

# **TARGET**

## **Intelligence Report**

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**VOLUME XXI No. 226**

**T H U R S D A Y**

**October 17, 2019**

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**TBK AND SONS HOLDINGS LTD:**

**TWO BROTHERS RULE THE ROOST**

TBK and Sons Holdings Ltd (Code: 1960, Main Board, The Stock Exchange of Hongkong Ltd) has a history, going back to May 22, 1975, and, as such, it would be difficult for one to become euphoric on scanning the past financials of the Company, going back to the 2016 Financial Year.

Far from it, in fact.

This Company is a civil and structural works contractor in the oil and gas industry in Malaysia.

All the Company's principal subsidiaries are incorporated in Malaysia, along with the bulk of the Company's assets.

Also, the Company has been reliant on just five customers, throughout the three Financial Years, ended June 30, 2018.

Its primary market is, undoubtedly, Malaysia.

The Company's Executive Directors are two brothers who own, beneficially, 60 percent of the entire Issued and Fully Paid-Up Share Capital.

Clearly, Senior Management brooks little dissention on matters of great pith and moment.

Having stated all the above, the question is whether or not the Company, today, is on roll?

Does one swallow's return indicate the coming of the spring?

### **The Initial Public Offering (IPO) Of TBK And Sons Holdings Ltd**

TBK and Sons Holdings Ltd published and disseminated its Share Offer Prospectus in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on Monday, September 16, 2019.

Management of the Company Offered for sale a total of 250 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 50 cents to a high of 60 cents.

Investors of the HKSAR were Offered the opportunity to subscribe to 25 million Shares while the remaining 225 million Shares were reserved to be Placed, presumably with Institutional Investors, Professional Investors and/or select, Well-Heeled Investors.

On Friday, September 27, 2019, Management announced that the Offer Price Per Share had been struck at 50 cents – the lowest level of the Indicative Offer Price range – and that it was envisaged that the Company's coffers would be enriched by about \$HK87 million.

The Public Offer tranche of 25 million Shares had been '*moderately over-subscribed*', one was informed, equivalent to about 9.60 times the total number of shares, available under this tranche.

As for the Placing Shares tranche of 225 million Shares, it had been, in Management's terms, '*fully subscribed*.'

At Page Seven of last Friday's announcement with regard to the Share Price and the Allotment Results, it

was stated as to the present intent of Management to utilise the net proceeds of the Share Offer:

- Approximately, \$HK26.70 million, that is about 30.70 percent of the net proceeds, *‘for financing the upfront expenditures of new projects’*;
- Approximately, \$HK8.90 million, that is about 10.20 percent of the net proceeds, *‘for taking out performance bonds for contracts’*;
- Approximately, \$HK13.40 million, that is about 15.40 percent of the net proceeds, *‘for (the) expansion of (the Company’s) workforce’*;
- Approximately, \$HK17.80 million, that is about 20.50 percent of the net proceeds, *‘for (the) acquisition of additional machinery and equipment’*;
- Approximately, \$HK13.40 million, that is about 15.40 percent of the net proceeds, *‘for (the) acquisition of potential suitable companies and business’*; and,
- Approximately, \$HK6.80 million, that is about 7.80 percent of the net proceeds, *‘for general working capital and other general corporate purposes.’*

### **The History And Business Of TBK And Sons Holdings Ltd**

Mr Tan Bock Kwee – now deceased – along with his oldest son, Mr Tan Hun Leng, incorporated Tan Bock Kwee and Sons Sdn Bhd in Malaysia on May 22, 1975.

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