

IPO FACT SHEET

Fullwealth Construction Holdings Company Limited (1034 HK)

ISSUE STATISTICS

Offer Size:	HK\$128m – HK\$136m
Placement Tranche:	400m
Price:	HK\$0.32 – HK\$0.34
Board lot:	8000
Entry fee:	HK\$2,747.41
Historical PE	11.23x – 11.93x
Net tangible asset per share:	HK\$0.113 – HK\$0.118
Market Cap (post-IPO):	HK\$512m – HK\$544m
Open:	15 Oct 2018
Close:	12.00 noon on 19 Oct 2018
Trading:	30 Oct 2018
Sponsor:	Frontpage Capital Limited

Year ended 31 Dec	(HK\$'000)	yoy % chg
Revenue		
2016	359,441	51.9%
2017	397,349	10.5%
Profit and total comprehensive income for the year/period		
2016	28,467	100.3%
2017	45,611	60.2%

BACKGROUND

- They are a contractor which has a long history of undertaking civil engineering works in Hong Kong with operation history since 1997.
- During the Track Record Period, a majority of their civil engineering works can be broadly categorised as (i) site formation; (ii) ELS and pile cap construction; and (iii) roads and drainage and waterworks. They are able to undertake civil engineering works as either a main contractor or a subcontractor.
- Since June 2017, the Group has also been registered as a Registered General Building Contractor with the Buildings Department and as such, their Group is qualified to carry out private sector building works as well as A&A works as a main contractor.

BUSINESS STRATEGY AND FUTURE PLANS

- Acquire 1 crawler crane, 5 excavators, 1 truck mounted concrete pump, 5 hydraulic breakers and 6 crane lorries
- Strengthen their market position as a civil engineering contractor and obtain market share in building construction works by setting up a new building construction project management team and increasing the project management staff for their civil engineering team
- Adhere to prudent financial management to ensure optimal finance costs and capital sufficiency by utilising net proceeds of the Share Offer to repay some existing finance lease obligations and finance existing and new building construction projects

COMPETITIVE STRENGTHS

- Skilled contract management and expertise in dealing with construction contracts' financial issues
- Experienced, stable and highly dedicated management team
- Diversified and stable customer relationship
- Stringent quality control

KEY RISKS

- Their projects are non-recurring in nature and they may not be able to secure new projects from their existing and new customers
- As they from time to time engage subcontractors in their works, they may bear responsibilities for any non-performance, delayed performance, sub-standard performance or non-compliance of their subcontractors
- Their business is subject to certain registrations, licences and certifications, the suspension or revocation of which may affect their ability

to tender new projects

DIVIDEND POLICY

- No fixed dividend policy

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used to acquire machinery and equipment to upgrade and enlarged their fleet of machinery.	46.00	45.4%
Will be divided into sums of HK\$9.0 million and HK\$22.7 million and used to finance both existing and the undertaking of a new building construction project, respectively.	31.70	31.3%
For strengthening manpower for their existing civil engineering project management and setting up a new project management team for building construction to cater to the potential business opportunities arising from possible building construction or A&A projects.	12.00	11.8%
Will be applied for the repayment of existing finance lease obligations.	5.70	5.6%
Will be applied for their general working capital, including the upgrading and maintenance of their internal accounting systems.	6.00	5.9%
Total:	101.40	100.00%

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