

IPO FACT SHEET
Zhongliang Holdings Group Company Limited (2772)
ISSUE STATISTICS

Offer Size:	HK\$2,756m – HK\$3,540.4m
Placement Tranche:	530m
Price:	HK\$5.20 - HK\$6.68
Board lot:	500
Entry fee:	HK\$3,373.66
Historical PE	8.36x – 10.74x
Net tangible asset per share:	HK\$1.57 – HK\$1.78
Market Cap (post-IPO):	HK\$18,356m - HK\$23,580.4m
Open:	27 June 2019
Close:	12.00 noon on 8 July 2019
Trading:	16 Jul 2019
Sponsor:	CCB International Capital Limited

Year ended 31 Dec	(RMB\$'000)	yoy % chg
Revenue		
2017	14,026,299	379.5%
2018	30,214,688	115.4%
(Loss)/profit for the year		
2017	502,667	N.A
2018	1,931,336	284.2%

BACKGROUND

- The Group are a fast-growing large-scale comprehensive real estate developer in China, based in the Yangtze River Delta Economic Region with a national footprint.
- They have been recognized as a top 100 real estate developer in China by PRC Real Estate Top 10 Research Team for six consecutive years since 2014 in terms of comprehensive development capability.
- They were recognized as a top 25 and a top 20 real estate developer in China by China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center in 2018 and 2019, respectively.
- They were also ranked first among the top ten real estate developers in China in terms of growth rate in 2018 and development potential in 2019, respectively, recognized by China Real Estate Association and E-house China R&D Institute China Real Estate Appraisal Center.
- With approximately 19 years of experience in the real estate industry in China and led by their regional expansion strategy, they have developed from a regional residential real estate developer focusing on the Yangtze River Delta Economic Region to a comprehensive real estate developer with national footprint.

BUSINESS STRATEGIES

- Leverage favorable government policies and enhance leadership in existing markets and strategically expand into new regions with high-growth potentials.
- Identify new growth opportunities by utilizing diversified investment strategies.
- Continue to optimize their product portfolio and enhance product quality.
- Continue to enhance operating efficiency by increasing standardization and intelligent management and operation.
- Continue to attract, retain and motivate skilled and talented employees.
- Remain dedicated to prudent financial policies and optimize their capital structure.

COMPETITIVE STRENGTHS

- A fast-growing large-scale comprehensive real estate developer with national footprint and an established brand name in China.
- Quality land bank secured by efficient expansion strategy and strong land acquisition capabilities.
- Established standardized real estate development processes ensuring rapid and quality development.
- Remarkable growth largely attributable to their distinctive Amoeba Ecosystem.
- Visionary and experienced management team.

KEY RISKS

- Their business and prospects are heavily dependent on and may be adversely affected by the performance of the PRC property markets, particularly in the Yangtze River Delta Economic Region
- They may not be able to acquire land reserves in desirable locations that are suitable for their development at commercially acceptable prices, or at all.
- They may not have adequate financings to fund their property developments, and such capital resources may not be available on commercially reasonable terms, or at all.
- Changes in interest rates have affected and will continue to affect their financing costs and, ultimately, their results of operations.
- They may not be able to effectively maintain and manage their Amoeba Ecosystem, which has been a key to their rapid growth during the Track Record Period
- They may not be successful in managing their growth and expansion into new cities and regions or new businesses.
- They recorded a net loss for the year ended December 31, 2016 and they may experience net loss in future periods.
- They had negative operating cash flow in the years ended December 31, 2016 and 2017 and they may not be able to obtain sufficient funding for their land acquisitions and future property developments on commercially reasonable terms, or at all.
- They have substantial indebtedness and may incur additional indebtedness in the future, which may materially and adversely affect their financial condition and results of operations.

DIVIDEND POLICY

- They currently intend to pay approximately 40% of their consolidated profit attributable to Shareholders as dividends from the year ending December 31, 2019.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
For the construction costs for the development of their existing property projects or project phases, Wenzhou Zhongliang Majestic Mansion, Suqian Zhongliang Capital Park and Jiangyou Zhongliang Capital Park.	1,750.9	60.0%
For repayment of the majority portion of certain existing trust loans, all of which are working capital loans for their project companies	875.5	30.0%
For general working capital purposes.	291.8	10.0%
Total:	2,918.2	100.0%

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