

CSB LAND SDN. BHD.

Main Points

What we examined?

- CSB Land Sdn. Bhd. (CSB Land) is a special purpose vehicle (SPV) company owned by Cyberview Sdn. Bhd. (Cyberview). Cyberview is a Government-linked company regulated by the Minister of Finance (Incorporated) [MKD]. The establishment of CSB Land is to implement a mixed development known as the Laman View project in Cyberjaya, Selangor.
- Assessment on the CSB Land main activities cover two main areas, namely the performance and management of its main activities for the year 2020 until March 2023.
- In terms of activity performances, two aspects evaluated were achievements of output and outcome. Achievements of output were assessed based on physical development performance and the Laman View project sales performance. The achievement of outcome were evaluated by analyzing the performance of return on investment to CSB Land; returns to the Government; performance of dividend payment to Cyberview; and the satisfaction level of Laman View project buyer.
- The management activity encompassed two aspects namely implementation of the Laman View project and the management of the sale of subsidised housing units.
- Assessment on aspects of good corporate governance namely the Chairman; the Board of Directors (BOD); the Company Secretary; the Managing Director; the Standard Operating Procedures (SOP); the Strategic Plan and Key Performance Indicators; the Audit Committee; the Internal Audit; and the Nomination and Remuneration Committee for the year 2020 to 2022. Analysis of the financial position is carried out based on audited financial statements of the financial year ended 2019, 2020 and 2021.

Why is it important?

- Evaluate the achievement of CSB Land main objectives via the Laman View project development activities in Cyberjaya, Selangor is whether it was carried out efficiently and effectively, good corporate governance practices and the company's strong financial position.
- Implementation of the Laman View project in line with the mandate given to CSB Land through the Deed of Participation and Novation Agreement.

- For the period 2020 to 2022, CSB Land received a grant from Unit Kerjasama Awam-Swasta (UKAS) which is CSB Land's biggest income amounting to RM65.40 million (63.7%) of the total income.
- The Laman View project was first developed in 2014 and scheduled to be completed in 2023 which involves four phases with an overall estimated Gross Development Value of RM1.055 billion.

What we found?

- Overall, the objective of establishing CSB Land to acquire land for the purpose to build homes and buildings, which is to implement the View site project, has not been fully achieved.
- Based on the physical performance of the Laman View project, 60% has been fully completed which are Phase 1A, 1B, 2A, 2B, 3A and 3B while 10% is under construction which is Phase 3C. Another 30% of the entire development component has not yet started its construction with a delay ranging from 913 to 1,187 days. For the phases that are under construction and those that have been completed, the delay is between 25 to 587 days compared to the expected completion date.
- As of 2022, CSB Land has obtained returns through Minimum Guaranteed Amount (MGA) and Profit Sharing Portion (PSP) results amounting to RM59.92 million while the Government has obtained returns in the form of Government quarters buildings with a development value of RM36 million. In addition, there has been a delay in completing Phase 3B and Phase 3C whilst Phase 4 has not yet started, resulting in CSB Land still not obtaining MGA and PSP revenue estimated at RM118.37 million, as of 2022. The government quarters have also been handed over to the Real Estate Development Division, Prime Minister's Department for 306 days.
- Based on the questionnaire, the Laman View project received positive feedback and good reviews from buyers.
- The management of the company's activities related to the implementation aspects of the Laman View project is less satisfactory. Aspects related to the appointment of developer partner; as well as compliance of planning permission and building plans with the established rules. There is also non-compliance related to the aspect of government quarters construction management, monitoring and advance repayment to Cyberview. Subsidised unit sales management is efficient.
- CSB Land's financial position is less stable with accumulated losses as of 2021 amounting to RM28.95 million which causes dividends not paid to Cyberview.
- The company's corporate governance best practices are at a satisfactory level. CSB Land has practiced seven of the nine best practices elements of corporate governance namely the Company Secretary; the Managing Director; the SOP; the Strategic Plan and

Key Performance Indicators; the Audit Committee, the Internal Audit; and the Nomination and Remuneration Committee while the practice by the Chairman and the Board of Directors has not been fully practiced.

What do we recommend?

- Stakeholders need to give consideration to the following recommendations:
 - ensure the Laman View project is implemented and monitored according to the approved Master Implementation Plan amendment to avoid project delays that will affect the company's cash flow;
 - ensuring that the return on investment of RM118.37 million in the form of MGA and PSP are paid by developer partner according to the stipulated period as in the agreement;
 - make sure the interest fee is paid by the developer partner;
 - ensuring profit performance can be achieved so that dividends can be paid to the parent company, based on positive cash flow projections;
 - continuous monitoring of developer partner must be made to avoid delays in completing the project;
 - advance repayments to Cyberview, according to the specified period; and
 - ensure that significant decisions are discussed in the Board of Directors meeting and get the appropriate approval.