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MGB: A Humane Nation Builder

The Malaysian property market, continues to face uncertainties on public policy, federal incentives, and economic prospects as it moves towards greater recovery in 2023 gradually advancing with overall transaction prices recording a higher trend compared to the previous year but affordability issues remain a major hurdle against potential homebuyers last year as reflected in recent property reports.

Under aims to revive the property market quicker, the revised Budget Madani 2023 tabled by Prime Minister Datuk Seri Anwar Ibrahim on Feb 24, presented a host of allocations for affordable housing programmes, among them being RM389.5 million to build People's Housing Project (PPR) and People's Rented Housing Programme; RM358 million to build 4,250 Rumah Mesra Rakyat units and RM463 million to build Malaysia Public Housing Project (PPAM). Aside from these allocations stamp duty exemptions for first homes were maintained while the housing credit guarantee scheme increased with an allocation of RM5 billion to help up to 20,000 borrowers with no fixed income from the gig economy to get loans.

In the effort to deliver affordable homes based on the best quality possible and on humanity concerns, the company's affordable housing projects segment makes up a committed portion of the total revenue for Malaysian Generations Builder Berhad (MGB Berhad). It remains a leading proposition for the group in ensuring that the company stands by its assurance of meeting the needs of home buyers, both locally and internationally.

MGB Berhad Group Managing Director and CEO Datuk Wira Joey Lim Hock Guan spoke to BusinessToday recently on advancements of the Malaysian property market and how MGB Berhad partially contributed to RM2 Billion in revenue earnings under its parent LBS Bina Group (LBS) during a challenging 2022. The increase in revenue of property development segment was the end result of continuous strong take up rates and speedier progress at

key development projects at Bukit Jalil, LBS Alam Perdana, KITA @ Cybersouth and Rumah Idaman MBI projects.

As a nation-builder, MGB Group is an established construction player that accumulated strong track record for over a decade which includes design and build, project management, civil engineering, value engineering, geotechnical specialisation and manufacturing through its proprietary Industrialised Building System (IBS) Precast Concrete as well as infrastructure works.

On LBS's record-breaking sales revenue in the property and construction segment in 2022 of RM2 billion despite challenges, especially in terms how did the listed company manage issues of the rise in building materials, supply chain disruptions in meeting its order book, Lim said a major factor was that LBS focuses on affordable houses which targets the B40 and M40 household groups and these projects are strategically located within Klang Valley.

AN AFFORDABLE HOUSING BUILDER

Lim said while economic recovery is underway, the construction and property division remains challenging due to factors such as inflation, rising interest rates and labour issues. MGB remains optimistic, especially towards affordable housing. An affordable home which fills the needs of the majority of the nation and various initiatives have been rolled out by the Government to support home ownership for the low to medium income families across Malaysia. To date, MGB has successfully completed more than 15,000 affordable homes where the sales take-up rate were overwhelming as many of the purchasers managed to get loans as a result of the banks supporting



the government's initiative to amplify the housing agenda for the low-income group. MGB also managed to replenish its new order book from the holding company and also from some in-house development.

Following China's re-opening of their borders and businesses resuming fully to the pre-pandemic level, we believe that the supply chain disruption will be resolved. Building materials such as steel prices has fallen since Jan 23 and is expected to stabilise. The group is cautiously optimistic that political stability coupled with an improved labour supply and material prices being under control will enable us to fulfil our order books further.

MGB Group has embarked on a journey to support the Selangor government's goal to build 30,000 affordable homes by 2025. As its focus this year, MGB Berhad is to deliver the PCSB-MGB Consortium effort, consisting of PNSB Construction Sdn Bhd and MGB Berhad together with joint venture partners to develop 6 Rumah Idaman projects with prices starting from RM250,000 per unit.

This is keeping to the state government's initiative to boost construction of affordable housing with a minimum built-up area of 1,000 sq ft per unit which include 3 bedrooms, 2 bathrooms and 2 car park bays. Each unit will be partially

furnished with a television set, refrigerator, TV cabinet, kitchen cabinets, air conditioning and water heater utilising its in-house Industrialised Building System (IBS) pre-cast technology.

Among the Rumah Idaman projects are the 1,312-unit Bandar Saujana Putra (Idaman BSP) project, the 1,448-unit Cybersouth Idaman Melur project with a GDV of RM414 million which have been launched. Projects to be launched across 2023 and 2024 include the 1,853-unit Shah Alam Idaman Cahaya project with a GDV RM512 million and the 513-unit Puchong Idaman Sari scheme with a GDV of RM146 million.

INDUSTRIALISED BUILDING SYSTEM (IBS) PRECAST CONCRETE FRONTRUNNER

MGB was among the first in the industry to introduce its Industrialised Building System (IBS), in which the system's capacity can build up to 6,000 IBS units annually. The IBS capabilities have helped to reduce construction time at worksites, bringing down overhead costs and enhancing the quality of our delivery using parts prefabricated in a controlled factory environment.

It has succeeded to reduce raw materials consumption,

wastage, energy consumption. The results reveal that IBS causes a 31% savings in the need for manual labour, 31% reduction in construction duration, 49% reduction in labour costs on site, improvements in the consistency of finished quality and more precise cost control were the proven results, making us the benchmark in the industry as we managed to develop affordable quality housing standards in high-rise developments of up to 30 storeys and landed property. As for construction, following the continuation of several mega government projects, we expect a recovery in job flows. MGB will continue to replenish its construction order books from its parent group LBS, MGB in house projects, as well as cautiously participate in tendering external and overseas projects.

In January 2023, MGB Group signed an MoU with SANY Alameriah from the Kingdom of Saudi Arabia to design and build up to 10,000 property units which will be completed in five years, worth RM2.9 billion. Our shareholder at MGB Sany and Sany China group recognised the success of our Malaysia ventures and extended an invitation to MGB to run the precast factory in Jeddah to support Sany Alameriah to replicate our success model there

VALUE-DRIVEN SOLUTIONS

MGB Group today undertakes a clear understanding and adoption of technology with our unique solution known as VaDTECH which aims to provide optimal answers for each development challenge and need. These day-to-day challenges includes, to provide construction solutions that are cost effective, project efficiency, labour, waste management among others. VaDTECH is a combination of different applications and solutions which are standalone yet proven effective when combined. There are 2 main parts of VaDTECH covering 2 areas or aspects of the construction industry. The construction industry is known for its 3D challenges, as being said to be Dirty, Difficult and Dangerous. The adaption of different practises and technology greatly reduces the exposure of risk. VaDTECH allows for the utilisation of updated and modernized automated systems to transform conventional construction methods, reducing man-hour onsite, human-errors, and materials wastage. VaDTECH Software includes digitization and simplification of process to allow more precision management of our construction projects, allowing us an early detection of any risk arising during a construction period. And all these sums up to allow us to deliver Quality, Comfortable and yet Affordable Home to our clients.

LEAD ON SUSTAINABILITY AND ESG

MGB has led the industry in looking into sustainability and ESG measures within its strategies and project implementation as it knows that the construction and property development industries consume a significant quantity of resources and produce a wide range of environmental and social impacts.

We aim to establish a robust and comprehensive

“As a People’s Developer, LBS, overall, remains committed towards its goal of delivering affordable & quality housing to meet the nation’s demands.”



sustainability governance structure that enables the board and senior management to oversee our sustainability matters with the formation of Group Sustainability (GS) to oversee ESG materials and develop action plans for the realisation of set goals and targets. GS oversees and monitors sustainability trends, governance and reporting to ensure compliance and is also in charge of driving periodic materiality assessment while supporting the Sustainability Committee to drive sustainability and ESG awareness across the group through ongoing engagement activities, said Lim.

MGB's approach governance is also driven by its Sustainability Policy established to showcase our commitment towards a more sustainable business and encompasses new initiatives to address ESG measures including the adoption of IBS and Building Information Modelling (BIM) system, ensure ISO certification, and a high standard of OSH practices at all project sites – set up Centralised Labour Quarters (“CLQ”) at Alam Perdana and Cybersouth Project sites to provide a better living for foreign workers. The group also practices no single-use plastic at construction sites and a zero-tolerance approach on regulatory and is against any form of corruption.

The group is also committed in continuing efforts to strengthen its Environmental, Social, and Governance (ESG) Journey through complying with global indicators to ensure inclusion into the FTSE Bursa Malaysia Emas Indices and FTSE4Good Bursa Malaysia Index as we have established an ESG Framework as well as KPI and Targets which will disclose in the SR2022 as to showcase our progress in strengthening the Group's sustainability direction. Newer initiatives include establishing a waste management

system at all project sites, and exploring renewable energy at the MGB Sany Factory (Precast Concrete).

WHAT LIES AHEAD

Lim said MGB is staying intact with its core objective of constructing and developing affordable housing under “Rumah Idaman MBI”. The Group target to launch at least 5,000 Idaman units by 2023 out of its on-hand development unit of 7,210. We will continue to explore with the land owner for a potential JV to keep up our momentum in Rumah Idaman and ultimately become the first choice of developer in this segment.

Besides, MGB is expanding its geographical footprint to the Kingdom of Saudi Arabia. An MOU was recently signed and we hope to capture the growth opportunities overseas as the supply and installation partner in the precast panel.

Notwithstanding the above, MGB will continue to develop innovative approaches through value added technology and provide a full range of services from design, build, value engineering, sales & marketing and administration to our client.

Lim said: “Our message is simple, as a People's Developer, LBS, overall, remains committed towards its goal of delivering affordable and quality housing to meet the nation's demands. LBS will continue to build products based on three core pillars of affordability, community and connectivity.

“Actually, we don't compete within the industry. We do our job, we deliver the best quality and facilities possible to the buyer. We believe we have to respect and cater for people's needs as, after all, all of us are human beings.”

