

Mulpha: Capital reduction will help clear losses



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PROPERTY developer Mulpha Land Bhd said its proposed capital reduction will help clean up its book and improve cash position.

Mulpha plans to reduce the par value of its shares by 90 per cent, which will give rise to RM82 million. This will help clear accumulated losses and the rest will be credited to its cash reserves.

"We expect this to be concluded by the end of this year. We will have the capacity to raise funds later and buy more land," chairman Chung Tze Hien said after its shareholders' meeting in Petaling Jaya, Selangor, yesterday.

Mulpha will focus on developing niche projects as they offer

higher margins.

It expects to do better this year, helped by ongoing projects, and rental income from Raintree Residence, a low-rise apartment in Ampang Hilir.

Last year, Mulpha Land posted a net profit of RM4.7 million on revenue of RM13.5 million.

Its ongoing projects are Taman Desa Aman in Kulim, and Taman Bukit Panchor 2 and Taman Seri Bayu in Penang worth over RM500 million.

The group's pride is Bangsar Enclave, a stratified gated development with seven three-storey bungalows with built-up area of about 8,000 sq ft, worth RM10 million to RM12 million each.

"We will sell Bangsar Enclave so that it can contribute to our earnings

this year. On Raintree Residence, if we get an en bloc buyer, we will sell and roll the money for new projects," Chung said.

Raintree Residence is worth around RM32 million.

New projects next year will include a luxury development in Kenny Hills, offering eight villas with private pools, worth around RM120 million or RM15 million each.

"We are a small player and our growth strategy is to launch high-end products in small towns where people are buying for necessity rather than speculation. We are not interested in mass range houses.

"We will continue to focus on gated communities, bungalows and resort-like developments in Malaysia," said general manager for property division Ronn Yong Wan Seong.

Chung says the plan will clean up Mulpha's book and improve the company's cash position