

30-06-2008: Maemode expects new China plant to begin operations by end-2008

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PETALING JAYA: Malaysian AE Models Holdings Bhd (Maemode), a second-tier automation and material-handling solutions provider, expects its new plant in Suqian, China to commence operations by the end of this year, upon the completion of the first phase of its construction.

The group, which counts Sharp, Hitachi and Sony among its over 1,000 clients base, would invest a total of RM60 million over the next four years in the 8.4-hectare plant as part of its strategy to expand into the East Asian market, said its executive director William Chong Thim Kut.

"With our new hub in China, we will be able to expand our presence there, Japan and South Korea. We will also be able to achieve cost efficiency from shorter delivery time and improved plant manufacturing concepts, especially from the experience and knowledge we gain from our Batu Pahat plant," he said.

The main-board listed firm expected the new plant, situated 460 kilometres north of Suzhou, to generate return on investment of some 25% annually and hoped to complete the construction of the plant by the second half of next year, he added.

Chong said the group expected to see sales contribution from China, which contribute more than 20% of the group's total revenue currently, to post a quantum leap once the plant begins its operations.

It was worth noting that Maemode's trade receivable stood quite substantially at RM308.39 million as at Feb 28, 2008. However, according to Chong, only about 5% of trade receivables were outstanding for more than 180 days while the rest comprised mostly work-in-progress (WIP).

According to Bloomberg data, Chong currently holds 248,000 shares or 0.23% stake in the group, while its two largest shareholders were Aemnic Corporation (M) Sdn Bhd with 31.67 million shares or 29.65% stake and Lembaga Tabung Haji with 10.6 million shares or 9.92% stake.

Maemode closed unchanged at RM1.36 last Friday, which gave it a total market value of RM145.3 million. The counter reached its 52-week high of RM1.71 on Nov 1, 2007 while its low was RM1.15 on Aug 17, 2007.

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