

**IPO FACT SHEET**
**Confidence Intelligence Holdings Limited (1967)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$125m – HK\$156.25m
<b>Placement Tranche:</b>	62,500,000 shares
<b>Price:</b>	HK\$2.00 – HK\$2.50
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$5,050.39
<b>Historical PE</b>	12.25x – 15.31x
<b>Net tangible asset per share:</b>	HK\$1.11 – HK\$1.23
<b>Market Cap (post-IPO):</b>	HK\$500m – HK\$625m
<b>Open:</b>	28 Sep 2019
<b>Close:</b>	12.00 noon on 4 Oct 2019
<b>Trading:</b>	18 Oct 2019
<b>Sponsor:</b>	Dakin Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	208,634	19.8%
2018	236,210	13.2%
Profit for the year attributable to owners of the Company		
2017	32,011	-9.5%
2018	40,814	27.5%

**BACKGROUND**

- Founded in 2000, they are an EMS provider in the PRC offering comprehensive assembling and production services of printed circuit board assembly (“PCBA”) in the PRC that integrate research and design, selection and procurement of raw materials, assembling and production of PCBAs, quality control, testing, logistics and aftersales services.
- A PCBA is used as an electronic circuit interconnecting medium and a mechanical mounting substrate which is a vital part of an electronic product. Their PCBAs are incorporated in electronic products in various downstream industries.
- Their business model: Their integrated EMS business model offers comprehensive and full-fledged PCB assembling and manufacturing services with the capabilities to research and design, select and procure raw materials, assemble and produce PCBAs and provide quality control, testing, logistics and after-sales services to their customers. This can free up their customers more time to focus on technological development of their electronic products. Their PCB assembling and production services can meet their customers’ varying needs.
- Their products comprise PCBAs that are generally applied to electronic endproducts of four principal types, namely, (i) telecommunication; (ii) industrial-use; (iii) IoT; and (iv) others. PCBAs are produced by assembling, populating and soldering of electronic components with different functions onto bare PCBs, which enables the PCBAs to function in the way they are designed.
- They set up their Shenzhen Production Plant in a leased property situated at collectively-owned industrial land at No. 7 & No. 18 Building, New Development Zone, Baishixia, Fuyong Street, Bao’an District, Shenzhen with a gross floor area of approximately 9,375 sq.m. and is equipped with automated machinery and equipment for assembling and production of PCBAs.

**BUSINESS STRATEGIES**

- Enhance their production capacity and efficiency by replacing their machinery of old models by the new ones.
- Enhance the level of automation in their quality control and packaging system.
- Strengthen their product design and enhancement capabilities in respect of their PCBAs applicable to telecommunication devices and IoT devices.
- Further strengthen their research and development capabilities.
- Strengthen their product testing capabilities for IoT products by setting up a cloud-based simulation platform.
- Upgrade their MES system and enhance their capabilities in information technology.

- Upgrade their existing intelligent warehouse.

#### COMPETITIVE STRENGTHS

- They offer a wide array of EMS across various stages of the supply chain of PCBAs to their customers with turnkey EMS capabilities and effective quality control system.
- They are committed to strengthen their research and development capabilities and are able to work closely with their customers in their product development.
- They fully optimise the functions of their automated machinery and equipment to enable us to achieve efficient and cost-effective production of PCBAs.
- They have an experienced management team.
- They have established long-term and stable relationships with their major customers.

#### KEY RISKS

- Their Group had a concentration of customers during the Track Record Period and any decrease or loss of business from their major customers could adversely and substantially affect their operations and financial conditions.
- Their cash flow position may deteriorate owing to a mismatch between receipt of payments from their customers and payments to their suppliers, if they are unable to manage their cash flow mismatch properly.
- Their failure to anticipate and respond to technology changes could harm their business.

#### DIVIDEND POLICY

- No fixed dividend policy.

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Expand their production capacity and enhancing their production efficiency by acquisition of 71 units of SMT mounting machines.	55.6	54.3%
Enhance the level of automation in their quality control measures and packaging of PCBAs by setting up five automated testing and packaging lines.	8.5	8.3%
Strengthen their product design and enhancement capabilities in respect of the PCBAs for telecommunication devices and IoT products by setting up RF shielding room for testing RF connectivity in a chamber.	6.5	6.4%
Upgrade their existing MES system.	3.4	3.4%
Further strengthen their research and development capabilities by recruitment of five additional engineers.	3.4	3.4%
Strengthen their product testing capabilities for IoT products by setting up a cloud-based simulation platform.	2.4	2.3%
Upgrade their existing intelligent warehouse.	2.8	2.7%
Repayment of bank loan acquired for their acquisition of machinery and equipment and general working capital with interest rates ranging from 9.0% to 9.2% annual percentage rate with maturity dates in September 2020 and June 2021.	9.5	9.3%
Working capital.	10.2	9.9%
<b>Total:</b>	<b>102.3</b>	<b>100.0%</b>

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