

# TARGET

## Intelligence Report

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**SUNLIGHT TECHNOLOGY HOLDINGS LTD:**

**IN THIS MEDIUM'S OPINION: PASS !**

In respect of the Net Profit Attributable to Shareholders with regard to the Financial Year, ended December 31, 2019, shareholders of Sunlight Technology Holdings Ltd should not be surprised to learn that the Bottom Line had come in at a decrease of at least 23.67 percent, Year-On-Year.

The reason that shareholders should not be too shocked at the material decrease in the Net Profit Attributable to Shareholders with regard to the 2019 Financial Year, compared with the 2018 Financial Year, was because, on scanning the Global Offering Prospectus of Sunlight Technology Holdings Ltd () (Code: 1950, Main Board, The Stock Exchange of Hongkong Ltd), it is simply a matter of simple arithmetic.

(More about this subject, later on in this Report.)

### **The Global Offering Of Sunlight Technology Holdings Ltd**

Management of Sunlight Technology Holdings Ltd published and disseminated its Global Offering Prospectus on Thursday, February 27, 2020.

The Company Offered a total of 250 million, \$US0.0005 Shares at the Indicative Offer Price Per Share, ranging from a low of 50 cents to a high of 60 cents.

Investors of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** were given the opportunity to subscribe to 25 million Offer Shares (the HKSAR 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 has equity control – were induced to subscribe to 225 million Offer Shares, via Share Placements (the International Offer Placing Shares tranche).

On Wednesday, March 11, 2020, Management of Sunlight Technology Holdings Ltd caused to have published an Announcement as to the Offer Price Per Share and the Allotment Results.

In that Announcement, it was stated that the Offer Price Per Share had been struck at 52 cents and that the Company anticipated netting about \$HK84.70 million from the Global Offering.

With regard to the HKSAR Offer Shares tranche, one was told that it had been '*moderately over-subscribed*', with a total of 5,556 valid applications for Offer Shares, having been received, representing a total 311,764,000 Shares, equivalent to approximately 12.47 times, the total number of 25 million HKSAR Offer Shares, initially available under this tranche.

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

Management of Sunlight Technology Holdings Ltd stated that it had received requests for a total of 430,932,000 Placing Shares, representing about 1.92 times the 225 million International Placing Shares, initially available under this tranche.

At Page Nine of this Announcement, one was told as to Management's intentions with regard to the utilisations of the net proceeds of the Global Offering:

1. Approximately, 43.40 million **renminbi (RMB)**, equivalent to about \$HK50.80 million, representing about 60.00 percent of the net proceeds from the Global Offering, '*will be used for the construction of our New Production Plant near our existing Jiande Production Plant and (the) purchase of new machinery and equipment*';
2. Approximately, 11.90 million renminbi, equivalent to about \$HK13.90 million, representing about 16.40 percent of the net proceeds from the Global Offering, '*will be used for strengthening the automation system including but not limited to (a) the installation of fully automated production lines in two workstations, which includes the installation of intelligence robotic arms, product-lifting device, and other machinery; (b) setting up of a central operation control room to facilitate collection of*

*production data and monitoring of the product manufacturing process; and (c) setting up of a system for improvement of product manufacturing data analysis and tracking of the whole product manufacturing process’;*

3. Approximately, 15.80 million renminbi, equivalent to about \$HK18.50 million, representing about 21.80 percent of the net proceeds from the Global Offering, *‘will be used for strengthening our research and development capabilities by (a) relocating our existing research institute to our existing Jiande Production Plant to enhance efficiency of our product development; (b) hiring more experienced experts and engineers; and (c) acquiring more advanced research and development equipment and testing equipment’*; and,
4. Approximately, 1.30 million renminbi, equivalent to about \$HK1.50 million, representing approximately 1.80 percent of the net proceeds from the Global Offering, *‘will be used for our general working capital.’*

### **The History And Business Of Sunlight Technology Holdings Ltd**

Sunlight Technology Holdings Ltd has a history, dating back to 2003, according to Page 117 of the Global Offering Prospectus of the Company.

The Company’s operating subsidiary, Zhejiang Sunlight Material Technology Company Ltd (), was incorporated on December 18, 2003, in the PRC, proper, being separate and distinct from the HKSAR of the PRC.

This company, today, remains an indirect, wholly owned subsidiary of Sunlight Technology Holdings Ltd.

Initially, Zhejiang Sunlight Material Technology Company Ltd was designated as a Sino-foreign Joint Enterprise.

It was beneficially owned, back in December 2003, as to 60 percent by Best Landmark International Ltd (), a company, incorporated in the HKSAR.

Best Landmark International Ltd, in October 2003, was 50 percent beneficially owned by Ms Liu Jing () and 50 percent by an Independent Third Party.

The remaining 40 percent of the Issued and Fully Paid-Up Share Capital of Zhejiang Sunlight Material

Technology Company Ltd was beneficially owned by Hangzhou Duocai Chemical Company Ltd (), an Independent Third Party.

Zhejiang Sunlight Material Technology Company Ltd, originally, was engaged ‘*in the research and development, manufacturing and sale of coating agents and synthetic resins ...*’, one was informed at Page 117 of the Global Offering Prospectus.

Moving forward about 12 years, the second paragraph of this Page explains:

*‘We first started our production in our Deqing Production Plant. In June 2015, we moved our production facilities from our Deqing Production Plant to our Jiande Production Plant. In August 2017, our own research institute was recognised as an Enterprise Research Institute at Provincial Level (). We have also received a number of accolades as a recognition of our achievement in technological innovation in the chemical engineering industry...’.*

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