

**ASD INTERNATIONAL HOLDINGS LTD:
THE SHARES OF THIS COMPANY
ARE NOT FOR THE FAINT OF HEART**

For a company to spend \$HK38 million in order to recover about \$HK14 million of that expenditure, one does not need to have obtained a doctorate in the discipline of physics in order to realise that something is amiss.

One does not require a sheepskin, obtained from an institute of higher learning, in order to understand that the expected return on the expenditure of energy should be proportional to the capacity of the work that has been expended.

But, as far as Senior Management of ASD International Holdings Ltd () (Code: 8335, The **G**rowth **E**nterprise **M**arket [The **GEM**] of The Stock Exchange of Hongkong Ltd) is concerned, it has devised a completely new mathematical theory in order to justify its actions.

Professor Albert Einstein, the man who developed the general theory of relativity, is credited with the now famous quotation:

‘Two things are infinite: The universe and human stupidity; and, I’m not sure about the universe.’

ASD International is one of the latest batch of companies, seeking a listing on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC).

This Company published and disseminated its Placing Prospectus on March 14, 2016.

Management is desirous of seeking the Placement of a total of 60 million, one-cent Shares at the Indicative Placing Price Per Share, ranging from a low of \$HK1.00 to a high \$HK1.08.

At Page 299 of the Placing Prospectus, it is stated that, at the midpoint of the Indicative Placing Price Per Share, being \$HK1.04, the Company will net about \$HK14 million.

The exact wording of this statement reads:

‘We estimate that the net proceeds to be received by us from the Placing, after deducting the underwriting commissions, selling concession and a praecipium fee and related expenses payable by our Company in the aggregate amount of approximately HK\$38.0 million, will be approximately HK\$14.0 million (assuming a Placing Price of HK\$1.04 per Placing Share, being the mid-point of the indicative Placing Price range).’

The definition of the word, ‘*praecipium*’, **TARGET** () assumes, has the meaning, in the context of the above statement, as being the amount of the front-end fee not distributed to the joining members of a syndicate.

A presumption is made, at this point in this analysis, that the front-end fee was paid (distributed) to those party(ies) that helped to fashion the 433-Page, Placing Prospectus plus the guarantee of the Placement of

those 60 million Shares.

The use of this word is the second anomaly that this medium has discovered on scanning the Placing Prospectus, the first anomaly, having been the rationale of the Company, going public in the first place.

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