

# Review Of Operations



Amidst the challenging global environment, the Malaysian economy remains resilient. On the property front, demand for affordable homes and well-planned developments in the Klang Valley remained strong and is expected to receive a boost from the ongoing implementation of government's ETP through various NKEA such as Greater Kuala Lumpur and MRT line.

The Group's efforts in year 2011 to re-strategize its business model, launch brand new image and identity, innovate products design and revamp marketing strategies have continued to reap benefits significantly from this business transformation in year 2012.

2012 was a productive year for LBS. The positive take up rates for our products resulted in the Group

maintaining its strong financial track record. For the financial year 2012, LBS pulled in another year of remarkable performance, registering RM871 million in sales, which represents 32% increase as compared with RM662 million recorded in year 2011.

## **MALAYSIA OPERATIONS**

In year 2012, property development contributed 99.5% of total revenue of the Group and it continues to be the main stream of income for the Group. As at end of 2012, the Group has 18 on-going projects out of which 13 were newly launched. These projects are located in Klang Valley, Cameron Highlands and Batu Pahat. In 2012, 910 units of various properties with total value of RM575 million have been

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completed and handed over vacant possession to the purchasers.

The LBS' iconic *D' Island Residence* in Puchong, a flagship high-end development, is set on 175 acres of natural terrain surrounded by a 1,000-acre lake. First launched in year 2010 themed with "Island Retreat, Urban Charm", *D' Island Residence* promotes a unique resort-lifestyle complete with modern conveniences and distinctive concept.

Phase 4 of *D' Island Residence* comprising 60 units of Nautilus concept home was launched during the year. Nautilus is luxury superlink homes that have influences from the Scandinavian Islands known for its trademark of symmetrical and minimal designs which gives the homes a subtle elegance.

A total of 89 units of bungalow lots were launched during the year 2012 and about 75% were sold as at May 2013.

*Bandar Saujana Putra (BSP)* continued to be the main contributor for the sales and revenue of the Group for the year 2012. 6 new projects were launched during 2012 comprising 368 units of *Royal Ivory* (double storey cluster link semi-detached house), 164 units of *Royal Ivory 2* (double storey cluster link semi-detached house), 98 units of *Royal Garden* (double storey semi-detached house), 26 units of *I Hub Puchong* (factory), 80 units of *Topaz IV* (double storey link house) and 348 units of *Pearl Villa* (double storey townhouse). Together with previous launches, as at year end, *BSP* has a total of 8 on-going projects.



Moving forward, in early of 2013, the Group has launched its *BSP Skypark*, a first high-rise 24-storey serviced residences in *BSP* with modern facilities. It comprises 689 units of serviced residences and 32 shop units with GDV of approximately RM319 million.

In Cameron Highlands, 2 new projects were introduced in the year 2012. *SomerSquare of Cameron Golden Hills* comprises 192 units of retail boulevard and residential apartments with total GDV of RM85 million was officially launched in October 2012 while *Suriana of Taman Royal Lily* consists of 55 units of commercial shops and residential apartments was launched in May 2012.

In line with our marketing campaign "Living the Life With LBS" and government initiatives to increase





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home ownership among Malaysian, the Group has introduced its second phase of *Min Garden* (single storey semi-detached home) with total GDV of approximately RM6.9 million in *Bandar Putera Indah*, Batu Pahat, Johor to cater to homebuyers in search of quality and affordability.

## OVERSEAS OPERATIONS

On 10 April 2013, the Group has finally sealed the agreement to unlock the value of its investments in Zhuhai, China, after long-drawn-out negotiations since early 2012, for a total sale consideration of HKD1.65 billion or equivalent to approximately RM657 million. The disposal of the Group's equity interests in two subsidiaries involved in golf club operations and proposed property development projects is expected to be completed in second half of 2013.

From the disposal, the Company would receive HKD1.35 billion or equivalent to approximately RM538 million cash and 225,563,909 ordinary shares of HKD0.10 each in Zhuhai Holdings Investment Group Limited ("Zhuhai Holdings"), a company listed on the Main Board

of the Hong Kong Stock Exchange. Upon completion, the Company would emerge as a substantial shareholder of Zhuhai Holdings and thus would further expand the business and establish a stronger foothold in China which is also in line with our aim to become an internationally recognised developer by expanding and strengthening our presence in China and would allow the Company benefit from the 197-acre property development project that has been delayed for more than 10 years.

### Management & Consultancy

In Zhuhai, China, besides the Lakewood Golf Club and the proposed property development project, LBS is also providing management and consultancy services to Zhuhai International Circuit (ZIC), a prestigious car racing site of international recognition visited by many from around the world. ZIC was the first permanent motor racing circuit built in China. Completed in November 1996 to host China's first international motor race event, the 4.3 km long circuit has since become a hub for Motorsports

enthusiasts from all over the world. Built to exacting international standards and approved by the FIA (Federation Internationale DeL'Automobile), the race track offers challenging corners for spectacular overtaking maneuvers to world class drivers.

ZIC is now host to many local, regional and international races, this include Pan Delta Super Racing Festival, China Superbike Championship, Petronas Sprinta FIM Asian Grand Prix, Asian Formula International Open Competition and FIM Asian Grand Prix. In addition, ZIC helps many car manufacturers and car-related businesses stage their corporate activities. These may range from product launches, product trials to customer incentive events. Over the last few years, ZIC has received many awards for its involvement in the promotion of motorsports in China.





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## 2013 OUTLOOK AND GROUP PROSPECTS

In Malaysia, the first quarter of 2013 has proven to be challenging to developer as buyers adopted a "wait-and-see" attitude on property investment for the impending Thirteenth General Election. Other factors affecting the investment decision were the tighter financing criteria and introduction of higher rate of Real Property Gains Tax.

However, sales have been picking up subsequent to the conclusion of the general election in early May. The property market is expected to continue its encouraging momentum in the remaining months of 2013. This positive market sentiment is anticipated to be fuelled by local private investment as supported by prevailing low interest rate, relatively low unemployment rate and attractive financing packages. In addition, there is possibility of influx of foreign investments into Malaysia property market as the properties in Malaysia still have greater room for appreciation as compared to Singapore and Hong Kong. According to the findings of the IFC and World Bank's "Doing Business Report 2013" which ranks Malaysia at number 12 (out of 185 economies) of the world's most business friendly countries further highlights the strength and resilience of the Malaysian economy. This ranking is up 6 notches from 2012 ranking.

We also expect the Malaysian high-end residential market to continue to receive favourable demand in particular from foreign investors from the region especially Singapore, India,

China and the Middle East who now find the traditional investment markets like Singapore, Australia and Dubai becoming very expensive or overpriced. With a stable economy, a transparent property and land ownership law, and the expected strengthening of the Ringgit against US dollars, Malaysia's properties is increasingly seen as a safe haven for investors seeking stability from the turbulent global financial market.

LBS remains its leading role in, and to benefit from, opportunities arising



in all parts of the residential property market using our core skills in property development. The recent published PR1MA project by the government reiterates the strong demand for more affordable homes for the middle income group. While this effort of government will take times to translate into reality, it demonstrates that LBS is at the forefront of the market trend where more than 35% of our products are ranged in the affordable homes segment. While including high-end properties in the

portfolio, LBS continues to balance its product range so as to have greater weight in economically strong areas, and this, together with our strong team work, would enable us to build a track record of out-performance against the market.

In tandem with the positive outlook, particularly in supporting the Government's effort to increase home ownership among Malaysian, the Group affirmed its aspiration to help every



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homebuyer enjoy a unique lifestyle experience in their dream homes through its newly launched "Living The Life With LBS" marketing campaign. This campaign focuses the Company's efforts to create quality, affordable and sustainable living spaces for people to embrace a balanced lifestyle.

Moving forward, the Group will continue to manage and evaluate the development of all our projects with an emphasis on timely realisation and profit margin improvements. We would monitor the market closely for the opportune time to launch the developments in the pipeline. The Group's land banking strategy has afforded it with a diverse portfolio that caters to different market segments. From affordable, mid to high-end developments, it can extract the appropriate sites to market at the right time. Furthermore, as some of these sites are the Group's historical land bank, with future additions acquisition, whether through out-right purchase



or joint venture, the Group believes it is in a better position to weather any challenges that may arise in the years to come.

## APPRECIATION

Although 2013 may be challenging, the Group's core values of passion, unity and progressive innovation, coupled with teamwork, resilience and an unflinching commitment towards excellence will drive LBS through the uncertain environment. The Group will stay focused and nimble to seize opportunities and achieve sustainable growth and value for all our stakeholders.

I would like to express my fellow directors for invaluable counsel and guidance. To the management and

staff, thank you for your hard work and dedication in building LBS to what it is today. At the same time, I would also like to thank all our business partners for their continued support and trust over the years.

**Dato' Lim Hock San**

Managing Director

7 May 2013





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**“Living Comfortably,  
Living Stylishly”**

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