

TARGET

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CN LOGISTICS INTERNATIONAL HOLDINGS LTD: THIS COMPANY APPEARS TO BE IN A RATHER STICKY POSITION

The Net Proceeds From The Global Offering Are Just Crumbs

COVID-19 is, obviously, of material concern to the Senior Management of CN Logistics International Holdings Ltd (嘉泓物流國際控股有限公司) (Code 2130, Main Board, The Stock Exchange of Hongkong Ltd).

At Appendix I-84 (Page 526) of the Company's 594-Page Global Offering Prospectus, one was told:

'Impact of coronavirus disease 2019 (COVID-19)

*'Based on the best knowledge and belief of the directors and current information available, the outbreak of **COVID-19** pandemic since January 2020 is affecting the Group's operation. However, the directors do not expect any material adverse impact on the Group's financial performance in the short-term. The long-term impact brought by the pandemic on our Group is still subject to further development of the outbreak of **COVID-19** and government advice, bans, lockdowns and/or restrictions, in particular the outbreak in Europe. Accordingly, the directors consider it is too early to gauge whether there will be a long term or permanent impact of any significance on our operations at this stage. The directors will continue to assess the impact of the **COVID-19** on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection with the pandemic.'*

As with other Initial Public Offerings (IPOs) that have sought to have their shares, listed on the equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), quite a number of pages of the Global Offering Prospectus of CN Logistics International Holdings Ltd has been dedicated to the matter of the coronavirus pandemic, designated **COVID-19**, and this would indicate, generously, to Management's grave concerns.

CN Logistics International Holdings Ltd is engaged, inter alia, in the provision of air-freight forwarding services and the distribution and logistics services in relation to fashion products

and fine wine, in the main, according to the Global Offering Prospectus, dated Wednesday, September 30, 2020.

The Company is headquartered in the HKSAR, its history, being a little more than 29 years.

The IPO Of CN Logistics International Holdings Ltd

The Global Offering Prospectus of CN International Holdings Ltd encouraged investors of the HKSAR to subscribe to 5.37 million, \$US0.001 Offer Shares (the HKSAR Public Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities in which this class of investors has very material interests by virtue of their equity control – were induced to subscribe to 48.33 million Shares, via Share Placements (the International Placing Shares tranche).

The Indicative Offer Price Per Share Range, originally, was set at between \$HK2.45 and \$HK2.85, but on Wednesday, October 14, 2020, Subscribers to the 53.70 million Shares of Offer were informed that the Offer Price Per Share had been struck at \$HK2.66.

In a public Announcement as to the Offer Price and the Allotment Results, Shareholders were told that the HKSAR Public Offer Shares tranche had been ‘*significantly over-subscribed*’, Management, having received 32,910 valid applications for a total of 184,237,000 HKSAR Public Offer Shares, representing about 34.31 times the 5.37 million Offer Shares, initially available under this tranche.

As to the 48.33 million, International Placing Shares, one was told that it had been ‘*slightly over-subscribed*’, representing approximately 1.36 times the total number of Placing Shares, initially available under the International Placing tranche.

The Net Proceeds of the Global Offering, one was told, was about \$HK87.40 million.

At Page Eight of the October 14 Announcement, one was informed as to how Management intended to utilise the net proceeds of the Global Offering:

- Approximately, 72.30 percent, that is about \$HK63.20 million, ‘*is expected to be used to fund the enhancement and expansion of the Group’s distribution and logistics business and local presence*’;
- Approximately, 17.90 percent, that is about \$HK15.60 million, ‘*is expected to be used to fund the expansion of the Group’s B2C (Business to Consumer) services*’; and,
- Approximately, 9.80 percent, that is about \$HK8.60 million, ‘*is expected to be used for general replenishment of working capital and other general corporate purpose*’.

The Business Of CN Logistics International Holdings Ltd

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