

Lim Kang Hoo could take over RTS Link to Singapore

BY JOSE BARROCK

Businessman Tan Sri Lim Kang Hoo is understood to be looking to take over Adil Permata Sdn Bhd, the company given the mandate to build a RM3.7 billion rail link connecting Bukit Chagar in Johor Baru to Woodlands in Singapore, dubbed the Rapid Transit System Link (RTS Link), sources say.

"It's a matter of fulfilling some conditions (precedents), then he will take over Adil Permata. From what we gather, it's a done deal," one source says.

Another source from Johor says he has heard that Lim was brought in to speed things up at the RTS Link.

"The RTS Link is behind schedule ... Lim is being tasked with bringing things up to speed. He should be able to do it, considering construction is his expertise."

The RTS Link, which will be the third land bridge to Singapore when completed, falls under the purview of MRT Corp Sdn Bhd, a unit of the Minister of Finance Inc. MRT Corp was appointed as the infrastructure company for the RTS Link, and tasked with the development and ownership of the Malaysian portion of the rail link and its requisite structures, while the operations is slated to be undertaken jointly by Prasanana Malaysia Bhd and its Singaporean counterpart, SMRT Corp Ltd.

The RM3.7 billion price tag entails the construction of a station at Bukit Chagar, Johor Baru, a depot in Wadi Hana, also in Johor Baru, and viaducts through the city centre and over the straits of Johor to the boundary with Singapore.

In a nutshell, the RTS Link is a railway shuttle line of about 4km between Bukit Chagar in Johor Baru, Malaysia, and Wood-

lands in Singapore, with a capacity of ferrying 10,000 passengers per hour per direction. Targeted to commence operations by end-2026, it is expected to reduce traffic between the two neighbouring countries.

It is not clear which publicly traded company Lim is likely to utilise for this venture. He has 30.8% in construction company Ekovest Bhd, which in turn has 73.08% in publicly traded plantation outfit PLS Plantations Bhd, 30.11% (jointly with the Sultan of Johor, Sultan Ibrahim Sultan Iskandar) in building materials and machinery company Knusford Bhd, and 34.29% in partnership with Kumpulan Prasarana Rakyat Johor Sdn Bhd in developer Iskandar Waterfront City Bhd.

Kumpulan Prasarana Rakyat Johor, wholly-owned by the Johor state government, is a developer of social and infrastructural projects, and is also involved in property investment ventures and infrastructure development.

Lim could opt to use Ekovest to take over Adil Permata, considering the bulk of the work for the project is construction. But even Knusford, which has its mainstay in the sale and rental of machinery and building materials, has a property and construction arm.

It is interesting to note that at end-January, when Transport Minister Datuk Seri Wee Ka Siong visited the RTS Link project site, Lim was also on hand to receive the minister, and appeared to be part of the RTS Link team.

About two weeks ago, Knusford announced that it had entered into a heads of agreement with Iskandar Waterfront City to acquire two parcels of vacant land, measuring 5.58 acres and 4.27 acres, in Mukim Pulau, Johor Baru district, with the consideration to be determined after a valuation exercise.

Knusford said the rationale for the acquisition was "to increase the group's land bank in Johor Baru, which could potentially

be utilised for future development in view of the upcoming RTS project".

According to Ekovest's FY2021 annual report, it has a strategic collaboration with China Railway Dongfang Group, a wholly-owned subsidiary of China Railway Group Ltd, for infrastructure projects.

Adil Permata meanwhile is wholly-owned by privately held Cipta Alam Sdn Bhd, which in turn is a 100% unit of Elit Intan Sdn Bhd. Elit Intan is 40% controlled by Datin Paduka Alinah Ahmad, the former mayor of Petaling Jaya, while Amirudin Selaman, Nurul Fatin Muhammad Bukhari and Shamsudin Mohd Nor each has a 20% stake.

Interestingly, Adil Permata's directors are Alinah; Tan Sri Zaini Omar, the former president of the Board of Engineers Malaysia; and politician Datuk Nur Jazlan Mohamed, former deputy minister of Home Affairs.

While certain quarters say that businessman Datuk Patrick Lim Soo Kit (no relation to Kang Hoo) is involved in Adil Permata, there is no clear link to him. Soo Kit, however, is a director in Coronade Properties Sdn Bhd, which is developing Coronation Square in Johor Baru, which is where the RTS rail line will commence in Johor Baru.

Coronation Square is largely funded by Bank Kerjasama Rakyat Malaysia Bhd (Bank Rakyat). The development financial institution also has exposure of close to RM470 million in a 35-storey tower that is part of the development. A check on Ctos shows that Coronation Properties has more than RM300 million in borrowings with Bank Rakyat.

Bank Rakyat is also understood to have provided a small amount of funding to Adil Permata, but the bulk of the financing is understood to have come from another development financial institution, Bank Pembangunan Malaysia Bhd.

Ekovest, for its six months ended December 2021, chalked up a net profit of RM6.79 million from RM415.83 million in revenue. For the corresponding period a year ago, it registered a net profit of RM18.51 million from RM672.72 million in sales.

As at end-December last year, Ekovest had short-term deposits of RM214.27 million and cash and bank balances amounting to RM78.57 million. On the other side of the balance sheet, it had short-term debt commitments of RM594.04 million, and non-current bank borrowings of RM432.72 million.

Ekovest, however, had total liabilities of RM8.31 billion as at end-December 2021, largely bumped up by medium term notes of RM5.27 billion. The company's interest expense for the six months ended December 2021 was RM90.94 million. Nevertheless, Ekovest had reserves of RM1.4 billion as at end-2021.

For the six-month period, cash generated by the company from operating activities was RM116.26 million.

Last Thursday, Ekovest closed at 42 sen, translating into a market capitalisation of RM1.13 billion. Since mid-April, Ekovest's stock has shed more than 13% of its value.

In August last year, Knusford changed its financial year end from December to March. For the four quarters ended December 2021, Knusford suffered a net loss of RM3.06 million from RM208.59 million in revenue.

As at end-December last year, Knusford had cash and cash equivalents of RM11.24 million, while on the other side of the balance sheet, it had long-term debt commitments of RM39.72 million and short-term borrowings of RM2.72 million.

Last Thursday, Knusford closed at 52 sen, valuing the company at RM51.8 million. Since end-April, Knusford's shares have shed more than 17% of their value. ■