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Shopping paradise in the making

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THE folks at Sriwani Holdings, a main-board listed company, pride themselves on being the 'perfect host'. So they spared no effort in ensuring that everything was shipshape at their first hotel, the five-star 400-room Eden Garden Hotel at the Johor Baru Duty Free Complex - especially as Prime Minister Datuk Seri Dr Mahathir Mohammad was one of their guests.

He was there to launch the complex, popularly known as ZON (for Zon Bebas Cukai). Situated just two kilometres from the Johor Baru-Singapore causeway, ZON aims to attract mainly Singaporeans, Johor residents and international travellers passing through the republic's Changi Airport on their way to Malacca, Desaru or other Malaysian destinations. Built at a cost of RM300 million by Kelana Megah Sdn Bhd, a subsidiary of Sriwani, ZON is the only integrated duty-free complex in Malaysia and has under its roof the Customs, Immigration and Police departments.

ZON is sited within a 17-acre fenced-up area where all goods and services are free of customs duty, excise, and sales and service tax. But anyone who leaves the zone by land is subject to being taxed on dutiable goods purchased there. This is to prevent buyers from unloading their goods in Johor, thus avoiding duty, instead of heading straight for the Causeway checkpoint.

To make it easier for bona fide shoppers to gain tax exemption, ZON's management is toying with the idea of allowing them to despatch the goods they buy in ZON directly to the Customs checkpoint to be collected on their way out of the country. Says Abdul Razak Ejab, manager of Sriwani Tours & Travel Sdn Bhd (STT): 'This is quite a common practice among duty-free companies located in town centres away from the country's entry and exit points.' The costs of such a move, however, could be prohibitive: additional manpower and resources would be needed at the checkpoint. But foreigners who take the ferry from Singapore or Indonesia for a return trip to ZON are exempt from duty; Malaysians must have been out of the country for at least 72 hours to qualify for exemption. STT operates the ferry service whose terminal connects directly to the shopping complex via a covered walkway.

The ferries - air-conditioned, high-speed catamarans - operate to and from Batam and Bintan islands in Indonesia, Tanah Merah Ferry Terminal in Singapore and Tanjung Belungkor in south-eastern Johor. A return ticket ranges between RM10 and RM105. Future destinations, says Abdul Razak, include Kota Tinggi and Pulau Sibul, both in Johor; and Tanjung Balai in Karimun, Indonesia.

The four-level shopping complex covers 30,000 sq metres and is spacious and airy. Since its soft launch in August 1997, ZON has reputedly attracted some 800,000 visitors, 60 per cent of whom are Malaysians, says Tuan Haji Razak Yahya, executive director of Sriwani Holdings Bhd.

The shops display the usual range of consumer goods: designer labels, videos, gifts, chocolates, electrical goods, shoes, watches, jewellery, and a Delifrance outlet, among others. The fourth floor, which connects to the ground floor of the hotel via an escalator, is targeted at bargain shoppers with goods sold at bazaar prices.

A Sriwani leaflet lists what is dutiable and what is not. Tax-free goods include fountain pens, cigarette lighters (except plastic), books, newspapers and journals, perfumes, cosmetics and skincare products,

manicure preparations, portable radios with sound recorder or reproducers weighing less than 10 kg, watches and clocks, and carpets made of jute. For all other articles, duty of 30 per cent ad valorem is payable. These include carpets not made of jute, chocolates, calendars, textile articles and most electrical goods.

Sriwani's own department store occupies more than half the total retail space, but the selection is not extensive. Law Teng How, general manager of Cergasjaya Sdn Bhd, which manages the store, explains that because of the ringgit's depreciation, they have been very cautious about importing too much. 'Prices of imported goods have jumped by 15 to 40 per cent,' says Law. 'But when the situation improves, we will definitely increase our order and selection.'

Stocks of local products have been increasing, however. They now account for more than 60 per cent of the goods sold, up from 50 per cent previously. Local products sold in ZON are exempt from the 10 per cent sales tax.

Why do the duty-free stores, which many people consider as upmarket, carry a lot of goods catering to the middle-income group?

'We want to cater to all classes,' says Law. 'We want to attract local folk too. Since goods in Johor are more expensive than in the rest of the country, we want to provide a place where Johoreans can have a cheaper alternative.'

The entertainment complex is actually a refurbished old ferry brought all the way from Penang. The grand old dame is now anchored at a pier fronting the main building of the complex. Originally a double-decker, the makeover has added two more floors to accommodate a disco lounge, a Chinese seafood restaurant and a karaoke lounge.

Every time, a catamaran passes by, the ferry moves slightly. How you respond depends on whether you have your sea-legs; I suspect, however, that some people like the occasional rocking sensation. Is this why Sriwani describes the restaurant as 'the most exciting' in Southeast Asia? All things considered, does Sriwani live up to its billing as the 'perfect host'? For RM168+ per night inclusive of breakfast and a 'promise that you will be treated like royalty', you could hardly do better than to find out for yourself.

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