

# Ireka sees little earnings impact from weak ringgit and global headwinds

BY GHO CHEE YUAN

KUALA LUMPUR: Ireka Corp Bhd said the current global economic headwinds and the weaker ringgit are not expected to impact its earnings for the financial year ending March 31, 2016, as most of its costs are denominated in the local currency.

"Prices of local materials are still stable," said Ireka group managing director Lai Voon Hon yesterday. The construction firm also said the current situation would not deter its 23.07%-owned London Stock Exchange-listed Aseana Properties Ltd's asset divestment plan.

Aseana undertakes property development activities in Malaysia and Vietnam, including a flagship development dubbed "Interna-

tional Healthcare Park and City International Hospital" in Ho Chi Minh City, Vietnam.

Aseana, which was listed in 2007 and only started making profit last year, is going through a phase-by-phase divestment plan to distribute capital back to its shareholders.

Voon Hon said Aseana last Thursday announced the disposal of its 55% stake in its Vietnamese unit ASPL PLB-Nam Long Ltd Liability Co, the developer of the Waterside Estates residential project, for US\$9.3 million (RM41.6 million) cash.

He said Aseana is now on the lookout for buyers to purchase its remaining 25ha land in Vietnam.

"The Vietnam's property market has been on an upswing. We expect this to continue in the next

few years," he added.

Voon Hon is optimistic Aseana would be able to secure buyers for its three assets in Kuala Lumpur and Sabah, namely Aloft KL in Kuala Lumpur Sentral, and Four Points by Sheraton Sandakan Hotel and Harbour Mall Sandakan in Sabah.

"I do not see a problem for [Aseana] to dispose [of] Aloft KL as the operation of the hotel is good. Although the two Sabah assets are still in their stabilising year, their prime location should attract potential buyers," he explained.

According to Aseana's previous corporate presentation slides on its website, the tentative timeline for the divestment of Aloft KL is by the fourth quarter of this year (4Q15), while Four Points by Sheraton Sandakan Hotel and Sanda-

kan Harbour Mall are expected to be disposed of by 2Q16 and 4Q17 respectively. As for its Vietnamese assets, Aseana is targeting to divest its remaining 8.32% equity interest in Vietnamese developer Nam Long Investment Corp by 4Q16. It has yet to set the timeline for the disposal of its stake in International Healthcare Park and City International Hospital (72.3%).

On the outlook, Ireka deputy managing director Monica Lai Voon Huey said the construction segment would remain the group's main earnings contributor for the next two years.

"The company's construction order book is healthy and stood at RM1.4 billion with RM760 million still outstanding," said Voon Huey, adding that the group's tender book

for the last 12 months stood at about RM500 million to RM600 million.

"We have taken into account our own property developments coming on stream. We are more selective and target more profitable projects with higher margins," she added.

Ireka also intends to expand its order book by participating in some major infrastructure projects, such as Mass Rapid Transit Line 2, Sungai Besi-Ulu Klang Expressway and Damansara-Shah Alam Elevated Expressway, she said.

On property development, Voon Huey said Ireka will be launching the subsequent phase of its *dwi@Rimbun Kasia* in Bandar Baru Nilai, and an industrial project comprising 12 office and warehouses in Kajang, by year end.