

IPO FACT SHEET
Sichuan Energy Investment Development Co., Ltd. (1713 HK)
ISSUE STATISTICS

Offer Size:	HK\$473.09m – HK\$628.99m
Placement Tranche:	268.8m shares
Price:	HK\$1.76 – HK\$2.34
Board lot:	2,000
Entry fee:	HK\$ 4,727.16
Historical PE	13.4x – 17.9x
Net tangible asset per share:	HK\$2.64 - HK\$2.78
Market Cap (post-IPO):	HK\$473.1m - HK\$629.0m
Open:	13 Dec 2018
Close:	12.00 noon on 18 Dec 2018
Trading:	28 Dec 2018
Sponsor:	BOCOM International (Asia) Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2016	1,691,675	4.8%
2017	1,853,243	9.6%
Profit for the year/period		
2016	117,824	12.3%
2017	124,890	6.0%

BACKGROUND

- The Group is a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full power supply value chain covering power generation and electricity distribution and sales.
- Its business consists of
 - (i) power business, which includes power generation and power supply; and
 - (ii) EECS business, which consists of electrical engineering construction service and sales of electric equipment and materials.
- The Group is the only authorized regional power supplier in the designated statutory area that covers parts of the Seven Counties and Districts and certain of the surrounding areas.
- The Group sells electricity to users through its power grid within its power supply service area. It primarily generates electricity from hydropower plants owned and operated by its subsidiaries.

BUSINESS STRATEGY AND FUTURE PLANS

- Seeking acquisition opportunities to continue to increase its share in the power generation and supply market.
- Improving its power grid structure and enhancing the level of automation and informatization.
- Further strengthening cost control to continuously improve profitability.
- Actively participating in the PRC power industry reform and extending the service industry chain.
- Striving for diversified development and capturing opportunities to enter into new business sectors in order to create an industrial structure with complementary businesses.

COMPETITIVE STRENGTHS

- A comprehensive power solution provider that provides integrated power services covering generation, distribution and sales of electricity.
- The only power supplier in its power supply service area in Yibin City.
- Possess regional advantages, abundant natural resources, including hydropower reserves, and conducive conditions for business

development.

- Enjoy strong support from its major Shareholders, which lays a solid foundation for the stable and healthy development of its business.
- Possess a management team with extensive business and management experience.

KEY RISKS

- Its business growth depends greatly on the continuous economic growth of Yibin City. If the economic growth of Yibin City is below expectation or there is any material adverse change in the economic or social conditions, its business, results of operations and financial conditions may be materially and adversely affected.
- It sources electricity from external parties and it relies on a limited number of suppliers.
- Its power generation is dependent on hydrological conditions and it may face risks of business seasonality.
- Its borrowing levels, interest payment obligations and net current liabilities could limit the funds available to it for business purposes.
- It is subject to risks associated with changes in preferential tax treatment.
- It may encounter difficulties in identifying suitable acquisition opportunities and the estimated return on acquisitions may not be accurate or may not materialize at all.
- The Group or its landlords do not possess the land use rights certificates or building ownership certificates in respect of certain land and buildings owned or leased by it.

DIVIDEND POLICY

- Expect that the profit to be distributed in cash each year will be no less than 50% of the distributable profit (being the lower of the amounts determined in accordance with PRC GAAP or IFRS) in consolidated financial statements for that year.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Acquisition of certain power-related assets and hydropower plants	201.0	40.0%
Construct a higher voltage power supply network and upgrade existing power grid facilities	150.7	30.0%
Establish a centralized power dispatch control center and facilitate the automation and informatization of its power grid system	100.5	20.0%
Working capital and general corporate purposes	50.2	10.0%
Total:	502.4	100.00%

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