

IPO FACT SHEET
Chen Lin Education Group Holdings Limited (1593)
ISSUE STATISTICS

Offer Size:	HK\$550m – HK\$880m
Placement Tranche:	250m
Price:	HK\$2.20 – HK\$3.52
Board lot:	2,000
Entry fee:	HK\$7,110.94
Historical PE	23.65x – 37.83x
Net tangible asset per share:	HK\$0.79 – HK\$1.11
Market Cap (post-IPO):	HK\$2.20b – HK\$3.52b
Open:	27 Nov 2019
Close:	12.00 noon on 2 Dec 2019
Trading:	13 Dec 2019
Sponsor:	First Shanghai Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	182,895	10.2%
2018	214,962	17.5%
Profit for the year/period		
2017	69,973	70.1%
2018	83,234	19.0%

BACKGROUND

- They are one of the leading providers of private higher education in Jiangxi province, China, with over 17 years of experience in the private higher education industry.
- They currently operate one private university located in Nanchang, Jiangxi province, namely the Jiangxi University of Applied Science (the “JUAS” or the “School”), and offer undergraduate and junior college programs, as well as diverse education related services. They ranked 4th among the 31 private higher education institutions in Jiangxi province in terms of student enrollment for the 2018/2019 school year.
- As of the Latest Practicable Date, their School had a total number of student enrollment of 14,155, consisting of 5,325 undergraduate students and 8,830 junior college students. They also provide a variety of education related services including internship management services as well as tutoring and program management services to enterprises and education institutions.
- Their School offered 30 undergraduate programs and 36 junior college programs as of the Latest Practicable Date.
- They have achieved favorable graduate employment outcome for their students. The final employment rates of their graduates were 97.2%, 97.7% and 98.3% for the 2015/2016 school year, the 2016/2017 school year and the 2017/2018 school year, respectively, which were higher than the average final employment rates of 91.1%, 91.4% and 91.0%, for graduates among all higher education institutions in the PRC over the corresponding periods.

BUSINESS STRATEGIES

- Improve their school facilities, enhance their brand recognition and reputation, and expand their business and school network.
- Continue to optimize their program and course offerings in order to enhance the competitiveness of their students.
- Further strengthen and diversify their education related services.
- Continue to attract, train and retain talented teachers and other professionals.

COMPETITIVE STRENGTHS

- They are one of the leading providers of private higher education in Jiangxi province, offering quality private higher education and diverse education related services.
- Extensive school-enterprise cooperation and career development services enable them to achieve favorable graduate employment

outcomes.

- Their ability to offer comprehensive, market-oriented and diversified practical programs and curriculums, nurturing academic environment and experienced teachers have enabled them to provide quality higher education to their students.
- They have diversified income streams and generated considerable revenue from their fast growing education related services.
- They have a strong management team with extensive experience and good reputation.

KEY RISKS

- They are subject to uncertainties brought by the Amendment Decision and the MOJ Draft for Comments.
- Their business is largely dependent on the market recognition of their brand and the reputation of their School and their Group.
- They generate a substantial portion of their revenue from operating one university in Jiangxi province.
- They had net current liabilities as of December 31, 2016, 2017 and 2018 and May 31, 2019. They had negative net operating cash flows for the five months ended May 31, 2018 and 2019. They may be exposed to liquidation risks, and their business, financial condition and results of operation may be materially and adversely affected as a result.
- They recorded accumulated losses as at January 1, 2016 mainly due to the construction of their new school campus.
- The level of tuition and boarding fees they are able to charge and their ability to maintain and raise the level of tuition and boarding fees are crucial to their business.
- Their business operations depend on their ability to recruit and retain their senior management, qualified teachers and other professional employees.
- They may not be able to maintain good relationship with their existing cooperative enterprises, successfully compete with their competitors or find new cooperative enterprises, any of which may materially and adversely affect the business and prospects of their internship management service.
- They may not be able to successfully deliver and expand their tutoring and program management services, which could adversely affect their business and prospects.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To be used to construct, renovate and upgrade facilities and infrastructure of their School from 2019 to 2021.	223.7	35.0%
To be used to repay certain portion of their bank loans.	191.8	30.0%
To be used to acquire private education institutions and/or private vocational schools.	159.8	25.0%
To be used for working capital and general corporate purposes.	63.9	10.0%
Total:	639.2	100.0%

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