

IPO FACT SHEET
CHINA TIANBAO GROUP DEVELOPMENT COMPANY LIMITED (1427)
ISSUE STATISTICS

Offer Size:	HK\$478m – HK\$620m
Placement Tranche:	200m
Price:	HK\$2.39 – HK\$3.10
Board lot:	1,000
Entry fee:	HK\$3,131.24
Historical PE	15.93x – 20.66x
Net tangible asset per share:	HK\$1.05 – HK\$1.22
Market Cap (post-IPO):	HK\$1,912m – HK\$2,480m
Open:	30 Oct 2019
Close:	12.00 noon on 4 Nov 2019
Trading:	11 Nov 2019
Sponsor:	ABCI Capital Limited and Guotai Junan Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	1,202,278	50.3%
2018	1,601,739	33.2%
Profit for the year/period		
2017	59,338	59.6%
2018	108,207	82.4%

BACKGROUND

- The Group is a property developer and construction company based in Zhuozhou, a city in Hebei Province, China.
- They engage in a wide range of property development activities, such as planning and design, construction, and property sales, investment and operations.
- They trace their history back to March 1998 when they established their construction contracting business in Zhuozhou. In 2001, they expanded their business to property development and strategically focused such business in major satellite cities of Beijing, such as Zhuozhou and Zhangjiakou.
- They are well-positioned to benefit from the national strategies of the coordinated development of the Beijing-Tianjin-Hebei Region and the development of the Xiong'an New Area.
- With the opportunities from the upcoming 2022 Beijing Winter Olympics, they expect a high potential of property development in Zhuozhou, Zhangjiakou and other cities of the Beijing-Tianjin-Hebei Region.
- They principally engage in the following businesses: a) Property development business. As a property developer, they focus primarily on the development and sales of residential properties, and leasing and operation of an investment property. b) Construction contracting business. They provide construction contracting services mainly as a general contractor for building construction projects, infrastructure construction projects, and industrial and commercial construction projects.

BUSINESS STRATEGIES

- Seize the opportunities presented by the development of the Beijing-Tianjin-Hebei Region and the Xiong'an New Area, and the upcoming 2022 Beijing Winter Olympics, to further expedite their expansion and growth.
- Increase their land reserves and expand their operations in the Beijing-Tianjin-Hebei Region and Sichuan Province where they believe to have profitable opportunities and focus on property development featuring cultural-tourism, healthcare and commercial complexes.
- Strengthen engineering and technological innovation and IT capabilities to further improve their efficiency and competitiveness and to develop ourselves as an energy-saving and environmental-friendly construction company.
- Enhance their corporate governance and human resources management by further strengthening their corporate culture and recruiting and retaining talented professionals with strong industry backgrounds.

COMPETITIVE STRENGTHS

- They are well-positioned to benefit from the national strategies of the coordinated development of the Beijing-Tianjin-Hebei Region and the development of the Xiong'an New Area, and the opportunities from the 2022 Beijing Winter Olympics.
- They have achieved synergies between their property development business and construction contracting business which have enabled them to develop a diverse project portfolio and improve efficiency.
- Rooted in the Capital Economic Circle, they gained rich experience in land acquisitions by acquiring high-quality land reserves in principal cities of the region.
- With the highest level of qualification in general building construction, a broad range of qualifications, strict quality control measures and active technological innovation, they continued to win mandates for high-quality projects.
- Their optimized personnel structure, experienced and stable management team and unique corporate culture allow them to provide long-term quality services to their clients.

KEY RISKS

- Their businesses and future growth are subject to macroeconomic conditions in China, particularly Hebei Province, which are beyond their control.
- Their operations are subject to extensive government policies and regulations and they are particularly susceptible to adverse changes in policies relating to the property development industry and PRC construction industry in regions in which they operate.
- Their business and prospects are heavily dependent on the performance of the PRC property markets, particularly in the various cities they operate and intend to operate, and therefore any potential decline in property sales or prices or demand for properties in China generally, or in the cities where their projects are located, could have a material adverse effect on their business, financial condition and results of operations.
- They face intense competition in their industries, and failure to compete effectively may cause them to lose market share.
- They may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices in the future, which may affect their business, financial condition, results of operations and prospects.
- 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.
- Failure to receive progress or milestone payments or retention fees on time or in full may materially and adversely affect their liquidity position.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Increase their land reserves by seeking and acquiring land parcels in cities in Beijing-Tianjin-Hebei Region to further expand their property development business into cultural-tourism properties and healthcare properties.	228.1	50.0%
Fund the construction of their property projects under development including Tianbao Hushan Yard (天保湖山大院) and Zhangbei Zhongdu Garden (中都莊園).	91.2	20.0%
Fund construction projects in their backlog as of the Latest Practicable Date, which mainly include building construction projects and infrastructure construction projects in Hebei Province	91.2	20.0%
Working capital and general corporate purposes.	45.6	10.0%
Total:	456.1	100.0%

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