

**CHINA NATIONAL MATERIALS COMPANY LTD:
ITS SHARE PRICE DOUBLED IN ONE MONTH,
BUT WAS THIS GOOD VALUE ?**

Few people scan prospectuses of Initial Public Offerings (IPOs) that come to the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), but, in the case of China National Materials Company Ltd () (Code: 1893, Main Board, The Stock Exchange of Hongkong Ltd), had the Global Offering Prospectus been read and digested in its entirety, it might have turned a number of heads of sage investors, more than just a little.

The Company went Public on the Main Board of The Stock Exchange of Hongkong Ltd on December 7, 2007, when it made a Global Offering of 931,708,000, one renminbi shares, at the Offer Price of \$HK4.50 per Share.

The flotation was heavily oversubscribed and Management ended up with about \$HK3,862,000,000, net of expenses, before the exercise of 139,756,000-share, Over-Allotment Option, granted to the Joint Global Coordinators.

On January 3, 2008, it was announced that the Over-Allotment Option had been exercised in full, resulting in China National Materials, booking another \$HK606.83 million of *'free'* money.

All in all, the cash-raising exercises, therefore, netted the Company about \$HK4,468,830,000.

Quite a nice chunk of change!

Pages 113 to 116 and Pages 128 to 132 of the Prospectus, however, should, in **TARGET**'s opinion, have been a very strong indicator to prospective shareholders of the very poor management of various companies, under this Company's corporate *'umbrella'* in years past and even up to the middle of last year.

At Page 113, it is stated that Xinjiang Tianshan Cement Company Ltd (), which is listed on The Shenzhen Stock Exchange (Stock Code: 877), a subsidiary of China National Materials, and its subsidiaries entered into a Debt Restructuring Agreement with 12 lenders of money in the PRC, proper, being distinct from the HKSAR of the PRC.

Under the Debt Restructuring Agreement, the borrowings of Xinjiang Tianshan Cement Company Ltd and its subsidiaries, amounting to about 2,588,700,000 renminbi, as at December 1, 2005, became repayable by installments over an 11-year period, starting from December 1, 2005.

Under the Debt Restructuring Agreement, Xinjiang Tianshan Cement Company Ltd and its subsidiaries covenanted:

1. To dispose of 6 equity investments, all of which were unrelated to the cement business of Xinjiang Tianshan Cement Company Ltd; and,
2. Not to sell, lease, transfer or otherwise dispose of any material assets other than the dispositions set forth in Point Number One or those, made in the ordinary course of business.

China National Non-metal Materials Corporation () was the predecessor of China National Materials Company Ltd and it, too, was part of the Debt Restructuring Agreement with the 12 PRC lenders.

China National Materials assumed the obligations of its predecessor.

As ... [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.*