

AGX Group debuts on ACE Market with 17% premium at 41 sen

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From the expected RM33.78 million IPO proceeds, the logistics service provider allocates RM16.44 million for working capital and RM8.7 million for business expansion plans.

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RM8.7 million of the IPO proceeds will be used for business expansion in Malaysia and South Korea, including new warehouses and offices in Penang, Johor Bahru, and a new office in Busan, South Korea.

PETALING JAYA: AGX Group Bhd made its debut on Bursa Malaysia's ACE Market at 41 sen, notching up six sen or a 17.14% premium over its initial public offering (IPO) price of 35 sen, with an opening volume of 6.87 million shares changing hands.

On Jan 26, the freight forwarding and aerospace logistics provider reported that its shares available for application by the Malaysian public had been oversubscribed by 15.43 times.

Of the expected gross proceeds of RM33.78 million raised through its IPO exercise, it plans to use RM16.44 million for working capital and RM8.7 million for business expansion in Malaysia and South Korea by setting up new warehouses and offices in Penang and Johor Bahru, as well as a new office in Busan, South Korea.

It has allocated RM4.14 million for repayment of bank borrowings and RM4.50 million for listing expenses.

Executive director and group CEO Ponnudurai Periasamy said the group plans to set up a warehouse at the Port of Tanjung Pelepas, which is about 21km from its Singapore warehouse.

"I think it is a good move for us strategically because the Johor Bahru–Singapore Rapid Transit System Link is 65% completed.

"There's a memorandum of understanding between Singapore and Johor for the development of a special economic zone. So, for us to have a warehouse there will complement our Singapore operations," he said in a press conference after the listing ceremony.

In addition, Ponnudurai said, AGX aims to open a warehouse in Penang given the state's vibrant airports, seaports, semiconductor, and manufacturing industries.

"We have customers there but are not able to fully service them because we don't have an office and presence in the northern region, so setting up operations in Penang is part of our plans.

"Finally, we will set up our operations warehouse in Busan, South Korea. Currently, our South Korean office is for sea freight forwarding (support). As Busan has a seaport, it will let us be much closer to our customers and will help us get new customers as well," he said.

In terms of its target market, he said AGX had already entered several Asean markets, including Singapore, Malaysia, the Philippines, Myanmar and Cambodia.

He also added that the group plans to expand its footprint to Indonesia, Thailand, and Vietnam given these countries' large populations and markets.

At the time of writing, the counter saw its share price rise 2.5 sen or 7.14% to 37.5 sen, valuing the group at RM162 million.

