

# **TARGET**

## **Intelligence Report**

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

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**POLY PROPERTY DEVELOPMENT COMPANY LTD:**

**THIS COMPANY HAS A VERITABLE MOUNTAIN OF CASH,**

**BUT, CLEARLY, ENOUGH IS NEVER ENOUGH**

Prospective investors, considering buying scrip of a limited liability company, the senior management of which is desirous of having its shares, listed on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, might be advised to look askance, prior to putting their money on the proverbial table in exchange of this Company's '*paper*'.

Because, as things stand today, buying some of the scrip of Poly Property Development Company Ltd () (Code: 6049, Main Board, The Stock Exchange of Hongkong Ltd), it is akin to lending money to the Government of the PRC – interest-free!

However, having said that, there can be no question that this Company is, in a word, solid, with an admirable track-record in respect of the 42 months to June 30, 2019.

### **The Initial Public Offering (IPO) Of Poly Property Development Company Ltd**

Poly Property Development Company Ltd published and disseminated its Global Offering Prospectus on Monday, December 9, 2019.

The Company Offered a total of 133,333,400 ‘H’ Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK30.70 to a high of \$HK35.10.

Investors of the HKSAR were Offered 17,333,600 ‘H’ Shares (the Hongkong Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities in which this class of investor had equity control (the International Offer Shares tranche) – were induced to subscribe to 115,999,800 ‘H’ Shares.

On Wednesday, December 18, 2019, Management announced that the Offer Price Per Share had been struck at \$HK35.10, the highest level of the Indicative Offer Price range.

The Company bagged \$HK4,578.60 million from the Global Offering, it was stated in the Offer Price and Allotment Results Announcement of December 18, 2019.

This Announcement, also, stated that the Hongkong Offer Shares tranche had been ‘*very significantly over-subscribed*’.

In total, this shares tranche had been 222.68 times oversubscribed in respect of the 17,333,600 Hongkong Offer Shares, initially available for subscription (3,859,811,200 ‘H’ Shares).

With regard to the International Offer Shares tranche, this tranche had been ‘*significantly over-subscribed*’ and that the final number of Offer Shares in this tranche had been reduced from the initial number of 115,999,800 ‘H’ Shares to 67,999,800 ‘H’ Shares, representing about 51 percent of the total number of Offer Shares, initially available under the Global Offering.

This reduction in the International Offer Shares tranche was due to the reallocation of the Offer Shares between the Hongkong Offer Shares tranche and the International Offer Shares tranche because of the reception from the HKSAR investors for the Company’s scrip.

At Page Nine of the December 18, 2019 Announcement, one was informed as to how the net proceeds from the Global Offering were intended to be utilised by Management:

- Approximately, 57 percent, that is about \$HK2,609.80 million, ‘*will be used to pursue selective strategic investment and acquisition opportunities and to further develop strategic alliances and expand the scale of our property management business, among which, approximately 46%, or HK\$2,106.1 million, will be used to acquire, invest in or cooperate with other property management companies; and approximately*

*11%, or HK\$503.7 million, will be used to acquire or invest in property management companies with a focus on non-residential properties’;*

- Approximately, 15 percent, that is about \$HK686.80 million, ‘*will be used to further develop our value-added services, among which, approximately 9%, or HK\$412.1 million, will be used to invest in companies which provide community products and services; and approximately 6%, or HK\$274.7 million, will be used to upgrade hardware and develop smart community and operation services for commercial facilities’;*

- Approximately, 18 percent, that is about \$HK824.10 million, ‘*will be used to upgrade our systems for digitisation and smart management, among which, approximately 14%, or HK\$641.0 million, will be used to purchase and upgrade hardware for the establishment of smart terminals and platforms; and approximately 4%, or HK\$183.1 million, will be used for the establishment and development of internal information sharing platform and database, recruitment and cultivation of our professional and technical personnel and information management team and exploring and the trial deployment of innovative applications in various community scenarios’;* and,

- Approximately, 10 percent, that is about \$HK457.90 million, ‘*will be used for working capital and general corporate purpose.’*

### **The History And Business Of Poly Property Development Company Ltd**

Poly Property Development Company Ltd is about 24 years old, having been incorporated on June 26, 1996, in the PRC, proper, being separate and distinct from the HKSAR of the PRC.

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