

# TARGET

## Intelligence Report

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S A T U R D A Y

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### **LANDRICH HOLDING LTD: THIS 27 YEAR-OLD COMPANY IS, IN FACT, JUST A FAMILY AFFAIR**

Landrich Holding Ltd (譽燊豐控股有限公司) (Code: 2132, Main Board, The Stock Exchange of Hongkong Ltd), a 27-year-old, construction company, operating exclusively in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, sought and obtained a listing of its shares on the premier equity market of The Stock Exchange of Hongkong Ltd on or about Wednesday, September 30, 2020.

Management's primary focus, on seeking to have the Company's shares, traded on one of the world's largest equity markets, was in order to *'provide a separate fund raising platform to finance the growth and expansion of our business.'*

Although the **'REASONS FOR THE LISTING'** covered two full pages of the Company's 426-page Share Offer Prospectus, the above statement was, in fact, the gist of Management's determination, disregarding completely the nonsensical oodles of waffle that embellished most of those two pages.

This Company is controlled and administered by Mr Tsui Kai Kwong (徐繼光), the Company's Founder, assisted by his 37 year-old son, his 40 year-old daughter, while his 35 year-old nephew is engaged as the *'audit controller'* of the Company.

Nobody else would ever have a look-see into the activities of the Company, except that which is required by the legal powers-that-be, of course, just as long as the above-mentioned Tsui Quartet holds onto the reins of power in the key managerial positions.

Also, clearly, minority shareholders shall always be treated as they should be treated as outsiders: As a minority inconvenience, to be tolerated on occasions, only.

The **Initial Public Offering (IPO)** garnered only \$HK58.70 million, of which figure, 66.53 percent (\$HK39,052,000.00) was subtracted due to Listing Expenses.

### **The IPO Of Landrich Holding Ltd**

Landrich Holding Ltd published and disseminated its Share Offer Prospectus on Wednesday, September 30, 2020.

The Company made an Offering of 400 million, one-cent Shares at the indicative Offer Price Per Share, ranging between a low of 32.50 cents and a high of 34 cents.

Of the total number of 400 million Shares on Offer, Mr Tsui Kai Kwong, via New Brilliance Enterprises Ltd, a company, domiciled in the **British Virgin Islands (BVI)**, all the Issued and Fully Paid-Up Share Capital of which is beneficially owned by him, sold 80 million Shares of his entire equity holdings in Landrich Holding Ltd.

Mr Tsui Kai Kwong's former 80 million Shares were designated, at the time of the Share Offer: '*Sale Shares*'.

Investors of the HKSAR were Offered 40 million Offer Shares (the HKSAR Public Offer Shares tranche) and 360 million Shares were designated, Placing Shares, of which number, 80 million Shares were '*Sale Shares*', and 280 million Shares were New (Company) Shares.

With regard to the entire Placing Shares tranche, presumably aimed at striking the funny bones of International Investors – Institutional Investors, Professional Investors and select Well-Heeled Investors, along with their corporate entities in which this class of investors has very material interests by virtue of its equity control – they were induced to put in their valid applications for some of the 360 million Placing Shares on Offer.

On Monday, October 19, 2020, in an Announcement, labelled, '***Offer Price and Allotment Results***', one was informed that the Offer Price Per Share had been struck at 32.50 cents; and, the net proceeds of the Share Offer were estimated to be about \$HK58.70 million.

In respect of the HKSAR Public Offer Shares tranche, one was told, in the October 19, 2020 Announcement, that this tranche had '*been significantly over-subscribed*', with Management, having received a total of 47,513 valid applications for a total of 2,362,128,000 Public Offer Shares, representing about 59.05 times the 40 million Public Offer Shares, initially available under this tranche.

As for the 360 million Placing Shares, one was informed that it had '*been slightly over-subscribed*', representing about 1.02 times the 360 million Placing Shares, initially available under this tranche.

At Page Seven of the October 19, 2020 Announcement, one was informed as to Management's present thoughts as to the utilisation of the net proceeds of the Share Offer:

- Approximately, 40.10 percent, that is about \$HK23.50 million, '*will be used to finance three existing main contractor projects*';
- Approximately, 31.00 percent, that is about \$HK18.20 million, '*will be used to acquire machinery and equipment to upgrade and enlarge our fleet of machinery, as well as to facilitate the Group's current operations*';
- Approximately, 19.70 percent, that is about \$HK11.60 million, '*will be applied for forming a new project management team and strengthening manpower for the Group's headquarters*';

- Approximately, 4.10 percent, that is about \$HK2.40 million, ‘*will be used to upgrade the enterprise information system*’;
- Approximately, 1.60 percent, that is about \$HK900,000, ‘*to enhance innovation and productivity*’; and,
- Approximately, 3.50 percent, that is about \$HK2.10 million, ‘*will be applied for the general working capital of the Group*’.

### **The History And Business Of Landrich Holding Ltd**

The history of Landrich Holding Ltd can be traced back to the incorporation in the HKSAR of Richwell Engineering Ltd (顯豐工程有限公司).

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