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Wellness player OB Holdings debuts on Bursa

BY **CHERYL POO**

The last of six initial public offerings (IPOs) on Bursa Malaysia in October, OB Holdings Bhd (KL:OBH) is scheduled to debut on the bourse's ACE Market on Tuesday (Oct 29) after the IPO of Sorento Capital Bhd the day before.

The other four were KHPT Holdings Bhd, Crest Group Bhd, Autoris Group Holdings Bhd and Northeast Group Bhd.

OB Holdings intends to raise RM28.8 million from the flotation exercise, which is priced at 24 sen per share. The IPO, which closed on Oct 15, comprises a public issuance of 120 million new ordinary shares, offering investors a 30.64% stake in the company, according to its official prospectus that was launched on Sept 27. Existing shareholders of the company opted not to sell any existing shares.

Of the new shares, 19.6 million are made available for application by the public via balloting and 7.8 million shares were allocated to its eligible directors, employees and individuals who have contributed to the success of OB Holdings and its subsidiaries. Some 43.6 million shares were allocated to selected investors via private placement with the remaining 49 million shares offered via private placement to identified bumiputera investors approved by the Ministry of Investment, Trade and Industry.

In a statement, the company says it received a total of 22,753 applications for 2.163 billion shares worth RM519.16 million from the Malaysian public.

For the allocation of about 9.79 million shares for the bumiputera balloting portion, it received 11,375 applications for 969.26 million shares, representing an oversubscription rate of 97.99 times.

For the remaining public portion, it received 11,378 applications for 1.194 billion shares, representing an oversubscription rate of 120.94 times.

Meanwhile, the 7.83 million shares made available for eligible directors, employees and persons were fully subscribed.

Based on 120 million new shares issued, OB Holdings is expected to raise some RM28.8 million from the IPO, which has been earmarked for repayment of bank borrowings and purchase of machines as well as working capital.

The company mainly manufactures "for-

tified food and dietary supplements" under various house brands, as well as for third-party brand owners. Its in-house product line includes softgel capsules, hard capsules, effervescent tablets and tea bags that can be found in major supermarkets and big chain pharmacies in the country.

The company also offers contract packing services for various products, such as milk powder, tea leaves, honey, herb powder, fruit powder and liquid chlorophyll into retail packaging sizes, along with the trading of milk powder and other activities.

At the IPO price, OB Holdings would have a market capitalisation of RM93.99 million, valuing the company at 17 times profit after tax of RM5.5 million for the financial year ended May 31, 2024 (FY2024).

More than half of the total RM28.8 million to be raised through the IPO has been allocated to repay bank borrowings incurred from the construction of a new factory in Serendah, Selangor, to enable optimisation of manufacturing workflow and position the group to cater to increasing demand for its products and services.

OB Holdings is also setting aside RM5 million from the IPO proceeds for the purchase of new machines, and RM900,000 for the setting up of a new laboratory in the Serendah factory to facilitate its Bonlife SachaQ10 Plus Softgel clinical trial.

The company will utilise RM3 million for working capital, RM1 million for marketing, and RM4 million to cover IPO-related expenses.

OB Holdings managing director Teoh Eng Sia and his wife Wong Chung Theng, each own 50% of the company, and will see their stakes diluted to 19.68% after the listing, but they will still hold a combined 30% stake via their private company, Goodone Holdings Sdn Bhd.

Alliance Islamic Bank, the principal adviser, sponsor, sole underwriter and placement agent for the IPO exercise, will underwrite 19.6 million shares allocated to the public and 7.8 million shares for the pink form allocation.



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