

MKH to gain from MRT project

Its property developments are close to the rail line, two stations will be built in Kajang

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KAJANG: MKH Bhd (formerly Metro Kajang Holdings Bhd) will derive considerable leverage from the mass rapid transit (MRT) line which runs close to its property developments and the two MRT stations that will be coming up here.

The MRT project aside, group managing director Datuk Eddy Chen Lok Loi said the company was also seeing improvement in its financial figures as a result of its rebranding exercise undertaken a few years ago.

"The quantum leap is waiting to happen for MKH given our strategic landbank of 500 acres to 600 acres in Kajang and Semenyih, excluding the 550 acres turnkey project in Puncak Alam, Selangor," Chen told *StarBiz*.

The company is planning to launch properties with an estimated gross development value of more than RM5bil over the next seven years in Kajang and Semenyih, including its Puncak Alam RM135mil turnkey project from Puncak Alam Resources Sdn Bhd.

Chen said: "We are targeting to launch our Puncak Alam's mixed development which will include affordable housing by year-end or early next year."

"The year 2017 will be significant as our Puncak Alam project will be completed and the MRT line in Kajang will be up and running thus enhancing the value of our residential and commercial developments."

"At the same time, our plantation will attain full maturity with expected yields of between 28 and 30 tonnes per ha per year," he pointed out.

MKH, which used to derive its revenue from property development and investment, has



Mass appeal: Chen posing with a model of the company's property development project in Kajang.

added oil palm plantation to its current core business. The plantation division will start to contribute positively from 2013 onwards.

"All these years, we wanted to go into the plantation sector to balance the ups and downs characterised by the property development market," said Chen. It has a total of 15,000 ha planted as at June 2012. Harvesting area as at

June this year was about 7,740ha.

Its palm oil mill commenced crude palm oil production at a rate of 60 tonnes per hour and this can be upgraded to 90 tonnes in time to come, he said.

He said the company's earnings momentum was also gathering pace, boosted by higher property development activities which saw its

third quarter revenue for the 2012 financial year reaching RM376mil, or a 73% increase compared to the same period a year ago. Property development saw an increase to RM274.1mil from RM118.7mil for the nine-month period a year ago, representing an increase of 130% year-on-year.

The key contributing projects are Hill Park Homes, Pelangi Semenyih 2, its Kajang 2 township developments and the Saveille@Melawati condominium.

Its property investment division, with a value of RM216mil, contributed RM22mil revenue for the third quarter under review, reflecting a marginal increase of 2.8% compared to the same period a year ago.

"This division is providing a steady income, contributing between 12% and 13% to our group profit," said Chen.

MKH's third quarter net profit is expected to reach RM47mil compared to RM21mil for the same period last year, representing an increase of 124%.

Property development and construction division contributed the largest segmental portion of the profit for the three quarters, at RM66mil, compared to RM12mil for the same period a year ago, reflecting an increase of 447.5% increase.

"We saw a four-fold increase profit from property development and higher average rentals and lower operating costs," said Chen.

Despite competition heating up with the entrance of new and bigger players in Kajang and Semenyih like SP Setia Bhd, Mah Sing Group Bhd and Sunway group, Chen said MKH's cutting edge would be its land cost, which was considerably lower than its competitors and its reputation on a home turf.