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## Scientex buys Johor land for RM123.64m

BY ANETTE APPADURAY

KUALA LUMPUR: Scientex Bhd is buying two parcels of land in Kulai, Johor, measuring 121.1967 acres (49.05ha) from Singapore-based Lee Rubber Co (Pte) Ltd for RM123.64 million cash.

The proposed acquisition would be a strategic investment opportunity to increase and boost the company's existing land bank at a strategic location, said Scientex.

In a filing with Bursa Malaysia yesterday, Scientex said its wholly-owned subsidiary Scientex Quatari Sdn Bhd had entered into a sale and purchase agreement with oil palm estate owner Dahlia Utama Sdn Bhd, a wholly-owned unit of Lee Rubber, for the proposed acquisition.

It added that the land is located in close proximity to the company's existing townships, namely the 250-acre Taman Scientex Senai and 326-acre Taman Pulai Mutiara.

"The proposed development will enable the company to tap operational efficiencies and generate better margins through economies of scale to be achieved dur-

ing project implementation," said Scientex.

"The land is proposed to be developed into a mixed property development. However, it is currently too preliminary to ascertain the exact total gross development value, development cost, expected commencement and completion dates of the development, and expected profits to be derived from the development of the land," it added.

There was no valuation carried out by Scientex for the land and as such, it was unable to disclose the vendor's net book value of the land as the information was not privy to Scientex.

Scientex said it plans to fund the proposed acquisition by internal funds and bank borrowings.

Barring any unforeseen circumstances and subject to conditions precedent and approval from the Estate Land Board, the proposed acquisition is expected to be completed in the second half of 2017.

In a separate statement yesterday, Scientex managing director Lim Peng Jin (*pic*) said: "This acquisition is a new opportunity of growth for us, allowing Scientex to

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extend our expertise in providing affordable properties to cater to a larger population in Johor.

"More importantly, it also reiterates the group's financial strength and continued aspiration even in the tough economic climate," he added.

The proposed acquisition will bring Scientex's total land bank to 2,400 acres, which will keep it busy for the next 10 to 15 years.

Currently, Scientex has ongoing projects worth RM1.6 billion, consisting mainly of five townships in Johor (Pasir Gudang, Kulai, Skudai, Senai, Pulai) and a mixed development in Melaka.

For the financial year ended July 31, 2016, the property development segment contributed RM652 million in revenue, making up 30% of the group's revenue. The balance was derived from the manufacturing segment, comprising consumer and industrial packaging for local and international markets.

"Scientex remains committed to upholding our twin engines of growth in manufacturing and property. We have just concluded a RM450 million capital expenditure exercise over the past three years to expand the annual capacity of our consumer packaging business from 30,000 tonnes to 156,000 tonnes by 2017," said Lim.

"We will always be on the lookout to enhance prospects for both segments well into the future," he added.

Scientex shares closed up six sen or 0.9% at RM6.70 yesterday, bringing a market capitalisation of RM3.12 billion.