

Heng Fung gears for fashion

By Susan Shiu

INVESTMENT and property developer Heng Fung Holdings will help its soon-to-be-acquired garments and textiles company Iwai International Holdings penetrate the lucrative mainland and United States fashion markets.

Heng Fung chairman and managing director Chan Heng-fai yesterday said the acquisition could make Iwai an international brand name and expand its retail network.

Heng Fung has announced plans to acquire a 35.1 per cent stake, making it the majority owner of Iwai.

Heng Fung is in the process of completing a general offer for all out-

standing shares of Iwai International at \$1.69 each, which would value the company at \$212.1 million.

Mr Chan said Heng Fung was using internal financial resources to buy the Iwai shares.

Iwai is mainly involved in retailing and distribution fashionwear and accessories, and investing in property.

Mr Chan said Heng Fung would allow Iwai to keep its own marketing strategy and management because it had much better knowledge of the fashion business.

Mr Chan said Iwai was expected to open a number of shops, including in major cities on the mainland such as Shanghai,

Beijing, Tianjin, Guangzhou and Wuhan.

The first would probably open in Shanghai within this year.

Iwai will be allowed to develop its core business in fashion and retail.

Mr Chan added that Iwai's financial position was fine and no capital injection will be needed.

Mr Chan said the acquisition would strengthen Heng Fung's balance sheet as Iwai had better earnings potential than Heng Fung, which has suffered losses in recent years.

High fashion: Chan Heng-fai, left, with financial controller Ronald Lau, explain Heng Fung's plans for Iwai.

PICTURE BY MIKE HO

