

**CHINA UNIENERGY GROUP LTD:
THIS IS ANOTHER NO-NO,
AS FAR AS THIS MEDIUM IS CONCERNED**

The Debt-To-Equity Ratio of China Unienergy Group Ltd () (Code: 1573, Main Board, The Stock Exchange of Hongkong Ltd) stood at 170.60 percent, as at December 31, 2015.

$$\begin{aligned} &\text{Debt-To-Equity Ratio} = \\ &\text{Net Debt (total amount of bank borrowings minus cash and cash equivalents)} \\ &\quad \text{divided by} \\ &\quad \text{total equity} \\ &\text{and multiplied by 100 percent.} \end{aligned}$$

The Debt-To-Equity Ratio of China Unienergy in respect of the 2013 Financial Year, however, stood at a whopping 321.70 percent.

The amount of debt that this Company has to service has been having a dilatory effect on the growth of the Bottom Lines of this coal miner, operating exclusively in the People's Republic of China (PRC).

The Initial Public Offering (IPO)

China Unienergy published and disseminated its Global Offering of Shares on June 30, 2016.

The Company Offered 116 million, \$US0.01 Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.80 to a high of \$HK3.60.

Investors of the Hongkong Special Administrative Region (HKSAR) of the PRC were Offered 11.60 million Shares and the remaining 104.40 million Shares were reserved to be Placed with International Investors.

On July 12, 2016, Management of China Unienergy announced that the Offer Price Per Share had been struck at the lowest rung of the ladder of the Indicative Offer Price Per Share: \$HK1.80.

The HKSAR Share tranche only managed to excite investors to the extent of 45.29 percent of the 11.60 million Shares on Offer.

As for the initial number of Shares, reserved for International Investors, this Share tranche had been '*moderately over-subscribed*', but the original number of Shares was increased to 110,746,000 Shares, due to the relatively poor response from HKSAR Investors to the Global Offering of Shares.

The Company bagged only \$HK149 million from its Global Offering.

The Net Proceeds from the Global Offering will be utilised as follows, according to Page Seven of the announcement with regard to the allotment results:

1. Approximately, 50 percent of the net proceeds, that is about \$HK74.50 million, ‘*will be used for acquisitions of coal mines with high quality anthracite coal reserve in Guizhou Province*’ (of the PRC, proper, being separate and distinct of the HKSAR of the PRC);
2. Approximately, 30 percent of the net proceeds, that is about \$HK44.70 million, ‘*will be used for part of the capital expenditure for the construction of Tiziyan Coal Mine*’;
3. Approximately, five percent of the net proceeds, that is about \$HK7.45 million, ‘*will be used for part of the contributions to Nanneng Clean Energy for the construction of CBM () (coal-bed methane, natural gas) fired power generation plants at Lasu Coal Mine and Luozhou Coal Mine*’;
4. Approximately, five percent of the net proceeds, that is about \$HK7.45 million, ‘*will be used to conduct research and development of production of active charcoal, coal mining technologies and CBM extraction technologies*’; and,
5. Approximately, 10 percent of the net proceeds, that is about \$HK14.90 million, ‘*will be used for working capital and general corporate purposes.*’

The Business of China Unienergy Group Ltd

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