

**CHINA CHUNLAI EDUCATION GROUP COMPANY LTD:  
THIS IS MORE OF A VOCATIONAL TRAINING SCHOOL  
THAN ANY OTHER TYPE OF TEACHING INSTITUTE**

For the Financial Year, ended August 31, 2018, China Chunlai Education Group Company Ltd () (Code: 1969, Main Board, The Stock Exchange of Hongkong Ltd) fully expects that the Net Profit Attributable to Shareholders was materially lower than that of the previous Financial Year.

The principal reasons that have been given for Management's determination with regard to anticipated Net Profit Attributable to Shareholders in respect of the 2017-2018 Financial Year, included the requirement to increase the Company's indebtedness, '*substantial expenditure in relation to the Company's expansion plans*', and improvements in the overall quality of Company's schools by investing more money in human capital.

With regard to the Company's total indebtedness, as at June 30, 2018, it stood at 1,007,249,000 renminbi (about \$HK1,147,750,163), according to Page 252 of the Global Offering Prospectus, dated August 31, 2018.

This substantial amount of money was owed to bank(s) (57 percent), non-bank financial institution(s) (42.61 percent) and a loan from '*Hubei College*' (College of Engineering and Technology of Yangtze University []), an independent college of Yangtze University() (0.38 percent).

The indebtedness of 1,007,249,000 renminbi, as at June 30, 2018, was an increase of about 1.50 percent, compared with the indebtedness figure of 992,329,000 renminbi (about \$HK1,130,748,972), as at August 31, 2017.

**The Initial Public Offering (IPO) Of China Chunlai Education Group Company Ltd**

China Chunlai Education Group Company Ltd published and disseminated its Global Offering Prospectus on August 31, 2018.

The Company Offered 300 million, \$HK0.00001 Shares at the Indicative Offer Price Range, being the minimum Share Price of \$HK2.08 and the maximum Share Price of \$HK2.98.

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were Offered 30 million Shares and International Investors (institutions, professions and/or select, well-heeled business people) were Offered 270 million Shares.

On September 12, 2018, Management announced that the Offer Price Per Share had been struck at the lowest acceptable level of the Indicative Offer Price Range – \$HK2.08 – and that the Management expected to net about \$HK552.60 million from the net proceeds of the IPO after deductions of all costs, associated with taking this Company public on the premier equity market of the HKSAR.

It was very apparent, on scanning this announcement, that this flotation was far from being the best one of the 2018 calendar year.

At Pages Six and Seven of the public announcement with regard to the Share Price and the Allotment Results, investors were told how the net proceeds, derived from the IPO, were expected to be allocated:

1. Approximately, 50 percent, that is about \$HK276.30 million, *'to be applied towards acquiring land use rights and building educational and living facilities for its current colleges as well as Hubei College'*;
2. Approximately, 30 percent, that is about \$HK165.70 million, *'to be applied towards the acquisition of or cooperation with other universities in China'*;
3. Approximately, 10 percent, that is about \$HK55.30 million, *'to be applied towards repaying certain portion of its loans'*; and,
4. Approximately, 10 percent, that is about \$HK55.30 million, *'to supplement our working capital and for general corporate purposes'*.

**The Business Of China Chunlai Education Group Company Ltd**

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