

TARGET

Intelligence Report

VOLUME XXIII No. 165

S A T U R D A Y

July 31, 2021

YUEXIU SERVICES GROUP LTD: THERE IS THE SUGGESTION OF A 30-PERCENT ANNUAL DIVIDEND, BUT IS IT JUST A SUGGESTION ?

Yuexiu Services Group Ltd (越秀服務集團有限公司) (Code: 6626, Main Board, The Stock Exchange of Hongkong Ltd) is another spin-off of a company, listed on the premier equity market of The Stock Exchange of Hongkong Ltd, to wit: Yuexiu Property Company Ltd (越秀地產股份有限公司) (Code: 123, Main Board, The Stock Exchange of Hongkong Ltd).

One of the reasons that Yuexiu Property Company Ltd claimed that it had made its determination to obtain a separate listing on the Main Board of The Stock Exchange of Hongkong Ltd of its subsidiary, namely, Yuexiu Services Group Ltd, was *'to facilitate direct access ... to the equity and debt securities markets, as well as the bank credit market ...'*.

The main problem that **TARGET** (泰達財經) has with the above askew statements is, inter alia, that Yuexiu Services Group Ltd, as at April 30, 2021, had no bank borrowing, at all, aside from the fact that it had lease liabilities, aggregating 89,796,000.00 renminbi (about \$HK107,879,118.00).

Also, as at December 31, 2020, cash and cash equivalents, as shown in the Consolidated Balance Sheets (see Appendix I-6), the Company had 994,629,000 renminbi (about \$HK1,194,927,388.00).

Also, as at April 30, 2021, the Company had 1,440,972,000 renminbi (about \$HK1,729,079,942.00) in Cash and Cash Equivalents.

And, of course, as at December 31, 2020, Revenues, in respect of the entire 2020 Financial Year, came in at about 1,168,048,000.00 renminbi (about \$HK1,403,270,000.00).

The Initial Public Offering (IPO) Of Yuexiu Services Group Ltd

On Wednesday, June 16, 2021, Yuexiu Services Group Ltd published and disseminated its Global Offering in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

Senior Management made a Global Offering of 369,660,000 Offer Shares at the Indicative Offer Price Per Share, ranging from the lowest acceptable level of \$HK4.88 to the highest level of \$HK6.52.

Investors of the HKSAR were offered the opportunity to subscribe to 36,966,000 Offer Shares (the HKSAR Offer Shares tranche) while 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 own, legally and beneficially, equity control – were induced to put in valid applications for some of the 332,694,000 Offer Shares (the International Offer Shares tranche).

On Friday June 25, 2021, Management caused to have made an Announcement in respect of the Offer Price and Allotment Results, stating that the Offer Price Per Share had been struck at \$HK4.88.

This Announcement, also, stated that Management anticipated that the Global Offering would enhance the Company's Net Worth by about \$HK1,719.40 million.

With regard to the HKSAR Offer Shares tranche, Management stated that it had '*been over-subscribed*' and that '*a total of 40,469 valid applications ... for 365,066,500 Hong Kong Offer Shares*' had been received, '*representing approximately 9.88 times of the total number of 36,966,000 Hong Kong Offer Shares,*' initially available under this offering.

In respect of the International Offer Shares tranche, one was told that it had been '*over-subscribed, representing approximately 2.40 times of the total number of 332,694,000 Offer Shares initially available under the International Offering.*'

At Page Nine of the June 25, 2021 Announcement, one was told as to Management's present intentions with regard to the net proceeds of the Global Offering:

- Approximately, 60 percent of the net proceeds, that is about \$HK1,031.60 million, '*will be used to fund strategic acquisitions and investments and further develop strategic alliances, expand the business scale, strengthen the geographic presence and increase the business penetration in residential property management services market, public property management services market and commercial property management and operational services market*';
- Approximately, 15 percent of the net proceeds, that is about \$HK257.90 million, '*will be used to finance further development of the value-added services with a view to diversifying the service mix and enhancing the profitability*';
- Approximately, 15 percent of the net proceeds, that is about \$HK257.90 million, '*will be used to develop information technology systems and smart communities*'; and,
- Approximately, 10 percent of the net proceeds, that is about \$HK171.90 million, '*will be used to replenish the working capital and for general corporate purposes.*'

The History And Business Of Yuexiu Services Group Ltd

Yuexiu Services Group Ltd was incorporated in the HKSAR on October 8, 2020, according to Page 129 of the Global Offering Prospectus.

At ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*