

LBS PRESENTS PROPOSALS TO STIMULATE HOUSING MARKET

Petaling Jaya, 4 October 2021 – LBS Bina Group Berhad (“LBS” or the “Group”) today revealed its wish list for Budget 2022 which will be tabled in Parliament on 29 October 2021.

As a leading affordable housing developer, the Group is continuously strategising ways to help the property industry amidst the Covid-19 pandemic. A strong housing market will have a positive multiplier effect on the economy. Therefore, LBS wishes to propose to the Government the following measures in Budget 2022 to stimulate the housing economy as the nation progresses towards recovery.

a) Permanent implementation of the Home Ownership Campaign (“HOC”)

The HOC has been a welcome boost for property developers in generating property sales as buyers grew more cautious due to the Covid-19 pandemic. As the country returns to pre-pandemic normality, the Group has first-hand witnessed the positive impact of the HOC on the property market and hopes the Government will consider a permanent implementation of the HOC along with full stamp duty exemption for up to the first RM1 million of the property’s purchase price. This will ensure the entire supply chain of the construction and property development industry will continue to carry on without disruption while buying sentiment remains.

b) Relaxation of requirements for Malaysia My Second Home (MM2H) Programme

The Group has been a proud supporter of the Government’s MM2H Programme as it has created a positive effect in attracting foreign nationals to settle in Malaysia. While the Group welcomes the relaunch of the MM2H Programme, the Group believes that the recent revisions to the MM2H Programme requirements for new applicants may be too stringent and instead deter foreigners from choosing to work and live in Malaysia. LBS hopes that the Government will consider our suggestions on the newly revised MM2H Programme criteria as follows:

- i. lower the qualifying minimum income for an applicant back to the original RM10,000 per month;
- ii. reduce the minimum amount of liquid assets to RM500,000 compared to RM1.5 million;

- iii. reduce the minimum amount of fixed deposits in a Malaysian bank account to RM300,000 compared to RM1 million; and
- iv. maintain the duration of the MM2H pass at 10 years.

The Group believes the proposals above are sufficiently stringent to attract skilled foreign nationals and ensure the continued success of the MM2H Programme.

c) Incentives for adoption of Industrialised Building System (“IBS”)

The Group is aware that timely handover of vacant possession for properties is an important obligation on their part. Therefore, the Group advocates for the usage of the IBS system, which has been proven to reduce construction time and cost without compromising on the housing quality.

LBS applauds the Government’s initiatives in encouraging the use of IBS by providing investment tax allowances of 60% on qualifying capital expenditure incurred within five years, which can be offset against up to 70% of the statutory income of the company. The Group however hopes that the Government will consider extending these tax incentives to include existing IBS players, rather than ring-fence the incentives to new players only. With this, the Group would be able to channel the further savings to facilitate expansion and increase their research & development (R&D) into growing its use of IBS technology.

d) Reduction in compliance costs

Developers have seen their business affected by the Covid-19 pandemic, with work being halted intermittently as per Government SOPs. The Group therefore hopes that the Government will introduce measures to assist developers. In particular, LBS wishes for the Government to reduce compliance costs borne by developers for example, reducing development charges, land conversion premiums or strata title application. Any savings from these measures would be hugely beneficial and can be passed on to homebuyers via a more affordable pricing point.

e) Incentives to counter the rising cost of materials

The fluctuations and rising cost of building materials such as steel and cement will likely have an adverse impact on the cost of housing. To illustrate, the price of steel increased between 25-30% over a two-month period from November 2020 to January 2021. The price volatility increases the pressure on contractors and developers as they are faced with additional costs from both building materials and SOP compliance costs. To counter this, LBS hopes that the

Government will consider implementing a levy to reduce costs or introduce strict control prices over building materials. LBS believes this will ensure that developers do not pass on the increased cost of materials to homeowners.

f) Reduction in minimum threshold for foreign property ownership

The current property overhang situation is a concern for developers. To ease this, the Group hopes that the current price threshold for foreigners seeking to buy a property in Malaysia be reduced to RM500,000 for all states. Moving forward, this enables property developers with high unsold inventories to free up cashflow for other property developments.

g) Waiver of levy on foreign labours in the construction sector

The construction sector relies heavily on foreign labour to build homes. However, the costs associated with bringing in foreign labour may be high. Therefore, LBS hopes that the Government will consider providing a waiver on the levy for foreign labours. With this, it would help reduce the construction cost which in turn will reduce the development cost of properties thus making homes more affordable.

Commenting on the wish list, LBS Executive Chairman Tan Sri Lim Hock San said, “We hope that Budget 2022 will consist of the right stimulus policies to improve the property development sector as well as support homebuyers’ quest to purchase property. The Government can consider some suggestions from our wish list in order to revive the property market.”

He added, “With the pandemic and implementation of the Movement Control Order (MCO), the market has been sluggish and has caused uncertainty among investors. Thus, hopefully with the right aid from the government, this could lead to an increase in home ownership for Malaysians.”

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