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People walking in front of a HSBC bank branch in Hong Kong. The UK-based bank is still considering moving headquarters abroad as British lawmakers pledge to raise taxes after the elections. — Bloomberg

## HSBC beats estimates on lower bad loans

**LONDON:** HSBC Holdings Plc, Europe's largest bank, said first-quarter profit increased 4%, beating analysts' estimates, as revenue at its securities unit rose and bad-loan provisions dwindled.

Pre-tax profit rose to US\$7.1bil from US\$6.8bil a year earlier, HSBC said yesterday. That beat the US\$5.8bil average estimate of five analysts compiled by Bloomberg. The investment bank reported a pre-tax profit of US\$3.04bil, up from US\$2.9bil, while provisions for souring loans fell 29% to US\$570mil in that period.

Chief executive officer Stuart Gulliver, 56, has been cutting costs and selling businesses to bolster earnings, while spending billions of dollars to boost internal compliance. He said the bank was still considering moving headquarters abroad as British lawmakers pledge to raise taxes after the elections.

"You never know what is the political positioning right now for this bank," said Chirantan Barua, an analyst at Sanford C. Bernstein Ltd in London. "I wouldn't go by what management has to say at the moment on domicile" before May 7 elections.

Adjusted revenue increased 4% to US\$15.4bil, while operating expenses rose 6% to US\$8.5bil. Profit rose to US\$5.3bil from US\$5.2bil a year earlier.

"Our business recovered well in the first quarter following a difficult fourth quarter," Gulliver said in the statement. The investment bank "had its usual strong start to the year" and "loan impairment charges were significantly lower" in Europe and North America, he said.

HSBC took a US\$139mil provision at the global private banking division, without giving details.

The lender has been embroiled in scandal over allegations its Swiss private bank helped drug cartels and arms dealers launder money, while advising customers on how to evade tax. HSBC also set aside US\$137mil for a UK customer redress programme. — Bloomberg

## New record

### Desmond Lim sets benchmark for high-end apartments

By **THEAN LEE CHENG**  
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**PETALING JAYA:** The Pavilion group is setting a record of sorts as it has priced its high-rise serviced residential units of its latest

project — the Pavilion Suites — along Jalan Bukit Bintang starting from RM3,000 per sq ft.

The 51-storey project comprises 383 one and two-bedroom service residences and offers 450,000 sq ft of retail space on a

gross floor area basis. On a net basis, this is expected to be about 240,000 sq ft.

The record price for the residential units comes as no surprise to some as it is being built on a half-acre parcel that created a

buzz in the property sector in 2010. That year, Urusharta Cemerlang Sdn Bhd, a company controlled by property magnate Tan Sri Desmond Lim, purchased

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## Cheapest units said to be going for more than RM3mil each

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the tiny strip of land from Singapore billionaire Kwek Leng Beng for a record price of RM7,209 per sq ft.

Kwek was also planning a high-end serviced apartment project on the land that is next to his Grand Millennium hotel. But Lim saw value because the land was strategically located in front of his landmark Pavilion KL shopping mall and residences.

According to property sector executives, the details of the number of units taken up so far have not been disclosed as the sales were only done on an invited basis.

"The cheapest units are going for more than RM3mil each and there are takers for them,"

said an executive.

The previous high for serviced residences in the heart of the city was for projects such as Ritz Carlton and The Four Seasons Place that were sold at between RM2,400 and RM2,800 over the last two years.

According to a purchaser, sizes of Pavilion Suites were limited with a choice of between 700 and 850 sq ft for a one-bedroom unit or 1,250 sq ft for a two-bedroom unit. The units are located in a squarish-like structure with the lift core in the centre.

It is learnt that the development would have two separate lobbies for the residential units and the retail portion. It will have two entrances, one in from Jalan Raja Chulan and another from Jalan Bukit Bintang.

At this juncture, it is not known if some of the branded names now located in Pavilion KL will be occupying the new retail space or new retailers will be entering the KL retail scene.

According to the Pavilion website, the plan is to have a "Big City Development", connecting several high-profile real estate such as Pavilion KL and its extension, Banyan Tree, offices and a hotel.

Pavilion Suites is being developed by Urusharta Cemerlang (KL) Sdn Bhd, a company controlled by Lim who is also the developer of Pavilion KL. Lim is executive chairman of Malton Bhd and chairman of Pavilion REIT.

Pavilion Suites, a trophy asset the likes of other branded residences — Four Seasons Place

and Banyan Tree Signatures Pavilion, to name two — will have a gross development value of RM1.2bil. It is estimated to be completed in 2017. Foundation works for the site was completed or nearing completion, said a source.

Lim is also behind Banyan Tree Signatures Pavilion which is being developed by Lumayan Indah Sdn Bhd on a 1.46 acres at the junction of Jalan Conlay and Jalan Raja Chulan, opposite Pavilion KL. Banyan Tree is expected to be completed in 2016. It comprises 441 private residences which have already been sold while its 51 serviced units and 50 hotel suites are not for sale.

The first nine storeys of the Pavilion Suites will be retail floors and the rest will house the 383 residential units.