

# Chairman's Statement

**Datuk Fakhri Yassin  
bin Mahiaddin**



## Dear Shareholders of Mulpha Land Berhad,

It gives me great pleasure to present to you the Annual Report of Mulpha Land Berhad and its subsidiaries ("the Group") for the financial year ended 31 December 2014.

2014 was a good year all round for the Group as we continued to streamline and strengthen our business operations, divest non-core assets, source for land in strategic locations to bolster our land bank and improve our market presence.

The Group's property development prospects in the Central and Northern regions remain healthy with confirmed projects in hand with a forecasted Gross Development Value ("GDV") of RM1.2 billion.

### FINANCIAL HIGHLIGHTS

The Group's revenue reduced marginally to RM45.08 million in 2014 from RM47.14 million in 2013. This was attributed to the lower sales recognition of the Bukit Punchor Development and lower rental yields after the Group's disposal of Raintree Residence.

The Group also registered a lower pre-tax profit of RM8.17 million in 2014 compared with RM11.78 million in 2013, mainly due to an impairment loss of RM7.6 million from the Bukit Tunku Land.

The Group's earnings per share was higher at 4.21 sen in 2014 from 3.73 sen previously.

### REVIEW OF OPERATIONS

In 2014, the Group continued to step up measures to rationalise and increase operational efficiencies, divest non-core assets, grow our land bank and improve our brand presence in the property market.

During the year, the Group implemented several transactions:

- Sold Raintree Residence for RM34.3 million.
- Sold one unit of Bangsar Enclave for RM11 million.
- Completed the Section 13 Petaling Jaya land acquisition.

## Chairman's Statement *(cont'd)*

These transactions generated profits and raised funds that enabled the Group to streamline its business operations, explore opportunities to increase our land bank and galvanize the development of more high-end, luxury serviced apartments, service office-home offices (SoHo) and Landed developments that are expected to contribute to higher sales and profits. The Group has 141.73 acres of development land, out of which 10.93 acres are in the Central Region and the balance in Bukit Panchar, Penang and Desa Aman in Kedah.

In the Klang Valley, the Group focussed on luxury residences in sought after locations like Tropicana and Section 13 Petaling Jaya. The high-rise luxury serviced residences incorporate concepts that offer functional yet trendy lifestyles with planned hospitality, leisure services and retail shops.

### CENTRAL REGION

#### Lumi Tropicana

The 6.4-acre Lumi Tropicana project boasts a total GDV of RM749 million. Positioned as luxury residences, the 744 units of serviced apartments and 62 SoHo units will offer comfort, convenience and signature hotel-styled housekeeping and concierge services. We expect to launch Lumi Tropicana by end of the third quarter of 2015 subject to market conditions.

#### Lumi Section 13

We have completed the acquisition of the Section 13 Petaling Jaya land (branded as Lumi Section 13). The 310 units of serviced apartment with a GDV of RM246 million is the second luxury project in the Group's property portfolio. The development is expected to be launched in 2016.

The Group has also been busy identifying and implementing ways to develop and unlock the value of our assets in the Northern Region:

### NORTHERN REGION

#### Taman Desa Aman in Kulim, Kedah

During the year, new launches comprised:

- 47 units of single storey terrace houses with a GDV of RM8.18 million
- 12 units of single storey Semi-D with a GDV of RM5.02 million
- 16 units of Megashops with a GDV of RM5.5 million

Our future development projects in Desa Aman include 244 units of design and build affordable terrace housing and 87 single storey terrace units, with a combined total GDV of RM52.28 million.

#### Bukit Panchar, Penang

We have sold 15 out of the 20 units of our Fortune double storey shops with a total GDV of RM11.88 million. In the pipeline are plans to build 152 serviced apartments and 39 retail units with a GDV of RM60 million.

### PROSPECTS

The property market in general is anticipated to moderate due to several factors including the uncertain economic outlook, stricter mortgage approvals and cautious approach by buyers with the implementation of the goods and services tax ("GST") on 1 April 2015.

Nevertheless, the property market is closely tied to the economy, and the Malaysian economy continues to grow at a rate anticipated to be between 5% to 6% in 2015.

Despite the generally softer market outlook, the Group remains optimistic as we have good product offerings with strong market demand. Also, we understand market needs and hence remain confident of our ability to overcome the current weaker sentiment.

## Chairman's Statement *(cont'd)*

The Group's future growth trajectory includes widening our property development portfolio and focusing on two main aspects of the development segment, namely 'Affordable Luxury' and 'Affordable Series'.

Our plan is to grow the Group by elevating our brand profile and building the confidence of land owners to work with us. We intend to increase our land bank via outright purchases or joint ventures where land owners are given the option to partner with us, a leading property brand that can offer better market returns for them.

We also plan to grow our recurring income stream in four new business segments including facility management services, hospitality services, real estate investment and lifestyle retail partnerships.

In 2015, our key objectives are to launch Lumi Tropicana, to sell the remaining three units of Enclave Bangsar, successfully implement the development within the Desa Aman project and to continue embarking on business development activities to acquire new land.

We remain optimistic of the Group's long term growth potential and direction.

### APPRECIATION

On behalf of the Board, I would like to express our heartfelt appreciation to Mr Lee Eng Leong for his keen leadership as Chairman from January 2013 to 18 April 2015.

I would also like to extend a warm welcome to Mr Lee Seng Huang to our Board. Mr Lee is currently the Executive Chairman of Mulpha International Bhd.

To the management team and staff, I would like to thank each and every one of you for your tireless and concerted efforts in making 2014 a commendable year for the Group.

The team's hard work and dedication have enabled the Group to achieve operational efficiency and stability, and has helped us establish a stronger brand presence in the property market with successful sales launches in the Northern and Central regions.

I would also like to register my gratitude to my fellow Board members, who has welcomed me and provided meaningful counsel and direction since my appointment.

Moving forward, we will strive to achieve our objectives to further enlarge our land bank, develop more sought after affordable-luxury properties, build a stronger presence in the property market, secure better profits, and provide our shareholders with a strong and consistent return on investment.

**Datuk Fakhri Yassin bin Mahiaddin**  
Non-Independent Executive Chairman  
12 May 2015