

# TARGET

## Intelligence Report

VOLUME XXII No. 190

S A T U R D A Y

September 5, 2020

**ZHENRO SERVICES GROUP LTD:  
PATERFAMILIAS OU ZONG RONG ASKS:  
'PLEASE, SIR, I WANT SOME MORE !' – AND HE GETS IT**

Having garnered \$HK3,843.50 million from the flotation of Zhenro Properties Group Ltd (正榮地產集團有限公司) (Code: 6158, Main Board, The Stock Exchange of Hongkong Ltd) in the closing days of the 2017 calendar year, Messrs Ou Zong Rong (歐宗榮), Ou Guo Qiang (歐國強) and Ou Guo Wei (歐國偉) decided, on June 29, 2020, in the popular phrase of the sheep farmers of Australia: *'Let's give it another try, shall we?'*.

To this end, Mr Ou Zong Rong (歐宗榮) and his two sons – Messrs Ou Guo Qiang (歐國強) and Ou Guo Wei (歐國偉) – determined to orchestrate the flotation of Zhenro Services Group Ltd (正榮服務集團有限公司) on the Main Board of The Stock Exchange of Hongkong Ltd ... and they were richly rewarded by so doing.

Because the flotation of Zhenro Services Group Ltd (Stock Code: 6958) resulted in the enriching of the coffers of this Company by an amount of \$HK1,238.20 million, being the aggregate of the initial amount of \$HK1,071.50 million, derived from the Global Offering, and another \$HK166.70 million, derived from the Full Exercise of the Over-Allotment Option of 37.50 million additional New Shares at the Offer Price Per Share of \$HK4.55.

When all was said and done, paterfamilias Ou Zong Rong could be accused of causing the embellishment of the Ou Family's fortunes from the successful flotations of two companies on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** by not less than \$HK5,081.70 million.

### **The Initial Public Offering (IPO) Of Zhenro Services Group Ltd**

On Monday, June 29, 2020, Zhenro Services Group Ltd published and disseminated its Global Offering of 250 million, \$US0.002 Offer Shares in the HKSAR.

The Indicative Offer Price Per Share was determined at between \$HK3.60, the minimum acceptable Share Price of Management, and \$HK4.70 at the maximum level of the Share Price.

HKSAR Investors were Offered the opportunity to subscribe to 25 million Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with this class of investors'

corporate entities in which equity control was vested – were induced to put in valid applications in order to obtain some of the 225 million Offer Shares, dedicated to satisfy the investment appetites of such moneyed investors (the International Offer Shares tranche).

On Thursday, July 9, 2020, Management announced that the Offer Price Per Share had been struck at \$HK4.55 and that, as such, the net proceeds of the Global Offering was anticipated to be about \$HK1,071.50 million.

With regard to the HKSAR Offer Shares tranche, Management stated that it had received a total of 122,634 valid applications for a total of 2,550,081,000 Offer Shares, equivalent to about 102 times the total number of 25 million HKSAR Offer Shares, initially available under this tranche.

With regard to the International Offer Shares tranche, Management stated that it had received valid applications for 4,075,014,600 Offer Shares, representing about 18.10 times the total number of 225 million Offer Shares, initially available under this Offer Shares tranche.

In short, this Offer Shares tranche had *‘been significantly over-subscribed’*, Management remarked.

At Page 10 of the Announcement of the Offer Price and Allotment Results, dated Thursday, July 9, 2020, one was informed as to Management’s intentions in respect of the present utilisations of the net proceeds of the Global Offering:

- Approximately, 55 percent, that is about \$HK589.30 million, *‘will be used to pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand the Group’s business scale and the depth and breadth of the Group’s geographic coverage’*;
- Approximately, 20 percent, that is about \$HK214.30 million, *‘will be used to further develop the Group’s information management systems’*;
- Approximately, 15 percent, that is about \$HK160.70 million, *‘will be used to further develop our “Rong Wisdom” (榮智慧) Service Software to increase efficiency in the provision of the Group’s new and existing property management services, improve the Group’s service coverage and quality and create greater customer satisfaction’*; and,
- Approximately, 10 percent, that is about \$HK107.20 million, *‘will be used for general business operations and working capital’*.

On Tuesday, July 28, 2020, Management of Zhenro Services Group Ltd announced that there had been a full exercise of the Over-Allotment Option of 37.50 million Shares and that the net proceeds from this windfall would be an additional amount of approximately \$HK166.70 million.

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