

# **TARGET**

## **Intelligence Report**

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**S A T U R D A Y**

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**YING HAI GROUP HOLDINGS COMPANY LTD:**

**HAS SOMEBODY GOT HIS KNICKERS IN A TWIST ?**

**OR**

**HAS THERE BEEN A MATERIAL, ARITHMETICAL MISTAKE ?**

The flotation of Ying Hai Group Holdings Company Ltd () (Code: 8668, The **G**rowth **E**nterprise **M**arket [The **GEM**], The Stock Exchange of Hongkong Ltd) is yet another example of the Management of a private company, willing to spend relatively material sums of money in order to have its shares, listed on the secondary equity market of the **H**ongkong **S**pecial **A**dmistrative **R**egion (**HKSAR**) of the **P**eople's **R**epublic of **C**hina (**PRC**) – knowing fully well that the net financial return from the exercise, at the end of the day, would be of negligible importance to the Company.

In the case of this wholesale licensed travel agent, operating exclusively in the **M**acau **S**pecial **A**dmistrative **R**egion (**MSAR**) of the **P**RC, the Company spent upwards of \$HK29 million in the certain expectations of obtaining, at most, \$HK41 million.

Without factoring into the equation, the aggregate costs, associated in obtaining a listing on The **GEM**, including such considerations as to the time and materials that had to be spent in trying to achieve the success of the enterprise, Management's out-of-pocket expenses in addition to the Opportunity Cost Loss, the best result that this Company could ever have hoped to obtain by the flotation was about \$HK12 million.

And \$HK12 million to this Company had to be bupkis.

### **The Initial Public Offering (IPO) Of Ying Hai Group Holdings Company Ltd**

Management of Ying Hai Group Holdings Company Ltd published and disseminated its Share Offer Prospectus in the HKSAR on Friday, September 13, 2019.

The Company sought (and succeeded) to sell 300 million of its one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 20 cents to a high of 24 cents.

Investors of the HKSAR were Offered the opportunity to subscribe to 30 million Shares (the Public Shares Offer tranche) and, presumably, Institutional Investors were encouraged to subscribe to 270 million Offer Shares via select Share Placements (the Placing Shares Offer tranche).

On Wednesday, September 25, 2019, Management announced that the Offer Price Per Share had been struck at 24 cents – the highest level of the Indicative Offer Price range.

In the Announcement of the Offer Price and Allotment Results, one was told that Management anticipated, netting about \$HK41million from the Share Offer.

The Public Shares Offer tranche, this Announcement stated, had been ‘*very significantly over-subscribed.*’

HKSAR Investors had applied for a total of 1,647,390,000 Offer Shares, representing about 54.90 times the total number of 30 million Public Offer Shares, initially available for subscription under the Public Offer tranche.

With regard to the Placing Shares Offer tranche, one was informed that the Placing Shares had been ‘*slightly over-subscribed*’, representing about 1.10 times the 270 million Placing Shares, initially available for subscription under this tranche.

At Page Seven of this Announcement, one was told how the net proceeds of the Share Offer were expected to be utilised:

1. Approximately, 52.90 percent of the net proceeds of the Share Offer, that is about \$HK21.70 million,

*‘will be used for expansion of car fleet’;*

2. Approximately, 16.20 percent of the net proceeds of the Share Offer, that is about \$HK6.60 million, *‘will be used for payment of deposit and/or bank guarantee in relation to the expansion of business by cooperating with more hotel operators’;*
3. Approximately, 17.40 percent of the net proceeds of the Share Offer, that is about \$HK7.10 million, *‘will be used for marketing and expansion of our sales channel targeting corporate and retail customers including (i) development of online sales platform; (ii) opening two service points in Macau; (iii) social media and search engine advertising’;*
4. Approximately, 4.10 percent of the net proceeds of the Share Offer, that is about \$HK1.70 million, *‘will be used for the renovation of a new office’;*
5. Approximately, 6.60 percent of the net proceeds of the Share Offer, that is about \$HK2.70 million, *‘will be used for expansion of workforce’;* and,
6. Approximately, 2.80 percent of the net proceeds, that is about \$HK1.20 million, *‘will be used for working capital and other general corporate purposes’.*

## **The History And Business Of Ying Hai Group Holdings Company Ltd**

Ying Hai Group Holdings Company Ltd is ... [CLICK TO ORDER FULL ARTICLE](#)

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