

**IPO FACT SHEET**
**JH Educational Technology INC. (1935)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$600.0m - HK\$768.0m
<b>Placement Tranche:</b>	400m
<b>Price:</b>	HK\$1.50 - HK\$1.92
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$3,878.69
<b>Historical PE</b>	7.3x – 9.4x
<b>Net tangible asset per share:</b>	HK\$1.02 - HK\$1.13
<b>Market Cap (post-IPO):</b>	HK\$2,400.0m- HK\$3,072.0m
<b>Open:</b>	4 Jun 2019
<b>Close:</b>	12.00 noon on 11 Jun 2019
<b>Trading:</b>	18 Jun 2019
<b>Sponsor:</b>	Macquarie Capital Limited

<b>Year ended 31 Dec</b>	<b>(RMB'000)</b>	<b>yoy % chg</b>
<b>Revenue</b>		
2017	171,993	5.9%
2018	301,818	75.5%
<b>Profit for the year</b>		
2017	190,611	38.7%
2018	286,856	50.5%

**BACKGROUND**

- The Group is a leading provider of private formal higher education in Zhejiang province in China in terms of student enrolment as of December 31, 2017. In addition to offering higher education, it provides secondary education to high school students in Zhejiang province.
- According to the Frost & Sullivan Report, it was the largest private provider of junior college education and the fourth largest private provider of formal higher education in Zhejiang province with a total student enrolment of 10,874 as of December 31, 2017.
- For the 2018/2019 school year, it had an aggregate of 11,455 students enrolled at its initially-controlled schools, among which, 10,520 students were enrolled in Changzheng College and the remaining 935 students were enrolled at Jingyi Secondary School.
- Since July 6, 2018, it has consolidated the financial results of College of Information and Business into the financial results of the Group. As of December 31, 2018, College of Information and Business had a total of 20,613 students.

**BUSINESS STRATEGIES**

- Expand its business operations and school network to achieve economies of scale.
- Enhance profitability by optimizing its pricing strategies and diversify its revenue sources.
- Continue to attract and retain qualified teachers and elevate their research and curriculum development capabilities.
- Continue to improve its course and major offerings and design specialized disciplines based on evolving market trends in order to improve its educational quality and reputation.

**COMPETITIVE STRENGTHS**

- As a leading private provider of formal higher education in Zhejiang province with solid reputation, the Group has a large presence in Henan province and possess strong growth potential.
- The Group's prior experience in setting up and managing private schools and its ability to expand business operations across different regions in the PRC enable it to replicate its past success in the future endeavors.
- Its strategic locations, diverse curriculums formulated based on the evolving market trends, mature school-enterprise collaboration business model and practical training-focused course offerings provide students with promising employment opportunities.

- The Group has a highly qualified teaching staff, which, it believes, is crucial to providing high-quality education to its students.
- The Group has an experienced, stable and proven senior management team with advanced educational concepts, abundant school management experience, strong operational capabilities and successful track record.

#### KEY RISKS

- It is subject to uncertainties brought by the 2016 Decision, the MOE Draft for Comments and the MOJ Draft for Comments, and if implemented in its current form, may have an adverse effect on the development, operation and management of its schools.
- Its business is heavily dependent on the market recognition of the brand and reputation of its schools and the Group.
- The Group may not be able to successfully execute its growth strategies or effectively manage its growth, which may hinder the ability to capitalize on new business opportunities.
- Its business and results of operations depend on the level of tuition fees and boarding fees it is able to charge and its ability to maintain and raise tuition and boarding fees.

#### DIVIDEND POLICY

- No fixed dividend policy.

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Acquire other schools to expand its school network, in particular, qualified undergraduate colleges and/or junior colleges, including private universities and independent colleges whose school sponsors have elected or intend to elect them to be for-private schools in central China, eastern China and southern China.	326.5	50.0%
Expand its business, including establishing new campuses for College of Information and Business and Changzheng College.	261.2	40.0%
Fund its working capital and general corporate purposes.	65.3	10.0%
<b>Total:</b>	<b>653.0</b>	<b>100.0%</b>

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