



Growing Performance

Managing Director's Review of Operations



Dato' Lim Hock San
Managing Director

In year 2010, the property market was very vibrant and was on an uptrend from year 2009. The prudent measures adopted and implemented by the Group over the tough time for the past years to ensure sustainable and profitable growth have finally borne fruit in 2010. The Group took the advantage of the market recovery as a catalyst to boost sales revenue and profit through more aggressive introduction of new development projects.

The impressive sales, revenue and profit achieved through generating a commendable performance for the Group demonstrated with an increase of 70% in revenue and a 342% escalation in profit after tax as compared with the preceding year. The improvement was mainly contributed by the Group's existing projects within Klang Valley, prudent measures on cost control as well as improvement in productivity.

PROPERTY DEVELOPMENT

Residential

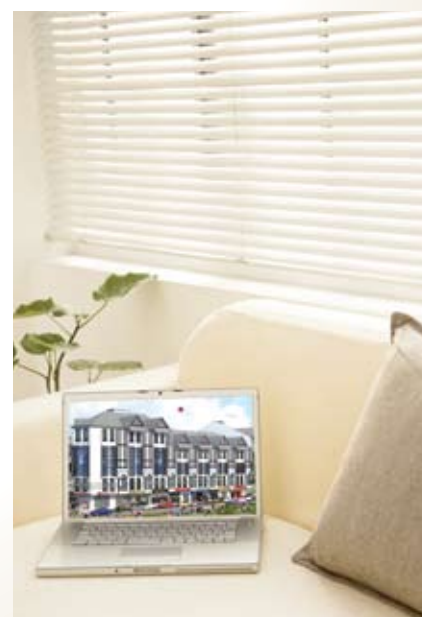
The property development which contributed 91% of total revenue of the Group for the financial year ended 31 December 2010 continued to be the main stream of income for the Group. Our development properties turned in a strong performance in 2010, propelled by the buoyant economy. A total of 1,213 units were sold and 9 new projects have been launched in the year 2010.

Bandar Saujana Putra ("BSP"), LBS' flagship project continue to be the main contributor for the sales and revenue for the year 2010. During the year under review, we rolled out 3 innovative designs for new residential units in BSP under the collection of *LBS Premier Homes*. As differ from the *Affordable Homes* introduced in year 2009, *LBS Premier Homes* introduced with aim set to provide a wider range of landed properties that have been thoughtfully design to cater for greater space to accommodate the changing lifestyle of modern families. This is in line with LBS' changing approach in providing more properties that are value-for-money targeting to medium to medium-high income group. This new



series comprises double storey cluster linked unit *Ivory Residences*, single storey semi-detached unit *Magenta Homes* and double storey terrace unit *Lavender 2*. All these new products were fully taken up within a short period after the respective launches. Riding on the encouraging response and positive property market momentum and sentiment, in the second half of the year 2010, we launched *Ivory Residences 2*, the continued series of *Ivory Residences* and also the semi-detached unit *Indigo Homes*. These two projects have also received encouraging response and achieved a 78% take-up at the end of year 2010.

Town Villa 2 under Taman Tasik Puchong was launched ahead of schedule in July 2010 consequential from the overwhelming response for our *Town Villa* launched in 2009. All the units were fully taken up during the year.



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Up north in Cameron Highlands, Pahang, 3 new projects were introduced in this cooling and beautiful highland with total GDV of RM147 million in year 2010. Backed by the economy recovery and strong property market sentiment, the 26 units of double storey linked house under Taman Royal Lily launched in March 2010 have been fully taken up in just two months' time. 153 units of *The Vines* (double storey linked house) and Phase I of *Oak Avenue* comprising 41 units of 4-storey shop units both under Taman Golden Hill were released in the last quarter of 2010 with strong sales achieved.

Commercial Units

Our popular semi-detached factories under Taman Perindustrian Tasik Perdana in Puchong, Selangor launched in 2009 continued to attract discerning buyers. In 2010, we introduced the bungalow factories to the market and as of today, all the 5 units launched were fully sold, contributing RM19 million to our sales.

Development Project in Zhuhai

The Group holds a 60% stake through its wholly-owned subsidiary, Dragon Hill Corporation Limited in this joint venture high end mixed development project situated within and around the award-winning 36-hole Lakewood Gold Club in Zhuhai, China.

On 15 December 2009, construction of the Hong Kong-Zhuhai-Macau Bridge began in a bid to bolster the integration and future growth of the Pearl River Delta, China's striking economic powerhouse. The 29.6 km main bridge will be jointly constructed by the three jurisdictions to cut travel time between Hong Kong and Zhuhai from three and a half hours to thirty minutes, greatly reducing transportation cost and time for goods and passengers. This world's longest sea bridge is expected



to bring substantial economic benefits to Guangdong Province, thus expected to benefit the prospect of our property development directly and with the much anticipated the business venture in China will drive the Group's future earnings.

OPERATION OF GOLF CLUB

Lakewood Golf Club, the Group's overseas business investment in China, is lying at the foot of South Mountain in Jingding Town of Zhuhai City which is only a 20 minutes drive from the city. The emphasis at Lakewood Golf Club is on its sporting excellence and relaxation. The high value of the club makes it garnered with numerous awards, among those are the "China Top 10 Best Value Scenery Golf Club 2008" and "Best Scenery Golf Course 2007".

The event organized by Lakewood Golf Club during the year under review included the Pan Delta Super Golf 2010, 2010 Mid-Autumn Festival Golf, 2010 Lakewood Club Championship and Members Monthly Matches.

MANAGEMENT & CONSULTANCY

Zhuhai International Circuit ("ZIC"), a prestigious car racing site of international recognition visited by many from around the world that is under the management of LBS. 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 care 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.

GROUP PROSPECTS

In general, the economy is still on the mend and 2010 was dominated by reformation and transformation programs to find ways and means to enhance the economy.

Despite the residential properties are expected to appreciate due to hike in building materials and crude oil prices, the Board is confident that the Group could achieve better sales in year 2011 in view of current encouraging property market sentiment, improving private consumption, with more optimistic consumers coupled with low interest rate and easy access to credit.

The Group observed a new lifestyle trend whereby the public is anticipating for exclusive concept, stylish design, innovative theme and yet high quality. In year 2010, the Group has redefined its value chain to focus on the medium-high to high-end market segment, as reposition its brand from one that has long been associated with building affordable homes in order to pursue better profit margins. The Group is glad with the success of the introduction of "LBS Premier Homes" which is equally popular with "Affordable Home" introduced in 2009.



Upcoming projects in 2011

We implemented and continued to implement a series of strategies in repositioning and shaping LBS to become a premium property developer. We realigned our focus on product range and shift to medium-high-end to high-end properties. We excelled our cost and pricing strategies and surpass the quality benchmark set for products and service. We aimed the products release at appropriate timing during the frequent changing business environment.

Going forward in 2011, LBS will unveil a series of products with emphasis on middle-to-upper-end segments to tap the increasing demand for luxury and exclusive lifestyle residences. LBS has progressed with its master planning in preparation to roll out in year 2011 a new development: *D'Island Residences* comprising 1,389 units with estimated total GDV of approximately RM3.5 billion spanning over a tenure of 8 years. With the unique land feature and unparalleled waterfront ambience, purchasers for this exclusive development will enjoy the tranquility of premier waterfront living while being close to the city.

New phases under Taman Golden Hill in Cameron Highlands would be launched in year 2011 and the launches would place emphasis on exclusive properties aiming for medium-high to high income group.

Nevertheless, LBS would still continue to develop medium cost houses on a reducing scale, to be in line with government's policy in achieving its plan of "Home For Everyone". This is not only in line with our corporate mission but also serve as an effort in fulfilling one of its social responsibilities. We would strike a balance between maintaining shareholders' value and the fulfillment of corporate social responsibilities.

Growing Opportunity

"Growing Opportunity" is the theme for our 2010 Annual Report and it symbolizes the beginning of our new corporate journey as the Group believes that it is the right timing for LBS to move gradually towards building premier homes for medium-high and high income group. While an exciting new chapter of LBS is gradually being unveiled, LBS would exhibit its whole new in terms of image, strategies and growth in the year to come.

LBS would continue to stay focus on leveraging its experience and expertise in developing quality homes and commercial properties while monitoring the market to progressively launch new phases of our projects in Selangor, Cameron Highlands and Johor. The Group will continue to seek opportunities to replenish its land bank through joint venture or acquisition of attractive sites located in good catchment areas with strong marketing attributes.

APPRECIATION

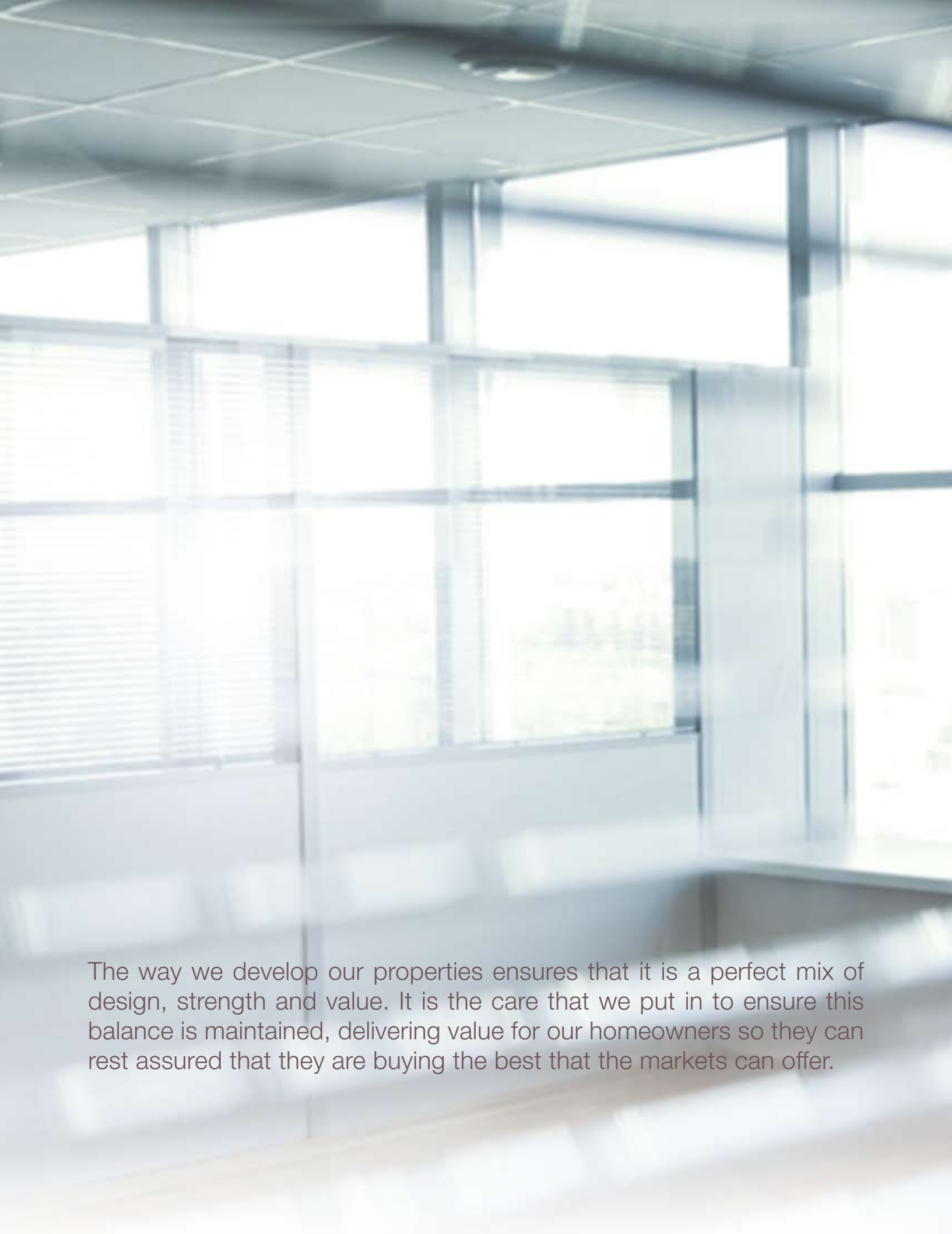
I would like to express my profound appreciation to the shareholders, customers, business associates, bankers, government authorities, regulatory bodies and media for their support and trust on us during the year. To the management and staff, I wish to extend my sincere gratitude for their loyalty, dedication and commitment to the Group.

Last but not least, I would like to thank my fellow directors for their valuable advice to the Group throughout the year.

DATO' LIM HOCK SAN JP

Managing Director

26 May 2010



The way we develop our properties ensures that it is a perfect mix of design, strength and value. It is the care that we put in to ensure this balance is maintained, delivering value for our homeowners so they can rest assured that they are buying the best that the markets can offer.