

No. 5 – Sunway Bhd (Property division)

	2018	2017
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Quantitative	6	4
Qualitative	3	1

Embracing sustainability in community building

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Sunway Bhd managing director, property division, Sarena Cheah comes into Sunway University's Sunway iLabs Makerspace in Sunway City with a broad smile for this interview with *City & Country*.

The iLabs Makerspace is an incubator for innovation and technological advancements, which was launched on Oct 8. It was set up with five initial industry partners — Google, General Electric, NEC Corp, Hitachi Sunway and Xperanti — to provide students and entrepreneurs a collaborative space and the tools for innovation.

The makerspace is just one of the many initiatives in sustainability the property developer has started as part of its community development. Other programmes include the Jeffrey Sachs Center on Sustainable Development and the Research Centre for Carbon Dioxide Capture and Utilisation.

And the township of Sunway City has been awarded a Silver rating by the Green Building Index.

"We regard ourselves as a co-investor with our customers and we are happy that they trust us. Now, as we embrace sustainability in a bigger way in our community building, we bring more life into the space we create," Cheah says.

The space means the states in Malaysia where Sunway is currently developing projects — the Klang Valley, Penang, Perak and Johor. On the international front, the company has projects in Singapore and Tianjin, China. It has a land bank of 3,300 acres with a total gross development value of RM55 billion.

Cheah says Sunway is ready to venture to other states in Malaysia, and other mature countries and cities such as Australia and London.

"We have been looking for opportunities but the pricing is not right. We would rather be careful about how we expand, and the fact is that the group has done well in this soft market with our diversified business. With recurring income, we do not have to keep launching just to maintain the numbers and it does not add to the overhang situation," she says.

"The fact that we utilise the 'build, own, operate' model has helped us to not drive sales for the sake of the numbers. In a soft market, it allows us to focus on building the community."

Sunway is known for its ability to build integrated developments with five components — theme park, office, mall, education and hospital — under the build, own, operate model.

The developer has once again made it to the top rank of *The Edge Malaysia* Top Property Developers



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Awards. This year, it was entered as a non-listed company as the group was reclassified from property to the trading/services sector on Bursa Malaysia on June 16 last year.

Currently, the group's businesses are diversified mainly into integrated property (property development, property investment, hospitality and leisure), construction and investment (trading and manufacturing, quarry and building materials, healthcare and others).

Here is an excerpt of our interview with Cheah:

City & Country: What have been some of the highlights for Sunway over the past 12 months?

Sarena Cheah: The main thing is that we exceeded our sales target, supported by international sales. Earlier, we had set a target of RM1.3 billion for this year, but we achieved that in August. So we think we will reach RM1.7 billion in sales this year. We also handed over more than 1,000 units.

Our international market also did very well. Our launches in Singapore and China have achieved 100% and 80% take-up rates respectively. Singapore is doing well in terms of profit, and we just bought two new parcels there.

This year, the international market contributed 50% to 60% to the overall sales. In a soft market, I think we did relatively well.

Is the brand and business currently at the level you had envisioned?

We are very fortunate to have a strong brand under the leadership of our chairman, who has instilled very good values. This value system — with three core values of integrity, humility and excellence — will anchor the brand going forward. It is easy to say the words but we will do it with action.



MOHD IZWAN MOHD NAZAM/THE EDGE



Housing and Local Government Deputy Minister Datuk Raja Kamarul Bahrin Shah (third from left), with (from left) The Edge Media Group chairman Datuk Tong Kooi Ong, Cheah and The Edge Media Group publisher and CEO Ho Kay Tat

It also answers to what we do and what we don't do. We do what is good for the community and we won't do the opposite, such as [investing in] smoking and gambling. A brand is like a personality ... it anchors and says something [about you].

In addition, the group does not possess only one type of expertise. We have various businesses, such as education, healthcare, malls and theme park. The business model has made the brand holistic, purposeful and meaningful.

Going forward, we will embrace sustainability in a bigger way in community building, which can be done through more partnerships with brands that share the same philosophy. I like to say that the employees in Sunway are a living community internally, who are serving an external community.

How does Sunway remain competitive and set itself apart from other developers?

I would call it our advantages ... it is an advantage for us to have other divisions.

We can always be more cost-efficient to be com-

PICTURES BY SUNWAY



Rivercove Residences in Singapore, which was launched early this year, is fully sold



Citrine Lakehomes in Sunway Iskandar is located next to 20-acre Emerald Lake Garden

Sunway Bhd

FINANCIAL YEAR-END (RM MIL)	2017*	2016	2015	2014	2013
Gross revenue	2,140.4	4,655.6	4,448.4	4,558.0	4,721.0
Pre-tax profit	453.7	859.0	930.4	960.0	1,900.0
Paid-up share capital	NA	2,063.1	1,799.0	1,730.0	1,724.0
Shareholders' funds	5,033.6	7,469.7	6,562.0	5,936.0	5,328.0
Profit attributable to shareholders	339.8	585.9	732.0	734.0	1,490.0
Dividend payout ratio (%)	NA	37.5	94.4	23.5	12

*Disclaimer: Figures from 2013 to 2016 are of Sunway Bhd whereas for the year 2017, the figures indicate Sunway Property's standalone figures as the company has been reclassified on Bursa Malaysia which indicates the company as a non-listed developer.

COMPLETED PROJECTS

PROJECT/LOCATION	TYPE	GDV (RM MIL)	LAUNCH DATE (MONTH/YEAR)
Sunway GEOSense Residences, Sunway City	Residential	246	July 2014
Sunway Velocity Residences Suites & Sunway Velocity Residences 2, Kuala Lumpur	Residential	667	Oct 2014
Citrine Hub, Sunway Iskandar	Designer offices, serviced apartments and boutique retail	418	July 2014
Sunway Wellesley Phase 2, Penang	3-storey townhouses	150.2	March 2014
	3-storey semidees		March 2014
	3-storey shopoffices		June 2014
Sophia Hills, Singapore	Private condo development	SGD800	Sept 2015

ONGOING PROJECTS

PROJECT/LOCATION	TYPE	GDV (RM MIL)	LAUNCH DATE (MONTH/YEAR)
Sunway GEOLake Residences, Sunway City	Residential	511	July 2018
Sunway Serene, Kelana Jaya	Residential	1,800	Sept 2017
Sunway GRID, Sunway Iskandar	Serviced apartments, retail and flexi-suites	348	Apr 2017
Rivercove Residences, Singapore	Residential	SGD650	July 2018
Sunway Gardens, Tianjin, China	Condominium	RMB1,000	July 2018

IN THE PIPELINE

PROJECT/LOCATION	TYPE	GDV (RM MIL)	EXPECTED LAUNCH
Sunway Velocity TWO, Kuala Lumpur	Residential & commercial	1,700	4Q2018
Sunway Onsen Suites (Phase 1 - Tower 1), Sunway City Ipoh	Serviced apartments with natural hot spring pool	136	4Q2018
Sunway Valley City, Penang	3- & 4-storey shopoffices, 41-storey serviced apartments	965	1Q2019
Sunway Avila, Wangsa Maju	Residential & commercial	559	1Q2019
Jalan Belfield, Kuala Lumpur	Residential	1,200	2Q2019

petitive — it is whether or not we are embracing technology and new methods to drive down costs. It is no longer about either low cost or good product — people want both and that is the challenge. That is where I think the Industrialised Building System and other technologies come in.

It is also about timing ... When we want to implement smart and sustainable solutions, we can do it in an operating township. It allows us to start a smart city in an environment that is already making money rather than a new township that will require high capital expenditure.

We hope to have a landmark in each destination we go to. In the states where we have projects, we are building landmark developments that embody what community living is. That is why we are still developing after so many years, because we are developing not only the hardware but the software as well.

We feel that having the education and healthcare segments to further enhance the community has made our townships even more holistic. This is where we feel that there is a differentiating factor. All our landmark developments will have a healthcare offering eventually. Now, we have a hospital in Sunway City, and the second one will be in Sunway Velocity, Kuala Lumpur, next year.

What are the challenges Sunway faces in the current soft market?

Currently, sales is the main challenge. The other challenge would be the rising cost of doing business because there are a lot of regulatory costs. It is time to thoroughly review the business process.

How is Johor doing?

It is now about seeing the cycle through. I call it noise about the current oversupply issue but I am



confident about the prospects for Sunway Iskandar. We continue to invest in an area of 65 acres that consists of retail, hotel and an X-Park, which is scheduled for opening by the end of next year.

I think Sunway Iskandar should be the first choice if anyone wants to buy in Iskandar Malaysia because of the community we are building there. It is about the community, the service level and the developer behind it.

Sunway Iskandar is going to touch accumulated sales of RM1 billion. These are the little milestones we should celebrate. Our staff are very excited about it and it is important because it shows the community really lives in them.

We also see more opportunities for retirement homes in Johor because Sunway Iskandar is low in plot ratio and it has 600 acres of green and water.

What we need to do now is to have the holding power to get through this soft market.

How is the group's international business?

The development in Tianjin — Sunway Gardens — is coming to an end and we are looking at other opportunities there. We will continue to develop in Singapore and we are currently looking at Australia but we have yet to find anything suitable. **E**

Sunway Velocity and Sunway Velocity TWO in Cheras will be connected via three link bridges