Sime confident of hitting RM2.5bil property sales

Jauhari says financial numbers promising despite market glut

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KUALA LUMPUR: Sime Darby Bhd's property division, Sime Darby Property Bhd, is confident of achieving its RM2.5bil sales target for the current financial year ending June 30, 2017, despite the current property market glut.

Managing director Datuk Jauhari Hamidi said its financial numbers looked promising.

"God-willing, we should be there. We're halfway through (the financial year) and we'll be announcing our latest results at the end of the month.

"We will hit the RM2.5bil," he told reporters at the Alya WTA Malaysian Open 2017 tennis tournament yesterday.

Jauhari said the bulk of the company's sales would be derived from affordable housing projects.

"Affordable housing, that's the theme. This financial year, we'll be launching more than 2,000 affordable homes. It's at the right pricing level.

"The prices are determined by the Government, so we should be hitting a good take-up rate."

He added that Sime remained optimistic despite the challenging market outlook.

"It's still very challenging. The market is there, but buyers are rather selective, adopting a wait-and-see approach to see what the market is offering.

"It's a buyer's market now, so we have to make sure that we know how to reach out to these potential customers," said Jauhari.

Sime's property division reported a profit before interest and tax of RM172mil in the first quarter ended Sept 30, 2016, compared with RM102mil in the previous corresponding period.

The increase was mainly due to a gain on disposal of a 100% equity interest in Sime Darby Property (Alexandra) Ltd in Singapore amounting to RM131mil to Aster Investment Holding Pte Ltd.

In the first quarter of its current financial year, the division achieved an overall gross sales value of RM436mil against RM150mil in the previous corresponding period, representing a year-or-year increase of 191%.

Meanwhile, Sime Darby Property's Alya Kuala Lumpur, which has a gross development value of RM8bil, has become the title sponsor this year of the WTA Malaysian Open 2017 tennis tournament, which will now be known as the Alya WTA Malaysian Open 2017.

The tournament, currently into its eighth year, will be held at the TPC Kuala Lumpur (formerly Kuala Lumpur Golf and Country Club) from Feb 27 to March 5.

Jauhari said Sime's involvement with the tournament was part of the company's mission to boost its brand name.

"We are always looking to boost our brand image. One way of doing that is through sporting events," he said.

Jauhari: 'This financial year, we'll be launching more than 2,000 affordable homes.'

Yong Tai inks DOA to expedite capitalisation exercise

PETALING JAYA: Yong Tai Bhd has entered into a deed of assignment (DOA) with several parties as part of a capitalisation exercise.

In its filings with Bursa Malaysia, the garment maker-turned-property developer said the group had signed the DOA with Impression Wonders Melaka, Beijing Impression and Euro Gain International Ltd for a settlement agreement dated Feb 4, 2016, whereby Beijing Impression had assigned and transferred the outstanding sum of 11 million yuan (RM7.1mil) of the settlement agreement and the rights to receive the settlement shares to Euro Gain.

"The DOA is entered into pursuant to Beijing Impression's intention to assign the outstanding contractual sum and the rights to receive the settlement shares to Euro Gain," Yong Tai said. "The assignment will enable Yong Tai to expedite the completion of the capitalisation and settle the amounts due to PTS Impression Sdn Bhd's creditors," it added.

The Hong Kong-based Euro Gain is 70%-owned by Wang Chaoge and 30%-owned by her spouse, Xu Dong.

Wang is the chief director of the "Impression Melaka" performance.

Last February, Yong Tai announced a proposed capitalisation of approximately RM43.8mil in aggregate of the amounts due by its subsidiaries PTS Impression and Impression Wonders Arts (M) Sdn Bhd to their creditors, namely, PTS Properties Sdn Bhd, Datuk Wira Boo Kuang Loon, Apple Impression Sdn Bhd and Beijing Impression Wonders Culture Development Co Ltd through the issuance of 54.79 million new shares in Yong Tai.

KIP REIT debuts on Bursa, offers four-sen premium

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KUALA LUMPUR: In a stock exchange where real estate investment trusts (REITs) own assets as varied as commercial, office, industrial, hotel and plantation properties, a REIT listing will have to "stand out" in terms of portfolio to get the attention of investors.

KIP REIT believes that owning community-centric retail centres will give it an edge with investors. The REIT debuted on the Main Market at a four-sen premium yesterday on a volume of 1.78 million shares.

These centres generally cater to the lower and medium-income groups for the retail of fresh produce, daily necessities and essentials.

"Our investment strategy is anchored upon the consumer need for value-for-money products and services, especially in the current economic climate.

"Having a broad tenant base comprising small and medium traders of the local community, KIP Marts and malls provide a platform for business opportunity, in terms of environment and support in marketing and advertising, as well as promotions.

"This enables traders to be more competitive, as compared to traditional trade in wet markets," said KIP REIT Management Sdn Bhd chief executive officer Lim Han Gie after the listing.

KIP REIT raised a total of RM234.2mil during its initial public offering for the acquisition of the initial portfolio, consisting of five KIP Marts located in Tampoi, Kota Tinggi, Masai, Senawang and Melaka, as well as KIP Mall in Bangi.

Going forward, KIP REIT intends to expand the network of KIP Marts over the next five years, as it has the first right of refusal to potentially acquire five new KIP Marts in Johor, Pahang, Kedah, Selangor and Negri Sembilan.

To date, KIP Mart Kota Warisan has been completed and will be fully operational by the middle of this year.

Meanwhile, four more KIP Marts are in various stages of construction or approval.

"After the Kota Warisan mart is up and running, the next mart to be developed will be in Sungai Buloh, followed by Kuantan.

"We will run these KIP Marts' operations for several years before injecting them (assets) into our portfolio," added Lim.

Despite being fully focused on KIP Marts and Malls as REIT assets currently, Lim did not turn down the possibility of injecting other types of retail assets into KIP REIT.

Gadang to buy land for RM56mil cash

PETALING JAYA: Gadang Holdings Bhd's indirect unit, Gadang Construction Sdn Bhd, has entered into a sale and purchase agreement (SPA) with Nusvista Development Sdn Bhd to buy leasehold commercial land in Damansara Perdana in Petaling Jaya for RM55.7mil cash.

Gadang, in a filing with Bursa Malaysia said it bought the 2.66 acres of land for investment due to its strategic location within Damansara Perdana, and since it is likely to appreciate in value.

"The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the market value of the land currently owned by Nusvista," said Gadang. It would use internally-generated funds and/or bank borrowings to fund the purchase. The land would be bought free from all charges, liens, encumbrances or restraints and with legal possession, it added.

Kuehner says Celcom addressing issue of market perception among others

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the company and distribution sluggish, but it's changing. There were also issues with market perception and we are addressing all that," he added.

He said that this was a long-distance run and not a short sprint.

"So, we are talking about stabilising the operations in the first half of this year and winning back customers in the second half."

Towards this end, Kuehner said there was a need to change the business structure, bring cost down, address the fall in revenue, and force a shift in the mindset of employees to focus on the customer rather than look inwards.

"There is a need to instil a culture of high productivity and accountability," he said.

He has de-layered the organisational structure, cutting down the levels of hierarchy from the teens to about six, thereby allowing for decision-making to be fast and transparent.

Within the organisation, he is tearing down walls to have an open concept office so that there is better communication among employees. Kuehner is also engaging more with employees through town-hall sessions and individually to get the culture of efficiency going.

On Celcom's network, he said it was not on par with competitors. However, with the recent changes made, it is able to deliver "better services to customers".

Celcom spent RM1.0bil in capital expenditure last year and he is looking at spending the same amount this year, with the bulk going into network.

Celcom will continue to roll out long-term evolution or LTE this year.

Competition in the mobile telecommunications sector is intense, with an explosive demand for data.

Kuehner realises this and has positioned Celcom to move faster into that area of service to tap into its demand and subscriber growth.

"The market is competitive and disruptive with the industry experiencing revenues stagnating or shrinking, as seen in the third quarter of 2016.

"But there are pockets of growth such as in the small and medium enterprises as well as enterprise business segments and we need to capture that. We are also looking at new streams of revenue such as the Internet of Things," he added.

Kuehner said since September last year, there had been some early successes in the measures that Celcom had taken.

"We have gained slight market share and our mission is to grow as much as the market or more," he said.

To a question if part of the plan to refresh Celcom included job cuts as the company has 3,700 employees, he said "there is no immediate plan to cut, and no road map for a voluntary separation scheme.

"We are still looking at it ... but we believe we have to work on a performance-driven culture."