

GUH Holdings aims to reduce dependency on PCB

By DAVID TAN

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WITH its strategy to secure more water treatment projects in the region this year and launch its maiden development project in Penang in 2015, GUH Holdings Bhd aims to raise its non-core business contribution to 40% and reduce the printed circuit board's (PCB) contribution to 60% in five years.

The ratio is currently 25% for the non-core segment and 75% for the PCB business.

To achieve its objective, group managing director Datuk Kenneth H'ng (*pic*) says the group is now revamping its plan for the land in Simpang Ampat to triple the value of the gross development value (GDV) from RM238mil previously.

"According to the plan submitted, we had development plans for 19.6acre out of the 46.2acre.

"We are now looking at developing the remaining 20acre with commercial components and affordable housing projects to triple the value of the GDV. With the revision, the project may take about eight to 10



years to complete," he says.

With the launch of GUH's maiden property project in Penang next year, the group expects its property division to contribute over 20% to the group's revenue in 2015 compared with 15% in 2013, according to H'ng.

The 46.2acre site was purchased from Million Crest Sdn Bhd by GUH Land Sdn Bhd (formerly Notable Empire Sdn Bhd), a wholly-owned subsidiary of GUH.

In Taman Bukit Kepayang in Seremban, GUH plans to launch some 192 units of landed properties worth RM210mil in GDV in the final quarter of 2014 until the first quarter of 2015.

"These are terraced, semi-detached houses and bungalows priced between RM479,000 and over RM1mil," he says.

H'ng says the group is optimistic about the housing market in Seremban, as the properties there were 50% to 70% lower than those in the prime areas in the Klang Valley.

"The pricing is very attractive to those working in the Klang Valley but prefer to own a property in Seremban because of the attractive selling price," H'ng adds.

On its water treatment business, H'ng says the group is now tendering for a job in the region in a built-operate-transfer job with a substantial value.

"We presently have about RM130mil worth of projects comprising water treatment and pumping stations being undertaken in Malacca, Sarawak, Penang, Perak, and Kuala Lumpur. We hope to know the tender result by the year end," he adds.

GUH's water contribution business currently generates 10% of its turnover.

On its PCB business, H'ng says the group's PCB segment is targeting to achieve a 10% increase in sales from the RM210mil achieved last year.

"For the six months of 2014, we have achieved sales of RM115.6mil.

"We are in the process of delivering about RM114mil worth of PCB products in the second half of 2014," he says.

H'ng says about 85% of the PCBs produced in Penang are for the audio and visual segment, while 87% of the PCBs manufactured in Suzhou are for the home appliance and electronic component industries.

"Suzhou generates 53% of the PCB's revenue. This year, the PCB business would contribute more

than 75% of the group's revenue," H'ng says.

Lucintel, the global management consulting and market research firm, reports that the global PCB industry is forecast to reach an estimated US\$93.9bil in 2017 with a compounded annual growth rate of (CAGR) of 8.1% during 2012-2017.

"The industry is fragmented in terms of revenue. By regional growth rates, Asia Pacific is likely to be the leader of the industry over the next five years. Industry growth is anticipated to be driven by expanding demand for high-end products from consumers in India and China.

"Some PCB manufacturing companies are moving to the Asia Pacific region to leverage on the lower cost of production as this region has much lower labour costs than Europe and North America," the report says.

According to H'ng, the group had cash of RM171mil as of 30 June 2014, which will be used for future investments mainly in the utilities business, property land bank and targeted PCB companies.