

VOBILE GROUP LTD:
THIS COMPANY HAS A HISTORY OF
OBTAINING WORKING CAPITAL BY SELLING OFF ITS SHARES

The share price of Vobile Group Ltd () (Code: 3738, Main Board, The Stock Exchange of Hongkong Ltd) sagged markedly on the second day of trading on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Friday (January 5, 2018).

This was in stark contrast to the first day's trades that saw its shares rise from the Offer Price of \$HK2.58 to \$HK3.10, a gain of about 20.16 percent.

Last Friday, however, sellers lined up, pulling down the share price by 6.45 percent to close the day at \$HK2.90.

And that is just about where the price was, yesterday at noon.

Questions may well be asked in some circles as to the reason for that situation, considering that, last Friday, the Hang Seng Index continued to display strength, rising 78.16 points to end the week at 30,814.64 points.

The Initial Public Offering (IPO) Of Vobile Group Ltd

Vobile Group Ltd published and disseminated its Global Offering Prospectus in an attempt to offload 80 million, \$US0.0001 Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK2.50 to a high of \$HK3.70.

HKSAR Investors were Offered 8 million Shares and 72 million Shares were reserved for International Investors.

On Wednesday, January 3, 2018, Management announced that the Offer Price Per Share had been struck at \$HK2.58 – eight cents higher than Management’s minimum, acceptable share price – and that the Company anticipated that its call for cash would net about \$HK143.50 million.

At Pages 209 through to 211 of the Global Offering Prospectus, it was stated that the net proceeds from the IPO would be utilised as to:

- 20 percent *‘to be used for implementing our sales and marketing initiatives to expand our global customer base, upsell our existing customers to increase their service level, and cross-sell our customers with new products and services’*;
- 20 percent *‘to be used for upgrading and enhancing our computing infrastructure and facility, including enhancing our information technology systems for administrative and operational purposes, purchasing office equipment and additional computer servers, purchasing virtual computation servers, data storage, and bandwidth capacity from cloud service providers for operations and to support our global customer expansion’*;
- 20 percent *‘to be used for making potential strategic investments and acquisitions. Our acquisition strategy is to continue to invest in or acquire businesses or assets that are complementary to our business’*;
- 15 percent *‘to be used for expanding our existing offices in Silicon Valley, Portland, Japan and Hong Kong. We also intend to expand geographically to China, Europe, and other regions in the world where there is demand for our content protection, monetization or measurement products’*;
- 15 percent *‘to be used for expanding our research and development capabilities, including hiring more than 10 research and development personnel and technical staff and acquiring technology and intellectual property’*; and,
- 10 percent *‘will be used for general working capital purposes.’*

The Business Of Vobile Group Ltd

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