

# **TARGET**

## **Intelligence Report**

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

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### **FRIENDTIMES INCORPORATED:**

#### **MANAGEMENT'S FINAL DETERMINATION WAS A BOON**

#### **FOR HONGKONG ... BUT, PERHAPS, A TRAGIC LOSS FOR SHANGHAI**

For the past three years, Management of FriendTimes Incorporated had been toying with the idea of listing its shares on a premier equity market.

Management's first, logical listing choice was The Shanghai Stock Exchange, one of the two equity markets of the **P**eople's **R**epublic of **C**hina (**PRC**),

This equity market has a capitalisation of about \$US5 trillion and can make the claim of having about 14,115 listed securities on its books.

With this idea, foremost in the mind of Management, it engaged the services of a Sponsor to assist it in its quest, but after spending about 1.70 million renminbi (about \$HK1.88 million) over the period, extending to December 31, 2018, Management gave up the ghost, completely, with regard to this highly successful equity market of the PRC.

In July of 2018, Management, having carefully scrutinised The Stock Exchange of Hongkong Ltd and, obviously, its requirements in respect of new listings, it modified its original listing plans and opted to try its

luck to list its shares on the premier equity market of fourth-largest in the world, one with a market capitalisation of about \$US3.85 trillion and with more than 2,135 listings on its books.

On September 24, 2019, FriendTimes Incorporated, by this time, having been welcomed into waiting ‘arms’ of one of the largest equity markets of the world and having been granted Stock Code, Number 6820, launched a Global Offering of 330 million, \$US0.00001 Shares on the Main Board of The Stock Exchange of Hongkong Ltd.

Management Offered 33 million Shares to Investors of the **Hongkong Special Administrative Region (HKSAR)** of the PRC (the HKSAR Shares Offer tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with any corporate entity(ies) in which they had equity control – were encouraged to subscribe to 297 million Shares (the International Shares Offer tranche).

Initially, the Indicative Offer Price Per Share had been set at a low of \$HK1.52 to a high of \$HK1.96.

On October 4, 2019, Management announced that the Offer Price Per Share had been struck at \$HK1.52 – and lowest level of the Indicative Offer Price range – and that the Company, envisaged obtaining about \$HK449.50 million from the Global Offering.

In respect of the HKSAR Shares Offer tranche, one was informed that it had been ‘*significantly over-subscribed*’, representing about 7.95 times the 33 million Hongkong Offer Shares, initially available for subscription under this Share tranche.

As for the International Shares Offer tranche, one was told that it had been ‘*moderately over-subscribed*’, representing about 1.70 times the total number of 297 million Shares, available under this Share tranche.

At Pages Seven and Eight of the Announcement of the Offer Price and Allotment Results, one was told:

1. Approximately, \$HK134.80 million, that is about 30 percent of the net proceeds from the Global Offering, ‘*is expected to be used for the expansion and enhancement of our game portfolio and the research and development of our core proprietary technologies*’;
2. Approximately, \$HK157.30 million, that is about 35 percent of the net proceeds from the Global Offering, ‘*is expected to be used for our advertising, marketing and promotion campaigns to strengthen our competitive position in the PRC as well as various important overseas markets*’;

3. Approximately, \$HK67.40 million, that is about 15 percent of the net proceeds from the Global Offering, *'is expected to be used to strengthen our IP (Internet Protocol) portfolio and enrich IP related content offerings'*;
4. Approximately, \$HK45.00 million, that is about 10 percent of the net proceeds from the Global Offering, *'is expected to be used for our strategic acquisition of both upstream and downstream game-related businesses'*; and,
5. Approximately, \$HK45.00 million, that is about 10 percent of the net proceeds from the Global Offering, *'is expected to be used for working capital and general corporate purposes.'*

### **The History And Business Of FriendTimes Incorporated**

It was Mr Jiang Xiao Huang () of Suzhou, the Jiangsu Province of the PRC, proper, being separate and distinct from the HKSAR of the PRC, caused to have incorporated Suzhou Bojoy Information Technology Company Ltd () in the PRC on May 11, 2010.

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