

TARGET

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WENYE GROUP HOLDINGS LTD:

HAVING A TIGER BY THE TAIL

CAN BE A TRICKY PROPOSITION

Being dependent, to any great degree, on custom, obtained from being very chummy with certain officials of the Government of the **P**eople's **R**epublic of **C**hina (**PRC**), may not translate into being all that it is cracked up to be.

This is made only too clear on scanning the Global Offering Prospectus of Wenye Group Holdings Ltd () (Code: 1802, Main Board, The Stock Exchange of Hongkong Ltd).

Of course, if the senior management of a company is satisfied with a Net Profit Margin that, over the past 42 months, ended June 30, 2019, has never been greater than 4.42 percent, then, one may assume that one has to be satisfied with small mercies from on high.

The Initial Public Offering (IPO) Of Wenye Group Holdings Ltd

Wenye Group Holdings Ltd published and disseminated its Global Offering Prospectus on the premier equity market of the **H**ongkong **S**pecial **A**dmistrative **R**egion (**HKSAR**) of the **P**RC on Tuesday, December 31, 2019.

The Company made a Global Offering of 148.50 million, \$HK0.0001 Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.06 to a high of \$HK1.37.

Investors of the HKSAR were Offered the opportunity to subscribe to 14,852,000 Offer Shares (the HKSAR Offer Shares tranche) with International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities in which this class of investor has equity control – were induced to subscribe to 133,648,000 Offer Shares via Share Placements (the International Offer Placing Shares tranche).

On Monday, January 13, 2020, Management of Wenye Group Holdings Ltd announced that the Offer Price Per Share had been struck at \$HK1.06 – the lowest acceptable price to Management – and that the Company anticipated, netting about \$HK107.40 million from the Global Offering.

In respect of the HKSAR Offer Shares tranche, one was told that it had been ‘*moderately over-subscribed*’, with Management, having received 9,576 valid applications for Offer Shares, representing a total of 187,462,000 Offer Shares, about 12.62 times the 14,852,000 HKSAR Offer Shares, initially available under this tranche.

In respect of the International Offer Placing Shares tranche, one was informed that it had been ‘*under-subscribed*’, with the total number of valid subscriptions, having been received for a total of 126,478,000 Offer Shares, equivalent to about 0.95 times the 133,648,000 Offer Shares, initially available under this tranche.

At Page Nine of the January 13, 2020, Announcement with regard to the Net Proceeds from the Global Offering of Shares, investors were told how Management intended to apply the net proceeds:

- Approximately, 61.20 percent, that is about \$HK65.70 million, ‘*will be used to fund the Group’s capital needs and cash flow under its existing and expected projects*’;
- Approximately, 8.10 percent, that is about \$HK8.70 million, ‘*will be used for the hiring of additional project managers and designers by the end of 2019 to improve the Group’s service capacity and competitiveness*’;
- Approximately, 20.90 percent, that is about \$HK22.5 million, ‘*will be used for the improvement of the existing branch offices in Beijing, Tianjin, Wuhan, Nanjing, Chongqing, Hangzhou, Guiyang and Weihai*’; and,

- Approximately, 9.80 percent, that is about \$HK10.50 million, ‘*will be used for working capital and general corporate purposes.*’

The History And Business Of Wenye Group Holdings Ltd

The history of Wenye Group Holdings Ltd goes back about 31 years, one was told at Page 100 of the Global Offering Prospectus.

The predecessor company was named Shenzhen Wenye Decoration Design Engineering Company () (currently known as, simply, Wenye Decoration, that being the accepted short form of Shenzhen Wenye Decoration Design Engineering Company Ltd []).

Shenzhen Wenye Decoration Design Engineering Company ... [CLICK TO ORDER FULL ARTICLE](#)

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