

Eonmetall to double production capacity with new Penang plant

■ By CHONG JIN HUN

METALWORK-machinery maker Eonmetall Group Bhd expects to double its production capacity to some 160 metalwork machines annually when its new Penang-based factory begins running next year.

The RM25 million plant will be jointly financed via the company's listing proceeds together with bank borrowings.

"With the new factory, will can churn out 160 machines a year from the 80 units that we produce currently," managing director Goh Cheng Huat told reporters in Kuala Lumpur yesterday after the company's listing ceremony on Bursa Malaysia Bhd's second board.

Eonmetall's listing involves a public issue of 22 million new ordinary shares, and an offer for sale of 28.6 million ordinary securities of 50 sen each at RM1 apiece.

The Penang-based company aims to raise some RM22 million from the exercise.

Of the total proceeds, RM12 million will go towards the establishment of

the new factory while RM4.1 million has been allocated for working capital.

Repayment of bank borrowings and listing expenses would take up RM4 million and RM1.9 million respectively.

The company's machinery business contributes about 80 per cent of the group's profit after tax while the balance is derived from the secondary flat steel product, information technology, and oleochemical segments.

Having secured clients in about 20 countries since its initial venture abroad about 10 years ago, Goh said by this year, the group hopes to penetrate Myanmar, besides strengthening its presence in Europe.

"At this moment, we sell our machinery directly to manufacturers abroad. But in the future, we may form joint ventures with foreign partners to set up factories overseas," Goh said.

Eonmetall shares ended 7 sen higher at RM1.07 against its issue price of RM1 on the company's maiden trading day with 18.4 million units changing hands.