

Company Name : Heng Huat Resources Group Berhad
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Heng Huat to invest RM35m to build EFB fibre plant in Gua Musang

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KUALA LUMPUR: Heng Huat Resources Group Bhd, a Penang-based integrated manufacturer of oil palm and coconut biomass products, will invest RM35 million to build a new oil palm empty fruit bunch (EFB) fibre manufacturing facility in Gua Musang, Kelantan.

Heng Huat currently operates two oil palm EFB fibre manufacturing plants in Seberang Perai, Penang. The new plant, which is to be operational in the second quarter of 2016, will increase the group's total oil palm EFB fibre production lines to 27 from 20 currently, with annual production capacity rising to more than 135,000 tonnes.

"This expansion plan is timely in light of the anticipated strong demand, and the high utilisation rate of 90% at our existing plants," Heng Huat co-founder and managing director H'ng Choon Seng in a statement yesterday.

"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," he added. The group currently exports more than 90% of its oil palm EFB fibre to China.

The new plant will derive its raw materials from palm oil mills throughout Kelantan.

Of the RM35 million, RM11 million is for the purchase of land and construction of the factory, RM12 million for machinery, RM2 million for support vehicles and equipment and the remaining RM10 million for a biomass co-generation power plant. The capital expenditure will be financed via bank borrowings and internal funds.

H'ng said the new biomass co-generation power plant will allow it to reduce its operating costs through better energy-efficiency and re-utilisation of production waste materials.

Exports of oil palm EFB fibre and related products made up RM53.3 million or 58.2% of Heng Huat's revenue for the financial year ended December 2014.

At the annual and extraordinary general meetings yesterday, Heng Huat secured shareholders' approval to transfer its listing status to the Main Market of Bursa Malaysia from the ACE Market.

Shareholders also approved the issuance of bonus shares on the basis of one bonus share for every two ordinary shares held. The entitlement date is to be determined later.

The bonus shares will effectively increase Heng Huat's share capital to RM30.9 million, comprising 308.7 million shares of 10 sen par, from 205.8 million shares currently.