

**SHUANGHUA HOLDINGS LTD:
FUNDING APPEARS TO BE APPROACHING A DIFFICULT LEVEL**

Whether or not Shuanghua Holdings Ltd () (Code: 1241, Main Board, The Stock Exchange of Hongkong Ltd) is in dire need of funding may be a matter of interpretation, but, in **TARGET**'s view, on scanning the Placing and Public Offer Prospectus of this Company, there is every indication that additional funding is fast becoming a matter of some urgency.

At Pages 217 and 218 of the Placing and Public Offer Prospectus, one learns, under the general heading of **'INDEBTEDNESS'**, that, as at December 31, 2010, secured bank loans amounted to about 105 million renminbi, which was an increase, Year-On-Year, of about 5 percent.

However, 7 paragraphs later, after learning of the amount of loans, under the category of Secured Bank Loans, one is told:

'We have not encountered any difficulty in obtaining bank borrowings during the Track Record Period. The guarantees provided by related parties as additional security for our bank borrowings will be released prior to Listing. Our bank borrowings are secured by mortgages over our Group's leasehold lands and buildings situated in the PRC. Sufficient level of security has been provided by our Group for obtaining and maintaining our bank borrowings. With the existing level of security, our Directors do not expect that we will have difficulty in renewing the existing loan facilities or obtaining new bank loan facilities.'

'As at 30 April 2011, being the latest practicable date for determining our indebtedness, we had outstanding bank borrowings of RMB155 million, of which RMB135 million were short-term. As at 30 April 2011, we had a total available banking facilities of RMB155 million, of which RMB155 million had been utilized. Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 30 April 2011, we did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities.'

'Our Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since 30 April 2011.'

TARGET () interprets the above statement to suggest, strongly, that all lines of bank borrowings, at least for the time being, had been fully utilised. And that was the situation as at April 30, 2011.

If that interpretation is correct – and this medium believes it to be so – then, that is a very good reason for Shuanghua Holdings Ltd to go, cap in hand, to the Main Board of The Stock Exchange of Hongkong Ltd of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) in order to raise money in an **Initial Public Offering (IPO)**.

The Flotation

Shuanghua Holdings Ltd is Offering 162.50 million, one-cent Shares at the Offer Price Per Share of \$HK1.16.

Of the total number of shares on Offer, 16.25 million Shares are reserved for investors of the HKSAR and 146.25 million Shares are being reserved for International Investors by Placement.

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

*While **TARGET** makes every attempt to ensure accuracy of all data published, **TARGET** cannot be held responsible for any errors and/or omissions.*

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*