



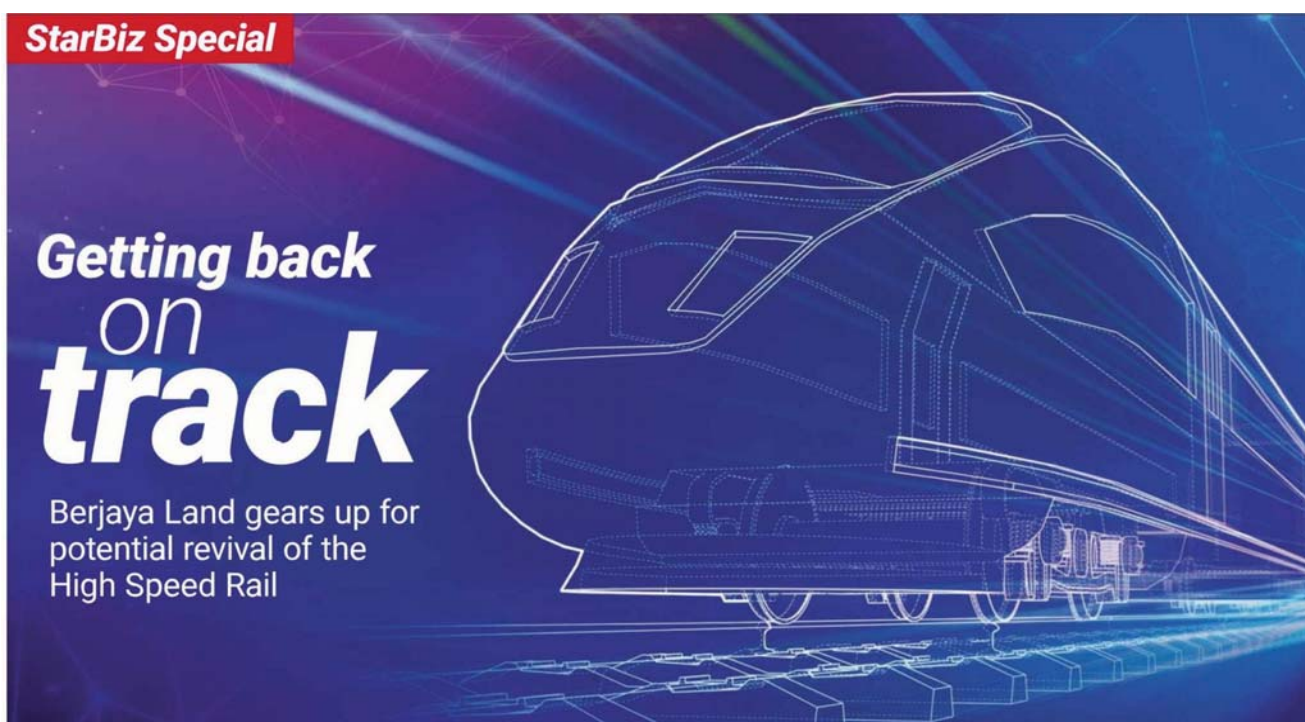
18 MAY, 2023

Berjaya Land unlikely to face funding issues for the project

The Star, Malaysia



Page 1 of 3



CORPORATE

By DANIEL KHOO
 danielkhoo@thestar.com.my

PETALING JAYA: A potential revival of the Kuala Lumpur-Singapore High Speed Rail (HSR) project has whet the appetite of companies that are interested to take part in its construction.

Berjaya Land Bhd is the first company to have shown interest in the project, having assembled its team and set up a rail business unit called Berjaya Rail Sdn Bhd.

In a statement yesterday, the company said it would respond to the request for information from MyHSR Corp Sdn Bhd under the Finance Ministry.

The diversified group, which is involved in the gaming, property as well as the hotel and recreation sectors, is controlled by tycoon Tan Sri Vincent Tan.

“While the venture will be new to Berjaya Land, its CEO Farizul Baharom is qualified and has extensive experience in this field.”

Ian Yoong Kah Yin

While it has no exposure yet to the rail and transportation industry, it appeared to have taken the right first steps by hiring the key personnel of Berjaya Rail.

A diversified company with a strong balance sheet will provide an assurance to potential investors, according to analysts.

Berjaya Land’s move has also spurred trading interest in YTL Corp Bhd which has experience in the construction of rail projects.

YTL had been involved in the Express Rail Link or ERL which connects Kuala Lumpur Sentral to the Kuala Lumpur International Airport.

YTL’s shares were among the big movers on Bursa Malaysia being the most actively traded stock which rose 8.5 sen at its close to 75 sen while Berjaya Land’s shares were 2.5 sen higher to 28.5 sen yesterday.

Private investor and former investment banker Ian Yoong Kah Yin said a

revival of the HSR project could point to further developments in the space in the near term.

The Malaysia and Singapore governments had expressed interest to revive the project using a different model of full private-funding initiative.

“While the venture will be new to Berjaya Land, its CEO Farizul Baharom is qualified and has extensive experience in this field.

“It is likely that most of the highly complex technical work will be conducted by foreign consultants and companies,” Yoong told *StarBiz*.

“Berjaya Land is tendering to be the engineering, procurement, construction and commissioning (EPCC) contractor and development of transit-oriented properties related to the HSR project.

“The day-to-day operations will be undertaken by another party. The EPCC portion is

> TURN TO PAGE 2



18 MAY, 2023

Berjaya Land unlikely to face funding issues for the project

The Star, Malaysia



Page 2 of 3

Berjaya Land unlikely to face funding issues for the project

> FROM PAGE 1

usually more certain in achieving profitability," Yoong added.

He said Berjaya Land would be facing stiff competition from other companies.

"The potential competitors in this space include YTL, Gamuda Bhd, MMC Corp Bhd and IJM Corp Bhd," he said.

A private-funding model would help the get the project going even as the Malaysian government had indicated that it would consolidate the country's finances, said analysts.

"The rationale for scrapping the HSR in the past was mainly political. The unity

government is cognisant of the sociopolitical benefits of the HSR and thus it is reinitiating the project," Yoong said.

On its funding, he said Berjaya Land would not likely to face any issues.

"Berjaya Land's gearing ratio is reasonably low at 33%.

"It, therefore, has a sound balance sheet to undertake a major rights issue should equity funding for the HSR project be required.

"Berjaya Land has a market capitalisation of RM1.2bil. The estimated cost of the project is likely RM70bil," he said.

He also noted the HSR project would tie in with the Belt and Road Initiative.

"Berjaya Land or the party that is successful in securing the project could also potentially seek funding from China's state-owned enterprises," Yoong added.

MARC Ratings, in a statement at the end of last year, said Berjaya Land's standalone credit profile remains modest being characterised by low liquidity and sizeable debt obligations.

"MARC Ratings has affirmed its ratings on Berjaya Land's RM500mil Medium-Term Notes (MTN) Programme guaranteed by Danajamin Nasional Bhd at AAA(ig) and RM150mil MTN Programme guaranteed by OCBC Bank (M) Bhd at AAA(bg)," it said.

"The ratings outlook is stable. Currently, there is an outstanding of RM225mil under the Danajamin-guaranteed programme. There is no outstanding under the bank-guaranteed programme," MARC added.

MARC said that at its holding company level, revenue, which comprised entirely of dividend income had declined mainly due to lower dividend income from its gaming subsidiary.

"The loss before tax in the financial year 2022 is attributable to loss arising from the disposal of subsidiaries amounting to RM168.6mil and high finance costs of RM97mil," it added.



18 MAY, 2023

Berjaya Land unlikely to face funding issues for the project

The Star, Malaysia



Page 3 of 3

SUMMARIES

CORPORATE

PETALING JAYA: A potential revival of the Kuala Lumpur-Singapore High Speed Rail (HSR) project has whet the appetite of companies that are interested to take part in its construction. Berjaya Land Bhd is the first company to have shown interest in the project, having assembled its team and set up a rail business unit called Berjaya Rail Sdn Bhd.