

IPO FACT SHEET
JY Grandmark Holdings Limited (2231)
ISSUE STATISTICS

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|--------------------------------------|---------------------------|
| Offer Size: | HK\$1,164m – HK\$1,452m |
| Placement Tranche: | 400m |
| Price: | HK\$2.91 – HK\$3.63 |
| Board lot: | 1,000 |
| Entry fee: | HK\$3,666.58 |
| Historical PE | 10.73x – 13.39x |
| Net tangible asset per share: | HK\$1.53 – HK\$1.70 |
| Market Cap (post-IPO): | HK\$4,656m – HK\$5,808m |
| Open: | 25 Nov 2019 |
| Close: | 12.00 noon on 28 Nov 2019 |
| Trading: | 5 Dec 2019 |
| Sponsor: | DBS Asia Capital Limited |

| Year ended 31 Dec | (RMB'000) | yoy % chg |
|----------------------------|-----------|-----------|
| Revenue | | |
| 2017 | 838,259 | 30.8% |
| 2018 | 1,328,887 | 58.5% |
| Profit for the year/period | | |
| 2017 | 86,078 | 1.9% |
| 2018 | 381,759 | 343.5% |

BACKGROUND

- They are a property developer, operator and property management service provider based in the PRC and principally offered residential properties in Guangdong and Hainan provinces during the Track Record Period.
- They have land resources in Guangdong, Hainan, Yunnan and Hunan provinces for their future development.
- They position themselves as an “Eco-friendly and People-oriented Property Developer” (生態人文地產發展商), leveraging the natural resources, unique landscapes and features as well as rich culture of their selected project sites to develop homes and communities that they consider to be truly liveable for their buyers. Ever since their incorporation in 2013, this positioning has been clear and it is what differentiates their Group from other property developers in the PRC.
- As a young member of the industry, they had 10 completed project phases, six project phases under development and three of which had commenced pre-sale activities up to the Valuation Date, and held 14 project phases for their future development as at the Valuation Date. Their first project JY Lychee Town was awarded Green Residential Area in Guangdong Province* (廣東省綠色住區) by Guangdong Province Real Estate Industry Association* (廣東省房地產行業協會) in 2019. Their JY Gaoligong Town was awarded “Yang Meng” Quality Project* (羊盟好項目) by Yangcheng Design Alliance, Guangzhou City Space Design Association* (羊城設計聯盟, 廣州市空間設計協會) in 2018.
- They mainly target purchasers looking for a home upgrade, a second home or a vacation home, those who value a home that is surrounded by tranquil environment while still located in proximity to first-tier cities for convenience.
- In line with their positioning, they select their project sites strategically, with priority for places with iconic natural resources.

BUSINESS STRATEGIES

- Enhance their presence in existing markets and strategically develop into selected markets.
- Develop their brand as a “360° Asset and Lifestyle Service Provider (360°資產生活服務商)”.
- Maintain their diversified land acquisition strategies to capture profitable opportunities.
- Continue to improve their customer-oriented product offerings and enhance their brand recognition and customer loyalty.
- Adopt a balanced and systematic approach to achieve sustainable and profitable future growth.
- Adhere to prudent financial policies and proactive management of their capital structure.

COMPETITIVE STRENGTHS

- Identify and acquire strategically located land reserves.
- Develop diverse types of high quality residential properties based on unique land features.
- Execute their meticulous project plans with effective cost and quality control.
- Enrich resident experience with tailored and all-round services, they have achieved high growth during the Track Record Period.

KEY RISKS

- Their business is subject to extensive governmental regulation and is sensitive to property purchase restriction policy (if any) and other policy changes particularly in Guangdong, Hainan, Yunnan and Hunan provinces.
- Their business and prospects depend heavily on the economic conditions in the PRC and the performance of the PRC property markets, particularly in Guangdong, Hainan, Yunnan and Hunan provinces.
- They may not be able to acquire land in desirable locations that are suitable for their development at commercially acceptable prices or at all.
- They may be subject to fines or sanctions by the PRC government if they fail to pay land grant premium or fail to develop properties according to the terms of the land grant contracts.
- Their cash inflow from and results of operation may vary significantly from period to period and such fluctuations may make it difficult to predict their future performance and price of their Shares.
- They had negative net operating cash flows during the Track Record Period and they may not be able to obtain sufficient funding for their land acquisitions and future property developments whether through bank loans or other arrangements on commercially reasonable terms, or at all.

DIVIDEND POLICY

- They currently target to distribute to their Shareholders no less than 30% of their distributable profits for any particular financial year.

USE OF PROCEEDS

| | HK mn | As a percentage of gross proceeds from the Invitation |
|---|----------------|---|
| Will be used as the development costs for certain of their projects. | 732.5 | 60.0% |
| Will be used for acquisition of land parcels in provinces which they are currently operating. | 366.3 | 30.0% |
| Will be used for their general working capital. | 122.0 | 10.0% |
| Total: | 1,220.8 | 100.0% |

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