

Hong Kong

IPO FACT SHEET

Maike Tube Industry Holdings Limited (1553)

ISSUE STATISTICS

Offer Size:	HK\$183.02m – HK\$236.16m
Placement Tranche:	98,400,000 Shares
Price:	HK\$1.86 – HK\$2.40
Board lot:	2,000
Entry fee:	HK\$4,848.37
Historical PE	6.84x - 8.82x
Net tangible asset per share:	HK\$1.03 – HK\$1.149
Market Cap (post-IPO):	HK\$807m – HK\$1,041m
Open:	29 Nov 2019
Close:	12.00 noon on 9 Dec 2019
Trading:	18 Dec 2019
Sponsor:	Fortune Financial Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	938,169	107.4%
2018	1,214,839	29.5%
Profit for the year/period		
2017	77,577	220.8%
2018	101,471	30.8%

BACKGROUND

- They are principally engaged in the manufacturing and selling of standard prefabricated pipe nipple products and steel pipe products. They pride themselves on their capability to supply a variety of products in terms of length, outside diameter and surface finishing which cater for the varying needs of their customers and comply with international standards.
- They are able to design and supply a variety of assembled piping systems to their customers to satisfy various physical and functional characteristics of their customers' designated sites. They also sell unused raw materials mainly include steel coils that were procured from their suppliers.
- As at the Latest Practicable Date, they operated two production plants located in Jinan, China with a total area of approximately 232,655 sq.m. and 80,334 sq.m., respectively. They also operated a production plant in Dong Nai Province, Vietnam with a total area of approximately 3,842 sq.m..
- According to the Frost & Sullivan Report, they ranked first in the PRC standard prefabricated pipe nipple industry in terms of export value by tons with a market share of 7.1% in 2018; and accounted for 0.2% market share in the PRC steel pipes manufacturing industry in 2018.
- They manufacture standard prefabricated pipe nipple products and steel pipe products in accordance with different international standards in their production plants mainly in Jinan, Shandong Province, the PRC.
- Their customers mainly include gas and HVAC companies, water supply companies, infrastructure and construction companies, wholesalers and distributors which on-sell their products to their own customers.

BUSINESS STRATEGIES

- Increase their production capacity for ERW steel pipes by the addition of new production lines.
- Strengthen their competitiveness by upgrading their SSAW steel pipes production lines.
- Set up of new production facility to house their 2540 SSAW steel pipes production line.
- Expand their production to Vietnam.
- Expand their business horizontally through acquisition to continue to broaden their product offerings and thereby further enhance their market share.
- Further strengthen their research and development capabilities.

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Friday, 29 November 2019

COMPETITIVE STRENGTHS

- They offer high quality standard prefabricated pipe nipple products and steel pipe products of different specifications which meet various international and domestic standards.
- Their industry knowledge and expertise enable them to provide customised steel pipe products of different specifications to accommodate customers' requirements.
- They have strong research and development capabilities and have been granted the status of High and New Technology Enterprise* (高新技術企業).
- Established, stable and diversified customer base with reputable customers.
- They have an experienced management team and technical staff with profound industry knowledge.

KEY RISKS

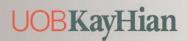
- Their business and results of operations may be adversely affected by the imposition of tariff on exports by the countries in which their overseas customers are located.
- They rely on their major customers which accounted for a significant portion of their revenue. Any change in their relationship with their major customers may materially and adversely affect their results of operations and financial condition.
- They are subject to the risk of foreign currency fluctuations.
- Fluctuation in the prices of their major raw materials may have adverse impacts on their financial results.
- They are subject to risks associated with conducting business overseas.
- They recorded net current liabilities as at 31 December 2016 and they may expose themselves to liquidity risk if they experience net current liabilities in the future.
- They had net operating cash outflow from their operating activities for the year ended 31 December 2016 and they may expose themselves to liquidity risk if they experience net current liabilities in the future.

DIVIDEND POLICY

No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Will be used for increasing our production capacity of our production of ERW steel pipes by addition of three new production lines.	27.3	19.0%
Will be used for strengthening our competitiveness by upgrading one of our SSAW steel pipes production line.	32.1	22.3%
Will be used for setting up a new production facilities building for our SSAW production facilities.	13.5	9.4%
Will be used for expanding to overseas to increase the production capacity.	13.5	9.4%
Will be used for expanding our business horizontally through acquisition/collaboration to continue to broaden our production offerings and thereby further enhance our market penetration.	14.4	10.0%
Will be used for further strengthen our research and development capabilities by investing on four research and development projects.	14.4	10.0%
Will be used for the repayment of part of our borrowings.	14.4	10.0%
Will be used for our general working capital.	14.3	9.9%
Total:	143.9	100.0%



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