

TARGET

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360 LUDASHI HOLDINGS LTD:

STAND BY ! ENOUGH IS NEVER ENOUGH !

Management's Ploy Becomes Clearer,

And Clearer, And Clearer, And ...

The flotation of 360 Ludashi Holdings Ltd (360) (Code: 3601, Main Board, The Stock Exchange of Hongkong Ltd) illustrated, yet another, of those many anomalies that seem to defy common sense and financial logic.

This Company, originally, raised \$HK105.70 million in its Global Offering of Shares, having spent the best part of 50.90 million renminbi (about \$HK56.71 million), up to and including September 30, 2019, with an estimated further 12.70 million renminbi (about \$HK14.15 million) to be charged to the Profit and Loss Account in respect of the financial period after April 30, 2019.

Thus, the total cost of going public on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** could not have been less than \$HK70.86 million, representing about 67 percent of the amount of money, raised by the sales of the Company's 60 million, one-cent Shares.

According to the Consolidated Statements of Financial Position, located at Appendix I-6 of the 623-Page, Global Offering Prospectus, as at April 30, 2019, the Company had Bank Balances and Cash plus a Pledged Bank Deposit, aggregating 207,962,000 renminbi (about \$HK231,702,942).

The net result of the flotation of the Company on the premier equity market of the HKSAR, therefore, was about \$HK34.84 million.

That paltry sum of money, however, did not include the opportunity cost loss, the time – which is, always, a cost factor – that had to be spent by senior management members in dealing with various experts, such as solicitors, those domiciled in the PRC, proper, being separate and distinct from the comparable legal experts of the HKSAR, as well as high-priced, HKSAR solicitors, property valuers, merchant bankers, officials of The Stock Exchange of Hongkong Ltd, etc, etc, etc.

All of the above and much more must have taken place within the space of at least two years before the green light of success was permitted to be switched on by officials of The Stock Exchange of Hongkong Ltd.

The Company did, however, net an additional \$HK23.70 million thanks to the sales of nine million of its shares in an Over-Allotment Option exercise so, to be fair to management, the Company obtained about \$HK58.54 million, in aggregate, for an outlay of not less than \$HK70.86 million.

At this point, one might be inclined to ask Management: *‘What is the name of your game?’*

The Initial Public Offering (IPO) Of 360 Ludashi Holdings Ltd

Management of 360 Ludashi Holdings Ltd published and disseminated its Global Offering Prospectus in the HKSAR on Thursday, September 26, 2019.

Management Offered a total of 60 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK2.30 to a high of \$HK3.00.

HKSAR Investors were Offered the opportunity to subscribe to six million Shares (the HKSAR Offer Shares tranche) while International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with any of their corporate entities in which this class of investor had equity control – were induced to subscribe to 54 million Shares (the International Offer Shares tranche).

On Wednesday, October 9, 2019, Management made an Announcement in respect of the Offer Price Per Share and the Allotment Results.

This Announcement stated that the Offer Price Per Share had been struck at \$HK2.70 and that Management anticipated that the coffers of the Company would be enriched by about \$HK105.70 million, net, from the Global Offering.

With regard to the HKSAR Offer Shares tranche, one was informed that the Company had received applications for a total of 1,664,157,000 Shares, equivalent to 277.36 times the total number of six million Shares, available for subscription under this tranche.

With regard to the International Offer Shares tranche, one was informed that it had been '*moderately over-subscribed*'.

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