

**JLOGO HOLDINGS LTD:****WHAT WAS MANAGEMENT'S RATIONALE BEHIND THIS LISTING ?**

Management of JLogo Holdings Ltd () (Code: 8527, the **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) knew, long before the Company published and disseminated its Share Offer Prospectus, that the costs, involved in respect of its **I**nitial **P**ublic **O**ffering (**IPO**), would, in all probability, eclipse the net proceeds from the IPO.

Yet, in spite of this intelligence, Senior Management continued with its plan to obtain a listing on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) in the certain knowledge that the financial outcome of the IPO would not enhance the Company's coffers to any great extent.

This, of course, tends to make one ponder as to Senior Management's seemingly illogical reasoning behind the launching of the Company's cash-raising exercise.

**The IPO Of JLogo Holdings Ltd**

The Share Offer Prospectus of JLogo Holdings Ltd was published and disseminated on April 20, 2018.

The Share Offer was for the sales of 125 million, one-cent Shares at the Indicative Offer Price Range Per Share of between 50 cents and 60 cents.

Of the total number of Shares on Offer, 112.50 million Shares were New Shares, comprising 100 million New Company Shares and Ms Low Yeun Ching (), an Executive Director and the Controlling Shareholder of the Company, offloading 12.50 million of her shares (the Sale Shares).

Investors of the HKSAR were Offered 12.50 million Shares while Professional/Institutional/Well-Heeled Investors were encouraged to subscribe for the remaining 112.50 million Shares, comprising the New Shares and the Sale Shares, via select Share Placements.

At the midpoint of the Indicative Offer Price Per Share, being 55 cents, Management anticipated netting about \$HK29.50 million, according to Page 300 of the Share Offer Prospectus.

However, at Page 291 of the Share Offer Prospectus, prospective shareholders were told, under the heading of '**LISTING EXPENSES**':

*'Assuming the Offer Price of HK\$0.55 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the total amount of expenses in relation to the Listing are estimated to be approximately HK\$32.6 million including the underwriting commission of approximately HK\$1.7 million and other listing expenses and fees (including SFC [the Securities and Futures Commission of Hongkong] transaction levy and Stock Exchange trading fee) of approximately HK\$30.9 million. The Selling Shareholder shall bear the underwriting commission in the amount of approximately HK\$0.2 million which represents the underwriting commission attributable to the sale of Sale Shares in the Placing. The remaining listing expenses, fees and underwriting commission of approximately HK\$32.4 million shall be borne by our Company, of which approximately HK\$18.5 million has been recorded in our Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017. Our Group expects to further recognise approximately HK\$6.5 million for the year ending 31 December 2018, and approximately HK\$7.4 million of its estimated listing expenses is directly attributable to the issue of the Offer Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard after Listing.'*

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