

**INTERNATIONAL TAIFENG HOLDINGS LTD:
THIS COMPANY IS UNLIKELY TO ENTHUSE MANY INVESTORS**

There is, really, nothing very special or exceptional about International Taifeng Holdings Ltd () (Code: 873, Main Board, The Stock Exchange of Hongkong Ltd) except, perhaps, that, over its 36-month, track-record period, its Bottom Line would never have impressed mom.

This Company is engaged in the manufacture and distribution of cotton yarns and bedding products in the People's Republic of China (PRC), proper, being distinct and separate from the Hongkong Special Administrative Region (HKSAR) of the PRC.

International Taifeng Holdings Ltd issued its Global Offering Prospectus, last Monday (May 31, 2010), when it Offered a total of 280 million, 10-cent Shares at an Offer Share-Price Range of between \$HK2.06 and \$HK3.09.

The Company is Offering 250 million, New Shares while 30 million (existing) Shares are being Offered by the 'Selling Shareholders', all of whom are Directors.

At the midway, Offer Share-Price of \$HK2.575, Management estimates that it will bag about \$HK565.30 million from this call to arms.

The money, estimated to be received, net of expenses, will be utilised as follows:

1. About \$HK345.50 million, or about 61.10 percent of the Net Proceeds of the **Initial Public Offering (IPO)**, to be allocated for the establishment of new retail stores and counters in the PRC, proper;
2. About \$HK170.50 million, or about 30.10 percent of the IPO, to be allocated for the expansion and upgrading of production capacity;
3. About \$HK22.90 million, or about 4.10 percent of the IPO, to be allocated for enhancing the Company's production design and quality control capabilities; and,
4. About \$HK26.40 million, or about 4.70 percent of the IPO, to be allocated for beefing up the Company's Working Capital.

A '**BUSINESS OVERVIEW**' of International Taifeng Holdings Ltd is given at Page 92 of the Global Offering Prospectus as follows:

'We are engaged in the manufacturing and distribution of quality cotton yarns and bedding products in China. Although historically we focused on the cotton yarns business, which accounted for 84.0% of our revenue and 96.9% of our reportable segment profit before taxation for the year ended 31 December 2007, we have successfully developed and expanded our bedding products business, which accounted for 45.6% of our revenue and 78.8% of our reportable segment profit before taxation for the year ended 31 December 2009, whilst our cotton yarn business continued to provide steady cash flow and net profit to our business overall.'

'According to market research conducted by Euromonitor, for the year of 2009, the top 5 companies ranking in the fine-count and high-count yarns industry accounted for 2.6% of the total market share, with the highest ranking company accounting for 1.3% of the total market share while we ranked as the fourth largest yarns manufacturer in terms of sales value of fine-count and high-count yarns in the PRC, accounting for 0.2% of the total market share. According to two confirmations dated 11 May 2009 and 15 October 2009 issued by the China Cotton Textile Association, we are one of the top 10 cotton yarn manufacturers in China in terms of production scale. We are also one of the few sizeable manufacturers capable of producing high-count cotton yarns in China. The General Administration of Quality Supervision, Inspection and Quarantine of the PRC granted our "TAIFENG" branded combed cotton yarns the status of China Famous Brand Products in September 2007.

'We focus on fine-count and high-count cotton yarns (i.e. yarn count from 29 to 60 and over 60, respectively) in our cotton yarn production. Fine-count cotton yarn is most commonly used in the cotton textile industry while high-count cotton yarn is usually used to produce better quality cotton textile products. As the living standards continue to improve in China, we believe that demand for cotton yarns with higher yarn count will increase. We currently have over 450,000 spindles for our cotton yarn production. For the year ended 31 December 2009, over 90% of our cotton yarn revenue was generated from the sales of fine-count and high-count cotton yarns. We offer more than 120 varieties of cotton yarn products. In addition to yarn count, we distinguish our cotton yarn products from other cotton yarn products in the market by characteristics such as fibre-blended, combed and knotless. We sell our cotton yarns to fabric manufacturers in China and overseas.

'We commenced our bedding product business as a distributor of bedding products in 2003. For the year of 2009, the top 5 bedding products enterprises have in terms of retail sales value in the PRC bedding products market accounted for about 6.8% of the total market share, with the highest ranking enterprise accounting for 1.8% of the total market share while we ranked as the eighth largest bedding product manufacturer, accounting for 0.4% of the total market share, according to market research conducted by Euromonitor. According to a certification dated 7 November 2008, the China Home Textile Association recognized us as one of the leading manufacturers of home textile products in China in 2007. Our "TAIFENG" brand was also recognized by the Trademark Bureau of the PRC State Administration for Industry and Commerce as a Well-known Trademark with respect to our bedding products in April 2009.'

Further ... [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.*