

**CHINA GREENFRESH GROUP COMPANY LTD:
THIS COMPANY APPEARS TO BE VERY SOLID**

With no debt of materiality, with an Annual Turnover in excess of 545.67 million renminbi (about \$HK677 million), with cash in banks, amounting to about 336.52 million renminbi (about \$HK417 million), China Greenfresh Group Company Ltd () (Code: 6183, Main Board, The Stock Exchange of Hongkong Ltd) launched a Global Offering of 150 million, \$US0.01-Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK4.58 to a high of \$HK5.18.

On scanning the Global Offering Prospectus, it appears to **TARGET** () that there is little logic in this Company, going public, anywhere, let alone the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Management just does not need the tsuris that must, invariably, accompany a corporate entity, converted from being privately held to being publicly held, beset with strange minority investors, asking all kinds of embarrassing and, often, stupid questions at annual general meetings.

The Initial Public Offering (IPO)

China Greenfresh is Offering 110 million, New Shares, with the Hongkong Investing Public, being Offered 15 million, New Shares and, at the same time, Ms Guo Xue Yan and Mr Chan Kin Wa (), the 'Selling Shareholders', Offering up 25 million of their shares.

Ms Guo Xue Yan is selling 5,427,634 of her shares and Mr Chan Kin Wa is selling 19,572,366 of his shares. Both of the Selling Shareholders are said to be independent third parties.

Assuming that the Offer Price Per Share is struck at the midpoint of the Indicative Offer Price Per Share, being \$HK4.88, the Company estimates that it will net about \$HK566.90 million; Ms Guo Xue Yan and Mr Chan Kin Wa will net about \$HK112.40 million.

According to Pages 325 and 326, Management of China Greenfresh intends to utilise the net proceeds as follows:

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- Approximately 31.10 percent, that is about \$HK176.30 million, '*will be used for developing the Guangxi Biological Technology Food Industry Park ... the construction of facilities and acquisition and installation of relevant equipment for the bottle-cultivation king trumpet mushroom; (iv) the construction of facilities and acquisition and installation of relevant equipment for the canned food ...*';
- Approximately 37.70 percent, that is about \$HK\$213.70 million, '*will be used for developing the Zhangzhou Biological Technology Food Industry Park ... the construction of facilities and acquisition and installation of relevant equipment for the cultivation of king trumpet mushroom; (iii) the construction of facilities and acquisition and installation of the relevant equipment for canned food ...*';

- Approximately 25.70 percent, that is about \$HK145.7 million, *‘will be used for acquiring two king trumpet mushroom cultivation facilities in China’*;
- Approximately 1.10 percent, that is about \$HK\$6.30 million, *‘will be used for acquiring laboratory and testing equipment’*;
- Approximately 1.10 percent, that is about \$HK6.30 million, *‘will be used for the construction of mushroom garden as the science education base affiliated to our China Edible Fungi Scientific Museum at our king trumpet mushroom cultivation facility in Zhangzhou, Fujian Province’*; and,
- Approximately 3.30 percent, that is about \$HK\$18.6 million, *‘will be used for working capital and other general corporate purpose’*.

The Business

In case **TARGET** Subscribers have not yet realised it, China Greenfresh is in the business of being a supplier of mushrooms ... [CLICK TO ORDER FULL ARTICLE](#)

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