

Kerjaya Prospek expects contract awards to regain momentum after govt clarifies SST implementation

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Tee says Kerjaya Prospek's strong cash flow enables it to reinvest while continuing to reward shareholders.

KUALA LUMPUR: Kerjaya Prospek Bhd expects contract awards to regain momentum once the government issues clear guidelines on the expanded Sales and Service Tax (SST), following a slowdown over the past one to two months.

Tak jumpa pembersihan yang boleh dipercayal? Kami detat je!

Chairman Datuk Seri Tee Eng Ho said the group remains confident of securing “a few hundred million ringgit” worth of new projects this year, but uncertainty surrounding the implementation of SST has led developers to defer awards.

“The SST is now the main issue. That’s why over the past one to two months, we’ve seen a slowdown in project awards, especially for mixed developments on the commercial side,” he said during Kerjaya Prospek’s second-quarter FY2025 (Q2’25) analyst briefing today.

Tee noted that initially, the authorities appeared to suggest that the 20% SST rate applied only to commercial projects.

“They said to charge everything, but the Customs was still unclear. Even as of last Thursday, there was no clarity, and the issue remains unresolved,” he said.

As a result, developers such as Eastern & Oriental Bhd (E&O) have been holding back on awarding projects until there is clarity on how SST will affect costs.

“The government must issue clear guidelines, hopefully within the next few days. They had promised clarity by this month but, if not, it should be made clear by next month how they intend to implement the charges,” Tee said.

Tee, who also chairs E&O, said Kerjaya Prospek expects to secure several more contracts from the developer this year, amounting to a few hundred million ringgit.

He expressed confidence in the group’s outlook, given that 72% of Kerjaya Prospek’s RM3.9 billion outstanding order book is tied to E&O projects. “So far, all of E&O’s projects have been selling well. With strong partners such as Quark, it should not be an issue. We are confident there will be no problem.”

Tee said the group remains upbeat about its long-term prospects, highlighting the Andaman Island development as “a very good area”.

“But beyond Andaman Island, E&O still has other projects in the pipeline,” Tee said, hinting at more developments.

The current order book of RM3.9 billion includes large-scale works in Andaman Island, Seri Tanjung Pinang and other Penang-based projects.

Looking ahead, Tee said Kerjaya Prospek is actively seeking new landbanks, with potential acquisitions worth several hundred million ringgit under consideration. “Landbank deals are still coming. We can still buy a few hundred million ringgit worth of land.”

He added that development projects typically deliver stronger profitability compared to construction, though both segments remain critical to the group’s growth.

“Development can still bring better margins, much better. But we need construction to grow as well, both,” he said.

Tee emphasised that Kerjaya Prospek’s strong cash flow enables it to reinvest while continuing to reward shareholders.

“If in one year we can pay RM150 million in dividends and in another year generate RM200 million in profits to reinvest, we can secure even more in the future,” he said.

Among projects in the pipeline, the Jalan Puchong development is scheduled for launch in the first half of 2027, with an estimated gross development value of RM800 million.

“The Puchong plan, I target hopefully in the first half of 2027. The three plots can generate about RM800 million GDV,” Tee said.

In July, Kerjaya Prospek acquired three parcels of freehold land covering three hectares on Jalan Puchong for RM112.8 million. The plots were purchased from Sunrise Bright City and Top Up Properties, with completion of the transaction expected next month.