

**GREENS HOLDINGS LTD:
THIS COMPANY IS IN THE RIGHT INDUSTRY, NO DOUBT,
BUT CONTROLLING DEBT MAY BE A PROBLEM**

The investing public of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) appears not to be madly in love with Greens Holdings Ltd () (Code: 1318, Main Board, The Stock Exchange of Hongkong Ltd).

Its share price is struggling to maintain a level, higher than the Offer Price of \$HK1.62.

The fact that investors of the 416 square miles that constitute the HKSAR find this Company to be insufficiently sexy to merit, buying some shares in this supplier of products, designed and produced in the PRC with a view to enhancing energy efficiency, might, in time, prove to have been a major mistake.

The Company went public on the Main Board of The Stock Exchange of Hongkong Ltd on October 23, 2009, when it issued its Global Offering Prospectus in the hope of gobbling up some of the loose cash, floating round the territory.

Greens Holdings Ltd Offered 300 million, one-cent (US) shares at an Offer Price of not less than \$HK1.55 per share and not more than \$HK2.35 per share.

The Global Offering Prospectus, at Page 156, assumed that a midway share price of \$HK1.95 would be that which could be achieved at the end of the day.

That share price never was achieved, however.

An announcement, last Thursday, stated that the Offer Price per share had been established at \$HK1.62.

The net proceeds of the **Initial Public Offering (IPO)** came in at about \$HK409 million – which is a long distance from the maximum that could have been garnered if the share price had been struck at \$HK2.35 – \$HK621 million.

The money, raised in this exercise, will be utilised as follows:

1. About \$HK130 million to increase manufacturing capacity, including the purchase of additional machinery and the construction of new facilities;
2. About \$HK25 million for the construction of waste heat power generation projects;
3. About \$HK99 million for expansion of global sales networks;
4. About \$HK95 million for the acquisition of licenses and technologies for the manufacture of waste heat recovery; and,
5. About \$HK60 million to fund the Company's wind-turbine towers business as well as the repayment of some bank loans.

In respect of Point Number 5 – the repayment of some bank loans – it is noted that Greens Holdings Ltd is enjoying its highest level of debt on record.

At Page 152 of the Global Offering Prospectus, it is made abundantly clear that, as at May 31, 2009, the Company's debt stood at 155 million renminbi, all of which is unsecured.

That debt was an increase of about 113 percent ... [CLICK TO ORDER FULL ARTICLE](#)

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