

# TARGET

## Intelligence Report

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**YINCHENG LIFE SERVICE COMPANY LTD:**

**MODESTY IS NOT THE MOST-SUITABLE MANTLE**

**TO BE WORN BY THIS COMPANY'S MANAGEMENT**

Yincheng Life Service Company Ltd () (Code: 1922, Main Board, The Stock Exchange of Hongkong Ltd) is yet another property management service provider in the **P**eople's **R**epublic of **C**hina (**PRC**).

In the past few months or so, this '*breed*' of commercial enterprise has become amongst the most notable and plentiful to seek a listing on The Stock Exchange of Hongkong Ltd.

In the case of Yincheng Life Service Company Ltd, Management appears to have been extremely modest in passing round its begging bowl.

One cannot help but ponder as to the reason for such modesty.

### **The Initial Public Offering (IPO) Of Yincheng Life Service Company Ltd**

This Company pitched a Global Offering of Shares in the **H**ong**k**ong Special **A**ddministrative **R**egion

(HKSAR) of the PRC on Friday, October 25, 2019.

Its Global Offering Prospectus sought to induce prospective investors to subscribe to 66.68 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.90 to a high of \$HK2.28.

HKSAR Investors had the opportunity to subscribe to 6,668,000 Offer Shares and 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 given the opportunity to subscribe to 60,012,000 Offer Shares.

On Tuesday, November 5, 2019, Management announced that the Offer Price Per Share had been struck at \$HK2.18 with the Company, anticipating that the net proceeds from the Global Offering would yield about \$HK128.70 million.

With regard to the HKSAR Investors' tranche, it had been oversubscribed by about 382.88 times the 6,668,000 million Offer Shares, available in this tranche.

With regard to the International Investors' tranche, one was told that it had been '*significantly over-subscribed*' by about 8.70 times the 60,012,000 Offer Shares initially available for subscription in this tranche.

At Page Nine of the Announcement in respect of the Offer Price and the Allotment Results, one was informed as to how the net proceeds of the Global Offering were intended to be utilised:

- a) Approximately, 60 percent of the net proceeds, that is about \$HK64.90 million, '*to be used to acquire or invest in the following types of companies located in the Yangtze River Delta Megalopolis: (i) property management companies which have good market recognition to expand our property management portfolio; (ii) companies engaging in the provision of specialised services, such as gardening and landscaping services, and/or possess various kinds of qualifications and licences, such as those required for repair and maintenance of specialised elevators and mechanical car park equipment; and (iii) companies which provide products or services which are complementary to our community value-added services such as community catering services*';
  
- b) Approximately, 15 percent of the net proceeds, that is about \$HK16.20 million, '*to be used to invest in intelligent systems by purchasing or upgrading equipment and facilities, such as intelligent access control system at entrances, intelligent car management system with licence plate recognition technology, intelligent fire detection and extinguishing technology, intelligent home management system and other remote surveillance system at our managed properties*';

- c) Approximately, 10 percent of the net proceeds, that is about \$HK10.80 million, *‘to be used to upgrade our internal information technology system, including upgrading our enterprise resource planning management system and digitalised data management system to collect information and track real-time data for better management’*;
- d) Approximately, five percent of the net proceeds, that is about \$HK5.40 million, *‘to be used to continue to recruit more technical and managerial talents and provide trainings to our existing staff for the expansion of our operations’*; and,
- e) Approximately, 10 percent of the net proceeds, that is about \$HK10.80 million, *‘to be used to provide funding for our working capital and other general corporate purpose.’*

### **The History And Business Of Yincheng Life Service Company Ltd**

Yincheng Life Service Company Ltd is about 22 years old, according to Page 104 of the Global Offering Prospectus.

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