

**VPOWER GROUP INTERNATIONAL HOLDINGS LTD:
IT'S SO NICE TO HAVE FRIENDS IN VERY HIGH PLACES, ISN'T IT ?**

Senior Management of VPower Group International Holdings Ltd () (Code: 1608, Main Board, The Stock Exchange of Hongkong Ltd) owes a debt of gratitude to the Government of the People's Republic of China (PRC) because, among other things, this Company's coffers have been enriched, very materially, by the PRC Government's generous purchases of VPower Group's products.

Also, Next Admiral Ltd, a wholly owned subsidiary of CITIC Pacific Ltd (), which, in turn, is a wholly owned subsidiary of CITIC Ltd () (Code: 267, Main Board, The Stock Exchange of Hongkong Ltd), has just handed \$HK727 million to VPower Group by subscribing to Shares in the Company's Global Offering.

The Controlling Shareholder of the Issued and Fully Paid-Up Share Capital of CITIC Ltd is the Government of the PRC, with its equity stake, being 58.13 percent.

Thus, it could be held, and rightly so too, that, in addition to being among the biggest customers of VPower Group, the PRC Government has just handed \$HK727 million to the Company – which, one must agree, is a very nice thing to do.

By the way, \$HK727 million is equivalent to about 48 percent of the entire amount of money that VPower Group recently garnered from the sales of its Shares in the Company's Global Offering.

The Initial Public Offering (IPO) of VPower Group International Holdings Ltd

VPower Group International Holdings Ltd published and disseminated its Global Offering Prospectus on November 14, 2016.

It Offered 560 million, 10-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK2.78 to a high of \$HK3.47.

Investors of the Hongkong Special Administrative Region (HKSAR) of the PRC were Offered 56 million Shares while 504 million Shares were Offered to International Investors of which Next Admiral Ltd, the lone, Cornerstone Investor, was allotted 204.80 million Shares, representing about 40.63 percent of the International Offer tranche, about eight percent of the Entire Issued Share Capital of VPower Group, and about 36.57 percent of the number of Offer Shares under the Global Offering.

On November 23, 2016, in an announcement, labelled '*Allotment Results*', it was stated that the Offer Price Per Share had been struck at \$HK2.88 – 10 cents higher than the minimum acceptable Offer Price Per Share – with the Company, netting about \$HK1,511.90 million.

This amount of money is intended to be utilised as follows:

1. Approximately, 55 percent of the net proceeds, that is about \$HK831.50 million, '*for developing and investing in DPG (Distribution Power Generation) stations for its IBO (Investment, Building and Operating) business through organic expansion, acquisitions or joint ventures by the end of 2018*';
2. Approximately, 20 percent of the net proceeds, that is about \$HK302.40 million, '*for*

expanding its SI (System Integration) business through organic expansion, acquisitions or joint ventures, including (a) approximately 5% of the net proceeds (approximately HK\$75.6 million) by the end of 2017 for increasing its budget for purchasing engines and ancillary equipment, and (b) approximately 15% of the net proceeds (approximately HK\$226.8 million) by the end of 2018 for, among other things (i) enhancing its assembly line for system integration, (ii) remuneration for additional system integration, sales and services staff and (iii) research and development for CHP (Combined Heating and Power) and power generation using new forms of gas’;

3. *Approximately, 10 percent of the net proceeds, that is about \$HK151.20 million, ‘for (a) building its domestic and overseas offices and technical support facilities, and (b) strengthening its local presence in key markets for its SI and IBO businesses, including Hong Kong, China, Singapore, Indonesia, Bangladesh, Myanmar and Africa’;*
4. *Approximately five percent of the net proceeds, that is about \$HK75.60 million, ‘to (i) develop cooperative research and development efforts with engine suppliers and world-renowned universities and research institutes, (ii) engage external consultants and engineering design houses, (iii) install new test benches and laboratories, (iv) invest in new mechanical tools and computer systems, (v) enlarge its own research and development team and (vi) purchase software and expertise to continue to enhance the performance of its PGSs (Power Generation Systems), as well as launch new research initiatives that include broadening the use of its PGSs, such as (a) improving fuel consumption of its gen-sets (electricity generation units) and PGSs, (b) improving heat recovery, (c) integrating combined heat and cooling modules to cater to a wider client base and (d) enhancing natural gas storage and logistics for a more complete and integrated solution’; and,*
5. *Approximately, 10 percent of the net proceeds, that is about \$HK151.20 million, ‘for working capital and other general corporate purposes’.*

It ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published,
TARGET cannot be held responsible for any errors and/or omissions.***

If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to editor@targetnewspapers.com. TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.

