

GUH open to M&As, looking at local rivals

By Marina Emmanuel

marinae@nstp.com.my

PENANG-based GUH Holdings Bhd is looking at a horizontal expansion of its printed circuit board (PCB) business this year, via enhancing its product range and also through mergers and acquisitions (M&As).

Managing director Datuk Kenneth H'ng Bak Tee said the enhancement of GUH's PCB business would see capital expansion activities at its sites in Penang and in Suzhou, China.

"Our potential targets for M&As are likely to be our local competitors, which are public-listed entities," he told Business Times in Penang.

He said the company proposes to invest about RM20 million to increase production of capacity for GUH's double-sided PCB to 50,000 sq m per month in 2011, from 40,000 sq m per month last year.

H'ng said the RM20 million reinvestment for GUH's Penang PCB operations will include the expansion of one site which will be ready by November this year.

"We are also looking at upgrading the production capacity to make finer and more compact design boards to enhance



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our competitive edge to secure more orders and stay in the forefront."

For GUH's PCB operations in Suzhou, H'ng said a RM0.80 million reinvestment

has been earmarked for this year, which is expected to be used for machinery and equipment.

"PCBs will remain our main income contributors in the next five years, although the percentage is likely to drop from the current 90 per cent to the range of 70 per cent and 80 per cent," he said.

He said this is due to the increased number of properties they are looking at launching, and also the revenue contribution from the recently announced water treatment plant project in China's Jiangsu Province.

GUH's subsidiary GUH International (HK) Pte Ltd earlier this month announced that it had entered into a preliminary agreement to construct a water treatment plant within the 64 sq km Gaochun Economic Development Zone, which is located three hours away from Shanghai.

Apart from the water and wastewater treatment concessions, H'ng said GUH also wishes to explore power-generation projects (either conventional or renewal energy ones) and potential locations include Cambodia and Indonesia.

GUH currently holds 20 per cent of a diesel-fired power plant in Phnom Penh, Cambodia, which runs under an 18-year concession from 1997 to 2015.