

**TAK LEE MACHINERY HOLDINGS LTD:
THERE IS GOOD NEWS ... AND THERE IS BAD NEWS**

Foreign-Exchange Translation exposure risks with regard to Tak Lee Machinery Holdings Ltd () (Code: 8142, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) have, during the 24-month, track-record period, ended July 31, 2016, not played a welcome part with regard to the calculations of this Company's financial results.

And, it appears, on scanning the Public Offer and Placing Prospectus of this Company, Foreign-Exchange Translation gains and losses will continue to play their part in the determinations of the Net Profit Attributable to Shareholders for some time to come.

Unless, of course, Management takes definitive measures to protect the Company from the wild swings in the currencies of its foreign suppliers.

The Initial Public Offering (IPO) Of Tak Lee Machinery Holdings Ltd

Tak Lee Machinery Holdings Ltd launched its IPO on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the Peoples Republic of China (PRC) on July 17, 2017.

The Company Offered 250 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 28 cents to a high of 44 cents.

HKSAR Investors were Offered 25 million Shares (known as the Public Offer tranche) and 225 million Shares were reserved to be placed with Institutional/Professional or Well-Heeled Investors, presumably where-ever they could be located.

On July 26, 2017, Management announced that the Offer Price Per Share had been determined at 44 cents and that it was anticipated that the Company would net about \$HK99 million from this IPO.

The Placing tranche, one was told in this Allotment Announcement, had been 1.19 times over-subscribed (267,282,795 Shares) and the Public Offer tranche of 25 million Shares had '*been very significantly over-subscribed.*'

The tally that had been recorded was that Management had been received a total of 7,719 valid applications in respect of the Shares in the Public Offer tranche, representing 5,092,960,000 Shares, being about 203.72 times that number of Shares on Offer in this tranche.

At Page Nine of this Allotment Announcement, one was told as to how the estimated \$HK99 million would be allocated:

1. Approximately, \$HK64.40 million, that is about 65.00 percent of the net proceeds, '*will be used for the procurement of heavy equipment*';
2. Approximately, \$HK14.20 million, that is about 14.30 percent of the net proceeds, '*will be used for the enhancement and expansion of our existing facilities*';
3. Approximately, \$HK5.20 million, that is about 5.30 percent of the net proceeds, '*will*

be used for the development of our TLMC (Tak Lee Machinery Company) brand heavy equipment’;

4. Approximately, \$HK5.30 million, that is about 5.40 percent of the net proceeds, ‘*will be used for the recruitment and training of our staff*’; and,
5. Approximately, \$HK9.90 million, that is about 10.00 percent of the net proceeds, ‘*will be used for the working capital of our Group*’.

As for the first seven months of this calendar year, this flotation was among the most-successful of Initial Public Offerings on the GEM by a very large margin.

The Business Of Tak Lee Machinery Holdings Ltd

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