

IPO FACT SHEET
China Kepei Education Group Limited (1890 HK)
ISSUE STATISTICS

Offer Size:	HK\$734.9m - HK\$954.0m
Placement Tranche:	353.334m shares
Price:	HK\$2.08 - HK\$2.70
Board lot:	2,000
Entry fee:	HK\$ 5,454.42
Historical PE	15.8x – 20.5x
Net tangible asset per share:	HK\$ 1.14 - HK\$1.25
Market Cap (post-IPO):	HK\$4,160.0m - HK\$5,400.0m
Open:	15 Jan 2019
Close:	12.00 noon on 18 Jan 2019
Trading:	25 Jan 2019
Sponsor:	Citigroup and CCB International

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2016	349,887	36.6%
2017	455,382	30.2%
Profit and total comprehensive income for the year/period		
2016	179,274	50.0%
2017	230,876	28.8%

BACKGROUND

- The Group is a leading provider of private higher education in South China focusing on profession-oriented education, according to the Frost & Sullivan Report. As of September 30, 2018, it had an aggregate of 45,118 students enrolled at the schools it operated, namely, Guangdong Polytechnic College and Zhaoqing School.
- For the 2016/2017 and 2017/2018 school years, Guangdong Polytechnic College ranked first among 61 private higher education institutions (excluding independent colleges) in South China in terms of the number of newly admitted students and student enrollment, and Zhaoqing School ranked first among approximately 70 private specialized secondary schools in Guangdong Province in terms of student enrollment.
- The Group experienced a rapid growth since the beginning of its Track Record Period. The total number of students enrolled increased from 18,869 in the 2014/2015 school year to 45,118 in the 2018/2019 school year.
- It built reputation on the high initial employment rate of its graduates. For the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 school years, Guangdong Polytechnic College had achieved initial employment rates of 96.3%, 97.4%, 96.8% and 91.7%, respectively.

BUSINESS STRATEGIES AND FUTURE PLANS

- Increase the capacity and utilization rate of its schools and optimize its business structure and pricing to maximize endogenous growth.
- Further expand service offerings and diversify revenue sources.
- Expand its school network through strategic mergers and acquisitions with the focus on South China.
- Further advance its profession-oriented education by strengthening school-enterprise collaboration and improving practical training facilities.
- Continue to attract and retain high quality faculty and strengthen its support for teachers' career development.

COMPETITIVE STRENGTHS

- A fast growing leader of the private higher education industry in South China.
- Deeply rooted in the Pearl River Delta and focusing on applied sciences, the Group has seized the significant geographical advantage of China's manufacturing center and met strong local demand for professional talents, further solidifying its leading position in the private

higher education sector in South China.

- Dedicated to cultivating professional talents with practical skills, and offering featured engineering majors and curricula to students.
- Its continuous efforts to improve the market competitiveness of students and expand their employment opportunities through various channels have enabled the Group to achieve an industry-leading initial employment rate.
- The Group has an experienced and reputable management team with a proven track record and highly qualified faculty.

KEY RISKS

- The Group is subject to uncertainties brought by the MOJ Draft for Comments.
- If the MOJ Draft for Comments is implemented in its current form, it may have an adverse impact on the development, operation and management of the Group's schools and expansion strategy.
- Its business is heavily dependent on the market recognition of the reputation of its schools and the Group.
- It may not be able to successfully increase student enrollment at its schools, which may hinder the ability to expand its business.
- Its business depends on its ability to promptly and adequately respond to the changes in market demand.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
To acquire additional schools. As of the date of this prospectus, the Group has not identified any acquisition target.	340.2	44.9%
To expand the existing schools it owns or operates.	284.4	37.6%
To repay loans from third-party financial institutions.	57.0	7.5%
To fund its working capital and general corporate purposes.	75.7	10.0%
Total:	757.3	100.0%

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