

# TARGET

## Intelligence Report

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**YCIH GREEN HIGH-PERFORMANCE CONCRETE COMPANY LTD:**

**WATCH OUT! THIS COMPANY IS MORE THAN LIKELY**

**TO PASS ROUND ITS BEGGING BOWL**

On scanning the Global Offering Prospectus of YCIH Green High-Performance Concrete Company Ltd () (Code: 1847, Main Board, The Stock Exchange of Hongkong Ltd), once again one has the abiding inclination to ask:

*‘For what reason did this Company determine, in the vernacular of right-minded people, to seek a listing of its shares on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People’s Republic of China (PRC)**?’*

This question becomes especially pertinent when, on studying the shareholding structure of the Company, one learns that important organs of the Government of the PRC beneficially own not less than 70 percent of the entire Issued and Fully Paid-Up Share Capital of the Company.

The remaining 30 percent of the Issued Share Capital is the percentage of the ‘H’ Shares that has been sold to the investing public.

Is the PRC Government so desperately in need of approximately \$HK363.55 million?

## The Initial Public Offering (IPO) Of

### YCIH Green High-Performance Concrete Company Ltd

The Global Offering Prospectus of YCIH Green High-Performance Concrete Company Ltd was published and disseminated in the HKSAR on Monday, October 21, 2019.

Management was desirous of selling 133,882,000 ‘H’ Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK2.76 to a high of \$HK3.51.

HKSAR Investors were Offered the opportunity to subscribe to 13.39 million ‘H’ Shares (the Hongkong Offer Shares tranche) and (presumably) International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with any of their corporate entities in which this class of investor has equity control – were induced to subscribe to 120,492,000 ‘H’ Shares (the International Offer Shares tranche).

On Wednesday, October 30, 2019, Management of YCIH Green High-Performance Concrete Company Ltd announced that the Offer Price Per ‘H’ Share had been struck at \$HK3.36 and that the Company had been enriched by the sum of \$HK363.55 million.

The Hongkong Offer Shares tranche had been 18.46 times oversubscribed (247,219,000 ‘H’ Shares) the total number of 13.39 million ‘H’ Shares, initially available for subscription in this tranche.

As for the International Offer Shares tranche, one was told, in the Announcement of Allotment Results, that this tranche had been ‘*moderately over-subscribed*’.

At Pages 328 through to 340 of the Global Offering Prospectus, one was informed as to how the net proceeds of the IPO were intended to be utilised:

- Approximately, 35 percent of the net proceeds, that is about \$HK127.24 million, ‘*will be used to build new materials (including, among others, UHPC (Ultra-High Performance Concrete) and relevant products, high-durability prestressed concrete cylinder pipe ( ), smart concrete, high-durability high-performance concrete, environmental friendly concrete and fabricated light-weighted high-strength concrete wallboard ( ) (the “New Materials”)) production bases and project batching plants. We are currently focusing on the development of UHPC and relevant products, high-performance concrete green low-carbon integration technology ( ) and a series of products in relation to high-performance concrete. We plan to continue concentrating on the technical research and development of UHPC and its relevant products. We plan to continue developing green and low-carbon*

*integration technology in high-performance concrete, which, in our opinion, is expected to achieve the goal of energy saving, emission reduction and development of low-carbon economy’;*

- Approximately, 20 percent of the net proceeds, that is about \$HK72.71 million, ‘*will be used to improve, integrate and expand our existing concrete production lines. In particular, we plan to carry out green, environmental and intelligent upgrades for our existing regional batching plants in Kunming (five batching plants), Zhaotong (one batching plant), Chuxiong (one batching plant), Baoshan (one batching plant), Yuxi (one batching plant) and Qujing (one batching plant) so as to enhance the level of green development and environmental protection as well as the capability of lean management. In particular, our green and environmental upgrades include, among other things, construction and application of waste concrete and waste seriflux recycling system, installation of spray dust reduction system in raw material plants and batching plants, installation of automatic car washing machines, complete closure of aggregates conveying system and installation of low-pressure powder material conveying system’;*
- Approximately, 35 percent of the net proceeds, that is about \$HK127.24 million, *will be used to integrate upstream raw material resources to further consolidate our industry chain of concrete production’;* and,
- Approximately, 10 percent of the net proceeds, that is about \$HK36.36 million, ‘*will be used for working capital and general corporate purposes.’*

### **The Business Of YCIH Green High-Performance Concrete Company Ltd**

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