

**MAOYE INTERNATIONAL HOLDINGS LTD:  
THIS COMPANY APPEARS TO BE A GOOD BET  
... FOR THE PRESENT AND THE FUTURE**

It would appear that the investing public of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) likes the look of one of the latest offerings on the Main Board of The Stock Exchange of Hongkong Ltd.

For a change, the investing public has, probably, got it right because Maoye International Holdings Ltd () (Code: 848, Main Board, The Stock Exchange of Hongkong Ltd) appears, on paper, at least, to be a fairly decent company.

Maoye International pitched its **Initial Public Offering (IPO)** on April 21, 2008, and, in the Company's Global Offering Prospectus, it is stated that Application Lists for members of the investing public, desirous of buying some of the 863 million, 10-cent, Par Value Shares on Offer at a price of between \$HK2.90 per Share and \$HK3.80 per Share, would open at 11:45 a.m. on April 24, 2008, and the Application Lists would close 15 minutes later, at noon.

The determination of the price of the Shares was supposed to have been made on the same day, but by the following Tuesday, April 29, 2008, the Company still had not made an announcement in this regard.

Trading in the shares of this departmental-store company is expected, according to the timetable of events, as published in the Global Offering Prospectus, to begin on Monday, May 5, 2008.

Maoye International describes its principal activities at Page 70 of its Prospectus in the following terms:

*'We are a leading department store chain in the affluent regions of southern and southwestern China, operating 15 stores (including eight Maoye-branded stores and seven Chengshang-branded stores) across eight cities and targeting the medium to high-end segment of the retail market. We opened our first store in Shenzhen in 1997. The eight Maoye-branded stores that we operate include one managed Maoye-branded store in Chongqing and one managed Maoye-branded store in Wuxi that was opened in October 2007 as the first Maoye-branded store in eastern China. All of our stores are situated in prime shopping locations in their respective cities, primarily in two of China's special economic zones, Shenzhen and Zhuhai, and two of China's new economic reform zones, Chongqing and Chengdu.'*

*'Our leadership position in southern and southwestern China is built from our established department store chains, which, based on the knowledge of our Directors with reference to the published figures of our competitors, are one of the largest in those regions in terms of floor area, revenue and profit, with five stores in southern China and nine stores in southwestern China. The stores we operate have an aggregate gross floor area of over 481,461 sq.m., with six of our stores each having a gross floor area of over 40,000 sq.m. Our total revenue was RMB918.1 million, RMB1,352.6 million and RMB1,567.3 million in 2005, 2006 and 2007, respectively, and our profit attributable to equity holders was RMB136.8 million, RMB217.1 million and RMB417.0 million in 2005, 2006 and 2007, respectively.'*

*'Our department stores target China's relatively well-off urban residents predominantly in China's special economic zones and new economic reform zones due to the high level and rapid growth of disposable income per capita in these cities. We have positioned ourselves at the medium to high-end segment of the retail market in China and offer a stylish and diversified merchandise mix suitable for a wide range of customers to cater to their*

preferences. As of December 31, 2007, our department stores carried over 2,800 brands and offered an extensive range of merchandise that can be broadly categorized into jewelry, watches and cosmetics; shoes and leather goods; women's apparel; men's apparel; casual wear; sporting goods; children's goods; home appliances; home furnishings and household goods; and supermarkets. Most of our stores also have complementary retail and service outlets, such as restaurants, pharmacies, coffee shops, and hair and beauty salons, to enhance customer flow to our stores and provide customers with a "one-stop" shopping experience.

'Our Maoye-branded and Chengshang-branded department store operations generate revenue predominantly from commissions on concessionaire sales, merchandise direct sales and rental income from store tenants. Concessionaire sales refer to arrangements under which we allow suppliers of branded goods (called concessionaires) to occupy designated areas of our stores and sell their merchandise. In return, we receive a commission generally calculated as a percentage of the total sales proceeds of the concessionaires. For merchandise direct sales, we source and sell merchandise that we purchase directly. Currently, most of the merchandise in our supermarket and home appliance sections as well as the cosmetics products with high brand recognition are covered by direct sale arrangements. We also lease designated areas of our stores to operators of other businesses, such as jewelry counters, restaurants, pharmacies, and beauty and hair salons.'

## **The History**

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