

WAC HOLDINGS LTD:
THIS COMPANY HAD TO RAISE \$HK15 MILLION
IN ORDER TO FUND ITS PROSPECTIVE GEM LISTING

Management Paid Underwriters

A Commission Of Nine Percent:

It's A Record !

For a company with a 31-year history, passing round that which amounts to the corporate entity's '*begging bowl*' in order to obtain much-needed funds so that there was a sufficiency of money to satisfy the anticipatory charges in respect of a prospective listing on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it cannot speak well as to the expertise of senior management.

But that is exactly that which transpired in respect of WAC Holdings Ltd (Code: 8619, The Growth Enterprise Market [the **GEM**], The Stock Exchange of Hongkong Ltd).

Should anybody care to take umbrage with regard to the above statements, let him/her scan the Share Offer Prospectus of this Company.

The Initial Public Offering (IPO) Of WAC Holdings Ltd

On Friday, August 31, 2018, WAC Holdings Ltd published and disseminated its Share Offer Prospectus in the HKSAR.

The Company Offered a total of 288 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 20 cents to a high of 28 cents.

Investors of the HKSAR were Offered 28.80 million Shares (the Public Offer tranche) and 259.20 million Offered Shares were, presumably, reserved for International Investors (Institutions, Professional Investors and/or Well-Heeled Individuals/Corporate Entities) (the Share Placing tranche) via select Share Placements.

At Pages 213 and 214 of the Share Offer Prospectus, it was stated that, at the Offer Price Per Share, being struck at 24 cents, being the midpoint of the Indicative Offer Price Per Share, Management estimated netting about \$HK38.60 million.

This amount of money is expected to be utilised for the following purposes, one was informed:

- Approximately, \$HK11.30 million, that is about 29.30 percent of the net proceeds, *‘will be used for supporting and expanding our structural engineering and geotechnical engineering team, which is currently our main area of operations, including software investment, retaining high calibre staff, mainly for employing staff to ease our increasingly long working hours our employees are experiencing and assign them to awarded projects and the new projects to be tendered by us’*;
- Approximately, \$HK11.30 million, that is about 29.30 percent of the net proceeds, *‘will be used for growing and developing our civil engineering team by hiring of high calibre staff, mainly for forming a core civil engineering team for the civil engineering-heavy projects’*;
- Approximately, \$HK7.50 million, that is about 19.40 percent of the net proceeds, *‘will be used for expanding our office infrastructure and BIM (Building Information Modelling) upgrade, which mainly involves acquiring BIM related software system, general software investment, training and empowering current staff with better office utilities’*;
- Approximately, \$HK6.80 million, that is about 17.60 percent of the net proceeds, *‘will be used for supporting and expanding our material engineering and building repairs area of service’*; and,
- Approximately, \$HK1.70 million, that is about 4.40 percent of the net proceeds, *‘will be used to provide funding for our working capital and other general corporate purposes’*.

The Business Of WAC Holdings Ltd

The business of WAC Holdings Ltd was given at Page 103 of the Share Offer Prospectus as follows:

'BUSINESS OVERVIEW

'We are a construction engineering consultant focusing on the area of comprehensive structural and geotechnical engineering which was mainly provided in Hong Kong. Our comprehensive structural and geotechnical engineering consultancy service contributed all of our revenue for the three years ended 31 March 2018. Our service mainly covers: (i) structural engineering; (ii) geotechnical engineering; (iii) certain civil engineering practice areas; and (iv) material engineering, which was mainly provided in Hong Kong during the Track Record Period (the 36 months, ended March 31, 2018).

'Our consultancy service includes (i) structural engineering, which involves loading calculation and stress designs; (ii) geotechnical engineering, which involves calculation of earth surface conditions and assessment of risks posed by site conditions; (iii) certain civil engineering practice areas, which involves infrastructure works (such as drainage); and (iv) material engineering, which involves analysing the use of and selecting building materials in a construction project. We also provide some other related services such as Registered Structural Engineers and Authorized Persons work in relation to alterations and additions works and expert services from time to time as requested by our clients.'

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