

Hong Kong

IPO FACT SHEET

Zhongguancun Science-Tech Leasing Co., Ltd. (1601)

ISSUE STATISTICS

Offer Size:	HK\$506.67m – HK\$573.33m
Placement Tranche:	333.334m
Price:	HK\$1.52 – HK\$1.72
Board lot:	2,000
Entry fee:	HK\$3,474.66
Historical PE	15.0x – 17.0x
Net tangible asset per share:	HK\$1.47 – HK\$1.51
Market Cap (post-IPO):	HK\$506.7m – HK\$573.3m
Open:	31 Dec 2019
Close:	12.00 noon on 14 Jan 2020
Trading:	21 Jan 2020
Sponsor:	Guotai Junan Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	358,581	12.7%
2018	412,783	15.1%
Profit for the year/period		
2017	97,435	17.9%
2018	118,996	22.1%

BACKGROUND

- The Group is a pioneer and the most dedicated finance lease company in serving technology and new economy companies in China. According to the F&S Report. In 2018, the percentage of its revenue generated from technology and new economy companies exceeded 95%, a percentage higher than any other finance lease company in China.
- The Group is also the fifth largest finance lease company approved by MOFCOM serving more than four technology and new economy sectors in terms of revenue generated from technology and new economy companies in 2018, according to the F&S Report. The Group accounts for a market share of 0.9% in China's highly fragmented technology and new economy finance lease industry in terms of technology and new economy finance lease revenue in 2018.
- The Group's NPA ratios remained at a relatively low level of 0.7%, 1.5%, 1.3%, and 1.4% as of December 31, 2016, 2017 and 2018 and June 30, 2019, respectively, which the Group believes reflect the efficacy of its risk management.
- According to the F&S Report, the balance of China's finance lease contracts in the technology and new economy finance lease industry
 is expected to grow to RMB1.9 trillion in 2023, representing a CAGR of 20.4% from 2018 to 2023, and the operating revenue of
 technology and new economy finance lease companies is expected to grow to RMB118.9 billion in 2023, representing a CAGR of 22.4%
 from 2018 to 2023.

BUSINESS STRATEGIES

- Expand its customer base.
- Improve its risk management capabilities.
- Delve into technology and new economy industries.
- Build a talented and professional business team.

COMPETITIVE STRENGTHS

- Pioneer dedicated to providing efficient finance lease solutions to technology and new economy companies in China.
- Customer-oriented business model featuring efficient finance lease solutions and a variety of advisory services to facilitate its customers' growth.

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- Prudent and highly effective risk management.
- A growing and high-quality customer base.
- A visionary and experienced management team and staff complemented by the support of its Controlling Shareholder.

KEY RISKS

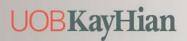
- Changes and development in the regulatory environment concerning technology and new economy industries and the finance lease industry could adversely affect the business operations of its customers, thus negatively impacting its own results of operations and financial condition.
- Changes and developments in the economic environment concerning technology and new economy industries could adversely affect the business operations of its customers, thus negatively impacting its own results of operations and financial condition.
- Lessees' ability to pay could deteriorate due to reasons beyond its control, which could have a material adverse impact on its results of operations and financial condition.
- The Group may not be able to repay its debts, and it may incur more debts.
- The Group may not be able to successfully compete with its competitors, which could have a material adverse impact on its results of operations and financial condition.
- Fluctuations in market interest rate may negatively affect its cost of funding and revenue, which could have a material adverse impact on its results of operations and financial condition.
- The Group may not be able to maintain a sufficient level of liquidity necessary to meet its operational needs.

DIVIDEND POLICY

The Group intends to distribute no less than 35% of its annual distributable profits as dividends.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To expand its business operations by offering finance lease solutions and financial services to more technology and new economy, companies in big data, eco-solutions, life sciences & healthcare, intelligent manufacturing, and internet-based products & services industries in China.	339.4	70.0%
To improve its information systems to improve its project assessment processes and improve its customer service capabilities.	48.5	10.0%
To recruit more talented specialized personnel with valuable experience, knowledge and skillsets.	48.5	10.0%
For additional working capital and other general corporate purposes.	48.5	10.0%
Total:	484.9	100.0%



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