

TARGET

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S A T U R D A Y

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**ASIA-EXPRESS LOGISTICS HOLDINGS LTD:
SHOULD SENIOR MANAGEMENT BE
HELD SOLELY RESPONSIBLE FOR THIS COCK-UP ?**

There is quite a number of aspects with regard to the flotation of Asia-express Logistics Holdings Ltd on the secondary equity market of The Stock Exchange of Hongkong that, perhaps, prospective investors should be made aware:

1. The Gearing Ratio, as at September 30, 2019, stood at a whopping 123.10 percent;
2. Commissions, paid to Public Offer Underwriters and Placing Underwriters, were demanded at the record level of 19 percent;
3. The Company obtained \$HK17.80 million from its Share Offer of 120 million, one-cent Shares while Listing Expenses were known, at a time, prior to the Company's flotation, of approximately \$HK42.20 million; and,
4. The Company is dependent, to a very large extent, on the business, derived from just one of its customers,

business that, during the 42 months, ended September 30, 2019, represented not less than 62 percent, on average, of Total Revenue per annum.

The Initial Public Offering Of Asia-express Logistics Holdings Ltd

Asia-express Logistics Holdings Ltd (), (Code: 8620, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) launched its Share Offer Prospectus in the **H**ong**k**ong **S**pecial **A**ministrative **R**egion (**HKSAR**) of **P**eople's **R**epublic of **C**hina (**PRC**) on Tuesday, March 31, 2020.

The Company sought to sell a total of 120 million, one-cent Offer Shares at the Indicative Offer Price Per Share, ranging from a low of 42 cents to a high of 58 cents.

HKSAR Investors were encouraged to subscribe to 12 million Offer Shares (the HKSAR Public Offer Shares tranche) and 108 million Offer Shares, obviously targeting Institutional Investors, Professional Investors and/or select, Well-Heeled Investors, along with their corporate entities in which this class of investor holds equity control, were encouraged to put in valid applications for Placing Shares (the Placing Offer Shares tranche).

On Friday, April 17, 2020, Management of Asia-express Logistics Holdings Ltd announced that the Offer Price Per Share had been struck at 50 cents and that the net proceeds of the Share Offer were estimated to come in at approximately \$HK17.80 million.

With regard to the HKSAR Public Offer Shares tranche, one was informed in the Announcement of the Offer Price and the Allotment Results that Management had received 37,990 valid applications for a total of 2,354,465,000 Public Offer Shares, representing about 196.21 times the 12 million Public Offer Shares, initial available under this tranche.

As for the Placing Offer Shares tranche, one was informed that it had been '*over-subscribed*.'

The April 17, 2020 Announcement stated that 118,760,000 Offer Shares had been subscribed, equivalent to 1.09 times the 108 million Placing Shares initial available under this tranche.

At Page Seven of the Announcement in respect of the Offer Price and Allotment Results, one was told as to management's intent as to utilisations of the net proceeds, derived from the Share Offer:

- About \$HK6.20 million, that is approximately 34.60 percent of the net proceeds, *‘to be used to acquire new trucks for expanding and upgrading our own transportation fleet’*;
- About \$HK4.40 million, that is approximately 24.70 percent of the net proceeds, *‘will be used to expand our labour force by recruiting operational staff’*;
- About \$HK3.70 million, that is approximately 21.00 percent of the net proceeds, *‘to be used to acquire x-ray screening systems’*; and,
- About \$HK3.50 million, that is approximately 19.70 percent of the net proceeds, *‘to be used for investments in and upgrading of our information technology systems.’*

The History And Business Of Asia-express Logistics Holdings Ltd

The Founder of Asia-express Logistics Holdings Ltd was Mr Chan Heung Ming (), referred to in the Share Offer Prospectus as, simply, Mr HM Chan.

Mr Chan Heung Ming incorporated Kwai Bon Transportation Ltd () in the HKSAR, on or about November 17, 1994.

He is the father of the current Chairman of the Board of Directors of the Company, to wit, Mr Chan Le Bon (), who is referred to in the Share Offer Prospectus as, simply, Mr LB Chan.

The original intent of Kwai Bon Transportation Ltd was to engage in the provision of air cargo terminal operations, transportation, warehousing and other value-added services in the HKSAR.

Mr Chan Heung Ming retired from the Company in about 2010, leaving the mantle of governorship in the hands of his son.

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