

YUE DA HOLDINGS LTD :
DON'T TAKE THE CHANCE : GET ON A TRAIN

With the guaranteed prospects of lower profits in the foreseeable future, Yue Da Holdings Ltd has gone public on the Main Board of The Stock Exchange of Hongkong Ltd.

This fact is, clearly, stated in the Placing and Offer Prospectus of this toll-road management Company, to be known as Stock Code Number 629 after Thursday, November 29, 2001, when it is expected that the shares will start trading.

The Company is pitching a total of 60 million, 10-cent shares at a Premium of between not more than 80 cents per share.

Of that number of shares, 54 million shares will be Placed, and the remaining 6 million shares are being offered to investors.

The money, to be raised, is intended to be used as follows, Page 128 states:

1. *'... if the Group (the Company and its subsidiaries) proceeds to acquire an equity interest in Chongqing Sino-Portuguese (Bridge Company Ltd), up to HK\$35 million may be used to finance the cost of such acquisition and the balance will be used to finance the cost of any other investment in infrastructure facilities in the PRC (the People's Republic of China) that may be identified by the Group or as general working capital; or,*
2. *'if the Group does not proceed with such acquisition, the net proceeds of the Share Offer (about \$HK36.20 million) will be used to finance the cost of any investment in infrastructure facilities that may be identified by the Group, and any balance of those proceeds not used for such purpose will be used as general working capital.'*

Which, to TARGET, may be translated to mean: *'Well, Mr Prospective Investor, we want your money, to be sure, but we are not quite sure what to do with it. Thanks all the same.'*

Yue Da Holdings manages and operates a 47.40-kilometre stretch of National Highway 204, to the east of the PRC.

Since 1998, the Company has experienced declining profitability; and, it is forecasting even lower profits for the Current Financial Year, ending December 31, 2001.

The following table is lifted from the Prospectus at Page 155:

	Financial Year ending December 31			Four Months to April 30
	1998	1999	2000	2001
	All Figures are Denominated in Renminbi '000			
Gross Toll:	70,973	87,674	89,966	24,357
Less: Business Tax and Local Government Levies	(2,982)	(4,403)	(4,518)	(1,224)
Net Toll	67,991	83,271	85,448	23,133
Operating Costs	(24,397)	(33,195)	(35,517)	(11,098)

Gross Profit	43,594	50,076	49,931	12,035
Other Revenue	563	847	98	14
Minimum Income Undertaking *	21,000	5,200	Nil	Nil
Administrative Expenses	(3,489)	(4,354)	(4,183)	(1,397)
Profit from Operations	61,668	51,769	45,846	10,652
Interest Expenses	(15,426)	(15,708)	(13,637)	(4,033)
Profit before Taxation	46,242	36,061	32,209	6,619
Income Tax Expenses	Nil	(2,005)	(3,268)	(787)
Profit before Minority Interests	46,242	34,056	28,941	5,832
Minority Interests	(5,689)	(4,487)	(4,222)	(243)
Profit Attributable to Shareholders	40,553	29,569	24,719	5,589

* Simply put, this was a prior agreement whereby a PRC entity – the Yancheng Municipal Communications Bureau – guaranteed a 13-percent return on the investment in the toll road to the operators. Yancheng Municipal Communications did not, or could not, meet its commitments to Yue Da Enterprise Group (Hongkong) Company Ltd, which is wholly owned by Jiangsu Yue Da Group Company Ltd, a PRC State-owned company, and so the agreement was amended, releasing Yancheng Municipal Communications Bureau from its commitment.

For the Current Financial Year, ending December 31, 2001, Yue Da Holdings is forecasting a Net Profit, excluding any Extraordinary Items, of not less than (or not more than, depending on one's interpretation) 21 million renminbi.

This profit forecast, therefore, represents a fall of about 15 percent, Year-on-Year.

From 1999, there has been a fall-off in usage of the Company's toll road ... [CLICK TO ORDER FULL ARTICLE](#)

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