

TARGET

Intelligence Report

VOLUME XXI No. 125

S A T U R D A Y

June 15, 2019

**UNIVERSAL STAR (HOLDINGS) LTD:
MANAGEMENT HAS MADE IT VERY PLAIN THAT
IT WILL SEEK TO RAISE EVEN MORE MONEY**

\$HK80.90 Million Is Nowhere Near Enough

With ‘*Secured Bank Borrowings*’, standing at 64,250,000 renminbi (about \$HK72,563,308.00), as at February 28, 2019, and ‘*Other Unsecured Borrowings*’, standing at 9,375,000 renminbi (about \$HK10,588,031.00), as at February 28, 2019, and with the Financial Year’s Revenue of 389,722,000.00 renminbi (about \$HK440,148,129.00) in respect of the Year, ended December 31, 2018, and, with Management, seemingly being obliged to dedicate a little more than 31 percent of the net proceeds of its Global Offering of Shares ‘*for repaying a portion of the Group’s borrowings*’, one may be forgiven for opining that the Company’s Principal Bank has started to tighten the screws on Senior Management of Universal Star (Holdings) Ltd.

On April 30, 2019, Universal Star (Holdings) Ltd ([]) (Code: 2346, Main Board, The Stock Exchange of Hongkong Ltd) published and disseminated its Global Offering Prospectus.

The Company Offered a total of 125 million, 10-cent (Hongkong) Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.00 to a high of \$HK1.22.

On Wednesday, May 15, 2019, Management of Universal Star (Holdings) Ltd, in an official announcement in respect of the Offer Price and the Allotment Results, informed its shareholders that the Offer Price Per Share had been struck at \$HK1.00 – the lowest level of the Indicative Offer Price.

Management stated, in that announcement, that it anticipated, netting about \$HK80.90 million from the Global Offering.

At Page Eight of that announcement, it was stated, among other things, that about \$HK25.30 million, representing about 31.30 percent of the Net Proceeds, *‘will be used for repaying a portion of the Group’s borrowings.’*

Bank borrowings, according to Page 210 of the Global Offering Prospectus, were secured by:

‘(i) our (the Company’s) buildings, plant and equipment, prepaid land lease payments and financial assets at fair value which in total amounted to approximately RMB155.3 million, approximately RMB158.3 million and approximately RMB95.9 million as at 31 December 2016, 2017 and 2018 respectively; (ii) personal property owned by Mr. Lu (Mr Lu Qing Xing [], the largest, single shareholder of the Company) amounted to approximately RMB2.2 million as at 31 December 2016; and (iii) also guaranteed by our Shareholders and the family members of the Shareholders as at 31 December 2016, 2017 and 2018. Other borrowing as at 31 December 2018 was guaranteed by our Shareholder.’

The Principal Bank of the Company, to wit, Industrial and Commercial Bank of China Ltd(), Ningde City, Jiaocheng Branch, would appear to have been more than well covered with regard to its outstanding exposure in respect of the afforded loans to Universal Star (Holdings) Ltd.

The History And Business Of Universal Star (Holdings) Ltd

Universal Star (Holdings) Ltd has a history, dating back to November 13, 2002, with the incorporation in the People’s Republic of China (PRC), proper, being separate and distinct from the Hongkong Special Administrative Region (HKSAR) of the PRC, of Ningde City Xingyu Technology Company Ltd ().

The Founder of the Company was Mr Lu Qing Xing () who, together with an independent third party (the name is not given in the Global Offering Prospectus) established Ningde City Xingyu Technology Company Ltd.

Originally, this PRC-incorporated entity, which is, today, a wholly owned subsidiary of Universal Star

(Holdings) Ltd, engaged in '*manufacturing, processing and sales of auto components, metallurgy, mining, construction equipment and components, non-ferrous metal structures*', according to Page 83 of the Global Offering Prospectus.

In 2010, Ningde City Xingyu Technology Company Ltd turned its hand to '*the business of design, development, production and sale of sintered NdFeB magnetic materials.*'

Which is where the Company is, today.

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