



Double-storey shop offices, ASIATIC Indahpura



Single-storey terrace houses (Daisy II), ASIATIC Indahpura

given the uncertain global economic scenario towards the second half of 2002, signs of poorer market sentiments were apparent. Consumer spending turned cautious and coupled with the ending of the stamp duty waiver on 30 June 2002, the sales momentum that was evident in the first six months dissipated in the second half of the year.

Despite this difficult market condition, the Group's property projects in Johor, Kedah and Melaka transacted total sales of RM44.0 million, an impressive 30% higher than that of 2001. However, due to the lag effect in profit recognition, a lower operating profit of RM10.2 million against RM12.5 million in 2001 was recorded.

The Group's Asiatic Indahpura project in Kulai, Johor continued to be the main profit contributor with sales of RM42.5 million. This was realised by the implementation of customer-driven marketing strategies, participation in various exhibitions and enhanced customer service.

During the year, sales efforts were focused on selling medium-cost single and double-storey terrace houses that were under construction, which contributed sales of RM24.7 million. In addition, limited units of single-storey

terrace houses were also launched based on the good take-up rate for such properties from two earlier phases. The earlier launch of some double- and three-storey shop offices were also well received and completely sold by the second half of the year with a contribution of RM11.7 million.

Although various efforts were taken to clear the four-storey shop offices and industrial lots stock, sales was poor for the shops whilst none was recorded for the industrial lots. To mitigate this problem, the Group offered a rental with an option to purchase scheme for the shops which has received some encouraging response whilst a sports complex and residential units would be built on part of the unsold industrial lots. These measures are meant to draw in new business activities and the population to the development. They are also expected to ease the Group's holding costs.

In the period under review, 253 houses and 41 shop offices were completed and handed over to purchasers. In view of the lower stock level, the Group plan to launch medium low-cost houses, as well as some limited double-storey shop offices and double-storey terrace houses in 2003.



Participants of the 22nd Management Conference (left) and Assistant Managers' Conference (right)



Property activities at Asiatic Permaipura, Kedah remained quiet, as the poor market conditions did not permit new launches. The sales activities were focused on disposing the remaining inventories of bungalow lots, double- and single-storey terrace houses. It is encouraging to note that more buyers have now moved in to their bungalows and more are under construction. The Division is working on some proposed new launches involving compact bungalows, semi-detached houses and single-storey terrace houses in anticipation of better times.

Similarly, no new launches were carried out at Asiatic Cheng Perdana, Melaka. Whilst focusing its efforts to sell remaining residential and commercial inventories, the Division had also applied to relevant authorities for revision of certain conditions of the development plan with a view to develop more affordable residential units.

The Permaipura Golf & Country Club ("PGCC") repeated its satisfactory performance like that of the last financial year by turning in an operating profit before depreciation for 2002. The concerted marketing efforts in promoting the golf course via tournament packages, golf coupons, monthly passes and the good upkeep of the course contributed to an increase in the number of golfers to PGCC. During the year, PGCC also played host to the Genting Masters Tournament 2002.

The Group's joint venture with Johor Corporation Berhad, the Sri Gading industrial estate project, did well in 2002 by contributing some RM2.4 million in operating profit through the sale of its industrial land stock.

Throughout the year, the Government acquired some 16 hectares of estate land in various locations for infrastructure and other public projects.

## HUMAN RESOURCE

In order to ensure that the Group is well positioned to meet present and future challenges, it is crucial not only to ensure the adequacy of the supply of workforce but also to enhance their competency. In its pursuit of the above, the Group had and will continue to apportion some expenditure on systematic development programmes and functional skill training for its employees.

The 22nd Management Conference – 'Performance and Potential – A Critical Examination' was held in June 2002. Through this conference, the delegates were given an overview of our operational and financial performance against the peer companies. The conference had attracted active participation from the delegates in identifying areas

for improvement in order to benchmark the Company with the best in the industry. The Company had also organised the Assistant Managers' Conference in October 2002 and two other in-house training programmes for the Plantation Division and Internal Audit Department respectively. The objectives of these conferences and training programmes are to strengthen fellowship among employees of all levels, to share experiences and knowledge and to keep abreast with new advances and technology, which in turn would provide better support towards improving productivity and profitability of the Group.

The Company issued the second tranche of share options under the Asiatic Executive Share Option Scheme ("ESOS") to all eligible executives during the year. As at 31 December 2002, a total number of 8,021,000 share options were allocated by the Company and accepted by the executives. The ESOS was implemented in 2000 by the Company with the approval of its shareholders.

In addition, 77 loyal employees were awarded Long Service Awards for their years of service ranging from 5 to 25 years. This is to manifest the Group's appreciation to its employees for their commitment, dedication and loyalty.



*In collaboration with Humana Child Aid Society Sabah, the Group has set up schools at various locations in its Sabah estates.*