

IPO FACT SHEET
Snack Empire Holdings Ltd (1843)
ISSUE STATISTICS

Offer Size:	HK\$130m – HK\$150m
Placement Tranche:	200m
Price:	HK\$0.65 – HK\$0.75
Board lot:	4,000
Entry fee:	HK\$3,030.23
Historical PE	39.88x – 46.01x
Net tangible asset per share:	HK\$0.156 – HK\$0.179
Market Cap (post-IPO):	HK\$520m – HK\$600m
Open:	30 Sep 2019
Close:	12.00 noon on 8 Oct 2019
Trading:	23 Oct 2019
Sponsor:	Lego Corporate Finance Limited

Year ended 31 Mar	(\$'000)	yoy % chg
Revenue		
2018	18,581	18.1%
2019	21,325	14.8%
Profit for the year		
2018	3,129	-0.3%
2019	2,264	-27.6%

BACKGROUND

- They are a food and beverage group offering Taiwanese Snacks and Beverages under their Shihlin Taiwan Street Snacks® brand.
- Their history can be traced back to 2003 when Mr. Tay, their Chairman, executive Director and Controlling Shareholder, and Mr. Wong, their chief executive officer, executive Director and Controlling Shareholder together founded STSS Company with a vision to introduce authentic Taiwanese cuisine to the fast food industry in Singapore.
- Throughout their years of operations, we have successfully charted the course from their first pop-up store opened in Singapore in November 2003 to 228 Shihlin Outlets and Restaurants as at the Latest Practicable Date with international footprints spanning across Singapore, Malaysia, Indonesia and United States.
- As at the Latest Practicable Date, we have entered into Franchise Agreements for the opening of franchise Outlet(s)/Restaurant(s) in Brunei and Egypt, respectively.
- They operate Shihlin Outlets and Restaurants under their Shihlin Taiwan Street Snacks® brand adopting two basic models, namely (i) Self-operated model; and (ii) franchise and licence model.
- They generate revenue from their Self-operated Outlets and Restaurants from selling their Snacks and Beverages to end consumers.
- The sources of revenue of their franchise/licence operation include (i) sales of goods comprising mainly beverages, food products and packaging materials to Franchisees and Licensee; (ii) Franchise Fees and Licence Fees; and (iii) advertising and promotion fees collected from their Franchisees in Singapore and West Malaysia.

BUSINESS STRATEGIES

- Expand their Self-operated Outlets and Restaurants network.
- Promote their Non-self-operated business.
- Refurbishment of their Self-operated Outlets and Restaurants.
- Strengthening their manpower.
- Increase their brand awareness.
- Upgrade IT infrastructure to improve their operational efficiency.

COMPETITIVE STRENGTHS

- Their extensive Outlets and Restaurants network with a growing international presence.
- Their multiple revenue stream promoting operational efficiency, cost-effective growth and strengthened financial position.
- Their replicable and scalable model, enabling efficient and systematic opening of new Shihlin Outlets and Restaurants.
- Their wellrecognised Snacks Products and well recognised Shihlin Taiwan Street Snacks® brand.
- Their visionary management team with proven execution capabilities.

KEY RISKS

- Their reliance on the market recognition of their Shihlin Taiwan Street Snacks® brand.
- Their reliance on the franchise/licence model for, among others, expansion outside of Singapore and West Malaysia and a substantial portion of their revenue.
- Their reliance on landlords as we lease all premises for their Self-operated Outlets and Restaurants in Singapore and West Malaysia.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Will be used to open up to 16 new Self-operated Outlets in Singapore by 31 March 2024.	3.5	22.2%
Will be used to open 20 new Selfoperated Restaurants in West Malaysia by 31 March 2024.	2.6	16.5%
Will be used for expansion of their Nonself-operated Outlets and Restaurants network.	3.3	20.9%
Will be used to refurbish around five Self-operated Outlets in Singapore and four Self-operated Restaurants in West Malaysia each year up to 31 March 2023.	2.5	15.8%
Will be used to recruit staff in Singapore and West Malaysia.	1.3	8.2%
Will be used for their Shihlin Taiwan Street Snacks® brand development and targeted sales and marketing campaigns.	1.3	8.2%
Will be used to develop their customised ERP system to enhance their data infrastructure and analysis systems and facilitate franchise management.	1.3	8.2%
Total:	15.8	100.0%

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