

TARGET

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S A T U R D A Y

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**FOURACE INDUSTRIES GROUP HOLDINGS LTD:
ONE WOULD BE ADVISED NOT TO HOLD ONE'S BREATH,
AWAITING DIVIDEND RECOMMENDATIONS**

Considering that this company has been in business for the best part of 32 years, one cannot be overly optimistic as to its future.

For it is quite likely to follow a similar pattern as that of yesteryear.

The company, to which **TARGET** (泰達財經) is referring, is Fourace Industries Group Holdings Ltd (科利實業控股集團有限公司) (Code: 1455, Main Board, The Stock Exchange of Hongkong Ltd).

Management of this Company, that is a designer and manufacturer of personal care and lifestyle electrical appliances, published and disseminated its Global Offering Prospectus in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on Monday, August 31, 2020.

The Company Offered a total of 312.50 million, one-cent Shares at the Indicative 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 31.25 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 put in valid applications for some of the 281.25 million International Placing Shares on Offer (the International Placing Shares tranche).

On Monday, September 14, 2020, Management announced that the Offer Price Per Share had been determined at 40 cents – the lowest level of the Indicative Offer Price Range – and that the Company anticipated, netting about \$HK66.70 million from the Global Offering.

About the HKSAR Offer Shares tranche, one was informed, in the September 14, 2020 Announcement of the Offer Price and Allotment Results, that this tranche had been '*significantly over-subscribed*'.

One was told that Management had received 7,961 valid applications for a total of 239.62 million HKSAR Offer Shares, representing approximately 7.70 times the total number of 31.25 million Offer Shares, initially available for subscription under this tranche.

As for the International Placing Shares tranche, one was informed that this tranche had been ‘moderately over-subscribed’, the number of Offer Shares, being subscribed, representing about 1.10 times the total number of 281.25 million International Placing Shares, initially available under the Global Offering.

At Pages Eight and Nine of this Announcement, one was told as to how the net proceeds of the Global Offering were anticipated, by Management, to be utilised:

- a) Approximately, \$HK36.30 million, that is about 54.50 percent of the net proceeds from the Global Offering, ‘*for expanding and upgrading the Company’s production facilities to enhance the Company’s production capabilities*’;
- b) Approximately, \$HK16.50 million, that is about 24.80 percent of the net proceeds from the Global Offering, ‘*for enhancing the Company’s research and engineering capabilities*’;
- c) Approximately, \$HK8.60 million, that is about 12.90 percent of the net proceeds from the Global Offering, ‘*for introducing new products carrying the Company’s ... brand*’;
- d) Approximately, \$HK2.40 million, that is about 3.50 percent of the net proceeds from the Global Offering, ‘*for enhancing the Company’s sales and marketing efforts in the global market including the PRC market*’; and,
- e) Approximately, \$HK2.90 million, that is about 4.30 percent of the net proceeds from the Global Offering, ‘*for upgrading the Company’s information technology system and design-aided software*’.

The History And Business Of Fourace Industries Group Holdings Ltd

As stated at Page 122 of the Global Offering Prospectus of Fourace Industries Group Holdings Ltd, the history of this Company can be traced back to August 18, 1987, with the incorporation in the HKSAR of Fourace Industries Ltd (科利實業有限公司) – referred to in the Global Offering Prospectus as, simply, ‘*HK Fourace*’.

Fourace Industries Ltd, now a wholly owned subsidiary of Fourace Industries Group Holdings Ltd, was founded by Messrs Li Shu Yeh (李舒野) – referred to in the Global Offering Prospectus as, simply, ‘*Mr SY Li*’ – and Sit Pan Jit (薛板婕) – referred to in the Global Offering Prospectus as, simply, Mr PJ Sit – ‘*with their personal wealth*’, according to the top of Page 122.

The following is copied verbatim from the first paragraph of Page 122 of the Global Offering Prospectus:

‘... In September 2017, Mr. SY Li acquired 25% shareholding in HK Fourace from Mr. PJ Sit and Mr. PJ Sit also transferred his remaining 50% shareholding in HK Fourace to his daughter Ms. HW Sit (Ms Sit Hor Wan [薛可雲]) for succession reason. As a result, our Group was ultimately owned by Mr. SY Li and Ms. HW Sit in equal shares.’

Taking up the second paragraph from this Page, one was informed:

‘In our early stage of development, our Group’s business grew with the increasing demand of personal care electrical appliances from the U.S. and Japan markets. Leveraging our strong product research and development capabilities and high quality of our products, our Group’s customer base was expanding with export sales covering Europe in 2005. Over the past 30 years, our Group has been principally engaged in the business of manufacturing and trading of personal care electrical appliances and related items through our subsidiaries. According to the Industry Report, we were the third largest OEM/ODM (Original Equipment Manufacturing/Original Design Manufacturing), service provider of personal care electrical appliances in terms of export revenue in the PRC in 2019.’

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