

**CHINA GREEN (HOLDINGS) LTD:
THE EXCEPTION TO THE RULE –
ONE CAN MAKE MONEY FROM VEGETABLES AND FRUIT**

It is a well-worn axiom that one should never purchase shares in a company, engaged in spudding holes in the ground, looking for oil, gas, gold, etc, or in companies, which depend upon profits from things that are grown in fields.

Of course, there are exceptions to every rule – and China Green (Holdings) Ltd, a producer and exporter of fruit and vegetables, grown in the People's Republic of China (PRC), appears to be one such exception.

China Green went public on the Main Board of The Stock Exchange of Hongkong Ltd, the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the PRC, on the last day of 2003.

Armed with Stock Code Number 904, this Company Offered a total of 150 million, New, one-cent Shares at a Premium of \$HK1.27 per Share.

Of the total number of Shares on Offer, only 15 million new Shares were Offered to the investing public of the HKSAR, the rest were Placed with institutional investors.

The IPO – Initial Public Offer – was a huge success and, when the application forms had been counted, it was determined that the Placing part of the float was over-subscribed by about 7.50 times, while the number of valid applications for the Offered portion of the float was over-subscribed by about 1,603 times.

The Company collected about \$HK173 million, net of expenses, at the end of the day, that money to be used for the following purposes, according to Page 96 of the Prospectus:

1. \$HK26 million to expand the Company's existing production facilities;
2. \$HK57 million for the establishment of facilities to flash-freeze fruits and vegetables;
3. \$HK52 million for leasing and equipping new cultivation bases, and building new production facilities;
4. \$HK10 million to be used for research and development;
5. \$HK8 million to be used in marketing;
6. \$HK2 million to apply for certification from international agencies for the Company's products; and,
7. \$HK18 million to be used as General Working Capital.

China Green describes itself at Page 58 of the Prospectus in the following terms:

'The Group is a vegetable and fruit grower and processor in Fujian Province (of the PRC), producing and supplying fresh and processed vegetables and fruits primarily for Japanese

customers whose business relationship with the Group commenced in as early as 1998 ...

'The Group operates three processing factories and leases 19 vegetable and 4 fruit cultivation bases. The processing factories occupy approximately 16,990 m² gross floor area and the cultivation bases occupy approximately 26,800 mu of farmland in Fujian Province and Zhejiang Province.'

Page 59 of the Prospectus gives a breakdown of the sales of the Company's products for the 38-month period, ended June 30, 2003, as follows:

	Financial Year, ended April 30						Two Months, ended June 30	
	2001		2002		2003		2003	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Fresh Produce	73,449	97	82,743	67	156,899	60	19,941	47
Processed Products	777	1	26,614	21	58,619	23	16,513	40
Pickled Products	1,800	2	14,668	12	42,955	17	5,363	13
TOTAL	76,026	100	124,025	100	258,473	100	41,817	100

*RMB=Renminbi: \$HK1=1.06 RMB

During the track-record period, more than 60 percent of China Green's products were sold to Japan, Page 90 of the Prospectus states.

In the 2003-Year, sales to Japan were about 79 percent of the total, while about 17 percent of all of the Company's products were sold in the PRC, proper.

The other 2 major markets for China Green were ... [CLICK TO ORDER FULL ARTICLE](#)

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