

**TIAN SHAN DEVELOPMENT (HOLDING) LTD:
THIS ONE RANKS, IN TARGET'S OPINION,
AS A PASS ... PASS ... PASS ... PASS ... PASS ... PASS**

Without trying to hide behind a lame excuse, Senior Management of Tian Shan Development (Holding) Ltd ([]) (Code: 2118, Main Board, The Stock Exchange of Hongkong Ltd) has made it very clear that there are only 2 reasons for pitching its **Initial Public Offering (IPO)**:

1. It wants to retire some of its obligations to its Note Holders; and,
2. It wants to raise some Working Capital.

This property developer, which focuses on developments in Shijiazhuang (), the Capital of Hebei Province of the People's Republic of China (PRC), Tianjin (), bordering Hebei Province and the Beijing Municipality, and Chengde (), a city in Hebei Province, pitched its Global Offering Prospectus on June 30, 2010, in an effort to Offer 250 million, 10-cent Shares at a Share Price Offer Range of between \$HK1.40 and \$HK1.80.

Obviously, on the assumption that the Company's offerings are unlikely to attract many investors of the Hongkong Special Administrative Region (HKSAR) of the PRC or, for that matter, many International Investors, at Page 299 of the Global Offering Prospectus, it is made abundantly clear that 71.30 percent of the IPO would *'be used for the repayment of the Notes within one month following the Listing Date (July 15, 2010) but in any event no later than 8 October 2010.'*

The statement with regard to the utilisation of the net proceeds of the IPO was based on the Offer Price, being set at the midway Share Price Offer Range: \$HK1.60.

Of the \$HK377.20 million, expected to be garnered from the IPO, therefore, \$HK268.90 million will be deposited into the bank account of the Noteholders, with the remaining \$HK108.30 million, being set aside for what is termed, *'funding requirements.'*

However, last Wednesday (July 14, 2010), it was announced that the Offer Price Per Share was set at the lowest level of \$HK1.40.

That meant that the Company only netted about \$HK328.70 million instead of the anticipated \$HK377.20 million.

Due to the fact that the Offer Price had been cut to the lowest end of the Share Price Offer Range, about \$HK268.90 million, or about 81.80 percent of the net proceeds of the IPO, will be deposited in the bank account of the Noteholders.

The remaining \$HK59.80 million of the net proceeds of the IPO will be used for *'funding requirements'*, in other words, used as Working Capital.

The interest in the IPO of Tian Shan Development (Holding) Ltd was abysmal, with only 13 percent of the Hongkong Offer Tranche of 25 million shares (3,258,000 shares) being received on 586 valid applications for shares.

Management, in the light of the poor response by HKSAR investors, pumped up the International Placing Tranche to 246,742,000 Offer Shares, presenting about 98.70 percent of the entire Share Offer of 250 million Shares.

One was told that the International Placing Shares had been '*moderately oversubscribed*'.

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