

**CHINA SINGYES SOLAR TECHNOLOGIES HOLDINGS LTD:
IT LOOKS TO BE A VERY REASONABLE COMPANY, BUT, NEVERTHELESS,
ITS SHARE PRICE IS LIKELY TO FALL BELOW THE OFFER PRICE**

In today's topsy-turvy investment world, one has to ponder as to the reason that some companies still determine to issue Initial Public Offerings (IPOs).

The reason appear to be obvious, for the most part: These companies want 'free' money, that is, money that the companies never have to pay back and on which there is no debt service.

Since banks, today, are reluctant to lend, even to other banks, the equity market seems to be the one place where it is possible to raise money, at least for certain companies.

From an intelligent investor's point of view, it must be a given that, as soon as one buys shares at the Offer Price of an IPO, no matter what that price may be, it is almost guaranteed that the price will drop within a few short months of the first day of trading in the shares of the company.

Yet, the IPOs continue to come and bookrunners, sponsors and managers of the IPOs manage to find investors to pick up some, if not all, of the shares on Offer in the flotations.

On the last day of 2008, China Singyes Solar Technologies Holdings Ltd () (Code: 750, Main Board, The Stock Exchange of Hongkong Ltd) issued a Global Prospectus, Offering a total of 60 million, one-cent (US) Shares at a price of between \$HK1.00 and \$HK1.20 per Share.

The Offer Price was, on January 6, 2009, struck at \$HK1.05 per Share with the 6 million, Hongkong Public Offer Shares, having been oversubscribed some 69.60 times.

The International Placing tranche of 54 million Shares were taken up in full, Management announced.

The Company bagged \$HK28 million, net of expenses.

The Underwriters charged 4 percent as their commission and the Listing Fees, the legal and other professional fees, printing and translation and other fees sucked up about \$HK35 million from the gross amount of money, obtained by the flotation.

The cost of pitching the IPO, therefore, was about 125 percent of the net proceeds, received by the Company.

Which may, to some people, seem a little lopsided.

The business of China Singyes is given in the Global Offering Prospectus at Page 154 as follows:

'Our business can be broadly divided into engineering projects, sales of materials and other services.

'Our engineering project business consists of our conventional curtain wall business and

BIPV business. With respect to conventional curtain wall projects, such business includes the design, fabrication and installation of curtain walls. With respect to BIPV projects, such business includes the design, fabrication and installation of BIPV systems.*

‘We also sell curtain wall materials and solar power products.

‘Other services consist of the undertaking of design work relating to curtain wall engineering at our customers’ request.’

* **BIPV** = The integration of photovoltaic technology into the design of buildings and structures

Management of China Singyes ... [CLICK TO ORDER FULL ARTICLE](#)

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