

Wellex to finance reopening of plant

October 27, 2006 12:10am

By RUBY ANNE M. RUBIO, BusinessWorld Reporter

Gatchalian-led Wellex Industries, Inc. will earmark P50 million in working capital as wholly owned subsidiary Plastic City Industrial Corp. (PCIC) resumes operations in the second semester of 2007, president Elvira A. Ting said Thursday.

During the annual stockholders' meeting, Ms. Ting said two areas in the operations of the plastics unit are being considered for start-up next year, namely the Poly-ethylene Terephthalate (PET) bottle making and thermo forming to manufacture disposable cups, disposable food trays for soft drinks and fast food companies.

"The resumption of our operation in PCIC is primarily anchored on the eventual operation of the polyethylene plant of NPC Alliance Corp. in Mariveles, Bataan in the second quarter of 2007. We need affordable and consistent supply of raw materials. With the sustained supply of raw materials from NPC's polyethylene plant, we can do long-term plans for the resumption of operation of Plastic City," she added.

NPC Alliance is the new company that took over the plant facilities of Bataan Polyethylene Corp. (BPC), which stopped operations because of continuing unfavorable market conditions. It is the wholly owned subsidiary of Polymax Worldwide Limited (Polymax), a special purpose entity incorporated in the British Virgin Islands and has made significant investments relating to the eventual acquisition of the petrochemical project.

The country's first fully integrated manufacturer of plastic products used in a number of industries, PCIC serves the demands of different sectors such as plastic packaging, invaluable houseware products, appliance and telecommunications accessories, industrial parts and pipes for waterworks, sewerage and telecommunications, and electrical conduit systems.

The PET bottle-making operations will "serve the burgeoning" mineral water market and receptacles for condiments and herbal health products, Ms. Ting said.

Citing "extremely difficult" economic situation which affected almost all businesses most especially the manufacturing sector, Wellex said its subsidiaries PCIC and Philfoods Asia, Inc. (Philfoods)

temporarily ceased manufacturing and commercial operations in 2002.

"The continued losses and cessation of operations were due mainly to scarcity of raw materials, increase in production costs in electricity, power and raw materials coupled with keen competition brought about the influx of imported goods," the listed company said.

Wellex has been approached by prospective buyers interested in the plant equipment of Philfoods. One is engaged in the non-alcoholic business particularly on water and juice. But Ms. Ting said Wellex will either sell the plant as a whole or do a joint venture given it has invested almost P100 million in the facility.

Philfoods was established to become a major processor and producer of packaged beverages and foodstuffs. Based in Valenzuela City, the plant's capabilities cover a wide array of items, which include bottled drinking water, fruit juices, powdered juices, and cereal-based products such as biscuits, instant noodles, and other snack foods. All plant equipment have been procured and installed for its programmed commercial operation. - [BusinessWorld](#)