

IPO FACT SHEET

Renrui Human Resources Technology Holdings Limited (6919)

ISSUE STATISTICS

Offer Size:	HK\$1010.8m – HK\$1,098.2m
Placement Tranche:	38m
Price:	HK\$26.60– HK\$28.90
Board lot:	100
Entry fee:	HK\$2,919.12
Historical PE	N/A
Net tangible asset per share:	HK\$7.42 – HK\$7.98
Market Cap (post-IPO):	HK\$4,004.4m – HK\$4,350.6m
Open:	03 Dec 2019
Close:	12.00 noon on 6 Dec 2019
Trading:	13 Dec 2019
Sponsor:	BNP Paribas Securities (Asia) Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	776,247	106.3%
2018	1,615,891	108.2%
Loss for the year attributable to equity holders of the Company		
2017	-44,005	24.2%
2018	-136,935	211.2%

BACKGROUND

- They are a fast growing pioneer in HR solutions in China, operating on the largest scale in terms of number of flexible staffing employees hired by the end of 2018 and revenue generated from flexible staffing services in 2018, according to CIC.
- They focus on servicing renowned rising Chinese companies, including a large number of fast-growing new economy companies and industry-leading corporates as their recurring client base.
- They are the leading flexible staffing service provider with the only self-developed O2O recruitment platform in China as of June 30, 2019, according to CIC.
- They have a strong service network in China covering clients in more than 150 cities, and operate more than 20 offices as of the Latest Practicable Date.
- With their self-developed O2O recruitment platform, they are able to convert online traffic into an offline recruitment process, and offer result-oriented recruitment services with a high conversion rate and short lead time. Their platform attracts approximately 141,000 average monthly active users and more than 17,800 average daily visits for the six months ended June 30, 2019.
- During the Track Record Period, they generated all of their revenues by providing their HR solutions, typically in the forms of:
 - (i) Flexible staffing services of various positions, primarily of low to mid-level positions, by charging a premium along with all labor costs associated with the contract employees.
 - (ii) Professional recruitment services by charging a fixed fee based on the number of candidates successfully placed, or in the case of senior or executive level headhunting, by the seniority of the position and a percentage of the annual salary of the successfully placed job candidate, as well as paid membership-based candidate interview arrangement and job advertising through their Xiang Recruitment Platform.
 - (iii) Other HR services comprising BPO services, labor dispatch services, tailored corporate training services and other miscellaneous services charged on a case-by-case basis.
- They also provide flexible staffing services, professional recruitment services and other HR services to other new economy and industry-leading players, such as Tencent, NetEase, Ping An Financial Chengdu, Vanke Wuhan, DHL Chengdu, SPD Bank credit card center, Qunar, Allianz Chengdu, iKang Healthcare Guangzhou, Vienna Hotel and Lychee FM.

BUSINESS STRATEGIES

- Increase their revenues by diversifying and expanding their client base.

- Continue innovation to strengthen their system, platform, AI and data mining technologies.
- Continue to expand market coverage in China and globally.
- Expand their value-added services and improve their user experience.
- Continue to strengthen their industry-leading position and brand recognition.

COMPETITIVE STRENGTHS

- They are an HR solutions pioneer providing the largest scale of flexible staffing services and other complementary HR services.
- They focus on servicing renowned and rising Chinese companies as their strategic HR solutions provider.
- They have a fully integrated HR ecosystem enabling close connection among their clients, employees and candidates.
- They rely on their technology and data driven platform to provide innovative solutions to their clients.
- They have an experienced senior management team with a proven record of driving prominent growth and profitability.

KEY RISKS

- Their business is dependent on their clients in the fast-growing new economy industries maintaining their growth or staffing needs.
- They may not be able to rapidly source adequate candidates who meet the requirements of their clients.
- They may not be able to compete effectively, successfully and at reasonable cost against their existing and potential competitors.
- They may not be able to keep up with rapid changes in the HR services industry.
- They may not be able to successfully manage their current and potential future growth.
- Substandard performance by their employees may adversely affect their service quality and reputation.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Will be used primarily to expand their geographic coverage to better support their clients and avail new opportunities.	194.1	20.0%
Will be used primarily to expand their industry coverage.	165.0	17.0%
Will be used to expand their existing BPO and headhunting service offerings in the next three years in order to capture the expected growth potential in both service sectors.	126.2	13.0%
Will be used to further enhance their integrated HR ecosystem and build up their capabilities in AI and data mining technology.	213.5	22.0%
Will be used to further promote their brand and launch marketing and promotion activities.	97.1	10.0%
Will be used to support their global expansion strategy to replicate their success in quickly meeting various staffing demands of their Chinese clients on a global level, which aligned with China's one belt one road initiative.	77.6	8.0%
Will be used for working capital and general corporate purposes.	97.1	10.0%
Total:	970.5	100.0%

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