

# Scientex makes another major land purchase

## Indirect unit to buy six parcels in Kulai for RM299.8mil

### PROPERTY

**KUALA LUMPUR:** Scientex Bhd's indirect subsidiary Scientex Lestari Sdn Bhd has entered into a conditional sales and purchase agreement with Seriemas Development Sdn Bhd.

The deal is for the proposed acquisition of six parcels of freehold land in Mukim Senai in Kulai, Johor, for RM299.84mil.

In a filing with Bursa Malaysia, the group said it plans to develop the tracts of land, measuring a combined 550.67 acres, into a mixed-property development comprising about 7,000 affordable houses.

According to Scientex, it will fund the proposed acquisition via internal funds and bank borrowings. The acquisition is expected to be completed in the first half of 2024.

On its rationale, Scientex said the purchase will allow it to boost its existing land bank at a reasonable cost.

Meanwhile, the proximity between the group's existing developments and the development of the land parcels will enable it to generate better operational efficiencies through greater economies of scale during project implementation.

"The land bank expansion is also in line with Scientex Group's goal to build more affordable homes to meet its objective of completing 50,000 affordable homes nationwide by 2028.

"The land parcels are expected to provide a steady and sustainable property development model as Scientex Group continues to focus on affordably priced landed properties where demand remains firm and resilient," it said.

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Scientex Bhd

Scientex added that the acquisition is not expected to have any material impact on its earnings, net assets and gearing for the financial years ending July 31, 2023, and July 31, 2024.

Last week, Scientex announced that it had acquired 959.72 acres of freehold land from S P Setia Bhd in Tebrau, Johor Baru, for RM547.7mil.

Scientex intends to launch a mixed township development on the newly acquired land, with about 12,000 affordable homes to be built. The project's gross development value is yet to be determined.

RHB Research in a recent report said it was upbeat on Scientex's Johor land acquisition, as the land bank expansion would provide better economies of scale for the group's property segment and would bode well for its plan to complete 50,000 affordable houses by 2028.

For its third quarter ended April 30, 2023, Scientex's net profit was at RM109.78mil, up from RM88.33mil a year ago, for an earnings per share of 7.08 sen.

The group reported a revenue of RM997.11mil, slightly higher than

RM993.84mil in the same quarter in 2022.

In a statement on its third-quarter performance, Scientex said its packaging revenue was at RM635.4mil compared with RM749.7mil in the year-ago quarter, due to an overall softening of market demand across its product segments.

The property segment, however, fared better with a 48.1% increase in revenue to RM361.7mil.

The group said the higher revenue was contributed by improved progress billings from ongoing projects in Kundang, Tasek Gelugor and Pulau, as well as robust demand for new launches in Kundang, Seremban and Durian Tunggal.

The board has declared an interim dividend of five sen per share with the ex-date on July 5, 2023, payable on July 21, 2023.

The latest quarterly result brought the group's nine-month net profit to RM323.25mil on the back of a revenue of RM3.01bil.

This is compared with a net profit of RM284.89mil and revenue of RM2.87bil in the same period a year ago.