

TARGET

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JIUJIUWANG FOOD INTERNATIONAL LTD: FOOD FOR THOUGHT ?

Jiujiuwang Food International Ltd (久久王食品國際有限公司) (Code: 1927, Main Board, The Stock Exchange of Hongkong Ltd) is, yet, another company, completely controlled by members of one family, in this case, it is the Zheng Family of Jinjiang City, Fujian Province, the **P**eople's **R**epublic of **C**hina (**PRC**).

During the 44 months, ended August 31, 2020, the number of customers, along with the revenue, derived from them, exclusively, had been, in a word, '*flat*'.

The Company is in the business of being a confectionary producer in the PRC, with a history, going back about 22 years.

It has, historically, been relying on OEM (**O**riginal **E**quipment **M**anufacturing) customers, whereby Jiujiuwang Food International Ltd manufactures goods and/or equipment for branding and resale by customers.

However, sales of products to OEM customers in respect of the 2017 Financial Year, when it represented about 53.80 percent of the Company's Total Revenue, fell back to about 48.90 percent of Total Revenue in respect of the 2019 Financial Year, ended December 31.

And, in respect of the Financial Year, ended December 31, 2020, it was another fairly '*flat*' Year for the Company.

The Initial Public Offering (IPO) Of Jiujiuwang Food International Ltd

On Friday, February 26, 2021, Senior Management of Jiujiuwang Food International Ltd published and disseminated its Global Offering in the **H**ongkong **S**pecial **A**dministrative **R**egion (**HKSAR**) of the PRC.

Management offered a total of 198 million, \$US0.0001 Offer Shares at the Indicative Offer Price Per Share, ranging from a low of 65 cents to a high of 75 cents.

Investors of the HKSAR were offered the opportunity to subscribe to 19.80 million 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 was deemed to hold equity control, legally and

beneficially, were induced to subscribe to 178.20 million Offer Shares, via select Share Placements (the International Placing Shares tranche).

On Monday, March 15, 2021, Management of Jiujiuwang Food International Ltd announced that the Offer Price Per Share had been struck at the highest point of the Indicative Offer Price, namely 75 cents.

Management stated, in that Announcement as to the Offer Price and Allotment Results, that it was anticipated that the Company's coffers were expected to be enriched by \$HK79 million in respect of the Global Offering.

With regard to the HKSAR Offer Shares tranche, Management told the world that this Public Offering had *'been very significantly over-subscribed.'*

One was informed that a total of 87,305 valid applications had been received for 4,244,420,000 Offer Shares, *'representing approximately 214.36 times the total number of 19,800,000 Hong Kong Public Offer Shares'*, initially available under this Offering.

In respect of the International Placing Shares tranche, one was informed that it had *'been slightly over-subscribed, representing approximately 1.14 times the total number of International Placing Shares, initially available.'*

At Pages Nine and Ten of that March 15, 2021 Announcement, one was told how Management presently intended to utilise the net proceeds of the Global Offering:

- Approximately, 51.00 percent of the net proceeds, that is about \$HK40.30 million, *'will be used for expansion of production capacities'*;
- Approximately, 25.50 percent of the net proceeds, that is about \$HK20.10 million, *'will be used for replacement of machines in existing production lines'*;
- Approximately, 7.90 percent of the net proceeds, that is about \$HK6.30 million, *'will be used for partial repayment of bank loans'*;
- Approximately, 8.50 percent of the net proceeds, that is about \$HK6.70 million, *'will be used for enhancement of marketing efforts'*; and,
- Approximately, 7.10 percent of the net proceeds, that is about \$HK5.60 million, *'will be used as general working capital.'*

The History And Business Of Jiujiuwang Food International Ltd

Jiujiuwang Food International Ltd was incorporated in the Cayman Islands on February 21, 2017, as part of a reorganisation of the Company, obviously in preparation for the flotation of the Company's Shares on the premier equity market of the HKSAR.

The Company was founded by Mr Zheng Zhen Zhong (鄭振忠), together with his nephew, Mr Zheng Ming Ya (鄭明芽), with the incorporation in the PRC of Fujian Jiujiuwang Food Industry Company Ltd (福建久久王食品工業有限公司) on July 4, 1999.

Fujian Jiujiuwang Food Industry Company Ltd ... [CLICK TO ORDER FULL ARTICLE](#)

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