

IPO FACT SHEET
Bank of Guizhou Co., Ltd (6199)
ISSUE STATISTICS

Offer Size:	HK\$5,412m – HK\$5,742m
Placement Tranche:	2,200m H Shares
Price:	HK\$2.46 – HK\$2.61
Board lot:	1,000
Entry fee:	HK\$ 2,636.30
Historical PE	11.22x – 11.90x
Net tangible asset per share:	HK\$2.42 – HK\$2.45
Market Cap (post-IPO):	HK\$35,887m – HK\$38,075m
Open:	16 Dec 2019
Close:	12.00 noon on 19 Dec 2019
Trading:	30 Dec 2019
Sponsor:	ABCI Capital Limited, CCB International Capital Limited and CLSA Capital Markets Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Operating income		
2017	8,625.4	6.9%
2018	8,769.6	1.7%
Net profit		
2017	2,255.0	15.0%
2018	2,876.6	27.6%

BACKGROUND

- They are a leading city commercial bank initiated by Guizhou provincial government, with strong support from the local government and their shareholders.
- According to the CBIRC Guizhou Office, as of December 31, 2018, they ranked fourth and fifth, respectively, among all banks with a presence in Guizhou Province in terms of total assets and total deposits generated from this province.
- They are headquartered in Guiyang and have an extensive distribution network covering the entire Guizhou Province. As of June 30, 2019, they operated their business through their head office in Guiyang, eight branches and 207 sub-branches. They also provide convenient 24-hour online services to their customers through online banking, such as internet and mobile banking.
- Over their seven years of operating history, they have made considerable progress in terms of asset and profit scale. Their total assets increased from RMB228,949.3 million as of December 31, 2016 to RMB341,202.9 million as of December 31, 2018, representing a CAGR of 22.1%, which further increased to RMB389,622.4 million as of June 30, 2019.
- From December 31, 2016 to December 31, 2018, their personal deposits grew from RMB31,152.4 million to RMB63,109.1 million, at a CAGR of 42.3%, substantially higher than the industry average of all PRC commercial banks with a presence in Guizhou Province, according to the PBOC Guiyang Central Sub-branch. As of June 30, 2019, their personal deposits further increased to RMB74,853.6 million.
- They received strong support from the local government, such as local finance bureaus. For example, they formed a lasting business relationship with their substantial shareholder, Guizhou Provincial Finance Bureau, in providing financial services, such as deposit, treasury management, payroll and settlement services. As of June 30, 2019, they attracted RMB32.3 billion of deposits from finance bureaus at all levels of Guizhou Province. As a result, they have access to a stable source of capital at a relatively low cost.

BUSINESS STRATEGIES

- Further expand their corporate client base and diversify their corporate banking business.
- Further improve the scale and quality of their retail banking business.
- Develop their financial markets business as a new driver of earnings growth.
- Strengthen information technology capabilities and develop fintech.
- Further enhance risk management capabilities to facilitate their strategic transition.

- Optimize human resource management systems and strengthen their workforce.

COMPETITIVE STRENGTHS

- As a leading city commercial bank initiated by Guizhou provincial government, they benefit from the rapid and substantial economic growth of Guizhou Province supported by favorable national policies.
- Corporate banking business closely aligned with Guizhou Province's economic structure and development strategy.
- Fast growing retail banking business through meeting different customer needs, developing new products and providing one-stop services.
- Prudent and effective risk management, and sound asset quality.
- Long-term support from the local government and their shareholders.
- An experienced and aspiring management team and a sound workforce training, evaluation and incentive mechanism.

KEY RISKS

- If they are unable to effectively maintain the quality and growth of their loan portfolio, their business, financial condition and results of operations may be materially and adversely affected.
- They have a high concentration of loans to the leasing and commercial services industry, substantially all of which involve government-affiliated entities, whose operations are related to the economic development in Guizhou Province and China and may be affected by the overall economic condition and periodic economic fluctuation.
- They are exposed to risks due to their business and operational concentration in Guizhou Province.
- Their allowance for impairment losses on loans and advances to customers and deposits with banks and other financial institutions may not be sufficient to cover actual losses on their assets in the future.
- They are subject to risks relating to their financial investments. Their investment assets may suffer significant losses or experience sharp declines in their returns, which could have a material adverse effect on their business, financial condition and results of operations.
- Their credit exposure to counterparties in the interbank business could subject them to losses.
- They are exposed to risks arising from loans granted to micro and small enterprises and individual business owners.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To strength their capital base to support the sustainable growth of their business.	5437.4	100.0%
Total:	5,437.4	100.0%

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