

**MEDIA CLIPPING**

<b>Client :</b>	<b>Heng Huat Resources Group Berhad</b>	<b>Date :</b>	<b>1 July 2014</b>
<b>Media :</b>	<b>The Borneo Post (online)</b>	<b>Section :</b>	<b>Business</b>
<b>Language :</b>	<b>English</b>		

**Heng Huat to extend geographical footprint in China**

KUCHING: Heng Huat Resources Group Bhd (Heng Huat), an 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 EFB fibre.

Located in Penang and Kedah, Heng Huat's oil palm biomass processing plants convert oil palm biomass waste into EFB fibre for wide-ranging industrial applications, such as mattress production.

At Heng Huat's IPO prospectus launch yesterday, co-founder and managing director H'ng Choon Seng said that the group's exports to China – comprising primarily EFB fibre – more than doubled in recent years, from RM18.7 million for the financial year ended Dec 31, 2011 (FY2011) to RM40.7 million in FY2013.

H'ng said, "It is timely for us to extend our geographical footprint by including China as our expansion strategy.

"Our success thus far in penetrating the huge Chinese market with our exports says as much the unabated demand for our EFB fibre in the country as it does our product quality.

"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."

In FY2013, Heng Huat's exports to China made up about 55.2 per cent of the group's revenue of RM73.7 million.

Heng Huat launched its IPO prospectus yesterday in conjunction with its listing on the ACE Market of Bursa Malaysia Securities Bhd.

"The biomass materials industry offers huge opportunities for growth," H'ng shared.

"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 fund raising exercise to tap into the vast growth prospects of the industry."

Heng Huat's IPO entails a public issue of 46.5 million new ordinary shares of RM0.10 each and an offer for sale of 14.66 million existing Shares, at an issue/offer price of RM0.45 per Share.

Of the public issue of 46.5 million new Shares, seven million Shares will be for application by the Malaysian public; while five million Shares will be allocated to eligible employees and persons having contributed to the success of the Group.

About 12.2 million Shares will be allocated through private placement to identified investors, and 22.3 million Shares will be placed out to Bumiputera investors approved by the Ministry of International Trade and Industry.

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



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.

The remaining RM9.38 million and RM3 million would be allocated for the repayment of bank borrowings and defraying listing expenses respectively.

With the prospectus launch, applications for Heng Huat's IPO are open today, and will close on Wednesday, July 16, 2014 at 5pm.

Barring unforeseen circumstances, Heng Huat is slated to be listed on the ACE Market of Bursa Malaysia on Friday, July 25, 2014.

Kenanga Investment Bank Bhd is the adviser, sponsor, underwriter, and placement Agent for Heng Huat's IPO, and WYNCORP Advisory Sdn Bhd is the corporate finance adviser.