

TARGET

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RIZHAO PORT JURONG COMPANY LTD:

THE PRC GOVERNMENT COMES TO THE RESCUE

Hongkong Investors ‘Cold-Shouldered’

This Initial Public Offering

Prospective investors of Rizhao Port Jurong Company Ltd () (Code: 6117, Main Board, The Stock Exchange of Hongkong Ltd) should have been made well aware, when trying to make a determination as to whether or not to subscribe to some of the ‘H’ shares at the Company’s **Initial Public Offering (IPO)** of this operator of a port in the People’s Republic of China (PRC), that its two Controlling Shareholders were Rizhao Municipal People’s Government () (52.50 percent) and a corporate entity, owned and controlled by the Government of The Republic of Singapore (22.50 percent).

With Public Shareholders, said to be owning, today, 25 percent of the Issued and Fully Paid-Up Share Capital of this Company, of which about 50 percent of that percentage, being in the proverbial ‘pockets’ of three Cornerstone Investors, all being corporate entities, controlled by the Government of the People’s Republic of China (PRC), one may well ask:

1. *‘What kind of a look-see would minority shareholders have at General Meetings of the Company in respect of matters of pith and moment?’*

2. *‘How much weight would be paid to any matter that a minority shareholder might be inclined to question Management of the Company at General Meetings?’*

The IPO Of Rizhao Port Jurong Company Ltd

The Global Offering Prospectus of Rizhao Port Jurong Company Ltd was published and disseminated in the Hongkong Special Administrative Region (HKSAR) of the PRC on Friday, May 31, 2019.

The Global Offering was for the sales of 400 million ‘H’ Shares, the Nominal Value of each Share, being one renminbi.

Investors of the HKSAR were Offered the opportunity to subscribe to 40 million ‘H’ Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors, and select, Well-Heeled Investors, along with any corporate entity in which they had equity control (the International Offer Shares tranche) – were Offered 360 million ‘H’ Shares.

Initially, the 400 million ‘H’ Shares were Offered at the Indicative Offer Price Per Share, ranging from a low of \$HK1.37 to a high of \$HK1.51.

On Tuesday, June 18, 2019, Management of Rizhao Port Jurong Company Ltd announced that the Offer Price Per ‘H’ Share had been struck at \$HK1.50 and that it was anticipated that the Company’s coffers would be enriched by the Global Offering to the extent of about \$HK546.70 million.

The public announcement with regard to the Offer Price and Allotment Results stated that the HKSAR Offer Shares tranche had been something of a damp squib, with only 0.24 times the total number of 40 million ‘H’ Shares, available under this tranche, that is 9,528,000 Shares, having been tallied.

As for the International Offer Shares tranche, it, too, had not fared well at the Global Offering.

Due to the deplorable undersubscription of the HKSAR Offer Shares tranche, 30,472,000 Offer Shares out of the 40,000,000 Offer Shares from this tranche were reallocated to the International Offer Shares tranche, bringing up the total number of Shares in this tranche to 390,472,000 Offer Shares.

At the end of the day, however, the final tally came in, indicating that only 86.89 percent *‘of the total*

number of Places under the International Offering ... after reallocation,' had been taken up, Management was forced to admit.

As to the utilisation of the net proceeds of the Global Offering, Page 235 of the Global Offering Prospectus stated the following:

1. Approximately, 70 percent of the net proceeds of the Global Offering, that is about \$HK382.69 million, *'will be used for the acquisition of the West-6 berth to ensure that we have sufficient berthing capacity to support our future business growth'*;
2. Approximately, 20 percent of the net proceeds of the Global Offering, that is about \$HK109.34 million, *'will be used for the procurement of equipment and machinery for the West-6 berth, including HK\$49.9 million for port cranes, HK\$16.0million for the belt conveyors, HK\$14.7 million for steel structures and HK\$22.6 million for other miscellaneous equipment and machinery'*; and,
3. Approximately, 10 percent of the net proceeds of the Global Offering, that is about \$HK54.67 million, *'will be used for our working capital and general corporate purposes.'*

The History And Business Of Rizhao Port Jurong Company Ltd

Rizhao Port Jurong Company Ltd has ... [CLICK TO ORDER FULL ARTICLE](#)

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