
MEDIA CLIPPING

Client :	Heng Huat Resources Group Berhad	Date :	30 June 2014
Media :	Bernama Newswire	Section :	Business
Language :	English		

Heng Huat To Set Up Subsidiary In China

GEORGE TOWN, June 30 (Bernama) -- Heng Huat Resources Group Bhd, an integrated manufacturer of oil and coconut biomass products in Malaysia, plans to strengthen its network in China by setting up a subsidiary to tap the country's growing demand for empty fruit bunch (EFB) fibre.

Co-Founder and Managing Director H'ng Choon Seng said it was time for the group to extend their geographical footprint by including China in their expansion strategy.

He said the group's exports to China, which mainly comprised EFB fibre, more-than-doubled in recent years, from RM18.7 million from the financial year ended Dec 31, 2011 to RM40.7 million last year.

"With the plan to set up a subsidiary in China, we hope to not only strengthen our network among industrial users but also ride ahead the market trends as we cater our innovation initiatives to meet market demand," he told reporters here today.

He said subject to obtaining the relevant regulatory approvals from the Chinese authorities, the group planned to set up the subsidiary in the southern region of China by first quarter of 2015.

"With the sizable supply of EFB in Malaysia, coupled with our processing capacity, we are positive that our direct presence in China will help in scaling up the group's exports," he said.

Established in 2007, Heng Huat currently has three oil palm biomass processing facilities in Penang, Kedah and Kelantan.

Earlier, the group launched its initial public offering (IPO) prospectus in conjunction with its listing on the ACE Market of Bursa Malaysia Securities Bhd on July 25.

H'ng said for the group to scale to greater heights, it was necessary for Heng Huat to undertake a fund raising exercise to tap into the vast growth prospects of the industry.

Saying that the biomass materials industry offered huge opportunities for growth, he added that Heng Huat had grown primarily through internally generated funds and bank borrowings.

"We aim to raise RM20.93 million, of which RM4 million will be allocated for capital expenditure, RM4.55 million for working capital, RM9.38 million for repayment of bank borrowings and the remaining for defraying listing expenses," he said.

Heng Huat's IPO entailed 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 price of RM0.45 per share.

Of the 46.5 million new public shares, seven million shares will be allotted for the public while five million shares will be allocated to eligible employees and persons having contributed to the group's success.

-- BERNAMA