
8. PROSPECTS AND FUTURE PLANS OF THE GROUP

8.1 Prospects of the Group

The Directors of Plenitude view the future prospects of the Group to be favourable. In addition to the state of the Malaysian economy and the residential property market as mentioned in Section 7 of this Prospectus, the Directors of the Company are of the opinion that the following factors place the Group's future in good stead:

(i) Management philosophy and business principle

The Group's management philosophy and business principle includes the following:

- (a) Maximising the tangible and intangible returns on its properties;
- (b) Enhancing the quality of its landbank by acquiring land with good development and investment potential at the right price;
- (c) Continuously improving on management, operations and development methods to achieve high rate of cost efficiency and quality output; and
- (d) Application of innovation in satisfying potential and existing customer needs at optimal cost.

(ii) Landbank

The Group presently has a total landbank of approximately 2,018.81 acres (approximately 8.17 million sq.m.). The Directors of the Company consider the Group's landbank to be sufficient at present as Taman Desa Tebrau in Johor Bahru, Johor Darul Takzim is only expected to be completed by 2015, Taman Putra Prima in Sepang, Selangor Darul Ehsan by 2012, Bandar Perdana in Sungai Petani, Kedah Darul Aman by 2018 and Changkat Kiara in Kuala Lumpur, Wilayah Persekutuan by 2008. Nevertheless, the Directors of the Company are constantly seeking for opportunity to expand its operations by acquiring other land and properties which have development and investment potential.

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8. PROSPECTS AND FUTURE PLANS OF THE GROUP (CONT'D)

(iii) Location

The Group's development projects are located in various towns/states of Peninsular Malaysia, namely Johor Bahru, Johor Darul Takzim; Sepang, Selangor Darul Ehsan; Sungai Petani, Kedah Darul Aman and Kuala Lumpur, Wilayah Persekutuan. In addition, the Group has a beach hotel in Tanjung Bungah, Penang. As such, the properties of the Group are well distributed throughout Peninsular Malaysia and located in prime locations or growth areas of the states.

Location map of the Group's major development projects and property investment



8. PROSPECTS AND FUTURE PLANS OF THE GROUP (CONT'D)

(a) **Taman Desa Tebrau, Johor Bahru, Johor Darul Takzim**

The Taman Desa Tebrau project is targeted at the people of Johor Darul Takzim who work in and around Johor Bahru, Johor Darul Takzim and in Singapore. The Directors of the Company believe that the project will benefit from the growth of Johor Bahru as it is closely situated to the Johor Bahru town centre (14 km) but has relatively low city traffic congestion. An interchange built by PHSB provides direct link to neighbouring housing estates and it facilitates smooth traffic flow from Taman Desa Tebrau to its surrounding areas. Taman Desa Tebrau is conveniently located close to amenities such as the Carrefour Hypermarket (2 km), Giant Hypermarket (3 km) and Hospital Sultan Ismail (0.2 km). Moreover, it is also located close to the Sultan Ismail Airport (35 km), the Pasir Gudang Port (26 km), the North-South Expressway (6 km) and Kota Tinggi (29 km).

Location map of Taman Desa Tebrau



Note: This map is not drawn to scale.

8. PROSPECTS AND FUTURE PLANS OF THE GROUP (CONT'D)

(b) Taman Putra Prima, Sepang, Selangor Darul Ehsan

The Taman Putra Prima project is located about 30 km from Kuala Lumpur and is accessible via Jalan Puchong, Lebuhraya Damansara-Puchong ("LDP"), Shah Alam Expressway, Puchong-Sg. Besi Bypass, North-South Central Link ("ELITE Highway"), Puchong-Hicom-USJ Link and the newly-built Putrajaya Link. Taman Putra Prima is situated within the High-Tech Zone of the MSC and is expected to benefit from the expanding development of residential and commercial properties in Puchong, the relocation of the administrative centre of the Federal Government to Putrajaya and the establishment of technology-based companies in Cyberjaya.

Location map of Taman Putra Prima



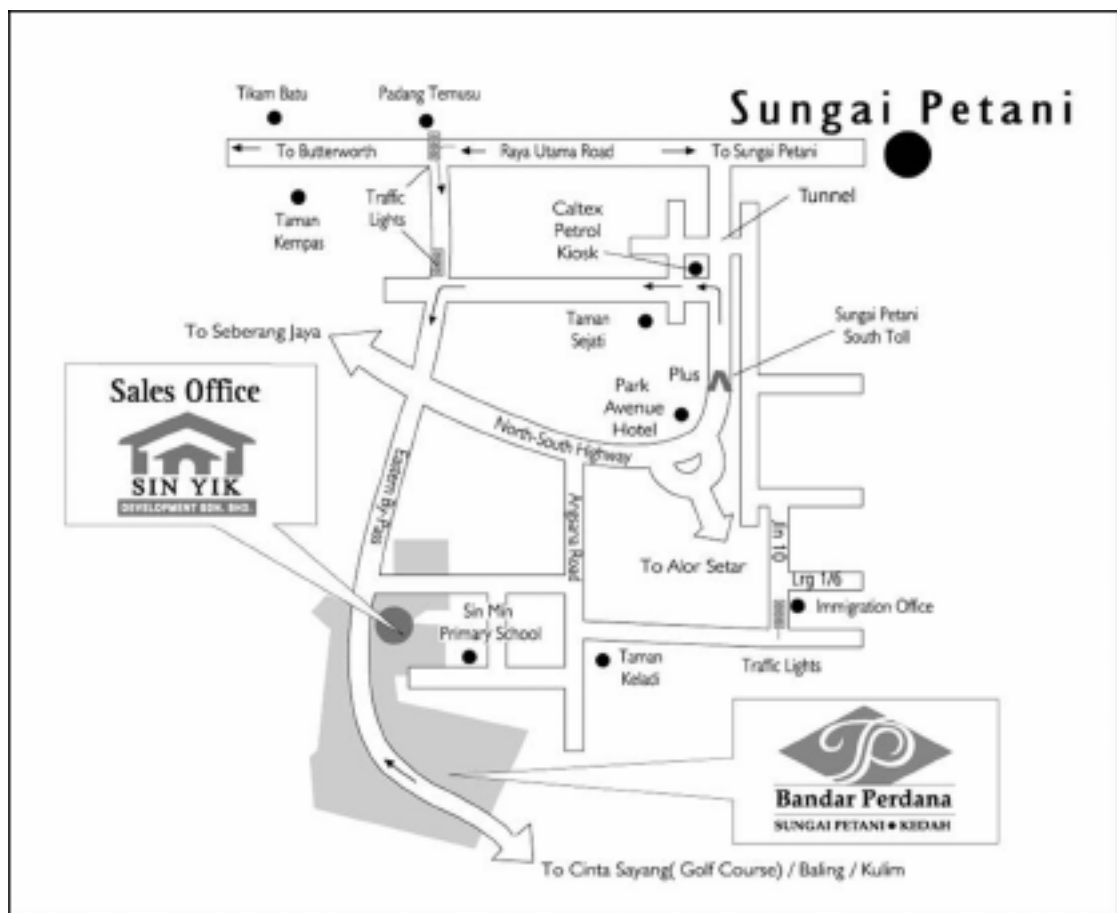
Note: This map is not drawn to scale.

8. PROSPECTS AND FUTURE PLANS OF THE GROUP (CONT'D)

(c) Bandar Perdana, Sungai Petani, Kedah Darul Aman

The Bandar Perdana is strategically located along the Sungai Petani Eastern Bypass which provides easy access to the township of Sungai Petani from the North-South Highway. The Directors of the Company believe that the distance of 40 km from Sungai Petani, Kedah Darul Aman to Seberang Jaya along the North-South Expressway will attract house-buyers from Penang and Northern Perak due to its proximity. The Directors of the Company expect the Bandar Perdana project to complement well with the current and planned development of Sungai Petani, Kedah Darul Aman and also the development of the Indonesia-Malaysia-Thailand Growth Triangle ("IMTGT").

Location map of Bandar Perdana



Note: This map is not drawn to scale.

8. PROSPECTS AND FUTURE PLANS OF THE GROUP (CONT'D)

(d) **Changkat Kiara, Kuala Lumpur, Wilayah Persekutuan**

The Changkat Kiara project measures approximately 21.18 acres is located in Kuala Lumpur, northeast of Sri Hartamas. It is also located near Segambut and close to other prime addresses like Bukit Tunku (or Kenny Hill) and Bukit Damansara.

The land in Kuala Lumpur is easily accessible from Kuala Lumpur via Jalan Damansara, Jalan Bukit Kiara and thereafter a good network of service roads within Sri Hartamas. Alternative access is via Jalan Duta and thereafter Jalan Sri Hartamas 1. Changkat Kiara is approximately 12 km from Kuala Lumpur city centre.

Location map of Changkat Kiara

Note: This map is not drawn to scale.

8. PROSPECTS AND FUTURE PLANS OF THE GROUP (CONT'D)

(e) **Tanjung Bungah Beach Hotel, Tanjung Bungah, Penang**

The hotel is located in Tanjung Bungah, the northeast district of Penang. It is a three (3)-star hotel with 200 rooms and has approximately 200 feet of beach frontage. It has direct frontage to Jalan Tanjung Bungah and lies about 8 km northeast of the city centre of Georgetown. The hotel is a beach hotel located along the Penang Island coastal road. Access to the hotel is convenient from the city central, Gurney Drive and places of interest in the Pulau Tikus area of Penang.

(iv) **Resilience vs Vulnerability**

As property development is the Group's core business, it is inherent that the Group's performance may be affected by the economic situation of the country. However, the Directors of the Company are of the opinion that the following factors may mitigate the degree of vulnerability of the Group's performance:

(a) **Capitalisation on various strategic locations in Peninsular Malaysia**

The Group's property development projects are located in various states in Peninsular Malaysia, namely Johor Bahru, Johor Darul Takzim; Sepang, Selangor Darul Ehsan; Sungai Petani, Kedah Darul Aman and Kuala Lumpur, Wilayah Persekutuan. With such diverse project locations, the Group does not have the risk of concentrating on one project location only. Hence, this eliminates the risk of over dependence on the demand in a single location. Apart from the above, the proximity of the above projects to facilities such as schools, markets and hospitals increase the marketability of the Group's properties;

(b) **Sensitivity to market demand and needs**

The management of the Company is market-oriented and undertakes development projects that meet the specific demand and needs of house-buyers. In light of the current market climate, the Group has been concentrating on the development of residential properties to meet the general needs of the public; and

(c) **Conservative credit policy**

The Group recognises that in the event of an economic slowdown, interest cost for its borrowing will increase and demand for property, in general, will be less as potential house buyers will usually delay major purchases. The management of the Group also understands that development cost can be reduced by deferring new launches when demand is low, but the exposure of high interest cost can only be addressed with lower borrowings.

Based on the above factors, the management of the Group adopts conservative credit policy so that the Group's interest exposure remains low and/or within reasonable range. This policy will bear fruit should there be any unfavourable interest rate movement.

8. PROSPECTS AND FUTURE PLANS OF THE GROUP (CONT'D)**(v) Experienced Management**

The Group is led by Chua Elsie and Zukarnine Shah bin Zainal Abidin who have invaluable experience in business management and property development (please refer to Section 10.2.2 for a write-up on their bio-data). Assisted by a capable team of experienced professionals, the management believes that it has positioned the Group as one of the leading players in the property industries of Johor Bahru, Johor Darul Takzim; Sepang, Selangor Darul Ehsan and Sungai Petani, Kedah Darul Aman.

(vi) Gearing

The Group's total bank borrowings is RM31.980 million as at 30 June 2003 and it plans to utilise RM17.0 million or 31% of the total proceeds raised from the Public Issue of RM54.0 million towards the repayment of bank borrowings after which the Group's total bank borrowing will be reduced to approximately RM14.980 million based on proforma balance sheet as at 30 June 2003 after the Public Issue. This augurs well for the Group's future financial performance as the Group will be less encumbered by the high cost of bank borrowings and will be able to save approximately RM1.36 million in annual interest savings assuming that interest rate is at 8% per annum.

The gearing ratio for the Group as at 30 June 2003 is 11.22% and the gearing ratio is expected to reduce to 4.47% after the repayment of the bank borrowings is made from the proceeds of the Public Issue. With its anticipated low gearing, the Group is expected to improve its borrowing capacity from financial institutions for expansion if the need arises in the future.

(vii) Quality Control

The Group constantly conducts quality control tests over all its properties. Each phase of development is monitored and supervised by a certified architect and engineers including work done on roads, sewerage, electrical wiring, communication linkages and landscaping. The Directors of the Company believe that the Group's emphasis on quality control provides the Group with a competitive advantage.

Materials used in Plenitude Group's projects are partially supplied via PNTMT, a subsidiary of PHSB, which acts as a central purchasing division to ensure that the materials used in the Group's projects are of high quality.

(viii) Employees

As at 31 August 2003, the Group employs a total work force of 156 employees. None of the employees of the Group is a member of any union. There has been no instance of strikes action by the employees since the Group commenced operations.

The breakdown of employees by categories is as follows:

Category of employees	No. of staff
Management	20
Technical	51
Clerical and general workers	85
Total	156

8. PROSPECTS AND FUTURE PLANS OF THE GROUP (CONT'D)

Apart from those hotel employees who work in the Tanjung Bungah Beach Hotel which was acquired by the Group in August 2001, most of the employees have been employed by the Group for approximately 2.5 years.

Further information on the key management of Group is set out in Section 10.4 of this Prospectus.

(ix) Training of staff

The Group plans to increase the quality of its staff with relevant exposure and expertise through investments in staff training, particularly in the fields of sales and marketing and recruitment. The Group believes in investment in people in order to fulfill its vision of becoming a leader in the Malaysian property market industry.

Contents of such training provided by the Group include training in electronic commerce, sales and marketing techniques, administration procedures, continuous improvement programs, quality control courses and hotel management courses.

Topics of the major training programmes drawn up for the year 2003 include, Result Team Building, Positive Attitudes at Work, Successful Presentations, Tax Management Seminar 2003 and IFCA Systems Programme Training.

(x) Application of e-Commerce

The Group has developed an interactive website for answering enquiries from potential customers and to provide information on new project launches and the Group's products. The Group is able to conduct business to consumer transactions via the internet so as to enable the Group to market houses by electronic commerce.

8.2 Future Plans of the Group

The Group's future plans are as follows:

(i) Implementation of planned development

The Group's success over the last six (6) years has been attributed to the development of Taman Desa Tebrau in Johor Bahru, Johor Darul Takzim; Taman Putra Prima in Sepang, Selangor Darul Ehsan and Bandar Perdana in Sungai Petani, Kedah Darul Aman.

The dates on which the Group's projects were launched and their expected completion dates are as follows:

Project	Date of Launch	Expected Year of Completion	Expected Duration for the Entire Project
Taman Desa Tebrau, Johor Bahru, Johor Darul Takzim	March 1997	2015	18 years
Taman Putra Prima, Sepang, Selangor Darul Ehsan	August 1999	2012	13 years
Bandar Perdana, Sungai Petani, Kedah Darul Aman	April 1996	2018	22 years
Changkat Kiara, Kuala Lumpur, Wilayah Persekutuan	September 2003	2008	5 years

Each project has been carefully planned to cater for the housing needs of the public in the respective areas. The planned developments are mainly focused on the development of residential units.

8. **PROSPECTS AND FUTURE PLANS OF THE GROUP (CONT'D)**

(ii) **Broadening of property investment base with recurring investment income**

At present, SYD, the Group's wholly-owned subsidiary, is involved in both property development, investment and hotel ownership. SYD has also retained several properties which it developed for the purposes of generating rental income.

It is the Group's objective to broaden its income base by investing in properties which provide steady recurring stream of income and hence reducing the Group's dependency on development income alone. In connection thereto, SYD acquired a three (3)-star beach hotel in Tanjung Bungah, Penang as a long-term investment. The Group plans to continue broadening its property investment base and to establish more recurring investment income by actively looking for opportunities in the market place.

(iii) **Venturing into property development at choice-locations**

The Directors of the Group are of the opinion that property development projects in good locations have the potential to weather economic recession better than those projects which are located outside the "preferred" area. The Group is constantly seeking for properties and/or development land which are in strategic location.

(iv) **Development of businesses related to the property industry and potential business ventures**

The Directors of the Group are constantly evaluating businesses that are related to the property development industry. They believe that venturing into businesses related to its core business would create additional value to its current operations. In line with this objective, PNTMT, a wholly-owned subsidiary of PHSB, has ventured into the business of trading building and construction materials.

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