

**LOULAN HOLDINGS LTD :
THIS HAS GOT TO BE A JOKE !**

Wine-making is an art that takes years to perfect and, during the formative years, from the planting of cuttings to the harvesting of the mature grapes, profits of any consequence are unlikely to be booked.

Many companies in a number of countries, after decades of trying to grow grapes, suitable for use in various varieties of wine, have found it quite impossible for earn a decent living from oenology, try as they might.

Loulan Holdings Ltd is, what TARGET would call, somewhat of a pretender to the throne of France's wine-making industry, which is, generally, held to be the best in the world – with a great deal of justification, too.

The chances of Loulan Holdings, making the grade and being able to compete with France, Italy or even Eastern European producers, are extremely limited: One in 100 million, perhaps?

When (and if) Loulan Holdings's Management should be so bold as to suggest that the Company has made the grade, this financial analyst and every subscriber to TARGET will be long cold in their respective graves.

This Company, now labelled with the Stock Code, Number 8039, went public on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd on the last day of July 2002.

It Placed 100 million, one-cent Shares at a Premium of 49 cents per Share.

The Net Proceeds of the Placements, amounting to about \$HK38.50 million, are to be used as follows, according to Page 97 of the Placing Prospectus:

1. \$HK12 million for the acquisition of distributors or the establishment of joint ventures;
2. \$HK3 million for the establishment of sales offices in various cities in the People's Republic of China (PRC), proper;
3. \$HK3 million for marketing and promotional activities;
4. \$HK10 million for the acquisition of vineyards and/or other wineries;
5. \$HK4 million for the installation of additional bottling lines;
6. \$HK1 million for the installation of additional, wine-making machines; and,
7. \$HK5.50 million to be tipped into the General Working Capital Account.
8. Loulan Holdings is only 6 years old, which, for a winery, is nothing.

In real terms, taking into consideration the Company's inability to service debt and repay the Principal Loan without the assistance of its Founder, Loulan Holdings has never earned a penny.

As at May 31, 2002, the Company had outstanding borrowings of about 53.10 million renminbi (about \$HK51 million), according to Page 113 of the Prospectus.

These borrowings comprised:

Short-term Bank Loans	44.90 million renminbi
Other Loans	4.50 million renminbi
Balance due to a Related Company	<u>3.70 million renminbi</u>
TOTAL	<u>53.10 million</u> <u>renminbi</u>

On June 5, 2002, Mr Woo Hang Lung, the Chairman of the Company and its Founder, advanced a loan of 20 million renminbi to Powerful Kingdom Incorporated so that that company could make advances to Loulan Holdings to be used as General Working Capital.

Powerful Kingdom is wholly owned by Loulan Holdings.

On July 23, 2002, this 20-million, renminbi loan was converted into Ordinary Shares of Loulan Holdings.

Mr Woo, beneficially, owns 40.78 percent of the Issued and Fully Paid-Up Share Capital of ... [CLICK TO ORDER FULL ARTICLE](#)

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