

TARGET

Intelligence Report

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KANGJI MEDICAL HOLDINGS LTD:

**CAN MANAGEMENT DO ANYTHING ELSE, OTHER THAN
SELLING SOME OF ITS SHARES TO INSTITUTIONAL INVESTORS ?**

COVID-19 Is Quite Likely To Play Havoc

With The Company's Bottom Line

For a company with a history of just 16 years, one might be tempted to suggest that Kangji Medical Holdings Ltd () (Code: 9997, Main Board, The Stock Exchange of Hongkong Ltd) is yet another success story, making its presence known on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

However, in terms of being able to monetise, materially, the sales of its four major assets, throughout its 16-year history, one might be tempted to reconsider, reassessing any original definition of a corporate success story.

On the other hand, if the formula of a financial success is based on the definitive value of a denominator, below the line, the-all and end-all, then, perhaps, this Company could be considered a success story, after all.

Caveat emptor!

Kangji Medical Holdings Ltd published and disseminated its Global Offering Prospectus in the HKSAR on Tuesday, June 16, 2020.

In that 480-page tome, one was told the following, at Page One:

‘We are the largest domestic minimally invasive surgical instruments and accessories (MISIA) platform in China. Our mission is to enable physicians and improve health and wellness of patients through providing high performing and accessible products and services. We ranked first among all domestic players and fourth among all players (including international and domestic players) in China’s RMB18.5 billion MISIA market in 2019 by sales revenue, with a 2.7% market share, according to CIC (China Insights Industry Consultancy Ltd []). We also ranked first in multiple sub-segments of China’s MISIA market, including disposable trocars, polymer ligation clips, Class III disposable electrocoagulation forceps, and reusable trocar and forceps by 2019 sales volume, according to CIC.’

It might be considered questionable in some quarters as to whether or not a 2.70-percent, sales-revenue share of an 18.50-billion renminbi MISIA market of the PRC could be considered material, especially for a company with its Total Revenue, obtained in the 2019 Financial Year, of about 503 million renminbi.

Be that as it may, it is very obvious, on scanning the Global Offering Prospectus of Kangji Medical Holdings Ltd, that Management of this Company has a number of large and well-heeled moneyed followers.

The Initial Public Offering (IPO) Of Kangji Medical Holdings Ltd

On Tuesday, June 16, 2020, Management of Kangji Medical Holdings Ltd published and disseminated its Global Offering Prospectus in the HKSAR.

Initially, Management sought to sell a total of 225,397,500, \$US0.00001 Offer Shares at the Indicative Offer Price Per Share, ranging from a minimum acceptable price of \$HK12.36, to a maximum price of \$HK13.88.

(The total number of Shares on Offer included 33,809,500 Shares, offered by the Selling Shareholder, to wit: Keyhole Holding Ltd, a company, domiciled in the Cayman Islands, and being an affiliate of TPG Keyhole Success Holding Private Ltd, a company, incorporated in The Republic of Singapore.)

Investors of the HKSAR were Offered the opportunity to subscribe to 22.54 million Offer Shares (the HKSAR Offer Shares tranche) and International Investors (the International Offer Shares tranche) – 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 put in their applications for some 202,857,500 Offer Shares.

On Friday, June 26, 2020, Management of Kangji Medical Holdings Ltd announced that the Offer Price Per Share had been struck at \$HK13.88, the highest level of the Indicative Offer Price Range.

Management, also, stated that it anticipated, netting about \$HK2,955.50 million from the Global Offering.

In respect of the HKSAR Offer Shares tranche, one was informed, in the Announcement of the Offer Price and the Allotment Results of June 26, 2020, that this tranche had been '*very significantly over-subscribed*'.

Management stated that it had received a total of 413,403 valid applications '*for a total of 22,297,061,500 Offer Shares, representing approximately 989.22 times*' the total number of 22.54 million Offer Shares, initially available in this tranche.

As for the International Offer Shares tranche, one was told that it had been '*over-subscribed, representing approximately 29.05 times*' the total number of Offer Shares, initially available under the International Offer.

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