

**LAI SI ENTERPRISE HOLDING LTD:
AS LONG AS MACAU CAN LURE GAMBLERS,
IT SHOULD BE A REASONABLE BET, BUT ...**

A company, coming to The Stock Exchange of Hongkong Ltd in order to top up its coffers with interest-free cash, is betting on the continuing situation in the **Macau Special Administrative Region (MSAR)** of the People's Republic of China (PRC) to bring in its bacon.

The company is Lai Si Enterprise Holding Ltd () (Code: 2266, Main Board, The Stock Exchange of Hongkong Ltd).

Lai Si Enterprise published and disseminated its Share Offer Prospectus on Friday, January 27, 2017, Offering 100 million, one-cent Shares at \$HK1.15, each.

This Company has had no business dealings in the Hongkong Special Administrative Region (HKSAR) of the PRC, during the 43 months to July 31, 2016, concentrating all of its efforts in the MSAR, only.

It is in the business of providing the services of fitting-out works, construction works and repair and maintenance works.

It has determined to raise about \$HK89.80 million by listing on the premier equity market of the HKSAR, Offering 10 million Shares to HKSAR Investors, while Placing the remaining 90 million Shares, presumably with International Investors with deep pockets.

At Page 290 of the Share Offer Prospectus, it is stated that one of the reasons for coming to the premier equity market of the HKSAR was:

'During the Track Record Period (the 43 months, ended July 31, 2016), the Group had relied principally on shareholder's equity, cash generated from operations and bank borrowings to finance its business. The Group will be able to maintain a lower gearing ratio by raising equity funds through the Listing (on The Stock Exchange of Hongkong Ltd) to implement its business strategies ... The Listing also provides a platform for the Group to raise further equity capital in the future given (a) the finance costs incurred for the Track Record Period which affects the Group's profitability; and (b) the uncertain interest rate movement going forward which may expose the Group to increasing borrowing costs in the future via debt financing. Further, the Directors believe that the Listing would enable the Group to obtain debt financing with more favourable terms from financial institutions.'

The amount of money, garnered from the Share Offer and the Share Placements, is intended for use as follows, Page 288 of the Share Offer Prospectus states:

1. Approximately, \$HK49.40 million (equivalent to approximately MOP50.90 million *), that is about 55 percent of the net proceeds, *'to finance the Group's fitting-out projects in Macau, which include payment of labour costs and start-up costs for new projects such as purchase of performance bonds, prepayment of material costs and subcontracting fees. Subsequent to the Track Record Period and up to 30 November 2016, the Group has been awarded with 8 new fitting-out projects with an aggregate awarded contract sum of approximately MOP36.2 million'*;

2. Approximately, \$HK17.90 million (equivalent to approximately MOP18.40 million), that is about 20 percent of the net proceeds, *'to finance the Group's construction projects in Macau, which include payment of labour costs and start-up costs for new projects such as purchase of performance bonds, prepayment of material costs and subcontracting fees. Subsequent to the Track Record Period and up to 30 November 2016, the Group has been awarded with 1 new construction project with an awarded contract sum of approximately MOP25.0 million'*;
3. Approximately, \$HK9.00 million (equivalent to approximately MOP9.30 million), that is about 10 percent of the net proceeds, *'to finance the start-up costs of the Group's fitting-out business in Hong Kong, including rental payments for office, renovation costs, operating expenses, costs for recruiting new staff and miscellaneous costs such as marketing and transportation expenses'*;
4. Approximately, \$HK4.50 million (equivalent to approximately MOP4.60 million), that is about five percent of the net proceeds, *'to hire additional staff for the Group's business operations'*; and,
5. Approximately, \$HK9.00 million (equivalent to approximately MOP9.30 million), that is about 10 percent of the net proceeds, to be used as General Working Capital.

*MOP = Macau pataca, the lawful currency of the MSAR

The Business Of Lai Si Enterprise Holding Ltd

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