

MAHB sticks to stand on KLIA2 delay

> Airport operator insists it will seek damages from contractors who breached obligations

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KUALA LUMPUR: Malaysia Airports Holdings Bhd (MAHB) has taken pains to reiterate its stand to seek damages from contractors who have breached their contractual obligations, even as one of its main contractors, Bina Puri Holdings Bhd, says it is confident it will not be made to pay.

In a rare show of defence, MAHB said in a statement late yesterday that it maintains its stand on imposing liquidated ascertained damages (LAD) on tardy contractors.

Bina Puri COO for contracts and administration We Her Ching said the group is in the process of applying for an extension of time due to additional works that need to be carried out.

He said that as at May 2013 the physical progress of the project, which was supposed to be completed on June 15, was 93% complete.

"It may take a few (more) months to complete, possibly September or October. We're almost there. Now we're tidying up and doing finishing works," said We.

Bina Puri is one of the main



Matthew Tee



We Her Ching

contractors for KLIA2, together with joint-venture partner UEM Construction Sdn Bhd. Bina Puri's portion is worth RM997 million involving the main terminal, satellite building and piers.

Bina Puri executive director Matthew Tee said "We believe we have grounds for the extension of time without incurring LAD".

He said this in response to a question on MAHB's plan to impose LAD on defaulting contractors over the delay in constructing KLIA2, which was slated to open on June 28, 2013.

Asked if Bina Puri was the contractor responsible for the delay, Tee said MAHB was looking at all parties.

"They (MAHB) never specified (the LAD) to us only, so it's generally wide.

Now they've to look back at the contracts issued and see who contributed to the delay and why," he told reporters at a briefing for media and fund managers here yesterday.

He said there were changes made along the way, in terms of scope of work that required the extension of time.

Tee cited the decision to use aerobridges at KLIA2 as one such example of when contractors were made to wait while it was deliberated on. In addition, it involved other factors, such as carrying out testing and commissioning.

Meanwhile, the group is gearing up to launch property projects worth RM2.5 billion in gross development value over the next five years, which cover mainly the Klang Valley and Sabah.

"It's our conscious effort to build recurring income business and not rely on construction sector because it is cyclical. We believe that with the property and power divisions coming in, we won't be too inclined to take up projects that are not so profitable," said Tee.

The group is expected to sustain its growth momentum in the financial year ending Dec 31, 2013 through its unbilled orderbook from domestic and overseas market, which stood at RM1.68 billion as at May 30, 2013, which will provide a steady income stream over the next two to three years.

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