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CEKD to invest RM8.8m to build 2 new factories in Kepong

These new factories will consolidate operations of Hotstar which manufactures die-cutting moulds and tools

by ANIS HAZIM

ACE Market-listed CEKD Bhd will invest RM8.8 million from its RM24.28 million raised from its IPO to build two new factories in the Kepong area to streamline its production capacity.

Its MD Yap Kai Ning said these new factories will consolidate operations of its wholly owned subsidiary, Hotstar (M) Sdn Bhd, which manufactures die-cutting moulds and tools.

"Hotstar's operations are currently conducted at three different locations. So, with the consolidation, we can increase our efficiency and increase management ability as well," Yap said during the virtual listing ceremony yesterday.

The die-cutting solutions provider debuted at 25% or 12 sen premium over its issue price of 48 sen. The stock closed its maiden trading day at 54.5 sen in active trade.

Yap said RM3 million would be used to purchase new machinery, while RM1.3 million will be for the development of computer software and systems.

"We will be investing in technology, software and new machinery



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to increase our capability due to higher demand for the accuracy of die-cutting moulds, the fast turnover of the packaging industry and the sophisticated packaging needed.

"We also will invest in software and systems to increase automation of certain operation processes in line with Industry 4.0 to have higher automation in our business, and it will be one of the key investments to cater for our future growth," stated Yap.

CEKD also plans to widen its

customer base in South-East Asia.

"We want to tap into global markets especially in South-East Asia. We intend to go to countries with a higher population in South-East Asia as it has more consumers and needs more types of packaging to cater for the demand of the consumer," she added.

Yap said the rise of e-commerce would lead to higher demand for packaging such as paper boxes, corrugated boxes and eco-friendly packaging.

"E-commerce will need our die-cut moulds for their packaging which will also provide us opportunities for innovation in the packaging industry to enhance packaging design and product safety, improve the unboxing experience and optimise packaging for last-mile delivery," said Yap.

Yap said CEKD is confident the die-cut moulds will be in demand for the next few years in tandem with the trend of sustainable packaging.