



# Abandoned projects – Real Estate (P)lots

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**LAST** week's article ended leaving the reader (and *theSun*) anxious, knowing The Genting Valley Purchasers Group (referred to as "a/the member" hereafter) were formally meeting the Liquidators of their abandoned property project. Here is the summarised essence of the meeting which was held on Dec 10, 2013 at Seng Peng Hall in Wisma Chinese Chamber.

- Three meetings were held separately – for purchasers of Phases 2 and 3 at 9.30am; for purchasers of Phases 2A and 2B at 12.30pm; and for purchasers of Phase 1 at 3pm.
- Purchasers who queried about the meeting agenda earlier were told to attend and find out, which they did.
- After registration, the agenda included a briefing on the findings postulated by the liquidators and ended with other matters arising with no rehabilitation proposal being made.

### STILL UNRESOLVED

The outcome according to Saran Kaur, a member: "Each session covered in a generic sense the liquidation process and the role of the Liquidators. Findings were brief and restricted to estimates by unnamed consultants on the percentage of work required for the completion of each phase.

There was discussion on process S176, the Scheme of Arrangement under the Companies Act but there was no information on the nature of a proposal or a scheme for the rehabilitation of our plots. Although 'top-up' was referred to several times, no quantum was mentioned at any of the three meetings."

"For the future, no time line as to any action by the Liquidators was provided. The Liquidators confirmed that the Chargee Bank, Hong Leong Bank Berhad (HLBB), continues its consent to waive the redemption sums of Cash Purchasers paid to the Developer, Jade San Realty Sdn. Bhd. (in liquidation) but not passed by the Developer to the Bank". [This was, supposedly, part of the arrangements made between The Genting Valley Purchasers Group and the Bank in July 2010].

"Reference was made to seeking the High Court's consent to the Liquidators' scheme, whatever that may be. The Liquidators will then convene a S176 Creditors Meeting, where attendees will be asked to accept or reject the scheme on offer. The Liquidators said that there will be three schemes, each covering the phases according to the meetings."

### HOBSON'S CHOICE

Here is the stickler – "In response to a question by a purchaser, the Liquidators' legal consultant stated that... if no Scheme of arrangement could be agreed amongst the parties despite reasonable attempts, the Liquidators will be entitled to disclaim the Sale and Purchase agreements of the purchasers. In effect, the lands purchased would revert to the developer, Jade San Realty Sdn. Bhd. (in liquidation). The Liquidators will then be free to dispose the lands as they deem appropriate."

Removing all the complexities surrounding the issue, Saran asks if "this sounds at all fair? Is this what justice is about?"

### Opinion

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The simple truth is that this is just reported as one of the 49,641 cases of "delayed", "sick" and "abandoned" projects. These may seem just statistics gleaned from the local Ministry of Housing, but in reality, reflect the searing pain and tears of nearly 50,000 victims.

No updates for 2013 are available on the Ministry's website.

#### REALITY CHECK

Dr Mohamed Rafick Khan is the president of VICTIMS Malaysia, an association that fights for the interest of abandoned "building owners". He also heads the sub-committee of an abandoned project in Ukay Bistari that was launched in 2003, and is still pending completion today.

A victim himself, he estimates the number of abandoned houses to have crossed 61,000 in November 2013.

"Let's just say the average cost of a house is around RM150,000. We are thus, looking at a humongous RM9.15 billion problem. Besides obviously affecting the economy of Malaysia, this most directly affects the lives, dreams and security of several thousand families. It also reduces their disposable income," he opines.

Dr Rafick related the many obstacles he had to overcome from various "bodies" in order to set up VICTIMS Malaysia. This included KPKT which objected to the formation of the association through the Registrar of Companies (ROS) in the early years.

After a decade pursuing the property dilemma of PHUKB victims, they can finally see some light at the end of the proverbial tunnel. Owners of five of the six blocks of condominiums under the UK Bistari mixed development project finally received the keys to their home. The last block, where Dr Rafick's lot is, will soon be handed over.

"As the president of VICTIMS Malaysia, and having tried to help many other purchasers of abandoned properties, I feel sad to say that I have seen more failures than successes. The Ministry can call it whatever they want – delayed projects, sick projects, abandoned projects.

What the Ministry is trying to do is spread out the statistics to show a minimal number of abandoned projects. They are just manipulating the figures. Ironically, there are several projects that are delayed and sick, since the late 80s and mid 90s. Still, these have not been classified as abandoned."

"As the issue now is on abandoned projects, our attention should not only be on the buildings. We should simultaneously focus our attention on the economic implications thrust upon the affected families. The housing industry is a regulated industry. How can a regulated industry have abandoned housing projects, especially those that have been abandoned for years and/or decades?" questions Dr Rafick.

Tan Koay Lye is owner and victim of an abandoned property project. He and others bought into The Legend Farmstead, a 667-acre development project in Batang Kali under Peninsular Park Sdn Bhd, a subsidiary of Metroplex Berhad. They waited out more than two decades for some form of closure or reasonable rehabilitation proposal.

Finally, being compensated with a pitiful 40 sen per sq ft for land which they acquired 20 years ago @ RM4 per sq ft. Even discounting the price inflation, Tan equates this with "daylight robbery".

"What has happened to justice and integrity? Is there any "body" protecting the rights and interests of property purchasers in Malaysia, both locals and foreigners? Is this what the National Land Code equates to?" he asks.

*\* Follow our column next week on more abandoned property projects, including views on what can and should be done to settle backlog cases and prevent recurrence.*

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