

**IPO FACT SHEET**
**Edvantage Group Holdings Limited (382)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$560m – HK\$805m
<b>Placement Tranche:</b>	250m
<b>Price:</b>	HK\$2.24 – HK\$3.22
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$6,504.89
<b>Historical PE</b>	11.19x – 16.09x
<b>Net tangible asset per share:</b>	HK\$1.48 – HK\$1.72
<b>Market Cap (post-IPO):</b>	HK\$2,240m – HK\$3,220m
<b>Open:</b>	4 Jul 2019
<b>Close:</b>	12.00 noon on 9 Jul 2019
<b>Trading:</b>	16 Jul 2019
<b>Sponsor:</b>	BNP Paribas Securities (Asia) Limited

<b>Year ended 31 Aug</b>	<b>(RMB'000)</b>	<b>yoy % chg</b>
Revenue from continuing operations		
2017	604,172	5.5%
2018	636,381	5.3%
Profit for the year		
2017	160,784	20.3%
2018	175,448	9.1%

**BACKGROUND**

- They are the largest private higher education group in the Greater Bay Area in terms of total student enrolment of business majors for the 2017/2018 school year, according to Frost & Sullivan, and they are an early mover in the education sector in pursuing international expansion.
- They currently operate two private higher education institutions in the PRC (Huashang College and Huashang Vocational College) and one private vocational education institution in Australia (Global Business College of Australia).
- All of their PRC Operating Schools are deeply rooted in Guangzhou, which is part of the Greater Bay Area, one of the most developed regions in China with economic momentum and considerable demand for professional talents, according to Frost & Sullivan. Huashang College is an independent college and Huashang Vocational College is a junior college.
- They strategically focus their programme offerings on business programmes, such as accounting, finance, economics and business English, that help their students achieve better employment prospects when they graduate.
- As a leading private higher education provider in the Greater Bay Area, they have a sizeable student base and operate with economies of scale.
- According to Frost & Sullivan, they are also the second largest private higher education group in the Greater Bay Area in terms of student enrolment of all majors for the 2017/2018 school year. For the 2015/2016, 2016/2017 and 2017/2018 school years, the Initial Employment Rate of Huashang College was 98.3%, 97.4%, and 96.2%, respectively, and that of Huashang Vocational College was 97.9%, 98.4%, and 97.6%, respectively.

**BUSINESS STRATEGIES**

- Expand their capacity through establishment of new schools, campuses or acquisitions in the Greater Bay Area, diversify their programme offerings and improve their existing teaching facilities.
- Expand their school network by establishing new school overseas or through international strategic partnerships.
- Upgrade their course offerings by expanding short-term international programmes through their collaboration with higher education institutions overseas and their international platform to optimise their pricing strategies and diversify sources of revenue.
- Attract talented professionals to improve the quality of their faculty.

#### COMPETITIVE STRENGTHS

- Largest private higher education group in the Greater Bay Area in terms of student enrolment of business majors.
- Early entrance in international market, promoting overseas education experience to students.
- Profession-oriented course offerings in line with market demand and commitment to providing vocational training to strengthen their high Initial Employment Rate for their students.
- Dedicated work simulation training facilities and highly qualified teaching staff.
- Seasoned management team and scalable management model.

#### KEY RISKS

- Their business and results of operations are impacted significantly by the level of tuition fees and boarding fees they are able to charge and their ability to maintain and raise tuition and boarding fee levels.
- They may not be able to successfully increase the student enrolment at their schools, which may hinder their ability to raise the total tuition or expand their business.
- They may not be able to execute their growth strategies successfully or effectively, which may hinder their ability to capitalise on new business opportunities.
- Future expansions, strategic investments, partnerships or alliances could be difficult to integrate, and could require significant management attention, disrupt their business, dilute shareholder value, and adversely affect their results of operations.
- They face intense competition in the PRC higher education industry and the vocational education industry in Australia, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditures.
- They are subject to uncertainties brought by the 2016 Amendments and the MOJ.
- Draft for Comments.

#### DIVIDEND POLICY

- In particular, for the year ending 31 August 2019, their Board intends to recommend a dividend of approximately 30% of their profits that is attributable to the period from the date of their Listing to 31 August 2019.

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Establishment and development of Huashang College Sihui Campus.	187.9	30.0%
Construction of a science and technology centre.	43.9	7.0%
Construction of an international conference centre.	18.8	3.0%
Investment in new education institutions or acquisitions of other education institutions.	187.9	30.0%
Supporting existing overseas operations in Australia and overseas expansions.	125.3	20.0%
Working capital and for general corporate purposes.	62.7	10.0%
<b>Total:</b>	<b>626.5</b>	<b>100.0%</b>

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