



**DATO' SERI LIM BOCK SENG**  
Chairman

# Chairman's Statement

DEAR VALUED SHAREHOLDERS,

With the continued supports from all parties, we walked through another challenging year 2014 with momentum gathered for the coming year plus efforts to capitalize on new growth opportunities across all major business segments.

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The Group's vision on becoming an internationally recognized developer continued to earn awards from its development projects and marketing campaigns in year 2014.

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Building on our core strengths, we leveraged our existing business segments and planned to establish new ones. In the same manner, we continued to develop properties of choice through innovative and contemporary themed development. All these moves underline our adaptability, determination and foresight. They also demonstrate the Board's and Management's focus in exercising its nimble and innovative approach to market changes and quick yet astute response to challenges amidst the constant trend evolution which is the characteristic of property market.

#### CREDITABLE PERFORMANCE

The year 2014 was a year of trials and tribulations. The distresses were seen particularly in the second half of the year 2014 over-leaping to early of year 2015. During the year 2014, global economy was volatile with sharp fall in oil prices. Shift in US monetary policy and weaker growth along with low inflation in the Eurozone, Japan and China were affecting the global economic growth.

At the domestic front, the economy was affected by crude oil price which has plummeted by more than 50% from its highest level at USD115 per barrel on 19 June 2014. The currency has been softened against US dollars since September 2014. Despite these, growth was sustained by private and public consumption and led to a GDP growth of 6.0% for year 2014.

In spite of an uncertain global economy and overall market sentiments, our diversified strategies in products has brought the Group through the turbulence and we are pleased to deliver a sterling set of results posting Revenue and Profit Before Tax (PBT) of RM668.3 million and RM104.1 million respectively. These represent 25% increase in revenue and 27% increase in PBT over the results recorded in the preceding year 2013 without taking into consideration of the gain upon disposal and acquisition of our

#### THE GROUP'S REVENUE

25% ▲

RM668.3  
MILLION

# Chairman's Statement

China investments in the financial year 2013. The credible results were mainly attributable to the projects at *Bandar Saujana Putra (BSP)*, *D' Island Residence*, *Cameron Golden Hills* and *Bandar Putera Indah*.

## SHAREHOLDERS' VALUE CREATION

In line with the Group's Dual Dividend Policies, LBS had declared a total dividend of 9.25 sen per share for the financial year ended 31 December 2014 comprising:

- a) Special Dividend: 6 sen per share derived from the receipt of the first tranche of deferred cash payment totalling HKD250 million arising from the disposal of investments in China. This dividend was paid on 6 February 2015; and
- b) Normal Dividend: 3.25 sen (2013: 3.0 sen) per share derived from its ordinary business operations. As compared with last year, we have declared 8.3% more in terms of Normal Dividend per share for financial year 2014. This First



and Final Single-Tier Dividend of 3.25 sen per share is subject to shareholders' approval at the forthcoming Fifteenth Annual General Meeting.

We remain committed to provide higher dividends as results, market conditions and retained earnings allow.

## CORPORATE STRATEGY REVIEW

Following a corporate strategy review in year 2013, the Group continued to reorganize and re-align its focus into homeland development and adopted replenishment strategy for our land bank in the year 2014.

Leverage on our existing construction strength, we are looking towards growing our construction division with target expansion of its client base.

Besides the above, another aspect that we have included in our growth strategy would be widening our business portfolio to include other business segments that brings recurrent income such as hospitality and tourism to hedge on the property development business that are cyclical and deal driven.

## CORPORATE DEVELOPMENTS

### Greater Potential Earnings Foothold

During the year, the Group continues its business rationalisation and expansion activities through series of equity interests acquisition from the minority shareholders of several companies. The increasing stakes in these companies enables the Group to gain better control and recognition of greater potential earnings deriving from the future projects development.



**THE GROUP'S PROFITS BEFORE TAX**

**RM104.1**  
MILLION

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In the year 2014, the Group has included in its group 4 new subsidiaries and 3 new associate companies to pave way for future expansion.

## Optimizing Capital for Greater Return

The conclusion of the disposal of the Group's equity interest in two subsidiaries owning the Zhuhai Lakewood Golf Club and the 197-acre development land surrounding this golf club for HKD1.65 billion in August 2013 has strengthened the balance sheet and cash flow of the Group.

The Company has in April 2014 successfully placed out a total of 20,000,000 ordinary shares of RM1.00 each at RM1.70 per Placement Share to third party investors, raising a total proceeds of RM34 million for property development including acquisition of new projects and general working capital.

With the war-chest in hand, the Group has in the year 2014 secured a total of 156 acres of prime lands and projects in the states of Pahang, Johor, Perak

and Sabah that will pave way for our expansion strategy in the immediate future through various agreements with third parties and/or joint venture with landowners. These lands are having an initial estimated gross development value of RM6.1 billion.

## Focusing on Integrated Projects

Under the urbanization planning, besides sustainable development, integrated development where space optimization and resource efficiencies have been given much emphasized lately. A good integrated development is having an optimal mix of quality retail, commercial and residential spaces, all seamlessly integrated to provide the day-to-day convenience and comfort for people to reside, work and leisure. Thus, well-designed, well-built and well-managed projects located around key regional centres and transport hubs have done well and are expected to stay relevant over time. We make this one of the prime criteria in our land bank sourcing process. In the meantime, our plan for future



development in *BSP* township has already reflected this trend under the theme of "One BSP".

## Opportunistic Approach in other Business Segment

In August 2014, the Company had emerged to be one of the substantial shareholders of ML Global Berhad (formerly known as VTI Vintage Berhad) ("ML Global") following the participation in the Regularisation Plan of ML Global by acquiring 19,777,023 shares representing 22.06% of the entire issued and paid-up share capital of ML Global and 9,165,514 warrants representing 34.27% of the total warrants issued by ML Global with total consideration of RM9.89 million.



# Chairman's Statement



## THE GROUP'S PROFIT AFTER NON- CONTROLLING INTERESTS

**RM69.9**  
MILLION

Despite the gestation period for this investment is long, the Company foresees potential in ML Global which this investment represents an opportunity for the Company to diversify its business into construction related business in manufacturing and trading of roof tiles, roof and steel related products. It also presents an opportunity for us to pursue a new synergistic business strategy by expanding its business stream into manufacturing building materials which is complementary to the Group's property and construction division and contribute positively to the Group's future earnings as well as ML Global. We consider the acquisition of a substantial stake in ML Global to be viable long-term investment that would contribute positively towards enhancing value to shareholders in the future.

## Commitment to Innovations

The Group's vision on becoming an internationally recognized developer continued to earn awards from its development projects and marketing campaigns in year 2014.

Three awards were bagged from Asia Pacific Property Awards 2014 for our flagship high-end development *D' Island Residence*. This unique island resort development was named the Best Commended Award in Development Marketing for Malaysia in year 2013. Its 17-floor high-rise residence project *SKYVILLA* was crowned "5 Stars Best Residential Development, Malaysia" and "Best Residential Development, Asia Pacific" while the three-storey superlinked home *Nautilus* has garnered "Highly Commended Interior Design Show Home, Malaysia" award in 2014.

# Chairman's Statement

## 2015 OUTLOOK AND PROSPECTS

The year ahead is expected to present new challenges. The outlook for the global economy remains uncertain due to the continued drop in oil prices, European financial crisis and the slowdown of the major world economies. In Malaysia, the government has also forecast slower growth of 4.5% to 5.5% in 2015. The wait and see approach by purchasers prior to the implementation of Goods and Services Tax in April 2015 amid the property cooling measures, the property market sentiment remains cautious.

We are confident that Malaysia will remain resilient as the domestic economic fundamentals are strong underpinned by comfortable level of external reserves, low unemployment rate and healthy inflows of foreign direct investments. The Malaysia property sector is expected to remain in-tact and with a low interest rate, high liquidity and moderate inflationary environment, it is supportive of property as an attractive asset class. Global conditions have shown improvement lately and may be at a cross roads with some positive signs in Europe, improving economic numbers from the US, and continued support in new property launches in first quarter of 2015 in Malaysia.



At the back of a healthier balance sheet and stronger cash position, the Group has greater capacity and ability to step up acquisitions of well-located and promising sites coupled with our affordable homes series which continue to receive encouraging supports.

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 selected commercial development.

## APPRECIATION

To all our valued customers, shareholders, business associates, bankers and the relevant government authorities, I extend herewith my appreciation for your continuous support and confidence in the Group.

**THE GROUP'S SECURED  
A TOTAL OF**

**156** ACRES

of prime lands and projects in  
the states of Pahang, Johor,  
Perak and Sabah

LBS is determined and will use its best endeavours and exert its innovative ideas to make progress, achieve better results and create greater value for its stakeholders.

I look forward to receiving your continued support.

**DATO' SERI LIM BOCK SENG**

Chairman

20 April 2015