

TARGET

Intelligence Report

VOLUME XXII No. 164

T H U R S D A Y

August 6, 2020

YIK WO INTERNATIONAL HOLDINGS LTD:

TROUBLE, AND EVEN WORSE TROUBLE,

ARE APPARENT ON THE HORIZON

At least seven pages of the 484-Page Share Offer Prospectus of Yik Wo International Holdings Ltd () (Code: 8659, The **G**rowth **E**nterprise **M**arket – the **GEM** – of The Stock Exchange of Hongkong Ltd) have been dedicated, in part or in whole, to the matter of the deadly effects of the multiple outbreaks of COVID-19, especially in respect of the future of the Company's business.

Management has declared, openly, that, in so many words, it had been forced to agree to pay an Underwriting Commission of up to 20 percent of the aggregate Offer Price Per Public Offer Share and Per Placing Share; and, that the estimated Listing Expenses shall be considerably greater than the net proceeds, obtained from the Share Offer.

That figure of 20 percent, by the way, is close to an historic high as Underwriters' Commission, with regard to an **I**nitial **P**ublic **O**ffering (**IPO**) of the equity market of the **H**ongkong **S**pecial **A**dmistrative **R**egion (**HKSAR**) of the **P**eople's **R**epublic of **C**hina (**PRC**).

The IPO Of Yik Wo International Holdings Ltd

On Tuesday, June 30, 2020, Management of Yik Wo International Holdings Ltd published and disseminated its Share Offer Prospectus in the HKSAR.

The Company Offered a total of 150 million, one-cent Shares at the Offer Price Per Share, ranging from a low of 40 cents to a high of 60 cents.

Investors of the HKSAR were offered the opportunity to subscribe to 15 million Offer Shares (the HKSAR Public Offer Shares tranche) and (presumably) 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 send valid applications to purchase some of the 135 million Shares via Share Placements (the Placing Offer Shares tranche).

On Friday, July 10, 2020, Management of Yik Wo International Holdings Ltd, in a public Announcement in respect of the Offer Price and Allotment Results, stated that the Offer Price Per Share had been struck at 40 cents – the lowest level of the Indicative Offer Price range.

As such, Management informed shareholders that it estimated that the net proceeds from the Share Offer would be approximately \$HK22.80 million.

With regard to the HKSAR Public Offer Shares tranche, it was stated, in this Announcement, that this tranche had been ‘*moderately over-subscribed*’, with a total of 8,262 valid applications, having been received for a total of 169,345,000 Public Offer Shares, representing about 11.30 times the total number of 15 million Offer Shares, initially available under this tranche.

As for the Placing Offer Shares tranche, one was informed that it had been ‘*slightly over-subscribed*’, with Management, receiving valid applications for approximately 165,685,000 Placing Shares, representing about 1.23 times the 135 million Placing Shares, initially available for subscription under this tranche.

At Page Eight of this Announcement, Management stated as to how it was intended to utilise the Net Proceeds of the Share Offer:

- Approximately, 79.50 percent, that is about \$HK18.10 million, ‘*will be used for expanding its production capacity and enhancing its production efficiency by purchasing new machinery*’;
- Approximately, 8.10 percent, that is about \$HK1.80 million, ‘*will be used for setting up a second production facility to cope with its business expansion*’;

- Approximately, 10.80 percent, that is about \$HK2.50 million, ‘*will be used for strengthening its research and development capabilities in its mould and product design and production, and production techniques*’; and,
- Approximately, 1.60 percent, that is about \$HK0.4 million, ‘*will be used for continuing to expand the sales and marketing team of the Group*’.

The History And Business Of Yik Wo International Holdings Ltd

The history of Yik Wo International Holdings Ltd can be traced back to April 13, 2011, with the incorporation in the PRC, proper, being separate and distinct from the HKSAR of the PRC, of Fujian Hengsheng Animation Culture Diffusion Company Ltd () as a wholly foreign-owned enterprise.

This ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*