

Hing Yiap To Recoup Investment in Chocolate Cafe In 2009

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SECOND board-listed Hing Yiap Knitting Industries Bhd expects to recoup its investment in Theobroma Chocolate Lounge by the end of its current fiscal year ending June 30 2009.

In May this year, Hing Yiap secured a master franchise agreement with Australia's Theobroma - Food of the Gods Pty Ltd - to open and develop the chocolate cafe business in Malaysia and Brunei for 10 years.

It has opened its first two outlets in 1 Utama and Pavilion KL shopping centres at a capital outlay of RM500,000 to RM600,000 per outlet and plans one or two more in the Klang Valley by year-end.

"We expect to achieve break even cash flow by the middle of next year," Hing Yiap chief operating officer Edwin Saw (pic) told Business Times in an interview.

Saw said the company expects non-apparel business to contribute 30 per cent to revenue, but gives no timeframe.

Group CEO Howard Khoo Henn Kuan said Malaysia's response so far to the Theobroma Chocolate Lounge has been encouraging, thanks to its prime location.

"We are lucky as our outlets are in a prime location. We have been well received by (shopping) complex owners and thus, it is not impossible to recover (our investment) by the end of this fiscal year," he added.

The company's intention is to open a total of 24 Theobroma Chocolate Lounge outlets across the country over the next five years.

Khoo said the Theobroma Chocolate Lounge venture sets the stage for Hing Yiap to venture beyond the apparel business to other lifestyle-related businesses.

"Since our listing (in 1997), we have grown our (apparel) business and one of our goals is to diversify our business into a full-fledge lifestyle company.

"As such, we see the food and beverage business (through Theobroma Chocolate Lounge) as a natural extension of our operations," he added.

Khoo said Hing Yiap will continue to scout for new investments in lifestyle-related businesses in Malaysia and other countries.

"We hope to enter into something of this nature every three to five years. This is part of our plans to diversify our revenue streams," Khoo said, adding that the investments must possess strong positions in attractive niche markets. - By Kang Siew Li