

**CHINA RESOURCES CEMENT HOLDINGS LTD:
AT ATTEMPT TO
CEMENT THE COMPANY AS A BLUE CHIP**

There are 2 unrelated aspects with regard to the flotation of China Resources Cement Holdings Ltd () (Code: 1313, Main Board, The Stock Exchange of Hongkong Ltd) that become only too obvious as soon as **TARGET** () scanned the Global Offering Prospectus of the Company.

These unrelated aspects were:

1. The relatively huge debt burden of the Company; and,
2. The seeming propensity of Management to attract litigation, that which is published in the Global Offering Prospectus and that which is not published in the Global Offering Prospectus.

Of the above, 2-mentioned matters, the debt burden, by far, may be considered the more worrying matter.

Page 186 of the Global Offering Prospectus gives the Statement of Indebtedness, which **TARGET** hereby cites:

	<u>As at December 31</u>			<u>As at</u> <u>June 30</u>
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
<i>Bank loans repayable:</i>				
<i>Within one year</i>	<i>1,806,439</i>	<i>1,185,634</i>	<i>2,810,763</i>	<i>3,897,886</i>
<i>After one year but within two years</i>	<i>535,233</i>	<i>327,459</i>	<i>818,558</i>	<i>1,761,642</i>
<i>After two years but within three years</i>	<i>241,461</i>	<i>411,770</i>	<i>576,706</i>	<i>1,882,368</i>
<i>After three years but within four years</i>	<i>201,563</i>	<i>79,418</i>	<i>236,646</i>	<i>911,116</i>
<i>After four years but within five years</i>	<i>103,169</i>	<i>=</i>	<i>54,902</i>	<i>255,861</i>
	<i>2,887,865</i>	<i>2,004,281</i>	<i>4,497,575</i>	<i>8,708,873</i>
<i>Less: Amount due within one year</i>				
<i>included in current liabilities</i>	<i>(1,806,439)</i>	<i>(1,185,634)</i>	<i>(2,810,763)</i>	<i>(3,897,886)</i>
<i>Amount due after one year</i>	<i>1,081,426</i>	<i>818,647</i>	<i>1,686,812</i>	<i>4,810,987</i>
<i>Secured</i>	<i>180,000</i>	<i>160,000</i>	<i>—</i>	<i>1,146,170</i>
<i>Unsecured</i>	<i>2,707,865</i>	<i>1,844,281</i>	<i>4,497,575</i>	<i>7,562,703</i>
	<i>2,887,865</i>	<i>2,004,281</i>	<i>4,497,575</i>	<i>8,708,873</i>

One does not require a doctorate in mathematics to realise that, between December 31, 2008, and June 30, 2009, the debts of this Company rose about 94 percent – from \$HK4,497,575,000 to \$HK8,708,873,000.

For a corporate entity to incur an additional debt burden of about \$HK4.21 billion in a period of just 6 months must cause one to ponder the reason for the relatively large requirement of additional funds.

This must be especially true for prospective new investors when a company pitches an **Initial Public**

Offering (IPO).

Before passing on to the matter of litigation, the Turnover of China Resources Cement Holdings Ltd for the Financial Year, ended December 31, 2008, was \$HK5,781,278,000.

Therefore, the debt burden of this Company, as at June 30, 2009, was equivalent to about 151 percent of the Turnover for the entire 2008 Financial Year.

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