

TARGET

Intelligence Report

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T U E S D A Y

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LING YUE SERVICES GROUP LTD: THE FAMILY HAS PROMISED TOGETHER ... TO VOTE TOGETHER

There is a number of seeming anomalies that pop up as one studies the 572-Page Global Offering Prospectus of Ling Yue Services Group Ltd (領悅服務集團有限公司) (Code: 2165, Main Board, The Stock Exchange of Hongkong Ltd).

One of the most-astounding of these anomalies, as far as this medium is concerned, was that Mr Liu Yu Hui (劉玉輝) and Ms Luo Hong Ping (羅紅萍), both being Executive Directors of the Company in respect of the 2018, 2019, and the 2020 Financial Years, ended December 31, did not receive any emoluments, whatsoever!

They received, it appears, no fees, salaries, allowances and benefits in kind, performance-related bonuses, pension scheme contributions and social welfare from the Company.

The two Non-Executive Directors of the Company, Ms Wang Tao (王濤) and Ms Hou San Li (侯三利), received identical remunerative benefits from the Company, in respect of the 2018, 2019, and the 2020 Financial Years, as did the two Executive Directors.

(Ms Hou San Li and Ms Wang Tao are named as being sisters-in-law of Mr Liu Yu Hui.)

The above intelligence was confirmed by **TARGET** (泰達財經) on scanning Note Eight to the Accounts of the Company, found at Appendices I-39 and I-40 of the Global Offering Prospectus.

Then, at Appendix IV-16, under the heading, ‘*Directors’ remuneration*’, one learns that ‘*Mr. Liu Yu Hui, our executive Director and chairman of the Board (of Directors), is not entitled to remuneration.*’

Appendix IV-16 goes on to state:

‘Ms. Luo Hongping, our executive Director and chief financial officer, is entitled to a remuneration and shall be paid on the basis of a twelve-month year. Each of our non-executive Directors is not entitled to remuneration. For the years ended December 31, 2018, 2019 and 2020, the aggregate remuneration (including fees, salaries, allowances and

benefits in kind, performance-related bonuses, pension scheme contributions and social welfare) paid to our Directors was nil.'

(Ms Luo Hong Ping is not shown as having any direct relationship to Mr Liu Yu Hui or of any member of his family.)

(More anomalies become very evident on scanning the Global Offering Prospectus of this Company as well as the Interim Report for the six months, ended June 30, 2021.)

The Global Offering Prospectus Of Ling Yue Services Group Ltd

The Global Offering Prospectus of Ling Yue Services Group Ltd was published and disseminated in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on or about Tuesday, June 29, 2021.

Senior Management was desirous of selling 70 million, one-cent Offer Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK3.75 to a high of \$HK4.55.

Investors of the HKSAR were offered the opportunity to subscribe to 7 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 own, legally and beneficially, equity control – were induced to apply for the remaining 63 million Offer Shares (the International Offer Shares tranche).

On Friday, July 9, 2021, Management of Ling Yue Services Group Ltd caused to make a public Announcement as to the Offer Price and Allotment Results.

It was stated, in this Announcement, that the Offer Price Per Share had been struck at \$HK4.19 and, based on this Offer Price Per Share, Management envisaged netting '*approximately HK\$245.20 million*' from the Global Offering.

This Announcement, also, stated that the HKSAR Offer Shares tranche had '*been moderately over-subscribed*', with '*A total of 10,159 valid applications*' for Offer Shares, having been received ... '*for a total of 36,597,000 Hong Kong Offer Shares, representing approximately 5.23 times*' the 7 million HKSAR Offer Shares, initially available for subscription under this Offering.

With regard to the International Offer Shares tranche, it was stated that it had '*been slightly over-subscribed*' with a total of 75,600,586 Offer Shares, having been subscribed, '*representing approximately 1.20 times of the total number of 63,000,000 Offer Shares initially available under the International Offering.*'

At Page Eight of the Announcement of July 9, 2021, one was informed as to Management's present intentions with regard to the utilisation of the net proceeds of the Global Offering as follows:

- a) Approximately, 70 percent of the net proceeds, that is about \$HK171.70 million, '*will be used for strategic acquisitions and investments*';

- b) Approximately, 20 percent of the net proceeds, that is about \$HK49.00 million, *‘will be used to upgrade information system and equipment’*; and,
- c) Approximately, 10 percent of the net proceeds, that is about \$HK24.50 million, *‘will be used for working capital and general corporate purposes.’*

The History And Business Of Ling Yue Services Group Ltd

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