

**MINGFA GROUP (INTERNATIONAL) COMPANY LTD:
THIS COMPANY DOES NOT IMPRESS THIS MEDIUM –
NO! NO! NO!**

With a Prospective Price-Earnings Multiple of between 31.90 times and 39.90 times (based on an Offer Price of between \$HK3.03 and \$HK3.79, respectively), Mingfa Group (International) Company Ltd ([]) (Code: 846, Main Board, The Stock Exchange of Hongkong Ltd) is the most-expensive scrip to be Offered in an **Initial Public Offering (IPO)** in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) for many a moon.

The calculation of the Prospective Price-Earnings Multiple is based on before and after taking into consideration *'fair value gains on investment properties.'*

The calculation, as given in Paragraph One of this **TARGET** () analysis, is based on before fair value gains on investment properties, but, after taking into consideration after fair value gains on investment properties, the figure comes down to between 18.60 times and 23.30 times, Page 14 of the Global Offering Prospectus states.

This is, still, bloody expensive, in **TARGET**'s opinion.

Furthermore, the Adjusted Net Tangible Asset Value Per Share is between 80 cents and 91 cents – based on an Offer Price of between \$HK3.03 and \$HK3.79, respectively – which means that prospective investors have to pay between 3.79 times and 4.16 times the Adjusted Net Tangible Asset Value Per Share if they are desirous of buying some of these shares.

This makes the shares, very bloody expensive, no matter how one cuts it.

One has to ponder: Would it be cheaper to wait until after November 3, 2009 (next Tuesday), in order to see which way the investment wind is blowing in the HKSAR before committing to an investment in this Company?

In **TARGET**'s view, this would appear to be a wise decision.

The Flotation

Mingfa Group (International) Company Ltd published its Global Offering Prospectus on October 21, 2009, when it Offered 900 million, 10-cent Shares at a share price of not less than \$HK3.03 and not more than \$HK3.79.

At Page 324 of the Global Offering Prospectus, Management stated that it wanted to raise about \$HK2.91 billion for the following purposes:

1. About 63 percent of the net proceeds of the IPO (about \$HK1.836 million) to be utilised *'for potential acquisitions of new land ...'*;
2. About 27 percent of the net proceeds of the IPO (about \$HK787 million) to be utilised *'for*

future project funding purposes ... ’; and,

3. About 10 percent of the net proceeds of the IPO (about \$HK291 million) to be tipped into the General Working Capital Account.

As at June 30, 2009, Mingfa Group (International) Company Ltd had cash and cash equivalents of about 222,598,000 renminbi, according to the Consolidated Balance Sheets, located at Appendix I-4 of the Global Offering Prospectus.

Now, for a property developer-cum- hotel-owning company, operating exclusively in the PRC, proper – being separate and distinct from the HKSAR of the PRC – with an Annual Turnover of more than 2 billion renminbi, 222,598,000 renminbi is not a great deal of money.

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