

**IPO FACT SHEET**
**SICHUAN LANGUANG JUSTBON SERVICES GROUP CO., LTD. (2606)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$1,313.24m – HK\$1,673.73m
<b>Placement Tranche:</b>	42.9162m
<b>Price:</b>	HK\$30.60 – HK\$39.00
<b>Board lot:</b>	100
<b>Entry fee:</b>	HK\$3,939.31
<b>Historical PE</b>	15.87x – 20.22x
<b>Net tangible asset per share:</b>	HK\$7.81 – HK\$9.84
<b>Market Cap (post-IPO):</b>	HK\$5,253m – HK\$6,695m
<b>Open:</b>	08 Oct 2019
<b>Close:</b>	12.00 noon on 11 Oct 2019
<b>Trading:</b>	18 Oct 2019
<b>Sponsor:</b>	Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	923,298	40.3%
2018	1,464,458	58.6%
Profit for total comprehensive income for the year / period		
2017	185,355	82.9%
2018	296,890	60.2%

**BACKGROUND**

- The Group is a leading property management service provider in Southwest China and Sichuan Province with a fast growth track record.
- In Southwest China and Sichuan Province, They had a total GFA under management of approximately 41.6 million sq.m. and 33.4 million sq.m., respectively, as of December 31, 2018, which ranked us fourth and first, respectively, among the Top 100 Property Management Companies in China in 2019 in terms of GFA under management in these two regions as of the same date, according to CIA.
- According to CIA, They were ranked first and 11th among the Top 100 Property Management Companies of Sichuan Province and China in 2019, respectively, in terms of overall strength.
- Through organic growth as well as mergers and acquisitions, they achieved rapid business expansion during the Track Record Period.
- Their GFA under management increased from approximately 24.2 million sq.m. as of December 31, 2016 to approximately 60.6 million sq.m. as of December 31, 2018, representing a CAGR of 58.2%, compared to the average CAGR of the Top 100 Property Management Companies of 16.7% for the same period, and further increased to approximately 63.3 million sq.m. as of June 30, 2019.

**BUSINESS STRATEGIES**

- Further expand their business scales and market shares.
- Continue to develop high-tech intelligent property management services, strengthen smart management and digitalization, upgrade the "Life Pro Service System (生活家服務體系)," further reduce operating costs and improve profitability.
- Further develop the "Life Pro Alliance Ecosystem (生活家聯盟生態圈)," introduce strategic partners, and promote cooperation to achieve win-win.
- Further improve and optimize the human resources training and incentive mechanism.

### COMPETITIVE STRENGTHS

- A leading player in the property management industry in Southwest China with a fast growth track record.
- Standardized operations with advanced information technology to achieve cost effectiveness, scalability and profitability.
- Integrated one-stop service platform to enhance customers' living experience.
- Synergistic effects among three business lines, together with a diversified portfolio of managed properties, leading to various operating revenue and growth opportunities.
- Experienced management team and effective staff development and motivation mechanism.

### KEY RISKS

- Their future growth may not materialize as planned, and any failure to manage their future growth effectively may have a material adverse effect on their business, financial position and results of operations.
- They expanded their business through acquisitions during the Track Record Period and may fail to achieve the desired benefits from such acquisitions, which could have a material adverse effect on their results of operations.
- They recorded significant amount of goodwill on their consolidated balance sheets attributable to the acquisitions completed during the Track Record Period. Provision for impairment losses on goodwill would adversely affect their financial position.
- Provision for the impairment losses on their other intangible assets may adversely affect their financial position. The implementation of their expansion plan might result in an increase in their provision for impairment losses on other intangible assets and an increase in depreciation and amortization charges.
- Both of their financial assets and liabilities at fair value through profit or loss are subject to changes and the valuation of such assets or liabilities are subject to uncertainties due to the use of unobservable inputs, which may in turn adversely affect their financial performance.
- Their future acquisitions may not be successful.
- They cannot assure you that they can procure new property management contracts.
- They may be subject to losses and their profit margins may decrease if they fail to control their costs in performing their property management services on a lump sum basis.

### DIVIDEND POLICY

- They expect to pay a dividend no less than 25% of the profit after tax after the Listing each year.

### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To acquire or invest in other property management service providers for residential properties.	692.4	50.0%
To acquire or invest in property management companies for non-residential properties, such as commercial properties, industrial parks, office buildings, schools and hospitals, in order to strengthen their ability to serve non-residential properties and further diversify their project portfolio.	235.4	17.0%
To acquire companies engaged in property management-related businesses, such as security, cleaning, gardening and maintenance service providers, in order to optimize their business structure and achieve synergy.	138.5	10.0%
To improve their community value-added services.	69.2	5.0%
To fund the update of their IT system	110.8	8.0%
For working capital and general corporate purposes.	138.5	10.0%
<b>Total:</b>	<b>1,384.8</b>	<b>100.0%</b>

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