

**DENOX ENVIRONMENTAL AND TECHNOLOGY HOLDINGS LTD:
SHOULD ONE SAY THAT THIS COMPANY
IS FARTING AGAINST THUNDER ?**

Denox Environmental and Technology Holdings Ltd () (Code: 1452, Main Board, The Stock Exchange of Hongkong Ltd) is a company that produces DeNOx catalysts in the People's Republic of China (PRC).

In fact, this Company claims to have been the first domestic manufacturer of plate-type De-NOx catalysts in the Middle Kingdom.

A catalyst, simply put, is a substance that increases the rate of a chemical reaction without undergoing any permanent chemical change, itself.

A DeNOx catalyst is aimed at removing nitrogen oxide (NOx) emissions from combustible materials and converting NOx into nitrogen, a harmless compound that makes up about 78 percent of the atmosphere, surrounding the earth.

The singular, difficult problem that faces Denox Environmental and Technology, however, is that it is, today, almost completely dependent on the coal-fired, power-generating industry of the PRC for its bread and butter.

And coal, a combustible black or dark brown rock, consisting chiefly of carbonised plant matter, is a 'dirty' word in the field of generating energy by burning coal because of its carbon footprint – the amount of carbon dioxide that it releases into the atmosphere on being incinerated.

The Global Offering

Denox Environmental and Technology went public on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of PRC, following the publication and dissemination of its Global Offering Prospectus, dated October 30, 2015.

The Global Offering was for the sales of 125 million, \$US0.01 Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK2.10 to a high of \$HK2.90.

On November 11 – last Wednesday – the Company announced that the Offer Price Per Share had been struck at the lowest level of \$HK2.10; and, the net proceeds would come in at about \$HK214 million.

This amount of money is destined to be utilised as follows, the Company announcement stated:

1. Approximately, 46 percent of the net proceeds, that is about \$HK98.40 million, '*is expected to be used for the development of DeNOx catalysts for diesel-powered vehicles*';
2. Approximately, 27 percent of the net proceeds, that is about \$HK57.80 million, '*is expected to be used for acquisition of potential target companies in the Group's industry that can help to expand the Group's market coverage or key raw material suppliers*';
3. Approximately, 10 percent of the net proceeds, that is about \$HK21.40 million, '*is expected to be used for the research and development*';

4. Approximately, four percent of the net proceeds, that is about \$HK8.60 million, *‘is expected to be used for the expansion of the Group’s sales network and establishment of the Group’s regional sales offices in China as well as in Europe’*;
5. Approximately, three percent of the net proceeds, that is about \$HK6.40 million, *‘is expected to be used primarily for the replacement of the Group’s No. 1 production line’*; and,
6. Approximately, 10 percent of the net proceeds, that is about \$HK21.40 million, *‘is expected to be used for working capital and general corporate purposes’*.

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