

Company Name : Heng Huat Resources Group Berhad
Date : 26 July 2014
Source : New Straits Times



Heng Huat to grow on China's briquette market

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KUALA LUMPUR: Heng Huat Resources Group Bhd, which debuted on the ACE Market of Bursa Malaysia yesterday, is banking on the robust briquette market in China to help it achieve a 10 per cent increase in revenue by year-end.

Executive director Lim Ghim Chai said the integrated manufacturer of oil palm and coconut biomass products is geared up to grow its sales of briquette in the republic, driven by pent-up demand for the product.

He said the company will also tap China's vast growth potential for alternative energy sources, especially in areas where environmental issues are increasingly coming to the fore.

"The higher environmental awareness globally has led to increasing government legislations to curb pollution, such as the recent ban on new coal-fired plants in several cities in China.

"These developments are likely to spur greater demand for cleaner alternative energy sources, including briquette," Lim told a press conference after the company's listing ceremony, here, yesterday.

Heng Huat saw revenue rising to RM21.3 million in the first quarter ended March 31, from RM16.1 million a year ago on significant export sales to China, which contributed 50 per cent of the revenue.

Lim said the company, which has 10 intermediate companies in China, will set up a subsidiary company in southern China to support its operations there.

Heng Huat raised RM20.93 million from the listing exercise, of which RM4 million would be utilised for capital expenditure, RM4.55 million allocated for working capital and the remaining RM9.38 million and RM3 million for the repayment of bank borrowings and listing expenses, respectively.

Out of the RM4 million capex allocation, RM3.20 million will be for the construction of a new production facility, situated in Seberang Prai Selatan, Pulau Pinang.

The company operates two coconut fibre production lines, 20 oil palm empty fruit bunches fibre production lines, two briquette production lines and three coconut fibre sheet production lines.

Heng Huat opened at 61 sen, a premium of 16 sen above its offer price of 45 sen.