

TARGET

Intelligence Report

VOLUME XXII No. 230

THURSDAY

October 29, 2020

MING YUAN CLOUD GROUP HOLDINGS LTD: HOW MUCH HIGHER WILL THE PROFITS OF THIS COMPANY RISE ?

The flotation of Ming Yuan Cloud Group Holdings Ltd (明源雲集團控股有限公司) (Code: 909, Main Board, The Stock Exchange of Hongkong Ltd) bagged about \$HK5,906.70 million from its Global Offering of 374,204,000, \$HK0.0001 Shares on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Company has been in business for just 17 years.

Needless to state, the relatively short history of this Company is yet another example of a PRC-incorporated company, graduating into success story that must be the envy of many a 'darling' of Wall Street.

Management of Ming Yuan Cloud Group Holdings Ltd determined to raise some interest-free cash on the fourth-largest equity market of the world, thanks to the concord and benevolence of the administrators of The Stock Exchange of Hongkong Ltd.

The Initial Public Offering (IPO) Of Ming Yuan Cloud Group Holdings Ltd

On Tuesday, September 15, 2020, Management of Ming Yuan Cloud Group Holdings Ltd published and disseminated its Global Offering Prospectus in the HKSAR.

Management offered a total of 374,204,000, \$HK0.0001 Shares at the range of the Indicative Offer Price Per Share, from a low of \$HK15.00 to a high of \$HK16.50.

Investors of the HKSAR were given the opportunity to subscribe to 37,422,000 Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities in which this class of investors had very material vested interests by virtue of its equity controls – were induced to sign in on valid applications for some of the available 336,782,000 Offer Shares (the International Offer Shares tranche).

On Thursday, September 24, 2020, in an Announcement as to the Offer Price and Allotment Results, Management informed its shareholders that the Offer Price Per Share had been struck at \$HK16.50 – the highest level of the Indicative Offer Price range.

One was informed that the HKSAR Offer Shares tranche had *‘been very significantly over-subscribed’*, the Company, having received a total of 428,936 valid applications for a total of 24,109,170,000 HKSAR Offer Shares, equivalent to 644.25 times the 37,422,000 Offer Shares, initially available under this tranche.

As for the International Offer Shares tranche, it had been *‘very significantly oversubscribed at approximately 45 times’* the 336,782,000 Offer Shares, initially available under this tranche.

At Page Nine of this Announcement of September 24, Management explained its present intentions in respect of the utilisations of the net proceeds of the Global Offering as follows:

- Approximately, 30 percent, that is about \$HK1,772.00 million, *‘will be used over the next one to five years to further upgrade and enhance the functionalities and features of the Company’s existing SaaS¹ products, with a goal to address more diversified business scenarios and continuously improve the user experience of such SaaS products’*;
- Approximately, 20 percent, that is about \$HK1,181.30 million, *‘will be used over the next one to five years to enhance research and development efforts in cutting-edge technologies such as AIoT², data analytics and virtual reality’*;
- Approximately, 10 percent, that is about \$HK590.70 million, *‘will be used over the next one to three years to further upgrade and enhance the functionalities and features the Company’s cloudbased ERP³ solutions’*;
- Approximately, 10 percent, that is about \$HK590.70 million, *‘will be used over the next one to three years to enhance the Company’s sales and marketing capabilities and strengthen the Company’s brand reputation among China’s real estate market participants’*;
- Approximately, 20 percent, that is about \$HK1,181.30 million, *‘will be used to selectively pursue strategic investments and acquisitions that we believe will allow us to expand the Company’s existing SaaS product offerings, enhance the Company’s technology capabilities, and acquire customers in selected markets, with a goal to complement the Company’s organic business growth and fulfill the Company’s mission to intelligize the real estate value chain’*; and,
- Approximately, 10 percent, that is about \$HK590.70 million, *‘will be used for working capital and general corporate purposes.’*

<p style="text-align: center;"><u>EDITOR’S NOTES</u></p>

1. **SaaS: Software as a Service**, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted.
2. **AIoT: Artificial Intelligence of Things**, the combination of artificial intelligence technologies with the **Internet of Things (IoT)** infrastructure in order to achieve more efficient IoT operations, improve human-machine interactions, and enhance data management and analytics.
3. **ERP: Enterprise resource planning**, a business process management software that allows an organisation to use a system of integrated applications to manage the business, digitalise back-office functions, relating to technology, services, and human resources.

Just four days after Management, having informed its shareholders as to the Offer Price Per Share and the Allotment Results, the Interim Results for the six months, ended June 30, 2020, were produced.

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