

IPO FACT SHEET
Wenling Zhejiang Measuring and Cutting Tools Trading Centre Company Limited (1379)
ISSUE STATISTICS

Offer Size:	HK\$125m – HK\$135m
Placement Tranche:	20m H Shares
Price:	HK\$6.25 – HK\$6.75
Board lot:	500
Entry fee:	HK\$3,409.01
Historical PE	12.19x – 13.17x
Net tangible asset per share:	HK\$9.51 – HK\$9.62
Market Cap (post-IPO):	HK\$500m – HK\$540m
Open:	25 Oct 2019
Close:	12.00 noon on 30 Oct 2019
Trading:	06 Nov 2019
Sponsor:	Cinda International Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	43,487	(3.6)%
2018	46,994	8.1%
Profit for the year/period		
2017	44,892	(3.8)%
2018	36,961	(17.7)%

BACKGROUND

- The Group is an established Measuring and Cutting Tools trading centre operator in China.
- Their Company was founded in 2003 and they own, operate and manage their Trading Centre located in Qianyangxia Village, Wenqiao Town, Wenling City, Zhejiang Province, the PRC* (中國浙江省溫嶺市溫嶠鎮前洋下村).
- During the Track Record Period and as at the Latest Practicable Date, their principal activity and source of revenue were primarily derived from property leasing business through their operation of the Trading Centre for the Measuring and Cutting Tools industry.
- They aim to expand such property leasing business in the Measuring and Cutting Tools industry into the Industrial Park.
- Their Trading Centre is a four-storey commercial complex with basement with a total GFA of approximately 74,204.7 sq.m., of which a total GFA of approximately 71,817.5 sq.m. is held for investment purpose and a total GFA of approximately 2,387.2 sq.m. is held for their own offices.

BUSINESS STRATEGIES

- Further strengthen their market positioning in the Measuring and Cutting Tools market.
- Further development of the Third Floor.
- Transforming into the internet-enabled trading centre.
- Further strengthening their recognition.
- Development of the Measuring and Cutting Tools Industrial Park.

COMPETITIVE STRENGTHS

- Established position of their Trading Centre in the PRC to capitalise on the Measuring and Cutting Tools market in China.
- Distinctive Controlling Shareholder and government support.
- Their awards and accreditations consolidating their brand equity.
- Stable tenant base allowing stable and recurring revenue source.

- Their experienced management team.
- diverse Measuring and Cutting Tools products offerings by their Trading Centre effectively and extensively distributed regionally and nationally in the PRC

KEY RISKS

- during the Track Record Period, their profitability has declined due to decrease in valuation gains of their investment properties, and their prospects are dependent on various factors, including but not limited to the appraisal value of their properties, limited revenue growth, increase in cash outflow in respect of interests for the loan, their ability to execute their expansion plan successfully in light of the uncertainties involved in the establishment of the Industrial Park and their ability to cope with the fierce market competition from different market players.
- They currently rely on their Trading Centre for substantially all of their revenues and they may not be able to replace or renew all of their leases upon their expiration.
- The construction of their Industrial Park will be substantially financed by external borrowings.
- If they were unable to obtain all the relevant rights for the Industrial Park for future development, they will not be able to further develop the same according to their plans.
- They expect to sell some of the manufacturing units in their Industrial Park. If they fail to secure a sufficient demand, their results of operations, liquidity position and their ability to repay external borrowing may be materially and adversely affected.
- Non-renewal of licences, approvals or permits may have a material adverse effect on their business operations.
- The cyclical nature of the real estate, the manufacturing and the Measuring and Cutting Tools industries and the macro-economic situation in the PRC and worldwide could adversely affect their results of operations.
- They face competition from other industrial tools trading centres, industrial park and e-commerce operators as well as B2C companies.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Finance partly the costs and expenses for the establishment and construction of the Industrial Park to expand their Measuring and Cutting Tools industry coverage.	57.2	70.0%
Finance further development of the Third Floor, including refurbishment and renovation of the Third Floor, engaging interior designers, contractors, electricians, as well as establishment of the Product Testing Service Centre and the Products Display Platform.	16.3	20.0%
General working capital and other general corporate purposes.	8.2	10.0%
Total:	81.7	100.0%

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