

IPO FACT SHEET
CENTENARY UNITED HOLDINGS LIMITED (1959)
ISSUE STATISTICS

Offer Size:	HK\$126.25m – HK\$153.75m
Placement Tranche:	125m
Price:	HK\$1.01 – HK\$1.23
Board lot:	2,000
Entry fee:	HK\$2,484.79
Historical PE	13.83x – 16.84x
Net tangible asset per share:	HK\$0.34 – HK\$0.40
Market Cap (post-IPO):	HK\$505m – HK\$615m
Open:	30 Sep 2019
Close:	12.00 noon on 11 Oct 2019
Trading:	18 Oct 2019
Sponsor:	Fortune Financial Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	1,904,919	3.8%
2018	1,940,311	1.9%
Profit for the year / period		
2017	30,679	107.8%
2018	34,438	12.3%

BACKGROUND

- Established in 1999, they are an integrated auto service provider in Zhongshan, Guangdong province of the PRC with a focus on mid-to-high end sino-foreign and international brands.
- As at 31 December 2018, they were the largest 4S dealership group in Zhongshan in terms of the number of 4S dealership outlets and ranked 13th by ACMR amongst privately-owned 4S dealership groups in the Guangdong province according to the ACMR Report.
- During the Track Record Period, they operated 4S dealership outlets dedicated to the following brands: Dongfeng Nissan, Beijing Hyundai, FAW Toyota, FAW Volkswagen, Dongfeng Venucia, Chevrolet and Buick as authorised by their respective automobile manufacturers.
- Their new Jaguar and Land Rover 4S dealership outlet has commenced operation in the second quarter of 2019 and they expect their new Cadillac outlet to commence operation in the first quarter of 2020.
- One of their Group's key growth strategies is to develop and expand their other integrated auto services business.
- During the Track Record Period, the gross profit margin of their other integrated auto services was over 27.0% whilst the gross profit margin of their sales of motor vehicles was below 10.0%.

BUSINESS STRATEGIES

- Continue to expand their motor vehicle sale and service network through organic growth which includes the opening of the new outlet for Cadillac, the new outlet for JETTA brand (which is a new brand of FAW Volkswagen) and the new energy vehicle megastore and the upgrading of existing outlets, or through selective acquisition.
- Expansion of their other integrated auto services through the opening of additional quick fix auto centres, the further development of used vehicle services and used vehicle marketplaces, and through their increase in cross-selling efforts and enhancement of overall profitability through insurance agency services.
- Big data analysis and online marketing.

COMPETITIVE STRENGTHS

- They are a leading 4S dealership group in Zhongshan, Guangdong province, and they are well positioned to capture opportunities in relatively higher growth markets in the PRC.

- Their extensive network, large customer base, comprehensive auto services offering has laid a strong foundation for us to further enhance and develop their other integrated auto service business, which is a high profitability business segment and key growth driver of their Group.
- They have established stable and long-term relationships with leading manufacturers of mid-to-high end passenger vehicles.
- They provide high quality customer services.
- They have an experienced management team and a stable pool of skilled personnel.

KEY RISKS

- Their business and operations depend significantly on their authorised dealership agreements with their automobile manufacturers and the loss of any such agreement would affect their operations and financial results.
- A significant portion of their revenue is derived from the sales of motor vehicles of a few major brands and any weakening of such brands or their relationships with such brands could affect their operations and financial results.
- Their business may be adversely affected by political and macro-economic events.
- Automobile manufacturers impose restrictions on many different aspects of their business and operations and they rely on their support and cooperation for the successful operation of their business.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Financing the expenditures required in connection with the organic growth of their motor vehicle sale and service network via their opening of new outlets in Zhongshan.	33.4	31.1%
Financing their network's expansion through selective acquisition of other automobile dealership outlets if suitable opportunities arise.	27.4	25.5%
Financing the expansion of their other integrated auto services.	30.2	28.1%
Optimising and upgrading their information technology system to facilitate big data analysis and the integration of their online and offline customer services.	11.0	10.2%
General working capital purposes.	5.5	5.1%
Total:	107.5	100.0%

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