

**WANG TAI HOLDINGS LTD:
THE SHARE PRICE IS RELATIVELY LOW ...
AND THE PROSPECTS FOR DIVIDENDS ARE EVEN LOWER**

There is a number of very relevant factors, contained in the Global Offering Prospectus of Wang Tai Holdings Ltd () (Code: 1400, Main Board, The Stock Exchange of Hongkong Ltd), about which prospective investors might like to consider, prior to placing cash on the barrelhead in order to purchase shares in this Company.

These factors include:

- Debts are running at record-high levels;
- Management has never declared a dividend and it promises not to pay a dividend '*in the foreseeable future*'; and,
- About 60 percent of the net proceeds of the **Initial Public Offering (IPO)** is quite likely to be lodged in banks for the next year – at least.

The IPO

Wang Tai Holdings Offered 250 million, 10-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 62 cents to a high of 82 cents.

Hongkong investors were Offered 25 million Shares, with the remaining 225 million Shares, reserved for Placees, presumably, being well-heeled international corporate entities and international funds, etc.

At the midpoint of the Indicative Offer Price Per Share, being 72 cents, the Company expects to net about \$HK163 million.

Yesterday, it was announced that, indeed, the Offer Price had been struck at 72 cents per share.

That amount of money is earmarked for the following purposes, according to the Global Offering Prospectus, dated April 10, 2014:

1. Approximately, \$HK97.80 million, representing about 60 percent of the net proceeds, '*for the construction and building of production facilities, purchase of machinery and equipment for the second phase of our Hubei Production Facilities*';
2. Approximately, \$HK24.50 million, representing about 15 percent of the net proceeds, for sales and marketing activities;
3. Approximately, \$HK16.30 million, representing about 10 percent of the net proceeds, for upgrading research and development capabilities;
4. Approximately, \$HK8.10 million, representing about five percent of the net proceeds, for promotional activities; and,
5. Approximately, \$HK16.30 million, representing about 10 percent of the net proceeds, to be used as Working Capital.

At Page 251 of the Global Offering Prospectus, it is stated:

'Approximately 60% of the aforesaid net proceeds allocated for the construction of the second and third phase of our Hubei Production Facilities may remain unused and be kept in interest-bearing bank accounts with licensed banks in Hong Kong or PRC until 2015 in view of the current scheduled time of construction of the second phase of our Hubei Production Facilities.'

The Business

Wang Tai Holdings ... [CLICK TO ORDER FULL ARTICLE](#)

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