

More firms brave volatility

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Soon Lian Holdings aims for Sesdaq listing, KTL Global goes for mainboard

AT LEAST another two listing aspirants are braving the current stock market volatility, launching yesterday their initial public offerings.

Soon Lian Holdings, a specialist supplier of aluminium alloy products, particularly in the marine and precision engineering industries, is seeking a Sesdaq listing while KTL Global Ltd, a supplier of rigging equipment in the offshore oil and gas sector, is aiming for a mainboard listing.

Despite new issues opening below their offer prices in recent months, Soon Lian and KTL are undaunted, with both citing their sound business fundamentals and confident of long-term growth prospects.

'The oil and gas industry is booming and we have confidence in our company,' Wilson Tan, chief executive of KTL Global, said at an interview yesterday.

Soon Lian sees continued growth for the oil and gas sector for the next few years. 'We need the capital now to grow the business,' Tony Tan, chief executive of Soon Lian, said at a separate interview. 'We can't control the stockmarket, but we have faith in our own company and our growth.'

Both added that investor interest at their roadshows were positive. 'We had good response from investors during the roadshows, so much so that we don't even have enough shares to go round,' said Soon Lian's Mr Tan.

Soon Lian is offering 27 million new shares at 21 cents each for a Sesdaq listing. Its target is Catalist - the new secondary board - next month, after complying with Singapore Exchange rules.

One million shares are available for public subscription and 26 million shares for placement. The IPO is expected to raise net proceeds of \$4.2 million, of which \$2 million will be used to increase its range of aluminium alloy products and expand its warehousing capacity, About \$700,000 will be used to extend its reach in Malaysia and establish a presence in Indonesia, Vietnam and the United Arab Emirates. The rest will be for working capital.

Established more than 20 years ago, Soon Lian now has four warehouses in Singapore and Malaysia, and supplies a range of more than 1,200 different aluminium alloy products to more than 1,000 customers in at least 15 countries.

'With a global increase in oil and gas exploration and production activities, the demand for rescue boats, crew boats and other oil and gas service vessels is expected to increase,' noted Soon Lian's Mr Tan. 'In addition, as the economies of South-east Asia, China and India continue to grow, the end-market demand for precision instrument, semiconductor manufacturing equipment and automated assembly lines used in manufacturing activities will correspondingly rise. All these augur well for the demand of Soon Lian's aluminium alloy products.'

KTL Global is offering 40 million new shares at 28 cents each, comprising two million public-offer shares and 38 million placement shares.

KTL expects net proceeds of about \$9.6 million, of which about \$3 million will be used to buy plant and equipment for the new Tuas facility, and the remaining \$6.6 million for general working capital and possible acquisitions and joint ventures.

The company provides rigging equipment to the offshore oil & gas and marine industries, such as ropes and slings which are essential for lifting and mooring purposes. It also provides other related services such as load testing, installation, testing and certification of rigging equipment.

KTL has a presence in the Middle East and Asia-Pacific with customers spanning countries such as Singapore, Hong Kong, China, Australia, and Europe.

KTL's Mr Tan said: 'Having Singapore as our headquarters puts us in a sweet spot as we are able to effectively capitalise on the growth economies in Asia, as well as the increased offshore O&G exploration and production activities in the region.'

From July 1 to Oct 26, the group's confirmed sales order amounted to about \$24 million, of which about \$19 million has been fulfilled.

Phillip Securities is the issue manager, underwriter and placement agent for the two IPOs.

Soon Lian's public offer opens today and closes on Dec 11, and trading of its shares is expected to commence on Dec 13.

KTL's public offer also opens today and closes on Dec 12. Trading is expected to begin on Dec 14.