

**HONGGUO INTERNATIONAL HOLDINGS LTD:
THE CHAIRMAN MUST BE LICKING HIS LIPS – LOVELY GRUB !**

There is a number of very interesting aspects in respect of one of the latest **Initial Public Offerings (IPOs)** of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC):

- The Chairman will enrich himself with many tens of millions of dollars as a kind of '*bonus*' by selling a large chunk of his personal shares in the Issued and Fully Paid-Up Share Capital of this IPO;
- The Company has deserted The Singapore Exchange Securities Trading Ltd (SGX-ST), completely, in favour of The Stock Exchange of Hongkong Ltd; and,
- The Company, the Turnover of which in the 2010 Financial Year exceeded 1.57 billion renminbi, is, virtually without any debts.

Hongguo International Holdings Ltd () (Code: 1028, Main Board, The Stock Exchange of Hongkong Ltd) published and disseminated its Global Offering Prospectus on Monday, September 12, 2011, Offering 500 million, \$US0.015 Shares at an Offer Price, ranging from a minimum of \$HK2.30 per Share to a maximum of \$HK3.24 per Share.

The Company is, unashamedly, a designer, manufacturer and vendor of women's footwear in the PRC.

In fact, it claims the position of being the second-largest retailer of mid-to-premium women's formal and casual footwear in the most-populous country of the world.

Of the 500 million Shares on Offer, 200 million Shares, beneficially belonging to Mr Chen Yi Xi (), one of the 2 Founders and, presently, the Chairman of the Company, via his private company – High Score Holdings Ltd, a company, domiciled in the British Virgin Islands – are being sold.

After the sales of those 200 million Shares, Mr Chen Yi Xi will, still, be the largest, single shareholder, owning 36.59 percent of the Issued and Fully Paid-Up Share Capital of Hongguo International Holdings Ltd.

The above intelligence suggests that, providing that the IPO is not withdrawn at the last minute, Mr Chen Yi Xi will walk away with a minimum of \$HK460 million or a maximum of \$HK648 million from the sale of his personal shares in the Company.

The remaining 300 million Shares on Offer are New Shares, meaning that the Company will benefit from the share sales, not any single Director or existing private shareholder.

Some 50 million New Shares are being Offered to HKSAR investors and 250 million New Shares are being reserved for International Investors.

Page 189 of the Global Offering Prospectus states that the Net Proceeds of the IPO, assuming an Offer Price Per Share of \$HK2.77, being the mid-point of the Indicative Offer Price Range, are expected to be about \$HK757.70 million and shall be utilised as follows:

1. About \$HK303.10 million for expansion of the Company's retail network;
2. About \$HK189.40 million *'for expansion and maintenance of our production facilities'*;
3. About \$HK151.50 million *'for selective acquisition of footwear businesses'*;
4. About \$HK75.80 million *'for repayment of a portion of the balance under the Hongguo Loan Facility'*; and,
5. About \$HK37.90 million *'for the expansion of our online sales through the Internet ...'*.

In respect of ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published,
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*