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NO. 7 | Mah Sing Group Bhd

	2020	2019
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Quantitative	3	2
Qualitative	8	7

Remaining prudent and accelerating digitalisation

BY **ETHEL KHOO**
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Mah Sing Group Bhd founder and group managing director Tan Sri Leong Hoy Kum remains cautiously optimistic despite the effects of the Covid-19 pandemic on the property market.

"We believe the demand for our property projects will be able to continue to attract homebuyers' interest, driven by their strategic location, attractive price points as well as innovative design and layout," he says.

As at Sept 30, 2020, Mah Sing had a landbank of 1,996 acres, with a gross development value and unbilled sales of about RM24.34 billion, which would provide earnings visibility for at least eight years.

Besides property development, the company diversified into the manufacturing and trading of gloves and related healthcare products in October. The diversification was to cater for pent-up demand and the group expects to produce gloves by April next year.

Mah Sing remains prudent in its spending and continues to adapt and accelerate its digitalisation strategy to mitigate the effects of the pandemic.

In an email interview, Leong talks about the developer's plans and strategies.

City&Country: How have the last 12 months been for Mah Sing?

Tan Sri Leong Hoy Kum: This year has been an unprecedented year for most businesses, as the outbreak of the Covid-19 pandemic has had an adverse impact on our daily lives and day-to-day operations.

However, we were able to minimise the impact and manage our operations during this period, thanks to our ongoing digitalisation efforts and implementation of cost-saving measures, supported by the stimulus packages introduced by the government.

As at Sept 30 this year, we had achieved about RM847.1 million in sales, with an additional RM1.2 billion worth of bookings on hand. Currently, we are focusing on converting our bookings, clearing existing stock and catching up on the construction progress of our projects.

Despite the challenging market conditions, we are still committed to serve and enhance the surrounding communities. This year, we officially unveiled the 9.62-acre Summit Park at Southville City, KL South.



"We were able to minimise the impact and manage our operations during this period, thanks to our ongoing digitalisation efforts and implementation of cost-saving measures." – Leong



The Summit Park is one of the pioneer public playground parks in Malaysia in compliance with the Playground Safety Standard of Malaysia (PSAM). It is open to residents as well as the public, and acts as a green sanctuary for the township.

What were the challenges faced in the last 12 months and what lessons were learnt?

Before the Movement Control Order (MCO), Mah Sing invested in digital transformation to drive innovation and improve operational performance. We have been working on digitalising our company processes and streamlining workflows to create operational synergies between cross-functional teams.

Leong receiving the award from The Edge Media Group publisher and group CEO Datuk Ho Kay Tat

We proactively rolled out digitalisation initiatives across all aspects of our business, such as sales, projects and customer service, as well as upskill and retrain our staff company-wide and nationwide to use Microsoft Teams.

During this period, we also ramped up our digitalisation capabilities to market our products digitally, which is part of our ongoing transformation journey and business continuity plan (BCP) to remain resilient amid today's challenging market environment. With the proactive measures, we were able to have a smooth migration of our full workforce to remote working during the MCO period.

We also successfully integrated key parts of our digitised sales processes, which included the launch of virtual show units on our website, boosting and leveraging more on digital campaigns, conducting online bookings and payments, as well as adding incentives for sales conversion.

To ensure that the company is well prepared for this challenging period, we also implemented cost-saving measures, such as retraining and re-deploying staff for better work efficiency, focusing more on digital marketing, introducing e-annual reports and e-brochures, deferring non-essential capital expenditures, exploring cost-efficient construction via value engineering and temporarily freezing recruitment.

What projects were launched in the past 12 months and what has been the response?

In January this year, we launched M Arisa, our second project in Sentul. It is the first development in Sentul that will have a multi-level sky garden and more than two acres of green spaces in total. M Arisa is well received, with a take-up rate of 95% for Phases 1 and 2 comprising 640 units, while Phase 3 (320 units) is currently open for sale.

M Luna in Kepong was launched in June this year and registered over 80% take-up for Tower A (860 units), while Tower B has garnered a positive response from the market as well. Located close to

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PICTURES BY MAH SING GROUP

the Forest Research Institute Malaysia and next to Kepong Metropolitan Park, the development offers homeowners a chance to experience views of the Bukit Lagong Forest Reserve.

M Adora saw a strong response during its weekend launch in July this year, with Tower A (378 units) recording a 90% take-up rate. Tower B is now open for sale, backed by the strong demand. Located in Wangsa Melawati, the development is designed with green and energy-efficient features and is equipped with a multi-tier security system and smart community system.

Our recent projects in the Meridin East township in Johor has also received encouraging response from the public — Orchid (164 two-storey link houses) recorded a 92% take-up rate while Phase 1 of Acacia (93 two-storey link houses) saw over 80% of the units taken up.

Tell us more about the group's ongoing projects.

Early this month, we launched Phase 2 of Acacia in Meridin East, Johor. Phase 2, which saw a take-up rate of over 80%, comprises 97 two-storey link homes with a land size of 22ft by 70ft, and built-up from 1,838 sq ft. Priced from RM498,000, the layout will have 4 bedrooms and 3 bathrooms.

We launched Carya on Dec 19, the second phase

An artist's impression of M Adora ... Response was strong during its weekend launch in July

Mah Sing Group Bhd

FINANCIAL YEAR-END (RM MIL)	2019	2018	2017	2016	2015
Revenue	1,790	2,190	2,920	2,960	3,110
Pre-tax profit	270.22	347.61	472.28	482.94	503.69
Paid-up capital	1,780	1,780	1,770	1,200	1,200
Shareholders' funds	3,490	3,490	3,460	3,290	3,140
Profit attributable to shareholders	200.33	271.58	361.90	361.36	386.68
Dividend payout ratio (%)	41	40	43.6	43.3	40.5

of our M Aruna township, backed by the strong take-up for Phase 1, which was fully sold out. Carya is a 2-storey link home development (20ft by 75ft) with a built-up of 1,700 sq ft. It offers a practical layout of 4 bedrooms and 3 bathrooms, and is priced from RM560,000.

How is Mah Sing staying relevant and meeting market demand in the current situation?

The mid to long-term outlook remains positive, supported by strong fundamental demand for properties, owing to the young demographic.

We believe that even when the property market is challenging, there will still be demand for our affordable priced products, as 91% of our 2020 sales target came from residential properties priced below RM700,000, which is suitable for current market conditions.

Innovation will also remain a key focus for Mah Sing to compete and excel in this ever-changing industry. This is deeply embedded in our company culture and we will be looking at different ways to enhance our business processes, partnerships and products. We will also be exploring new construction technologies to be more efficient in terms of construction costs.

Our ongoing digitalisation transformation has made it more flexible and easier for agents and sales personnel to market and sell properties, even during the MCO period. Moving forward, we intend to continue leveraging the strengths of our existing digital market platforms to boost sales by streamlining our processes to be captured on a single platform.

What needs to be done to spur the recovery of the economy and property market?

To spur more activity in the property market, we hope the government will consider continuing to introduce more property-friendly policies.

End-financing is a major challenge faced by homebuyers. We hope the government can work with financial institutions to relax lending requirements, especially for first-time homebuyers, as this will help stimulate the property industry.

Our proposed incentives for first-time homebuyers include reinstating the maximum loan tenure to 45 years from the current 35 years, a higher margin of financing of up to 95% for the first property, a higher debt service ratio, and using gross income rather than net income in loan application reviews.

While the implementation of the Developer Interest Bearing Scheme (DIBS) was not announced in Budget 2021, we hope the government will reconsider the scheme in the future so that first-time homebuyers would not have to service their loan interest and rentals at the same time during the construction period.

What are Mah Sing's plans and business strategies?

We will continue to adopt a quick turnaround and nimble business model, where we would be able to quickly adapt to the changing market conditions, while aligning our business strategies with the latest trends and movements in the market.

As affordability remains a key concern for the industry, we will continue to focus on offering an affordable range of products near city centres, such as M Luna and M Adora.

Mah Sing also practises prudent and disciplined financial management, with a healthy balance sheet of cash and bank balances of about RM1.13 billion as at Sept 30, 2020. This will allow us to maintain selective balance sheet expansion, concentrating on strategic landbank in the affordable segment, with Greater Kuala Lumpur and the Klang Valley being focus areas.

ONGOING PROJECTS

PROJECT/LOCATION	TYPE	GDV (RM MIL)	LAUNCH DATE
M Luna, Kuala Lumpur	Residential	705	June 2020
M Arisa, Kuala Lumpur	Residential	652	October 2020
M Oscar, Kuala Lumpur	Residential	500	October 2019
M Adora, Kuala Lumpur	Residential	378	July 2020
M Vertica, Kuala Lumpur	Residential and commercial	2,000	1Q2018

IN THE PIPELINE

PROJECT/LOCATION	TYPE	GDV (RM MIL)	EXPECTED LAUNCH DATE
Tower E, M Vertica, Kuala Lumpur	Residential	Approximately 425	1H2021
Phase 2H, Section 1A, Meridin East, Johor	Residential	32	1H2021
Phase 2H, Section 1B Meridin East, Johor	Residential	30	1H2021
Jasmine 3, Meridin East, Johor	Residential	89	1H2021



An artist's impression of Southville City's entrance



An artist's impression of M Vertica in Kuala Lumpur