

TARGET

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**YADONG GROUP HOLDINGS LTD:
ONE WOULD BE WELL ADVISED TO THINK CAREFULLY
BEFORE INVESTING IN THIS COMPANY**

Prior to prospective investors, those that are hot to trot to capture one of the gold rings as they sit on their stationary plastic animals, embedded on posts of the rotating circular platform of the merry-go-round, revolving round its axis, should be apprised of a number of material facets with regard to Yadong Group Holdings Ltd (亞東集團控股有限公司) (Code: 1795, Main Board, The Stock Exchange of Hongkong Ltd.)

These facets include, inter alia:

- The Consolidated Net Profit Attributable to Shareholders in respect of the Financial Year, ending December 31, 2020, is expected to come in at about 32 million renminbi, a decrease, Year-On-Year, of about 41 percent;
- The commission, paid to underwriters with regard to the Share Offer Prospectus of the Company, had been agreed at seven percent of the Aggregate Offer Price Per Share and, in addition, a 2.40-percent '*discretionary incentive fee*' had, also, been agreed to be paid to the underwriters. In total, therefore, the underwriters' commission was 9.40 percent of the Aggregate Offer Price Per Share; and,
- Shareholders' Funds (Net Assets) of the Company, fell 18.44 percent, during the three Financial Years, ended December 31, 2019 – and, by simple deduction, Shareholders' Funds for the Financial Year, ending December 31, 2020, shall be considerably lower than that of the 2019 Financial Year. How much lower Shareholders' Funds shall fall before the 2020-Year has run its course, only a very few people in Senior Management probably have more than just an inkling.

The Initial Public Offering (IPO) Of Yadong Group Holdings Ltd

Yadong Group Holdings Ltd published and disseminated its Share Offer Prospectus in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on Friday, October 30, 2020.

The Company sought to sell a total of 150 million, one-cent Offer Shares at the Indicative Offer Price Per Share, ranging from a low of 84 cents to a high of \$HK1.08.

The Public Offer Shares tranche, clearly targeting investors of the HKSAR, comprised sales of 15 million Offer Shares, while the Placing Shares tranche, targeting 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 interests by virtue of equity controls – were induced to subscribe to 135 million Placing Shares.

On Tuesday, November 17, 2020, in an Announcement as to the Offer Price and Allotment Results, Management stated that the Offer Price Per Share had been struck at 84 cents – at the lowest level of Indicative Offer Price range – and that it was anticipated that the Company would be enriched by \$HK81.90 million.

The Public Offer Shares tranche, one was told, had *‘been moderately oversubscribed’*, with a total of 13,022 valid applications, having been received, for 274,506,000 Public Offer Shares, representing about 18.30 times the 15 million Offer Shares, initially available under this tranche.

With regard to the Placing Shares tranche, one was informed that it had *‘been slightly undersubscribed’*, the total number of subscriptions, being 122,949,000 Placing Shares, representing approximately 91.07 percent of the 135 million Placing Shares, initially available under this tranche.

At Page Nine of the November 17 Announcement, one was told as to how Management presently intended to utilise the net proceeds of the Share Offer:

- Approximately, \$HK51.70 million, that is about 63.10 percent of the net proceeds, *‘will be used for expansion of production capacity and product coverage by upgrading and improving our existing production lines and technical capabilities’*;
- Approximately, \$HK22.00 million, that is about 26.90 percent of the net proceeds, *‘will be used for acquisition of a company with existing production plant in Jiangsu province, the PRC’*; and,
- Approximately, \$HK8.20 million, that is about 10.00 percent of the net proceeds, *‘will be used for general corporate purposes and working capital’*.

The History And Business Of Yadong Group Holdings Ltd

Changzhou Yadong Textile company Ltd (常州市亞東紡織品有限公司) was founded in 1993 by Mr Xue Shi Dong (薛士東) and his niece, Ms Xue Ying (薛英), according to Page 99 of the Share Offer Prospectus.

About nine years after the founding of the above-mentioned company, that was on June 4, 2002, Changzhou Dongxia Real Estate Agency Ltd (常州市東霞房地產代理有限公司) (formerly known as Changzhou Dongxia Printing and Dyeing Company Ltd [常州市東霞紡織印染有限公

司]), a company, incorporated in the PRC, proper, being separate and distinct from the HKSAR of the PRC, saw the light of day.

Changzhou Dongxia Real Estate Agency Ltd ... [CLICK TO ORDER FULL ARTICLE](#)

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