

Company Name : Heng Huat Resources Group Berhad
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New Listing: Heng Huat Closes 24% Higher On First Day Of Trade

KUALA LUMPUR (July 25): Shares of Heng Huat Resources Group Bhd closed 11 sen or 24.45% higher to 56 sen on their maiden day of trading at Bursa Malaysia's ACE Market today.

The Penang based integrated manufacturer of oil palm and coconut biomass products was the third most actively traded counter with over 5.18 million units changing hands.

The stock opened at 61 sen for a hefty premium of 16 sen or 35.56% over its IPO price of 45 sen,, and then hit a high of 62 sen before pulling back. The lowest prices traded was 55 sen.

Speaking to the media after the listing ceremony, executive director Lim Ghim Chai said the company expects a 10% jump in revenue to RM81.1 million for the year ending Dec 31, 2014 compared to RM73.7 million in FY2013.

"This is driven by the rising demand on the geotextile products and oil palm empty fruit bunches (EFB) related products in China," he said.

Heng Huat's exports to China accounted for 55.2% of total revenue in FY2013.

"We are planning to establish a subsidiary company in Guang Zhou or Shen Zhen in Southern China by 2015.

"By setting up a subsidiary, it will definitely bring positive increment to company's revenue," said Lim.

The company currently have 10 intermediate companies in China.

Heng Huat is also seeking to improve the quality of biomass briquettes (used as fuel to start and maintain a fire) manufactured by the company to capture a bigger market locally and abroad.

This, said Lim, will allow the company to tap into the vast growth potential of the alternative energy sector while establishing a sustainable revenue stream.

For 1QFY14, Heng Huat's revenue increased to RM21.319 million compared to RM16.102 million a year ago.

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

The public tranche, amounting to seven million shares, was oversubscribed by 60.3 times.

Heng Huat is aiming to raise RM20.93 million from the IPO of which RM4.0 million would be for capital expenditure and RM4.55 million for working capital.

Of the balance, RM9.38 million would be used to repay bank borrowings and RM3 million to defray listing expenses.

Its 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.