

# Chairman's Statement



## OVERVIEW

Based on Bank Negara Malaysia Annual Report 2012, the Malaysian economy performed better than expected in 2012, with a higher growth of 5.6% (2011: 5.1%). The strong growth was supported by resilient domestic demand, which cushioned the negative impact of weak external environment. Domestic demand recorded its highest rate of expansion for the decade, supported by strong consumption and investment spending. The continued resilient in domestic demand was underpinned largely by sound macroeconomic fundamentals, the more diversified and balanced economic structure, the stronger and more developed financial system, and greater macroeconomic policy flexibility.

## Record Performance

2012 has turned out to be a year where, once again, we had turned in a better performance than expected. Despite the uncertainties that had emerged in the global economy with the sentiments of prolong economic and financial crisis in the US and Eurozone, the economic slowdown in China and India, we had broken our own record sales achieved in the previous year. The Group met these challenges and sustained sales growth to close the year with RM871 million sales against the targeted sales of RM800 million, which representing a strong growth of 31.4%, as compared to RM663 million sales achieved in year 2011.

Riding on the improved in properties sales, the Group marked further improvement of its financial results for the financial year ended 31 December 2012 (FY 2012). A year-on-year growth of 19.8% in revenue was recorded in FY 2012, setting the full year revenue at RM509.6 million compared to RM425.3 million in the preceding year. The profit before tax grew to RM75 million in the FY 2012 signifying a growth of approximately 10.73% from the previous year. The Group posted net profit after tax of RM39.0 million in FY 2012 translated into earnings per share of 9.7 sen (FY 2011: 8.87 sen), representing an increase of 9.4%.

The improved revenue and profits for the FY 2012 are attributable to the progressive recognition of revenue, profit contribution and good take up rates from the Group's development projects including *D' Island Residence*



and *The Lake Residence* in Puchong, *Cameron Golden Hills* and *Brinchang Square* in Cameron Highlands, *Min Garden* in Batu Pahat, *Lavender 2*, *Iris Garden II*, *Topaz III & IV*, *Ivory Residences II*, *Indigo Homes*, *Magenta Homes*, *Camelia Cottage*, *Pearl Villa*, *Royal Ivory*, *Royal Ivory 2*, *Royal Garden* and *I Hub Puchong* in *Bandar Saujana Putra (BSP)* as well as other commercial and industrial projects such as *Taman Perindustrian Tasik Perdana* in Puchong and *Saujana Business Park* in BSP.

## Dividend

In view of the Group's commendable performance for the FY 2012 and in appreciation to the shareholders' support, the Board has recommended the First and Final Dividend of 2.5 sen per ordinary share of RM1.00 each less 25% income tax for the FY 2012. The proposed dividend is subject to the approval of shareholders at the forthcoming Thirteenth Annual General Meeting.



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## Corporate Development

### Acquisition of equities from Minority Shareholders

During the year, the Group continues its business rationalization and expansion activities by acquiring the remaining equity interests from the minority shareholders of Utuh Aspirasi Sdn Bhd ("UASB") and Galeri Cepak Sdn Bhd ("GCSB") ("Acquisition"). The Acquisition has rendered both UASB and GCSB wholly-owned subsidiaries of the Group, and consequently enables the Group to gain better control and recognition of all the potential earnings derived from the projects developed under these companies.

### New Project

We continue to take advantage of our strong operating platform to build strategic alliances with excellent partners, the latest being our joint venture with the Government of Pahang in which we held 51% equity stake. This joint venture would transform a piece of 86.4-acre land into a self-contained



township which consists of 6 phases of residential and commercial properties comprising apartments, condominium, office units, retail units, shopping complex, resort hotel, tourist viewing tower and chapel, with estimated total Gross Development Value ("GDV") of RM1.7 billion spanning over an estimated project period of 5 years.

### Revamp of wholly-owned Subsidiary

The Group's wholly-owned subsidiary, LBS Bina Holdings Sdn Bhd has disposed its entire 49% equity interest in Prisma Kasturi Sdn Bhd ("PKSB") and held the remaining 51% equity interest through its wholly-owned subsidiary, MITC Sdn Bhd. This revamp has rendered PKSB became a 51% indirect subsidiary of LBS for the Group to pursue joint venture projects in future.

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#### **Financing Facilities of RM124.6 Million**

In March 2012, the Company sealed RM124.6 million Financing Facilities with Malaysia Building Society Berhad. The facilities were channeled for the financing of development of two (2) projects in *D' Island Residence*.



#### **Proposed Disposal of Investments in China**

The Company had on 18 April 2012 signed a Memorandum of Understanding ("MoU") with Jiuzhou Tourism Property Company Limited (formerly Jiuzhou Technology company Limited) ("JDX"), a wholly-owned subsidiary of Zhuhai Holdings Investment Company Limited (formerly Jiuzhou Development Company Limited) ("JDCL") for the proposed disposal of up to 100% (but not less than 60%) stake in Dragon Hill Corporation Limited ("Dragon Hill"), a wholly-owned subsidiary of LBS. Dragon Hill through its subsidiaries, owns and operates the 36-hole Lakewood Golf Club and its adjoining property development project in Zhuhai, China. Dragon Hill has 60% profit sharing rights in these two businesses.

This MoU enables both parties to have exclusive right of negotiation for a period of six (6) months from the date of MoU on the terms and conditions of a definitive agreement with regards to the proposed disposal. The MoU

was later extended for another six (6) months by both parties to allow for more time in negotiation on the terms and conditions of the final agreement.

The negotiation was finally concluded and a conditional Sale and Purchase Agreement was inked at a grand signing ceremony in Zhuhai on 10 April 2013. The divestment of these two businesses

in Zhuhai would bring in proceeds of HKD1.65 billion in the form of cash and quoted shares of JDCL.

#### **Share Buy Back**

During the FY 2012, 5,336,700 ordinary shares were bought back from the open market for RM4,406,841.33 and were retained as Treasury Shares in the Company.

#### **Early Redemption of Part of Sukuk Programme**

The Sukuk Programme was secured by Danajamin Nasional Berhad under the Shariah Principle of Kafalah for the issuance of Islamic Commercial Papers/Medium Term Notes of up to an

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aggregate principal amount of RM135.0 million to be issued in five (5) tranches.

As of February 2013, the Company has made early settlement by redeeming and cancelling the entire Tranche 1, 3 and 4 of the Sukuk Programme totaling RM75 million which has contributed to the total cost savings of about RM3.8 million, giving positive effect to the Company's earnings while reducing gearing ratio.

## Awards and Accolades

On behalf of the Board, I would like to extend our heartiest congratulation to both Managing Director, Dato' Lim Hock San who was the recipient of the prestigious Entrepreneur of the Year 2012 at the Asia Pacific Entrepreneur Award (APEA) 2012 for his outstanding entrepreneurship, leadership and achievements in the property development industry, and Executive Director, Mej (K) 'Dato' Lim Hock Sing who was conferred with Honorary Major in the Reserve Army (REJ 505 Askar Wataniah) Pekan by KDYTM Tengku Mahkota Pahang.

The Group's awards winning Lakewood Golf Club in Zhuhai was named Zhuhai Best Club of the Year 2012 by the Top Magazine for its excellent service and five-star boutique club environment.

## 2013 Outlook and Prospect

Despite headwinds from Europe and the US, prospects in Asia remain positive. Residential demand is expected to continue supported by economic growth, homeownership aspirations, urbanisation and a growing middle class. Nevertheless, we anticipated that the 2013 outlook remains challenging with lingering global uncertainties. LBS would continue to leverage its local presence, experience and brand equity to seize opportunities. With a healthier balance sheet and stronger cash position, the Group has the capacity to step up acquisitions of well-located and promising sites in the region.

The Group is optimistic of 2013 outlook and has thus set its new sales challenge of RM1 billion. The new target is

supported by series of new launches with well-balanced pricing in three difference segments. A total of 15 new launches with a total GDV of RM1.2 billion constituting approximately 3,000 units of housing development in the pipeline for launching in 2013.

Moving forward, the Group will continue to embark on strengthening our position as a developer of choice among house buyers through innovative and contemporary themed development. We shall continue to leverage on the demand for affordable residential, lifestyle themed residential and commercial development.

## Living the Life with LBS

LBS property aims to create the environment for people to embrace life and all that comes with it. The Group affirmed its aspiration to help every homebuyer enjoy a unique lifestyle experience in their dream homes through its newly launched "Living



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The "Life With LBS" theme campaign. This campaign focuses on the Company's efforts to create quality, affordable yet sustainable living spaces for people to embrace a balanced lifestyle with aim to fulfill everyone's dream to own a home.

## Appreciation

On behalf of the Board of Directors, I wish to extend the Board's appreciation to all our valued customers, shareholders, business associates, bankers and the relevant government authorities for their continuous support and confidence in the Group.

I would like to extend my gratitude to the Management and employees for their unending contribution, unwavering dedication, loyalty and commitment to the Group which have made the success of the Group.

Last but not least, my special thanks to my fellow board members for their invaluable contributions in the past years and untiring support at all times.

## DATO' SERI LIM BOCK SENG

Chairman  
7 May 2013