

TARGET

Intelligence Report

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S A T U R D A Y

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SANG HING HOLDINGS (INTERNATIONAL) LTD:

WITH A LOAF OF BREAD UNDER EACH ARM,

MANAGEMENT IS OUT TO RAKE IN THE SHEKELS

Sang Hing Holdings (International) Ltd ([]) (Code: 1472, Main Board, The Stock Exchange of Hongkong Ltd), as at February 19, 2020, was sitting on a backlog of projects with the aggregate contract sum of not less than \$HK3,880,369,000.

This backlog of projects compared markedly with projects awarded and completed, during the Financial Year, ended March 31, 2019, of \$HK1,435,597,000.

Sang Hing Holdings (International) Ltd is engaged in being a main contractor, specialising in civil engineering works in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

It is reliant, to a very great extent, of being awarded contracts by organs of the HKSAR Government.

The Initial Public Offering (IPO) Of Sang Hing Holdings (International) Ltd

Sang Hing Holdings (International) Ltd published and disseminated its Share Offer Prospectus in the HKSAR on Friday, February 28, 2020.

The Company Offered a total of 250 million, one-cent Shares at the Offer Price Per Share, ranging from a low of 50 cents to a high of 63 cents.

The investing public of the HKSAR (presumably) was Offered the opportunity to subscribe to 25 million Offer Shares (the HKSAR Public Offer Share tranche) and 225 million Offer Shares were (presumably) targeted at Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities in which this class of investor has equity control. For successful applicants, this class of investor would be awarded Offer Shares via designated Share Placements (the Placing Offer Share tranche).

On Monday, March 16, 2020, the Company announced that the Share price had been struck at 50 cents – the lowest, acceptable level to Management in respect of the Indicative Offer Price Per Share – and that the net proceeds from the Share Offer were anticipated to be about \$HK81.90 million.

With regard to the HKSAR Public Offer Share tranche, Management stated that it had *‘been moderately oversubscribed.’*

It was stated that the Company had received 2,946 valid applications for Offer Shares, representing a total of 61,845,000 Public Offer Shares, being about 2.47 times the 25 million Shares, initially available in this Share tranche.

As to the Placing Offer Share tranche, it had *‘been slightly oversubscribed’*, one was informed.

Subscriptions for the Placing Shares represented about 1.35 times the 225 million Placing Shares, initially available under this Share tranche.

At Page Six of the Announcement as to the Share Price and the Allotment Results, one was told as to how Management intended to utilise the net proceeds of the Share Offer:

1. Approximately, \$HK57.40 million, that is about 70.10 percent of the net proceeds from the Share Offer, *‘will be used for acquiring additional plant and machinery comprising pip jacking machines, power generators, crawler crane, hydraulic excavators, wheel loaders, tractors and motor vehicles required for our site formation and roads and drainage works’*;

2. Approximately, \$HK15.00 million, that is about 18.30 percent of the net proceeds from the Share Offer, *'will be earmarked and deposited in our bank account for satisfying the applicable working capital requirement in connection with the additional (HKSAR) Government site formation and roads and drainage works contracts that the Company may undertake from time to time'*;
3. Approximately, \$HK6.60 million, that is about 8.10 percent of the net proceeds from the Share Offer, *'will be used for recruiting and retaining additional staff necessary for our ongoing and future site formation and road and drainage works projects'*; and,
4. Approximately, \$HK2.90 million, that is about 3.50 percent of the net proceeds from the Share Offer, *'will be used for upgrading our information technology system and software.'*

The History And Business Of Sang Hing Holdings (International) Ltd

Sang Hing Holdings (International) Ltd has been in business for the past 30 years, according to Page 85 of the Share Offer Prospectus.

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