

**IPO FACT SHEET**
**Shing Chi Holdings (1741 HK)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$125m – HK\$135m
<b>Placement Tranche:</b>	200m shares
<b>Price:</b>	HK\$0.625 – HK\$0.675
<b>Board lot:</b>	4,000
<b>Entry fee:</b>	HK\$2,727.21
<b>Historical PE</b>	21.1x – 22.8x
<b>Net tangible asset per share:</b>	HK\$0.25 – HK\$0.26
<b>Market Cap (post-IPO):</b>	HK\$500m – HK\$540m
<b>Open:</b>	28 Sep 2018
<b>Close:</b>	12.00 noon on 5 Oct 2018
<b>Trading:</b>	16 Oct 2018
<b>Sponsor:</b>	Frontpage

Year ended 30 Sep	(HK\$'000)	yoy % chg
Revenue		
FY16	426,951	9.4%
FY17	359,311	-15.8%
Profit and total comprehensive income attributable to shareholders for the year		
FY16	20,350	-14.5%
FY17	23,677	16.3%

**BACKGROUND**

- The Group is a construction contractor in Hong Kong principally providing (i) foundation and site formation works, which mainly include piling works, ELS works, pile cap construction and ground investigation works; (ii) general building works and associated services, which mainly include development of superstructures, and alteration and addition works; and (iii) other construction works, which mainly include slope works and demolition works.

**BUSINESS STRATEGY AND FUTURE PLANS**

- Apply for additional licences and capture more sizeable projects
- Strengthen their financial capacity and expand their market share
- Strengthen their manpower and enhance their project management capability

**COMPETITIVE STRENGTHS**

- They have established reputation and a proven track record.
- They possess a wide range of qualifications to undertake a range of construction projects in the public and private sectors.
- They have an experienced and professional management team.
- They have the design capability to undertake design and build contracts and provide design consultancy services.

**KEY RISKS**

- Their revenue mainly relies on successful tenders of or acceptance of their quotations for construction projects which are non-recurring in nature and any failure of the Group to secure projects from their existing customers and/or new customers in the future would affect their business operation and financial results.
- They have recorded negative operating cash flows for the six months ended 31 March 2017 and 2018.
- A significant portion of their revenue was generated from contracts awarded by a limited number of customers and any significant decrease in the number of projects with their major customers may materially and adversely affect their financial condition and operating results.

- They rely substantially on their subcontractors to help complete their projects.
- They depend on their key management personnel with relevant knowledge, experience and expertise.
- They determine the price of their quotation or tender based on the estimated time and costs to be involved in a project and the actual time and costs incurred may deviate from their estimate due to unexpected circumstances, thereby leading to cost overruns and adversely affecting their operations and financial results.

**DIVIDEND POLICY**

- No fixed dividend policy

**USE OF PROCEEDS**

	(HK\$ m)	As a percentage of gross proceeds from the Invitation (%)
Apply for additional licences to capture the growing business opportunities in the public sector	42.8	45.5%
Financing the working capital requirement and upfront costs at the early stages of three projects	23.7	25.2%
Further strengthening their manpower	15.1	16.1%
Investment in the new information system to enhance their operational efficiency	3.0	3.2%
General working capital	9.4	10%
<b>Total</b>	<b>94.0</b>	<b>100%</b>

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