

IPO FACT SHEET
YCIH Green High-Performance Concrete Company Ltd (1847)
ISSUE STATISTICS

Offer Size:	HK\$369.5m – HK\$469.6m
Placement Tranche:	133,882,000 H Shares
Price:	HK\$2.76 – HK\$3.51
Board lot:	1,000
Entry fee:	HK\$3,545.37
Historical PE	6.19x – 7.87x
Net tangible asset per share:	HK\$2.37 – HK\$2.60
Market Cap (post-IPO):	HK\$369.5m – HK\$469.9m (H-shares)
Open:	21 Oct 2019
Close:	12.00 noon on 24 Oct 2019
Trading:	31 Oct 2019
Sponsor:	China International Capital Corporation Hong Kong Securities Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	3,112,091	29.4%
2018	3,357,117	7.9%
Profit for the year / period		
2017	219,094	11.9%
2018	179,449	-18.1%

BACKGROUND

- They are a leading ready-mixed concrete producer in China with strong research and development capabilities according to the CIC Report.
- They have become the first concrete producer in Yunnan Province to introduce modernized, scientific and environmentally-friendly manufacturing concepts into their production.
- They are the largest ready-mixed concrete producer in Yunnan Province in terms of production volume in 2018 according to the CIC Report, with a market share of 14.9% in Yunnan Province. They are also one of the top ten (in the sixth place) ready-mixed concrete producers in China in terms of production volume in 2018.
- They produce and supply ready-mixed concrete and related construction materials as well as provide quality and technology management services to their customers.
- Headquartered in Kunming, they have built an extensive production and sales network covering the vast majority of the prefectures and cities in Yunnan Province which complements the construction of “Five Networks” promoted by Yunnan Provincial Government.
- As of the Latest Practicable Date, they operated 57 concrete batching plants, with 12 batching plants serving regional markets and 45 batching plants designated to serve specific construction projects.

BUSINESS STRATEGIES

- Strengthen their leading market position in Yunnan Province by expanding and optimizing their production capacity.
- Enhance their sales and marketing capabilities and expand their sales network.
- Further lower their production cost and optimize operational efficiency.
- Continuously enhance their capability in scientific research and development and technological innovation.

COMPETITIVE STRENGTHS

- They are the leading concrete producer in Yunnan Province with a dominant market position.
- They are well positioned to seize the remarkable growth opportunities in the infrastructure industry in Yunnan Province as well as the expanding market potential in Southeast Asia.

- Their strong and leading technology capabilities have enabled them to become the first to achieve green production of concrete and won them a prestigious reputation in the industry.
- Their high-performance concrete products enable them to focus on infrastructure markets with higher entry barriers and higher profitability.
- They have the most extensive production and sales network in Yunnan Province. Coupled with their strong production organization and management, they are able to secure a massive and stable supply of concrete.
- They have a dedicated and experienced professional management team and employees.

KEY RISKS

- Their business may be affected by the general economic condition and performance of construction industry in China.
- They may face short supply of or increase in prices of raw materials.
- They derived majority of their revenue from YCIH Group during the Track Record Period.
- Their business is affected by transportation costs, capacity constraints and labor costs.
- Demand of their products is subject to seasonality.
- They may not have sufficient working capital if they experience significant increase in amount due from customers, and their cash flows and financial condition may be adversely affected if they were unable to collect the payment from customers in a timely manner or fully, especially in government funded projects which are influenced by government policies or bank credit policies.
- They recorded cash outflows from operating activities for the four months ended April 30, 2018.
- They may not continue to obtain favorable credit terms granted by their suppliers.

DIVIDEND POLICY

- They expect to distribute the dividends once a year in an amount of no less than one third of their annual distributable profit attributable to equity holders of their Company.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Will be used to build new materials production bases and project batching plants.	116.70	35.0%
Will be used to improve, integrate and expand their existing concrete production lines.	66.68	20.0%
Will be used to integrate upstream raw material resources to further consolidate their industry chain of concrete production.	116.70	35.0%
Will be used for working capital and general corporate purposes.	33.34	10.0%
Total:	333.42	100.0%

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