

Thong Guan investing RM35mil to expand Sg Petani plant's capacity

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GEORGE TOWN: Packaging firm [Thong Guan Industries Bhd](#) is investing around RM35mil to expand its production capacity in Sungai Petani.

Group managing director Datuk Ang Poon Chuan (*pic*) said about RM20mil was for adding a new nano-layered stretch film production line, which would start operations in September.

“Another RM5mil is for the PVC food-wrap division, which would increase the total number of PVC food-wrap production lines to eight by the end of 2017.

“The increase in demand makes it necessary for the group to expand,” Ang added.

He added that the rising orders were driven by the weaker ringgit, which had enhanced the competitive edge of Malaysian made products.

“We received over 1,000 tonnes of orders for nano-layered stretch films to be filled in the next two months, which will be delivered by end of May,” he said.

He said the strongest growing markets were now in Japan, Australia, New Zealand, South Africa, the Philippines, Vietnam, and South Korea.

“We are also on track to achieve a 20% contribution from the polyvinyl chloride (PVC) food wrap business, compared to 13% last year,” he added.

Ang said the PVC food-wrap output per annum was now about 8,000 tonnes.

“This year the targeted output for the PVC food wrap segment is 11,000 tonnes, which is expected to rise to 14,000 by 2018.

“The business, which generates about 9% of group revenue now, is expected to contribute about 18% by 2018,” he added.

On its new noodle business, Ang said that the group had been approved to supply to 53 Carrefour hypermarkets in Eastern China, of which 32 were in Shanghai.

“There are 225 Carrefour hypermarkets in China, so we can expect more orders from the Carrefour chain.

“The RM4mil noodle production plant in Sungai Petani has the capacity to produce RM60mil worth of noodle products annually. There is space for the installation of an additional line that will enable us to produce RM150mil worth of noodle products a year.

“The line is expected to be installed over the next couple of years,” he said.

The noodle business is targeted to generate sales worth RM20mil in 2017.

For the first quarter 2017, the group is projecting improvement over the performance of the previous year first quarter.

“We achieved double-digit percentage growth for the sales volume and gross profit in 2016, compared to 2015,” he said.

In 2017, the group’s output for 2017 is expected to hit 132,000 tonnes, up 10% from 2016.

According to a Technavio report, the global stretch and shrink film market is expected to reach US\$14.88bil by 2020, growing at a compounded annual growth rate (CAGR) of over 5%.

“In terms of revenue, the Asia Pacific holds the largest share of the global stretch and shrink film market.

“The region accounted for close to 37% of the market share in 2015, which is expected to increase to over 39% by 2020, growing at a CAGR of almost 7%,” the report said.