

**TERMBRAY PETRO-KING OILFIELD SERVICES LTD:  
READ THE SMALL PRINT OF THIS COMPANY'S PROSPECTUS**

One supposes that prospective investors as well as the five Cornerstone Investors of Termbray Petro-King Oilfield Services Ltd () (Code: 2178, Main Board, The Stock Exchange of Hongkong Ltd), all of the Cornerstone Investors, being corporate entities, understand and appreciate the importance of three, independent facts about the latest **Initial Public Offering (IPO)**:

1. The Controlling Shareholder of Termbray Petro-King is Termbray Industries International (Holdings) Ltd ([ ]) (Code: 93, Main Board, The Stock Exchange of Hongkong Ltd);
  2. The Company's debt burden to its bankers is the highest on record and that available cash is tight at this juncture of its relatively short history; and,
  3. The Company is dependent on just one customer for about 90 percent of its total revenue.
- Which means, in short and in truth, the Company has only one customer.

Termbray Petro-King issued its Global Offering Prospectus on February 22, 2013, when it Offered 250 million, nil Par Value Shares at the Indicative Price Range Per Share of between \$HK2.78 and \$HK3.39.

The Company has stated in its Prospectus that it hopes to hook about \$HK710.20 million (assuming the Offer Price is struck at \$HK3.09), that money to be used for the following purposes:

1. About 35 percent (\$HK248.60 million) to be utilised for the construction of a new plant in the People's Republic of China (PRC), the purchase of machinery, equipment and software for research and development purposes and the recruitment of more staff;
2. About 30 percent (\$HK213.10 million) to be utilised to purchase what is termed, '*a range of production enhancement related tools and equipment*';
3. About 15 percent (\$HK106.50 million) to be utilised '*for investment in the Group's research and development in new services and technologies*';
4. About 10 percent (\$HK71 million) to be utilised to update regional offices in the PRC and overseas; and,
5. About 10 percent (\$HK71 million) to be tipped into the General Working Capital Account.

Not a penny of the money, obtained in this IPO, will be used to retire any portion of the debts, owed to the Company's bankers. As at September 30, 2012, debts to bankers stood at \$HK173.87 million.

That amount of \$HK173.87 million was a record debt burden for the Termbray Petro-King, as far as its bankers were concerned.

That amount of \$HK173.87 million, also, was an increase of about \$HK70.54 million, or about 68.27 percent, compared with the debt situation that existed as at December 31, 2012, just nine months earlier.

Lastly, still on the matter of debt burdens, as at December 31, 2009, the Company's bank borrowings stood at about \$HK24.24 million, only! But, at the same time, it had obtained a Shareholders' Loan of \$HK286.02 million.

Note 18, contained at Appendix I-79 of the Global Offering Prospectus, states that the Shareholders' Loans

were interest-free and unsecured. These loans were capitalised into the Company's Share Capital on or about October 20, 2010.

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