

IPO FACT SHEET

Affluent Foundation Holdings Limited (1757)

ISSUE STATISTICS

Offer Size:	HK\$90m – HK\$102m
Placement Tranche:	300m
Price:	HK\$0.30 – HK\$0.34
Board lot:	10,000
Entry fee:	HK\$ 3,434.26
Net tangible asset per share:	HK\$0.12 – HK\$0.13
Market Cap (post-IPO):	HK\$360m – HK\$408m
Open:	23 May 2018
Close:	12.00 noon on 28 May 2018
Trading:	7 Jun 2018
Sponsor:	Dakin Capital Limited

Year ended 31 Mar	(HK\$'000)	yoy % chg
Revenue		
2016	502,053.00	93.5%
2017	396,880.00	-20.9%
Profit for total comprehensive income for the year/period		
2016	22,200.00	24.5%
2017	25,825.00	16.3%

BACKGROUND

- They are a subcontractor engaged in the provision of services related to foundation works in Hong Kong including ELS works, pile caps construction, and other services, such as demolition works, underground drainage works, earthworks and structural steelworks.
- To a lesser extent, they also engage in leasing of machineries to third party construction companies.

BUSINESS STRATEGY AND FUTURE PLANS

- Compete for foundation projects and expanding their market share particularly from the public sector, so as to capture the business opportunities from the increase in public projects originated from the Government's plan to increase public housing supply and restore old buildings.
- Acquire additional machineries to strengthen their machinery fleet.
- Further expand their manpower and strengthening the skills of their employees.

COMPETITIVE STRENGTHS

- They established history and a proven track record as a subcontractor providing services in relation to foundation works.
- A wide range of machineries and equipment owned by them to conduct their services in relation to foundation works.
- Their experienced and dedicated management team and direct workforce.
- Their long-term and stable relationships with their customers, suppliers and subcontractors.

KEY RISKS

- Their concentration of customers during the Track Record Period.
- Inaccurate estimation of contract price or ineffective cost management.
- Their projects are not recurring in nature, and there is no guarantee of new business or that they can secure new contracts.
- Their historical results may not be indicative of their future revenue and profit margin.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK\$ mn	As a percentage of gross proceeds from the Invitation (%)
Will be used to purchase machineries and equipment comprising excavators and crawler cranes required for their foundation works.	40	61.50%
Will be used for further expanding and strengthening their Group's manpower.	14	21.50%
Will be earmarked to secure the more contracts they plan to tender.	10	15.40%
Will be used as general working capital of their Group.	1	1.60%
Total:	65.0	100%

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