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I-Bhd's 8Kia Peng hits 'rocky ground'

> Group tweaks marketing plan after sales of condo hit by China's capital controls

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SHAH ALAM: I-Bhd is reworking its marketing plan for 8Kia Peng in Kuala Lumpur as sales have been affected by China's capital controls, said deputy chairman Datuk Eu Hong Chew (*pix*).

The condominium project is 17% completed and the take-up rate is only 10%. The group was initially banking on institutional buyers, especially from China, whose commitments have been affected by funding issues.

"The current funding restriction from China has affected sales. We are relooking the sales and marketing plan to go back to the market more aggressively in the second half of this year," he told reporters at I-Bhd's AGM yesterday.

Eu said the group has the resources to complete the project and demand is still there, and it will not sell the project at a discount despite receiving offers for an en bloc deal at a discount.

"8Kia Peng was developed with a view of targeting the international community, working with the MM2H (Malaysia My Second Home) programme. At that time, we had very significant interest from China. If there was something that we didn't do very well, it was that we focused a lot on that particular market segment.

"Now that the segment has not been so encouraging, we have to go back and start all over again with a different market segment. But it is still focused on the international community," Eu said.

During the launch in March last year, the group had indicated that 70% of sales would be to buyers from China, Hong Kong and Singapore. However, China implemented capital controls late last year to curb fund outflows and to stabilise its currency.

Meanwhile, I-Bhd is confident of achieving RM500 million revenue a year from property development by 2018 and expects to see double-digit growth in revenue from this segment in 2017.

Eu said this is achievable with its unbilled sales of almost RM600 million – with RM300 million worth of properties available for sale in Shah Alam and new projects in the pipeline. The group expects RM8 billion of gross development value (GDV) to come on stream over the next 10 years.

"The RM500 million a year is not a big issue because if you add up the pipeline, unbilled sales and so on, we have easily more than RM1.5 billion of properties," he said.

At its i-City project in Shah Alam, the group has maintained sales at RM300 million per year and is confident of achieving RM300-RM400 million sales this year. The project will take another 10-15 years to complete.

Planned new launches include the RM123 million Hill 10 Residence in mid-2017 and the RM559 million Converge and RM230 million smart office project next year.

"We are now working on plans for 2019 onwards including a number of high rise developments comprising a five-star hotel, medical hub, institution of higher learning and one tower for senior citizens. These are still at design stage," he said. The plans have a GDV of about RM4.4 billion."

For property investment, I-Bhd is targeting a portfolio worth RM1 billion by 2020 with a 5% rental yield. For the leisure segment, it is targeting RM100 million revenue per year at 7% return on net assets.

Eu said the group is working with a number of financing institutions to address lending issues. In 2015, the group submitted RM688 million loan submissions but only RM319 million were approved. Last year, it submitted RM852 million loan submissions with RM313 million approved.

Berjaya Assets ups stake in 7-Eleven for RM10.74 million

PETALING JAYA: Berjaya Assets Bhd's (BAssets) 100%-owned subsidiary Sublime Cartel Sdn Bhd acquired a 0.60% stake in 7-Eleven Malaysia Holdings Bhd in the open market on April 27 and 28 for RM10.74 million cash or at an average price of RM1.61 per share.

Following the acquisitions, the BAssets group now holds about a 2.22% stake in 7-Eleven.

The acquisitions were funded from internally-generated funds of the BAssets group and/or borrowings. There are no other liabilities to be assumed by Sublime or BAssets arising from the acquisitions. The acquisitions enabled BAssets to increase its investment in 7-Eleven.

"The acquisitions have no effect on the issued and paid-up share capital or major shareholders' shareholdings of BAssets and are not expected to have any material impact on the net assets, earnings and gearing of the BAssets group for the current financial year ending June 30, 2017," BAssets said.

The audit and risk management committee of BAssets is of the opinion that the acquisitions are fair, reasonable and on normal commercial terms. In addition, the committee is also of view that the acquisitions are not detrimental to the interest of the minority shareholders of BAssets.

Westports to bid for Sri Lanka terminal job

PETALING JAYA: Westports Holdings Bhd said it is bidding for Colombo Port's new terminal in Sri Lanka.

In response to news reports on the bidding, the group said it had submitted an expression of interest to participate in the consortium bidding for the new terminal, noting the consortium bidding is an ongoing process.

Westports said it will make the appropriate announcements to Bursa Malaysia Securities Bhd in accordance with the Main Market Listing Requirements, "as and when there are material developments on this matter".

It was reported that the group is working in a consortium of six companies led by Sri Lanka's Hayleys PLC to jointly bid for a contract to build a terminal in Sri Lanka. The other four consortium members include Mitsui Corp, Mitsubishi Logistics, NYK, and Tata Realty and Infrastructure Ltd.

The terminal project is estimated to cost between US$550 million (RM2.37 billion) and US$600 million (RM2.6 million).

Westports closed lower 2.8% or 11 sen at RM3.84 yesterday, with some 10.81 million shares traded.

Tender to set up KL-S'pore HSR assets firm out by year-end

KUALA LUMPUR: The government will call for a tender by year-end to set up a privately-financed asset company (AssetsCo) for the Kuala Lumpur-Singapore High Speed Rail (HSR) project, said MyHSR Corporation Sdn Bhd CEO Mohd Nur Ismal Mohamed Kamal.

This will be the first tender given out for the HSR project.

AssetsCo will be responsible for the design, build, finance and maintenance of rolling stock, and to design, build, finance, operate and maintain rail assets such as track work, power, signalling and telecommunications.

"We are transitioning from the development phase to the implementation phase where we have hired our civil reference designers and consultant adviser for the system site (railway system) jointly with Singapore.

"We are working hard towards the procurement stage, which will be the start of the construction phase, and for AssetsCo, we are targeting by end of this year," he told reporters on the sidelines of the "Third HSR Symposium in Malaysia" yesterday.

Also present were Land Public Transport Commission (SPAD) chairman Tan Sri Dr Syed Hamid Syed Jaafar Albar and Japan's Minister of Land, Infrastructure, Transport and Tourism Keiichi Ishii.

Mohd Nur Ismal said MyHSR is currently evaluating the civil construction of the project and would propose the best approach to manage the work scope to the government.

He said the decision on the project delivery partner would be announced in the first quarter of next year, soon after calling the tender for AssetsCo.

Asked on funding for the civil infrastructure, he said the company is in the midst of identifying the best solution including an option to raise financing via sukuk.

"Let the government decide (on how to finance the HSR project)," he said.

Taking public infrastructure projects in Europe as an example, he said most of the capital expenditure (capex) would be provided by the government.

"The rail company actually has to take care of the operating cost, whereby they don't have to pay for the capex. They will contribute, but not expected to pay for the full capex.

"So when financing is structured that way, its viability is much shorter and easier," he said.

Asked on the possible fare, Mohd Nur Ismal said this had been enshrined in the bilateral agreement signed between Malaysia and Singapore last year whereby both countries agreed to adopt the unregulated fare structure.

In the fourth quarter of this year, Malaysia will issue the international tenders for the systems to be chosen for the HSR.

Japan has expressed its interest in the project that is estimated to cost between RM60 billion (US$13.6 billion) and RM65 billion (US$14.7 billion). – Bernama

Ancom partners MPay to promote e-payment service

PETALING JAYA: Ancom Bhd is partnering with ManagePay Systems Bhd (MPay) to set up a joint venture (JV) company to acquire cross border electronic payment services in Malaysia for the promotion of the Malaysian tourism industry to Chinese tourists.

Ancom and MPay are expressing their intention to collaborate for the set-up of a JV company for the proposal of leveraging on MPay's subsidiaries' capabilities to operate electronic payment system and merchant aggregator business consented by various authorities, which is capable of providing merchant acquisition services nationwide, deploy quick response (QR) code scanner or two-in-one smart point-of-sales (POS) terminal, and provide support services to merchants.

MPay, as a merchant aggregator, also possesses the necessary electronic commerce market place development technology and capability to power a business-to-business-to-consumer (B2B2C) travel portal for the Malaysian travel and entertainment industry, inclusive but not limited to travel related products and services or tour packages targeting all tourists, in particular Chinese tourists from China.

"The proposal will enable the company to expand its earning base and diversify into new business," Ancom said in a stock exchange filing yesterday.

Upon signing the term sheet, the parties will proceed to define and agree on the detailed program mechanics, implementation work plan and incorporating technology implementation phase. Next it will finalise and sign the contractual JV agreement for the proposal, followed by deploying resources and commence implementation to launch services within a timeframe to be agreed upon.

In the event that both parties do not execute a JV agreement by the expiry of the initial term or extended term, this term sheet will lapse.

F&N earnings up 18.2% in Q2, thanks to Thai unit

PETALING JAYA: Fraser & Neave Holdings Bhd's (F&N) net profit for the second quarter ended March 31, 2017 rose 18.2% to RM107.08 million from RM90.57 million a year ago, mainly thanks to its Thailand segment that was aided by favourable milk-based commodity and packaging costs.

The group's revenue eased 2% from RM1.01 billion to RM992.74 million compared to the same period last year.

It has proposed to declare an interim dividend of 27 sen per share amounting to about RM99 million.

For the six months period, F&N's net profit fell 3.3% to RM234.36 million from RM242.23 million a year ago, while revenue was flat at RM2.08 billion.

Moving forward, F&N CEO Lim Yew Hoe said the group will continue to ramp up exports while accelerating its transformation program ahead of the conclusion of its current financial year.

"Our first half performance in Malaysia reflects the current state of economy with continued weak consumer sentiment, rising consumer price index and intense competition. It also reflects the additional costs incurred in the implementation of the transformation program and the harmonisation of our distribution system," Lim said.