

Karyon to raise PVC compound production capacity

By PANG HONG YEE

Karyon Industries Bhd (KIB), which is headed for a listing on the Mesdaq market in mid-September, is sights on becoming the region's most comprehensive polyvinyl chloride (PVC) and polyolefin-based co producer in the next five years.

Managing director Dr Chua Kee Lam said despite concerns that rising crude oil prices would lead to high production costs, the company was forging ahead with its plans to diversify its range of polymeric products to increase production capacity.

“Our priority now is to boost production capacity to cope with growing demand while systematically introducing new products over the next three years through progressive research and development initiatives,” he told *Star* in the release of company's prospectus in Kuala Lumpur yesterday.

KIB is an investment holding company with subsidiaries involved in the manufacture and trading of polyolefin and oleochemical products applicable in the electrical and electronics, construction, toy, plastic packaging and other products industries.

“We are already considered to be among the top 10 local PVC compound makers, commanding a 10% share of the domestic market,” Chua said.

He said the PVC compound manufacturing plants operated by the group's wholly-owned subsidiary Hsiang Hui Bhd (HLSB) in Johor Baru were hard put to cope with the demand despite running at full capacity.



KIB chairman Tsen Keng Yam (second from left) holding a mock prospectus for the company's listing on Mesdaq with Public Merchant Bank general manager Patrick Yee Chee Wai (third from left), KIB Managing Director Dr. Chua Kee Lam

“We are therefore investing RM3.7mil in another factory in Johor Bahru,” he said. “Of that amount, RM2.3mil is for the purchase of the plant and equipment, while the balance is for adding another production line there.”

The new factory will increase HLSB's annual output of polyolefin by 39% to 14,060 tonnes by 2005 from 10,100 tonnes current.

“This strategy provides an opportunity for us to carve a niche in the growing market for non-toxic and environmentally-friendly PVC compounds,” Chua said.

“We now supply about 70% of our output to the local market in the domestic duty-free zone; only 10% is for direct export,” he said.

The company's plan, he said, was to export at least 20% of its output to the Asean countries in the next two years.

“Priority is being given to the export opportunities in the Asean region. However, we do not discount the possibility of exploring the China market.”

(left) and KIB general manager Chua Ling Hong during the launch. he added.

For the financial year ended March 31, KIB reported a 31.2% revenue to RM24.81mil from RM18.91mil in 2003. Profit before tax rose 48.5% to RM1.929mil from F

“Conservatively, we have set a revenue growth target of between 20% and 25% for the financial year ei 31, 2005,” Chua said.

KIB expects to raise RM7.145mil from the issuance of 30 million new ordinary 10 sen shares at an issu sen each under its initial public offering.