

Kimlun secures RM223m MRT supply contract

by MOHD RASHDAN JAMALUDIN

WITH financial and physical preparations lined up since January, engineering and construction services provider Kimlun Corp Bhd has secured a RM223 million contract from Mass Rapid Transit Corp Sdn Bhd (MRTC) to supply segmental box girders (SBG) to certain packages of the Sg Buloh-Kajang (SBK) line of the Klang Valley MRT project.

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Contract to contribute positively to earnings

FROM P1 **Kimlun**

In an exchange filing yesterday, Kimlun said its wholly-owned subsidiary SPC Industries Sdn Bhd has been appointed by MRTC to undertake the SBG supply, which is expected to spread over a period of approximately 40 months.

"The company does not foresee any exceptional risk other than operational risks associated with the supply contract."

It added the contract is expected to contribute positively to the company's earnings and net assets for the financial years during the supply period.

A week ago, Kimlun was reported to propose raising additional equity capital via a private placement of 22.9 million new shares to raise an estimated RM27.9 million to be used as working capital — of which RM2.8 million would be used to partially finance a land acquisition for the construction of a new precast plant in preparation for the MRT contract.

The private placement will make up 10% of its existing share capital with an indicative issue price of RM1.22 per share, said OSK Research Sdn Bhd in its recent report.

Kimlun then said another

RM1.8 million would be used as the working capital associated with the precast business expansion to cater to the possibility of securing some tunnel lining segment (TLS) contracts for the underground portion of the SBK MRT.

In late January, Kimlun announced the company had signed a conditional sale and purchase agreement with CIMB Bank Bhd to acquire a piece of leasehold land in Seremban, Negri Sembilan, for RM15.5 million cash as part of its plans to set up a factory to manufacture precast concrete products to support demands in its anticipated Klang Valley projects. It then added that the new factory would begin with the production of components such as floor slab, column and beam.

OSK stated that the joint venture between Gamuda Bhd and MMC Corp Bhd — the frontrunner for the tunnelling portion — had visited Kimlun's existing precast plants to conduct quality control checks. It believed that Kimlun's strong track record with the supply of TLS for Singapore's MRT would give it a good chance of landing some contracts for the SBK MRT as well.