

Hong Kong

IPO FACT SHEET

Hands Form Holdings Limited (1920)

ISSUE STATISTICS

Offer Size	LI/6120m
Offer Size:	HK\$130m
Placement Tranche:	650m
Price:	HK\$0.20
Board lot:	10,000
Entry fee:	HK\$2,020.15
Historical PE	12.90x
Net tangible asset per share:	HK\$0.07
Market Cap (post-IPO):	HK\$520m
Open:	6 Aug 2019
Close:	12.00 noon on 9 Aug 2019
Trading:	16 Aug 2019
Sponsor:	Grande Capital Limited

Year ended 31 Dec	(HKD'000)	yoy % chg
Revenue		
2017	245,034	61.2%
2018	431,819	76.2%
Profit and total comprehensive income for the year/period		
2017	21,270	86.7%
2018	40,321	89.6%

BACKGROUND

- They are an established subcontractor in Hong Kong and principally engage in the provision of wet trades works and other wet trades related ancillary works. Wet trades works include plastering on floors, walls and ceilings, tile laying on internal and external walls and floors, brick laying and marble works.
- According to the Industry Report, their Group ranked the fifth in the Hong Kong wet trades market in terms of revenue in 2018, and accounted for approximately 3.8% of the market share in 2018.
- According to the Industry Report, there were approximately 530 contractors and subcontractors registered under the trade specialities of "Finishing Wet Trades" and "Marble Granite and Stone Works" as at 31 January 2019.
- Their Group provides wet trades works through their principal operating subsidiaries, namely, Pak Fai and Ma Yau. Both of their principal
 operating subsidiaries have registered in the Registered Specialist Trade Contractors Scheme (formerly known as the Subcontractor
 Registration Scheme) of the Construction Industry Council.
- Pak Fai and Ma Yau first completed such registration under the predecessor scheme in April 2004 and their registration has since then
 covered finishing wet trades, marble, granite and stone work with a wide range of specialties including brick work, plastering and tiling,
 spray plaster and screeding, marble and granite works.

BUSINESS STRATEGIES

- Strengthening their financial position.
- Expanding their manpower.
- Acquiring additional machinery and equipment.

COMPETITIVE STRENGTHS

- Their long-established relationship with Sanfield.
- Their good payment record to their major subcontractors.
- Their proven track record in the wet trades works industry in Hong Kong.

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- Their commitment to high safety and environmental management standards and stringent quality controls.
- Their experienced and professional management team.

KEY RISKS

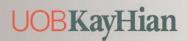
- Concentration of revenue from their five largest customers.
- The non-recurring nature of their revenue.
- The risk of their subcontractors underperforming or becoming unavailable.
- Error or inaccurate estimation of project duration and costs when determining tender price.
- Their past revenue and profit margin may not be indicative of their future financial performance.
- Their business growth may not be sustainable.
- The risk of 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.
- Credit risk in respect of their trade receivables.

DIVIDEND POLICY

No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
For payment of upfront costs.	39.9	44.3%
For expanding their workforce.	18.7	20.8%
For upgrading their office facilities and information technology system.	9.9	11.0%
For acquiring machinery and equipment.	8.3	9.2%
For the payment of performance bonds.	7.5	8.3%
For renting a new warehouse.	3.2	3.6%
For acquiring safety equipment and tools.	2.5	2.8%
Total:	90.0	100.0%



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