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The New Straits Times, Malaysia
27 Aug 2015, by MUHAMMED AHMAD HAMDAN

Business & Finance, page 2 - 111.00 cm²
Malaysia - English Newspapers - circulation 149,000 (MTWTFS)

ID 455805210 BRIEF FELDA INDEX 1

MSM investing US$259m in Johor sugar refinery

MUHAMMED AHMAD HAMDAN

KUALA LUMPUR: MSM Malaysia Holdings Bhd is investing US$259 million (RM1.1 million) to build Malaysia's largest standalone sugar refinery in Tanjung Langsat, Johor.

It has appointed Sharkara International FZC as the principal contractor for the design, engineering procurement and construction of the plant under a two-year contract valued at US$95.7 million.

MSM president and group executive officer Datuk Sheikh Awab Sheikh Abod said the refinery is targeted to be fully operational in the third quarter of 2017 and increase its annual production capacity to 3.25 million tonnes.

"It will anchor the future market with a targeted production capacity of two million tonnes of refined sugar per year, from the current 1.1 million tonnes," he told a press conference after the signing of the agreement between MSM and Sharkara, here, yesterday.

Sharkara is an affiliate of Thailand's Sutech Engineering Co Ltd.

On another note, Sheikh Awab said MSM is optimistic of securing a sugar upstream project it is bidding in Indonesia worth US$1.3 million.

He said the project entails a build-operate-transfer of sugar mills and a refinery plant on a 20ha land for PT Perkebunan Nusantara X.

Commenting on the current low raw sugar prices, he said it was not enough to offset the impact of the weak ringgit as the bulk of MSM's imported raw sugar was transacted in US dollar.

"The fall in the ringgit's value is bigger than the fall in sugar prices.

"In light of this, we are proposing for traders to make future payments in ringgit rather than US dollar," he added.