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Kerjaya Prospek's RM404.35 mil job from EcoFirst's unit falls through

The Edge CEO Morning Brief, Malaysia

KUALA LUMPUR (Nov 21): Kerjaya Prospek Group Bhd's RM404.35 million job from BCM Holdings Sdn Bhd — a subsidiary of EcoFirst Consolidated Bhd — to build a main residential building has fallen through after BCM decided not to proceed with the contract previously agreed upon between both parties.

In a brief announcement on Bursa Malaysia on Tuesday (Nov 21), Kerjaya Prospek said it has not commenced any contract work to-date.

Kerjaya Prospek said it will be taking necessary steps under the letter of award (LOA) after advice from its solicitors "to enforce its right to recover the pre-agreed damages payable stated in the LOA, which is due and payable by BCM to [wholly owned subsidiary] Kerjaya Prospek (M) Sdn Bhd".

"Save and except for the potential impact on the existing order book of the group, Kerjaya Prospek Group will announce further developments on the above matter as and when necessary," it said.

At a media briefing on Tuesday, Kerjaya Prospek's chairman Datuk Tee Eng Ho said the group has not mobilised any resources for this contract at the moment.

"They (BCM) have not hand over the project to us yet. They were given six months to hand over. From what we know they are still working on the substructure. Our job is to build the main building, so we have not gone into it yet," he said.

Asked whether there was any dispute that led BCM to call an end to the contract, Tee said he is not in a position to comment, as it was not related to Kerjaya Prospek.

"It is not fair for us to comment on their behalf, because we have not started anything yet before getting the letter from



LOW YEN YEING/THE EDGE

For 2024, Kerjaya Prospek Group Bhd's chairman Datuk Tee Eng Ho said the group is eyeing new jobs of about RM1.5 billion, and trying to secure contracts to build data centres.

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BY CHESTER TAY & LUOMAN AMIN
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them. Usually we will get about one month of notice ahead to commence work," he said.

"But we will take action to enforce our rights, under a set of pre-agreed terms. If we win [the legal battle], there will be a lump sum amount [as compensation], but we cannot disclose the terms of the agreement."

Losing the contract reduces Kerjaya Prospek's outstanding orderbook from RM4.7 billion to about RM4.3 billion, while jobs replenishment year-to-date will drop from RM1.6 billion to about RM1.2

billion, which Tee emphasised is still within management's target of RM1.2 billion this year.

For EcoFirst Consolidated's first fiscal quarter ended Aug 31, 2023 (1QFY2024), net loss narrowed by 23% to RM3.38 million from RM4.38 million a year ago, even though revenue more than tripled to RM13.64 million from RM4.23 million.

The real estate developer's cash and bank balances stood at RM6.95 million as at 1QFY2024, compared with RM17 million as at end-May this year.

Short-term borrowings fell to RM34.9 million from RM96.9 million at end-May, while long-term borrowings rose to RM161.38 million from RM106.71 million over the same period.

Eyeing RM1.5 billion new jobs in 2024

For 2024, Tee said Kerjaya Prospek is eyeing new jobs of about RM1.5 billion, and trying to secure contracts to build data centres.

"We will continue to partner with Samsung to secure data centre-related jobs, because of their brands and track record, Kerjaya alone might be challenging to get this kind of jobs, although we have the expertise," he said.

Currently, most of Kerjaya Prospek's jobs are residential, and about 40% of them are related party transaction (RPT) work from Kerjaya Prospek Property Bhd (KPP) and Eastern & Oriental Bhd (E&O).

Tee controls 70% of Kerjaya Prospek, 51% of E&O, and 61% of KPP.

"Going forward, RPT will be higher; we are looking at about 50% next year and in 2025. RPT is easier in terms of collection, but we still need external jobs as well, so we continue to be able to compete externally in the industry," he said.



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