

Eonmetall to keep Gulf countries cool

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PETALING JAYA: Eonmetall Group Bhd, a metalwork machinery and equipment (MME) fabricator, has ventured into a new business that will expand its operations in the Middle East and the surrounding region.

Eonmetall said it was venturing into district cooling systems and chemical flushing business, via the setting up of a 30%-owned joint-venture (JV) company, Eonmetall Global Composites LLC (EGC-LLC).

It said the JV would allow the group to tap into the rapid economic growth of the Gulf Cooperation Council (GCC).

In a statement yesterday, Eonmetall said its stake in the JV company would be held by its subsidiary Eonmetall Petro-Chem (M) Sdn Bhd, while the remaining interest would be held by four business partners who had expertise in the industry.

EGC-LLC will manufacture metal and composites products, electro mechanical contracting and testing, chemical flushing and maintenance of district cooling systems, as well as direct investment into oil and gas business activities in the Middle East.

Following its incorporation, EGC-LLC will acquire Coolrich District Cooling services LLC (Coolrich) for AED4.5 million (United Arab Emirates Dirham) or RM4.15 million.

Coolrich is a specialist in the planning, installation and maintenance of co-generation district cooling systems in the UAE.

Its track record includes completion of projects at the Dubai Investment Park, Dubai Festival City, Dubai International Financial Centre and the Grand Mosque Abu Dubai.

"This business venture is synergistic to Eonmetall's existing business operations. It will allow us to supply our pipeline, fittings, machinery and

equipment such as heat exchange systems which are materials used for cooling systems," said Eonmetall's managing director, Goh Cheng Huat.

He added that the company had leased land at Dubai Industrial Park to set up a plant for producing the pipelines and insulations.

"With the facility and infrastructure that we are building, we will also be able to produce oil and gas pipes for the GCC countries in the near future," Goh said.

He said the company's presence in Dubai would enable it to better serve its existing steel customers in the Middle East and further grow its foothold in Europe due to its proximity.

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"We have also among other plans to set up a steel manufacturing plant in Dubai to cater to the buoyant construction sector.

"We have also been actively looking out for strategic alliances in other countries which we expect to come to fruition by the end of 2007," Goh said.

Coolrich currently has an order book of about AED30 million or RM27.7 million.

The market size is estimated to be worth about AED 6 billion or RM5.54 billion, with an annual growth rate of more than 50% over the next few years.