

**YONGSHENG ADVANCED MATERIALS COMPANY LTD:
DON'T EVEN BOTHER TO CRACK OPEN THE 635-PAGE PROSPECTUS**

Of all of the Initial Public Offerings (IPO's) of this year, so far, the flotation of Yongsheng Advanced Materials Company Ltd () (Code: 3608, Main Board, The Stock Exchange of Hongkong Ltd) must be rated as one of the worst in terms of its financial statistics with regard to the 42-month, track-record period, up to June 30, 2013.

The Share Offer Prospectus of this Company, however, is one of the thickest of its kind, at 635 Pages, if that happens to turn on prospective investors.

Yongsheng Advanced Materials pitched its story in its Share Offer Prospectus, dated November 15, 2013.

It is Offering 100 million, one-cent Shares at an Indicative Offer Price Per Share, ranging from 80 cents up to \$HK1.20.

The investing public of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is being Offered 10 million Shares and International Investors will be allocated 90 million Shares by Placement – if all goes well.

At the midpoint of the Indicative Offer Price Per Share, being \$HK1.00, the Company expects to net about \$HK65.30 million.

According to the Prospectus, this amount of money is earmarked for the following purposes:

- ‘(a) approximately HK\$39.2 million or 60% of the proceeds shall be used for building four additional production lines at our production site in Nantong District and acquiring the production equipments (sic) and machines, the expansion shall increase the production capacity of our Nantong Facilities, which will be mainly used for the production of our differentiated polyester filament yarn;*
- ‘(b) approximately HK\$13.1 million or 20% shall be used for increasing the processing capacity and improving the waste water treatment system and energy savings system at our Dyeing Facilities;*
- ‘(c) approximately HK\$6.5 million or 10% shall be used to strengthen our research and analysis capabilities and business development capabilities in our trading segment. We plan to recruit more personnel to expand our trading department, such as employing more research analysts to research on the market price trend of textile-related products. We also have plan to send our staff members to seek out potential suppliers and customers for our trading business, such as participating in exhibitions as well as going on business trips in foreign countries; and*
- ‘(d) approximately HK\$6.5 million or 10% shall be used for general working capital and other general corporate purposes of our Group.’*

Yongsheng Advanced Materials is in the business of trading in textile-related products, dyeing and processing polyester fabric and the production of polyester filament yarn.

History and Business

The Company was founded by Mr Li Cheng () who entered the PRC textile industry in 1985 by trading in textile-related products, his preferred base of operations, being Xiaoshan City, Hangzhou.

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