

Eonmetall plans to set up new factory

PENANG-based Eonmetall Group Bhd, en route to a listing on Bursa Malaysia Bhd's second board, plans to use a portion of its initial public offering (IPO) proceeds to set up a factory at Sungai Bakap in Seberang Prai.

The company's chief operating officer, Yeoh Cheng Chye, said RM12 million from the RM22 million IPO funds would be channelled into a plant located on 12-ha site at the Valdor Industrial Estate.

"The proposed factory will take up only half the total acreage and will be engaged in the manufacturing of steel products, machinery and equipment, and we expect production to commence early next year," he said after the signing of an underwriting agreement for Eonmetall in conjunction with its proposed listing.

IPO Watch

By MARINA EMMANUEL

The group is principally involved in the manufacturing of steel products.

Yeoh said Eonmetall, which had recorded revenue of RM78 million in 2004, is projecting a 20 per cent sales growth this year.

"Profit before tax last year was RM16 million and we expect a 2 per cent increase this year," he added, saying that a 15 per cent increase is expected this year on the back of RM13 million profit after tax recorded in 2004.

The company's founder and managing director Goh Cheng Huat and AmMerchant Bank

Bhd's managing director and chief executive officer T.C Kok signed the agreement.

Kok said the listing of Eonmetall involves the public issue of 22 million new ordinary shares of 50 sen each and offer for sale of RM28.6 million shares in Eonmetall at an issue/offer price RM1 per share.

The public issue and offer for sale will consist of 6 million shares to be made available for application by the Malaysian public; 6.1 million for placement to selected investors; 5.5 million for the eligible directors, employees and business associates of Eonmetall and its subsidiaries; and 33 million shares reserved for Bumiputera investors and institutions approved by the Ministry of International Trade and Industry.

Eonmetall: Profit to rise 15%

BY DAVID TAN IN PENANG

EONMETALL Group Bhd, scheduled for second board listing in the third quarter, expects to increase revenue and profit after tax for 2005 by 20% and 15% respectively from RM78mil and RM13mil last year.

Group executive director Yeoh Cheng Chye told reporters after signing an underwriting agreement with AmMerchant Bank Bhd yesterday that the group had recently secured orders worth about US\$20mil to deliver machinery and equipment to Vietnam and Lebanon.

"About US\$19mil of the orders came from Vietnam, our largest customer in the region,

and the remainder from the Middle-East.

"The machines to be delivered include rolling and forming machines, slitting and shearing machines, and expanded metal, flat and square bar machines," he said.

Yeoh said the group was targeting to raise RM22mil from its initial public offer. "About RM12mil will be used to build a new factory equipped with machinery, RM4mil for working capital, RM4mil to repay bank loans, and the remainder for listing expenses.

"The factory, which will be constructed soon, is scheduled to commence operations early next year," he said. The plant will produce secondary flat steel products and machinery.