

**HAO BAI INTERNATIONAL (CAYMAN) LTD:_
GAMBLING ON A CONTINUATION OF MACAU BUSINESS**

It is quite likely that right-minded investors will consider it a very worrying aspect of Hao Bai International (Cayman) Ltd ([]) (Code: 8431, The Growth Enterprise Market (the **GEM**) of The Stock Exchange of Hongkong Ltd) that the Company only has five major customers whose business with this GEM company was responsible for revenues of about 89 percent, in aggregate, in respect of the two Financial Years, ended March 31, 2016.

And, with regard to the four months, ended July 31, 2016, the business, derived from these five customers, in aggregate, represented about 93.60 percent of the total revenue of Hao Bai International.

Hao Bai International, on Friday, January 27, 2017, the last business day in Asia of The Year of The Monkey, in terms of the 12 animals of the Chinese zodiac, issued and disseminated its Placing Prospectus.

The Company is desirous of Placing 325 million, one-cent Shares at the Indicative Placing Price Per Share of between 20 cents and 26 cents.

It is the hope of Management to garner about \$HK52.80 million, based on the presumption that the Placing Price Per Share is struck at 23 cents, being the midpoint of the Indicative Placing Price.

The utilisations of the net proceeds of this cash-raising exercise are earmarked for the following purposes, according to Pages 234 and 235 of the Placing Prospectus:

1. Approximately, \$HK27.00 million, that is about 51.20 percent, *‘for strengthening of our leading position in the water-related facility service market in Hong Kong (the Hongkong Special Administrative Region [the HKSAR] of the People’s Republic of China [PRC]) and Macau (the Macau Special Administrative Region [MSAR] of the PRC) by enhancing our capital base to undertake more projects’*;
2. Approximately, \$HK10.50 million, that is about 19.90 percent, *‘for repayment of bank borrowings and finance lease’*;
3. Approximately, \$HK5.00 million, that is about 9.50 percent, *‘for strengthening our technical and project management capabilities’*;
4. Approximately, \$HK3.50 million, that is about 6.50 percent, *‘for establishing a Macau office/warehouse’*;
5. Approximately, \$HK2.00 million, that is about 3.80 percent, *‘for purchase of tools and equipment’*; and,
6. Approximately, \$HK4.80 million, that is about 9.10 percent, *‘will be used as general working capital of our Group’*.

With regard to Point Number Two of the utilisations of the net proceeds of the Share Placements, **TARGET** () notes that the total indebtedness of the Company, as at November 30, 2016, stood at \$HK18,608,000.

Of that total indebtedness, as at November 30, 2016, \$HK12.70 million were bank borrowings, due within one year, and \$HK3,936,000 were bank borrowings, due after one year.

The Business Of Hao Bai International (Cayman) Ltd

As already intimated at Point Number One of the utilisations of the net proceeds of the 325 million, Share Placements, Hao Bai International (Cayman) Ltd is in the business of being a specialised contractor in the design, procurement and installation services of water circulation systems.

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