

IPO FACT SHEET
China East Education Holdings Limited (667)
ISSUE STATISTICS

Offer Size:	HK\$4,270.84m - HK\$5,342.91m
Placement Tranche:	435.8m
Price:	HK\$9.80 - HK\$12.26
Board lot:	500
Entry fee:	HK\$6,191.78
Historical PE	36.4x – 45.6x
Net tangible asset per share:	HK\$2.36 - HK\$2.84
Market Cap (post-IPO):	HK\$21,354.2m- HK\$26,714.5m
Open:	30 May 2019
Close:	12.00 noon on 4 Jun 2019
Trading:	12 Jun 2019
Sponsor:	BNP Paribas Securities (Asia) Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	2,850,165	22.0%
2018	3,264,964	14.6%
Profit and total comprehensive income for the year from continuing operations		
2017	661,190	12.6%
2018	515,141	-22.1%

BACKGROUND

- The Group is the largest vocational training education provider in China with a market share of approximately 1.7% and 2.5% in terms of average students enrolled and revenue generated for the year ended December 31, 2017, respectively, according to the Frost & Sullivan Report.
- It has a leading position in China in providing vocational training education in three segments, namely, culinary arts, information technology and internet technology, as well as auto services, where it ranked first in each segment in terms of average students enrolled for the year ended December 31, 2017.
- Between December 31, 2016 and December 31, 2018, the number of its Schools and its average students enrolled grew at a CAGR of 26.9% and 8.6%, respectively.
- The Group has established a centralized and standardized management system across its business operations throughout China, which enables it to expand its school and center network into new geographic markets in an efficient manner while maintaining its quality standards.

BUSINESS STRATEGIES

- Continue to strengthen its market leadership and reputation.
- Expand school and center network domestically and internationally.
- Continue to diversify and innovate its course offerings and curriculums.
- Further improve its practical training methods and facilities.
- Further emphasize its corporate social responsibility.

COMPETITIVE STRENGTHS

- Largest vocational training education provider in China with a portfolio of renowned brands.
- Nationwide self-operated school and center network empowered by its highly replicable business model.
- Innovative work simulation teaching methodologies to equip its students with readily applicable job skills.

- Renowned track record in offering well-established curriculums catering the economy needs.
- Strong job placement results supplemented by its professional career counselling services and alumni network.
- Visionary, strong and stable management team.

KEY RISKS

- It is dependent on the market recognition of its brand; failure to maintain or enhance its brand recognition could materially and adversely affect its business, financial condition and result of operations.
- It faces intense competition in the PRC vocational education industry and its business, financial condition and results of operations may be adversely affected if it is unable to compete effectively.
- Its graduates' employment rates and average starting salaries may decrease and satisfaction with its vocational training programs may otherwise decline.
- It may not be able to improve the content of its existing courses or to develop new courses on a timely basis and in a cost-effective manner.
- Failure to effectively and efficiently manage the expansion of its school and center network may materially and adversely affect its ability to capitalize on new business opportunities.

DIVIDEND POLICY

- Intend to declare and pay dividends on an annual basis of no less than 30% of its distributable net profit attributable to Shareholders.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To acquire land and construction facilities to establish five geographical regional centers in Beijing, Shanghai, Guangzhou, Chengdu and Xi'an.	2,103.9	45.0%
To establish schools in selected markets.	701.3	15.0%
To establish new majors in both existing and new industry sectors, and conducting research to further innovate its curriculums.	701.3	15.0%
To construct and upgrade its school facilities as well as purchase teaching equipment.	701.3	15.0%
To fund its working capital and general corporate purposes.	467.5	10.0%
Total:	4,675.3	100.0%

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