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PRG upbeat on more property launches in 2H

by NG MIN SHEN

PRG Holdings Bhd is sanguine on the likelihood of its earnings for the financial year ended Dec 31, 2016, surpassing its last year's performance, with plans underfoot for property launches within the next seven months.

PRG group MD Datuk Lua Choon Hann told *The Malaysian Reserve* yesterday that company is optimistic that it can do better than last year, especially with earnings from the property segment.

"Our manufacturing segment is also stable and has been providing us with a good cashflow to start off our property division," he said at the launch of PRG's joint corporate social responsibility (CSR) initiative with GoCare Charity Crowdfunding that raises public funds for underprivileged individuals and groups.

Lua said the company's property development sector would eventually overtake its manufacturing business as the main contributor to the group's revenue.

"Our property segment will replace our manufacturing segment within the next few years, and looking at the trend over the past one to two years, the property sector is gaining momentum," Lua said.

Previously known as Furniweb Industrial Bhd, the company was mainly a manufacturer of furniture webbing and niche products for the furniture, automotive, food packaging, and textile and apparel industries.

PRG gained shareholders' approval in April 2014 to diversify into property development.

Its maiden development project, Picasso Residence, off Jalan Ampang, has a gross development value of RM600 million.



Lua (right) talking to disable persons after launching PRG's joint CSR initiative with GoCare Charity Crowdfunding in Kuala Lumpur yesterday

The project's 210 units of a high-rise condominium, have already been sold to PRG's third-largest shareholder. The shareholder is a businessman and entrepreneur based in Singapore, who has, in turn, been selling off the units to mainland Chinese and European buyers.

As for the remaining 262 units of Picasso Residence, the company plans to officially launch the project in October, with a focus on Malaysian buyers.

"We plan to launch more units on Oct 16, 2016. Looking at the current market, hopefully the worst will be over soon. Previously, most of the buyers were foreign, so we aim to attract more local buyers," Lua said, adding that the company would need to work hard to push local sales amid the challenging market conditions.

He said the property market is quite

soft and the company needs to push local sales. "But we have already achieved a take-up of 60% which is our break-even point, so we can afford to progress at a more relaxed pace now. Of course as a developer, we also want to achieve a full take-up rate," Lua said.

Meanwhile, the company also plans to launch its affordable housing development in Sungai Buloh early next year, following a recent joint-venture agreement with Baycity Park Sdn Bhd to develop high-quality affordable apartment units.

Some 250 units from the project are targeted to be allocated to the Rumah Selangorku scheme.

"We aim to launch this project latest by the first-quarter (1Q) of 2017. We are now working on obtaining approvals and clearance from the relevant authorities. I am quite confident

on our sales outlook for the Rumah Selangorku units," Lua said.

He added that the company is presently looking at several land parcels for its next development project, although nothing concrete has been ascertained thus far.

"Our preferred area would be within the Klang Valley. The most important thing is the location, which must be strategic," Lua said.

Apart from diversifying into the property development business, PRG also counts construction as one of its core divisions.

The company's earnings for 1Q ended March 31, 2016, jumped to RM1.57 million compared to a net loss of RM361,000 previously. First-quarter revenue stood at RM31.02 million, an improvement from RM26.82 million a year ago.