

IPO FACT SHEET
Huarchi Global Group Holdings Limited (2296)
ISSUE STATISTICS

Offer Size:	HK\$125.0m – HK\$150.0m
Placement Tranche:	500.0m
Price:	HK\$0.25 – HK\$0.30
Board lot:	8,000
Entry fee:	HK\$2,424.18
Historical PE	10.6x – 12.8x
Net tangible asset per share:	HK\$0.10 – HK\$0.12
Market Cap (post-IPO):	HK\$500.0m – HK\$600.0m
Open:	31 Oct 2019
Close:	12.00 noon on 7 Nov 2019
Trading:	21 Nov 2019
Sponsor:	Ample Capital Limited

Year ended 31 Dec	(MOP'000)	yoy % chg
Revenue		
2017	322,724	84.2%
2018	400,085	24.0%
Profit for the year / period		
2017	49,677	95.8%
2018	48,442	-2.5%

BACKGROUND

- The Group is one of the leading fitting-out contractors in Macau. According to the Frost & Sullivan Report, the Group was the second largest fitting-out contractor in Macau with approximately 4.4% market share in 2018 in terms of revenue.
- The Group provides services of (i) fitting-out; (ii) construction; and (iii) repair and maintenance in Macau. During the Track Record Period and up to the Latest Practicable Date, the Group had undertaken 246 fitting-out projects, four construction projects and 70 repair and maintenance projects. As at the Latest Practicable Date, the Group had 37 fitting-out projects, seven repair and maintenance projects, and two construction project in progress or awarded to it but yet to commence.
- The Group's customers primarily include the Macau Government, other statutory bodies and main contractors. For the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2019, revenue attributable to the Group's five largest customers, in aggregate, amounted to approximately 74.3%, 78.2%, 91.3 and 87.1% of the Group's total revenue, respectively.

BUSINESS STRATEGIES

- To strengthen the Group's financial capabilities to undertake more new and larger scale fitting-out and construction projects.
- To improve the capacity, capabilities and cost efficiency of the Group.

COMPETITIVE STRENGTHS

- Well-established reputation with proven track record in the fitting-out and construction industry in Macau.
- Strong customers' portfolio in public sector which enabled the Group to develop its presence in the private sector.

KEY RISKS

- The business is project-based, and its profit margin may fluctuate.
- The Group's top five customers accounted for a major portion of its revenue.
- Failure to make accurate estimation for submitting tenders or quotations for new projects could materially affect its profitability.
- Inability of the subcontractors to secure a stable supply of labour at affordable wages may materially affect the Group's operations and financial performance.

- Failure to receive progress payments on time and in full, or that retention money is not fully released to the Group after expiry of the defects liability period may affect the Group's liquidity position.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To finance its fitting-out and construction projects in Macau.	70.8	68.3%
To increase its workforce.	18.0	17.4 %
To purchase machinery and equipment.	14.8	14.3%
Total:	103.6	100.0%

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