

Thong Guan plans to be largest PVC food wrap producer in S-E Asia

GEORGE TOWN: Packaging firm Thong Guan Industries Bhd is targeting to be the largest polyvinyl chloride (PVC) food wrap producer in South-East Asia by end-2017.

Group managing director Datuk Ang Poon Chuan told *StarBiz* the company would be spending US\$6mil (RM23.76mil) to acquire four more production lines over the next two years.

"Two lines will be installed by year-end, while the other two in 2017.

"We are also building a new RM1mil warehouse to store the raw materials and PVC packaging products.

"We expect to be the largest PVC producer in South-East Asia when the four lines are fully operational by end-2017," he said.

The company's orders for PVC food wrap-

pers for the second half has been filled up, according to Ang.

"We expect the margin for the PVC food wrap business to improve this year as the price of PVC resin has dipped to below US\$800 per tonne from over US\$1,000 per per tonne late last year," Ang said.

The company is now building a RM1mil warehouse to store the raw materials and finished goods for the PVC packaging products.

The PVC food wrap output per annum is now about 8,000 tonnes. The output is expected to increase to 14,000 tonnes by 2018.

"The business which generates about 9% of the group's revenue now is expected to contribute about 18% by 2018," he added.

The company expects its performance for this year to improve over 2015 due to rising demand for stretch-film products from existing and new customers.

"We are expecting a double-digit percentage growth of not more than 20% in orders in the second half of 2016," Ang added.

Thong Guan has a target to produce about 120,000 tonnes of packaging products for this year, about 20% more than a year ago.

According to Ang, the company has received enquires and orders for the new value-added products such as the nano-layered stretch film materials, stretch hood materials, and films for automatic-packing machines.

"The strongest markets in Asia are now in the Philippines, Vietnam, and South Korea.

"The other markets are in Japan, Australia, New Zealand and South Africa.

"Although the ringgit has strengthened since late last year, we are still expecting margins to improve due to the rising sales of our new value-added products," Ang added.

The company would also be acquiring a 5-acre site in Gurun to expand the garbage bag business, which generates 20% of revenue.

"About RM4mil would be injected into the land and facility, which is being planned for operation in 2017," he added.

Future expansion includes identifying a sizeable site in Sg Petani.

"We plan to invest RM10mil in the project for our expansion beyond 2020," he said. — **By David Tan**