

**IPO FACT SHEET**
**Town Ray Holdings Limited (1692)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$130m – HK\$150m
<b>Placement Tranche:</b>	100m
<b>Price:</b>	HK\$1.30 – HK\$1.50
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$3,030.23
<b>Historical PE</b>	13.67x – 15.77x
<b>Net tangible asset per share:</b>	HK\$0.61 – HK\$0.66
<b>Market Cap (post-IPO):</b>	HK\$520m – HK\$600m
<b>Open:</b>	15 Oct 2019
<b>Close:</b>	12.00 noon on 18 Oct 2019
<b>Trading:</b>	25 Oct 2019
<b>Sponsor:</b>	Alliance Capital Partners Limited

<b>Year ended 31 Dec</b>	<b>(HKD'000)</b>	<b>yoy % chg</b>
Revenue		
2017	358,801	-0.6%
2018	373,462	4.1%
Profit for the year/period		
2017	49,464	115.4%
2018	38,039	-23.1%

**BACKGROUND**

- Their Group is an advanced product developer and industrial designer as well as manufacturer and supplier for a broad range of electrothermic household appliances mainly to overseas markets, covering over 30 countries and regions to cater for the requirements of different customers.
- Most of their revenue during the Track Record Period was generated from their customers in developed countries, such as Germany, France, the United Kingdom and the Netherlands.
- They primarily focus on the development and/or application of new technology and products to expand their product portfolio, and the improvement of their existing products in terms of appearance, dimensions, capabilities, functionalities and production cost.
- Their electrothermic household products can be grouped into two categories, namely: (i) garment care appliances, including steam generator irons, garment steamers and steam irons; and (ii) cooking appliances, including coffee machines, steam cooking appliances and other cooking appliances.
- According to the F&S Report, they had a market share of approximately 2.3% in terms of export value of electric smoothing irons (include steam generator irons and steam irons), approximately 1.5% for pump driven coffee machines and approximately 0.4% for baby food makers, soup makers and food steamers in the PRC in 2018.

**BUSINESS STRATEGIES**

- Upgrading their production facilities and enhancing their production capacity.
- Strengthening their product design and development capabilities and increasing their product offerings.
- Strengthening their customer base.
- Upgrading their information technology systems.

**COMPETITIVE STRENGTHS**

- They have established strong presence in the electrothermic household appliances manufacturing industry with long-term relationships with their major customers and suppliers.
- They drive the industrial technology and know-hows ahead to position ourselves as one of the leading market players.

- They have strong design, research and development capabilities.
- They maintain stringent control over their quality.
- They have a diversified product portfolio.
- They have an experienced and competent management team.

### KEY RISKS

- Their sales are subject to changes in consumer preferences and other macroeconomic factors that affect consumer spending patterns.
- Their Group relies on a few major customers and their performance will be materially and adversely affected if their Group's relationship with any one of them deteriorates.
- Their other income and gains relating to the gain on disposal of a piece of land was non-recurring in nature and they may not record such gain in the future.
- Their business and financial position may be adversely affected if they are not able to continue servicing the European market effectively or if there is any adverse change in the macro-economic situation or economic downturn in Europe, e.g. the Brexit.
- Their results of operations could be adversely affected if they fail to keep pace with customer demands and preferences for product design, research and development and manufacturing of their products.
- Their business and financial position may be adversely affected if the recent Sino-U.S. trade war persists.

### DIVIDEND POLICY

- No fixed dividend policy.

### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Will be used for upgrading their production facilities and enhancing their production capacity.	50.4	50.7%
Will be used for strengthening their product design and development capabilities and increasing their product offerings.	31.6	31.8%
Will be used for strengthening their customer base.	8.6	8.6%
Will be used for upgrading their information technology systems.	5.7	5.7%
Will be used for general working capital purpose.	3.2	3.2%
<b>Total:</b>	<b>99.5</b>	<b>100.0%</b>

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