

IPO FACT SHEET
Suoxinda Holdings Limited (3680)
ISSUE STATISTICS

Offer Size:	HK\$150m – HK\$180m
Placement Tranche:	100m
Price:	HK\$1.50 – HK\$1.80
Board lot:	2,000
Entry fee:	HK\$3,636.28
Historical PE	23.58x – 28.30x
Net tangible asset per share:	HK\$0.49 – HK\$0.56
Market Cap (post-IPO):	HK\$600m – HK\$720m
Open:	28 Nov 2019
Close:	12.00 noon on 3 Dec 2019
Trading:	13 Dec 2019
Sponsor:	Essence Corporate Finance (Hong Kong) Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	139,386	-18.2%
2018	185,549	33.1%
Profit for the year/period		
2017	20,877	54.3%
2018	22,643	8.5%

BACKGROUND

- They are a market player in the big data and AI industry in the PRC providing data solutions, sales of hardware and software and related services as an integrated service, as well as IT maintenance and support services, to corporate customers.
- Based in Shenzhen, they develop and deliver sophisticated data solutions with a strategic focus on leading banks and financial institutions in the PRC.
- They were ranked the fifth largest data solution provider based in Southern China in terms of revenue from financial industry in 2018, with their services covering 55.6% of the state-owned banks and joint stock commercial banks in the PRC and their financial customers including eight of the fifteen largest banks in the PRC in terms of revenue in 2018, according to the F&S Report.
- They were also ranked the ninth largest Southern China-based data solution provider in terms of revenue, and they had a market share of 0.06% in the PRC data solution industry in terms of revenue derived from provision of data solutions in 2018, according to the F&S Report.
- They categorise their major revenue streams into (i) data solutions, (ii) sales of hardware and software and related services as an integrated service, and (iii) IT maintenance and support services.
- Their customers primarily comprise banks, financial institutions as well as enterprises in various industrial sectors. Whilst for the remaining contracts, (i) they were engaged by intermediaries, such as other IT services providers or software and hardware vendors, as their subcontractors to provide their services to the end users; or (ii) the intermediaries purchased their hardware and software products and resell to the end users.

BUSINESS STRATEGIES

- Strengthening and expanding their data solution offerings.
- Enhancing market penetration and expanding into new market sectors.
- Enhancing their research and development capabilities and infrastructure.
- Collaborating with business partners and leading universities.
- Selectively pursuing strategic acquisitions to enhance their market position.

COMPETITIVE STRENGTHS

- They are a market player in the big data and AI industry in the PRC, and they are well positioned to capture the national development strategies and the industry growth momentum.
- They are devoted in technology advancements and they provide quality solutions and products to meet their customers' needs.
- They have developed a high quality, loyal customer base and established long-term strategic relationships with their customers.
- They have a visionary and experienced senior management team, supported by high-caliber professionals and technical personnel and a culture of entrepreneurship.

KEY RISKS

- If they fail to keep up with technological advancements of the PRC big data and AI solution industry, their business, financial condition and results of operations may be materially and adversely affected.
- They generally do not have long-term contracts with their customers which exposes them to the risk of uncertainty and potential volatility with respect to their revenue.
- If they fail to expand their solution and product offerings or develop and deliver solutions and products to meet increasingly complex customer demands and attract new customers, their financial condition and results of operations may be materially and adversely affected.
- They may fail to secure further contracts from existing customers or may fail to secure contracts from new customers.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Strengthening and expansion of their data solution offerings through continuously attracting and retaining high-quality personnel and offering attractive compensation packages to retain their employees.	25.8	20.0%
Enhancement of their sales and marketing efforts including corporate branding activities.	25.8	20.0%
Development of the financial AI laboratory, the display centre and office facilities of the Haina Property in Shenzhen.	45.2	35.0%
Potential strategic acquisition to supplement their organic growth.	19.3	15.0%
Working capital and other general corporate purposes.	12.9	10.0%
Total:	129.0	100.0%

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