

**FUYAO GLASS INDUSTRY GROUP COMPANY LTD:  
INVESTING IN A CHINESE BLUE CHIP STOCK ?  
NOT A BAD IDEA, LONG TERM**

So far, this year, the **Initial Public Offering (IPO)** of Fuyao Glass Industry Group Company Ltd () (Code: 3606, Main Board, The Stock Exchange of Hongkong Ltd) is the largest in terms of the amount of money that the Company seeks to raise via the good offices of the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Fuyao Glass Industry is the largest producer of automobile glass in the PRC and it is the second-largest producer of automobile glass in the world by sales volume in the 2013 calendar year.

It has come to the HKSAR in order to make a Global Offering of 439,679,600 'H' Shares, the Nominal Value of each 'H' Share, being one renminbi (**RMB**).

Investors of the HKSAR are being Offered 43,968,000 Shares and International Investors are being Offered 395,711,600 Shares.

The Indicative Offer Price Per Share ranges between a low of \$HK14.80 and a high of \$HK16.80.

At the midpoint of the Indicative Offer Price Per Share, being \$HK15.80, Management expects to net about \$HK6,635.60 million, according to Page 231 of the Global Offering Prospectus.

The present intention of Management is to utilise the net proceeds of the Global Offering as follows:

- *'approximately 35%, or HK\$2,322.4 million (equivalent to approximately RMB1,832.1 million), is expected to be used for the investment in an automotive glass production facility in Ohio, United States with a designed annual production capacity of 12.1 million sq.m. (square meters), the construction of which is expected to be completed by December 2015;*
- *'approximately 30%, or HK\$1,990.7 million (equivalent to approximately RMB1,570.4 million), is expected to be used for the investment in an automotive grade float glass production facility in Russia with an annual production capacity of 450,000 tons, the construction of which is expected to commence by the end of 2016 and to complete by the end of 2017;*
- *'approximately 15%, or HK\$995.3 million (equivalent to approximately RMB785.2 million), is expected to be used for the investment in and construction of the second phase of an automotive glass production facility in Kaluga City, Russia with a designed annual production capacity of 8.1 million sq.m., which is under construction and is expected to commence commercial production in the fourth quarter of 2016;*
- *'approximately 10%, or HK\$663.6 million (equivalent to approximately RMB523.5 million), is expected to be used for our working capital; and*

- *'approximately 10%, or HK\$663.6 million (equivalent to approximately RMB523.5 million), is expected to be used for repaying our bank loans we obtained from various commercial banks for general corporate purposes. Such bank loans bear an annual interest rate ranging from 3% to 6%, and will be due and repayable by the end of the second quarter of 2015.'*

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