open one property a year. In Europe, we have the St Giles properties, where occupancy rates are more than 90%. City hotels have good and predictable demand and the business is in our hands.

**Q&A with IGB Corp****City & Country: How would you sum up the past year – the challenges faced, lessons learnt and achievements of the company?**

The first-quarter results were better than last quarter and I hope the trend will continue. It will not be worse than last year. Mid Valley City is doing well and better than last year, while the Northpoint office towers and serviced apartments will both be ready soon. The Cendana is 70% sold. We were a little concerned about it at the start but it is selling well. And the Boulevard Hotel at Mid Valley has opened.

**Your take on the prospects of the property market for the second half of 2005 and 2006.**

There is softening demand but we can overcome the softness. The sector is in a consolidation stage. Oil prices are high but commodities are doing well. With 5% to 6% economic growth, Malaysia will be okay. Political stability is most important and we need to control corruption and cut down on red tape.

**What are your priorities, concerns and business strategies?**

We have land in the Golden Triangle and the project is in the planning stage. We have land in the outskirts which we will sell off and convert to better pieces of land in the Klang Valley.

**What do you see as your company’s strengths and weaknesses?****Your recipe for success?**

Our strengths are our people and the infrastructure we have. We have a complete set of skills and are prudent in spending. We take only calculated risks. Weaknesses? We do not have enough landbank and to buy now is expensive. But interest rates are low. The IGB recipe for success is the opportunity given by a 35-year legacy. The names IGB and Tan & Tan and what we stand for denote quality and reliability. Most importantly, we always believe in giving after-sales service and attend to customers and complaints ASAP.

**Comments on performance of your products on the market.**

Mid Valley City is doing well because it is mature and has turned out to be a destination for people. We have 20% growth in traffic each year and 2.5 million visitors a month. KTM Komuter brings in 300,000 visitors a month to the mall. And our hotels have good occupancy rates.

**Comments on being one of The Edge Malaysia Top Property Developers 2005.**

We have been in the top 10 for the last few years and are proud of that. We strive to be one step ahead of our competitors and set standards for others to follow. But staying one step ahead of others can have drawbacks because others copy us and make more profits!

**Your wish list.**

The Gardens (the new retail space coming up in Mid Valley City) to come up and be another focal point. We are confident of that.

**Transparent and accountable**

Tan sums up IGB’s philosophy simply as “transparency and accountability.” “With them, all the rest will fall in place. We emphasise and enforce it strictly as we believe in doing things the right way. This philosophy has worked for IGB and anyone who does not conform to this will stick out like a sore thumb.”

As group MD, he prefers to sit back and listen to discussions among the senior managers before summarising the points and reaching a decision. His management style is delegation. “I am not a one-man show. If the senior staff are paid so well, they must be allowed to do their work. My role is just to conclude the decisions that need to be made. We have a close-knit operation, but we also like to bring in outsiders for the fresh input.”

As the interview draws to a close, Tan returns to IGB’s legacy of cautiousness and calculated risk-taking. “We are not as gung-ho

and aggressive as others. Property is a long-term game and certain decisions have led to the collapse of some firms. We want to avoid that. One major wrong decision can have a domino effect on the whole group. IGB’s gearing for some time now has been very low. We have to gear up sometime, but usually we do not go beyond a debt-equity ratio of 0.25. To go beyond that will be quite dangerous. But IGB needs to venture out as the market here is too small.”

As he steers the group to more stable revenue streams while maintaining its strong branding and reputation, Tan is hoping he’ll have more time to play golf. His passion is skiing as it is a hobby his family enjoy and which they all participate in.

“My family likes skiing and it is the only time we can get together. But I am a little wary now because at my age, the bones break and I can’t afford that,” says Tan, reflecting the cautious trait of the company he helms. ■



Wong says Sunway will continue to purchase strategic tracts of land

# Sunway City banks on its brand

By Jennifer Gomez

Sunway City Bhd managing director Datuk Wong Choon Kee has no complaints about 2004. Property sales for the year touched RM1.1 billion, more than double the RM450 million achieved in 2003.

The news is even more promising this year. Sales for the first six months exceeded the corresponding period in 2004 by about 15%, and take-up is strong. At the close of the last financial year, unbilled property sales totalled about RM860 million.

Wong links the company's ongoing success to its portfolio of smaller-scale development projects. Currently, Sunway City has 10 projects in prime addresses in the Klang Valley — Kiara Hills, Sunway SPK, Sunway Damansara and Sunway Cheras — which, Wong adds, are areas "people like to live in".

"Unlike other major developers that have large 1,000-acre tracts in a single location, we have multiple locations, so we reduce our concentration and, therefore, risk. Typically, our newer projects in the Klang Valley are between 50 and 70 acres in size. It's not easy to keep on asking people

to buy in one location."

Though boasting a current landbank of 2,350 acres spread over 12 locations in the Klang Valley, Penang and Ipoh (where it is developing the 1,300-acre Sunway City Ipoh development), the developer is actively looking to expand its portfolio. For obvious reasons, explains Wong. "All along, we had planned for our landbank purchases by ensuring that it would be able to support sales. Last year, we sold RM1.1 billion worth of properties. That means we have used up a fair portion of our landbank so we must replenish.

Indeed, Sunway City has made some interesting purchases of late. In March this year, the group acquired a 60-acre site in the mature Taman Melawati neighbourhood in the Klang Valley, for which there are plans to develop high-end link and semi-detached houses, bungalows and condominiums with a gross development value (GDV) of about RM400 million. The maiden launch is slated for early next year.

A 4.5-acre site behind the Science Centre in the prime Damansara Heights enclave was acquired early this year. The plan here is to build 160 condo units in

## SUNWAY CITY BHD

### Financial year-end Dec 31 (RM mil)

ITEM/ YEAR	2004	2003	2002	2001
Revenue	992.5	728.6	659.4	587.5
Pre-tax profit	169.3	107.1	156.5	34.9
Paid-up capital	410.5	400.3	340.2	340.2
Shareholders' fund	838.9	762.8	735.0	603.6
Profit attributable to shareholders	66.9	25.5	118.4	6.3
Dividend rate %	5	1	1.5	-

### ONGOING LAUNCHES

PROJECT/ LOCATION	PRODUCT TYPE	NO OF UNITS	GDV RM'000	LAUNCH DATE	TAKE UP (%)
Casa Kiara/Sri Hartamas	Condo	167	67,864	April-03	81
Sunway Tiara, Bdr Sunway	DST	44	17,506	June-02	93
Sunway Damansara, Selangor	Condo	212	56,684	March-01	96
	Twnhse	130	56,856	July-04	85
	Condo	124	45,001	June-04	48
	Twnhse	468	152,060	Dec-01 to Aug-04	89
	SD	192	187,560	Sept-00 to July-02	96
	Bgw	16	35,890	Dec-04	25
	DST	135	41,146	Oct-03	96
	SO	266	334,205	Sept-03 to Jan-05	89
Sunway Kinrara, Puchong	DST	60	17,870	Aug-03	93
Sunway SPK Damansara, KL	2½-terr	418	294,631	Oct-04	59
Sunway Cheras, KL	DST	30	8,400	April-05	30
	2½-terr	31	11,780	April-05	13
Sunway Semenyih, Selangor	Superlink	141	27,112	Sept-02 – Jan-04	93
	DSSD	80	26,884	June-02 to Oct-03	96
	SO	36	12,070	June-04	42
	DST	292	49,246	May-02 to Jan-04	98
Kiara Hills, Sri Hartamas	Bgw	88	410,941	May-04	75
	CY	33	79,860	Dec-04	15
Sunway Kayangan, Shah Alam	DST	297	88,271	Dec-02 to July-03	90
Sunway Suria, Shah Alam	Superlink	160	53,550	Oct-04	57
Sunway Rahman Putra, Sg Buloh	DST	60	14,400	Oct-04	35
Sunway City Ipoh	Superlink	112	81,230	Aug-03	67
	Bgw	41	58,434	Aug-03	98
	Semi d link	362	84,500	July-02 to July-04	87
	Apt	406	38,180	Dec-04	49
	Bgw	74	40,372	Jan-04	59
Sunway Batu Maung, Penang	DST	56	20,751	March-03 to Oct-04	96
Sunway Bkt Gambir, Penang	2½-terr	40	25,200	June-05	35

### IN THE PIPELINE

PROJECT/ LOCATION	PRODUCT TYPE	NO OF UNITS	GDV RM'000	EXP LAUNCH DATE
Sunway South Quay	Bgw	77	215,600	End-05/early-06
Bandar Sunway	Condo	242	96,800	End-05/early-06
Kiara Hills, KL	CY	45	117,000	End-05/early-06
	Duplex Apt	189	189,000	End-05/early-06
Sunway SPK Damansara, KL	2½-terr	107	73,000	July-05
	SO	8	5,000	Mid-06
	DST	328	185,000	March to Dec-06
Sunway Damansara, PJ	Condo	124	48,000	July-05
	Twnhse	102	45,000	Mid-06
Sunway Melawati, KL	CY	315	151,200	May-06 to Mar-07
	Garden Villa	30	22,500	End-06
Sunway Suria, Shah Alam	DST	181	45,250	July-05
	Cluster home	200	64,000	July-05
	DSSD	8	4,500	Mid-06
Sunway Kayangan, Shah Alam	DST	110	34,100	Mid-06
	Superlink	211	75,000	Mid-06
Sunway City Ipoh, Perak	Cluster home	122	33,000	End-05/early-06
	Bgw	98	42,750	Mid-06
Amisia, Sri Hartamas, KL	Condo	160	78,800	End-05/early-06
Sunway Semenyih, Selangor	Bgw	6	3,000	End-05
	SO	36	12,600	Early-06
	Med cost	170	34,000	Early-06
Sunway Cheras, KL	3 terr	63	25,200	Aug-05
	2½-terr	118	48,000	End-05
Taman Dagang, Ampang	3 terr	31	9,300	End-05
	SO	18	18,000	End-05
Sunway Kinrara, PJ	DST	36	12,000	End-05
Sunway Bkt Gambier, Penang	2½-terr	200	130,000	End-06/early-07
	2½-SD	37	29,600	Mid-06
Sunway Bayan Lepas, Penang	DST	102	40,800	Early-06
	Bgw	19	15,000	Early-06

DST – 2-storey terraced house  
Terr – Terraced house  
DSSD – 2-storey semi-detached house  
SD – Semi-detached house  
Bgw – Bungalow  
Twnhse – Townhouse

CY – Courtyard home  
Condo – Condominium  
Med-cost – Medium-cost unit  
SO – Shopoffice

two blocks. The units, to be sized from 2,000 sq ft to as big as 4,500 sq ft, are expected to be put on the market later this year or early next year. The tag: RM750,000 onwards.

Talks to acquire more land — two in an upcoming neighbourhood in the Klang Valley and another in Johor Baru — are expected to be finalised before the year is out.

In the group's portfolio is also the 124-acre leasehold southern precinct of Bandar Sunway. The RM4 billion development, dubbed Sunway South Quay, is being planned to be "better than Sri Hartamas", Wong enthuses. The first launch, scheduled for later this year or early next year, will comprise about 77 lake-facing bungalow villas to be tagged at an indicative RM3 million each. This will be followed by the launch of apartments and condos.

Needless to say, Sunway Damansara has been the strong earner for the company. Having developed some 300 acres since 1996, the company's products here are snapped up like hot cakes.

The latest feather in the cap for Sunway City is the ongoing RM750 million Kiara Hills project in Kuala Lumpur's exclusive Mont'Kiara enclave. Of the 88 bungalows launched since mid-2004, the developer has sold 68 units or about 77%. The 33 courtyard villas in the project, with prices ranging from RM1.9 million to RM2.5 million, were soft launched

about four months ago, and eight have been sold to date. Phase three is planned with 234 units of townhouses and condominiums and is set to be launched in the first quarter of next year.

Property development is not the group's sole income generator. The second phase of the Sunway Pyramid shopping centre, which will add another 700,000 sq ft of net lettable area to the existing 900,000 sq ft, will be completed by April 2007. So far, the developer has signed up two major anchor tenants (one supermarket and a department store) that will be taking up more than 300,000 sq ft of space.

Recently, Sunway City sold a 48% stake in its wholly owned Sunway Resort Hotel Sdn Bhd (SRH) to the Government of Singapore Investment Corp (Realty) Pte Ltd (GIC) for RM170 million, a move which Wong says effectively further reduces its hotel debt to a negligible amount. SRH has five hotel properties in its stable at Sunway Lagoon Resort with a total of 1,234 rooms. They are the 441-room, 5-Star Sunway Lagoon Resort Hotel; 534-room new Pyramid Hotel; 17 units of 6-Star Villas (Challets); 230 units of Serviced Resort Suites; and 12 units of serviced apartments at The Duplex.

Going forward, says Wong, the Sunway City group's main theme will revolve around strengthening its brand name and meeting the expectations of its customers. **E**

## Q&A with Sunway City

### City & Country: How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?

In 2004, we doubled our sales from RM450 million to RM1.1 billion. That's very difficult to achieve for most companies. We were able to do it because we started planning right from the purchase of our landbank, which is located in prime areas. For example, when we bought the Kiara Hills land, we anticipated a market need for very high end, well-finished well-built properties in a gated-and-guarded environment.

We are also looking to further implement the industrialised building system (IBS) in our projects to mitigate the problems of labour shortage the industry is facing.

Future challenges have to do with trying to increase our market share in an environment where purchasers are more discerning and exposed to all kinds of projects on offer. As for defects, we are trying to bring down the current average of about six per house to two or three. The rising cost of materials is a cause for concern for all property developers.

### Your take on the prospects of the property market for the second half of 2005 and 2006.

It will be a challenging second half due to soft market conditions but we are optimistic that sales will remain good because of our multiple prime locations and also because we are building homes that people want to buy.

### What are your priorities, concerns and business strategies?

One of our main priorities is to continue acquiring landbank in prime areas. We will also continue to strengthen our well-known Sunway brand name by having fewer defects, timely completion, build homes with innovative and creative designs and offer products that people want to buy. You will see this (innovation) further in the next launch of our Sunway SPK semi-detached homes; the design is something no one's done before...

### What do you see as your company's strengths and weaknesses? Your recipe for success?

Our brand name and multiple locations. We will continue to improve on our defects situation and attend to the defects within the shortest possible time.

### Comments on the performance of your products on the market.

Kiara Hills propelled our company to a different level altogether — we are now perceived as a developer of

well-built, high-end properties with good finishes. Even our Sunway SPK offers homes with very good finishes, that's how we are able to sell 2½-storey terraced homes from RM650,000; the corner units go as high as RM900,000. Our 2-storey linkhomes that were selling from RM530,000 to RM620,000 were a sellout. Sunway Damansara is one of our top earners. People like it here because they want to be close to the amenities.

### Comments on being one of The Edge Malaysia Top Property Developers 2005.

We have worked very hard because we want to be among the top developers in the country. We are going to work even harder to be among the top three developers in the country. We are here for the long term. We will continue to grow our business and focus on building quality properties in the right locations for our customers.

### Your wish list.

That interest rates will continue to stay at this low level; we want to be able to buy more strategic landbank in prime areas in the Klang Valley as well as in Johor and Penang and we want to continue to create value for our customers and shareholders.



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Kasi: Our priority is to continue selling products that we have launched

# Year-round sales give MK Land an edge

By Diana Chin

“We don’t focus on getting queues of people to buy our homes,” says the soft-spoken Datuk P Kasi, MK Land Holdings Bhd executive director.

The company has emerged in the top 10 of *The Edge* Top Property Developers Award 2005 and *City & Country* is at its headquarters in Damansara Perdana for an interview.

Kasi delves straight into the state of the property market. Confident that the market has not peaked, he says MK Land has performed fairly well with its marketing strategy of selling all year round and the company’s strength lies in the fact that it is well known as a residential developer.

“That is really where the bigger market is,” he adds, although the company is not alien to developing commercial or resort properties such as those in Bukit Merah Laketown, Perak, and Langkawi Lagoon Resort.

Over the years, MK Land has made a mark in developing high-rise residential properties in the Klang Valley, specifically in the 750-acre Damansara Perdana township but Kasi sees this changing in the near future. MK Land has plans for semi-detached homes and bungalows in Damansara Perdana. It had not gone into landed property before mainly because it has not found the right piece of land and “there’s quite a bit of competition around”, explains Kasi.

“While people want landed property, there’s also a lot of competition in the market and the margins are not as big as one might think. So

we must get the right property development to go into,” he adds.

Observing that the economy has been relatively steady the past year, Kasi sees the construction sector faced with a few challenges — the issue of foreign workers, steel shortage and consequent rises in material prices. Although the environment for construction and development has been quite challenging, MK Land is not overly worried about the future.

Says Kasi, “We just do not want to see surprises. In the last two to three years, something or other has happened in the world. There have been new concerns and one thing looming in the air is oil prices. Worldwide, it is the issue of interest rates going up. But in Malaysia, so far, they have held and we hope interest rates won’t go up very much.”

The lessons that MK Land has learnt are to provide for sufficient buffers in the event of surprises. “You can’t avoid the unexpected, all you have to do is plan for it,” says Kasi.

These aside, the company is still making money. “I don’t think there’s anything we’re really concerned about other than to consolidate our position and gear up for better days ahead,” says Kasi.

Other than the Damansara Perdana development, the company is also spending time on recent new land acquisitions. “We have bought a 98-acre piece of land in Setiawangsa and are looking at the development of that. We will let the market know when we are ready,” offers Kasi. For now, MK Land will continue doing what it has been doing so far — selling the products that it has launched. ■

**Q&A with MK Land on Page 20**

MK Land’s flagship project in Damansara Perdana is doing well



## MK LAND HOLDINGS BHD

### Financial year-end June 30 (RM)

ITEM/ YEAR	01/02/1999 TO 31/12/2000	01/02/2000 TO 31/12/2000	01/01/2001 TO 30/6/2002	01/07/2002 TO 30/6/2003	01/07/2003 TO 30/6/2004
Revenue	276.9	419.8	1,077.3	848.2	937.1
Pre-tax profit	36.9	62.5	265.6	252.7	253.6
Paid-up capital	355.2	355.2	1,174.4	1,174.4	1,204.4
Shareholders’ funds	233.8	274.6	473.898	64,983	1,035.3
Profit attributable to shareholders	35.9	40.7	182.3	177.6	188.3
Dividend rate (%)	—	—	—	4	5

### ONGOING LAUNCHES

PROJECT/ LOCATION	UNIT TYPE	LAUNCH DATE	NO OF UNITS LAUNCHED	SELLING PRICE RANGE (RM)	SALES STATUS (%)	EXPECTED COMPLETION
<b>Damansara Perdana</b>						
Armanee Terrace	Dcondo	Sept-02	522	453,604 – 1.4m	100	Dec-05
Metropolitan Square	Condo	Oct-04	300	290,556 – 873,266	50	May-07
<b>Cyberjaya</b>						
Cyberia	Townvilla	April-04	48	451,852 – 836,027	52	Jan-08
Cyberia Crescent	Condo	Sept-04	102	319,144 – 725,135	70	Nov-06
<b>Damansara Damai</b>						
SSQ Shops	SO	May-04	388	77,508 – 920,816	62	Feb-07
Park Avenue	Shops	Feb-03	94	490,808 – 1.45m	96	Feb-06
	Condo	March-03	315	178,222 – 267,455	97	Feb-06
<b>Taman Bunga Raya</b>						
Mawar	Apt	Jan-05	76	80,000	71	May-06
Kemuning	Apt	March-04	85	35,000	100	Sep-06
	Apt	June-04	200	35,000	88	Sep-06
<b>Bukit Merah Laketown</b>						
Tropicana	Apt	March-04	154	135,100	85	Mar-07
<b>Taman Klebang Putra</b>						
Emerald	Hse	Feb-05	16	144,200	81	Apr-06
Amber	Hse	Feb-05	56	99,490	90	Sep-06
Pearl	Hse	Feb-05	84	97,500	45	Sep-06
Ruby	Hse	Feb-05	47	98,994	84	Sep-06
Emerald	Hse	May-05	18	148,100	30	Apr-06

### IN THE PIPELINE

PROJECT/LOCATION	TOTAL UNITS PLANNED	EST GDV (RM MIL)	EXPECTED LAUNCH DATE	PRODUCT TYPE	EST PRICE (RM)
<b>Damansara Perdana</b>					
Armanee Terrace	518	526.1	Oct-05	Dcondo	From 661,000
Metropolitan Square	717	304.3	July-05 – Jan-06	Condo	From 350,000–466,000
North West	194	456.4	April-06	SD/Bgw	1.8mil
<b>Cyberjaya</b>					
Cyberia Crescent	186	49.8	Aug-05	Condo	From 272,025 577,158
<b>Damansara Damai</b>					
SSQ Condo	524	136.0	July-05	Condo	237,200–670,000
<b>Bukit Merah Laketown</b>					
SSSD Phase 1B	26	5,641.0	Sept-05	SSSD/Bgw	216,986
Tropicana Block 2	78	9,323.0	Sept-05	Apt	119,526
Suria Laketown C	205	23,000.0	Sept-05	SA	136,585
<b>Taman Klebang Putra</b>					
Ruby Phase 2C	62	5,890.0	Sept-05	SST	95,000
Amber Phase 2C	166	17,561.7	Sept-05	SST	94,525
RT690 Phase 2D	90	11,970.0	Dec-05	SST	133,000
Emerald Phase 2C	27	3,834.0	March-06	SST	142,000
<b>Taipung Resort</b>					
Fairway Heights	76	12,160.0	July-2005	Terr	160,000–340,000

Dcondo – Duplex Condominium  
 Condo – Condominium  
 Apt – Apartment  
 SO – Shopoffice  
 SD – Semi-detached  
 Bgw – Bungalow  
 Terr – Terraced house  
 SST – 1-storey terraced house  
 SSSD – 1-storey semi-detached  
 SA – Serviced apartment

From page 18

## Q&amp;A with MK Land Holdings

**City & Country: How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?**

The Malaysian economy registered a growth of 7.1% last year as a result of robust growth in both global trade and domestic demand. Growth was driven mainly by the private sector, as the public sector remained committed to fiscal consolidation. The key economic sectors — manufacturing, services and agriculture — continued to drive growth.

In the construction sector, the residential and non-residential segments expanded during the year. Demand for residential properties was supported by rising disposable income and attractive financing packages, while the non-residential segment recovered in line with the stronger economic and business activities during the year.

Developers have to be more innovative and have to ensure that their products have the quality to meet the expectation of the market in order to do better.

On the achievement side, we think our flagship project, Damansara Perdana, is doing well. Sometimes, it surprises me when I meet people overseas who are aware of the township. They tell me they like the quality of the property, the F&B outlets, the type of shops that are coming up. This augurs well for us. It's not important to hear it from people you know, because they're just being polite, but from people you don't know...

**What is your take on the prospects of the property market for the second half of 2005 and 2006?**

The overall property market is expected to continue growing over the second half of 2005 and 2006, sustained by the positive economic outlook and steady interest rates.

The residential property subsector is relatively more resilient and expected to perform better. Purpose-built offices are also seeing improvement in demand. Location, price range, design and facilities continue to be the key factors in determining the demand for the properties. Projects in good locations and with practical layouts are expected to

continue to record better sales.

I think the property market is still holding. Yes, some people have said the last few months have been soft. It's also related in a way to the confidence, economy and stock market. We generally find there is a correlation between the stock market and the property market. Generally, people must feel wealthy to commit to buy. If you've lost a lot of money in the stock market, you're not going to rush out to spend more money. The stock market is not doing too well. On the other hand, the interest rate environment has been quite good and banks are still reducing interest rates. The competition, I think, will still spur people to come in and buy.

You must also accept the fact that over the last few years, the quality of development in Malaysia has gone up in the high-end market. So much so that there are some people from outside Malaysia coming to look at some of the developments here. I think that augurs well for the future. I think there will be more interest, not just from locals but from foreigners as well, in higher-end properties.

The usual run-of-the-mill housing segment is still robust. It all depends on location and the quality of the product. Even in some not-so-prime locations, we're holding our position because of our brand and quality. I think the future of the market is still there, I don't think the market has slipped. I've always said there'll be at least another two good years. We haven't seen the real boom as yet... at least, we hope there will be one.

**What are your priorities, concerns and business strategies?**

Our priority is to continue selling the products that we have launched in the various projects and to concentrate on the design and development of the semi-detached bungalows that are scheduled to be launched in this financial year in our project in Damansara Perdana. We are only 15% to 20% done. There are about another 500-over acres. So far, we've only launched commercial products, apartments below about RM300,000 and apartments of about RM700,000 to RM800,000.

We are concerned that the increase in interest rates and price of oil may affect the performance of the property sector and also

lead to higher construction costs.

Our business strategy is to focus on continuous improvement of building and layout designs, facilities and improved landscaping, to spur sales through implementing innovative branding strategies, creating an e-lifestyle community and improving general infrastructure of the townships.

**What do you see as the company's strengths and weakness? What is your recipe for success?**

Firstly, it is our landbank. We still have 5,500 acres of land, which has been approved for development. We think we have enough for the future. A lot of developers have landbank, but I think it is the quality that is important.

Our proven track record is another strength. In the last seven or eight years, we've sold close to 40,000 units with a gross development value of RM4.5 billion as at March 31, 2005.

We've also done a lot of privatisation work in the last several years, which include Damansara Perdana, Damansara Damai, Bukit Merah Laketown and Bandar Lembah Beriah. We see potential in this area in the years to come as the government is still looking at privatising things and we feel our track record will help us.

Our core competency is yet another strength. We've always positioned ourselves as a property supermarket, meaning we're one of the few developers who do everything. From low end to high end, resorts, theme parks, we have positioned ourselves as a developer with a whole range of products. And we only stick to the property sector. With that, the company is not only diverse in terms of products, but also in terms of geographical location. MK Land is already in three states — Selangor, Perak and Kedah. We're still looking at other places and may go into one or two other states. As time goes by, our positioning as a property supermarket and geographical diversification will give us the added strength as a developer.

I don't know if we should look at this as a weakness — that we still do not do landed property in the Klang Valley. We've been looking at a few things but nothing has happened so far. I think in the future, it is something that we will be paying attention to.

Over the years, we have spent a lot of time on design and marketing and we've established ourselves as a company that comes up with innovative products. For example, we were successful with Armanee — the duplex concept. We have our resort products in Langkawi, building above the sea. Innovation is not just in design, but also the way we market our products, the way we package our sales, our financing.

This has been our recipe for success so far. Generally, the brand has become well known and sometimes that surprises us. Two years ago, we were the first developer to be awarded superbrand status. Generally, when one looks at the positioning of the company, people are aware of our products and have the confidence to buy into MK Land.

**Comments on the performance of your products now on the market.**

Overall, the group achieved sales of 81% of its properties which were launched in its nine projects, with an estimated value of RM4.5 billion as at end-March 2005. The three major projects, namely Damansara Perdana in Petaling Jaya, Damansara Damai in Sungai Buloh and Cyberia in Cyberjaya, enjoyed a take-up



MK Land has been successful with Armanee, its duplex condo concept

rate of 88%, 92% and 92%, respectively.

We are looking forward to gearing up for the next two years. We think the period of consolidation in the last one or two years has been good for us.

**Comments on being one of The Edge Top Property Developers 2005.**

It's the third year that we've been nominated. It's nice to know that other people consider us to be among the top 10. We've been aspiring to do our best and hearing it from third parties is something we're very happy about.

We'd like to thank all the people who have been working for us — our staff, associates, consultants, all who have been part of the team that make it happen. It's not about one person; it's about the group as a whole and the people who have been running the group to take pride in the fact that we're still rated in the top 10.

We would also like to thank our customers who buy our products and who've put us where we are. I think it's their support that counts.

**What is your wish list?**

Going forward, our wish list is to see some concerted effort to bring in foreign buyers. I know there have been buyers coming in but the country is looking better to foreigners, in terms of language, political stability and pricing of products. We have nice products available, compared to the rest of the region and they're in a good price range. The thing that we need to do here is to market the country as a whole.

I feel that more integration can be done to the Malaysia My Second Home programme. During the last crisis, the government tightened up on the RPGT [Real Property Gains Tax] rules and the rates were raised in order to curb speculation. It's been so many years now, and I think the government may want to think of loosening that up a bit in order to bring in more interest into the property market.

I do know that Rehda [Real Estate and Housing Developers Association] has asked for many things, but in my mind, as long as the interest rates do not go up too much, it will be fine. I'm not concerned about the improvements, but more on the damage. Oil price and interest rate hikes could be worse than they are today. My wish is that if they do not improve, the levels will at least remain where they are and not worsen.

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# Sime UEP's game plan

By Fintan Ng

It was no mean task trying to pin Jauhari Hamidi down for an interview — his schedule is, indeed, terribly packed. Since being appointed in February this year, the managing director of Sime UEP Properties Bhd, the property development and property management arm of the Sime Darby group, has been busy not only on the local front, but has also been jet-setting to seek out business opportunities.

When *City & Country* finally caught up with Jauhari one stormy evening at his office in the heart of the company's flagship UEP development in Subang Jaya, Jauhari was visibly geared up to share his thoughts and strategies for the company.

"Outstanding beginning to the new financial year..." was his opening line as he reached out to greet the *City & Country* team, perhaps alluding also to the company's emerging as one of the top 10 property developers in Malaysia.

Jauhari flashed a wide smile as soon as we settled down in his office. "I hope you are both my customers, if not, I shall work very hard for the both of you to become my customers."

This is Jauhari, a civil engineer by profession, who began his career in property

development when he joined the Selangor State Development Corporation (PKNS). "After graduation, I started my career building houses for PKNS but nobody knows that. My boss then was plain old Chan Ah Chye, now Tan Sri Chan Ah Chye," he offers.

As it turned out, Jauhari's love affair with property development took a break. After two years with PKNS, he moved on to join Sime Darby and for the next 15 years, he visited offshore platforms throughout the country. After that stint in the oil and gas industry, Jauhari proceeded to Consolidated Plantations Bhd (part of the Sime Darby group) to serve in the aerospace industry, building a composite plant in Kedah.

In fact, Jauhari's last posting before moving to Sime UEP was director of oil and gas operations for the Sime Darby group, with responsibility for Sime Engineering Sdn Bhd, Sime Sembcorp Engineering Sdn Bhd and Mecomb Engineering Sdn Bhd.

Compared with captains of other development companies, Jauhari seemingly has little direct experience to offer. But consider this: "I bought a piece of land in Section 13, Shah Alam, where I built my own home in eight months back in 2000. I had 7,000 sq ft of land,

**Continues on Page 24**

Jauhari Hamidi: We have to be not only innovative but also efficient in our designs, concepts

**WEEK 7 Enter NOW! Contest form on PG3**

**FIABCI-MALAYSIA PROPERTY CONTEST 2005**

## WEEK 5 WINNER

# Planning a trip abroad

Dr Harry D'cruz was with a patient in his Ipoh clinic when he received a call on his mobile phone. He was too distracted to pay it much attention, although the voice on the other end was congratulating him on winning RM10,000.

Suspecting a friend was pulling a prank, he kept the conversation short and returned to tending to his patient. Later, he called the number listed on the phone and was told that he had won RM10,000 cash in Week 5 of the Fiabci-Malaysia Property Contest 2005.

D'cruz points out an interesting nugget — the day he received the call was July 26, when Roman Catholics celebrate the Feast of St Anne's. Coincidentally, he had received the call from Anne Tong, event manager of Moves & Shakes, which is coordinating the contest.

Participants are required to answer two questions and complete a slogan. D'cruz's winning slogan was, "1 Utama Shopping centre is a magical mecca with endless possibilities be it finicky shoppers, food fanatics, movie buffs or just nature lovers."

D'cruz and his wife Alice Fernandez make it a point to travel at least once a year, and will use the prize money for a pre-planned trip to Perth. The prize was presented by Datuk Teo Chiang Kok, director of Bandar Utama City Corp Sdn Bhd and also president of the Malaysian chapter of Fiabci. 1 Utama Shopping Centre is the sponsor of Weeks 5 and 6 of the contest.

The contest runs for 12 weeks and is co-organised by Fiabci (Malaysian Chapter), *The Edge* and *theSun*. The weekly winner walks away with RM10,000 in cash or vouchers and is eligible for the grand draw which offers a total cash prize of RM120,000.



D'cruz receiving a mock cheque from 1 Utama Shopping Centre manager Kenny Chin, with (from right) Teo and Fiabci Malaysia's Kumar Tharmalingam and Yeow Thit Sang looking on

Apart from the weekly winners, 99 all-correct entries based on slogans are picked each week to participate in the grand draw to be held at 1 Utama Shopping Centre on Sept 17.

The Week 6 contest winner and list of the 100 names eligible for the grand draw will be selected next week. Log on to [www.sun2surf.com](http://www.sun2surf.com) or [www.theledgedaily.com](http://www.theledgedaily.com) or check out print editions of *The Edge* and *theSun* for details To know more, call the contest secretariat at (03) 7957 8220. ■

## Week 5: The 100 eligible entries for the Fiabci Property Contest Grand Draw

- |                                  |                                 |                            |
|----------------------------------|---------------------------------|----------------------------|
| Abdul Haris Nasution Abdul Karim | Goh Sin Seng, Kelvin            | Queek Tuan Wei             |
| Adrian How                       | Grace Chen Chooi Shan           | R Lurdumary D/O N Rayappan |
| Ahmad Rafidi Harun               | Hasifah Binti Omar              | Raelysia Dona Rayner       |
| Ahmad Zamani Zahari              | Hng Lee Moy                     | Rajeswary A/P M Nadarajah  |
| Aida Baizura Abdul Rahman        | Ho Yet Min                      | Ravi A/L Ramakutti         |
| Aldrin Michael                   | Jagdeep Singh A/L Mehar Singh   | S.Thilagawathi             |
| Angela Chau                      | Jasvinder Kaur D/O Hartan Singh | Sim Gaik Kit               |
| Betty Loh                        | Jean Chia Pei Ju                | Susan Tong Poh Yoke        |
| Botmanathan A/L Sadaram          | Jeffrey Ju CH H                 | Susan Yong Kooi Ling       |
| Caroline Bernadette              | Kartini Md Samuri               | Suzanna Kavita A/P S M     |
| Chan Chee Choy                   | Kogulapalan A/L Kesavan         | Vijayapalan                |
| Chan Lan Chiun                   | Lai Kin Wah                     | Tan Chin Tee               |
| Cheah Sook Lian                  | Lai Soon Yew                    | Tan Chuan Cherng           |
| Cheng Soow Kuen                  | Latifah Abd Rahman              | Tan Ham Lia                |
| Cheong Sook Mee                  | Lee Kong Hui                    | Tan Hock Seng              |
| Chezrin Nah Ling Ngee            | Lee Lek Siah                    | Tan Pet Heong              |
| Chia Hin Whong                   | Lee Yen Kum                     | Tee In Ne                  |
| Chin Swee Leng                   | Lee Yen Yoong                   | Teoh Foon Sing             |
| Chong Pei Chee                   | Leong Siew Hooi                 | Teoh Kean Lip              |
| Choong Chee Keong                | Liew Kean Seng                  | Tunku Maziah Tunku Mukhtar |
| Choong Shiao Yen                 | Liew Kein Wah                   | Vora Hassan                |
| Christopher Lee Soon Seng        | Liew Mern Chin                  | Wee Yu Seang               |
| Cindy Ng N T                     | Lim Chooi Phoe                  | Willina Sha Kow Chye       |
| Cordelia Lee Suet Fun            | Loghadrnan                      | Wong Hock Lan              |
| Ding Eow Chai                    | Lum Yee Mae                     | Wong Sek Lai               |
| Disvinder Kaur A/P Bhajan Singh  | Meenakshi A/P Alagassa Chettiar | Wong Su San                |
| * Dr Harry Louis D'cruz          | Mohd Farid Majid                | Woon Chee Foon             |
| (Week 5 winner)                  | Mohd Ibraya Md Alwey            | Yen Oi Leng                |
| Foh Hong Hin                     | Ng Peoy Sean                    | Yeo Khee Chin              |
| Foo Kee Siong                    | Nurul Ainee Abdullah            | Yeo Leene Yeow             |
| Fun Mun Hin                      | Ong Kok Soon                    | Yeh Sik Ching              |
| Gan Tit Yew                      | Ooi Siew Kim                    | Yeow Chai Lian             |
| Goh Lin Lin                      | Parimaca Devi A/P Letchumanan   | Yow Swee                   |
| Goh Siak Ngin                    | Pun Ke Wei                      | Yue Sheng Huey             |

**SIME UEP****Financial year-end June 30 (RM mil)**

ITEM/YEAR	2004	2003	2002	2001
Revenue	441.6	469.3	345	282.1
Pre-tax profit	168.6	184.9	140.8	112.7
Paid-up capital	404.514	404.514	404.514	404.514
Shareholders' funds	1,195	1,126.6	1,052.4	981.3
Profit attributable to shareholders	129.6	135.4	132.3	80.6
Dividend rate (% gross)	21	21	21	21

**ONGOING LAUNCHES**

PROJECT/LOCATION	PRODUCT TYPE	NO OF UNITS	LAUNCH DATE
Putra Heights	SO	270	Aug-04 & June-05
	DST	355	April-May-05
Ara Damansara	Bgw	42	March-05
	Flats	210	Sept-04
Bandar Bukit Raja	DST	52	March-05
	Flats	320	April-05
Taman Perindustrian			
UEP Subang Jaya	DST	412	Nov-04-March-05
Pinggiran USJ	Flats	550	Jan-Feb-05

**IN THE PIPELINE**

PROJECT/LOCATION	PRODUCT TYPE	NO. OF UNITS	GDV '000	EXP LAUNCH DATE
Putra Heights	DST	452	RM218,000	2Q05
	DST	190		
Pinggiran USJ	DST	248	RM76,000	4Q05-2Q06
Taman Perindustrian USJ	DST	246	RM48,000	2Q05
Bandar Bukit Raja	Low-cost	108		
	Low-cost	100	RM30,000	1Q06

**From Page 22**

the contractors wanted RM500,000 to RM600,000. I said I don't have the money. So what I did was I went out and got 15 Indonesian workers, gave them the plans and supplied them with the building material.

"I built the house for RM320,000 only... It is an 8-bedroom bungalow but I do not know why I built an 8-bedroom bungalow since I have my wife and three kids only and I do not even have a maid", he says.

There is no doubt that Jauhari is a developer to watch.

**Strategic vision**

Since coming onboard Sime UEP on Valentine's Day this year, Jauhari has been instituting changes. And, judging from the look of things, there are more to come.

"I have been to various divisions within the group. I saw Sime UEP to have the least challenges because our financials are sound but since coming onboard, I have found that there are many challenges," Jauhari says, adding that he has made some changes to the organisation to give it more focus.

"The company had the luxury of a huge landbank. And because the company did not have to do marketing because the market came to us, marketing was not the company's forte," he says.

So the past four months have seen a lot of adjustments and paradigm shifts within the company. The public can expect a more visible Sime UEP in terms of branding and much more. "Our strongest point, which is helping to carry us through, is our reputation. We do believe that our Sime UEP homes are still very strong, however, we are also contemplating changing that brand to Sime Homes or Sime Darby Homes, he says.

The rationale for this is simple

— the developer is no longer active just within the Subang Jaya-UEP area.

On the company's thrust as a leading township developer, Jauhari says it is also looking at gated communities and serviced apartments. "We are also positioning ourselves to enter the niche high-end development market in the Klang Valley."

**Priority tasks**

Top of Jauhari's list of priorities is to expand the company's landbank, especially in strategic areas. Of its current 8,000 acres of undeveloped land, about 1,000 acres are strategically located.

To stress on the urgency, Jauhari says Putra Heights, the company's ongoing township with about the largest tract undeveloped, has about four to five years of development to go. The staff, he says, are beginning to worry that in three to four years, they may be out of a job since Sime UEP will have run out of land by then.

Bandar Bukit Raja in Klang is another project the developer is going to focus on, given its improved accessibility in recent times. The 2,179ha Bandar Bukit Raja is a joint venture with another Sime Darby group subsidiary, Consolidated Plantations Bhd. Sime UEP is both the developer and project manager for the development.

The developer is busy with Ara Damansara, where it is the project manager while Sime Pilmoor Development Sdn Bhd is the developer. Since 2000, 92% of the 2,662 units have been sold. The 299ha land belongs to the Sime Darby group.

Given the hot market response to the Ara Damansara homes, Jauhari is looking at converting about half of the 72 acres of commercial land left in Ara Damansara for housing use. A property consultant has been

**Q&A with Sime UEP****City & Country: How would you sum up the past year — challenges faced, lessons learnt and achievements of the company?**

**Jauhari:** Generally, the overall property market has been good. The residential sector saw more properties being launched, creating more supply and a more competitive environment.

Sime UEP had an exciting year with more launches of mixed products in our townships in the last financial year, which continued to receive encouraging response from home buyers.

In total, we launched 2,213 units of mixed properties comprising 2-storey linkhomes, low-cost shops and flats, 2- and 3-storey shopoffices, 1½-storey terraced houses and bungalows. Noting the improvement in the commercial sector, especially of shopoffices located in prime areas of established neighbourhoods with ready catchment population, the company launched five phases of shopoffices totalling 270 units in our third township of Putra Heights. The response had been overwhelming with all the units in the four phases sold.

The lack of skilled workers continued to put pressure on developers' ability to consistently maintain a high level of quality of its products in the construction industry.

Also, during the third quarter of last year, the increased cost of steel bars was a cause for concern for the construction industry. The company achieved the ISO 14001:2004 Certification from Sirim in May 2005, making us the first property developer locally to accomplish such attainment for Environmental Management System.

In addition, we have fulfilled our social obligations and helped the government in its efforts to improve the quality of life of all Malaysians, especially the lower-income earners by building low-cost homes. In the last financial year, we handed over 1,040 units of low-cost flats to purchasers in our Putra Heights township. In September 2004, the company also launched 210 units of low-cost flats in its Ara Damansara township. We also launched another 550 units of low-cost flats in Pinggiran USJ and another 320 units in our Bandar Bukit Raja township.

**What is your take on the prospects of the property market for the second half of 2005 and 2006?**

There will definitely be stiffer competition with other players in the industry aggressively launching or introducing new products in the market. Higher fuel prices will likely affect economic sentiments in the near future. However, under the prevailing low interest rate regime, the property market should continue to remain attractive especially for competitively priced properties in preferred locations.

**What are your priorities, concerns and business strategies?**

The company will continue to focus on residential development targeted at high-end and niche market development.

With house buyers now becoming more affluent, knowledgeable, better informed and sophisticated, their expectations are definitely higher and it is a challenge to not only meet but exceed their expectations.

More households are enjoying higher disposable income and with better purchasing power, there is a drive towards a holistic approach to lifestyle living especially in prime suburban areas. This is an area we believe we could look into. Moving forward, we are also looking at joint ventures and strategic partnerships with other property developers. We are also looking at project management opportunities to capitalise on our expertise. Acquiring new lands in prime areas for new development is one of the strategies that we are seriously looking into.

**What do you see as your company's strengths and weaknesses? Your recipe for success?**

**Strengths:**

- Established brand name, that is, "Sime UEP Homes";
- Reputation and proven track record — trustworthy and responsible developer with zero abandoned projects, international awards and ISO certifications;
- Financial stability to ensure successful development, healthy balance sheet and respectable cash surplus ie the ability to recruit the best employees, the best consultants and contractors - the ability to deliver quality products and services;
- Innovative residential development concept to suit individual tastes;
- Pioneer in nurturing well-planned and fully-integrated township, that is, pioneer community builders;
- Commitment to quality - attained various ISO certifications by Sirim: QAS; and
- Professionally managed, well trained and loyal staff, closely-knit employees.

**Weaknesses:**

To gain a competitive edge over our competitors and to facilitate our ventures in new growth areas, we need to improve on our asset management capability. We also need to embark on a more aggressive and innovative marketing strategy. There is a lot of potential for growth and I believe the company has what it takes to move to another level of excellence.

**Recipe for success:**

- Understanding market demand;
- Conduct research and market surveys to understand customers' needs and preferences;
- Understand what the customers want and build them; and
- Must be agile to changes and acknowledge that the market has become very competitive and customers more demanding, knowledgeable and sophisticated

**Comments on being one of The Edge Malaysia Top Property Developers 2005.**

We are honoured to once again be included. Whether we are on the top 10 list or not, at Sime UEP, our focus has always been to build the best township in Malaysia, with the best-quality homes for all Malaysians. It has been the driver behind all of our developments.

engaged for this purpose.

"We hope to turn what is left of the commercial land there to a Bangsar kind of place, this is what we have in mind and this is what we told the consultants," Jauhari says.

Jauhari is equally excited about Putra Heights' Laman Putra where about 25% of the available land area has been converted to greenery. "We have ample parks there, designer homes of 26ft by 80ft at less than RM400,000 each," he says.

**Service and quality foremost**

Jauhari is proud of the Sime UEP quality — both in services as well as that

of the homes that it builds.

Internally, Jauhari is implementing a performance-driven culture. "At the end of the day, when house buyers take the keys from us, we want them to get houses with zero defects," he says.

As a measure of its service to customers, Jauhari says there had been, though rare, occasions when a product could not be delivered on time due to reasons beyond Sime UEP's control. As a reputable developer, the affected buyers would receive a statement crediting the LAD (Liquidated Ascertained Damages). The buyers will not have to do anything - the amount will go straight into their accounts. It has been a standard practice for the company all these years.

**Innovation and efficiency important**

Jauhari is more than aware of the increasingly crowded marketplace, with buyers getting more and more discerning. "We have to be not only innovative but also efficient in our designs, concept. A linkhome selling at RM300,000 and going for RM400,000 now can be sold at RM500,000 if it is done up nicely. If you keep churning out the same old 'me too' kind of products like the rest, the take-up rate is going to be affected," he says.

Jauhari's message to the Sime UEP staff, business associates and partners is getting through. But as with all new things, it will take some time. ■

MOHD IZWAN MOHD NAZAM, THE EDGE



Jagan: BRDB places value on asset management

# BRDB aims to enrich lives

By Lim Ming Haw

Datuk Jagan Sabapathy says he likes to be close to the business. The Bandar Raya Developments Bhd (BRDB) chief executive is as close as he can be to the company's two flagship projects. The RM1.3 billion Capital Square development is next door to his office at Menara Multi-Purpose, while the iconic Norman Foster-designed Troika is close by in the Kuala Lumpur city centre. From his 32nd floor office, Jagan can see the CapSquare project rising. The project, he admits, comes with a little baggage, having stalled when the financial crisis hit, but is now coming along nicely. "CapSquare and Troika both encapsulate our philosophy of enriching lives and giving value to our buyers. CapSquare can't be the same as Suria KLCC... it is smaller but we are confident it will become a place of choice."

CapSquare is an urban mixed development with high-end condos and 400m of street retail space, which BRDB will control to ensure a good tenant mix. It will be F&B-driven and have cinemas, shops and a recreational centre. "The feel will be casual, a cross between the US West Coast and the sophistication of a street in a European city with trees, canopies and cafés."

The project, Jagan adds, is "extremely unique" and neighbours Masjid India, Jalan Dang Wangi and Jalan Ampang. "It will renew the mid-city area and is a short distance to KLCC and has good transport links."

BRDB's optimism isn't misplaced as the first phase Condo 1 is 70% sold despite the pricing, which starts from RM450 psf. The second condo tower will be launched next year. BRDB is confident the improved demand for quality office space will result in good take-up rates.

"CapSquare is exciting because the Malaysian experience of going out has changed. People are looking for a more dynamic environment to dine and entertain. It will attract yuppies and we have branded it as a place to 'Work, rest and play'."

As for the pricing, the youthful CEO feels the quality of CapSquare's products and finishes, location and branding make the condos "competitively priced".

As for Troika, Jagan has the satisfaction of people walking up and congratulating him on the project. "It is a big challenge but when we first saw the site, we knew it was special. It is an opportunity to do something special. We needed to differentiate the project. So, we got Norman Foster, who is probably one of the top three architects in the world, to design it."

## BRDB

### Financial year-end Dec 31 (RM mil)

	2004	2003	2002	2001
Revenue	425	339	352	264
Pre-tax profit				
* (after extraordinary items)	71	62	59	3
Paid-up capital	476	476	476	476
Shareholders' funds	1,230	1,196	1,159	1,079
Profit attributable to shareholders	37	42	83	-19
Dividend rate (%)	3.0	2.0	1.5	1.0

## ONGOING

NAME OF PROJECT	TYPE OF DEVELOPMENT	LAUNCH DATE	AVERAGE UNIT SELLING PRICE (RM'000)	ESTIMATED TOTAL SALES VALUE RM'000	TOTAL UNITS LAUNCHED	EXPECTED COMPLETION
<b>A. Bandar Raya Developments Bhd</b>						
Bangsar Hill	Bgw	2001	5,410	167,724	31	2005
Palmyra Bangsar	Apt	2002	1,737	104,202	60	2005
Inara	Apt	2004	2,305	50,710	22	End-07
Troika	Condo + SOHO	June-05	2,3445	36,691	229	End-09
<b>B. Capital Square Sdn Bhd</b>						
Capital Square Residences	Condo	2004	905	162,816	180	End-06
<b>C. Permas Jaya Sdn Bhd</b>						
Phase 1 Stage 4A	SST	Completed	149	895	6	Projects will be completed by end-05
Phase 1 Stage 7E	Bgw	Completed	726	11,615	16	
Phase 1 Stage 5E Blk A	Apt	Dec 1999	191	46,356	243	
Phase 1 Stage 5E Blk B	Apt	Jan-02	180	55,934	291	
Phase 2 Zone 1-7 & 8	Ind	Completed	441	61,296	139	
Phase 2 Zone 2-2 (158 units)	DST	July-00	294	46,483	158	
Phase 2 Zone 2-2A (137 units)	DST	Jan-03	296	40,497	137	
Phase 2 Zone 3-1E	SO	June-04	909	61,795	68	
Phase 2 Zone 3-2 (87 units)	SO	Completed	747	64,955	87	
Phase 2 Zone 6 ABCF	Condo	Completed	447	214,351	480	
Phase 2 Zone 6D	Condo	Oct-00	446	50,376	113	

## IN THE PIPELINE

PROJECT/LOCATION	SIZE/TENURE	ESTIMATED GDV (RM MIL)	EXPECTED LAUNCH DATE	PRODUCT TYPE	NO OF UNITS	EST PRICE (RM)
Condominium @ Jalan Menerung Bukit Bandaraya KL	9.3 acres/freehold (from 2,990 sq ft/unit)	550	1H06	Low- & high-rise condo	232	From 2 mil/unit
Condominium @ Hartamas 2, KL	11.5 acres/Freehold (from 1,500-2,000 sq ft/unit)	350	1H06	High-rise condo	698	From 400k/unit
Condominium @ Taman Duta, KL	12.5 acres/Freehold (from 3,200-3,800 sq ft/unit)	450	2H06	Low-rise condo	188	From 2 mil/unit
CapSquare Residences 2, CapSquare, KL	0.772 acres/Freehold (from 720-4,110 sq ft/unit)	155	2H06	High-rise condo	208	From RM350k/unit
Signature Offices, CapSquare, KL	24,000-54,000 sq ft/freehold	85	2H05	Class 'A' Offices		From RM550psf

DST - 2-storey terraced house  
Bgw - Bungalow  
Condo - Condominium  
Apt - Apartment  
SO - Shopoffice  
Ind - Industrial

What about the competition in the KLCC area and oversupply? He dismisses it as a minor issue because "we are at the epicentre of the area and it is a good location". He describes the Troika as a "stunning building and is to the condo market what the Twin Towers are to the office" space market. The market has responded well and the Troika is already 50% sold after a recent soft launch. The price? "Above RM1,000 psf". Buyers have come from Singapore and Hong Kong, and it has generated much interest from the Middle East even without marketing.

The Troika, which denotes triumvirate or seat of power, Jagan feels, "reflects the BRDB view of life and we want to bring our track record, history and creativity to the market. We are always pushing the bar to do things differently and challenged to not only make great products but [give] good value for money".

He declares that "we make profits for our stakeholders and the buy-

ers are also stakeholders". "People who buy BRDB always make profits and are happy with the capital gains," referring possibly to those who invested in Bukit Bandaraya in Bangsar.

In 2004, the BRDB group's revenue grew 26% and profits went up 15%. Its property division recorded 20% increases in revenue and pre-tax profits. Apart from property development and investment, BRDB's other major interest is in manufacturing through its subsidiary, Mico Chipboard Bhd.

In the pipeline are developments in the prime areas of Bangsar, Sri Hartamas and Taman Duta, which will keep it busy.

BRDB recently embarked on a rebranding exercise and has a new logo. "We asked what BRDB should be doing for the next 20 years. We need to stick to what we know best. In manufacturing, Mico is now among top three producers in Asia. In property, we need to expand... there are property cycles and so we

should expand regionally."

He frequently refers to the BRDB name and its 40-year legacy. "We are just trustees for the future and we have to enhance the history, the present and future. Ours is not a quick-buy approach but maintenance and management of products. We place value on asset management. For our condos, buyers pay a couple of million ringgit and they need to know that their investment is protected. For the management of shopping centres, our sales and marketing must of a high standard."

Jagan obviously believes in the need to be on track with the company's vision. "We focus on the high-end of the spectrum and can do better by being a little more creative. We use creativity to enrich people's lifestyles."

He realises that BRDB needs to be on top of changing trends and tastes. "We try to be a little funky and have creative people here. But sometimes

**Continues on Page 28**



# Positive sentiment boosts Boustead

By Sujartha Kumarasamy

Whenever a journalist is asked to turn off the tape recorder, it's usually an indication that a monumental piece of information is about to be revealed, something so vital that its source is unwilling to go on record. However, when one is interviewing Datuk Ghazali Mohd Ali, the executive director of Boustead Properties Bhd, it's a sure sign that a laugh is on the way.

Ghazali peppers the interview with *City & Country* with a steady stream of jokes, anecdotes and observations, along with a few barbs aimed at group communications manager Harzilah Muhamad, who sits in during the interview. To her credit, Harzilah lobs a few zingers his way, but it seems little will ruffle Ghazali's feathers, although public relations consultant Tony Nathan is obviously a little alarmed at Ghazali's candour and frankness in front of a member of the media.

Ghazali, there is no doubt, is in a buoyant mood. And why not? Boustead Properties has emerged in the top 10 of *The Edge Malaysia Top Property Developers Awards* for the second year running. And the group scored a record performance in 2004 to register the highest-ever profit of RM143 million on turnover of RM360 million.

Thanks to positive market sentiment spurred by a stronger economy, low interest rates, ease of financing and stable property prices, Boustead Properties has enjoyed robust sales and growth in earnings, attributed largely to its developments — Mutiara Rini in Johor and Mutiara Damansara in Selangor.

The 1,438-acre integrated Mutiara Rini township in Skudai with a gross development value (GDV) of RM2 billion is already home to 18,000. It will feature 12,000 homes, commercial units and medium-sized industries upon maturity in 15 years.

In the Klang Valley, Boustead Properties undoubtedly stands out for its successful Mutiara Damansara. The strategically located freehold development over 36 acres with a GDV of RM1 billion features not only a mix of residential property comprising bungalow lots, terraced houses and condominiums, but also a retail and commercial precinct that is fast gaining recognition in the Klang Valley. Brands like Ikea, Ikano, Tesco and soon Cineleisure of Singapore are complemented by the Boustead Group's very own lifestyle and fashion mall, The Curve. Since it was opened in December, the lifestyle mall has received three million visitors. Almost 80% of The Curve has been leased and 65% opened for business.

In addition, there are the corporate lots that, Ghazali says, will soon house the signature showrooms and offices of more blue-chip names, the likes of BMW, Lexus and Mercedes-Benz.

Come September, the 4-star Royale Bintang Hotel, costing RM40 million, will be launched. The hotel will feature 30 suites and 120 rooms. This will be followed by Cineleisure before the year is out. Talks are underway for a mini-conference hall to be built.

Ghazali says the 60-acre radius surrounding the corporate and retail area will soon boast its own identity; a consultant has been engaged to



Ghazali: You can have the most strategic landbank in the country, but if you do not value add, then you will not maximise your

source for a name. "It is, after all, a complete destination point," offers Ghazali on the rationale for the move. "In Mutiara Damansara, we have created a commercial hub that will position the area as a top retail destination in

the Klang Valley, enhancing the demand for our development even further."

## Growth spurt

Buyers of Mutiara Damansara, incidentally, are

## From Page 26

they are too modern for me! Changes come quickly in the markets we operate in. The middle class is becoming bigger and people have higher disposable income. We understand their aspirations and try to anticipate the future. People travel more, watch TV, read ID magazines and are exposed to ideas. The market has become more sophisticated. Internally at BRDB, we try to understand it."

Jagan, who was invited to join BRDB in 1999, is surprised he has stayed that long. "The job is very challenging with a tougher market, demanding buyers and getting talent. We have a good blend in the team, some with more than 20 years' experience. New people bring diversity of thoughts and opinions. I have a good relationship with the board, shareholders, chairman and staff."

He quips that as long as he is having fun and adding value to BRDB, he will continue. On his entry into property, the father of two teenagers recalls that his wife decided to leave the legal profession in 1989. "We started an interior design business and did it for eight years. It was enjoyable and a passion," says Jagan.

BRDB, with its track record of success with Bukit Bandaraya and Bangsar Shopping Centre, is also venturing overseas with a project in Lahore in Pakistan. Why that country? It is not totally alien to the company — chairman Datuk Mohamed Moiz J M Ali Moiz has family and connections there, thus the comfort. "This deal for a mixed use resort came up

and since [partner] DHA (Defence Housing Authority of Lahore) is a premier developer, it was a good fit. Pakistan will grow faster... its middle class is strong and it has resources. The property sector there is lagging, so there is a lot of potential for BRDB."

As for other ventures overseas, Jagan says BRDB is cautious, especially when there are so many "interesting opportunities". "We are very selective. Malaysia is home and our principal focus. We are looking for choice land in the Klang Valley to replenish our land bank. There are plans to buy a 500-acre plot to build a new Bukit Bandaraya," the chartered accountant and former KPMG partner says.

Going forward, Jagan says the property cycle is not at the tail end, while the commercial sector is turning around. "The residential sector will stabilise... now, it is too many units coming in too soon and the imbalances are temporary."

He is very optimistic about property market in the long term. "We have a young population, the middle class is growing and home ownership is a major goal of many. We also have the greatest parents who buy houses for their kids! Wealth management is getting popular and many people park their money in property."

His last word is "There will be good demand for quality products in good locations", which nicely sums up the BRDB approach in property. ■

## Q&A with BRDB

### City & Country: How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?

It has been a very busy year with the re-branding and a new logo. These reaffirm the qualities of our 40 years. The key elements are to enrich lives, give value and meet expectations. We are also reaching out to a younger market. This is being internalised and we have to make sure that the staff understands the KPIs (key performance indicators) which reflect our brand value. We celebrated our 40th anniversary and want to be just as successful for the next 40.

### Your take on the prospects of the property market for the second half of 2005 and 2006.

We are optimistic... there is a good economic environment which is awash in liquidity and low interest rates. Property valuations and yields are low compared with other places. Foreigners are buying Malaysian property. In the mid- and high-end markets, there is good demand. The demand for grade A buildings is increasing and CapSquare has attracted interest. We need to make sure we deliver the right type of retail space. Bangsar Shopping Centre is expanding with another 100,00 sq ft of retail and 150,000 sq ft of office space. Next door is

another nine-acre plot for a high-end condo which will be launched by year-end.

### What are your priorities, concerns and business strategies?

We are looking to divest geographically. But if any idea comes in another industry, we will evaluate. We understand people's aspirations and like to think ahead. The ultimate is to be able to offer buyers something they will like.

### What do you see as your company's strengths and weaknesses? Your recipe for success?

What do we do good? Our commitment to quality and help make buyers' investments grow and to build communities. We want to develop a relationship of trust and be a developer of choice in our market segment. Weaknesses? We need to be more creative, have better quality, be more proactive, identify things faster and to engage with the market. We want to be able to surprise in a pleasant way.

### Comments on being one of *The Edge Malaysia Top Property Developers 2005*.

We are honoured and it is a testament to the collective efforts of all.

### Your wish list.

For the economy to do well and for the property sector to grow in a measured way and low interest rates to continue.

**BOUSTEAD PROPERTIES BHD**

Financial year-end Dec 31 (RM mil)

ITEM/YEAR	2005*	2004	2003	2002	2001
Revenue	87.7	360	238	225	304
Pre-tax profit	28.2	143	120	90	107
Paid-up capital	255	255	176	153	153
Shareholders' funds	1,042	1,045	842	671	634
Profit attributable to shareholders	19.6	117	87	63	80
Dividend rate %	n/a	32.0	22.5	20.0	22.5

\*First quarter ended March 31, 2005, unaudited figures

**ONGOING LAUNCHES**

PHASE	UNIT TYPE	LAUNCH DATE	NO OF UNITS	SELLING PRICE (RM)	SALES STATUS	EXPECTED
				RANGE		%
Mutiara Damansara	Condo	Feb-04	376	304,000 to 738,000	80	Feb-07
Selangor	Bgw	July-04	45	1,998,000 to 2,536,000	90	July-06
Mutiara Rini,	DST	Dec-03	192	160,000 to 239,000	90	Dec-05
Johor	DST	May-04	120	196,000 to 261,000	50	May-06
	2-st shop	Sept-04	89	346,000 to 592,000	35	Sept-07
	DST	Sept-04	116	160,000 to 265,000	50	Sept-06
	DST	April-05	192	210,000 to 318,000	5	April-07

Note: In addition, the group also sells bungalow land and corporate lots in Mutiara Damansara

**IN THE PIPELINE**

PROJECT	UNIT TYPE	LAUNCH DATE	NO. UNITS	SELLING PRICE (RM) RANGE
Mutiara Damansara	Bgw lot	Sept-05	28	1.2 - 3.8 million
Selangor	Bgw	Oct-05	21	2.2 - 2.8 million
	SD	Dec-05	39	>1.8 million
	Superlink	Dec-05	19	>1.2 million
	SD	June-06	44	>1.8 million
	Superlink	June-06	79	>1.2 million
	Condo	June-07	179	>400,000
Mutiara Rini,	SD	Dec-05	42	340,000
Johor	DST	Feb-06	191	>200,000
	2-st shops	April-06	38	340,000
	DST	Aug-06	191	>200,000
	low-med	Oct-06	184	50,000
	DST	Oct-06	142	220,000
	Bgw	Dec-06	34	>360,000

Note: In addition, the group also sells corporate lots in Mutiara Damansara

a happy lot considering the capital appreciation of the properties. Prices for the residential lots (for bungalows) have risen from RM88 psf in 2001 to RM185 psf this year. An intermediate terraced house the developer sold for RM275,000 in 2002 is now said to command RM400,000 on the secondary market. A semi-detached house tagged at RM800,000 is worth almost double, at RM1.5 million, according to the developer.

The capital appreciation pleases Ghazali immensely. "The success of a property developer is gauged by the secondary market performance years down the road. The resale value must be there, he stresses. "As a developer, you cannot cream off everything and leave just the bones. It must be a win-win situation for the purchasers and ourselves. There must be some meat (for the buyers); you can't take it all and leave them the bones. Look at Ikea, we sold them the land for RM99 psf in 2000 and now it's worth well over RM300 psf!"

In a market dominated by strong property and eager new players, what then is Boustead's edge? Value-adding, responds Ghazali. "You can have the most strategic landbank in the country, but if you do not value add, then you will not maximise your returns."

In Mutiara Rini, the developer continues to boost its secondary market value by, for example, creating a 60-acre urban jungle and building a 32-acre bicycle park that

meanders through the township. The developer also contributed towards the building of Masjid Mutiara Rini, besides providing a site for a Chinese school and a cricket pitch.

He's aware a few developers have duplicated some of Boustead's work, but this he views as an indicator of success. "Of course, they cannot duplicate 100% what we've done, but elements of our projects have been used elsewhere. It's good for the industry, actually."

Ghazali welcomes competition, relishes, it in fact. "Competition keeps us on our toes. You cannot operate in isolation anyway, plus this is a way of benchmarking ourselves. Of course, we cannot compare ourselves with developers with huge landbanks, but every piece of property that we own, we have added value to it."

Looking back, would he have done anything differently? "Maybe one. We should have placed the road that runs between Ikea and the Curve underground. That way Ikea, which is seamlessly integrated with the Ikano Power Centre, would have been connected to the Curve as well. Right now, the two buildings are connected via an underground pedestrian tunnel as well as a sky bridge."

**What's next**

Mutiara Damansara will see some changes to the master plan, hints Ghazali. Some bungalow lots will be converted to terraced units while superlink homes will probably be

introduced. The Surian condos there, Ghazali says, will be the only condo development in the township.

Ghazali isn't too enthusiastic about strata units even though there's been a boom in demand for them. "When you have strata-titled units, a management corporation needs to be formed. All it takes is 20% of the residents to default on maintenance charges and you have a problem." Strata-titled units, in his opinion, are a potential time bomb in the country, which is why he's decided to steer clear and concentrate on providing landed units. "You see, that's why I say we're different. When others build up, we build landed units."

Ghazali is reticent about developments outside Mutiara Rini and Mutiara Damansara, but offered that the group has plans to develop a piece of land along Embassy Row in Jalan Ampang. Ghazali's cautious approach to strata-titled units is evident in the plans: It will be a 4-storey, low-density project with only about 45 units.

So what advice would Ghazali offer a new developer? "You must always value-add," he says resolutely. "If you're just thinking of the balance sheet, or if you're a short-term player, maybe not. But if you are a long-term player like we are, you must make sure you build your reputation. You must pitch yourself. We have a large landbank, obviously we are looking at the long term."

**Q&A** with Boustead Properties**City & Country: How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?**

For the financial year ended Dec 31, 2004, our property division enjoyed robust sales and earnings growth due to positive market sentiments buoyed by a stronger economy, low interest rates, ease of financing and stable property prices. It was a record year for the group, registering the highest-ever profit of RM143 million on turnover of RM360 million.

This positive performance was due to the Mutiara Rini and Mutiara Damansara projects complemented by growth in the group's plantation, property investment and hospitality (hotel) sectors. The performance of our property division is a showcase of our focus on a clear brand differentiation strategy for our Mutiara Homes.

Achievements include The Curve in Mutiara Damansara. The group has learnt that location is integral to property development and this strategy has already borne results in the group's well-located projects in Johor and Selangor.

**Your take on the prospects of the property market for the second half of 2005 and 2006.**

There is a lot of talk of a possible downward cycle for the property development sector in the coming years. Analysts predict that the 10-year up cycle for this sector is coming to an end. We believe that Malaysia is still on track with GDP growth despite external factors such as high oil prices. We expect this growth trend to continue for the next few years due to strong economic fundamentals.

Nevertheless, as in all cyclical industries, the property development sector will have its ups and downs. In the down cycle, we expect properties in the much-sought-after locations and in the middle-to-upper ranges to continue to do well but there will be competitive pressure for developers to deliver more in value.

**What are your priorities, concerns and business strategies?**

The group aims to drive its revenue growth by focusing on our two flagship projects in Mutiara Damansara and Mutiara Rini, with innovative planning and implementation.

**What are your company's strengths and weaknesses? Your recipe for success?**

Identifying and maximising the potential of a particular landbank and unlocking its true value. For example, in Mutiara Rini, we have allocated a site and contribute towards the construction of Masjid Mutiara Rini, allocated a site for a Chinese school to create a racially balanced township for the state and provided facilities and a well-thought-out development layout for home buyers. "We Set The Pace" is not merely our tagline but our objective.

**Comments on the performance of your products on the market.**

The group's commercial precinct in Mutiara Damansara has become one of the hottest commercial and retail hubs in the Klang Valley. A synergetic nucleus has been created with its diverse range of products and services, making the area a one-stop destination for shoppers in this region.

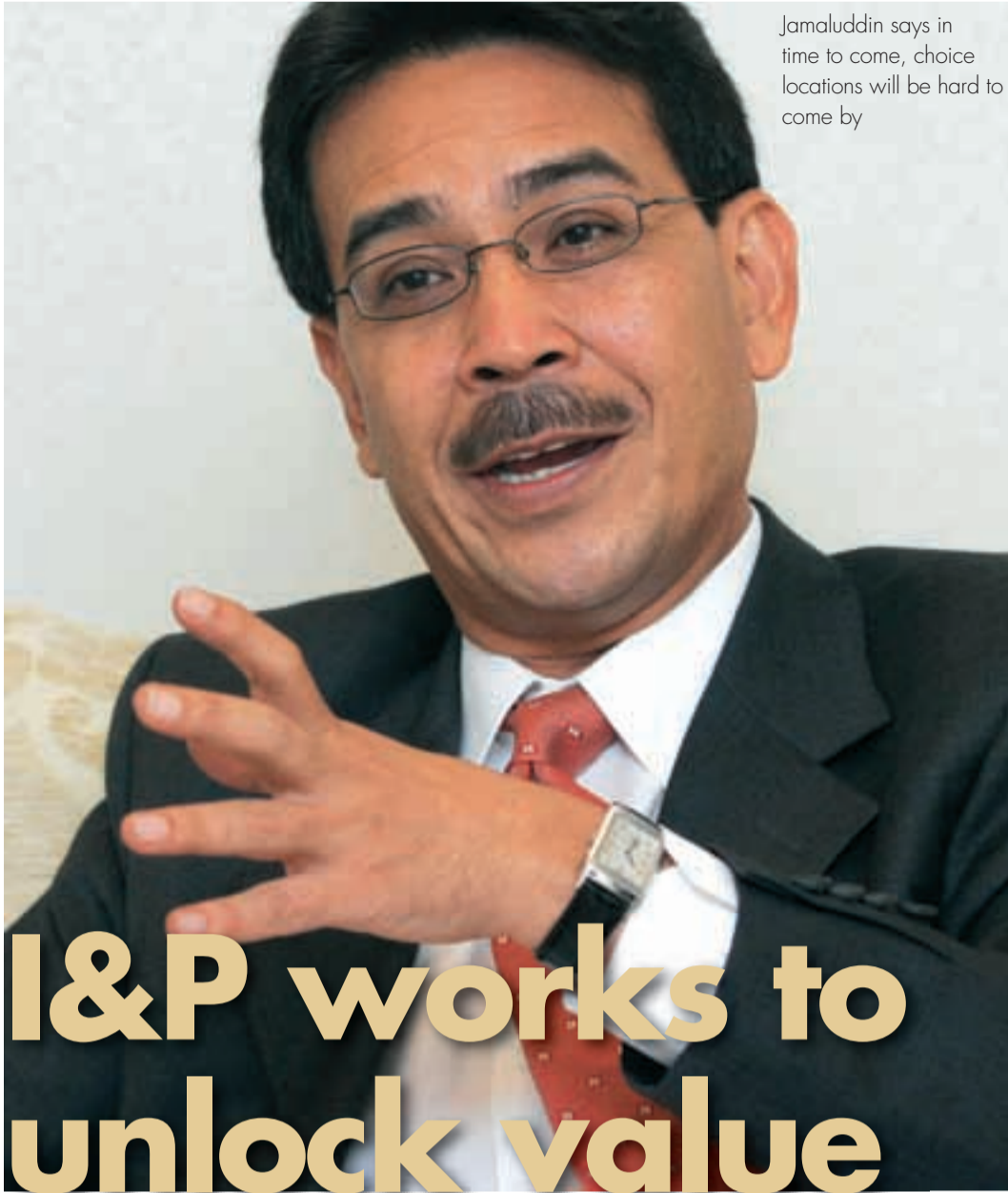
The success of a property developer is gauged by how well its products perform on the secondary market years down the road. Commercial land prices in Mutiara Damansara are expected to exceed RM300 psf compared with RM99 psf in 2000, an increase of more than 200%. Similarly, prices for our residential lots are also rising — from RM88 psf in 2001 to RM185 psf in 2005.

**Comments on being one of The Edge Malaysia Top Property Developers 2005.**

We are indeed honoured. This recognition is a testament and endorsement of the group's commitment towards setting the pace in our industry as well as an encouragement for the group to continue to deliver value to our stakeholders for years to come.

**Your wish list.**

To work with the government to attract foreign investors of properties in Malaysia; to synergise with the service providers to provide services in a timely and efficient manner; to enhance environmental awareness of our fragile eco-system by creating future townships that encompass preservation, recycling and the use of energy-saving technology as a way of sustaining life; to continue to create multi-racial townships.



Jamaluddin says in time to come, choice locations will be hard to come by

# I&P works to unlock value

By Jennifer Gomez

Island & Peninsular Bhd (I&P) is now Malaysia's largest property developer in terms of landbank size. This is post a rationalisation exercise with Golden Hope Plantations Bhd that was completed last November. The exercise was undertaken to streamline the property development and plantations businesses into I&P and Golden Hope respectively to create individually focused and strong entities.

Naturally, the market is curious to know how this new giant, with a massive landbank of 19,162 acres spread across the country, will fare in the wake of competition. For the financial year ended Jan 31, 2005, the group posted a pre-tax profit of RM675.95 million (including gains from exceptional items) on turnover of RM541.5 million. Its operating profit stood at RM142 million.

The obvious task ahead for the developer, which now no longer enjoys a steady contribution from its plantation business, will be to bring in the numbers as a pure property player and unlock the value of the massive landbank.

How will I&P do it? The onus falls on the shoulders of group managing director Datuk Jamaludin Osman, who took office in January. Jamaludin is not new to the property development scene. An engineer by training, he spent 19 years as head of I&P subsidiary Syarikat Perumahan Pegawai Kerajaan Sdn Bhd (SPPK).

Jamaludin says of his task: "We have to manage expectations of shareholders, market observers and even our own employees. We are now a 100% property company and so we all have to work that much harder. The right concept, pricing and location will work for now, but in the future, when choice locations are no more to be found, developers won't have many options but to move further away to the fringes of the Klang Valley. Therein lies the challenge. For example, how are we going to make the project and concept in these locations attractive?"

For the current year, the developer intends to put on the market some 3,273 units of property worth some RM1.2 billion at ongoing development sites and upcoming projects. Going forward, I&P plans to build some 32,000 units, worth some RM8.9 billion, in six new projects.

So far, I&P has development plans for about 9,500 acres of its landbank, while tracts that are "non strategic" — like some 750 acres in Negri Sembilan, Perak, Johor and Kedah — will be offered for sale. "I don't want to open up branches in Johor or Perak, but for developers in those areas, it will make good investment sense. For us, we will be able to unlock the value faster to ease our cash flow," he explains of the move.

For the immediate term, I&P's main revenue can be expected from its ongoing developments, including Taman Setiawangsa, Bandar Kinrara, Alam Damai in Cheras, Alam Sutera in Bukit Jalil and Kota Seriemas in Nilai.

"We launched 18 bungalow plots in Alam Damai in May and they were snapped up. The bungalow plot release in Alam Sutera was just as successful; we opened 37 plots in February and we sold out in a day. We then released another 37 plots in March and these are now 90% sold. We unveiled 2-storey terraced houses early last month at Bandar Kinrara and to date, only five of the 65 units remain unsold," says Jamaludin.

He is excited about Bandar Kinrara — and has reason to be. Some 700 acres of the popular 1,904-acre township has yet to be developed. To further add value to the township, I&P is enhancing its attraction through landscaping.

## New projects

I&P's planned new developments planned Alam Impian (Shah Alam, 1,430 acres), Kota Bayuemas (Klang, 565 acres), Dunedin Estate (Bangi, 406 acres), Kota Seri Langat (Banting, 2,888 acres), Seri Beringin (Damansara Heights, 41.2 acres) and Bayan Heights (Penang, 11 acres).

Alam Impian is a RM3.8 billion project about

## ISLAND & PENINSULAR BHD

Financial year-end Jan 31 (RM mil)

ITEM/YEAR	2005	2004	2003	2002	2001
Revenue	541.5	555.1	490.7	375.2	362.3
Pre-tax profit	676.0	165.7	111.0	70.0	65.0
Paid-up capital (mother shares)	353.3	349.9	232.9	232.8	232.6
Ordinary A shares	479.2				
Shareholders' funds	3,353.6	1,127.5	789.4	763.5	747.0
Profit attributable to shareholders	620.3	105.8	39.6	26.5	26.2
Dividend rate (net) (%)	38.1	46.9	16.8	16.8	16.8

## ONGOING LAUNCHES

PROJECT & TYPE	LAUNCH DATE	NO OF UNITS LAUNCHED	SELLING PRICE RANGE (RM)
<b>TAMAN SETIAWANGSA, KL</b>			
Biz. Suites	Jul-04	132	270,000–603,000
<b>BDR KINRARA, PUCHONG</b>			
Ind. Lot	Feb-05	3	2.7m–4.4m
DST	Mar-05	112	346,890–547,863
DSD	Jul-04	17	1.3m–2m
V. Lot	Jul-04	38	658,653–1.6m
V. Lot	Jun-05	17	656,636–1.4m
DST	Aug-05	61	301,592–670,645
Villa	Nov-04	32	592,698–954,798
DST	Jan-05	88	308,126–606,500
DST	Jan-05	72	298,344–478,600
<b>BAYU LAKEHOMES, NILAI</b>			
DSD	Apr-04	10	297,000–395,000
<b>DESA PINGGIRAN BAYU</b>			
SSD/SSSD	Jan-05	18	156,000–260,000
DST	Dec-04	108	72,000–104,000
<b>DESA MUTIARA II, PENANG</b>			
2 1/2 terr	Jul-04	5	660,000–666,000
V. Lot	Jan-05	12	
<b>ALAM DAMAI, CHERAS</b>			
DST	Jan-03	54	298,888 (Average)
DST	Jan-03	9	344,888 (Average)
DST	Nov-03	57	349,888 (Average)
DST/2 1/2 terr	Jan-04	122	
DSD/2 1/2 SD	Apr-04	80	
DST	Aug-04	76	310,000 (Average)
DST	Feb-05	91	292,618–645,494
Bgw lot	May-05	18	386,935–794,481
<b>ALAM SUTERA, PUCHONG</b>			
Bgw lot	Mar-05	37	280,578–596,059
<b>KOTA SERIEMAS, NILAI</b>			
Villa	Feb-05	37	252,888–431,432
DST	Jan-05	100	168,888

## IN THE PIPELINE

PROJECT/ LOCATION	EST GDV (RM MIL)	PRODUCT TYPE	NO OF UNITS	EST SELLING PRICE (RM '000)
Taman Inderawasih, Penang	326	DST	152	270
Desa Mutiara, Penang	111	DSSD	8	650
Taman Setiawangsa, KL	680	DST	99	370
		Low-cost	80	42
Bandar Kinrara, Puchong	2,421	DST	484	290
		Bgw	156	310
		DSD	48	1,200–1,300
		SO	112	200
		DSSD	26	520
Kota Seriemas, Nilai	2,298	DSSD	128	310–368
		DSD	60	425
		DST	80	185
Alam Damai, Cheras	662	DSD	27	900
		DST	88	330
		Apt	188	181
Alam Sutera, Bukit Jalil	207	Bgw lot	37	366 (RM51.5psf)
		DSD	10	1,200
		DSSD	60	670–730
Bayan Heights, Penang	285	DST	102	375
Dunedin, Bangi	858	DST	90	230
Kota Bayuemas, Klang	1,300	V. Lot	65	324 (RM50psf)
		SH	13	400
		DST	84	221
		DSSD	38	600
Kota Seri Langat, Banting	2,303	Bgw	76	196
		Growhome	68	408
		DST	63	230
Seri Beringin, Damansara	329	DSSD	54	1,600
		Bgw	31	2,200–2,400
Alam Impian, Shah Alam	3,800	DST	322	340–420
		SD	142	680–890
		Low-cost	200	42

DST – 2-storey terraced house    SD – Semi-detached house    Low-cost – Low-cost unit    V. lot – Vacant lot  
 DSSD – 2-storey semi-detached    Bgw – Bungalow    SH – Shophouse  
 DSD – 2-storey detached house    Apt – Apartment    SO – Shopoffice



In the current financial year, Yam says Sunrise will be launching RM1.5 billion worth of projects

# Sunrise emerges tops in quality

By Jennifer Gomez

**S**unrise Bhd has, once again, emerged tops in terms of quality among the country's developers. For the third

consecutive year, the company has been ranked best in the Qualitative Attributes sub-category of *The Edge* Malaysia Top Property Developers Awards 2005.

Overall, Sunrise came in 10th in this

year's ranking — an exercise that considered both the quantitative and qualitative attributes of the 102 companies listed in the Property Sector of Bursa Malaysia.

The continued "quality" win by Sunrise is

significant since the company has in recent times discarded its one-project-at-a-time practice.

These days, Sunrise's development has **Continues on page 32**

10 minutes away from the Shah Alam city centre. Earthworks have started and the project is expected to debut before the year is over. Development will spread over 10 to 12 years.

Jamaludin is hesitant to dwell on Seri Beringin, a new enclave coming up in the popular high-end Damansara Heights, saying that plans and details are being finalised. Those familiar with the project tell *City & Country* that I&P must be having a "nice problem" — because of the demand and supply. "They will not be able to please everybody," offers a market follower.

## Boosting recurrent income

Besides property development, I&P intends to double annual rental income of RM12 million to RM30 million in the next two to three years. This will be achieved, explains Jamaludin, from rental of a hypermarket building built for Tesco, a nursing college in Kota Seriemas, a driving range and a food court in Alam Damai and a Victoria Station restaurant in Damansara Heights. Currently, most of the company's rental income is derived from its office buildings and condominium units in the Damansara Heights area.

He also does not dismiss the possibility, on a joint-venture basis or otherwise, of redeveloping the over 30-year-old Bangunan SPPK, an office block atop a 1.5-acre plot in Damansara Heights, into two tower blocks with 180,000 sq ft of net lettable space. **E**

## Q&A with Island & Peninsular

### City & Country: How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?

The big news for I&P in 2004 was our restructuring with Golden Hope. We are happy everything panned out and we completed it on Nov 1, 2004. I would also consider this our main achievement because in one fell swoop, it converted us back into being a pure property player after we divested our plantation arm, Austral Enterprises Bhd; enlarged our balanced sheet six times to make us the country's largest developer in terms of landbank and rewarded our shareholders via the subsequent capital distribution just completed.

### Your take on the prospects of the property market for the second half of 2005 and 2006.

We remain bullish on the property market because the country has strong real estate market fundamentals. With income yields of between 6% and 11%, it is a good time to commit to long-term investments in property. With the low interest rates and attractive financing options, buyers are spoilt for choice.

Astute developers that can "package" the right product with the right price, in good

locations, will continue to do well, regardless of property cycles.

### What are your priorities, concerns and business strategies?

We have drawn up a four-pronged strategy, one of which is to increase our launches this year. This year alone, we plan to sell 3,273 units of a mixed bag of products in our existing and new projects. We have also drawn up plans to dispose of landbank that is non-strategic to I&P. The proceeds from these will be used in part to finance development costs and to invest in the future by acquiring landbank more viable to us.

Now that we are a single-sector business, we're also looking to anchor our performance in rental income. We intend to increase this from RM12 million currently to RM30 million per annum within three years. This should give us the stabiliser income to offset any downturns in property cycles.

Lastly, of course, is rebranding I&P. We have been known to be a "safe" developer — reliable, but not exciting. We plan to change all that.

### What are your company's strengths and weaknesses? Your recipe for success?

Property development hinges on land and we have plenty — this gives us wide options as to how to massage the land use to our best

advantage.

Perhaps the only area that we have not looked into is high-end development, with our focus in the past on building homes that are affordable to most Malaysians. However, there is no reason I&P should not look into that now.

We attribute our success to our emphasis on being a long-term player.

### Comments on the performance of your products on the markets.

We have received good response to our launches so far. For example, all 37 bungalow lots at Alam Sutera that we introduced earlier this year were snapped up in a day. The same with the 18 bungalow lots in Alam Damai.

### Comments on being one of *The Edge* Malaysia Top Property Developers 2005.

We are happy to be included for the third consecutive year. The ranking has spurred us to review our strategies and practices to improve ourselves.

### Your wish list.

That the economic fundamentals stay intact to support a robust property market. And for players in the regulatory framework in Malaysia to continue to work towards creating a conducive environment for the implementation of projects.

## Q&amp;A with Sunrise

**City & Country: How would you sum up the past year — the challenges faced, lessons learnt and achievements of the company?**

We find that customers are becoming increasingly discerning, they are not so worried about pricing, they want to be sure they will get value for money. Interesting enough, partly because of the crisis, people know how to use the word “yield”. This could also be because of the advent of REITs [real estate investment trusts]. Yield is an important component in their purchase consideration now. People are more sophisticated about what they can do with their money. In reality, it is something that the banks teach them — you can buy something cheap in remote areas but banks are not willing to lend for those purchases; no appreciation, no yield. But you buy something that costs 20 times more, for instance in Mont’Kiara, they are more willing to lend — the collateral from the perspective of the bank is more valuable. They [buyers] understand the value of maintenance and management of property assets for strata living. Since we are usually not able to meet the bumiputera quota, there seems to be some hiccups in the release of these units and that’s a problem, although technically there is more than enough demand among non-bumiputera buyers. Cash-flow problems can become quite acute for some of the weaker developers when this happens.

**What is your take on the prospects of the property market for the second half of 2005 and 2006?**

Let’s just look at the past. The property market picked up from the trough in 2002, when people’s confidence started to pick up. Peers in the industry concur that it was a pretty good ride for developers in 2003 and 2004. We all agreed then it was time to take a bit of a breather, slower sales were evident in the later part of last year, so it’s been about nine months of quieter times, also attributed

to the uncertainty in oil prices. So if you look back, we are only three years from the time we picked up. If one thinks prices have gone up, we need to examine the ingredients that went into the escalation — land, construction/development costs and profits. Developers are now offering products based on making fair profits and decent returns to shareholders. There’s no really huge margins for developers and those margins are beginning to come under pressure, because land owners are asking more. Construction costs are also going up.

I think the property sector needs a confidence boost. The soft market conditions could go on for another six months. For us, we are confident of take-up simply because the launches we have are in desirable locations. We do not really need to increase prices to maintain margins because we have reached a point of good critical mass, in the sense that we don’t buy six lifts or 12 lifts a year anymore, we are buying 120 lifts now. Our mix of products is different, we have gone on to a mix of residential and commercial-type development in Solaris Dutamas, where we expect to launch RM1 billion worth of products here in this financial year. The question now is whether it will take us three months or 30 months to sell, but we are prepared for the long haul. All along, we have managed to hit the 70% sales mark in three to six months. In total, this year, we hope to launch about RM1.5 billion worth of properties.

**What are your priorities, concerns and business strategies?**

Hasten the pace of getting approvals for future launches. To work towards being able to forecast better what the market wants and pricing it right. So far, we have been pretty good in sizing up the projects. And also to ensure the quality of our products and timely delivery. Our focus will also be on training and development. It’s still a challenge to get people with the right attitude who are trainable, speak the right language and have good interpersonal skills.

We are also looking at opportunistic land buys and selective joint ventures. We did not own the land at the outset for two of our most recent projects — Kiara Designer Suites and Mont’Kiara Banyan. Our future project, MK23, is also a joint venture with the landowner. We are finalising negotiations with three other landowners in the immediate Mont’Kiara vicinity and are looking for more joint ventures in prime areas in the Klang Valley

**What do you see as your company’s strengths and weaknesses? Your recipe for success?**

My four intellectual capitals — human capital, which is our people; our customer capital, which is very dear to us, 80% of our customers are repeat buyers; third-party relationship capital, which means being friendly with our peers and other professionals in the industry, including the press and organisational capital, which refers to the systems and processes that are in place, such as our ISO certifications. And our brand name. The natural weakness is that we want to keep everyone happy.

**Comments on the performance of your products on the market.**

So far, we have launched RM450 million worth of commercial units in Solaris Mont’Kiara — the first phase is sold out, while in the second phase, only bumiputera units remain unsold. We launched Mont’Kiara Banyan in March and managed to sell 90% in less than four months. We launched 36 units of 6-storey shopoffices in Solaris Dutamas in April which are 89% sold to date.

**Comments on being one of *The Edge Malaysia Top Property Developers 2005*.**

We are delighted to maintain our position in this premier group of property developers in the country. And I think this is one of the goals that we would like to continue to maintain because it’s good motivation for our own staff and also for the general market out

there. I understand that in ranking the top 10 developers, the quantitative aspect of market size comes into play. At this stage, we do not intend to be a ‘mass manufacturer’ as yet. Instead, we like to think of ourselves as the branded elite, and so we will be happy if we can maintain our top position in quality attributes.

**Your wish list.**

If the soft-sales environment evident since the later part of last year prolongs, the government should consider another round of incentives just to give it a jump-start, because there are many downstream industries that come under property development.

Government agencies should continue to reduce red tape. It’s done a good job so far and so it could continue along those lines, so there’s a good balance between regulation and market forces.

The relaxation of Foreign Investment Committee (FIC) regulations has been good but I believe some of the state authorities have not been responding fast enough. As a consequence, the buying process has been delayed for foreign purchasers.

We hope there’s a review of low-cost housing requirement and pricing, and a structured mechanism in the release of bumiputera-quota units.

The ministry responsible for the Strata Titles Act should respond quicker to reflect the ever-evolving development trend in the industry, for instance the amendments to the Strata Titles Act that are supposed to address the advent of gated communities is long-awaited.

**Other comments.**

We should look at offering a certain number of permanent-residence status to top-notch qualified foreign individuals, for instance 2,000 over a four-year period. It will spur the industry in a very positive way. After all, we are losing many of our own qualified people to other countries.

**From page 31**

expanded significantly. Of its performance in the financial year ended June 30, 2005, chief executive officer Datuk Michael Yam says: “It has been a tremendously busy year for Sunrise, and it has never been busier!”

He adds: “In progress and in various stages of completion during the past year were the Mont’Kiara Aman and Mont’Kiara Damai condominium projects. We started work on Kiara Designer Suites and just commenced work on Mont’Kiara Banyan, we started sales and also work on Solaris Mont’Kiara, and just undertook the first phase launch of Solaris Dutamas. Ongoing is our Seremban Forest Heights development and landed project in Taman Seputeh.”

For Sunrise to be able to do this, it simply means that the developer has been putting in the legwork the past two years. “A lot of the hard work was done even before the positive market sentiments were building up. So when they [positive sentiments] came, we already had the products ready to be launched to meet the demand in the marketplace.

“If one sizes up demand now and only then starts the process of acquiring landbank and getting approvals, one would miss the boat,” he explains, adding that Sunrise currently has work ongoing on about 48 acres while undeveloped landbank stands at about 75 acres in the Mont’Kiara vicinity.

Having shifted into high gear and with sales

doing well, Yam has another challenge to deal with now — to ensure that the units are delivered on time, if not earlier. “Our resources are pretty thin on the ground and we continue to recruit people. The challenge now is to maintain quality and momentum,” he stresses.

Yam, however, has no real concern about quality. “The company has always had a culture of quality, driven by tradition and the systems and processes in place given our ISO certifications. We are not perfect, but we have a higher batting average than our other fellow developers out there.”

The developer sees its quality products, property management, maintenance and customer service continuing to provide it with the edge in the increasingly crowded market, in particular in the Mont’Kiara area which is synonymous with Sunrise.

More and more residential properties are coming up in the Mont’Kiara enclave but Yam views competition positively. Sunrise does offer a new brand of projects in the Mont’Kiara/Hartamas area under the Solaris branding which essentially focuses on commercial elements. “More developers offering more homes in these areas only mean a bigger catchment market for our commercial offerings in Solaris Mont’Kiara and Solaris Dutamas,” says Yam.

In April, the developer put on the market the first phase of the 17-acre Solaris Dutamas mixed development in the Hartamas

**SUNRISE BHD****Financial year-end June 30 (RM mil)**

ITEM/ YEAR	2004	2003	2002	2001
Revenue	259.1	174.3	166.0	102.4
Pre-tax profit	52.5	42.3	39.8	29.4
Paid-up capital	263.4	185.1	184.2	181.3
Shareholders’ funds	473.4	354.3	329.0	305.9
Profit attributable to shareholders	33.4	29.9	25.3	20.3
Net dividend per share (sen)	4.8	4.3	3.4	2.9

**ONGOING LAUNCHES**

PROJECT	PRODUCT TYPE	LAUNCH DATE	SELLING PRICE (RM)	SALES STATUS (%)
Solaris Dutamas	SO	Apr-05	From 4.8 mil	89

**IN THE PIPELINE**

PROJECT/ LOCATION	PRODUCT TYPE	SIZE (SQ FT)	EXP LAUNCH	NO OF UNITS	EST PRICE (RM)
MK 23, Mont’Kiara	Condo	1,700 to 2,500	Sept-05	228	400psf
MK 10, Mont’Kiara	Condo	3,100 to 3,950	4Q05	384	500psf
The Residence, Mont’Kiara	Bgw	6,200 to 10,000	3Q05	20	280psf

Bgw – Bungalow      Condo – Condominium      SO – Shopoffice

area. That launch comprised 36 enblobs of 6-storey shopoffices. Over the weekend, Sunrise launched the serviced apartment component, or designer suites, at Solaris Dutamas. These designer suites are geared towards younger buyers.

The units come in a variety of 1-, 2- and 3-bedroom units, with prices pegged between RM239,000 and RM482,500.

Yam does not see the location of the RM1 billion Solaris Dutamas as inferior to the Mont’Kiara enclave close by. “We are 600m from

Jalan Duta, in the midst of upmarket residential developments where home values are way over RM1 million and near the largest courthouse in the world. And so we expect to see a lot of young budding lawyers looking for not only a place to live, but also to operate their offices.”

That is not to say that Sunrise has no plans to build in the “prime” Mont’Kiara vicinity. The developer hopes to put on the market a 228-unit condo project in September this year. In the fourth quarter, it expects to launch a 384-unit condo project here. E