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CHINESE NYLON GROUP IN \$20 MILLION

AUSTRALIAN CAPITAL RAISING & FLOAT

One of China's leading nylon textile yarn producers has announced plans for a A\$20 million public float and listing on the Australia Securities Exchange.

Zhejiang Province-based Mesbon China Nylon Limited – which achieved total sales revenue of over A\$53 million in calendar year 2006 – has lodged a Prospectus with the Australian Securities Investment Commission to raise the funds through an Initial Public Offering (IPO) opening on 19 November 2007.

Mesbon will issue up to 40 million fully-paid ordinary shares at A\$0.50 per share to raise up to A\$20 million, with the majority of funds raised to be applied to the expansion of the Company's manufacturing facilities ready for increased production in 2008.

The Australian IPO – which has a minimum subscription of A\$15 million - is being managed by Patersons Securities Limited.

The offer is due to close on 7 December 2007, with Mesbon planning to list on the ASX on 18 December 2007 with 127 million shares on issue, valuing the Company at listing at A\$63.5 million.

“Mesbon's emergence within Australia's equities markets reflects a growing trend by Chinese manufacturers to expand beyond their domestic borders to global capital markets with good reputations in corporate governance and institutional and retail investor support,” the Company's Executive Chairman, Mr Zhehao Shen, said today.

“The resources boom in Australia – fuelled by rising long-term consumer demand in China – means Australia's equities markets are building a very sophisticated understanding of the potential investment and business opportunities between the two countries,” he said.

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“While the China-Australia investment focus is primarily on Australia’s natural mineral wealth, increasingly this focus is turning to other sectors such as China-based manufacturing.

“With Chinese-made goods finding renewed global appeal and demand, the timing is right for enhanced investment between Australia and China, and this is particularly so if local investors can trade China-focused stock on the local Australian bourse.”

Mesbon has appointed experienced South Australian businessman, Mr Paul Teisseire, as a non-executive director of the Company.

Mr Teisseire - a professional independent non-executive Director - has a background of more than 20 years in private practice as a corporate lawyer specialising in business and corporate law with a particular interest in corporate governance.

He is Chairman of Auspine Limited, Legend Corporation Ltd and Austin Exploration Limited and he is also a non-executive director of BSA Limited and Drake Supermarkets Pty Ltd.

Rapid expansion

Mesbon China Nylon is one of the top five producers of high quality nylon yarn in China, and is the largest in Zhejiang Province - the hub of the textile manufacturing industry in East China.

The Company specialises in the production, sale and development of premium nylon yarn for the textile and garment industries in China and internationally, including countries like Germany, Brazil, Italy, Israel and Turkey.

Since 2005, production output has increased rapidly - from 5,200 tonnes per annum to 23,700 tonnes at 30 June this year.

Mesbon will use funds from the proposed Australian IPO to further increase production output to about 36,450 tonnes, through the expansion of its manufacturing facilities, which are expected to be ready in or about April 2007. The Company also plans to further expand its manufacturing facilities in 2009.

“We want to become a world-class enterprise, and we see this ASX listing as being a major contributor towards achieving this aspiration.” Mr Shen said.

“Mesbon has grown to become one of the top five producers of nylon textile yarn in China after establishing only five years ago. We believe this growth is mostly attributable to our advanced production equipment, manufacturing processes, and our commitment to quality,” he said.

“There is still scope for our Company to continue its strong growth both domestically and internationally.

“We have the potential to lead the global market with our premium nylon textile yarn, as well as provide the Chinese textile and garment industries with locally-produced nylon products to replace the nylon textile yarn that these industries currently import.”

Mr Shen said other opportunities existed for Mesbon to further increase its international sales, which accounted for 26% of the Company’s total sales for the six months to 30 June this year.

Mesbon’s products are used by its customers to manufacture suit and trouser linings, socks, swim and ski wear and other high-end clothing lines.

The Company employs about 300 people and has a strong research and development focus.

Mr Shen said the global market outlook for nylon textile yarn remained strong, and he anticipated opportunities for further growth due to:

- Nylon textile yarn being the staple of the textile industry;
- Global demand for the product is increasing due to industry expansion;
- Nylon textile yarn is replacing other chemical and natural fibres such as polyester and silk; and
- The emergence of an affluent middle-class in China is contributing to the growing demand in the textile industry for high-end apparels.

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