

IPO FACT SHEET
Xinji Shaxi Group Co., Ltd (3603)
ISSUE STATISTICS

Offer Size:	HK\$337.5m – HK\$412.5m
Placement Tranche:	375.0m
Price:	HK\$0.90 – HK\$1.10
Board lot:	3,000
Entry fee:	HK\$3,333.26
Historical PE	4.6x – 5.7x
Net tangible asset per share:	HK\$1.36 – HK\$1.40
Market Cap (post-IPO):	HK\$1,350.0m – HK\$1,650.0m
Open:	25 Oct 2019
Close:	12.00 noon on 30 Oct 2019
Trading:	8 Nov 2019
Sponsor:	RaffAello Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	209,868	0.5%
2018	281,355	34.1%
Profit for the year / period		
2017	88,784	17.7%
2018	250,226	181.8%

BACKGROUND

- The Group is the largest operator of shopping malls for hospitality supplies in terms of operating areas as well as the rental revenue of hospitality supplies in China. As of 30 April 2019, it had three shopping malls for hospitality supplies and two shopping malls for home supplies located in Guangzhou and Shenyang in China.
- For the three years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2019, the average occupancy rate of its five shopping malls was approximately 78.0%, 81.3%, 81.6% and 85.2%, respectively.
- 2016-2018 revenue CAGR is 16.1%. The Group generates its revenues primarily from leasing its shopping malls to its tenants. For the three years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2019, its rental income was representing approximately 85.5%, 87.3%, 86.7% and 87.5% of its total income.
- In order to complement the operation of its physical shopping malls and expand its O2O business operation model, in April 2018, it started to operate the Online Shopping Mall through the acquisition of Guangzhou Xinji Dajing, which has commenced its operation of the e-commerce business since September 2017.

BUSINESS STRATEGIES

- Improving its brand awareness to increase footfall and support tenant sales growth with its relationship with the China Hotel Supplies Association (CHSA).
- Expanding its business by offering shopping mall management services.
- Expanding its O2O platform to provide customers with an omni-channel retailing experience.
- Continuing to focus its business operation in the Guangdong Province while actively pursuing suitable expansion and diversifying its business network and presence in other key cities in China.

COMPETITIVE STRENGTHS

- Its major shopping malls are located in the Guangdong Province, the most vital region in the production and distribution of hospitality supplies in China.
- Its well established reputation and proven track record in the hospitality and home supplies industry in China.
- Its experienced and professional management team.

- Its core relationship with the CHSA.

KEY RISKS

- Its business depends significantly on the market recognition of its brand, “信基沙溪 (Xinji Shaxi)” and any damage to its brand or failure to effectively promote its brand could materially and adversely impact its business and results of operations.
- It may fail to renew its existing leases for which its shopping malls are located.
- Its results of operations are dependent on its tenants’ business performance.
- It may face uncertainty arising from the urban planning policy by the PRC local authorities from time to time.
- Its performance depends on the global macro-economy.
- It operates in a relatively intense and competitive environment.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Repayment of its bank borrowings for the construction cost and sales and marketing cost for its shopping malls	61.5	26.1%
Project development of three new shopping malls located in Chengdu, Zhengzhou and Fuzhou in China	174.3	73.9%
Total:	235.8	100.0%

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