

CEOMORNINGBRIEF

KUALA LUMPUR (June 14): Rubber processor producer and trader Seng Fong Holdings Bhd, en route to list on the Main Market of Bursa Malaysia on July 7, plans to raise RM68.1 million from its initial public offering (IPO) to part-finance expansion of its annual production capacity by 17% to 166,000 tonnes by 2023 from 142,000 tonnes currently.

“Our immediate objectives from the listing are to optimise production by increasing our total annual capacity through the hiring of additional workers for a second working shift and implementing ESG (environmental, social and governance) initiatives to make our business more sustainable,” managing director Er Hock Lai said at the company’s virtual IPO prospectus launch on Tuesday (June 14).

The company also intends to use part of the proceeds raised to further its ESG initiatives and repay bank borrowings.

Seng Fong senior manager in development and production ChongWah Kiat said the company is unaffected by the shortage of foreign labourers and the new RM1,500 minimum wage per month set by the gov-

Main market-bound Seng Fong to raise RM68 mil from IPO

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ernment effective May 1 as only 150 workers in Seng Fong earned below RM1,500.

Seng Fong’s IPO entails the issuance of 160.87 million shares or 31% of the company’s enlarged issued shares comprising a public issue of 90.81 million new shares and an offer for sale of 70.06 million shares at an issue price of 75 sen per share. The company’s enlarged total number of shares after IPO is 518.96 million shares.

Of the proceeds to be raised from the public issue, Seng Fong plans to use RM19.7 million for working capital, RM37.9 million for repayment of bank bor-

rowings, RM6.3 million for the installation of biomass systems and the remaining RM4.2 million for listing expenses.

Er said the company’s bank borrowings had been used to instal two solar systems, which reduce its overall electricity expenses and will further its ESG initiatives.

Based on the issue price of 75 sen per share, Seng Fong will achieve a market capitalisation of RM389.22 million upon listing on the Main Market on July 7. Applications for Seng Fong’s IPO will close on June 24.

In a filing with Bursa on Tuesday, Seng Fong posted a net profit of RM13.37 million on a revenue of RM261.94 million for the third financial quarter ended March 31, 2022, mainly derived from the processing and sale of natural rubber of various grades, principally SMR Grade and Premium Grade block rubber. Export sales contributed to 99.9% of the group’s revenue for the quarter.

For the cumulative nine-month period ended March 31, 2022, the company posted a net profit of RM31.32 million on a revenue of RM662.43 million.