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RUSH FOR SHARES IN CHINESE NYLON GROUP'S

\$20 MILLION FLOAT EXCEEDS OFFER BY 4.5 TIMES

Demand for shares in the A\$20 million initial public offer by one of China's leading nylon textile yarn producers, Mesbon China Nylon Limited, has outstripped the offer by 4.5 times.

The IPO closed (on Friday) a week earlier than planned – and massively oversubscribed.

Zhejiang Province-based Mesbon China Nylon Limited today announced it had been inundated with interest from Australian investors, including strong support from institutional investors.

The Company had targeted a minimum subscription of A\$15 million.

Mesbon is scheduled to list on the ASX within a fortnight with 127 million shares on issue, valuing the Company at listing at A\$63.5 million.

The majority of funds raised will go towards expanding the Company's manufacturing facilities ready for increased production in 2008.

"We have been completely overwhelmed by the show of faith by Australian investors," Mesbon China Nylon Director, Mr Paul Teisseire, said today.

"A bid to raise A\$20 million through a public float was always going to be a challenging proposition for a company with its interests in China," he said.

"To see our IPO so heavily supported – to the point where we could have raised about A\$90 million and required us to close offers early – is an indication of the increasing maturity and sophistication of the Australian share market.

"Mesbon has laid the foundations for many other Chinese companies seeking to list on the Australian Securities Exchange to follow our lead.

"We are determined to live up to the expectation and support shown by local investors and become one of the leading manufacturers of premium nylon in the world."

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 - which achieved total sales revenue of over A\$53 million in calendar year 2006 - 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.

Funds from its successful Australian IPO will be used to expand the Company's manufacturing plant in China, designed to further increase production output to about 36,450 tonnes,

That project is due for completion by April next year, with plans to further expand Mesbon's manufacturing operations in 2009.

"We want to become a world-class enterprise, and our ASX listing next month is a major platform to achieving that goal," Mr Teisseire said.

"In five short years, Mesbon has grown to become one of the top five producers of nylon textile yarn in China," he said.

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

Mr Teisseire 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 Teisseire 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.

Patersons Securities Limited is the manager of the IPO.

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