



Growth catalyst for Sandakan

Ireka Corp Bhd's Sandakan Harbour Square, a seafront urban renewal development, has brought social, economic and cultural transformation to Sabah's second largest city, says executive director Lai Voon Hon. But a lot of the project's success hinges on the people changing their mindset. See story on Page 4.

Bringing back Little Hong Kong of the East

BY ROSALYNN POH

We arrive in Sandakan, Sabah, on a Saturday morning after a 2 hour 45 minute flight from the Kuala Lumpur International Airport. Situated in northeast Borneo, the town is 40 minutes by flight or a five-hour drive from Sabah's capital Kota Kinabalu.

Sandakan is the second largest city in Sabah with an estimated population of 223,000, according to the Sandakan Municipal Council website. Its economy is agriculture-based (oil palm), although the state is also famous for eco-tourism and wildlife conservation.

On our way to Sandakan Harbour Square (SHS) from the airport, we pass wooden settlements interspersed with modern housing estates. It feels like time has stood still in the older part of the town with its ageing wooden shophouses packed with sundry goods and old kopitiam with faded signboards but shabbiness aside, this is where all the activity is.



The scenery gradually changes and once we reach SHS, the difference between the old and new is stark indeed.

The almost 12-acre SHS is a seafront urban renewal development with reclaimed land in some parts. It is being undertaken by ICS Development Sdn Bhd, a subsidiary of Aseana Properties Ltd, which in turn is an associate company of Ireka Corp Bhd. Another Aseana subsidiary — Ireka Development Management Sdn Bhd (IDM) — is managing the development. In 2007, Ireka Corp had initiated the set-up and listing of Aseana Properties on the London Stock Exchange to expand its property development business in Malaysia and to begin new projects in Vietnam. Ireka Group is known for its high-end projects in Kuala Lumpur, including Seni Mont'Kiara, I-ZEN@Kiara 1, 1 Mont'Kiara, Tiffani by I-ZEN, Kiaraville and I-ZEN@ Villa Aseana.

SHS is the group's flagship project in Sabah with the Sandakan Municipal Council as its joint development partner. Its first project in the state was a 26-acre residential development known as Luyang Perdana in Kota Kinabalu, which was launched in 2003.

SHS, which has a gross development value of RM510 million, comprises a 3-

storey central market building (including a fish market and a fishing jetty), a town square and esplanade (1.5km waterfront esplanade), 68 three and four-storey shopoffices, a five-level shopping mall with a multi-storey car park (980 bays), a 300-room hotel and a convention centre. The shopping mall, named Harbour Mall Sandakan, the hotel Four Points by Sheraton Sandakan and the convention centre are all housed in a 27-storey building.

The mall and hotel make up the final phase of SHS, which its developer and the state government hope will be the catalyst for Sandakan's growth. The entire project took about ten years to complete.

A gala dinner was held recently to celebrate the opening of the mall and hotel. The guest of honour at the lively affair, the venue of which was decorated like a tropical jungle, was Sabah Chief Minister Datuk Seri Panglima Musa Aman.

For Sandakan, Harbour Mall is its first modern shopping destination while the Four Points by Sheraton Sandakan hotel is its first international hotel. A local

resident excitedly describes the hotel as "simply fantastic!"

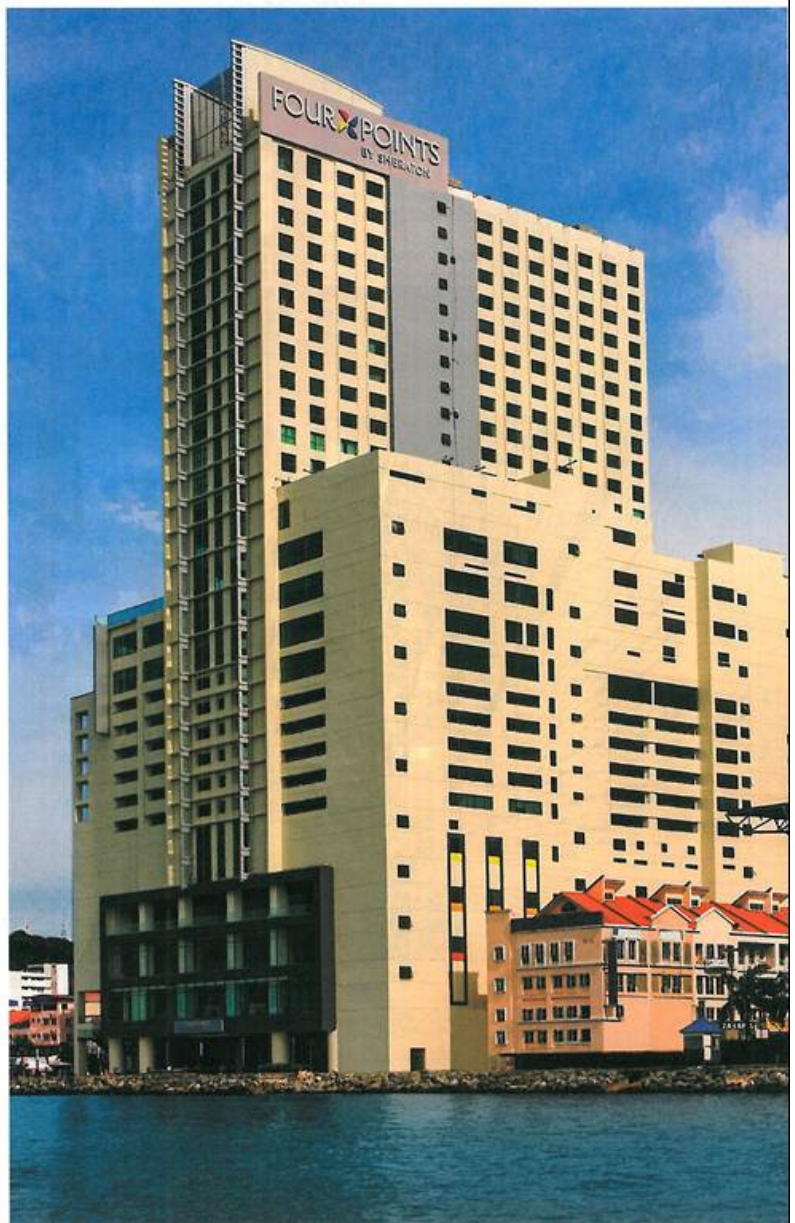
"Our journey here so far has been eventful and rewarding. We have completed the project slightly ahead of schedule. Sandakan Harbour Square is a landmark development in Sabah and maybe even the region. The development is transforming Sandakan town," Ireka Corp's executive director Lai Voon Hon tells *City & Country* on the sidelines of the gala dinner. Lai is also the president and CEO of Aseana as well as the managing director of ICS Development.

Sandakan was the capital of British North Borneo during the colonial era and in its heyday was called the Little Hong Kong of the East.

Be that as it may, Lai says old habits die hard. "The people here are used to going to the shophouses for their needs, so it is all about changing their habits or rather their shopping experience. The spending power is there for sure, but there is a need to introduce a more modern lifestyle here," he says, referring to the mall.

Harbour Mall has a net lettable area of about 200,000 sq ft and its current tenants include The Body Shop, Parkwell, McDonald's and Guardian Pharmacy.

"We may not have convinced every-



Above: The building that houses Four Points by Sheraton Sandakan and Harbour Mall

Left: Sabah Chief Minister Datuk Seri Panglima Musa Aman with Lai at the gala dinner

one yet, but we are halfway there. The occupancy of the mall is about 43% and by year-end, we expect it to reach 55%," says Lai.

"Those who remember the town centre before Sandakan Harbour Square will know the huge transformation this project has brought to Sandakan in terms of social, economic and cultural impact.

"Gone are the days when the town centre was a backwater where people did not feel safe at night. There were no restaurants, no shops along the harbour or promenade to admire the beautiful sunsets in Sandakan Bay."

The town square will soon feature a beautiful sculpture, the design of which won a nationwide art competition this year. The designer is an arts lecturer in Kuala Lumpur.

"Today, SHS is vibrant from morning to night. Tourists and locals come to visit the fish market as early as 3am, I am told," Lai says in his speech at the dinner.

Construction work on SHS had commenced in January 2004.

Lai is optimistic about Sabah's real estate sector. He attributes this to the growth in the tourism sector and is looking at more development opportunities here. "We have had requests to under-

take more redevelopment projects, but we have yet to embark on any. If a right opportunity comes our way, we will grab it. What is most important is the location and our partner," he says.

Aside from an abundance of fresh seafood, Sandakan is famous for its eco-tourist attractions, including the Sepilok Orang Utan Sanctuary, which is just 30 minutes from Sandakan Harbour Square the Sandakan Heritage Trail as well as Kinabatangan River. Visitors come to see the pygmy elephants and visit the Labuk Bay Proboscis Monkey Sanctuary, Gomanong Caves and Turtle Island. There is also the Bornean Sun Bear Conservation Centre beside Sepilok that is scheduled to be opened to the public next year.

"I believe there is a lot of potential for tourism growth in Sabah. The state has everything from the highest peak in the country — Mount Kinabalu — to Sipadan one of the top diving sites in the world. It has an abundance of natural attractions and is one of the most developed eco-tourism international destinations. There is a need for international hotels here too. We hope Sandakan becomes an international gateway soon as it will help boost foreign investment and the overall economy," says Lai.