

**IPO FACT SHEET**
**Natural Food International Holding Ltd (1837 HK)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$682.02m – HK\$884.1m
<b>Placement Tranche:</b>	421m
<b>Price:</b>	HK\$1.62 – HK\$2.10
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$4,242.32
<b>Historical PE</b>	19.4x – 25.1x
<b>Net tangible asset per share:</b>	HK\$0.38 – HK\$0.46
<b>Market Cap (post-IPO):</b>	HK\$3,598m – HK\$4,664m
<b>Open:</b>	29 Nov 2018
<b>Close:</b>	12.00 noon on 4 Dec 2018
<b>Trading:</b>	12 Dec 2018
<b>Sponsor:</b>	CICC, CMBC International Capital

<b>Year ended 31 Dec</b>	<b>(RMB\$m)</b>	<b>yoy % chg</b>
<b>Revenue</b>		
2016	1,206	28.6%
2017	1,576	30.8%
<b>Profit/loss after income tax</b>		
2016	88	205.5%
2017	186	112.0%

**BACKGROUND**

- The Group is the second largest natural health food company in China.
- A substantial portion of their products are natural health food premised upon the core values of “Naturally Made, No Additives Needed” (本來自然, 何須添加) and they are dedicated to building China’s most valuable natural health food brand.

**BUSINESS STRATEGY AND FUTURE PLANS**

- Further enhance their integrated distribution platform and optimize their channel mix.
- Continue to expand and diversify their product portfolio while upholding their core values of “Naturally Made, No Additives Needed”.
- Further strengthen their brand equity to increase market share.
- Further enhance operational efficiency and optimize technology infrastructure.
- Recruit, train and incentivize talent.
- Pursue appropriate strategic acquisitions and business opportunities.

**COMPETITIVE STRENGTHS**

- Leader in the rapidly growing natural health food industry in China with a highly recognizable brand.
- Diversified product portfolio supported by innovative product development capabilities.
- Well-established integrated distribution platform comprised of online and offline channels.
- Excellent operational efficiency supported by their strong proprietary technology infrastructure.
- Strong ability to control food safety and ingredients supply.
- Visionary and experienced management team with a focus on human capital.

**KEY RISKS**

- Their business depends significantly on market recognition of Their “Wugu Mofang” brand, and any damage to their brand, trademarks or reputation, or failure to effectively promote their brand, could materially and adversely impact their business and results of operations.
- Their business is subject to changes in consumer tastes, preferences, perceptions and spending patterns, and any failure to maintain

food safety and consistent quality could have a material and adverse effect on their brand, business and financial performance.

**DIVIDEND POLICY**

- Subject to the Companies Law and other applicable laws and regulations, they currently target to distribute to their Shareholders approximately 20% to 40% of their distributable profits for any particular year.

**USE OF PROCEEDS**

	HK mn	As a percentage of gross proceeds from the Invitation (%)
To enhance their integrated distribution platform and optimize their channel mix.	248.5	35.0%
For the construction of their new Nansha Manufacturing Facility in Guangzhou, Guangdong Province and the procurement of machinery and equipment for this planned processing facility.	426.1	60.0%
For working capital and general corporate purposes.	35.5	5.0%
<b>Total:</b>	<b>710.1</b>	<b>100.0%</b>

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