

IPO FACT SHEET
Wai Hung Group Holdings Limited (3321)
ISSUE STATISTICS

Offer Size:	HK\$175m - HK\$225m
Placement Tranche:	125m
Price:	HK\$1.40-HK\$1.80
Board lot:	2500
Entry fee:	HK\$4,545.35
Historical PE	22.85-29.38x
Net tangible asset per share:	HK\$0.40-HK\$0.50
Market Cap (post-IPO):	HK\$700m- HK\$900m
Open:	29 Mar 2019
Close:	12.00 noon on 8 Apr 2019
Trading:	23 Apr 2019
Sponsor:	Red Sun Capital Limited

Year ended 31 Dec	(MOP'000)	yoy % chg
Revenue		
2017	189,111	64.9%
2018	326,774	72.8%
Profit and total comprehensive income for the year - owners of the company		
2017	23,958	33.2%
2018	31,547	31.7%

BACKGROUND

- They are a contractor providing fitting-out services and repair and maintenance services in Macau.
- Their Group's history can be traced back to August 1996, when Mr. Li, the chairman of the Board and founder of their Group, established WHHE (HK) to provide fitting-out services in Hong Kong.
- In view of the robust growth of the tourism and gaming industries which drove up the demand for fitting-out services in hotels, casinos and integrated resorts in Macau, their Group has shifted the focus of their business to the market in Macau since May 2005 through the establishment of WHHE (Macau).
- Their fitting-out services primarily cover refitting works for existing buildings and extend to casinos, retail areas, hotels, restaurants, commercial properties and residential properties.
- They primarily focus on providing fitting-out services for the commercial segment, in particular facilities located within integrated resorts in Macau. During the Track Record Period, they had completed two repair and maintenance service contracts awarded by Customer B, being an integrated resort operator and one of their top five customers during the Track Record Period.
- According to the Frost & Sullivan Report, in terms of revenue, their Group was the third largest commercial fitting-out contractor and the fifth largest fitting-out contractor in Macau in 2017, with a market share of approximately 4.3% and 2.4%, respectively.
- During the Track Record Period, they have established business relationship with major licensed casino gaming operators in Macau. According to the Frost & Sullivan Report, Customer A, Customer B and Customer H, being their top five customers during the Track Record Period, are group companies of three of the six licensed casino gaming operators in Macau, and the shares of their respective holding companies are listed on the Stock Exchange.

BUSINESS STRATEGY AND FUTURE PLANS

- Strengthening their financial position to undertake more sizeable fitting-out projects.
- Diversifying their customer base.
- Strengthening their manpower.

COMPETITIVE STRENGTHS

- Their well-established reputation with proven track record.
- Their established business relationships with group companies of major licensed casino gaming operators in Macau.
- Their stable pool of reliable suppliers and subcontractors.
- Their experienced and professional management team with extensive industry knowledge.

KEY RISKS

- A significant portion of their revenue being derived from a few customers
- The project-based nature of their business.
- Adverse developments in Macau's economy.
- Failing to estimate costs accurately in their tenders.
- Credit risk in respect of their trade receivables.
- Not receiving their progress payments on time and in full or retention money not being fully released to them after expiry of the defects liability period.
- Potential mismatch in time between receipt of progress payments from their customers, prepayment to subcontractors and payments to their suppliers and subcontractors.
- Net cash outflow from operating activities.
- Their dependence on key management and additional technical and management staff for their success.
- Underperformance or unavailability of their subcontractors.
- The possibility that their insurance coverage may not be sufficient to cover all losses or potential claims.
- Their historical growth rate, revenue and profit margin not being indicative of their future financial performance.
- Their revenue and profit margin being subject to fluctuations driven by variation orders.
- The increasing staff costs they may face in light of their expansion plan.
- Not being able to implement their business strategies and future plans successfully.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
For upfront costs of their projects including prepayment to subcontractors, materials costs and subcontracting fees for work done by subcontractors.	90.60	58.2%
To acquire performance bonds for potential fitting-out projects from new customers.	34.40	22.0%
For further strengthening their manpower.	15.30	9.8%
For general working capital of their Group.	15.60	10.0%
Total:	155.90	100.00%

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