

IPO FACT SHEET
Peiport Holdings Ltd. (2885 HK)
ISSUE STATISTICS

Offer Size:	HK\$125m – HK\$155m
Placement Tranche:	100m
Price:	HK\$1.25 – HK\$1.55
Board lot:	2,000
Entry fee:	HK\$ 3,131.24
Historical PE	14.32x – 17.75x
Net tangible asset per share:	HK\$0.68-HK\$0.75
Market Cap (post-IPO):	HK\$500m - HK\$620m
Open:	31 Dec 2018
Close:	12.00 noon on 4 Jan 2019
Trading:	11 Jan 2019
Sponsor:	Guotai Junan Capital Limited

Year ended 31 Dec	(HK\$'000)	yoy % chg
Revenue		
2016	251,875	-13.6%
2017	238,406	-5.3%
Profit for the years/period		
2016	25,639	4.0%
2017	34,925	36.2%

BACKGROUND

- They principally engage in the provision of thermal imaging products and services, self-stabilised imaging products and services, and general aviation products and services in the PRC and Hong Kong.
- Their headquarters is in Hong Kong and they have six sales offices in different provinces and municipalities in the PRC.
- They market their products and services under brands “Peiport”, “PTi”, “SkyEye”, “SeaVision” and “PGs”.
- Their customers typically require them to provide their products tailored to their needs, and they provide the corresponding products and services using equipment and components sourced from third party suppliers and/or fabricated by them.
- Some of their products are customised according to their customers’ specifications, such as weight, model, type and usage under specified environment. For instance, their unmanned substation infrared monitoring system to be used outdoor will be equipped with waterproof and dust-proof shell, and a ceiling with better design and stronger materials to withstand exposure to sunshine, wind, dust and rain. Similarly, they will adopt special materials and design in their unmanned substation infrared monitoring systems to be used in electricity substation in order to ensure their abilities to resist the interference created in the course of electricity transmission.
- They also provide training to their customers on how to use both the hardware and software of their products, as well as warranty and after-sales technical support.

BUSINESS STRATEGY AND FUTURE PLANS

- Establishing new research and development centres in the PRC and Hong Kong to keep themselves abreast of technological changes in the industry.
- Enhancing the recognition and qualification of their products by obtaining internationally recognised certificates.
- Strengthening their sales capacity and capturing new sales opportunities through increasing their participation in industry exhibition, trade fairs and conventions and number of demonstration units as well as recruitment of additional sales and marketing personnel.
- Purchasing new IT hardware and software and upgrading their current IT system to support their frontline sales team and back office.
- Recruitment and training of employees.

COMPETITIVE STRENGTHS

- Experienced market player in the PRC and Hong Kong
- Experienced management
- Ability to provide quality products and services
- Proven track record of providing customised products and services to their customers
- Well-established relationships with internationally renowned manufacturers
- Solid track record of providing products and services for customers from the public sector

KEY RISKS

- Failure to obtain new contracts from tendering could materially affect their financial performance
- Their future performance and reputation are dependent on their ability to continue developing new or improved products and services that meet their customers' needs
- They do not enter into long-term supply agreements with their suppliers and their production cost and schedule may be adversely affected if they fail to secure supply
- If their relationship with Supplier A deteriorates or terminates and their contingency plan fails to achieve their desired results, their business and results of operations would be adversely affected
- They require certain certificates, licences and permits to operate their business. The loss of or failure to renew any or all of these certificates, licences and permits could materially and adversely affect their business

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used to establish new research and development centres in the PRC and Hong Kong to keep themselves abreast of technological changes in the industry from the first half year of 2020 and second half year of 2019 respectively.	46.20	48.8%
Will be used to enhance the recognition and qualification of their products by obtaining internationally-recognised certificates.	20.20	21.3%
Will be used to strengthen their sales capacity and capture new sales opportunities from the first half year of 2019.	24.60	26.0%
Will be used to purchase new IT hardware and software and to upgrade their current IT system to support their frontline sales team and back office from the second half year of 2019.	2.80	3.0%
Will be used for additional working capital and other general corporate purposes.	0.90	0.9%
Total:	94.70	100.00%

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