

Malaysian pipe maker to start 160,000 tpy line in Q1

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Malaysia's Choo Bee Metal Industries (CBMI) is expected to start up a new 160,000 tpy pipemaking line in Pengkalan, Ipoh in northwest peninsular Malaysia at the end of the first quarter next year, a company spokeswoman said.

The new line, which is being built at a cost of 40 million ringgit (\$10.6 million), will expand CBMI's product range to include steel pipes of up to 16 inches in diameter, the spokeswoman said. The company currently produces pipes up to 6 inches in diameter.

CBMI is targeting producing 20,000 tpy of pipes in 2006 with 10 percent and 15 percent increments in 2007 and 2008 respectively, she said.

The expansion will also allow the company to widen its export market to Saudi Arabia, Taiwan, Singapore, Sri Lanka and Indonesia in the next three to five years. It currently sells most of its products domestically and a very small portion to Singapore.

The Choo Bee Group comprises of its Malaysia-listed arm, CBMI, and two other subsidiaries — Choo Bee Hardware (CBH), a hardware trader in Tasik, Ipoh and Taik Bee Hardware (TBH), a stainless steel pipe producer and hardware trader in Menglembu, Ipoh.

The group sells an average of 150,000 tpy of steel products including carbon steel and galvanized pipes, and stainless tube. The group produces 60,000 tpy of steel internally, including 3,000 tpy of stainless tube. CBH and TBH sources the remainder, which include beams, billets, angle and channel bars from Spain, China, Japan, South Korea, Indonesia, Thailand and Malaysia.

CBMI may consolidate its manufacturing facilities in Pengkalan and Tasik in the next five years by relocating its Tasik facility to Pengkalan, the spokeswoman said. But no firm decision has been made, she added.

CBMI recently acquired a 33.71 percent stake — previously owned by TBH employees — in TBH for a 10.52 million ringgit, boosting CBMI's stake in the company to 100 percent, the company announced to the Bursa Malaysia on October 31.

The market for stainless steel products is expected to improve in the future and the increase of equity in TBH would broaden its earning base from stainless steel products, CBMI said.

As a wholly owned subsidiary of CBMI, TBH will no longer be constrained in sourcing for funds from CBMI for any expansions that it may be contemplating in future, the announcement said. CBMI was previously restrained in providing financial assistance to TBH due to restrictions under the listing requirements of Bursa Malaysia.

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