

22/07/2003

Dolomite eyes more road-building projects in India

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DOLOMITE Corp Bhd, which will go public this week via a backdoor listing of Sunway Building Technology Bhd (Suntech), wants to be an active player in road construction in India, where it has secured a RM73 million highway project.

It is also expected to know before year-end the results of RM500 million worth of road-building jobs for which it has submitted pre-qualification tenders. The company will be able to put up bids for these jobs if it qualifies.

Apart from India, Dolomite Corp is eyeing infrastructure projects in Sri Lanka, Laos and West Asian countries. It has submitted pre-qualification tenders for jobs in these countries.

The company's construction order book currently stands at RM160 million (including its RM73 million project in India), which is expected to last until next year. It has also tendered for domestic-based projects worth RM905 million, of which RM620 million are infrastructure related.

"There is an advantage for us in India as we have already secured one project. We want to go forward (in India), said newly-appointed executive vice chairman Lim Beng Keat. Lim is the former chairman of the Dolomite group of companies.

Meanwhile, Mirzan Mahathir, who was chairman of Suntech, continues to hold the post in Dolomite Corp while Lew Choong Keong is the managing director of the company.

The corporate restructuring involves the disposal of Suntech's construction subsidiaries and the transfer of its liabilities to Sunway Construction and the disposal of Suntech's manufacturing subsidiaries to Sunway Holdings Inc.

It also entails a proposed capital reduction and consolidation whereby Suntech's paid-up capital of 126.51million shares will be reduced to 63.25 million shares.

The exercise also involves the proposed acquisition of Dolomite Bhd for RM194.46 million to be satisfied by the issuance of 194.46 million new Suntech shares and the proposed change of name of Suntech to Dolomite Corp.

Upon completion of the restructuring, shareholders of Dolomite Corp who are the principal vendors of Dolomite Bhd (Lim, Huang Jen Soong, Lau Huan Yeong and Lau Huang Nam) will collectively own 60.15 per cent of the entity's enlarged share capital base.

Other shareholders will be vendors of Dolomite Bhd, excluding the

principal vendors who will hold 15.32 per cent, and Sunway Holdings Inc Bhd that will own 12.49 per cent of the company.

Dolomite Corp's share capital base will expand to 257.7 million shares from 126.5 million shares. On a fully diluted basis, assuming the full conversion of all existing warrants, the share capital base will increase further to 297.8 million shares.

The company also plans to expand its land bank which currently stands at about 49.6ha (remaining 50 per cent of Taman Sri Batu Caves).

Lew said the company is seeking to acquire about 32ha at Templer Park for a housing project (terrace houses, bungalows and semi-detached units) which carries a gross development value of RM150 million.

The company is currently developing Taman Sri Batu Caves which has an estimated gross development value of RM1.1 billion. About 50 per cent of the project, construction of which started in 1993, has been completed. The remainder, which carries a gross development value of RM550 million, is expected to be completed in the next five years.

Dolomite Corp's strategy also includes expanding its land bank via joint ventures with land owners. It recently secured a joint venture with a land owner in the Kinrara Puchong area for a mixed development project in which Dolomite Industries will be the project manager and Dolomite Engineering the contractor.

The project, which has a construction value of about RM60 million and scheduled for launch in the fourth quarter of this year, is expected to last for three years.

The company also operates a 335ha quarry, one of the country's largest in a single location, situated in Hulu Langat. It is capable of producing 1.6 million tonnes per year, of which 80 per cent is sold to external parties while the rest is used for in-house projects.

The company's ready-mixed concrete products division, being one of the major players in its product category, has 13 batching plants capable of producing two million cu m of concrete per year.

It can distribute its products via its large fleet of 131 concrete mixer trucks. Its four hotmixes (used in the paving of highways and road construction) plants have a capacity of 1.2 million tonnes per annum.

Lim said Dolomite Corp will remain focused on three areas - quarry operations and building materials, construction and property development.

The three areas currently contribute almost equal proportions to the overall group profitability.

The group will change its financial year-end to December 31 and it forecasts a net profit of RM39.39 million for the 18 months ending December 31 2003. Dolomite Bhd reported a net profit of about RM8.1 million for its financial year ended June 30 2002.

"We should be a lot better down the road. We should grow a lot faster than a 'Sdn Bhd' company. We have good things in the pipeline," Lim said.

Among the landmark projects of the Dolomite group of companies are Stadium Merdeka, Stadium Negara, the Bukit Nanas water treatment plant, Chin Woo Stadium, the mechanised sewerage treatment plant in Pantai and the Royal Malaysian Naval Base in Woodlands, Singapore.