

**ODELLA LEATHER HOLDINGS LTD:  
DON'T HOLD YOUR BREATH, WAITING FOR A DIVIDEND**

**This Must Be Among The Worst IPOs, Ever**

There is quite a number of things for which prospective investors of Odella Leather Holdings Ltd () (Code: 8093, The **G**rowth **E**nterprise **M**arket [The **GEM**] of The Stock Exchange of Hongkong Ltd) might like to bear in mind when considering purchasing shares in this manufacturer of leather garments:

1. Management is anticipating that, for the first half of the Current Financial Year, ended December 31, 2014, the Company suffered a loss of about \$HK5 million, that Bottom Line, being the first time in the previous two Years that a profit had not been booked. In addition, Management is expected that, for the entire 2014-2015 Year, ending June 30, 2015, the Company will continue to be operating in the red;
2. The net proceeds from the Placement of 100 million of the Company's Shares were, always, anticipated to be less than the amount of money, paid to experts in respect of Management, obtaining an acceptance for a listing of the Company on The GEM, and, then, the Placement of 25 percent of the entire Issued Share Capital;
3. Management has agreed to pay to its underwriters a record-high commission of six percent of the net proceeds from the share placements and, in addition, \$HK1.70 million, being a '*Coordination Fee*'; and,
4. This GEM flotation is quite likely to be the first of a number of cash-raising exercises in an attempt to bolster this Company's flagging coffers.

**The Initial Public Offering (IPO)**

The Placing Prospectus of Odella Leather was published and disseminated on February 5, 2015.

The Company was desirous of Placing 100 million, one-cent Shares at the price per share of between 55 cents and 60 cents.

Yesterday, the Chairperson of the Company announced that the Placing Price Per Share had been struck at 55 cents and that \$HK26.20 million were expected to be the net proceeds, derived from the IPO.

At Page 239 of the Placing Prospectus, it is stated that, at the midpoint of the Indicative Placing Price Per Share, being 57.50 cents, the Company would be able to net about \$HK28.60 million.

It missed that Prospectus target figure by \$HK2.40 million.

In respect of the total cost of floating this Company on The GEM, the net proceeds were about \$HK2.70 million less than the payments of commissions and other expenses, associated with Odella Leather, obtaining on listing on the secondary equity market of The Stock Exchange of Hongkong Ltd.

The net proceeds from the Placing of 100 million Shares in the Issued and Fully Paid-Up Share Capital of this Company shall be utilised as follows:

- About \$HK8.00 million, that is about 30.50 percent of the net proceeds, to strengthen the Company's business development capabilities;
- About \$HK500,000, that is about 1.90 percent of the net proceeds, to enhance manufacturing facilities;
- About \$HK8.00 million, that is about 30.50 percent of the net proceeds, to expand the Company's pre-production development functions;
- About \$HK7.70 million, that is about 29.40 percent of the net proceeds, to expand the Company's sourcing capability; and,
- About \$HK2.00 million, that is about 7.70 percent of the net proceeds, to be tipped into the General Working Capital Account.

At ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com). **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*