

GRACE WINE HOLDINGS LTD:
A CHINESE VINTNER, LOOKING FOR MONEY TO EXPAND

It Took Six Years To Come To The GEM

Grace Wine Holdings Ltd () (Code: 8146, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) is, in a word, simply a vintner.

Management of this Company makes the claim of being '*an award-winning, established wine maker based in Shanxi ()*', the People's Republic of China (PRC).

But this Company is an award-winning, established winemaker in a relatively very small area of one of the largest countries on the face of the earth with regard to its land mass. In fact, the PRC is the fourth-largest country.

Also, a rather small problem that **TARGET** () has with the above statement about this Company, being an award-winning winemaker, is that nearly all the Company's wine is sold in a tiny part of the PRC, proper, being separate and distinct from the Hongkong Special Administrative Region (HKSAR) of the PRC.

Aside from the human population of this small region of the world, few people know of Grace Wine Holdings Ltd and/or of its award-winning wine.

Perhaps, more's the pity!

The Initial Public Offering (IPO) Of Grace Wine Holdings Ltd

Management of Grace Wine Holdings Ltd launched its **Initial Public Offering (IPO)** in the HKSAR on June 12, 2018.

In the publication and dissemination of the Company's Share Offer Prospectus, Management had Offered 200 million, \$HK0.001 Shares at the Indicative Offer Price Per Share, ranging from a low of 30 cents to a high of 40 cents.

HKSAR Investors were Offered 20 million Shares (the Public Offer tranche) and 180 million Shares were reserved to be Placed with, presumably, institutions, professional investors and/or Well-Heeled Investors (the Share Placing tranche).

On June 26, 2016, Management informed its shareholders that the Share Price had been struck at 35 cents and that the net proceeds from this cash-raising exercise would come in at about \$HK40.60 million.

The IPO could not be described as having been a roaring success because, among other things, the Share Placing tranche had only been oversubscribed by 1.69 times the 180 million Placing Shares on Offer.

At Page Seven of the Allotment Results Announcement of June 26, 2018, one was informed as to how the net proceeds of the IPO would be allocated:

1. Approximately, \$HK18.40 million, that is about 45.30 percent, *'will be used for the second phase construction of the Group's Ningxia Winery'*;
2. Approximately, \$HK8.30 million, that is about 20.50 percent, *'will be used for purchase of plants and equipment for the second phase of the Group's Ningxia Winery'*;
3. Approximately, \$HK8.20 million, that is about 20.20 percent, *'will be used for the Group's Ningxia Winery's initial production costs of the first phase of the Group's Ningxia Winery'*;
4. Approximately \$HK3.00 million, that is about 9.10 percent, *'will be used for marketing and promotion expenses'*; and,
5. Approximately, \$HK1.60 million, that is about 4.90 percent, *'will be used for general working capital'*.

(The above-mentioned utilisations of the Net Proceeds of the IPO adds up to only \$HK39.50 million. That is \$HK1.10 million short of the net proceeds of \$HK40.60 million. Did somebody forget how to do his/her sums?) ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published,
TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*