

**ADVANCED SEMICONDUCTOR MANUFACTURING CORPORATION LTD:  
A FIRST FOR HONGKONG – A FINANCIALLY SICK  
COMPANY NETS NEARLY \$HK601 MILLION AT ITS FLOTATION**

The flotation of Advanced Semiconductor Manufacturing Corporation Ltd () (Code: 3355, Main Board, The Stock Exchange of Hongkong Ltd) ushered in, for the first time, the acceptance by The Listing Committee of the Main Board of The Stock Exchange of Hongkong Ltd, an **Initial Public Offering (IPO)** of a company which was theoretically, technically insolvent.

Nevertheless, the IPO was a roaring success, with investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), applying for 525,856,000 New Shares in the Enlarged Issued and Fully Paid-Up Share Capital of the Company, representing about 12.93 times the number of New Shares on Offer in the tranche, reserved for investors of the territory.

It was the first time since **TARGET** () was founded in January 1971 that this medium has seen a company state the following in its IPO Prospectus:

*‘Forecast profit attributable to shareholders  
of the Company for the six months ending June 30, 2006*

*not less  
than  
RMB0\**

*‘Unaudited pro forma fully diluted forecast earning per Share*

*not less  
than  
RMB0’*

\* RMB = Renminbi = \$HK1.00:1.04 RMB

Advanced Semiconductor pitched its story in its IPO Prospectus, dated March 27, 2006, when it Offered 406,662,000, one RMB Shares at a price of between \$HK1.36 per Share and \$HK1.85 per Share.

The Company reported, on April 6, 2006, that the response to its Share Offer had been well received and that the Share Price had been set at \$HK1.60.

Aside from the HKSAR tranche of 40,668,000 Shares, Advanced Semiconductor, also, Placed 365,994,000 Shares with international institutional investors.

It was stated about the International Placing tranche that the Shares had been *‘moderately oversubscribed’*.

One day later, on April 7, 2006, the Company announced that Goldman Sachs (Asia) L.L.C. and BOCI Asia Ltd (), the Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Joint Sponsors, had exercised the Over-Allotment Option of 60,998,000 Shares at the price of \$HK1.60 per Share.

A tranche of 36,969,000 Shares was, also, sold at the flotation of this Company, those Shares, formerly belonging to China Orient Asset Management Corporation (), a PRC, State-owned corporation.

So, Advanced Semiconductor, after all was said and done, netted about \$HK600.68 million from the flotation of this virtually bust company on the premier equity market of the HKSAR.

Page 163 of the Prospectus stated that the Company was hoping to garner from its flotation, the sum of

about \$HK519.60 million, to be used for the following purposes:

1. \$HK271.50 million *'will be used to repay a portion of our outstanding indebtedness. Specifically, we intend to pay down all amounts outstanding under three of our revolving working capital facilities as follows:*
  - a. *US\$10.0 million under a facility bearing interest at a rate equal to 6-month LIBOR\* plus 0.8%, which matures on August 16, 2006;*
  - b. *US\$15.0 million under a facility bearing interest at a rate equal to 3-month LIBOR plus 0.8%, which matures on December 27, 2006; and*
  - c. *US\$10.0 million under a facility bearing interest at a rate equal to 3-month LIBOR plus 0.8%, which matures on January 10, 2007...'; and,*
2. About \$HK248.10 million to be used to fund capital expenditure plans.

\* LIBOR = **L**ondon **I**nterbank **O**ffer **R**ate

As for the Over-Allotment Option money, Page 163 said that it would be used in full *'to repay our other outstanding indebtedness with these additional net proceeds.'*

Of ... [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](mailto:editor@targetnewspapers.com). **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*