

MEDIA CLIPPING

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Hock Heng aims to raise RM8.4m

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IPO Watch

HOCK Heng Stone Industries Bhd, a producer of dimension stones like marbles, plans to raise RM8.4 million from its initial public offering (IPO) slated next month to fund its expansion.

Hock Heng executive chairman and managing director Low Kim Hock said the company will launch its prospectus followed by its listing next month.

"We have been preparing for the listing since last year and this year will be a good year for the construction sector as forecast by the Finance Ministry," Low told reporters at a briefing in Kuala Lumpur yesterday.

Public Investment Bank Bhd is the adviser, managing underwriter, underwriter and sole placement agent for the IPO while both Mercury Securities Sdn Bhd and JF Apex Securities Bhd are

co-underwriters.

The IPO involves a public issue of 15.3 million new shares and an offer for sale of 14.3 million existing shares at an IPO price of 55 sen each.

The flotation is expected to raise RM8.4 million for the company and RM7.8 million for the owners of the company.

About half of the money or RM4 million will be used to fund working capital. It will use RM2.1 million to maintain its quarry, spend RM1.5 million on listing expenses and the remaining RM800,000 to partly fund a second processing plant in Pekan Subang, Selangor.

The plant, situated on a 0.8ha site, will feature a warehouse and stone processing machines.

This will be Hock Heng's first plant in the Klang Valley.

Established in 1998, Malacca based Hock Heng is one of Malaysia's top three dimension stones maker, seller and distributor.

Dimension stones are basically natural rock material such as marble, granite, slate, sandstone, semi processed stones and rock slabs that have been cut into a specific shape and size for use in building, construction projects and monuments.

The company has no export market yet due to overwhelming demand in the country. The dimension stone sector was worth RM220.4 million in 2008. Hock Heng has 22.5 per cent of the market share.

It has been involved in projects like the Prime Minister's office in Putrajaya, Suria Stonor condominium in KL Sentral and water features and landscaping in the Kuala Lumpur City Centre.