

TARGET

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T H U R S D A Y

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KHOON GROUP LTD:

THE LITTLE EMPIRE, CREATED BY MR ANG JUI KHOON

And It Is Expected To Stay Little, Too

During the past year or so, **TARGET** () has noted how the commissions, paid to certain classes of underwriters of **Initial Public Offerings (IPOs)** in respect of the sales of shares, had risen from about 2.50 percent to 10 percent.

But, in the case of Khoon Group Ltd () (Code: 924, Main Board, The Stock Exchange of Hongkong Ltd), Senior Management was able to obtain a record-low underwriting commission in respect of the sales of its shares ... of 0.50 percent!

It is noted that Senior Management of Khoon Group Ltd are all citizens of The Republic of Singapore and so, perhaps, the matter of the record-low underwriting commission had some bearing on the matter with regard to the underwriting commission that had to be paid to:

Kingsway Financial Services Group Ltd ();

and,

The IPO Of Khoon Group Ltd

Khoon Group Ltd published and disseminated its Share Offer Prospectus in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on June 20, 2019.

Management of this 30-year-old Company, being based in The Republic of Singapore, from where it obtains all its Annual Revenue, today, came to the HKSAR in order to find buyers for its 250 million, one-cent (Hongkong) Shares at the Indicative Offer Price Per Share, ranging between a low of 50 cents (Hongkong) and a high of 60 cents (Hongkong).

Investors of the HKSAR were Offered 25 million Shares (the HKSAR Public Shares Offer tranche) and, presumably, International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with any corporate entities in which they held equity control – were Offered the opportunity to subscribe to 225 million Shares, via Share Placements (the Placing Shares Offer tranche).

On Thursday, July 4, 2019, it was announced that the Offer Price Per Share had been struck at 50 cents – the lowest end of the Indicative Offer Price Range.

The Company estimated that it would net about \$HK95 million from the Share Offer.

With regard to the HKSAR Public Shares Offer tranche, the July 4, 2019 '**ANNOUNCEMENT OF OFFER PRICE AND ALLOTMENT RESULTS**' stated that that tranche had been '*moderately over-subscribed*' to the extent of valid applications for Offer Shares, reaching 334,104,000, equivalent to about 13.36 times the 25 million Shares, initially available.

In respect of the Placing Shares Offer tranche, one was informed that it had been '*slightly over-subscribed*' and that 169 Placees had received the entire 225 million Shares.

At Pages Eight and Nine of this Announcement, one was informed as to how Management of the Company anticipated the utilisation of the net proceeds of the Share Offer:

- Approximately, \$HK40.60 million, that is about 42.70 percent, '*for the acquisition of a Singapore-based ACMV (air-conditioning and mechanical ventilation) contractor which is registered under the workhead of ME01 (air-conditioning, refrigeration and ventilation*

works) with at least “L4” grade’;

- Approximately, \$HK14.50 million, that is about 15.30 percent, *‘for strengthening our manpower by recruiting additional staff’;*
- Approximately, \$HK10.40 million, that is about 10.90 percent, *‘for the acquisition of a property with gross floor area of approximately 6,000 sq.ft. (square feet);*
- Approximately, \$HK9.50 million, that is about 10.00 percent, *‘for financing our upfront costs and working capital requirements at the early stage of carrying out our electrical engineering projects’;*
- Approximately, \$HK8.00 million, that is about 8.40 percent, *‘for financing the acquisition of additional machinery and equipment’;*
- Approximately, \$HK5.10 million, that is about 5.40 percent, *‘for purchasing a building information modeling software together with certain ancillary supporting hardware device and upgrading our enterprise resource planning system’;*
- Approximately, \$HK1.60 million, that is about 1.70 percent, *‘for financing the acquisition of three additional lorries’;* and,
- Approximately, \$HK5.30 million, that is about 5.60 percent, *‘as our general working capital’.*

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