

**ZMFY AUTOMOBILE GLASS SERVICES LTD:  
IT IS A SLOW PLODDER –  
AND, PROBABLY, IT WILL ALWAYS BE SO**

The flotation on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd of ZMFY Automobile Glass Services Ltd () is yet another example of a corporate entity, seeking a listing in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) not just to raise what must be labelled little more than a pittance, but with the avowed expectation of raising far-greater funds in the very near future.

This is only too apparent on scanning the August 27 Placing Prospectus of this Company.

ZMFY, which has been afforded Stock Code Number 8135, Placed 120 million, one-cent Shares at an Indicative Price Range Per Share of between 45 cents and 65 cents.

Of the total number of shares that were placed, 100 million shares are designated as being New Shares and 20 million shares are designated as being Sale Shares.

The Sale Shares were those, sold by Lu Yu Global Ltd, a company, domiciled in the British Virgin Islands that is beneficially owned by Ms Kumiko Natsu (), who is the owner of 55 percent of the Issued and Fully Paid-Up Share Capital of ZMFY, immediately following the completion of the Placing of the 120 million shares.

Why in the world Ms Kumiko Natsu would want to sell 20 million of her shares via Lu Yu Global Ltd may boggle the imagination of some people since the most amount of money that this lady would be able to garner from the share sales was \$HK13 million before expenses.

It is highly unlikely that this Japanese lady is short of money.

ZMFY claims, at Pages 305 and 307 of the Placing Prospectus, that, based on the midpoint of the Indicative Price Range Per Share, being 55 cents, it will net about \$HK33.40 million.

The use of the net proceeds is earmarked for the following purposes:

- About \$HK19.80 million, representing about 59 percent of the net proceeds, *'to setting up new service centres in Beijing, Tianjin, Hangzhou, Shenyang, Shandong and Hebei provinces'*;
- About \$HK11.20 million, representing about 34 percent of the net proceeds, *'to be used to exploring mergers and acquisition opportunities and business collaboration opportunity'*; and,
- About \$HK2.40 million, representing about seven percent of the net proceeds, to be used as Working Capital.

However, last Monday, the Company announced that the Placing Price had been struck at the lowest level of the Indicative Price Range Per Share: 45 cents.

This altered Management's plans somewhat since the most amount of money that the Company was able to obtain from this cash-raising exercise was about \$HK23.90 million.

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