

**MEDIA CLIPPING**

|                   |   |                  |                    |
|-------------------|---|------------------|--------------------|
| <b>Client :</b>   | <b>Heng Huat Resources Group Berhad</b> | <b>Date :</b>    | <b>1 July 2014</b> |
| <b>Media :</b>    | <b>Business Times</b>                   | <b>Section :</b> | <b>Business</b>    |
| <b>Language :</b> | <b>English</b>                          |                  |                    |

# Bursa-bound Heng Huat sets sights on China mart

+ **MARINA EMMANUEL**

**GEORGE TOWN:** Heng Huat Resources Group Bhd, which is en route to a listing on the ACE Market of Bursa Malaysia by month-end, is looking to tap China's growing demand for oil palm empty fruit bunch fibre (EFB) via a direct presence there.

The integrated manufacturer of oil palm and coconut biomass products, which is planning to raise RM20.9 million in proceeds from the listing exercise, has biomass processing plants that convert oil palm biomass waste into EFB fibre for industrial applications, such as mattress productions.

"With a sizeable supply of EFB in Malaysia, coupled with our processing capacity, we are positive that our presence in China will help in scaling up the group's exports," Heng Huat's co-founder and managing director H'ng Choon Seng said after the company's initial public offering (IPO) prospectus launch yesterday.

"Subject to obtaining the relevant regulatory approvals from the Chinese authorities, we plan to set up the subsidiary company in the southern region of China by the first quarter of 2015."

He said its exports to China, comprising mainly EFB fibre, more than doubled in recent years, from RM18.7 million for the financial year (FY) 2011 ended December 31 to RM40.7 million in FY2013.

During its 2013 fiscal year, Heng Huat's exports to China made up about 55.2 per cent of the group's revenue of RM73.7 million.

Established in 2007, Heng Huat has three oil palm biomass process-



*Heng Huat Resources Group Bhd chairman **Datuk Juzilman Basri** with Heng Huat's co-founder and MD **H'ng Choon Seng** and K&N Kenanga Holdings MD **Chay Wai Leong** during the company's prospectus launch in Penang yesterday. Pic by Danial Saad*

ing facilities in Selama, Kedah, and in Seberang Perai Selatan, Penang, with a 20-line processing capacity of about 100,500 tonnes of EFB fibre per year.

H'ng said the biomass materials industry offers huge opportunities for growth.

"To date, Heng Huat has grown primarily through internally-generated funds and bank borrowings. For the group to scale to greater heights, it is necessary for us to undertake a fundraising exercise to tap the growth prospects of the industry."

Heng Huat's IPO entails a public issue of 46.5 million new shares of 10 sen each and an offer for sale of 14.66 million existing shares at an issue/offer price of 45 sen apiece.

Of the public issue of 46.5 million new shares, seven million will be for

Malaysians, five million for eligible employees and persons having contributed to the group's success, and 12.2 million for private placement to identified investors.

A total of 22.3 million shares will be placed out to Bumiputera investors approved by the International Trade and Industry Ministry.

The 14.66 million shares under the offer for sale will be allocated by way of private placement to identified investors.

The company said Heng Huat's IPO would raise RM20.93 million in proceeds for the group, of which RM4 million will be allocated for capital expenditure and RM4.55 million for working capital.

An amount of RM9.38 million will be allocated for the repayment of bank borrowings and RM3 million for defraying listing expenses.