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The China firm also sees further expansion of collaboration with FRIM

By LIZ LEE

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KUALA LUMPUR: Kanger International Bhd, poised to be the 10th China stock to list on Bursa Malaysia, intends to set up a research and development (R&D) plant in Malaysia upon listing.

Chief executive officer and managing director Leng Xingmin said that the bamboo flooring maker already had a joint-venture unit with Forest Research Institute Malaysia (FRIM) since 2010 and that the collaboration would be further expanded with Kanger's plant here.

"We would be using a portion of our initial public offering (IPO) proceeds to set up the plant. I believe there is a market for bamboo flooring and our upcoming wall panels, as more people demand green products in their homes," Leng told *StarBiz*.

It intends to use 10% of its IPO proceeds for R&D, 5% for capital expenditure, 41% for working capital, 27% for repayment of borrowings and the balance for the listing exercise.

The local plant will house Kanger's research on local bamboo species similar to those in China that Kanger uses as raw material for its semi-finished flooring products.

Unlike the other China stocks listed here thus far, Kanger wants to position itself as a company with tangible ties to Malaysia. It has been involved in technology transfer with FRIM before.

"We are not a company that's coming in to raise money from investors to fund far-away

operations back in China. We have collaborated with Malaysians before and would continue to do so," Leng said.

Kanger already has a manufacturing plant in Ganzhou, China, and another raw material manufacturing plant in Yanshan, China.

Responding to the notion that China counters did not offer dividend payouts, making them unattractive to investors, he said Kanger was not an unreasonably tight-fisted company. "We are

not cash-rich. We are growing, but we intend to have a dividend policy."

A source said the company would launch its prospectus in a matter of weeks, with the IPO coming before Christmas.

The source said the listing would likely be priced between 24 and 26 sen. He believes that the IPO would be well-received because of its local ties – not only through the establishment of a local plant but also the Perlis royalty's 6% shareholding.

He added that the private placement portion of 58 million shares had been fully subscribed. The IPO includes a further 22 million new shares for the public.

"I think they want to be seen as coming here not just for the Malaysian investors' money, but also the collaborative business prospects in the bamboo industry, which is a renewable industry," the source said.

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