

**IPO FACT SHEET**
**Universal Star (Holdings) Limited (2346)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$125m - HK\$152.5m
<b>Placement Tranche:</b>	125m
<b>Price:</b>	HK\$1.00-HK\$1.22
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$2,464.59
<b>Historical PE</b>	8.39-10.24x
<b>Net tangible asset per share:</b>	HK\$0.68-HK\$0.74
<b>Market Cap (post-IPO):</b>	HK\$500m- HK\$610m
<b>Open:</b>	30 Apr 2019
<b>Close:</b>	12.00 noon on 6 May 2019
<b>Trading:</b>	16 May 2019
<b>Sponsor:</b>	Southwest Securities (HK) Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	307,599	28.6%
2018	389,722	26.7%
Profit for year/period		
2017	38,716	27.7%
2018	50,990	31.7%

**BACKGROUND**

- They are a leading sintered NdFeB magnetic material manufacturer in Fujian Province, the PRC.
- NdFeB magnet, also known as neodymium magnet, is a permanent magnet that is mainly made from an alloy of neodymium, iron and boron. Sintered NdFeB magnets are manufactured by the technology of sintering, a process of magnetically aligning alloy powder into dense blocks through heat or pressure.
- They are principally engaged in the design, development, production and sale of sintered NdFeB magnetic materials under their own brand.
- In November 2015, they received the "Famous Trademark of Fujian Province (Ciwang) (福建省著名商標(磁王))" award and in March 2016, they received the "Famous Branded Products of Fujian Province 2015 (2015年福建省名牌產品)" award.
- According to the Frost & Sullivan Report, the sintered NdFeB magnetic material market in Fujian Province accounted for approximately 9.5% of the total PRC market in 2018 and their Group ranked second both in terms of production volume and revenue of sintered NdFeB magnetic materials with a market share of 11.4% and 13.0% in Fujian Province in 2018, respectively.
- Headquartered in Ningde City, Fujian Province, the PRC, they started designing, developing, producing and selling sintered NdFeB magnetic materials in 2010.
- According to the Frost & Sullivan Report, they were the first manufacturer engaged in the production and sale of sintered NdFeB magnetic materials in Fujian Province.
- Their early start in this growing industry enabled them to become an experienced player in the region with established relationships with customers in the industry.

**BUSINESS STRATEGY AND FUTURE PLANS**

- They will continue to expand their production capacity and enhance their operational efficiency.
- They will continue to strive to modify and optimise their production process and technology, and will implement their key research and development projects.
- They will further consolidate their market position by expanding their sales network and broadening their customer base.

#### COMPETITIVE STRENGTHS

- They were the first manufacturer engaged in the production and sale of sintered NdFeB magnetic materials in Fujian Province, and they focus on quality production of a diversified product portfolio.
- They are well positioned to capture and benefit from the growth in the high-end sintered NdFeB magnetic material industry and the end-use industries with strong support from the PRC Government's initiatives, policies and regulations.
- They are dedicated to modification and optimisation of their production process and technology.
- They strategically locate their Ningde Production Base to ensure a stable supply of principal raw materials in a timely and cost-efficient manner.
- They adopt a stringent quality control system over their products.
- They possess an experienced and committed management team.

#### KEY RISKS

- Their business performance is dependent upon adequate supplies of rare earth at reasonable prices and any significant disruption in these supplies or significant fluctuation in the prices of rare earth may affect their business, financial condition and results of operations.
- Their performance is dependent on the demand of the end-use industries in which their products can be used.
- Any operational disruption or catastrophic events in their Ningde Production Base, which they rely on to carry out their production and business operations, may result in a reduction of sales volumes and may cause them to incur substantial expenditures.

#### DIVIDEND POLICY

- No fixed dividend policy.

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
For expanding their production capacity and enhancing their operational efficiency.	47.60	48.3%
For modifying and optimising their production process and technology, and implementing their key research and development projects.	17.10	17.4%
For repaying a portion of their following borrowings.	30.90	31.3%
For their working capital and general corporate purposes.	2.90	3.0%
<b>Total:</b>	<b>98.50</b>	<b>100.00%</b>

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