

**SIJIA GROUP COMPANY LTD:
WHAT WAS THE TRUE REASON
FOR THIS COMPANY TO GO PUBLIC ?**

Sijia Group Company Ltd () (Code: 1863, Main Board, The Stock Exchange of Hongkong Ltd), the latest company to join the ranks of the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is, literally, swimming in cash.

It is amazing, actually, that Management would want to spend a penny in going public – anywhere.

It does not need the kind of tsuris that goes with opening one's books for various governmental authorities in order for officialdom to learn all of one's many corporate secrets and, then, have to publicise those secrets in a prospectus.

According to the Global Offering Prospectus of Sijia Group Company Ltd, dated January 26, 2010, at Page 235, it is shown that the Company had, as at August 31, 2009, total debts of a little more than 37.04 million renminbi, of which, about 33.50 million renminbi was '*Current*' – due within one year – and about 3.54 million renminbi was labelled as being '*Non-Current*' – due after one year.

However, at Appendix I-6 of the Global Offering Prospectus, one discovers that, as at August 31, 2009, Sijia Group Company Ltd has cash and cash equivalents of about 222.67 million renminbi!

This Company is desirous of raising about \$HK635 million, net of expenses, by pitching a Global Offering of 200 million, \$HK0.001 Shares at an Offer Price Range of between \$HK2.69 per Share and \$HK4.13 per Share.

At the midway point of \$HK3.41 per Share, the \$HK635 million is earmarked for the following purposes, one is told:

1. \$HK210.90 million, about 33.20 percent of the net proceeds of the **Initial Public Offering (IPO)**, for the further development of one of the Company's plants;
2. \$HK204.10 million, about 32.10 percent of the net proceeds of the IPO, in order to expand the Company's sales network;
3. \$HK133.80 million, about 21.10 percent of the net proceeds of the IPO, to be used for research and development;
4. \$HK22.70 million, about 3.60 percent of the net proceeds of the IPO, to upgrade the Company's computer system; and,
5. \$HK63.50 million, about 10 percent of the net proceeds of the IPO, to be slipped into the General Working Capital Account.

The business of Sijia Group Company Ltd is in the development and manufacture of polymer processed, high-strength polyester fabric.

(Polymer is a natural or synthetic compound of usually high molecular weight, consisting of up to millions of repeated linked units, each a relatively light and simple molecule.)

Page 115 of the Global Offering Prospectus gives an **‘OVERVIEW’** of the Company’s business as follows:

‘The Group is principally engaged in the design, development, manufacture and sale of polymer processed high strength polyester fabric composite materials and other reinforced composite materials (“Reinforced Materials”) and conventional materials (“Conventional Materials”, and together with Reinforced Materials, collectively known as “Materials”). The Group has also expanded into the design, development, manufacture and sale of downstream related inflatable and waterproof products targeting the outdoor leisure, recreation and sports consumer market (“End Products”).

‘According to the independent market research and consulting company, Frost & Sullivan, the Group was the fourth largest and the largest manufacturer of Reinforced Materials in the PRC in terms of turnover in 2008 and for the eight months ended 31 August 2009 respectively. Under the outdoor sub-sector of the PRC Reinforced Materials market, the Group was the largest manufacturer of wader and protective garment materials and with the widest product range and functions, the largest manufacturer of inflatable materials and the largest manufacturer of air tightness materials in terms of turnover for these two periods respectively. From 2006 to 2008, the percentage of outdoor Reinforced Materials compared with the whole Reinforced Materials in China has increased from about 38.2% to about 40.0% in terms of turnover.’

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