

**CAR INCORPORATED:
IT'S AMAZING !
HOW HAS THIS COMPANY
KEPT CREDITOR WOLVES AWAY ?**

Considering the age of CAR Incorporated () (Code: 699, Main Board, The Stock Exchange of Hongkong Ltd), it is an amazing company ... with an amazing, seven-year history of expansion.

However, having said that, it, probably, in real terms, is, still, a loss-maker.

Which begs the question: How has Management been able to keep the creditor wolves at bay?

CAR is one of the latest companies to be listed on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), its Global Offering Prospectus, having been promulgated on September 8, 2014.

The Initial Public Offering (IPO)

CAR is Offering a total of 426,341,000, \$US0.00001 Shares at the Indicative Offer Price Per Share, ranging from \$HK7.50 to \$HK8.50.

Of the total number of Shares on Offer, 43,636,000 Shares are Offered to HKSAR Investors, with 383,705,000 Shares, having been reserved for International Investors.

The Company has, however, located five Cornerstone (corporate) Investors, all of which have contracted to invest up to \$US130 million in the Shares of this IPO.

If all goes well, these Cornerstone Investors will take up 5.50 percent of the Share Offerings, assuming the struck Indicative Offer Price Per Share is \$HK8.00.

On the assumption that the Offer Price is struck at \$HK8.00, being the midpoint of the Indicative Offer Price Per Share, Management estimates that it will net about \$HK3,242,000,000, assuming that there will be no takers in respect of the Over-Allotment Option.

This large amount of money is to be used as follows, one learns on scanning Page 240 of the Global Offering Prospectus:

- Approximately 65 percent – about \$HK2,107 million – of the net proceeds *'will be used for procurement of additional fleet to support our growth strategy. Assuming an envisaged financing structure on a per vehicle basis of around 30-40% equity and 60-70% debt, we would be able to procure an additional 44,000 to 59,000 vehicles, approximately half of which we expect to purchase in 2015 and the remainder in 2016;*
- Approximately 19 percent – about \$HK629 million – of the net proceeds *'will be used to repay amounts outstanding under certain bank loans, including our loan facility of RMB200 million at SDIC Trust, RMB200 million at Post Savings Bank of China, which was used for vehicle purchase, and RMB100 million at China Credit Trust with a maturity of March 2015, April 2015 and March 2015 respectively and interest rate of 9.0%, 6.1% and 6.8%, respectively;*

- Approximately ten percent – \$HK324 million – of the net proceeds ‘*on developing new products and services*’; and,
- The remaining six percent – \$HK182 million – of the net proceeds ‘*will be used for our working capital and other general corporate purposes*’.

The Business of CAR

Page 83 of the Global Offering Prospectus gives one an understanding ... [CLICK TO ORDER FULL ARTICLE](#)

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