

**IPO FACT SHEET**
**Wah Wo Holdings Group Limited (9938)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$125m – HK\$135m
<b>Placement Tranche:</b>	250m
<b>Price:</b>	HK\$0.50 – HK\$0.54
<b>Board lot:</b>	5,000
<b>Entry fee:</b>	HK\$2,727.21
<b>Historical PE</b>	13.32x – 14.39x
<b>Net tangible asset per share:</b>	HK\$0.21 – HK\$0.22
<b>Market Cap (post-IPO):</b>	HK\$500m – HK\$540m
<b>Open:</b>	31 Dec 2019
<b>Close:</b>	12.00 noon on 7 Jan 2020
<b>Trading:</b>	17 Jan 2020
<b>Sponsor:</b>	First Shanghai Capital Limited

<b>Year ended 31 Mar</b>	<b>(HKD'000)</b>	<b>yoy % chg</b>
Revenue		
2018	216,261	40.6%
2019	232,957	7.7%
Profit for the year/period		
2018	27,174	2.9%
2019	33,210	22.2%

**BACKGROUND**

- They are an established contractor engaged in facade works with a focus on window in Hong Kong. Facade works can be classified into window, window wall system, curtain wall system and other facade members.
- According to the Ipsos Report, their revenue for the year ended 31 March 2019 accounted for 4.1% market share of the facade works industry in Hong Kong in 2018.
- They principally provide design and build services for new buildings and renovation services for built premises. Their services generally include developing designs, conducting structural calculations and preparing shop drawings, as well as management and coordination of various aspects of a project which involve procurement of building materials from material suppliers and/or subcontracting of installation works to their subcontractors, on-site project management and post-project completion and maintenance services.
- They provide design and build services and renovation services for different types of buildings, including residential apartments, commercial buildings, retail premises, universities and hotels in Hong Kong. These different types of buildings can be broadly classified as (i) residential buildings; and (ii) non-residential buildings.
- Their customers are mainly main contractors for their design and build projects while they are mainly engaged by owners and tenants of properties, and their contractors for renovation projects. For design and build projects, their Group may either act as a nominated subcontractor and is engaged by main contractors through the nomination of the property developers or a domestic subcontractor whereby their Group is directly engaged by main contractors.

**BUSINESS STRATEGIES**

- Strengthen their financial position with the proceeds from the Share Offer by applying a majority of these proceeds for obtaining surety bonds and payment of upfront costs.
- Expand their project management team, design team and supporting staff with corresponding expansion of their office.

**COMPETITIVE STRENGTHS**

- Their well established presence in the facade works industry focusing on window in Hong Kong.
- Their long-term business relationships with some of their major customers and property developers.
- Their stable business relationships with their major building material suppliers and subcontractors who could supply building materials

and perform installation works with reliable quality.

- Their extensive experience and technical know-how of their management team.
- Their experience in windows in the facade works industry.

### KEY RISKS

- Their projects are non-recurring in nature and they generally have to go through competitive tendering or quotation process to secure new projects. Failure to continuously secure new projects could materially affect their sustainability and financial performance.
- Revenue derived from their five largest customers accounted for a substantial portion of their total revenue, failure to retain business relationships with existing customers or secure new business may materially affect their results of operation and financial performance.
- They rely on building material suppliers and subcontractors to implement their projects.
- Under-performance by their subcontractors or unavailability of subcontractors may adversely affect their operations, profitability and reputation.
- There may be net cash outflow during certain periods of their operations due to payment practice and this may affect their ability to secure new projects and expand their business.
- Changes in the supply and costs of building materials, subcontracting fees and other costs overruns may materially and adversely affect their operations and profitability.

### DIVIDEND POLICY

- No fixed dividend policy.

### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
For satisfying the surety bond requirements (being 10% of the estimated awarded contract sum of each project) of their awarded projects at Muk Tai Street and Sassoon Road in full.	34.4	39.6%
For payment of the upfront costs of their awarded projects at Sin Fat Road and Sassoon Road and other potential new projects.	34.7	39.8%
For further expansion of their project management team, design team and supporting staff and also rent a new office with corresponding purchase of computers.	12.6	14.5%
For general working capital purpose.	5.3	6.1%
<b>Total:</b>	<b>87.0</b>	<b>100.0%</b>

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