

**HUIFU PAYMENT LTD:
MANAGEMENT MUCH-NEEDED AN INJECTION OF CASH,
BUT FEW RESOLUTE INVESTORS CARED MUCH ABOUT
THE COMPANY'S FUNDAMENTALS**

In spite of accruing an historically high-debt load, it is self-evident that Huifu Payment Ltd) (Code: 1806, Main Board, The Stock Exchange of Hongkong Ltd) continues to experience a crush of new investors, all wanting to climb aboard this 11-year-old Company's 'bus'.

It appears that the situation in respect of incoming investors, wanting to sample the fruit of this publicly listed company, is akin to the phrase:

'Fundamentals be damned!'

Huifu Payment Ltd published and disseminated its Global Offering Prospectus on June 1, 2018.

The Company Offered 225,263,600, \$HK0.0001 Shares at the Indicative Offer Price Per Share Range of a low of \$HK6.50 to a high of \$HK8.50.

Exactly, 14 days after the publication of the Company's Prospectus, Management announced that the Offer Price Per Share had been struck at \$HK7.50 and that the net proceeds from this cash-call would come in at about \$HK1,592.50 million.

And the injection of this material sum of money was on the back of a 36-month, track-record period in which, during the 2015 Financial Year, the Company had suffered a Net Loss Attributable to Shareholders.

The Initial Public Offering (IPO) Of Huifu Payment Ltd

Huifu Payment Ltd Offered a total of 225,263,600 Shares, of which prospective investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were Offered 22,526,400 Shares (the HKSAR, Public Offer tranche) and International Investors were Offered 202,737,200 Shares (the International Share Offer tranche).

The June 14, 2018 announcement in respect of the Offer Price and Allotment Results stated that the HKSAR, Public Offer tranche had been 15 times over-subscribed and that the International Share Offer tranche had been '*moderately over-subscribed*'.

On Pages Seven through to Nine of the June 14 announcement, investors were informed how their money, derived from this IPO, would be allocated:

- Approximately, 30 percent of the net proceeds, that is about \$HK447.80 million, '*for further enhancing its technology systems and research and development capability, of which,*'
 - (i) *approximately 50%, or HK\$238.9 million, will be used to upgrade its information technology infrastructure, payment gateway system and account management system (with each system to be allocated approximately 30%, 30% and 40%, respectively, of the net proceeds earmarked for this category) to enhance the processing capacity of its payment services and the reliability of its principal technology systems. Specifically, the Company plans to start upgrading its existing information technology infrastructure in the second half of 2018 and roll out its enhanced information technology infrastructure in 2019 to support its business expansion. The Company also plans to expand its payment gateway system and account management system in 2019 so that it can process payments more efficiently and simultaneously handle increasing payment volumes with higher speed and less response time;*
 - (ii) *approximately 30%, or HK\$143.3 million, will be invested on data mining technology and big data analytics in the second half of 2018 to enhance its fraud detection capability, and on business intelligence and artificial intelligence technologies in 2019 and 2020 to strengthen its capability for offering more diverse data-driven value-added services. In addition, the Company plans to collaborate with international research institutes to set up research labs in the next two years to focus on cutting-edge payment technologies and innovative payment solutions; and*
 - (iii) *approximately 20%, or HK\$95.6 million, will be used for the recruitment and retention of skilled engineers and data specialists over the next three years, with expertise in information technology infrastructure, system development, big data analytics, artificial intelligence and cloud computing. Based on its current business growth trend, the Company plans to expand its research and development team to approximately 450 employees in the next three years,*

with over 25 new recruits each year. The Company may, however, adjust the size of its research and development team and the number of new recruits according to its business growth plans'; ... [CLICK TO ORDER FULL ARTICLE](#)

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