

<b>Headline</b>	A much needed boost for Symphony Life
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# A much needed boost for Symphony Life

- **Unbilled** sales worth close to RM1 bil set to drive earnings in the next three years
- **Developer** has several property launches in the pipeline



by **Shalini Kumar**

**P**ROPERTY developer Symphony Life Bhd, spearheaded by prominent corporate figure Tan Sri Azman Yahya, is likely to see strong earnings growth over the next three financial years, driven mainly by the recognition of its unbilled sales of close to RM1 bil.

These will be contributed mainly by the company's Star Residences, KLCC and TWY@Mont Kiara projects.

"Profits from its unbilled sales are recognised based on its projects' construction progress. TWY and Star Residences are expected to be completed around the same time. So, profit over next three financial years is going to be great," a shareholder tells *FocusM*. This will be a much-needed boost for the company as it saw a 22.3% decline in revenue for the first quarter ended June 30, to



Symphony Life recently appointed Ascott Group to manage units in its third residential tower in Star Residences in KLCC

construction is 32% complete.

Symphony Life did not respond to questions from *FocusM*.

"China's control on capital outflows out of China has affected many developers who targeted



Tan Sri Azman Yahya is the executive chairman of Symphony Life

shareholder says.

Recently, Sarawak-based Samling Group, which is the developer of Desa ParkCity, obtained rights to quarry about 242.8 ha of land north of the Sg Long land.

If Samling starts quarrying activities, it could hamper Symphony Life's development plan because it needs to have certain buffer zones whereby any development has to be a certain distance from quarrying activities.

It is understood that Symphony Life has met with Samling, and the latter has also expressed interest to turn its quarry land for property development. Both companies are currently in talks to see if they can synchronise their quarrying activities and property development.

Based on previous preliminary plans, the GDV of the township development at Sg Long is estimated at RM6 bil to RM8 bil.

Apart from the Sg Long development, it is learnt that Symphony Life will also be involved in the development of a parcel of land in Bukit Damansara, which was recently tendered out by the Ministry of Finance.

Measuring 7.7 ha, the parcel is located at the corner of Jalan Dutta and Jalan Semantan near Istana Negara and is approved for mixed-use development with a plot ratio of 16. The reserve price for the plot of land is RM83 mil or RM1,000 per sq ft.

Symphony Life could develop the land in a joint venture with Jakel Land Sdn Bhd and Permodalan Nasional Bhd. Symphony Life has a 33.3% stake in Jakel Land, which it acquired this year for a total of RM5 mil.

It is not clear yet what the development plans for this parcel of land are.

### Future launches

In its latest quarterly financial statements, Symphony Life says as the market environment is expected to remain competitive and challenging, it will continue to take measures to make its products more affordable.

## Symphony Life Bhd

### PROPERTY

#### KEY BOARD MEMBERS AND MANAGEMENT

Tan Sri Azman Yahya (executive chairman)  
Hazarin Hanun (chief financial officer)  
Stewart Teo (chief operating officer)

#### MAJOR SHAREHOLDERS

Gajah Imaju Capital Sdn Bhd

**19.43%**

R-B Trustees Bhd

**8.9%**

Chin It Png

**4.06%**

#### MARKET CAP (Aug 30)

**RM280.2m**

Share price (Aug 30)

**90.5 sen**

52-week high (May 22)

**RM1.07**

52-week low (Dec 21, 2015)

**62.5 sen**

#### FINANCIAL RESULTS

(Q1 ended June 30)

Revenue

**RM36.9m**

Net profit

**RM13.3m**

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## (Continued)

RM56.9 mil from RM47.5 mil a year ago. While its net profit almost tripled to RM13.3 mil in Q1FY17 from RM4.6 mil a year earlier, this was mainly due to a one-off disposal gain of RM7.99 mil.

Stripping out the disposal gain, Symphony Life's earnings for the first quarter just ended would be RM5.6 mil, which reflects a 6% increase year-on-year.

In a previous interview with *FocusM*, Symphony Life's chief financial officer Hazurin Harun said the company was able to recognise only a small portion of its high unbilled sales in FY16 ended March 30, because its major high rise property projects were constructed only at the foundation level.

In FY16, Symphony Life's earnings fell to RM13.2 mil from RM13.9 mil in FY15, on the back of declining revenue to RM144.3 mil from RM286.1 mil.

With the foundation level completed, construction progress of the entire project will be much faster, and hence, profit recognition from the projects will as well, Harun said.

TWY is currently 25% complete, while Star Residences'

TWY, the first phase of its project in Mont Kiara, Kuala Lumpur, comprises 484 units of all duplex condominiums. The project, with a GDV of about RM430 mil, has a take-up rate of more than 95% and is expected to be completed in 2019.

Star Residences, located at the Kuala Lumpur City Centre, is a 50:50 joint venture with UM Land Bhd. It has an estimated GDV of close to RM3 bil. The development consists of three towers of luxury apartments and five blocks of retail spaces.

The first, known as Residential Tower 1, has a take-up rate of 97%, and the recently launched Residential Tower 2 has achieved a take-up rate of 80%. The company has also signed a management agreement with The Ascott Group, one of the world's biggest service apartment operators, to manage a minimum of 250 units in Residential Tower 3, which will be named the Ascott Star Residences.

According to Symphony Life's FY17 annual report, due to the association with Ascott, it expects the demand for units in this tower to be high when it is launched in the third quarter this year.

the China market as their prime source of sales. To a certain extent, this is also true for Star Residences.

"However, our marketing team has done a remarkable job in continually bringing in sales from China, Taiwan and Korea through strategic tie-ups with various local agents and direct sales efforts in these countries," the company says in its report.

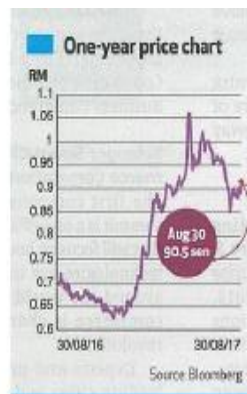
Sentiments on the counter appear to be positive based on the company's improved prospects. Symphony Life shares closed at 90.5 sen on Aug 30, a 29.3% increase from 70 sen a year ago.

### Potential development for Sungai Long

The company is also looking at potential development for its 161 ha parcel of land in Sungai Long, which is located close to Bandar Mahkota, Cheras.

The land is currently being used for quarry operations. However, development of the land has been delayed over the years, the most recent due to the compulsory acquisition of land for the East Klang Valley Expressway (EKVE).

In 2015, about 9 ha was



compulsorily acquired by the state government at RM15 per sq ft for the EKVE. Symphony Life appealed for a higher price of RM30 per sq ft last year and was recently successful in getting RM18 per sq ft.

"The EKVE will terminate at the south side of Symphony Life's Sg Long land. Once the expressway is completed, the group thinks it can link that end of the expressway to the land in order to develop it. The only issue with the land is quarrying activities being done, neighbouring the land," the

Some of its future launches include The Wharf Mall in Taman Tasik Prima, Puchong – an integrated development comprising a neighbourhood mall and one tower of small office, home office units. The estimated GDV for the project is RM240 mil for the residences and RM130 mil for the shopping mall.

It is also planning to launch a mixed residential and commercial development in Subang with an estimated GDV of RM200 mil; a serviced apartment project dubbed MK2 in Mont Kiara with an estimated GDV of RM400 mil; and Signal Hill in Kota Kinabalu, Sabah, which will be a luxury gated and guarded mixed development of condominiums and villas.

"Given the soft property market which is expected to remain subdued throughout 2017, we will continue to take measures such as implementing cost efficiencies through organisation and manpower restructuring to manage our costs in the slow business environment, disposal of less productive assets and ensuring our product offering meets present market demand," says Symphony Life. **FocusM**