



**June 7, 2011**

## **China's VCs Show Their Love for the Ladies...Shopping Online**

Among all of the online retailers that have caught the eye of China's venture investors, few have been wooed as aggressively as the ones selling to the country's new generation of working women.

From lipstick to lingerie and stockings to satchels, online retailers catering to women in China are raising a lot of money from venture capital firms.

La Miu, an online lingerie store which recently said it raised a multi-million dollar round of financing from investors including DCM, is among the latest example of investments by tech-savvy firms into areas that are more about tastes than technology.

"Consumer tastes and segments are changing in China and there's a group of young women that are interested in being young and sexy," said Hurst Lin a general partner with DCM. "You can either call them rebellious or say that they are expressing their sexuality."

Lin would not confirm the size of La Miu's latest round, which an executive from La Miu had said was approximately \$40 million in local media reports about the funding.

"It's not about price, it's about creating a position and how do you get those eyeballs to the site," Lin said of the lingerie business. "You are thinking differently, about how to use public relations to create incidents and controversies. That's one reason why La Miu is a good place to start, because sex is – by its very nature – exciting, but yet controversial."

Lingerie isn't the only business catering to China's new woman that DCM has slipped into its portfolio. Late last year the firm invested in Lumi Inc., a Shanghai-based beauty and skincare retailer; and it also holds a stake in Mbaobao.com, which is an online retailer of handbags, and purses.

Firms like Sequoia Capital China, Lightspeed Venture Partners and Matrix Partners China are all placing their bets on what women want from online retailers. With Sequoia that means investments in clicks-and-mortar cosmetics stores like Shanghai-based CosMart Cosmetics Co. and Chengdu, China-based lingerie and costume retailer Milanoo.com.

Like DCM and Sequoia, Matrix Partners China has also made an investment of its own in a cosmetics company, a retailer selling through the Taobao portal operated by the Alibaba Group, called Nala. Matrix Partners China is also backing Singapore-based luxury group sales site Reebonz Pte. Meanwhile, Lightspeed Venture Partners has its own horse in the online luxury shopping race, with its investment in ihaveu.com.

"I don't know what the total split would be, but it's reasonable to think that there are more plays for women than for men in the e-commerce market today," said Ron Cao, a managing director Lightspeed Venture Partners.

The number of transactions shows no sign of abating, because as more women enter China's workforce, and wages rise, there will be more disposable income to spend on luxury or consumer products, investors and industry insiders said.

"Women's spending power is going up big-time," said Rocky Lee, the Asia managing partner at Cadwalader Wickersham & Taft LLP. "[The space] is very, very hot and heavy. It is because secretaries, each with Internet access at the office, are shopping online and spending money. Anything e-commerce with women as the customer is doing exceptionally well right now and in demand."