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ZHENG LI HOLDINGS LTD:
MUDDLEHEADEDNESS OR DESPERATION ?

A company, incorporated in the Cayman Islands, but whose activities are based, only, in The Republic of Singapore, has sought a listing on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

This is in spite of the fact that Singapore has a well-managed/well-regulated and active equity market of its own.

The company that has come to the HKSAR, in order to raise the seemingly paltry sum of $HK26.30 million, is Zheng Li Holdings Ltd () (Code: 8283, The **G**rowth **E**nterprise **M**arket [the **GEM**] of The Stock Exchange of Hongkong Ltd).

Zheng Li is in the business of providing services to owners of motor vehicles in Singapore, principally.

It has a history of maintaining and/or repairing motor cars in Singapore for the past 14 years.

It is Placing 125 million, one-cent Shares at 40 cents per Share.

A principal reasons for the Share Placements is given at Page 226 of the Placing Prospectus as follows:

> '*Our Directors further believe that the Listing would:*
>
> - *provide a platform for our Group to access the capital markets for future secondary fund-raising through the issuance of shares and for debt securities, which could involve lower financing costs as opposed to interest-bearing bank loans, and which can also provide funding sources to cater for our Group's further expansion plans (other than those future plans stated in this prospectus) as and when necessary. Furthermore, the ability to obtain bank financing is generally easier with a listed entity as compared to a private entity;*
>
> - *enhance market reputation and brand awareness of our Group. Our Directors believe that having a listing status can enhance its corporate image and credibility with the public and potential business partners;*
>
> - *enhance our internal control and corporate governance practices, and increase the transparency in our operations and financial reporting. This could also increase our customers' and suppliers' confidence in us and attract potential customers;*
>
> - *broaden our shareholder base and enhance the liquidity of the Shares, as compared to the limited liquidity of the Shares that are privately held before the Listing; and*
>
> - *enable our Company to offer an equity-based incentive programme (such as a share option scheme) to our employees that more directly correlates to their performance in our Group's business. Our Company would therefore be in a better position to motivate our employees with incentive programmes that are closely aligned with the objective of creating value for the Shareholders.'*

With the estimated $HK26.30 million, trickling into this Company's coffers from the sales of its 125 million Shares **...** **CLICK TO ORDER FULL ARTICLE**