

**CPMC HOLDINGS LTD:  
THIS COMPANY IS, NOW, AND, PROBABLY,  
ALWAYS SHALL BE A POLITICAL ENTITY**

The reason that CPMC Holdings Ltd () (Code: 906, Main Board, The Stock Exchange of Hongkong Ltd) went public on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is unlikely ever to be known because the Company really does not need this kind of tsuris.

By going public in the HKSAR, it could be scrutinised by the HKSAR Authorities, it shall be required to publish reports, from time to time, it shall be required to pay annual listing fees to The Stock Exchange of Hongkong Ltd, it shall be required to publish any and all announcements, determined to be of materiality, it shall be required to have high-priced solicitors, standing by, just in case there is a questionable transaction, it shall be required that certain professional staff be employed, it shall be required that there be maintained a minimum number of various types of directors and, in the event that there is a slightest smell of insider trading, all Hell could break lose.

It is estimated that the recurrent costs to management of a publicly listed company of the HKSAR is not less than \$HK5 million, annually.

Yet, CPMC Holdings Ltd has determined that it is all worthwhile.

This Company, which is 75 percent owned by an entity of the Government of the PRC, is not, really, in need of any fresh cash, and its business is moving ahead very nicely, at least on paper.

So, what is the game plan?

Does the Government of the PRC want to sell out its 75-percent stake or a goodly part of it?

**The Flotation**

CPMC Holdings Ltd published its Global Offering Prospectus on November 2, 2009, when it Offered 200 million, 10-cent Shares at an Offer Price of between \$HK3.85 and \$HK5.39.

At the midway point of \$HK4.62 per Share, the Company estimated that it would bag about \$HK835.20 million, net of expenses.

That amount of money would be used as follows, Page 190 of the Global Offering Prospectus states:

1. About \$HK690 million for the construction of more production facilities and the purchase of more machinery at its existing plants in the PRC, proper, as opposed to the HKSAR of the PRC;
2. About \$HK80 million to retire part of its debts to its PRC banker; and,
3. About \$HK65.20 million to be used as General Working Capital.

In respect of Point Number 2 – to retire part of its debts to its PRC banker – Page 184 of the Global Offering

Prospectus shows that, as at August 31, 2009, the Company had bank borrowings, amounting to about 861,922,000 renminbi.

This is not a record level because, as at December 31, 2007, CPMC Holdings Ltd owed its banker about 957,832,000 renminbi.

The ... [CLICK TO ORDER FULL ARTICLE](#)

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