

EGGRICULTURE FOODS LTD:
IT MAY BE WISE TO SCAN THE SHARE OFFER PROSPECTUS
BEFORE BUYING INTO THIS COMPANY

The Company Netted Only
\$HK6.30 Million From Its IPO

On an initial reading of the business of Eggriculture Foods Ltd, one could very easily be led astray, but on careful examination of the 414-Page, Share Offer Prospectus, dated August 23, 2018, one obtains the necessary intelligence to make a reasonable determination about one of the latest companies to pitch an Initial Public Offering (IPO) on The Stock Exchange of Hongkong Ltd.

Eggriculture Foods Ltd () (Code: 8609, The Growth Enterprise Market [the GEM], The Stock Exchange of Hongkong Ltd) is engaged in the business of the production and sales of eggs and egg products in The Republic of Singapore.

The Company explains that it is one of the only ‘*three layer farms licensed by the AVA (Agri-Food and Veterinary Authority) of Singapore to produce fresh chicken eggs in Singapore.*’

This statement, then, continues by making the valid claim that the Company ‘*had a market share in terms of revenue of approximately 20.7% of local egg production in Singapore in 2017 and an estimated market share of approximately 7.8% in terms of the total egg consumption in Singapore in 2017.*’

All of the above is quite likely to make one believe, in the early stages of expected enlightenment as to the Company’s business, that Eggriculture Foods Ltd is doing reasonably well and that it has a prominent position in the egg market of Singapore.

But ... Wait for it!

The IPO Of Eggriculture Foods Ltd

The Share Offer Prospectus of Eggriculture Foods Ltd was published and disseminated on August 23, 2018, with the Company, Offering 125 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 40 cents to a high of 50 cents.

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) are Offered 12.50 million Shares and 112.50 million Shares are being reserved for, presumably, Institutional/Professional/select Well-Heeled Investors via Placements of Shares.

At Page 241 of the Share Offer Prospectus, it is stated that, on the assumption that the Offer Price Per Share is struck at 45 cents, being the midpoint of the Indicative Offer Price, the Company expects to net about \$HK29.30 million.

This somewhat modest sum of money is intended to be utilised as to:

- About 90 percent, that is about \$HK26.40 million *'for expanding our egg laying production capacity in our existing production base including (i) the preparation works for the physical construction for one two-storey pullet house and three two storey layer house; and (ii) the construction of the first two-storey layer house';* and,
- About 10 percent, that is about \$HK2.90 million *'will be used for our working capital and other general corporate purposes.'*

About the above *'wish-list'* in respect of the utilisation of the net proceeds from the IPO, the net proceeds are expected to be spent up to and including December 31, 2020, according to Page 238 of the Share Offer Prospectus.

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