

REVIEW OF OPERATIONS

The Group is principally engaged in the following activities:

- Property development and management (“Property”);
- Electronic and mechanical contract manufacturing services (“CMS”);
- Manufacturing and sale of steel related products (“Steel”); and
- Investment holding, trading and others (“Others”).

(Financial Year Ended 30 June)	Revenue		Operating Profit/(Loss)	
	2018 RM Million	2017 RM Million	2018 RM Million	2017 RM Million
Property	101.5	259.1	66.5	55.0
CMS	182.8	164.0	19.6	14.6
Steel	–	–	(57.2)	(33.3)
Others (#)	1.6	0.3	11.3	9.4
	285.9	423.4	40.2	45.7

(“Operating profit/(loss)” refers to operating profit/(loss) before finance costs, impairment losses, share of results of joint venture and income tax expense)

(#) FY 2018: Included surplus of dissolution of a subsidiary of RM19 million
FY 2017: Included gain on disposal of land of RM16 million

Property Division

Located at Changshu City in Jiangsu Province in China, “D’ Venice Residence” is our main mixed development project on four pieces of contiguous land totalling 20.1 hectares. During the financial year, 153 units of high-rise residential apartment under Phase 2 and Phase 4 developments had been launched for sale with a take-up rate of approximately 62%. The property project had been affected by slow-down as compared to the previous year.

The Chinese Government has imposed stringent controls on end financing policies to control housing costs such as higher down payment sum, increase in interest rate and strict guidelines on housing loan withdrawal.

For the financial year under review, the Property Division reported a lower revenue of RM102 million. However, the Division posted a higher profit of RM67 million mainly due to the reversal of costs following the completion of certain phases of its development project.

CMS Division

Our CMS Division operates as an integrated one-stop original equipment manufacturer which provides electronic and mechanical contract manufacturing services specialising in sheet metal stamping, plastic injection moulding, printed circuit board assembly (“PCBA”) and turnkey box built manufacturing. The areas of focus are IT and electronic related components, enclosures for disk and tape data storage system, liquid crystal display tray console for data centers, musical instruments and PCBA boards used in tester handler equipment for semi-conductor industry, household related products and appliances including TV stand, microwave oven, home security alarm enclosure and components for washlet system. Our production facilities are located in Melaka, Malaysia and in Juarez, Mexico supported by an office in the USA to provide customer support services.

With regards to its financial results, the Division managed to stay profitable, registering a total revenue of RM183 million in the current financial year and operating profit of RM20 million.

Steel Division

The Group's steel operation which is located in Banting, Malaysia is undertaken by Lion DRI Sdn Bhd ("Lion DRI") which is involved in the manufacturing of direct reduced iron ("DRI"), a high quality ferrous charge material and a substitute for scrap used in the steelmaking process. The DRI plant has remained shutdown since 2016. The resumption of its operation will very much depend on the underlying market demand, prices of natural gas and DRI, and the availability of raw materials.

The loss recorded by the Division comprised mainly depreciation and administrative costs incurred during the shutdown period.