

**JINGRUI HOLDINGS LTD:
THE DEBTS COULD RESTRICT THIS COMPANY'S GROWTH**

Jingrui Holdings Ltd () (Code: 1862, Main Board, The Stock Exchange of Hongkong Ltd) makes no bones about its business – or the fact that it needs cash.

The Company disseminated its Global Offering Prospectus, last Monday (October 21), seeking to offload 313,430,000, one-cent (US) Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK4.20 to a high of \$HK5.48.

Of the total number of shares on Offer, the Hongkong Offer tranche is 31,344,000 Shares and International Investors are Offered the opportunity to subscribe for the remaining tranche, numbering 282,086,000 Shares.

The money, to be raised in this **Initial Public Offering (IPO)**, based on an Offer Price Per Share of \$HK4.84, being the midpoint of the Indicative Offer Price, is for the following purposes:

- About 90 percent of the net proceeds, that is about \$HK1,279,000,000, *‘for acquisitions of new projects or land for development in each of Nanjing, Suzhou, Hangzhou, Ningbo and Shaoxing. As at the Latest Practicable Date, we had not identified or committed to any acquisition targets’*; and,
- The remaining 10 percent of the net proceeds, that is about \$HK142 million, *‘to provide funding for our working capital and other general corporate purposes.’*

Since, as it is very obvious, Management has no definitive plans for the immediate use of the net proceeds from this IPO, the money, raised in this call to alms, will be deposited in banks, pending a determination as to the best use of the funds – if it can be found.

This makes admirable sense, actually, because, as at August 31, 2013, the Company had total borrowings of 5,337,119,000 renminbi (about \$HK6.76 billion) on which it was paying interest to its bankers and trust financing providers, ranging from 7.51 percent per annum to 14.98 percent per annum, respectively.

Between June 30 and August 30, 2013, the Company's debts had grown by about 672.29 million renminbi (about \$HK851.12 million).

The August 31 debt load was a record-high level.

With an anticipated injection of about \$HK1.42 billion from this cash-raising exercise, it is an odds-on favourite that the Company's bankers and other lenders will not be unhappy.

The Business and History

An **‘OVERVIEW’** of the business of Jingrui Holdings is found at Page 95 of the Global Offering Prospectus. This is that which is stated:

‘We are one of the leading regional property developers in the Yangtze River Delta. According to China Index Academy, we were ranked as one of the top 10 developers in the Yangtze River Delta region in 2012 and 2013 that derived at least 50% of their revenues from the region.’

Headquartered in Shanghai, we have established operations in 13 cities across China, of which 11 such cities are amongst the 16 core cities in the Yangtze River Delta region identified in “The Regional Plan for the Yangtze River Delta Region” by the State Council in May 2010. According to this Regional Plan, these 16 core cities, led by Shanghai, represent leading economic cities and over 80% of the nominal GDP in the Yangtze River Delta region, and are expected to further develop as a world-class city cluster. According to China Index Academy, the total nominal GDP contributed by these 16 cities accounted for approximately 17.3% of total national nominal GDP in 2012. In addition, we have successfully expanded our footprints to Tianjin, the center of Bohai Economic Rim, and Chongqing, a major economic center in Southwest China, two fastest growing centrally direct-controlled municipalities in the PRC, and are actively seeking additional opportunities in other cities.’

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