

**D AND G TECHNOLOGY HOLDING COMPANY LTD:
THIS COMPANY HAS DONE WELL IN THE PAST THREE YEARS**

But It Is Still A Momma-And-Papa Shop, In Reality

There are two items that may be considered of interest to prospective investors of D and G Technology Holding Company Ltd () (Code: 1301, Main Board, The Stock Exchange of Hongkong Ltd):

1. The Debt-To-Equity Ratio has risen from zero percent in respect of the 2013 Financial Year to 47.70 percent in respect of the 2014-Year; and,
2. The Choi Family, the Founding Family of the Company, has awarded itself an increase in the 2015-Year and for the following two Financial Years, thereafter, with regard to the four Family member's annual remuneration, of about 315 percent.

D and G Technology is one of the three latest companies to come to the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) in order to raise some extra cash – while the bulls are still running.

The Company is making a Global Offering of 150 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.82 to a high of \$HK2.40.

HKSAR Investors are invited to partake of just a handful of the Shares in the Global Offering, with this tranche, being limited to 15 million Shares.

International Investors are being Offered the remaining 135 million Shares.

Pages 333 and 334 of the Global Offering Prospectus states that, on the assumption that the Offer Price Per Share is struck at \$HK2.11, being the midpoint of the Indicative Offer Price Per Share, the Company will net about \$HK269.70 million.

At the Offer Price Per Share of \$HK2.11, the gross proceeds to the Company will come in at about \$HK316.50 million.

However, at Page 343 of the Global Offer Prospectus, it is stated, under the heading of '*Commissions and Expenses*', that Management will have spent, in aggregate of all costs, associated with this flotation, \$HK46.80 million.

This is equivalent to 14.79 percent of the Gross Proceeds of the Global Offering.

Thus, it appears that the Company was quite anxious to list while the going appeared to be good.

Costs be damned!

The net proceeds of this **Initial Public Offering (IPO)**, at \$HK269.70 million, is destined to be used as follows:

1. Approximately, 50 percent, that is about \$HK134.80 million, to be ‘*used to finance the expansion of our manufacturing facilities to increase our production capacity to over 80 units of asphalt mixing plants per year*’;
2. Approximately, 20 percent, that is about \$HK53.90 million, to be ‘*used to fund our research and development activities, including the upgrades on computer software and hardware and investment in research and development projects*’;
3. Approximately, 10 percent, that is about \$HK27 million, to be ‘*used to finance the development of our new businesses, including the manufacturing components of asphalt mixing plants and asphalt mixtures for sale*’;
4. Approximately, 10 percent, that is about \$HK27 million, to be ‘*used to fund (i) the expansion of our sales and distribution networks, including increasing the head counts of our sales personnel and setting up overseas service centres; and (ii) our promotional activities*’; and,
5. Approximately, 10 percent, that is about \$HK27 million, to be ‘*used for working capital and other general corporate purposes*’.

The Business

In ... [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. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.