



HLH
GROUP LIMITED
逢來發集團有限公司
Listed in SGX Mainboard (H27.SI)

HLH GROUP EXPANDS AGRICULTURAL FOOTPRINT IN CAMBODIA BY UPGRADING ITS EXISTING 10,000-HECTARE FARM INTO A FULL-SCALE AGRICULTURE PARK

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SGX Mainboard Listed HLH Group, had successfully upgraded its existing 10,000-hectare farm in Aoral District, Kampong Speu Province in Cambodia to become a full-scale Agriculture Park, which covers the cultivation and processing of cassava (Tapioca) into cassava chips or cassava starch. It will also have an area to attract international investors with interest in husbandry and livestock assets to set up farms in the new park. The new cassava starch production factory at the site was completed last week.

In 2014 and 2015, the Agriculture Division had exported a total of more than 100,000 tons of fresh cassava to Vietnam and as of April 2016, the company has successfully exported another 3,000 tons of cassava chips from its own farm and a further 15,000 tons of fresh cassava to Vietnam.

Meanwhile, the company's first starch production line which was completed in the first week of April 2016 will produce 120 tons of cassava starch daily starting from this week. Production levels are expected to increase to an estimated 150 tons per day and will hit about 35,000 tons of cassava starch annually by the end of this year. Most of these cassava starch will be exported. The current market value of cassava starch is around USD360/ton.

The group's Agriculture Division is also targeting to set up four agriculture collection centers in four Cambodian provinces by end-2016. The cost of setting up these centers (including costs of land, offices and warehouses) is about USD0.5 million each and will be funded by both internal funds and financial institutions. One of the key objectives of these collection centers is to collect agriculture products with fresh cassava as the initial crop. The average daily harvest of fresh cassava (or tapioca) from the farm is about 500-1000 tons. HLH currently operates one of the largest privately owned cassava plantations in the country.

"With the new 10,000-hectare agriculture park in place, we can scale up our production significantly through the supply of cassava products. We will want to attract and partner with global investors with a robust appetite in the agricultural sector. With the right infrastructure such as the well-equipped deep-water sea port of Sihanoukville for exports, agricultural equipment and production facilities, we can enhance the yield of our plantations as well as raise both production quantity and quality," said Dato Dr Johnny Ong, HLH Group's Deputy Chairman and CEO.

"HLH Agriculture (Cambodia) Co. Ltd is also planning to initiate programmes for contract farming to raise the competitiveness of Cambodian farmers and at the same time provide new employment opportunities in the country by enabling more Cambodians to become self-employed in the fast-growing agriculture industry," he added.

By end of this year, the Agriculture Division expects to export 50,000 tons of both cassava starch and cassava chips. The ultimate target is to export 1 million tons of both products in the near future.

Meanwhile, the company has also unveiled a new plan for an integrated Agriculture Food Processing Park to be named CAMFARM on a 400-hectare plot of farm land acquired in 2008. It is expected to be completed in 2017. The company will be actively sourcing for strategic international investors in food processing industry to set up their assets in this park.

Going forward, HLH plans to add another two production lines in 2017 which will raise its daily starch production capacity to 600 tons. The cost of the new production facilities is estimated at USD10 million and will be funded by financial institutions and potential joint investors.