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Bina Puri Holdings Bhd  
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## Bina Puri plans farmstead project in Pahang

BY JOSE BARROCK

Construction-cum-development outfit Bina Puri Holdings Bhd is firming up the master plan for a farmstead project in Bentong, Pahang, under which owners can visit theirs at the weekends to cultivate the land and engage in healthy living. The master plan is slated to be completed by the fourth quarter of this year.

"We bought the land at a good price, so we can do something like this (farmstead) ... the selling point is that it will be an eco-friendly development located just about an hour out of Kuala Lumpur," says Bina Puri executive director Matthew Tee Kai Woon. In February, Bina Puri announced the acquisition of some 1,600 acres in Bentong for RM47.5 million, which works out to less than RM30,000 an acre.

According to Tee, a river flows through the area, so Bina Puri merely has to make diversions to ensure that more of the land is beautified and more owners have access to the river. "This is something different. We are not putting all our eggs in one basket. Not all developments have to be in Iskandar Malaysia, Johor, or in Kuala Lumpur," he remarks.

According to Bina Puri's announcement to Bursa Malaysia, the gross development value of the land is



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RM279 million and "the purchase consideration was funded by a combination of internally generated funds and bank borrowings of RM38 million".

It was also announced that Bina Puri's gearing will increase to almost 3.2 from just below 3 times now.

As at end-December last year, Bina Puri had cash and bank balances of RM61.1 million and deposits with licensed banks of RM10.8 million. On the other side of the balance sheet, the company had short-term borrowings of RM409.9 million and long-term debt commitments of RM208.7 million. It is also noteworthy that Bina Puri will take on an additional RM38 million in borrowings for the acquisition of the 1,600 acres.

For the year ended Dec 31, 2014,

Bina Puri paid RM15.5 million in finance costs, in contrast to its net profits, which was RM6.1 million on the back of almost RM1.1 billion in revenue.

Given its high gearing, Bina Puri has been raising capital via a private placement of 37.4 million new shares or 20% of its enlarged issued and paid-up share capital. This followed a reduction in its issued and paid-up capital via the cancellation of 50 sen of the par value of RM1 shares in December last year.

Earlier this month, a third tranche of almost 4.3 million shares was issued at 51.5 sen apiece. The first tranche of almost 7.5 million shares was issued at 50 sen in early January and another tranche of 15 million

shares at 50.5 sen was issued at the end of February.

Tee is not worried about the high gearing, saying that the company already has strategic investors for the farmstead project, which is a long-term play. "Like in all our developments, we have strategic investors in place. The only thing we have to do is build some of the infrastructure — ensure there is water and electricity. The main access roads are already built," he says.

Via Aksi Bina Puri Sdn Bhd, Bina Puri owns 70% of the land, with the remaining 30% equally divided between private companies Wealthy Terrace Sdn Bhd, Kochbil Corp Sdn Bhd, Resintech Plastics (M) Sdn Bhd and Valiant Plus Sdn Bhd.

A check with the Companies Commission of Malaysia indicates that Wealthy Terrace is equally owned by Ng Lui Keng @ Ng Joo Keng and Tan Wang Tiang, while Kochbil Corp is equally owned by Ooi Thian Huang and North Port Bulk Services Sdn Bhd. Resintech Plastics is wholly owned by Resintech Bhd, a company controlled by Datuk Dr Teh Kim Poo. Valiant Plus is owned by Lim Boon Siong (90%) and Lim Boon Han (10%).

Ng and Tan are familiar names in Corporate Malaysia. They used three private companies — Perintis Harmoni Sdn Bhd, Emerald Profile Sdn Bhd and Saujana Tertib Sdn Bhd — to purchase 15% in Road Builder

(M) Holdings and flipped it to IJM Corp Bhd, leading to the takeover of Road Builder in 2006. In March 2013, Sime Darby Motors Sdn Bhd, a unit of plantation giant Sime Darby Bhd, acquired Timeless Diamond Sdn Bhd from the two men for RM2.

North Port Bulk Services is understood to be linked to the Chia family that controls QL Resources Bhd.

While Bina Puri may have secured strong partners for the farmstead development, it is worth noting that more than 83% of its revenue for FY2014 was from construction, while property development accounted for only slightly more than 10%.

Nevertheless, the company's property division registered a profit before tax of RM67.6 million for FY2014.

In the notes accompanying its financials, Bina Puri says its 50%-owned unit KL-Kuala Selangor Bhd, which operates the Latar Expressway, incurred a loss of RM45.2 million in 2014, largely due to finance costs of RM64.8 million incurred during the year, which dragged down earnings.

As at end-March, Bina Puri had a construction order book of RM2.1 billion, which should keep the company busy for the next two years, at least.

Bina Puri closed last Thursday at 57 sen, giving it a market capitalisation of RM114.5 million. The only research house that covers the stock is TA Securities, which has a "buy" on it, and a target price of 67 sen. ■