

**IPO FACT SHEET**
**Yield Go Holdings Ltd. (1796 HK)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$126m – HK\$150m
<b>Placement Tranche:</b>	120m
<b>Price:</b>	HK\$1.05 – HK\$1.25
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$2,525.20
<b>Historical PE</b>	13.06x – 15.55x
<b>Net tangible asset per share:</b>	HK\$0.38-HK\$0.43
<b>Market Cap (post-IPO):</b>	HK\$504m - HK\$600m
<b>Open:</b>	13 Dec 2018
<b>Close:</b>	12.00 noon on 18 Dec 2018
<b>Trading:</b>	31 Dec 2018
<b>Sponsor:</b>	Grande Capital Limited

<b>Year ended 31 Mar</b>	<b>(HK\$'000)</b>	<b>yoy % chg</b>
Revenue		
FY2016/17	346,391	44.2%
FY2017/18	560,283	61.7%
Profit for the years/period		
FY2016/17	27,139	128.8%
FY2017/18	38,594	42.2%

**BACKGROUND**

- They are an established fitting-out contractor in Hong Kong with over 22 years of experience since the establishment of one of their principal operating subsidiaries, Hoi Sing Decoration, in 1995.
- Their fitting-out services cover both (i) fitting-out works conducted on new buildings; and (ii) interior renovation works on existing buildings that involve upgrades, makeovers and demolition of existing works.
- They mainly provide fitting-out services for residential and commercial properties in Hong Kong on a project basis. To a lesser extent, they also supply fitting-out materials such as timber products upon customers' requests in Hong Kong.
- They act as the project manager and principal coordinator for the works they are responsible for which encompasses planning, coordinating, monitoring and supervising the project from project implementation to completion as well as monitoring rectification of defects during the defects liability period.
- They generally only engage subcontractors on their approved list of subcontractors based on the nature and complexity of each project and the availability of their resources at the time and such list is updated on an ongoing basis.
- The total revenue of the fitting-out industry in Hong Kong in 2017 was approximately HK\$28.5 billion according to the Ipsos Report. The total revenue of their Group for FY2016/17 was HK\$346.4 million. Based on these figures, it is estimated that their Group's market share in the fitting-out industry in Hong Kong is approximately 1.2%.

**BUSINESS STRATEGY AND FUTURE PLANS**

- Strengthening their financial position and expanding their workforce in order to expand their market share through undertaking more sizeable fitting-out projects.
- Continue to emphasise and maintain high standards of project planning, management and implementation.
- Adhere to prudent financial management to ensure sustainable growth and capital sufficiency.

#### COMPETITIVE STRENGTHS

- Their established reputation and proven track record in the fitting-out industry.
- Their established long-term business relationships with leading property developers.
- Their strong management team with in-depth knowledge in the fitting-out industry.

#### KEY RISKS

- Concentration of revenue among their top five customers.
- The non-recurring nature of their revenue.
- The payment practice applied to their projects which may result in a cash flow gap.
- The risk of estimating time and costs involved in their projects inaccurately.
- The risk of their subcontractors underperforming or becoming unavailable.
- The risk of not receiving their progress payments on time and in full or retention money not being fully released to them after expiry of the defects liability period.
- Their historical growth rate, revenue and profit margin may not be indicative of their future financial performance.
- Their revenue and profit margin may not be indicative of their future financial performance due to fluctuations driven by variation orders.
- The risks associated with experiencing net cash outflow from operating activities.
- Their dependence on key management and additional technical and management staff for their success.
- The risk of their projects being delayed due to factors beyond their control.
- The liquidity risk they may be exposed to as a result of the amount of performance bonds they are required to provide.
- The risk of not being able to implement their business strategies and future plans successfully.
- Their exposure to disputes, claims or litigation.
- The risk not having sufficient insurance coverage to cover all losses or potential claims they may be exposed to.

#### DIVIDEND POLICY

- No fixed dividend policy.

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
For payment of upfront costs for new projects.	15.70	15.2%
For obtaining performance bond.	13.00	12.6%
For repaying their bank borrowings.	35.00	33.9%
For expanding their workforce.	37.40	36.2%
For general working capital of their Group.	2.20	2.1%
<b>Total:</b>	<b>103.30</b>	<b>100.00%</b>

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