
MEDIA CLIPPING

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Prospectus Launch:

Heng Huat Resources eyes China expansion, plans to raise RM 21 million from IPO

KUALA LUMPUR (June 30): Heng Huat Resources Group Bhd aims to raise RM 21 million from its initial public (IPO) offering on the ACE market of Bursa Malaysia, and has plans to extend its geographical footprint in China.

In a statement Monday, the company said it planned to raise RM20.93 million in proceeds for the group, of which RM4.0 million would be for capital expenditure and RM4.55 million for working capital.

The balance RM9.38 million and RM3.0 million would be used to repay bank borrowings and defray listing expenses respectively.

The integrated manufacturer of oil palm and coconut biomass products in Malaysia plans to set up a direct presence in China to tap the country's growing demand for empty fruit bunch (EFB) fibre.

Its co-founder and managing director H'ng Choon Seng said that the company's exports to China comprised primarily of EFB fibre.

He added that the exports have more than doubled in recent years, from RM18.7 million for the financial year ended 31 December 2011 (FY2011) to RM40.7 million in FY2013.

"With the planned set up of a subsidiary in China, we hope to not only strengthen our network amongst the industrial users, but also ride ahead the market trends as we cater our innovation initiatives to meet the market demand," said H'ng in conjunction with the company's launch of its IPO prospectus today.

H'ng targets to set up the unit in China by the first quarter of 2015. In FY2013, Heng Huat's exports to China made up about 55.2% of the group's revenue of RM73.7 million.

Established in 2007, the company currently has three oil palm biomass processing facilities in Selama, Kedah, and in Seberang Perai Selatan, Penang, capable of processing approximately 100,500 metric tonnes of EFB fibre per annum.

In addition, it also has a coconut biomass processing plant in Kelantan and a production plant in Penang for downstream manufacturing of mattresses and related products.

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

Of the public issue of 46.5 million shares, 7 million will be for application by the Malaysian public; while 5.0 million will be allocated to eligible employees and persons having contributed to the success of the group.