

IPO FACT SHEET
Pipeline Engineering Holdings Limited (1865 HK)
ISSUE STATISTICS

Offer Size:	HK\$126.5m – HK\$149.5m
Placement Tranche:	230m
Price:	HK\$0.55 – HK\$0.65
Board lot:	4,000
Entry fee:	HK\$2,626.20
Historical PE	19.6x – 23.1x
Net tangible asset per share:	HK\$0.201 – HK\$0.224
Market Cap (post-IPO):	HK\$506.0m – HK\$598.0m
Open:	14 Mar 2019
Close:	12.00 noon on 19 Mar 2019
Trading:	27 Mar 2019
Sponsor:	Fortune Financial Capital Limited

Year ended 31 Mar	(S\$'000)	yoy % chg
Revenue		
2017	28,408	-3.7%
2018	23,419	-17.6%
Profit and total comprehensive income for the year/period		
2017	3,250	-19.2%
2018	4,498	38.4%

BACKGROUND

- The Group is principally a main contractor specialising in infrastructural pipeline construction and related engineering services mainly for gas, water, telecommunications and power industries in Singapore with over 26 years of track record.
- According to the F&S Report, they ranked third in the overall infrastructural pipeline engineering market and ranked second in the gas pipeline engineering market in Singapore in the year ended 31 March 2018 in terms of revenue.
- Their strength lies in their capability in laying gas pipelines. They first involved using polyethylene pipes in laying gas distribution pipelines for industrial and residential developments and the design and laying of high pressure steel mains for GTP projects in the late 1990s at Jurong Island.

BUSINESS STRATEGIES

- Further capitalising their niche in infrastructural pipeline engineering industry to further expand and develop their business opportunities in water pipeline and cable installation projects to grow their revenue.
- Relocating to a new property to be acquired to be used as their new office, foreign workers dormitory and warehouse for their machineries to accommodate their expected business expansion.
- Purchasing additional machinery and equipment to increase the number and scale of projects for their business expansion.

COMPETITIVE STRENGTHS

- They are a leading infrastructural pipeline engineering contractor in Singapore with an established track record and over 26 years of experience.
- They have the capability to provide a wide range of infrastructural pipeline engineering services and solutions in a timely, reliably and profitably manner.
- They have long-term relationship with their major customers, suppliers and subcontractors.
- They have a dedicated management and project teams with extensive experience in the infrastructural pipeline engineering industry in Singapore.

KEY RISKS

- Their ability to achieve continuity of their order book.
- Revenue from work orders of term contracts may be lower than the original contract sum.
- Maintenance of their existing registrations and licences.
- Reduction in the pipeline of new infrastructural pipeline engineering projects.
- Infrastructural pipeline engineering industry is highly competitive.
- Shortage of skilled workers in the infrastructural pipeline engineering industry in Singapore.

DIVIDEND POLICY

- No fixed dividend policy

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
For relocation to a new property to be acquired to be used as their office, car park and driveway, foreign worker dormitory and warehouse for their machinery with an estimated total gross floor area of at least 6,500 square metres by 30 September 2019	60.1	59.7%
purchase two pipe jacking machines by March 2019 to strengthen their market position in the infrastructural pipeline engineering works as their Group intends to increase the number and/or scale of projects they secure and to expand into the water pipeline and cable installation projects	31.4	31.2%
For working capital purposes	9.2	9.2%
Total:	100.7	100.0%

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