

IPO FACT SHEET
Beng Soon Machinery Holdings Limited (1987)
ISSUE STATISTICS

Offer Size:	HK\$125.0m - HK\$175.0m
Placement Tranche:	250.0m
Price:	HK\$0.50 - HK\$0.70
Board lot:	4,000
Entry fee:	HK\$2,828.22
Historical PE	28.0x – 39.2x
Net tangible asset per share:	HK\$0.27 - HK\$0.32
Market Cap (post-IPO):	HK\$500.0m- HK\$700.0m
Open:	22 Oct 2019
Close:	12.00 noon on 25 Oct 2019
Trading:	08 Nov 2019
Sponsor:	Honestum International Limited

Year ended 31 Dec	(\$'000)	yoy % chg
Revenue		
2017	27,866	12.6%
2018	33,987	22.0%
Profit for the year		
2017	4,539	-19.3%
2018	3,078	-32.2%

BACKGROUND

- The Group is the largest demolition services provider in Singapore with a market share of approximate 33.2% in terms of revenue in 2018, according to the Industry Report. It has been operating demolition services business in Singapore for more than 26 years in both the public and private sectors.
- The Group principally provides demolition services through undertaking demolition projects. To a lesser extent, it also lease and sell machinery. During the process of undertaking demolition projects, it derives contract revenue from three parties, namely (i) the project owners; (ii) the salvage materials buyers; and (iii) the earth providers.
- According to the Industry Report, the Group is among the few demolition services providers in Singapore with experience in demolition of power plants and large-scale chemical plants and is a preferred services provider for demolition of the aforementioned structures.
- The Group's customers include statutory bodies and private companies, being main contractors or subcontractors of building projects and owners of demolition objects. For the three years ended 31 December 2018 and the four months ended 30 April 2019, revenue from its five largest customers (by aggregate contract revenue contributed to it from the relevant projects) amounted to approximately 79.6%, 78.2%, 77.5% and 83.7% of total revenue, respectively.

BUSINESS STRATEGIES

- Continue to strengthen the market position as one of the leading demolition services providers in Singapore and expand its business operations by undertaking more demolition projects.
- Strengthen its fleet of machinery and equipment.
- Enhance its manpower.

COMPETITIVE STRENGTHS

- Well-established presence and proven track record in the demolition industry in Singapore.
- An established fleet of machinery and equipment.
- In-house maintenance team to repair and maintain its machinery and equipment.
- Experienced and dedicated management team.

- Long-term business relationships with its key business partners.

KEY RISKS

- The Group derived a significant portion of revenue from the disposal of salvage materials and the fluctuation of the price of salvage materials could materially and adversely affect its results of operations and financial performance.
- Its demolition projects are non-recurring in nature and failure of the Group to secure new projects could materially and adversely affect its results of operations and financial performance.
- The Group has not entered into long-term agreements with its customers or salvage materials buyers and it cannot assure that its customers will continue to engage its services or its salvage materials buyers will continue to purchase its salvage materials.
- Incorrect estimation of its project operating costs and value of salvage materials to be derived in determining the tender or quotation price will materially and adversely affect its profitability and financial performance.
- The Group is dependent on its key personnel and there is no assurance that it can retain them.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
For enhancing its machinery fleet by acquiring excavators with different capacities including one unit of 48.5-metre high-reach excavator and attachments to excavators	66.0	66.0%
For repaying its bank borrowing bearing interest rate at approximately 2.9% per annum and maturing in 2019, the proceeds from borrowing was used as working capital	17.4	17.4%
For expanding its labour force by recruiting additional staff, including project management and project execution staff in the three years ending 31 December 2021	11.8	11.8%
For engagement of professional consultant to review its internal management systems for the purpose of its registration for B1 grade under the CW02 "Civil Engineering" workhead	2.9	2.9%
As general working capital	1.9	1.9%
Total:	100.0	100.0%

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