

**WAI HUNG GROUP HOLDINGS LTD:
FOLLOWING THE MONEY**

Wai Hung Group Holdings Ltd () (Code: 3321, Main Board, The Stock Exchange of Hongkong Ltd) is, yet, another example of a corporate entity, putting all of its ‘eggs’ into one basket.

This Company, originally, was engaged in providing fitting-out services in the **Hongkong Special Administrative Region (HKSAR)** of the **People’s Republic of China (PRC)**, but it foreswore venues in favour of providing fitting-out services for customers in the **Macau Special Administrative Region (MSAR)** of the PRC – and, by so doing, it completely turned its proverbial back on its former business activities in the HKSAR.

In addition, today, more than 80 percent of the Company’s annual revenues is derived from just one MSAR customer.

Further, the most-important, three customers of the Company, represented between 99 percent and 100 percent of annual revenues in respect of the three Financial Years, ended December 31, 2018.

(More about this Company’s Financials, later on in this analysis.)

The Initial Public Offering (IPO) Of Wai Hung Group Holdings Ltd

Wai Hung Group Holdings Ltd published and disseminated its Share Offer Prospectus on March 29, 2019.

Management Offered a total of 125 million, one-cent Shares at the Indicative Offer Price Per Share, ranging

between a low of \$HK1.40 and a high of \$HK1.80.

A Public Offer tranche of 12.50 million Shares was, presumably, Offered to investors of the HKSAR and a Placing Shares tranche of 112.50 million Shares was set aside, presumably, for Institutional Investors, Professional Investors and/or select Well-Heeled Investors, as well as the corporate entities of such Investors, via Share Placements.

On the assumption that the Offer Price Per Share was struck at \$HK1.60, being the midpoint of the Indicative Offer Price Per Share, Management anticipated netting about \$HK155.90 million from the Share Offer.

That amount of money, one was told at Pages 231 through to 237 of the Share Offer Prospectus, is expected to be utilised as follows:

‘Upfront Costs’

- Approximately, \$HK90.60 million, that is about 58.20 percent of the net proceeds, *‘will be used for upfront costs of our projects including (i) prepayment to subcontractors; and (ii) project start-up costs, such as subcontracting fees for work done by subcontractors, material costs and direct labour costs’*;

‘Performance Bonds’

- Approximately, \$HK34.40 million, that is about 22.00 percent of the net proceeds, *‘will be used for acquiring performance bonds for potential fitting-out projects from new and/or existing customers’*;

‘Strengthening Our Manpower’

- Approximately, \$HK15.30 million, that is about 9.80 percent of the net proceeds, *‘will be used for further strengthening our manpower by recruiting 36 additional full-time staff in 2019, including 24 project coordinators and project managers, 10 quantity surveying staff and 2 accounting executives’*; and,

‘General Working Capital’

- Approximately, \$HK15.60 million, that is about 10.00 percent of the net proceeds, *‘to be our general working capital’*.

(It is noted that, as at December 31, 2018, Wai Hung Group Holdings Ltd had bank balances and cash, amounting to 11,211,000 Macau Pataca (**MOP**) (about \$HK10.88 million).

The Business Of Wai Hung Group Holdings Ltd

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