

Heng Huat to become country's largest coconut fibre producer

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KUALA LUMPUR: [Heng Huat Resources Group Bhd](#)  is acquiring 97% equity in Sabut Kelapa Terengganu Sdn Bhd (SKT) for RM200,000 in a deal that will make it the country's single-largest market leader in coconut fibre production.

The company announced today that the purchase of the coconut biomass materials producer would give it a total market share of about 80% of the Malaysian coconut fibre scene.

According to Heng Huat resources group managing director Datuk H'ng Choon Seng, SKT's manufacturing plant in Setiu, Terengganu, would ensure a huge and constant supply of raw materials such as coconut husks at a cost-effective price.

The transport cost will also be reduced owing to the shorter distance to the factory, he added.

The Setiu factory spans 20,230 sq m and has a production capacity of 150 metric tonnes and 240 metric tonnes a month for its coconut fibre and coco peat respectively.

Over the long term, Heng Huat plans to leverage on the completed East Coast Rail Link to deliver its products directly to Port Klang for export purposes.

Meanwhile the government has exempted SKT from tax on operational income for 10 years, which is expected to contribute positively to its financial year ending Dec 31, 2019.

"Getting on the acquisition trail places Heng Huat on a higher growth trajectory, even as we continue to strengthen our position as a regional player in the biomass industry," said H'ng.

For the financial year ended Dec 31, 2018, SKT posted a net loss of RM728,839.

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