

IPO FACT SHEET
Best Mart 360 Holdings Limited (2360 HK)
ISSUE STATISTICS

Offer Size:	HK\$250m – HK\$300m
Placement Tranche:	250m
Price:	HK\$1.00 – HK\$1.20
Board lot:	2,000
Entry fee:	HK\$2,424.18
Historical PE	17.17x – 20.61x
Net tangible asset per share:	HK\$0.32-HK\$0.37
Market Cap (post-IPO):	HK\$1,000m - HK\$1,200m
Open:	28 Dec 2018
Close:	12.00 noon on 4 Jan 2019
Trading:	11 Jan 2019
Sponsor:	Lego Corporate Finance Limited

Year ended 31 Mar	(HK\$'000)	yoy % chg
Revenue		
2017	689,994	45.9%
2018	1,075,930	55.9%
Profit and total comprehensive income for the year/period (excluding Listing expenses)		
2017	25,144	102.0%
2018	58,235	131.6%

BACKGROUND

- They are a leisure food retailer operating chain retail stores under their brand “Best Mart 360° (優品360°)” since the inception of their business in 2013.
- They offer wide collection of imported prepackaged leisure foods and other grocery products, principally from overseas, which can be broadly categorised into (i) confectioneries; (ii) packaged bakery products and snacks; (iii) nuts and dried fruits; (iv) grains and other miscellaneous food products; (v) beverages and wine; (vi) personal care products; and (vii) other products, such as baby food and products, health food and supplements and miscellaneous household items, such as cleaning agents, table ware and rain gear.
- According to the Frost & Sullivan Report, their Group had the highest retail revenue per store with approximately HK\$15.4 million per store for the year ended 31 March 2018 amongst the top seven leisure food retailers which operated over 20 retail stores in Hong Kong.
- They were ranked as the second largest leisure food retailers amongst such top seven leisure food retailers in Hong Kong in terms of their revenue of approximately HK\$1,075.9 million for the year ended 31 March 2018, translating to a market share of approximately 21.6% in the leisure food retail market in Hong Kong as at 31 March 2018.
- The Hong Kong Tourism Board certified their compliance with the assessment criteria of the Quality Tourism Services Scheme and has authorised their certification mark “Best Mart 360° (優品360°)” to use upon “Retail Shops” category and they have been accredited as a “Quality Shop” by the Hong Kong Tourism Board since July 2015.
- Since 2014, they are a member of the “No Fakes Pledge” Scheme launched by The Intellectual Property Department of Hong Kong Government.
- As at the Latest Practicable Date, they sourced their products of around 495 brands and 1,960 SKUs from different overseas suppliers mainly from Europe, the United States, Japan, Korea and South East Asia and importers in Hong Kong, comprising brand owners, manufacturers, distributors, and trading companies.

BUSINESS STRATEGY AND FUTURE PLANS

- Expanding their business by opening additional retail stores.
- Expanding their business by improving their procurement capabilities and continuously enlarging their collection of products with competitive price.
- Further enhancing the overall brand awareness by marketing strategies and campaigns.

- Expanding their member base.
- Increasing their warehousing and logistics capacities.
- Further upgrading their information technology systems to constantly improve their operation efficiency.
- Continuing to develop and build corporate culture and attract, retain and motivate skilled and talented employees.

COMPETITIVE STRENGTHS

- Their brand “Best Mart 360” has well-recognised brand positioning and strong brand recognition in the leisure food retail market of Hong Kong.
- Their quality, trendy and broad appeal product mix procured from international leisure food market.
- Their pricing policy and effective cost control measures which together optimise and escalate the level of their profitability and contribute to their growth in financial performance.
- Their capability in maintaining stable collaborative relationships with existing suppliers and proactively and constantly identifying new suppliers.
- Their strategic planning in expanding the structure of target customers.
- Their strategically located retail stores and stringent management of sales performance of their retail stores.

KEY RISKS

- Their financial results depend on the performance of their existing stores and new stores which can be affected by a lot of factors, some of which may be beyond their control.
- They are exposed to potential liabilities or claims arising from intellectual property rights infringement and false trade description in connection with their parallel-imported products.
- Their success depends partly on their ability to secure and renew the tenancy or licence agreements for their retail stores in desirable locations.
- Their ability to respond effectively to changes in customer preferences and needs may affect their market share and result of operations.
- Their success depends on the strong recognition of their brand “Best Mart 360” in the leisure food retail market of Hong Kong.
- They are exposed to fluctuations in foreign currency exchange rates.
- They face the risk of obsolescence of their inventory.
- Their reliance on the Hong Kong retail sales market.
- Their business and operations are susceptible to product liability claims or product recalls.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used for the opening of additional retail stores.	154.80	66.5%
Will be used for intensifying and broadening marketing efforts.	31.30	13.5%
Will be used to upgrade information technology systems.	23.50	10.1%
Will be used for general working capital purposes.	23.10	9.9%
Total:	232.70	100.00%

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