



Cashing in

Wan Kam-yan

Heng Fung chairman Chan Heng-fai says Iwai's will strengthen the firm's balance sheet.

Heng Fung plans Iwai's expansion

SAUW YIM

Finance and property company Heng Fung Holdings says it plans to expand on the mainland using its recently purchased vehicle, fashion retailer Iwai's International Holdings.

Heng Fung acquired Iwai's in partnership with Guangdong Enterprises Holdings, the unlisted window firm of the Guangdong provincial government.

Heng Fung chairman Chan Heng-fai said outlets were planned in mainland cities such as Shanghai, Beijing, Guangzhou and Wuhan, and should be open in the second half of the year.

"Using Guangdong Enterprises' mainland connections, we will be able to expand Iwai's business into China," he said.

Iwai's operates 41 boutiques in eight shopping arcades in Hong Kong, runs its own label called Renouveau and also distributes Danish fashion labels InWear and Matinique.

Mr Chan said the acquisition of Iwai's would contribute a steady cash flow to Heng Fung.

"Iwai's cash flow and earnings are even stronger than Heng Fung's. This purchase should strengthen our balance sheet," he said.

Heng Fung and Guangdong Enterprises agreed to buy 40 per cent of Iwai's from its chairman, Masaru Iwai, for \$61.24 million.

Guangdong Enterprises will make no appointments to Iwai's board, leaving Heng Fung, which will control at least 36 per cent of the company, to form it.

Mr Chan said the firm had no plans to extend its co-operative agreement with Guangdong Enterprises to other areas, such as property development.