

TARGET

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GRAND POWER LOGISTICS GROUP LTD: ON SCANNING THIS COMPANY'S SHARE OFFER PROSPECTUS, IT RAISES MORE QUESTIONS THAN THERE ARE ANSWERS

On scanning the Share Offer Prospectus of Grand Power Logistics Group Ltd (裕程物流集團有限公司) (Code: 8489, The Growth Enterprise Market [the **GEM**], The Stock Exchange of Hongkong Ltd) quite a number of anomalies became very evident.

Three of these anomalies included:

- The Company netted an amount of approximately \$HK10.40 million, after an aggregate expenditure, over a period of 44 months, of not less than \$HK26,754,000 with regard to (mostly) abortive Listing Expenses;
- Management agreed to pay an Underwriting Commission of 15 percent in respect of the Offer Price Per Share, as well as other fees, aggregating \$HK46.20 million in relation to the Company's listing of its Shares on the Secondary Equity Market of The Stock Exchange of Hongkong Ltd; and,
- The Company suffered a Net Loss Attributable to Shareholders in respect of the 2019 Financial Year, ended December 31, of about \$HK7,439,000.00 (2018 Financial Year: Net Profit \$HK4,238,000.00)

The Initial Public Offering (IPO) Of Grand Power Logistics Group Ltd

On Wednesday, December 30, 2020, Management of Grand Power Logistics Group Ltd published and disseminated its Share Offer Prospectus in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

The Company was desirous of selling 75 million, one-cent Offer Shares at the Indicative Offer Price Per Share, ranging from a low of 74 cents to a high of 94 cents.

Investors of the HKSAR were offered the opportunity to subscribe to 7.50 million Offer Shares (the Public Offer Shares tranche) and (presumably) Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities

in which this class of investors is deemed, legally and beneficially, to own equity control – were induced to subscribe to 67.50 million Offer Shares via Share Placements (Placing Shares tranche).

On Tuesday, January 12, 2021, Management caused to publish an official Announcement as to the Offer Price Per Share and, inter alia, the Allotment Results.

This Announcement stated that the Share Price had been struck at the lowest level of the Indicative Offer Price – 74 cents – and that the estimated net proceeds of the Share Offer were estimated at \$HK10.40 million.

With regard to the Public Offer Shares tranche, one was informed that it had *‘been moderately over-subscribed’* with the Company, having received 25,416 valid applications for Offer Shares for a total of 269,040,000 Public Offer Shares, equivalent to 35.90 times the number of Offer Shares, initially available under this tranche.

With regard to the Placing Shares tranche, one was told that it had *‘been slightly over-subscribed’*, with Management, having received a total of 67,505,000 Offer Shares, representing approximately one time the number of Offer Shares, initially available under the Placing tranche.

At Page Eight of this January 12, 2021 Announcement, Management presented the following intelligence, elucidating to shareholders as to how the net proceeds of the Share Offer were presently intended to be utilised:

- Approximately, 78.60 percent of the net proceeds, that is about \$HK8.20 million, *‘will be applied to finance our additional payment obligation and for provision of bank guarantee to airlines for a larger volume of cargo spaces’*;
- Approximately, 10.10 percent of the net proceeds, that is about \$HK1.00 million, *‘will be applied to a charter cargo flight to secure cargo spaces during the peak season of freight forwarding industry’*;
- Approximately, 10.70 percent of the net proceeds, that is about \$HK1.10 million, *‘will be applied to open one new regional office located in the PRC and to employ three staff for the new PRC office in order to access untapped region that we do not have a geographical presence in’*; and,
- Approximately, 0.60 percent of the net proceeds, that is about \$HK0.10 million, *‘will be applied for general working capital.’*

The History And Business Of Grand Power Logistics Group Ltd

Grand Power Logistics Group Ltd has been in business for the past 19 years, according to Page 98 of the Company’s Share Offer Prospectus.

The Company makes the claim of being *‘a long-established freight forwarder, headquartered in Hong Kong.’*

It was said to have been founded by Mr Ricky Chiu Tong (趙彤) in 2002, when this gentleman ... [CLICK TO ORDER FULL ARTICLE](#)

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