

Eonmetall to tap Middle East market

SUNGAI BAKAP: Eonmetall Group Bhd is ready to tap the centralised district cooling system market in the Middle East with its latest joint-venture business in Dubai.

Group managing director Datuk Goh Cheng Huat said the group and its partners recently took over a Dubai-based district cooling system company, Coolrich District Cooling Services LLC, for about RM5mil.

Eonmetall which specialises in manufacturing metalwork machinery and steel products, holds a 30% stake in Coolrich.

Coolrich designs, builds and installs cooling system for districts.

"Our customers are developers of large housing and commercial schemes. Presently, Coolrich has RM30mil worth of contracts to supply district cooling systems in Dubai.

"We are negotiating for a further RM50mil worth of contracts before year-end," Goh said in an interview. He said the new business venture had the potential to contribute between 5% and 10% to the group's profit next year.

A district centralised cooling system recycles chilled water to generate cool air for the residential and commercial buildings in the district.

"It is something like a power plant, except

that the system generates cool air rather than power," Goh said.

He said such district cooling systems had enormous demand in the Middle East.

Goh said Eonmetall would also be supplying its metal parts, steel pipes and heat exchange equipment to Coolrich.

"We may eventually set up a metal processing plant in Dubai to supply such products to district cooling system operators in Dubai," he said.

Goh said Eonmetall needed to diversify into new industries and countries.

"Dubai, with its rapidly expanding infrastructure, has seen increased demand for district cooling systems. We will use Dubai as a stepping stone to penetrate the other Gulf countries," he said.

Goh said Eonmetall was also considering setting up a manufacturing facility to produce pipes for the oil and gas industries in the Middle East.

For the first quarter ended March, Eonmetall registered RM3.5mil pre-tax profit from RM26mil revenue, compared with RM700,000 and RM13.6mil respectively in the previous corresponding quarter. — **By David Tan**