

**JANCO HOLDINGS LTD:
THIS COMPANY IS UNLIKELY, EVER,
TO SET THE INVESTMENT WORLD ON FIRE**

The chief reason that Management of Janco Holdings Ltd () (Code: 8035, The Growth Enterprise Market [the GEM] of The Stock Exchange of Hongkong Ltd) decided to Place 150 million, one-cent Shares on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was not just to garner the \$HK40.50 million, but to enable the Company to seek further funding, 'immediately', if not sooner.

This was clearly intimated in the Company's Placing Prospectus, dated September 30, 2016, where one reads at Page 206:

'... The Listing will enable our Group to raise funds immediately and have access to the equity capital market for raising funds in the future to fulfil capital needs. Due to our business nature, we do not own any property which can be used as collaterals or securities to obtain debt financing from banks. Our Directors believe that it would be easier and more cost-effective for our Group to obtain sufficient debt financing from banks to fund its future operations and development with a listing status. Furthermore, a listing status would allow our Group to (a) gain publicity; (b) reinforce our position within the industry; and (c) further strengthen our reputation in the industry which makes it easier for us to maintain our existing business relationship with our network of suppliers and customers and further explore potential business opportunities with new suppliers and customers, in particular renowned airlines and shipping liners.

'The Listing expenses account for approximately 54% of the net proceeds of the Listing and approximately 35% of the gross proceeds of the Listing. Our Directors are of the view that such a proportion is justifiable given the benefits of the Listing to our Group as set out above.'

As one scans the Placing Prospectus, it becomes very apparent that the Controlling Shareholder, Mr Cheng Hon Yat (), has been affording his Company – he owns, beneficially, 75 percent of the Issued and Fully Paid-Up Share Capital – relatively material sums of money, all of which was, according to Page 186 of the Placing Prospectus: 'non-trade in nature, unsecured, non-interest bearing and repayable on demand.'

The Share Placements of Janco Holdings Ltd

Management of Janco Holdings Ltd Placed 150 million, one-cent Shares at the Placing Price Per Share of 41 cents.

The Company garnered about \$HK40.50 million from this cash-raising exercise; and, this sum of money is destined to be utilised, according to the Company's announcement, dated October 6, 2016, as follows:

1. Approximately, \$HK17 million, that is about 42 percent of the net proceeds, 'will be used for further developing the Group's freight forwarding business';
2. Approximately, \$HK17 million, that is about 42 percent of the net proceeds, 'will be used for

further developing the Group's logistics business';

3. Approximately, \$HK4.50 million, that is about 11 percent of the net proceeds, '*will be used for further enhancing the Group's sales and marketing effort*'; and,
4. Approximately, \$HK2 million, that is about five percent of the net proceeds, '*will be used for the Group's general working capital or other corporate purposes.*'

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