

**PAK WING GROUP (HOLDINGS) LTD:
PARTS OF THIS PLACING PROSPECTUS
RAISE MORE QUESTIONS THAN ANSWERS**

It is very difficult to think positively with regard to the one of the latest companies to come to the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), seeking a listing on the secondary equity market of the territory.

The company, about which **TARGET** () is referring, is Pak Wing Group (Holdings) Ltd ([]), Code: 8316, The **G**rowth **E**nterprise **M**arket [The **GEM**] of The Stock Exchange of Hongkong Ltd.

Pak Wing published and disseminated its Placing Prospectus on July 28, 2015 (last Tuesday) when it sought to Place 200 million, one-cent Shares at the Placing price of 35 cents Per Share.

Of the total number of Shares to be Placed, 120 million were New Shares and 80 million were existing Shares, those owned by the two Controlling Shareholders, to wit: Messrs Wong Chin To () and Tse Chun Kit ().

Assuming that the 200 million Shares are successfully Placed, Messrs Wong and Tse will gross about \$HK28 million (each will be selling 40 million Shares of their respective shareholdings) and the Company will net about \$HK24.30 million, having paid out about \$HK17.70 million in Listing Expenses.

According to Page 189 of the Placing Prospectus, the net proceeds from the share placements will be utilised as follows:

1. Approximately, 75.70 percent, that is about \$HK18.40 million, '*will be used to acquire machinery in order to expand our scale and capabilities*';
2. Approximately, 18.10 percent, that is about \$HK4.40 million, '*will be used to strengthen our manpower by recruiting experienced and skilled operations staff and workers such as machine operators, welders and other workers to meet the growing needs of our operations*'; and
3. Approximately, 6.20 percent, that is about \$HK1.50 million, '*will be used for the funding of our working capital and other general corporate uses*'.

In respect of Point Number Three of the utilisation of the net proceeds, at Appendix I-37 of the Placing Prospectus, it is stated that, on July 3, 2015, a dividend of \$HK8 million '*was declared and paid by Pak Wing Group to its then shareholders*'.

The shareholders of the Company, as at July 3, 2015, were, only, Messrs Wong Chin To and Tse Chun Kit, with Mr Wong Chin To, owning 50 percent of the Issued Share Capital and Mr Tse Chun Kit, owning 50 percent of the Issued Share Capital.

According to the Combined Statements of Financial Position, as at March 31, 2015, the Company had cash and cash equivalents, amounting to \$HK6,425,000.

Further, in respect of the 2015 Financial Year, a dividend payment in the amount of \$HK1 million had been paid to Messrs Wong Chin To and Tse Chun Kit.

In the previous Financial Year, Messrs Wong Chin To and Tse Chun Kit paid themselves \$HK10 million in dividends, obviously shared equally.

Thus, with this flotation on The GEM, Messrs Wong Chin To and Tse Chun Kit walked home with about \$HK36 million (about \$HK18 million, each).

The Business of Pak Wing

Pak Wing Group (Holdings) Ltd was founded in October 18, 2011 and it is claimed that the Company is, today, '*a reputable subcontractor principally engaged in the foundation business in Hong Kong*'.

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