

**IPO FACT SHEET**
**Koolearn Technology Holding Limited (1797)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$1,529.97m - HK\$1,826.09m
<b>Placement Tranche:</b>	164.513m shares
<b>Price:</b>	HK\$9.30 -HK\$11.10
<b>Board lot:</b>	500
<b>Entry fee:</b>	HK\$5,605.93
<b>Historical PE</b>	88.7x – 105.9x
<b>Net tangible asset per share:</b>	HK\$2.96-HK\$3.27
<b>Market Cap (post-IPO):</b>	HK\$8,499.82m - HK\$10,144.95m
<b>Open:</b>	15 Mar 2019
<b>Close:</b>	12.00 noon on 20 Mar 2019
<b>Trading:</b>	28 Mar 2019
<b>Sponsor:</b>	Citigroup Global Markets Asia Limited, Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited

<b>Year ended 31 May</b>	<b>(RM'000)</b>	<b>yoy % chg</b>
<b>Revenue</b>		
2017	446,215	33.5%
2018	650,457	45.8%
<b>Net Profit for the year</b>		
2017	92,212	54.9%
2018	82,026	-11.1%

**BACKGROUND**

- The Group is a leading online extracurricular education service provider in China, with a comprehensive portfolio of well-recognised brands and core expertise in after-school tutoring and test preparation.
- They are the largest comprehensive online after-school tutoring and test preparation service provider in China in 2017 in terms of revenue, accounting for 0.63% of the total revenue of online after-school tutoring and test preparation market in China, according to the F&S Report.
- Their business was established in 2005 by New Oriental, a pioneer in China's private education industry with over two decades of experience and the largest private education service provider in China in 2017 in terms of revenue, according to the F&S Report.
- Leveraging New Oriental's extensive experience, they offer a wide spectrum of high quality courses and programmes in three core segments, namely their college, K-12, and pre-school online education segments, providing a superior online learning experience to their students.

**BUSINESS STRATEGY AND FUTURE PLANS**

- Expand their content offerings and enhance their students' learning experience.
- Further increase student enrolments.
- Systematically attract and train teaching staff.
- Pursue strategic partnerships with and investments in technology businesses and educational content providers.

**COMPETITIVE STRENGTHS**

- Leading position in China's online education market with strong brand recognition.
- Lifelong online learning platform with diverse course offerings.
- Superior online learning experience tailored to different student groups.
- Deep pool of talented teaching staff and systematic teacher training programmes.

- Highly scalable, technology-supported business model.
- Management team with strong expertise in education and strategic shareholders.

#### KEY RISKS

- If they are not able to continue to attract students to enrol in their online courses and to increase their spending on their platforms, their business and operating results may be materially and adversely affected.
- They may not be able to continue to engage, train and retain qualified teachers, who are critical to the high quality of their courses and the success of their business.
- Their business depends on their Koolearn, Koo, Donut and DFUB brands, and if they are not able to maintain and enhance their brand recognition, their business prospects may be affected.
- Failure to successfully execute their growth strategies may negatively affect their profitability and materially and adversely affect their business and results of operations.
- They face significant competition within each of their business segments, and if they fail to compete efficiently, they may lose their market share or fail to gain additional market share and their profitability may be adversely affected.

#### DIVIDEND POLICY

- No fixed dividend policy.

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Invest in staff recruitment and training activities.	470.0	30.0%
Increase and enhance their course development capabilities.	157.0	10.0%
Invest in improvements and upgrades of their technology infrastructure.	157.0	10.0%
Continue to improve and implement their sales and marketing activities to expand their student base and increase student engagement.	157.0	10.0%
For their working capital and other general corporate purposes.	157.0	10.0%
Selectively pursue acquisitions and/or investments in complementary businesses and support their growth strategies.	470.0	30.0%
<b>Total:</b>	<b>1,567.2</b>	<b>100.00%</b>

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