

VCREDIT HOLDINGS LTD:
THANKS BE TO THE GOD OF MONEY ...
AND BEIJING'S DEEP POCKETS, OF COURSE

Prima facie, it appears that the Government of the People's Republic of China (PRC) is subsidising VCREDIT Holdings Ltd () (Code: 2003, Main Board, The Stock Exchange of Hongkong Ltd).

Whether or not this situation is to the long-term benefit of the second-largest economy of the world is wide open to question, of course.

The Initial Public Offering (IPO) Of VCREDIT Holdings Ltd

VCREDIT Holdings Ltd launched its Global Offering of Shares on June 7, 2018, publishing and disseminating its Prospectus within the 416 square miles that constitute the Hongkong Special Administrative Region (HKSAR) of the PRC.

In that document, investors of the HKSAR were Offered 6,857,200, 10-cent Shares and International Investors – institutions, professional investors in equities, and well-heeled investors – were Offered 61,714,600 Shares.

The Shares were Offered at the Indicative Offer Price Per Share, ranging from a low of \$HK20.00 to a high of \$HK23.00.

On June 20, 2018, Senior Management of VCREDIT Holdings Ltd announced that the Offer Price Per Share had been struck at Management's the lowest acceptable price of \$HK20.00.

The Allotment Results Announcement stated that the Company anticipated, obtaining \$HK1,190.50 million from the net proceeds of the IPO.

At Page 260 of the Global Offering Prospectus, it was stated how the net proceeds of the IPO would be allocated in accordance with Management's determinations:

- Approximately, 70 percent, that is about \$HK833.35 million*, *'will be used to further strengthen (the) capital base (sic) of our subsidiaries including the financing guarantee company to support our business development'*;
- Approximately, 20 percent, that is about \$HK238.10 million*, *'will be used to further enhance our research and technology capabilities, including the recruitment of specialist (sic) in both financial services and technology industries and further investment in our **IT** (Information Technology) systems and data analytics capabilities'*; and,
- Approximately, 10 percent, that is about \$HK119.05 million*, *'will be used for general corporate purposes, including working capital, operating expenses and capital expenditures.'*

- * The calculations with regard to the absolute amount of money from the net proceeds of the IPO are the calculations of **TARGET** ().

When the Global Offering Prospectus of VCREDIT Holdings Ltd was disseminated, it was stated at Pages 247 and 248 that Management had entered into two Cornerstone Investors' Agreements .

The two Cornerstone Investors were named as being:

1. Infinite Benefits Ltd, a company, incorporated in the Cayman Islands. This investment-holding company is ultimately controlled by CITIC Capital Holdings Ltd (). In turn, CITIC Capital Holdings Ltd is a PRC-Government, State-Owned Enterprise; and,
2. China Foreign Economic and Trade Trust Company Ltd (), referred to in the Global Offering Prospectus as, simply, '**FOTIC**'. In turn, **FOTIC** is a subsidiary of Sinochem Group Company Ltd (), a PRC-Government, State-Owned Enterprise.

In ... [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.*