

Everbright's China Everbright Zhongying Capital leads Series B2 financing of Codemao, helping the leading company on the children's programming track accelerate development

January 29, 2019 - China Everbright Limited ("Everbright", stock code: 165.HK) Zhongying Capital, a subsidiary of Everbright that focuses on investment opportunities in new economy and consumption, announced recently that it had completed investment in the children's programming platform Codemao. The series of financing was led by CEL Zhongying and followed by old shareholders. It's learnt that the funds from the series of financing will be used to polish Codemao's product matrix and further improve its curriculum system building to lay a solid foundation for scaling up children's programming education and transforming it into products. The investment, which is Everbright's best practice of its enabling investment strategy in new economic fields, will help Codemao gather resources from multiple parties and assist it building a "tool+training+community" integrated programming education platform.

Founded in March 2015, Codemao is composed of visual programming tools, game-based programming curriculum system and dynamic online communities. As a leading company on the children's programming track, Codemao once obtained series financing from a number of funds including Hill House Capital, CMB International and Ziniu Fund. Codemao is very popular in the C-end market, with a very high market reputation; meanwhile, with technology advantage, Codemao has established cooperation with a number of provincial and municipal education departments on the G-end to promote the entry of its tools and textbooks into the teaching system, which has made it the only online programming platform in the industry to enter local unified information technology textbooks; on the B-end, Codemao cooperates with leading educational robot companies such as UBTECH, Cheetah Robot and SoftBank Robotics to create a multidimensional product matrix and build brand and technology barriers on various aspects.

Children's programming will gradually substitute Mathematical Olympiad; "policy+industry+users" will promote scale development of the industry

With the successive issuance of national supportive policies, children's programming education has been seen as one of the long-term plans of China's layout in the AI industry. In 2018 the Ministry of Education included information technology, with AI and programming as the main course content, in the academic proficiency test subjects of middle and high schools, so as to

adapt to the development needs in the era of intelligence. With the development and extension of technologies like AI, in the near future, programming is very likely to be included in the required courses or test subjects of elementary and middle schools and even become an alternative subject in college entrance examination. That has, to a great extent, laid an “application exit” for children’s programming education. Therefore, the children’s programming education market has great potential for development.

From the perspective of market development prospect, children’s programming education will gradually substitute Mathematical Olympiad. In the intelligent Internet era, due to the prospectiveness of programming education to the training and shaping of children’s thinking and communication abilities, the penetration of children’s programming will increase significantly with the push by young parents born in the 1980s and 1990s. At present, there are over 100 children’s programming companies in China. In 2018, 22 companies disclosed their financing situations. Children’s programming will soon enter into the explosive growth stage in China. The unicorn companies valued at Ten-billion-Yuan are very likely to be born in the next five years.

Enabled by AI, the “tool+training+community” integrated mode continues to be optimized
Codemao is committed to becoming a “tool+training+community” integrated programming education solution provider.

In terms of tool, Codemao has formed a set of complete programming tool matrix, covering users at all age groups. For example, there are software and hardware tools represented by the 2D graphical programming education tool Kitten Editor, the 3D graphical programming education tool BOX Games, the mobile-end 2D graphical programming education tool Nemo and the preschool programming education tool Kids, as well as 2D and 3D environment tools, mobile-end and PC-end tools, graphical programming and code programming tools, course tools and after-class game-based programming tools. Moreover, with technology advantage, Codemao has developed extensive cooperation with leading intelligent toy hardware companies such as DJI and Galaxy ZEKA.

In terms of training, Codemao offers diversified course types. Codemao has set up custom courses that adopt the “real person+AI” mode, 100-yuan courses exclusive to mobile terminals, one-to-one high-end master classes, etc. In the meantime, Codemao has been constantly

exploring cooperation modes with public schools. As of October 2018, Codemao had entered a total of 5,218 schools, preparing tailored programming textbooks for public schools. That has laid a foundation for truly scaling up children’s programming in future.

In terms of community building, Codemao is strengthening community interaction by organizing works shows, discussion boards on programming techniques, comic and novel boards, IP materials section, etc., to further enhance user stickiness.

Victor Ai, Managing Director of China Everbright, said, “The core competitiveness of the education industry must be to reduce customer acquisition cost and improve efficiency, and to form a positive cycle from higher income to more users to better products. The formation of the development path is the product and brand barrier of Codemao founded by Li Tianchi. AI+ is undoubtedly a creative and powerful development road. We firmly believe that the efficient combination of AI with commercial models and traditional industries will certainly enable and unleash the potential of traditional industries. After several years’ investment practice, we have summed up the AIOT Loop investment mode which has helped our team zoom and target at new economy giants in the AI+ era. Codemao is an excellent investment case in the “AI+ education industry” on the investment loop. We highly affirm Codemao’s leading position and creativity in the children’s programming market, and we are confident that with the support of capital and resources, Codemao will certainly lead the industry toward efficient and systematic development.”

China Everbright Limited has entered the new economy sector since 2016 in a fast manner, growing into an important force in the private equity market for China’s new economy, and winning the title of Forbes China PE Top 30 2018. The team has invested in more than 60 projects in 3 years and is a leading investor in more than 30 projects. The team has nearly 40 seats in invested companies’ boards of directors. About 20 of those invested companies have grown into unicorn companies, and 10 have completed IPO or been acquired by listed companies. The entire amount of volume the team acquired and managed equals to RMB30 billion yuan. Everbright pays attention to new economy companies that are driven by technology and have commercialization capability. For example, in the field of “AI+ IoT”, Everbright has invested in Terminus; iQiyi, Netease Cloud Music in “AI+ pan-entertainment”, Wish, Meituan Dianping and Miss Fresh in the “AI+ new consumption”; NIO Automobile, Xiaopeng Automobile and CiDi in “AI+ travel”; and JD Logistics in “AI+ logistics”.

In future, Everbright will continue to mine companies with the greatest growth potential in the new economic background of China and create new economy unicorns enabled by “AI+ industries” in the new era.

About China Everbright Zhongying Capital

Founded in August, 2016, Zhongying Capital is jointly established by China Everbright and Focus Media. After two years of expanding and investment, Zhongying Capital has become a RMB fund specializing in technological innovation and new consumption investment. Till now, the asset under management approaching 3 billion RMB with LP coming from China’s huge investment institutes and renowned mother funds.

Investing over 20 start-ups, Zhongying Capital covers a number of high quality investment bids, such as Yuanqisenlin beverages (a new beverage company), GJS Robot (an AI based robot toy company), Chunmi tech (one MIUI series company), Xiaopeng (an electric auto company), Tantan (a social and interactive platform), Biyao.com (an e-commerce company). Within those investments, the rate of Zhongying capital’s leading investment reaches 35% and nearly 10 of them completed their next round of fund raising. Zhongying Capital will continue to explore the tendency of China's new economy and exploits the most promising enterprises.