

**LOCO HONGKONG HOLDINGS LTD:
IS THIS A GEM OF A COMPANY ?**

The latest flotation on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is that of Loco Hongkong Holdings Ltd () (Code: 8162, The **G**rowth **E**nterprise **M**arket [The **GEM**] of The Stock Exchange of Hongkong).

This metal-trading company is Placing 120 million Shares at the Placing Price Per Share of 36 cents.

The Company is desirous of raising, net of expenses, \$HK28.70 million, that modest amount of money to be used for the following three purposes:

1. \$HK1.50 million to establish a testing laboratory, including the purchase of machinery;
2. \$HK7.90 million to retire some bank loans; and,
3. \$HK19.30 million to acquire some silver inventories.

Because it is such a small flotation, relative to other Initial Public Offerings in the territory of late, it is quite likely to be successful ... as far as it goes, that is.

However, the Placing Prospectus, at Page 205, does state that the usages of the net proceeds are only that which are presently intended. This is suggestive that there could well be changes to Management's present intentions, somewhere down the road.

Loco Hongkong is an associated company of GobiMin Incorporated () of Canada, a company whose shares are quoted on the TSX Venture Exchange Incorporated.

TSX Venture Exchange Incorporated is a company, incorporated in Canada, being an indirect, wholly owned subsidiary of TMX Group Ltd.

TSX Venture Exchange operates Canada's premier junior listings market. It provides companies, at early stages of growth, with the opportunity to raise capital and provides investors with the opportunity to invest and trade in those companies' securities.

Loco Hongkong has been listed on this junior marketplace since October 1, 2005.

This Canadian company holds 48.02 percent of the Issued and Fully Paid-Up Share Capital of Loco Hongkong.

In turn, Mr Felipe Tan (), the Chairman and Chief Executive Officers of Loco Hongkong, owns, directly and indirectly, 55.50 percent of the Issued and Fully Paid-Up Share Capital of GobiMin Incorporated.

GobiMin Incorporated reported a Loss Attributable to Shareholders in respect of the 2013 Financial Year, ended December 31, of about \$US3.13 million (about \$HK24.32 million, using the foreign-exchange translation in the Placing Prospectus of \$US1.00=\$HK7.77).

For the first quarter of the 2014 Financial Year, GobiMin Incorporated informed its shareholders that the company suffered a Loss Attributable to Shareholders of about \$US588,964 (about \$HK4.58 million).

(More about GobiMin Incorporated later on in this analysis.)

The Business of Loco Hongkong

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