

TARGET

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**SHINELONG AUTOMOTIVE LIGHTWEIGHT APPLICATION LTD:
THE COMPANY REPORTS A DRAMATIC FALL IN ITS NET PROFIT**

Is This The Shape Of Things To Come ?

The 2019 Interim Report Of

Shinelong Automotive Lightweight Application Ltd

On Friday, September 13, 2019, Shinelong Automotive Lightweight Application Ltd published its Interim Report in respect of the six months, ended June 30, 2019.

The following are some of the highlights of this Interim Report:

	Six Months, Ended June 30	Percentage Increase/(Decrease)
	All Figures Are Denominated In Renminbi'000 (Unless otherwise stipulated)	

	2019	2018	
Revenue	113,988	86,330	32.04
Gross Profit	32,695	25,710	27.17
General and Administrative Expenses	(24,517)	(8,814)	178.16
Net Profit Attributable to Shareholders	1,539	12,519	(87.71)
Net Profit Margin	1.35 percent	14.50 percent	(90.69)

The shock to many shareholders, most likely, was the steep drop in the Net Profit Attributable to Shareholders, from the June 30, 2018 figure of 12,519,000 renminbi to the June 30, 2019 figure of 1,539,000 renminbi.

One has to ponder: Is this the shape of things to come?

Management Throws In The Towel And Kisses Shanghai ‘Goodbye’

It took Management of Shinelong Automotive Lightweight Application Ltd () (Code: 1930, Main Board, The Stock Exchange of Hongkong Ltd) a little more than two years of struggle to try to obtain a listing of one of its subsidiary’s ‘A’ Shares on The Shanghai Stock Exchange.

The Shanghai Stock Exchange is the larger of the two equity markets that are presently operational in the People’s Republic of China (**PRC**), the other equity market is The Shenzhen Stock Exchange.

After spending a total of about 6.50 million renminbi (about \$HK7,605,000) on the fees of a number of Chinese professionals, who were supposed to be guiding management of the company along the road to being a publicly listed company, on or about January 15, 2018, management withdrew its application for a listing on The Shanghai Stock Exchange and turned its attention to the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the PRC.

The many problems, confronting management with regard to this company’s abject failure to secure, within that which was considered a reasonable length of time in respect of a listing on The Shanghai Stock Exchange of the shares of its wholly owned subsidiary, to wit, Shinelong Intellectual Manufacture Precision Applied Materials (Suzhou) Company Ltd ([]), referred to as, simply, ‘*Shinelong (Suzhou)*’, were such that

exasperation led to management, throwing in the proverbial towel and heading south to the HKSAR.

Some of the many problems that stymied a listing on The Shanghai Stock Exchange included, inter alia:

‘The CSRC (China Securities Regulatory Commission []) had raised written comments and verbal comments including requests for more detailed disclosure or analysis in relation to Shinelong (Suzhou), such as its financial performance, relevant industry, comparisons with similar companies in the industry, business operations, historical corporate and shareholding structure and related transactions, corporate governance and connectedness of its major suppliers and customers ...’ and,

‘Certain inconsistencies in certain disclosures between the hearing proof and certain previous proof of the A-Share Prospectus and (ii) the provision of update of industry data and financial information, such as the performance of contracts by major customers, collection of payment and profitability after increase in production capacity ...’.

On June 17, 2019, Shinelong Automotive Lightweight Application Ltd published and disseminated its Global Offering Prospectus in the HKSAR – about 17 months after withdrawing its application for a listing on The Shanghai Stock Exchange of the Company’s wholly owned subsidiary: Shinelong Intellectual Manufacture Precision Applied Materials (Suzhou) Company Ltd.

But, in the Global Offering Prospectus, at Page 222, like it or lump it, it was stated that Management had been forced to agree to pay an Underwriting Commission of 12 percent.

Which was, in the history of The Stock Exchange of Hongkong Ltd, a record-high underwriting commission, by the way.

The Initial Public Offering (IPO) Of

Shinelong Automotive Lightweight Application Ltd

Management of Shinelong Automotive Lightweight Application Ltd Offered a total of 165 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 80 cents to a high of 88 cents.

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