Company Name : Heng Huat Resources Group Berhad
Date : 26 June 2015
Source : The Edge Financial Daily

Heng Huat Falls 1.46% On Plan To Build New Facility

KUALA LUMPUR (June 26): Shares of biomass material manufacturer Heng Huat Resources Group Bhd (Heng Huat) fell in early trade after the company said it would be investing RM35 million in capital expenditure to build a new oil palm empty fruit bunch (EFB) fibre manufacturing facility in Gua Musang, Kelantan.

At 9.26am, Heng Huat fell 1.46% or one sen to 67.5 sen with 347,400 shares done.

Its managing director H'ng Choon Seng said the expansion would allow it to cater to higher demand from China and target new export markets including Australia, Korea and Japan.

The new plant, expected to be operational in the second quarter next year, would relieve some manufacturing load of the current facilities which had a utilisation rate of about 90%, said H'ng.

H'ng said of the RM35 million that would be financed through bank borrowings and internally generated funds, RM11 million would be used to purchase the land and construct the building.

Another RM12 million would be used for new production machinery and RM2 million for supporting vehicles and equipment. The balance RM10 million would be utilised for a new biomass co-generation power plant.

(Note: The Edge Research's fundamental score reflects a company's profitability and balance sheet strength, calculated based on historical numbers. The valuation score determines if a stock is attractively valued or not, also based on historical numbers. A score of 3 suggests strong fundamentals and attractive valuations.)