

**IN CONSTRUCTION HOLDINGS LTD:
EVEN AT THE 66-CENT, OFFER PRICE,
IT'S FAR TOO EXPENSIVE**

While the **Initial Public Offering (IPO)** of In Construction Holdings Ltd () (Code: 1500, Main Board, The Stock Exchange of Hongkong Ltd) was relatively small, compared with that monster of an IPO, GF Securities Company Ltd () (Code: 1776, Main Board, The Stock Exchange of Hongkong Ltd), a securities company that raised more than \$HK27 billion from investors via the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), nevertheless, the Share Offer of In Construction Holdings was, in its own right, a success.

Because, among other things, it did not deserve the welcoming reception that it obtained from prospective shareholders, based on its 42-month, track-record period.

In Construction Holdings, a contractor in the foundation industry of the HKSAR, pitched its story in its Share Offer Prospectus, dated March 31, 2015.

It Offered 200 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 40 cents to a high of 80 cents.

Last Wednesday, the Company announced that the Offer Price Per Share had been struck at 66 cents.

The net proceeds from this cash-raising exercise resulted in approximately \$HK80.30 million, being added to the Company's coffers.

Investors of the HKSAR were Offered 20 million Shares and 140 million Shares were Placed, presumably with International Investors.

A total of 40 million Shares were sold by three '*Selling Shareholders*', those shareholders, being the Controlling Shareholders of In Construction Holdings.

The HKSAR Share Offer tranche was over-subscribed some 447.90 times!

As for the Share Placing tranche, it was said to have been '*well over-subscribed*'.

Hot Dog!

But why did the shares of this Company become such a hot ticket item?

Did prospective investors forget to do their sums?

The net proceeds of this IPO shall be utilised, one is told, as follows:

- Approximately \$HK12.00 million, that is about 15 percent of the net proceeds, '*for hiring of additional staff in the next three years in order to increase the Group's capacity to cope with expected business growth*';

- Approximately \$HK16.10 million, that is about 20 percent of the net proceeds, *‘to finance the acquisition of additional machinery and equipment for the Group’s foundation works’*;
- Approximately \$HK44.20 million, that is about 55 percent of the net proceeds, *‘will be used as financing for the issue of surety bonds for future projects’*; and,
- Approximately \$HK8.00 million, that is about 10 percent of the net proceeds, *‘will be used as general working capital of the Group.’*.

The History and Business

In Construction Holdings was founded by Messrs Lau Pak Man () and Cheng Wing Cheong ().

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