

# TARGET

## Intelligence Report

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### CENTRAL CHINA NEW LIFE LTD:

#### SITTING PRETTY ON A VERITABLE MOUNTAIN OF CASH

The flotation of Central China New Life Ltd () (Code: 9983, Main Board, The Stock Exchange of Hongkong Ltd) scooped up \$HK1,915.90 million from investors in spite of the effects of the Coronavirus Disease (Covid-19) and the political unrest that beset the human population of the 416 square miles that constitute the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

And the share price rose rather quickly when trading commenced on or about Friday, May 15, 2020.

Central China New Life Ltd published and disseminated its Global Offering Prospectus in the HKSAR on Tuesday, May 5, 2020.

The Company Offered a total of 300 million, one-cent Offer Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK5.60 to a high of \$HK7.20.

Investors of the HKSAR were Offered the opportunity to subscribe to 30 million Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with this class of investors' corporate entities in which equity control was vested – were induced to subscribe to 270 million Offer Shares (the International Offer Shares tranche).

On Thursday, May 14, 2020, Management of Central China New Life Ltd announced that the Offer Price Per Share had been struck at \$HK6.85 and that the Company anticipated, netting \$HK1,915.90 million from the Global Offering.

With regard to the HKSAR Offer Shares tranche, one was told that this tranche had been ‘*significantly over-subscribed*’.

A total of 117,061 valid applications for Offer Shares had been received, Management stated, representing a total of 4,275,481,000 Offer Shares, equivalent to about 142.52 times the total number of the 30 million Offer Shares, initially available under this tranche.

As for the International Offer Shares tranche, Management stated that it, too, had been ‘*significantly over-subscribed*’, representing approximately 14.90 times the total number of Offer Shares, initially available under this tranche.

At Page Nine of the Announcement of the Offer Price and Allotment Results, one was informed how Management of Central China New Life Ltd intended to utilise the net proceeds from the Global Offering as follows:

- Approximately 60 percent of the total estimated net proceeds, that is about \$HK1,149.50 million, ‘*will be used to pursue strategic investment and acquisition opportunities to further expand the business scale and property portfolio of our property management business and value-added services. The targets of the Company would include (i) property management service providers with good reputation, high-quality assets and a total GFA (Gross Floor Area) under management of at least three million sq.m. (Square Metres); (ii) property management service providers with operational efficiency or profit margin improvement potential; (iii) companies whose business that will expand property portfolio, such as public properties and office buildings, or geographic coverage, with a focus on the central China region; and (iv) other companies that can bring synergies, such as companies providing information technology*’;
- Approximately, 15 percent of the total estimated net proceeds, that is about \$HK287.40 million, ‘*will be used on the Jianye + (+) platform and to optimise the experience of the users by (i) developing and optimising software and the Cloud system, expanding the R&D (Research and Development) team of the Company and optimising its organisation and functionality, enhancing user experience and satisfaction and strengthening our data analytical capability; (ii) improving and expanding the Group’s facilities and equipment such as servers, smart community IoT (Internet of Things) devices and new retail experiential devices, to support larger-scale user interactions, improve user experience, enhance service network and increase our contact frequency with customers; (iii) cooperating with more suppliers, expanding the scale and diversity of membership resources and providing members with more benefits and privileges and quality service experience; and (iv) acquiring*

*new users and increase active users and paying users at a relatively low investment’;*

- Approximately, 15 percent of the total estimated net proceeds, that is about \$HK287.40 million, ‘*will be used to improve operational efficiency by (i) building intelligent communities and upgrading facilities, targeting to cover all of the properties under the Group’s management by the end of 2020; (ii) developing the Group’s financial sharing system to share financial information on income, costs and funds among designated personnel, and the Group’s human resource system to monitor the recruitment — transition — exit process, to facilitate more smooth internal coordination and minimise human errors; (iii) developing a process control and KPI (Key Performance Indicator) integration system to monitor the day-to-day operations of the Group on a real-time basis; and (iv) achieving digitalised documentation and cloud computing to enhance data security and support the Group’s data analysis’; and,*
- Approximately, 10 percent of the total estimated net proceeds, that is about \$HK191.60 million, ‘*will be used for working capital and other general corporate purposes’.*

### **The History And Business Of Central China New Life Ltd**

The history of Central China New Life Ltd ... [CLICK TO ORDER FULL ARTICLE](#)

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