

**GUAN CHAO HOLDINGS LTD:****FINANCIAL STORM CLOUDS ARE ON THE HORIZON**

In spite of the fact that Management is cognisant of momentous problems, taking shape on the financial horizon, and that it is fully aware of the likelihood of a dramatic downward trend in respect of the sales of motor vehicles in The Republic of Singapore over the next five years or so, Guan Chao Holdings Ltd () (Code: 1872, Main Board, The Stock Exchange of Hongkong Ltd) maintains that it can survive any and all prospective stormy weather conditions that might be inclined to visit its headquarters.

Guan Chao Holdings Ltd describes itself at Page One of its Share Offer Prospectus as being '*a Singapore-based motor vehicle group selling new parallel-import motor vehicles and pre-owned motor vehicles, with the main business being the sales of brand new parallel-import motor vehicles during the Track Record Period*' (the 36 months, ended December 31, 2018).

**The Initial Public Offering (IPO) Of Guan Chao Holdings Ltd**

Guan Chao Holdings Ltd published and disseminated its Share Offer Prospectus on February 13, 2019.

It Offered a total of 225 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 43 cents to a high of 47 cents.

Of the total number of Shares on Offer, 20 million were '*Sale Shares*' – shares that were beneficially owned by Gatehouse Ventures Ltd, a limited liability company, domiciled in the **British Virgin Islands (BVI)**, the legal owner of which is Mr Vincent Tan Shuay Tarnng (), the Founder of the Guan Chao Holdings Ltd.

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China

(PRC) were Offered 22.50 million New Shares in the Issued Share Capital of the Company (the Public Offer Shares tranche) and 182.50 million New Shares were, presumably, put aside to be parcelled out to Qualified Institutional Investors, Professional Investors and select, Well-Heeled Individual Investors as well as the corporate entities under their immediate control via Share Placements (the Placing Shares tranche).

Apparently, the 20 million ‘*Sales Shares*’ were part of the Placing Shares tranche, the sales of which were on a first-come, first-served basis.

On Wednesday, February 27, 2019, Management of Guan Chao Holdings Ltd announced that the Offer Price Per Share had been struck at 43 cents – the lowest level of the Indicative Offer Price – and that the Company anticipated that it would net about \$HK56.50 million from this cash-raising exercise.

The Public Offer Shares tranche of 22.50 million Shares had been ‘*significantly over-subscribed*’ by about 72.47 times, one was told in this Announcement.

As for the Placing Shares tranche, it had been ‘*slightly over-subscribed*’ by about 1.07 times the 202.50 million Shares on Offer.

At Page Eight of this Announcement, one was told as to how the net proceeds, derived from the IPO, would be allocated with regard to the Company’s present requirements:

- Approximately, \$HK25.90 million, that is about 45.80 percent, ‘*will be used for expanding the scale of the Company’s motor-vehicle, hire-purchase financing business*’;
- Approximately, \$HK17.10 million, that is about 30.20 percent, ‘*will be used for expanding the scale of the Company’s pre-owned, motor-vehicle sales business*’;
- Approximately, \$HK5.90 million, that is about 10.40 percent, ‘*will be used for setting up a motor vehicle workshop*’;
- Approximately, \$HK4.30 million, that is about 7.70 percent, ‘*will be used for enhancing the Company’s branding, sales and marketing efforts*’; and,

- Approximately, \$HK3.30 million, that is about 5.90 percent, ‘will be used for the Company’s general working capital’.

In respect of the 20 million ‘Sale Shares’, Gatehouse Ventures Ltd netted about \$HK8.10 million, at the end of the day, the ... [CLICK TO ORDER FULL ARTICLE](#)

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