

**FUJIAN NUOQI COMPANY LTD:
A REASONABLE CLOTHING RETAILER IN THE MIDDLE KINGDOM**

The most-astounding, single aspect of the flotation of Fujian Nuoqi Company Ltd () (Code: 1353, Main Board, The Stock Exchange of Hongkong Ltd) is that Management has stated, in respect of the Financial Year, ended December 31, 2013, its Bottom Line is estimated to have been lower than that of the preceding Year.

The norm for managements of companies, seeking listings on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is that they time their Initial Public Offerings (IPOs) when profits are rising – not falling!

Another somewhat astonishing aspect with regard to this Company is that it determined to seek a listing on The Stock Exchange of Hongkong Ltd simply because the China Securities Regulatory Commission () was too slow off the mark.

This Company, initially, tried to seek a listing in the PRC on March 6, 2011, but was not approved after a wait of nine months.

It made a second submission to the China Securities Regulatory Commission for a listing on May 18, 2012, but, having waited 11 months for a reply, decided to withdraw the application and come to the HKSAR for a listing on The Stock Exchange of Hongkong Ltd.

Fujian Nuoqi is a company, engaged in producing and selling men's fashion casual wear apparel in the PRC, with emphasis on the eastern part of the country.

The IPO

This Company pitched its Global Offering Prospectus on December 30, 2013, when it Offered 150 million, 0.20 renminbi 'H' Shares at the Indicative Offer Price Per Share, ranging from \$HK2.03 to \$HK2.88.

Of the total number of shares on Offer, 15 million Shares were designated as being Hongkong Public Offer Shares and International Investors were Offered the remaining 135 million Shares.

Fujian Nuoqi, at Page 216 of the Global Offering Prospectus, has stated that, at the Offer Price Per Share of \$HK2.46, Management expects to net about \$HK321.40 million.

That amount of money is expected to be utilised as follows:

- a. Approximately \$HK225.90 million, or 70.29 percent of the net proceeds of the Global Offering, to expand the Company's sales network by opening 200 new retail points in the coming Year; and, the remaining amount of money to be used to fund the Company's plans for the 2015-Year;
- b. Approximately \$HK63.40 million, or 19.73 percent of the net proceeds, for the construction of research and development part of the Company's product centre at Shanghai; and,
- c. Approximately \$HK32.14 million, or 10 percent of the net proceeds, to be used as General

Working Capital.

With regard to the last-mentioned, forecast use of the net proceeds, **TARGET** () notes that, as at June 30, 2013, the Company had cash and cash equivalents of about 270,426,000 renminbi (about \$HK331.54 million).

The History

Fujian Nuoqi Company Ltd ... [CLICK TO ORDER FULL ARTICLE](#)

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