

The state has in its record water pipes worth around RM11bil. We can leverage on this as capital expenditure when we tender out the pipe replacement work.

- Selangor Menteri Besar Tan Sri Khalid Ibrahim

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# GUH eyes stake in second IPP



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## Penang-based circuit board maker in talks for equity in Cambodian power plant

By NG BEI SHAN  
 beishan@thestar.com.my

**PETALING JAYA:** GUH Holdings Bhd is poised to take the plunge in the power generation sector by acquiring a substantial stake in Leader Universal Holdings Bhd's 100-megawatt (MW) coal-fired power plant in Cambodia.

The plant, built at the cost of US\$340mil (RM1.2bil), is already in the early stages of commercial operations and due for an official launch today in Cambodia.

As GUH and Leader Universal have common shareholders, sources said negotiations were carried out carefully to ensure that the interests of the minorities were not compromised.

"They are still negotiating but assuming that GUH purchases at least a 20% stake, it will cost the company more than RM250mil," said a source.

It is estimated that the purchase can potentially add at least RM20mil per annum to the bottom line of GUH in the immediate term and the numbers will grow. The coal-fired power plant has a 30-year concession.

Based on its net profit for the financial year ended Dec 31, 2013 (FY13), which stood at RM30mil, the new source of income could boost its recurring earnings significantly.

If the deal materialises, this will be GUH's second foray into the power generation business in Cambodia. It already has a 20% stake in a 37.1MW diesel-fired power plant in Cambodia which concession is due to

expire in 2015.

It is learnt that the company is in the midst of a discussion for an extension of the concession, in which Leader Universal has a 60% share.

The major shareholders of GUH and Leader Universal are the H'ng family that is based in Penang.

The family privatised Leader Universal, which is a leading cable manufacturer in the country, two years ago.

After the privatisation, GUH is the only listed vehicle for the family. GUH's core business is the production of printed circuit boards where it has operations in Penang and China.

The plants are currently undergoing expansion to

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## GUH expects slower growth in property segment

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cater for the increasing demand.

GUH depends on property development to bring in about 25% of its earnings. It has a large parcel of land in Seremban that is valued in its books at less than RM5 per sq ft but the market price is some RM40 to RM50 per sq ft based on latest transactions in the area.

The land in Taman Bukit Kepayang is currently being developed with a gross development value of RM1.2bil and work on the project is expected to go on for another three years, according to sources.

For future expansion, GUH is currently

exploring opportunities to pick up strategic land bank nearer towards the city in the Klang Valley and Penang.

Its group managing director Datuk Kenneth H'ng declined to comment when contacted.

GUH has a fairly clean balance sheet supported by cash and cash equivalent of RM183.3mil without much liabilities.

The cash backing per share is 63 sen while the market price is RM1.25. It recorded a profit of RM30.6mil on the back of a turnover of RM286.6mil in FY13. In 2012, the net profit was RM36.2mil on the back of revenue of RM280.4mil.

The operating cashflow before working capi-

tal changes is RM35.6mil for the period.

The company has been buying back its shares, which is not surprising considering its net asset per share is RM1.82.

According to filings with Bursa, it anticipated slower growth in the property segment due to tightening credit and stricter lending criteria.

However, it expected higher contribution from the improvements from its plantation, water and wastewater treatment, electrical and electronic divisions this year.

The plantation is a small oil palm estate of 385 acres in Kedah with an average age of trees of seven years.