

**CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LTD:  
HERE'S A (funny or worrying ?) HOW-DE-DO !**

For the first time since **TARGET** () has been analysing Initial Public Offerings (IPOs), a company has to come to the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) stated, among other things, that there is no guarantee that its shares will remain listed.

This is the first time that such a statement has been made in any prospectus of an IPO, going back in 1969 when this medium started its investigations into companies, raising money on the territory's equity markets.

The company to which **TARGET** is referring, today, is China Rongzhong Financial Holdings Company Ltd () (Code: 3963, Main Board, The Stock Exchange of Hongkong Ltd).

At Page 60 of the Global Offering Prospectus of China Rongzhong, it is stated, under the general heading of '**RISK FACTORS**':

*'There is no assurance that the Shares will remain listed on the Stock Exchange (The Stock Exchange of Hongkong Ltd).*

*'Although it is currently intended that the Shares will remain listed on the Stock Exchange, there is no guarantee of the continued listing of the Shares. Among other factors, the Company may not continue to satisfy the listing requirements of the Stock Exchange. Holders of Shares would not be able to sell their Shares through trading on the Stock Exchange if the Shares were no longer listed on the Stock Exchange.'*

The above statement goes without saying, yet Management saw the necessity to state it in definitive terms – and in bold typeface, too.

### **The Global Offering**

China Rongzhong published and disseminated its Global Offering Prospectus on January 18, 2016.

It is Offering 100 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK2.11 to a high of \$HK2.48.

Investors of the HKSAR are Offered 10 million Shares and 90 million Shares are to be Placed with International Investors.

At the midpoint of the Indicative Offer Price Per Share, being \$HK2.30, Management estimates that it will net about \$HK188.80 million '*after deducting underwriting commission and other estimated expenses paid and payable by us in the Global Offering without taking into account any additional discretionary incentive fee, assuming no Over-Allotment Option is exercised*'. (Page 278 of the Global Offering Prospectus)

The net proceeds of this IPO are intended to be utilised as follows:

- '*Approximately 60% (approximately HK\$113.3 million) to apply towards expanding our finance*

*leasing operations in Hubei Province;*

- *'Approximately 30% (approximately HK\$56.6 million) to apply towards exploring finance leasing related business opportunities in other cities in China with dynamics similar to Wuhan and other cities in Hubei Province; and,*
- *'Approximately 10% (approximately HK\$18.9 million) to apply towards our general working capital.'*

### **The Business of China Rongzhong**

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