

Company Name : Heng Huat Resources Group Berhad
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Heng Huat Resources Invests RM35m To Expand In Kelantan

KUALA LUMPUR: Heng Huat Resources Group Bhd is investing RM35mil to expand its operations in Gua Musang, Kelantan to process oil palm empty fruit bunch (EFB) fibre.

It said on Thursday the new plant would enable the group to meet the rising demand from China and also export to new markets in Australia, South Korea and Japan.

Managing director H'ng Choon Seng said the new plant would source the raw material from palm oil mills in Kelantan which could provide a sustainable supply of EFB.

Of the RM35mil, it would use RM11mil to purchase the land and build the factory, RM12mil for the machinery and RM2mil for vehicles and equipment.

The remaining RM10mil would be for a biomass co-generation power plant which would enable the it to reduce its operating costs through better energy-efficiency and re-utilisation of production waste materials.

The capital expenditure would be from bank borrowings and its own funds.

Heng Huat currently has two oil palm EFB fibre factories in Seberang Perai, Penang.

The new plant in Gua Musang would increase its total oil palm EFB fibre production lines from 20 lines to 27 lines and annual production capacity rising from 100,500 tonnes to more than 135,000 tonnes.

The new manufacturing facility is targeted to be operational in the second quarter of 2016.

H'ng explained Heng Huat had been expanding its fibre exports to China and the expansion is timely as its plants are now running at 90% capacity.

“The expansion would allow us to fulfil a larger share of demand from China, and target new export markets such as Australia, South Korea, and Japan. We believe our efforts would be the catalyst to continued growth for the group.”

The oil palm EFB fibre is used for the production of mattresses, briquette, geotextile, paper pulp, landscaping, horticulture, and others. The group currently exports more than 90% of its oil palm EFB fibre to China.

Heng Huat's exports of oil palm EFB fibre and related products made up RM53.3mil or 58.2% of group revenue for FY ended Dec 31, 2014, noting 31.0% growth year-on-year due to higher exports to China.