

**HONG WEI (ASIA) HOLDINGS COMPANY LTD:  
THIS COMPANY IS HIGHLY GEARED**

**It Is Likely To Raise More Money, This Year**

Hong Wei (Asia) Holdings Company Ltd ([ ]) (Code: 8191, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) made it very clear, at the time of publishing and disseminating its Placing Prospectus, dated December 27, 2013, that it needed money and, one might presume, in somewhat of a hurry.

And that was the principle reason for coming to The GEM and passing round the hat, asking some 300 prospective investors to cough up some cash.

In the opinion of **TARGET** (), the Placing of 177.78 million, 10-cent Shares at the Placing Price Per Share of 39 cents may only be one of a number of fund-raising exercises by Management of this Company.

On January 7, 2014, the Company announced that *‘177,780,000 Placing Shares have been conditionally allocated to a total of 300 selected professional, institutional, individual and other investors’*.

The Company, after paying off the underwriters and all those who had been involved in the flotation, netted only about \$HK54 million, it was announced.

That amount of money is to be utilised for the following purposes:

- ‘(a) approximately HK\$30.0 million (or approximately 56% of the net proceeds) for partially repaying a RMB32 million bank loan provided from ABC (Agricultural Bank of China Ltd [ ]) with a fixed interest rate of 6.9% per annum and maturity of one year due in March 2014 designated for general working capital use; the remaining loan balance of the RMB32 million bank loan will be automatically rolled-over;*
- ‘(b) approximately HK\$5.0 million (or approximately 9% of the net proceeds) for the expanding our product range;*
- ‘(c) approximately HK\$3.0 million (or approximately 5% of the net proceeds) for strengthening and expanding of our sales network across the PRC;*
- ‘(d) approximately HK\$2.6 million (or approximately 5% of the net proceeds) for expanding our supplier base for the supply of Residual Wood;*
- ‘(e) approximately HK\$5.8 million (or approximately 11% of the net proceeds) for enhancing of our product research and development;*
- ‘(f) approximately HK\$2.6 million (or approximately 5% of the net proceeds) for strengthening our brand recognition; and*
- ‘(g) approximately HK\$5.0 million (or approximately 9% of the net proceeds) for general working capital purpose.’*

As at June 30, 2013, Hong Wei (Asia) owed its bankers \$HK195,517,000.

Page 196 of the Placing Prospectus explains the reason that bank borrowings exploded in a period of just six months, from the figure of \$HK68,101,000, as at December 31, 2012, to the figure of \$HK195,517,000, as at June 30, 2013.

That is ... [CLICK TO ORDER FULL ARTICLE](#)

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