

IPO FACT SHEET
B & D Strategic Holdings Limited (1780)
ISSUE STATISTICS

Offer Size:	HK\$130.2m - HK\$164.3m
Placement Tranche:	155m
Price:	HK\$0.84-HK\$1.06
Board lot:	2,500
Entry fee:	HK\$2,676.70
Historical PE	10.36-13.07x
Net tangible asset per share:	HK\$0.38-HK\$0.44
Market Cap (post-IPO):	HK\$520.8m- HK\$657.2m
Open:	15 Apr 2019
Close:	12.00 noon on 18 Apr 2019
Trading:	30 Apr 2019
Sponsor:	Grande Capital Limited

Year ended 31 Mar	(HK\$'000)	yoy % chg
Revenue		
FY2016/17	272,585	89.4%
FY2017/18	233,723	-14.3%
Profit and total comprehensive income for the year/period attribute to owners of the Company		
FY2016/17	32,251	114.3%
FY2017/18	50,273	55.9%

BACKGROUND

- They are a contractor specialising in alteration and addition works and civil engineering works in Hong Kong.
- During the Track Record Period, their alteration and addition works generally included new structural works, fitting-out works, changes in facilities configuration, constructing a new extension to existing building, conversion of an existing building to different types, fabrication, modification, removal, or installation of hardware and equipment; erection, relocation, or removal of partitions, doors, and windows; changes in type of finishes and flooring materials, while their civil engineering works generally included site formation works (i.e. site clearance and site formation in preparation for foundation works), and foundation works (i.e. substructure works performed to provide ground or structural base for construction structures to be built upon it). In addition, they undertook general civil engineering works for an environmental management engineering project.
- In order to emphasise the specialisation on different fields of construction works, among their principal operating subsidiaries, Ka Shun Contractors is mainly focused on the provision of alteration and addition works, while Ka Shun Civil Engineering and Ka Construction are mainly focused on the provision of civil engineering works.
- Their customers primarily include property asset management companies, property developers and contractors in Hong Kong.

BUSINESS STRATEGY AND FUTURE PLANS

- Strengthening their financial position, expanding their workforce and enhancing their machinery fleet in order to expand their market share through undertaking projects of more sizeable scale.
- Continuing to emphasise and maintain high standards of project planning, management and implementation.
- Adhering to prudent financial management to ensure sustainable growth and capital sufficiency.

COMPETITIVE STRENGTHS

- Their long-standing relationship with some of their major customers, suppliers and subcontractors.
- Their capability to provide diverse types of services.
- Their well-established presence in the construction industry in Hong Kong.
- Their experienced and dedicated management team.

KEY RISKS

- They had a concentration of customers during the Track Record Period.
- Their revenue was mostly derived from contracts which are non-recurring in nature and there is no guarantee that their customers will award new contracts to them in the future.
- They may not be able to maintain or increase their tender success rate.
- They determine the tender price based on their estimated construction time and costs which may deviate from the actual time and costs and any inaccurate cost estimation and cost overrun may adversely affect their financial results.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used to strengthen their financial position in order to pay for upfront costs and obtain performance bond, for awarded and potential projects which they have submitted tenders as at the Latest Practicable Date.	90.00	80.0%
Will be used to expand their workforce by recruiting additional staff.	12.60	11.2%
Will be used to enhance their machinery fleet in order to keep them abreast of the industry changes due to the implementation of the NRMM Regulations.	4.80	4.3%
Will be used for general working capital.	5.10	4.5%
Total:	112.50	100.00%

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