

IPO FACT SHEET
Midea Real Estate Holding Limited (3990 HK)
ISSUE STATISTICS

Offer Size:	HK\$3,060m – HK\$3,870m
Placement Tranche:	180m
Price:	HK\$17.00 – HK\$21.50
Board lot:	200
Entry fee:	HK\$4,343.34
Historical PE	12.12x – 15.33x
Net tangible asset per share:	HK\$12.99 – HK\$13.66
Market Cap (post-IPO):	HK\$20,519m – HK\$25,951m
Open:	28 Sep 2018
Close:	12.00 noon on 4 Oct 2018
Trading:	11 Oct 2018
Sponsor:	BNP Paribas Securities (Asia) Limited and CLSA Capital Markets Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2016	11,992,340	44.3%
2017	17,716,924	47.7%
Profit for the total comprehensive income for the year/period		
2016	993,311	159.0%
2017	1,893,569	90.6%

BACKGROUND

- They are a large renowned national property developer in the PRC, providing quality living and Smart Home solutions to their customers across 38 cities and one municipality nationwide in the PRC.
- They believe that they have inherited from Midea Group its core values and competences which emphasize operating efficiency and consistent quality through standardization, differentiation through product innovation and strong execution through clear responsibility allocation, full empowerment and proper incentivization.
- Their project portfolio spans across the PRC and up to June 30, 2018, they had a scalable project portfolio of 142 projects across 36 cities in 11 provinces, two cities in an autonomous region and one municipality nationwide. They also participated in 30 projects through joint ventures and associates.
- They focus their business activities across Pearl River Delta Economic Region and Yangtze River Delta Economic Region, two of the most economically prosperous and vibrant regions in the PRC, as well as the core districts of tier-two, tier-three and selected tier-four cities with economic growth prospects and continuous incoming population such as those cities located in Midstream of Yangtze River Economic Region, Bohai Economic Zone and Southwest China Economic Region.

BUSINESS STRATEGY AND FUTURE PLANS

- Continue to execute their regional “deep-penetration” strategy.
- Strategically expand their investment property portfolio.
- Continue to enhance one-stop Smart Home and living solutions.
- Enter the prefabricated construction industry which has synergies with their property development business.

COMPETITIVE STRENGTHS

- Benefitted from the long established, highly recognized “Midea” brand and its brand influence, they have become a large renowned national property developer in the PRC.
- Diversified and low cost land reserves through their proven regional “deep-penetration” strategy.
- A pioneer in providing one-stop Smart Home and living solutions.
- Benefitted from the Midea Group’s core competence in manufacturing, they have a replicable, quick asset turnover model as supported

by their effective management system and highly standardized operations.

- Experienced, highly motivated management team benefitting from Midea's Group management principles.

KEY RISKS

- Their business and prospects are dependent on the economic conditions in PRC and the performance of the PRC property market, and in particular on the performance of the markets in various major cities in Pearl River Delta Economic Region and Yangtze River Delta Economic Region, and therefore any potential decline in property sales or prices or demand for properties in the PRC generally, or in the major cities in these regions, could have a material adverse effect on their business, financial condition and results of operations.
- They may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices or at all in the future, which may affect their business, financial condition, results of operations and prospects.
- They may not have adequate financing to fund their future land acquisitions and property development, and such capital resources may not be available on commercially reasonable terms or at all.
- The CBIRC and/or other agencies of the PRC government may tighten the regulations relating to trust loans being provided to the property industry in the PRC, which may affect their ability to obtain trust loans.
- They are subject to risks associated with certain covenants or restrictions under their bank borrowings, bonds issuing and trust financing arrangements which may adversely affect their business, financial condition and results of operations.
- Their business depends significantly on Midea Group Company's brand and trademarks and any damage or negative news reports on Midea Group Company brand may adversely affect their business operations and financial condition. In addition, if they are unable to renew their trademark licensing agreement with Midea Group Company, their business operations and financial condition might be affected as well.
- Their results of operations largely depend on a number of factors including the schedule of their property development and the timing of property sales and may therefore vary significantly from year to year.

DIVIDEND POLICY

- No fixed dividend policy

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Is expected to be used by the end of 2020 for land acquisition to increase their land reserves by seeking and acquiring land parcels or suitable merger and acquisition opportunities in cities in which they currently operate and plan to expand.	2,318.40	70.0%
Will be used for land acquisition and construction for their potential prefabricated construction projects.	496.80	15.0%
Will be used for their research and development on Smart Home solutions.	165.60	5.0%
Will be used for general working capital purposes.	331.20	10.0%
Total:	3,312.00	100.00%

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