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Halex counts on two units

Group to focus on growing horticulture and healthcare disposable businesses

By **ZAZALI MUSA**
zaza@thestar.com.my

JOHOR BARU: Halex Holdings Bhd, en route for a listing on Bursa Malaysia main market on Sept 16, sees good prospects for its horticulture and healthcare disposable business units.

Chairman and managing director Yeoh Cheng Poh said it would further develop and strengthen the two segments to become one of the leading players in the country.

"There is still room for growth for the horticulture and healthcare units and we believe they offer good potential in the long run," Yeoh told *StarBiz*.

Presently, the agrochemicals division contributes 60% of total revenue, healthcare disposables 34%, and horticulture and biotechnology division 6%.

Yeoh said Halex's focus now would be on research and development (R&D), with each of the business units had its own team and facilities.

It spent about 1% of its revenue on R&D, Yeoh said, adding that Halex also worked closely with external consultants.

The company has also been working with organisations such as the Centre of Applied Bioscience International, Universiti Teknologi Malaysia Skudai Chemical Engineering Plant, Sirim Bhd and Forest Research Institute Malaysia.

Yeoh said Halex decided to focus on the two units as the local agrochemical sector, which had an average turnover of RM380mil a year, registered an annual growth of only about 5%.

"This is due to the new and more efficient products and the presence of illegal agrochemical items, especially from China.

"We are now exploring the

African countries for our agrochemical products as other players are not keen to go there," Yeoh said, adding that Somalia, Kenya, Senegal and Tanzania were already on its export list.

The company will also export its healthcare disposable products to South America next year.

"About 75% of our business comes from the domestic market and we are always on the lookout for new export destinations," he said.

For Halex's initial public offering, six million new 50 sen shares were made available to the Malaysian public, two million to eligible employees and two million for private placement to identified investors.

Up to 10 million existing shares were offered for private placement to approved bumiputra

investors at 78 sen per share.

Some RM2mil from the proceeds will be used for extension/expansion of factory building and operations; nursery land and development cost (RM1.1mil), capital and R&D expenditure (RM1.5mil), repayment of bank borrowings (RM1.2mil), working capital (RM450,000) and estimated listing expenses (RM1.55mil).

For the financial year ended Sept 30, 2008 (FY08), Halex recorded a net profit of RM8.60mil on revenue of RM100.89mil compared with RM8.67mil and RM78.24mil respectively in FY07.

Meanwhile, *Bernama* reported that Halex's six million shares for public subscription had been oversubscribed by 4.12 times.

The Malaysian Issuing House said 1,942 applications for 30.73 million shares were received for the six million shares available.

It said 678 applications for 6.29 million shares were received for the bumiputra portion, representing an oversubscription of 1.1 times.

There were 1,264 applications in the public category for 24.43

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million shares, representing an oversubscription of 7.14 times.



Yeoh Cheng Poh with some of the company's cotton and paper-based and wet tissue healthcare disposable products.