

IPO FACT SHEET
China Gingko Education Group Company Limited (1851 HK)
ISSUE STATISTICS

Offer Size:	HK\$155m – HK\$247.5m
Placement Tranche:	125m shares
Price:	HK\$1.24 – HK\$1.98
Board lot:	2,000
Entry fee:	HK\$ 3,999.91
Historical PE	13.3x – 21.2x
Net tangible asset per share:	HK\$0.98-HK\$1.16
Market Cap (post-IPO):	HK\$620m - HK\$990m
Open:	21 Dec 2018
Close:	12.00 noon on 11 Jan 2019
Trading:	18 Jan 2019
Sponsor:	China Securities (International) Corporate Finance Company Limited

Year ended 31 Dec	(RMB\$'000)	yoy % chg
Revenue		
2016	133,974	10.9%
2017	139,020	3.8%
Profit for the year/period		
2016	39,894	8.3%
2017	41,196	3.3%

BACKGROUND

- They are a higher education service provider in Sichuan Province.
- According to the Frost & Sullivan Report, by the end of 2017, there were 34 private higher education institutions in Sichuan Province, among which their college ranked 23 in terms of student enrollments.
- Starting to provide higher education services in 2002, they are dedicated to offering comprehensive and diversified programs and curriculum and training talents with practical skills applicable to the modern service industry.
- Their college has eight departments and offers 25 bachelor 's degree programs and 22 junior college diploma programs, providing a wide range of courses spanning six disciplines, namely, management, literature, engineering, education, economics and arts.
- As of June 30, 2018, they had established long-term cooperation relationships with three talent centers and 126 renowned enterprises in order to provide internship opportunities for their student.

BUSINESS STRATEGY AND FUTURE PLANS

- Further increase market penetration and enhance teaching quality to solidify their market position and gradually establish themselves as a standard developer of talent cultivation in the PRC hospitality management industry.
- Actively establish overseas schools and strengthen their international cooperation with overseas educational institutions and enterprises.
- Continue to attract, incentivize and retain quality teachers.
- Capitalizing on the existing brand name of Yinxing College, they plan to further develop training programs to diversify their source of income.

COMPETITIVE STRENGTHS

- They provide higher education service in Sichuan Province with their leading program, the hospitality management program.
- Leveraging their core competency in hospitality management education, they provide their students with market-oriented, comprehensive and diversified programs and curriculum to foster multi-disciplinary development.
- They maintain extensive practical training platforms to effectively improve the practical skills of their students and provide their students

with better career prospect.

- They have a team of high-caliber teachers with extensive experiences.
- They have an experienced senior management team led by visionary founder.

KEY RISKS

- Their business and results of operations depend on the level of tuition fees and boarding fees they are able to charge as well as their ability to maintain and raise the level of and to collect tuition fees and boarding fees.
- New legislation or changes in the PRC regulatory requirements regarding private education may affect their business operation and prospects.
- They are subject to uncertainties brought by the MOJ Draft for Comments.
- They may not be able to register their college as a for-profit private school or complete relevant procedures or obtain the government registrations under the current form of the MOJ Draft for Comments.
- They may face risks arising from the termination of their cooperation agreement with CUIT.
- Some of their programs are focused on the hospitality industry and are highly susceptible to any adverse changes in the hospitality industry, the tourism industry, or the general downturn in the economics.
- Their establishment of the Nanxi New Campus involves uncertainties and risks.
- They are in a cooperation relationship with CUIT and might encounter risks associated with name confusion, reputation and financial impact associated with CUIT.
- They may not be able to manage their growth successfully or effectively by expanding their existing operations and increasing their college capacity, which may hinder their ability to capitalize on new business opportunities.
- If they are unable to continue to attract students to enroll in their education programs, their business and prospects will be materially and adversely affected.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
For the construction of the Nanxi New Campus.	151.20	85.0%
To recruit high-caliber teachers and staff.	17.80	10.0%
For general business operations and working capital.	8.90	5.0%
Total:	177.90	100.00%

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