

IPO FACT SHEET
SANVO Fine Chemicals Group Limited (301)
ISSUE STATISTICS

Offer Size:	HK\$120m – HK\$140m
Placement Tranche:	100m
Price:	HK\$1.20 – HK\$1.40
Board lot:	2,000
Entry fee:	HK\$2,828.22
Historical PE	19.34x – 22.56x
Net tangible asset per share:	HK\$0.32 – HK\$0.36
Market Cap (post-IPO):	HK\$513.0m – HK\$598.5m
Open:	27 Dec 2019
Close:	12.00 noon on 7 Jan 2020
Trading:	16 Jan 2020
Sponsor:	VBG Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	669,274.0	30.7%
2018	769,171.0	14.9%
Profit for the year/period		
2017	20,406.0	-15.6%
2018	22,734.0	11.4%

BACKGROUND

- They are an established fine industrial chemical products manufacturer based in the PRC.
- They focus principally on the manufacture, research and development, and sale of a diversified portfolio of fine industrial chemical products, which can serve a range of purposes, including as hardware and building materials and towards automotive maintenance.
- Their products can be broadly categorised into the following segments: (i) aerosols, (ii) organic silicone adhesives, (iii) synthetic adhesives, and (iv) other miscellaneous products such as architectural coatings, oil products and wood paints.
- According to Frost & Sullivan, their Group had an aggregate market share of approximately 0.4% in terms of sales value of aerosol products and adhesives and sealants in the PRC in 2018, and had market shares of approximately 0.5%, 1.4% and 0.3% in terms of sales value of aerosol products, industrial and automotive aerosol products, and adhesives and sealants respectively in the PRC in 2018. In particular, their Group was the second largest spray paint manufacturer in the PRC in terms of sales value in 2018 with a market share of 2.4%.
- They have two principal lines of business operations, namely the manufacture and sale of fine industrial chemical products: (i) under their brands of “SANVO 三和” and “FullTeam 美田” (of which the sales of their “SANVO 三和” branded products accounted for over 98% of their non-OEM sales throughout the Track Record Period); and (ii) on an OEM basis. During the Track Record Period, the revenue derived from the sale of their OEM products accounted for approximately 5.8%, 7.7%, 6.9% and 4.1% of their total revenue, respectively.
- With respect to their “SANVO 三和” and “FullTeam 美田” branded products, they primarily sell these on a wholesale basis to their distributors based in the PRC, the majority of which have exclusive rights to distribute their products within their designated areas. Their distributors distribute their products via different channels, including through (i) on-selling to downstream resellers and/or end users, or (ii) in the case of certain distributors, their self-operated points of sales.

BUSINESS STRATEGIES

- Expand and enhance their production capacity.
- Deepen their penetration of an strengthen their market position in the PRC fine industrial chemical products industry.
- Strengthen their brand image through marketing and advertising initiatives.
- Further enhance their research and development ability.

COMPETITIVE STRENGTHS

- Extensive nationwide distribution network for their products.
- They offer a comprehensive and diversified product portfolio.
- Their experienced and dedicated management team and workforce.
- Their long-term well-established relationships with major customers and suppliers.
- Their commitment to deliver quality products with stringent quality control measures.
- They are a recognised manufacturer of various types of fine industrial chemical products in the PRC, including in particular aerosols, organic silicone adhesives and synthetic adhesives, with strong brand recognition.

KEY RISKS

- Risks relating to their business.
- Risks relating to their industry.
- Risks relating to the PRC.
- Risks relating to the Share Offer.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
For investment in their new manufacturing facility at the MV Production Site.	60.2	80.0%
For sales and marketing activities to enhance their brand recognition in the PRC and overseas.	7.5	10.0%
For working capital and other general corporate purposes.	7.5	10.0%
Total:	75.2	100.0%

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