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## 刊發發售通函

### TEQU MAYFLOWER LIMITED

（於開曼群島註冊成立之獲豁免有限公司）

（「發行人」）

於2026年到期的350,000,000美元零息有擔保可轉換債券  
（股份代號：40600）

由



### HOPE EDUCATION GROUP CO., LTD.

#### 希望教育集團有限公司

（於開曼群島註冊成立之獲豁免有限公司）

（「擔保人」）

（股份代號：1765）

無條件及不可撤回地提供擔保

茲提述擔保人日期為2021年2月22日及2021年3月2日的公告（「該等公告」），內容有關（其中包括）提呈發售及發行可轉換債券。除另有界定者外，本公告所用詞彙與該等公告所界定者具有相同涵義。

本公告乃根據上市規則第37.39A條而刊發。有關發行可轉換債券，請參閱本公告所附日期為2021年2月22日的發售通函（「發售通函」）。發售通函僅以英文刊發。概無刊發發售通函的中文版本。

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發售通函並不構成向任何司法權區的公眾提呈出售任何證券的招股章程、通告、通函、冊子或廣告，亦並非向公眾發出邀請以作出認購或購買任何證券的要約，且不會派發以邀請公眾作出認購或購買任何證券的要約。

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承董事會命  
希望教育集團有限公司  
主席  
徐昌俊

香港，2021年3月3日

於本公告日期，發行人的唯一董事為汪輝武先生；且擔保人的執行董事為徐昌俊先生、汪輝武先生及李濤先生；擔保人的非執行董事為王德根先生、唐健源先生及呂志超先生；及擔保人的獨立非執行董事為高皓博士、陳雲華先生及張進先生。

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO AND ACCESS HAS BEEN LIMITED SO THAT IT SHALL NOT CONSTITUTE A GENERAL ADVERTISEMENT OR GENERAL SOLICITATION (AS THOSE TERMS ARE USED IN REGULATION D UNDER THE SECURITIES ACT) OR DIRECTED SELLING EFFORTS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) IN THE UNITED STATES OR ELSEWHERE. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your Representation:** In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be outside of the U.S. (within the meaning of Regulation S under the Securities Act). This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that (1) you are outside of the U.S., the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. (2) you consent to delivery of such Offering Circular by electronic transmission, (3) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached offering circular relates) are not a “connected person” (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the issuer or the guarantor, which includes but is not limited to any director.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriter or any affiliate of the underwriter is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriter or such affiliate on behalf of the Issuer or the Guarantor in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Credit Suisse (Hong Kong) Limited (the “**Sole Manager**” or “**Sole Bookrunner**”), Tequ Mayflower Limited (the “**Issuer**”) nor Hope Education Group Co., Ltd. (the “**Company**” or the “**Guarantor**”) (in this Offering Circular, all references to “Group,” “our Group,” the “Company,” “we,” “us” and “our” refer to Hope Education Group Co., Ltd. and, as the context requires, its subsidiaries and our Consolidated Affiliated Entities (as defined below)) nor any person who controls the Sole Manager, the Issuer, the Guarantor, nor any director, officer, employee or agent of the Sole Manager, the Issuer, the Guarantor or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Sole Manager.

# Tequ Mayflower Limited

(incorporated in the Cayman Islands as an exempted company with limited liability)

US\$350,000,000 Zero Coupon

Guaranteed Convertible Bonds due 2026  
unconditionally and irrevocably guaranteed by



Hope Education Group Co., Ltd.  
希望教育集團有限公司

(incorporated in the Cayman Islands as an exempted company with limited liability)

(Stock Code: 1765)

Issue Price: 100%

The zero coupon guaranteed convertible bonds due 2026 in the aggregate principal amount of US\$350,000,000 (the “**Bonds**”) will be issued by Tequ Mayflower Limited (the “**Issuer**”), a wholly-owned subsidiary of Hope Education Group Co., Ltd. (the “**Company**” or the “**Guarantor**”). The due payment of all sums expressed to be payable by the Issuer under the Trust Deed (as defined in the Terms and Conditions of the Bonds (the “**Terms and Conditions**”) or the “**Conditions**”)) and the Bonds will be unconditionally and irrevocably guaranteed (the “**Guarantee**”) by the Guarantor. The issue price will be 100.00 per cent. of the aggregate principal amount of the Bonds.

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(A) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(A) of the Terms and Conditions, at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations. The obligations of the Guarantor under the Guarantee shall, save for any obligations preferred by any applicable law, at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.

Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after April 12, 2021 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the seventh day prior to March 2, 2026 (the “**Maturity Date**”) (both days inclusive) into fully paid ordinary shares with a par value of US\$0.00001 each of the Company (the “**Shares**”) at an initial conversion price of HK\$3.85 per Share. The conversion price is subject to adjustment in the circumstances described under “Terms and Conditions of the Bonds — Conversion”.

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at its principal amount, together with accrued and unpaid interest thereon, on the Maturity Date. The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with the Terms and Conditions and in writing to the Trustee and the Principal Agent (which notice shall be irrevocable), on the Tax Redemption Date (as defined in the Terms and Conditions), at the Early Redemption Amount (as defined in the Terms and Conditions) in the event of any change in, or amendment to, the laws or regulations of the PRC, Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after February 22, 2021, subject to the non-redemption option of each holder after the exercise by the Issuer of its tax redemption option as described in the Terms and Conditions. The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time (i) after March 18, 2024 but prior to the Maturity Date, provided that the Closing Price, for 20 out of 30 consecutive Trading Days (as defined in the Terms and Conditions) prior to the date upon which notice of such redemption is published was at least 130 per cent. of the applicable Early Redemption Amount (as defined in the Terms and Conditions) divided by the Conversion Ratio (as defined in the Terms and Conditions) in effect on such Trading Day (as defined in the Terms and Conditions) or (ii) if Conversion Rights (as defined in the Terms and Conditions) shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued, the Bonds at Early Redemption Amount (as defined in the Terms and Conditions). The holder of each Bond will also have the right, at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds, on the Relevant Event Redemption Date (as defined in the Terms and Conditions), at the Early Redemption Amount (as defined in the Terms and Conditions). The holder of each Bond shall have the right to require the Issuer to redeem all or some only of such holder’s Bonds on March 2, 2024 at 103.04 per cent. of the principal amount. See “Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation”.

**PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); and/or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Circular has been prepared on the basis that any offer of the Bonds in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”) from a requirement to publish a prospectus for offers of Bonds. This Offering Circular is not a prospectus for the purpose of the UK Prospectus Regulation.

Application will be made to the Hong Kong Stock Exchange for (i) the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules (“**Professional Investors**”)) only; and (ii) the listing of, and permission to deal in, the Shares issuable on conversion of the Bonds, and such permissions are expected to become effective on or about March 3, 2021 and when such Shares are issued, respectively. This Offering Circular is for distribution to Professional Investors only.

**Notice to Hong Kong investors:** The Issuer and the Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investor in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the Hong Kong Stock Exchange in not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Guarantor, or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer and the Guarantor. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Investors should be aware that the Bonds are convertible into the Shares and that there are various other risks relating to the Bonds and the Shares, the Issuer and the Guarantor and the Guarantor’s subsidiaries, their business and their jurisdictions of operations which investors should familiarize themselves with before making an investment in the Bonds and Shares. See “Risk Factors” beginning on page 37 for a discussion of certain factors to be considered in connection with an investment in the Bonds and the Shares.

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and, or other securities laws and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “Transfer Restrictions” and “Plan of Distribution.”

The Bonds will be represented by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about March 2, 2021 (the “**Issue Date**”) with a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

The Bonds are not intended to be initially placed and may not be initially placed to “connected persons” of the Issuer or the Guarantor as defined in the Listing Rules (“**Connected Persons**”). Each holder of the Bonds (and the beneficial owners of the Bonds, if applicable) will be deemed to have represented to the Issuer, the Guarantor and Credit Suisse (Hong Kong) Limited (the “**Sole Manager**”) that it is not a Connected Person of the Issuer or the Guarantor, and will not after completion of the subscription of the Bonds be a Connected Person of the Issuer or the Guarantor. Each prospective investor will be deemed to have agreed with the Issuer, the Guarantor and the Sole Manager that it may, to the extent required by the Listing Rules and/or the Hong Kong Stock Exchange and/or the Hong Kong Securities and Futures Commission (the “**SFC**”), disclose information about such potential investor (including but not limited to its name, company registration number and the number of Bonds allotted to it) to certain parties.

Sole Bookrunner and Sole Manager

CREDIT SUISSE



Offering Circular dated February 22, 2021

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## IMPORTANT INFORMATION

*This Offering Circular is strictly confidential. We are furnishing this Offering Circular in connection with an offering exempt from the registration requirements of the Securities Act, solely for the purpose of enabling you to consider the purchase of the Bonds as described herein. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Bonds. You may not copy, reproduce or distribute this Offering Circular, in whole or in part, and may not disclose any content or use any information in this Offering Circular for any purpose other than considering an investment in the Bonds. By accepting delivery of this Offering Circular, you agree to the foregoing.*

The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offering of the Bonds described herein. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time) for the purpose of giving information with regard to us. We accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

You should rely only on the information contained in this Offering Circular. We have not, and the Sole Manager has not, authorized any other person to provide you with any other information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Offering Circular is accurate only as of the date on the front cover of this Offering Circular or otherwise as of the date specifically referred to in connection with the particular information. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

We, having made all reasonable inquiries, confirm that this Offering Circular contains all information with respect to us, the Group and the Bonds, which are convertible into the Shares, which is material in the context of the issue and offering of the Bonds, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions. We accept responsibility accordingly. Statements contained in this Offering Circular as to the contents of any agreement or other document referred to in this Offering Circular may not set forth all of the terms and conditions of such agreements or other documents, and such statements are qualified by reference to the full text of each such agreement or other document. We have compiled all industry and market information and statistics contained in this Offering Circular from various published and private sources, which may be inconsistent with other information compiled elsewhere.

We have reproduced such information correctly in this Offering Circular but neither we, nor the Sole Manager, have independently verified the accuracy of any of such information and we accept responsibility only for accurately extracting information from such sources.

This Offering Circular has been prepared by us solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by us, the Sole Manager, the Trustee and the Agents (each as defined in the “Terms and Conditions of the Bonds”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the Shares deliverable upon conversion of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes.

The Bonds are offered in reliance upon certain exemptions from the registration requirements under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering in the United States. This Offering Circular is personal to you and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Bonds. In making a purchase of the Bonds, you will be deemed to have made the acknowledgments, representations and agreements provided in the section of this Offering Circular entitled “Transfer Restrictions.”

No person has been or is authorized to give any information or to make any representation concerning us, the Group, the Bonds or the Shares other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Sole Manager, the Trustee or the Agents. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs, the affairs of our Group or any of us since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Sole Manager, the Trustee or the Agents to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful. This Offering Circular is not intended to invite offers to subscribe for or purchase Shares.

**PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); and/or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Circular has been prepared on the basis that any offer of the Bonds in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”) from a requirement to publish a prospectus for offers of Bonds. This Offering Circular is not a prospectus for the purpose of the UK Prospectus Regulation.

**Singapore SFA Product Classification** — In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer and the Guarantor have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In making an investment decision regarding the Bonds, you must rely on your own examination of our Company and the terms of this offering, including the merits and risks involved. The contents of this Offering Circular are not to be considered as legal, business, financial or tax advice. You should consult your own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Bonds. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Sole Manager, Trustee or the Agents or any of their respective affiliates, as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Issuer, our Company, the issue and offering of the Bonds or the Shares. None of the Sole Manager, the Trustee or the Agents has independently verified any of the information contained in this Offering Circular and none of them can give any assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by us, the Group, the Sole Manager, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Sole Manager, the Trustee or the Agents or any person affiliated with any of the Sole Manager, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision. To the fullest extent permitted by law, none of the Sole Manager, the Trustee or the Agents accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Sole Manager, the Trustee, the Agents or the Registrar or on their behalf in connection with the Issuer, our Company, the issue and offering of the

Bonds or the Shares. The Sole Manager, the Trustee or the Agents accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

None of the Sole Manager, the Trustee or the Agents undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Sole Manager, the Trustee or the Agents. Except as otherwise indicated in this Offering Circular, all non-company specific statistics and data relating to the industry or to the economic development of China have been extracted or derived from publicly available information and industry publications. Such information has not been independently verified by the Issuer, the Group, the Trustee, the Agents or the Sole Manager or by their respective directors and advisers, and none of the Issuer, the Group, the Trustee, the Agents, the Sole Manager or their respective directors and advisers make any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may have not been independently verified.

Each person receiving this Offering Circular acknowledges that: (i) such person has been afforded an opportunity to request from the Issuer and the Guarantor and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Sole Manager, the Trustee or the Agents or any person affiliated with any of them in connection with any investigation of the accuracy of such information or its investment decision; (iii) no person has been authorized to give any information or to make any representation concerning the Group, the Bonds, the Guarantee or the Shares (other than as contained herein and information given by the Issuer's or the Guarantor's duly authorized officers and employees in connection with investors' examination of the Group and the terms of the offering of the Bonds) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor, the Sole Manager, the Trustee or the Agents; (iv) such person (and any nominee and any person on whose behalf such person is subscribing for the Bonds) is not a "connected person" (as defined in the Listing Rules) of the Issuer or the Guarantor, which includes but is not limited to any director, chief executive or substantial shareholder of the Issuer or the Guarantor or any of their respective subsidiaries or any associate of any of them within the meaning of the Listing Rules; and (v) such person (and any nominee and any person on whose behalf such person is subscribing for the Bonds) is, and will immediately after completion of the offering of the Bonds be, independent of and not acting in concert with, any of such connected persons in relation to the control of the Issuer or the Guarantor.

The laws of some jurisdictions may restrict the distribution of this Offering Circular and the offer and sale of the Bonds or the Shares. To purchase the Bonds, you must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or resell the Bonds or possess this Offering Circular. You must also obtain any consent, approval or permission required for your purchase, offer or sale of the Bonds under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchase, offer or resale. None of the Issuer, our Company, the Sole Manager and our and its respective representatives is making any representation to you or any person regarding the legality of any investment in the Bonds, or the Shares, by you or any person under applicable legal investment or similar laws or regulations. This Offering Circular does not constitute an offer to sell to you or any person, or a solicitation of an offer from you or any person to buy any of the Bonds or the Shares, in any jurisdiction where it is unlawful to make such an offer or solicitation. This Offering Circular is not intended to invite offers to subscribe for or purchase Shares.

## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

The Company's financial information as of and for the years ended December 31, 2018 and 2019 and the eight months ended August 31, 2020 have been extracted from the Company's consolidated financial statements as of and for the years ended December 31, 2018 and 2019 and the eight months ended August 31, 2020, which have been audited by Ernst & Young, Certified Public Accountants, Hong Kong. The consolidated financial statements for such periods are prepared in accordance with IFRS.

For the purpose of the offers and sales outside the United States in reliance on Regulation S under the Securities Act, Ernst & Young has acknowledged of the issue of this Offering Circular with the inclusion herein of, and all references to (i) its name and (ii) the Company's consolidated financial statements as of and for the years ended December 31, 2018 and 2019 and the eight months ended August 31, 2020, in the form and context in which they are respectively included in this Offering Circular.

In this Offering Circular, all references to the "Issuer" refer to Tequ Mayflower Limited; all references to "Group," "our Group," the "Company," "we," "us" and "our" refer to Hope Education Group Co., Ltd. and, as the context requires, its subsidiaries and Consolidated Affiliated Entities; all references to "USD", "US\$" or "U.S. dollars" are to United States dollars, the legal currency of the United States; all references to "HK\$" or "HK dollars" are to Hong Kong dollars, the legal currency of Hong Kong Special Administrative Region of the PRC; all reference to "RM" is to Malaysian Ringgit, the legal currency of Malaysia; all references to "RMB" or "Renminbi" are to Renminbi, the legal currency of the People's Republic of China; and all references to the "PRC" and "China" are to the People's Republic of China, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan. Unless otherwise stated in this Offering Circular, HK dollar amounts have been translated into U.S. dollars at an exchange rate of HK\$7.7524 to US\$1.00 for illustration purpose only. Renminbi amounts have been translated into U.S. dollars at an exchange rate of RMB6.8474 to US\$1.00 for illustration purpose only. Malaysian Ringgit amounts have been translated into Renminbi at an exchange rate of MYR1.00 to RMB1.67 for illustration purpose only. You should not construe those exchange rates as representations that the HK dollars and Renminbi amounts could actually be converted into an U.S. dollar amounts, at the rates indicated, or at all. See "Exchange Rate Information" for details.

In making an investment decision, investors must rely upon their own examination of the Issuer, us, the terms of the offering of the Bonds and the financial information.

The statistics set forth in this Offering Circular relating to the PRC and the industries in which we operate were taken or derived from various government and private publications. Investors should note that no independent verification has been carried out on any facts or statistics that are directly or indirectly derived from official government and non-official sources. Neither we or the Sole Manager or any of its respective directors, officers, representatives or affiliates make any representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possible inconsistent collection methods and other problems, the statistics herein may be inaccurate and should not be unduly relied upon.

## ENFORCEABILITY OF CIVIL LIABILITIES

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability and operate principally in the PRC. Because substantially all of our business is conducted, and substantially all of our assets are located, in the PRC, our operations are generally affected by and subject to the PRC legal system and PRC laws and regulations. We have been advised by Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law, that it is uncertain whether the courts of the Cayman Islands would (i) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or (ii) entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States. Maples and Calder (Hong Kong) LLP has further advised us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in a federal or state court of the United States, a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction; (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given; (c) is final; (d) is not in respect of taxes, a fine or a penalty; and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

We have also been advised by our PRC counsel, Tian Yuan Law Firm, the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. On July 14, 2006, Hong Kong and China entered into the Arrangement between the Courts of the Mainland and Courts of the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters Where the Parties Involved Have an Choice of Court Agreement, or the Arrangement. Pursuant to the Arrangement, a final judgment on civil or commercial matters entered by Hong Kong courts can be recognized and enforced in China by application to a competent court of China if the judgment awards monetary payment and the parties thereto have agreed in writing to submit the matter exclusively to Hong Kong courts for resolution. Similarly, a final judgment entered by courts of China on civil or commercial matters are enforceable in Hong Kong by application to a competent court of Hong Kong if the judgment awards monetary payment and the parties thereto have agreed in writing to submit the matter exclusively to courts of China for resolution. In January 2019, Hong Kong and China entered into another arrangement on court judgment recognition and enforcement-the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”) — which no longer limits recognizable judgments to those granting monetary awards and whose parties have written and exclusive choice of forum agreement, but exclude eight types of proceedings from its coverage including bankruptcy proceedings, matrimonial proceedings, intellectual property cases, maritime law cases, etc. The New Arrangement has not come into effect; how it will be implemented remains uncertain.

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Offering Circular contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future that are, by their nature, subject to significant risks and uncertainties.

These forward-looking statements include, without limitation, statements relating to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our ability to maintain or increase student enrollment at our schools;
- our ability to maintain or increase tuition fees;
- our ability to maintain or increase utilization of our facilities;
- our capital expenditure programs and future capital requirements;
- our future general and administrative expenses;
- competition for, among other things, capital, technology and skilled personnel (including teaching staff);
- our ability to control costs;
- our dividend policy;
- general economic conditions;
- the actions and developments of our competitors;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- other factors beyond our control.

When used herein, the words “aim,” “anticipate,” “believe,” “can,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “potential,” “project,” “prospects,” “seek,” “should,” “sustain,” “will,” “would” and similar expressions, as they relate to the Issuer and our Group, are intended to identify these forward looking statements. All statements (other than statements of historical facts included in this Offering Circular), including statements regarding our strategy, plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements reflect the current views of our management as of the date of this Offering Circular with respect to future events and are subject to certain risks, uncertainties and

assumptions, including the risk factors described under “Risk Factors” and elsewhere in this Offering Circular. One or more of these risks or uncertainties may materialize, or the underlying assumptions may prove to be incorrect. Actual results and events may differ materially from information contained in the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our results of operations and financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized.

Subject to the requirements of applicable laws, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this Offering Circular, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Offering Circular might not occur in the way we expect or at all. All forward-looking statements contained in this Offering Circular are qualified by reference to this cautionary statement.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents are incorporated by reference in this Offering Circular:

- (i) the audited consolidated financial statements of the Group (including the notes thereto) as of and for the years ended December 31, 2018 and 2019 and for the eight months ended August 31, 2020, which are contained in the annual reports of the Group for the years ended December 31, 2019 and 2020;
- (ii) the audited consolidated financial statements of the INTI Group (including the notes thereto) as of and for the years ended December 31, 2017, 2018 and 2019, which are set out on pages 22 to 86 of “Appendix II — Accountant’s Report of the Target Group” of the shareholder circular of the Group dated April 29, 2020; and
- (iii) the unaudited pro forma financial information of the Group after acquiring INTI Group (including the notes thereto) as of December 31, 2019, which are contained in “Appendix III — Unaudited Pro Forma Financial Information of the Enlarged Group” of the shareholder circular of the Group dated April 29, 2020 (the “**INTI Pro Forma**”).

The INTI Pro Forma has been compiled by the directors to illustrate purpose only, to provide information about how the acquisition of 100% equity interest in INTI Group by the Company might have affected the financial position of the Group as of December 31, 2019 as if the acquisition had taken place on December 31, 2019. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s financial statements for the year ended December 31, 2019, on which an audit report has been published. Since the INTI Pro Forma has not been audited or reviewed by the Company’s auditor, Ernst & Young, the INTI Pro Forma should not be relied upon by potential investors to provide the same quality of information associated with financial statements that have been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. None of the Sole Manager, the Trustee or the Agents or any of their respective affiliates, directors, officers

or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited pro forma financial information for an assessment of, and potential investors must exercise caution when using such data to evaluate, our financial condition and results of operations.

Copies of these documents can be downloaded from the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the website of the Company at <http://www.hopeedu.com/> (the other contents of these websites do not form part of this Offering Circular).

## SUMMARY

*This summary aims to give you an overview of the information contained in this Offering Circular. As it is a summary, it does not contain all the information that may be important to you. You should read this entire Offering Circular carefully, including the “Risk Factors” section and the financial statements and related notes.*

### Overview

We are one of the largest private education groups in China with 194,554 students as of October 15, 2020. We are committed to providing quality education and professional training to students with an aim to equipping them with the knowledge and skills desired in employment markets. As of date of this Offering Circular, we own and operate 14 higher education schools and two technical colleges, including (i) one university, namely INTI International University of Malaysia; (ii) five undergraduate colleges, namely Southwest Jiaotong University Hope College, Jinci College of Shanxi Medical University, Business College of Guizhou University of Finance and Economics, College of Science and Technology of Guizhou University and Yinchuan University of Energy; (iii) eight junior colleges, namely Sichuan Tianyi College, Sichuan Hope Automotive Vocational College, Sichuan Vocational College of Culture & Communication, Guizhou Vocational Institute of Technology, Sichuan TOP IT Vocational Institute, Hebi Automotive Engineering Vocational College, Suzhou Top Institute of Information Technology and Nanchang Vocational Institute of Film and Television Communication; and (iv) two technical colleges, namely Sichuan Hope Automotive Technical College and Guizhou Technical College of Technology. With our established market position, rich experience in operating higher education schools and sophisticated centralized management model, we believe that we can capture consolidation opportunities in China’s fragmented private higher education market and continue to achieve rapid development.

The enrollment rate of school-age population of higher education in China was far less than that in the developed countries in Europe and North America. Private higher education service providers are expected to satisfy the growing market demands and fill the gap of insufficient investment in public higher education as a result of the Chinese government’s increasing support to private higher education in recent years. China’s private higher education industry is fast-growing. At the same time, this market is highly fragmented and competitive. As a leader of China’s private higher education industry, we believe that we have the first-mover advantage to expand school network, acquire and consolidate additional schools, increase our market share and capture the market growth opportunities.

We have successfully expanded our school network rapidly based on our strong capabilities of acquiring and establishing higher education institutions. We started to build our school network in Sichuan and have expanded to Guizhou and Shanxi. Since entering into higher education industry in 2008, we have increased the number of our schools providing higher education services to 14, including eleven acquired schools and three schools established by us. We also provide self-study examination services and adult education services through some of our schools. In addition to the abovementioned 14 higher education schools, we operate Sichuan Hope Automotive Technical College and Guizhou Technician College of Technology to provide technical education services. Benefited from such expansion, we have experienced a rapid growth. The total number of students at our schools increased from 140,125 for the 2019/2020 academic year (as of October 15, 2019) to

194,554 for the 2020/2021 academic year (as of October 15, 2020). In addition, our faculty members increased from 7,711 for the 2019/2020 academic year (as of December 31, 2019) to 8,484 for the 2020/2021 academic year (as of August 31, 2020).

In line with our commitment to students, we endeavor to enable students to become professional talent possessing knowledge and skills desired in employment market. We establish majors and curricula with a focus on applied technologies based on employment market demand and make job-oriented training a key part of our courses. Furthermore, we have close cooperation with corporations and institutions in various areas, such as establishment of major and curriculum, exchange programs of teachers and internship and simulation training. Such cooperation has complemented our classroom teaching, offered superior training opportunities for our students and improved our graduates' competitiveness in the employment market.

We have a sophisticated centralized management model. Our headquarter performs centralized management over logistics, supply and service procurement and infrastructure constructions of each school and is establishing a unified intelligent campus information system among our schools. Such centralized management enables us to control the operation costs while reducing operating risks. Our schools also share market demand, teaching resources, student recruitment experience and job placement resources. The synergy achieved by such resource sharing among schools underpins the further expansion of our school network. We established an education management committee at our headquarter, consisting of prestigious education experts, serving as a think tank on decision-making and supervision for education and school operations. This enables our schools to benefit from these experts' education management experience in their teaching activities and operations.

### **Our Competitive Strengths**

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

- Leading position in China private higher education industry with strong brand recognition;
- Outstanding capabilities of acquiring and establishing schools;
- Sophisticated and efficient centralized management model;
- Market-oriented education services with balanced focus on theories and skills, providing students with good career prospects; and
- An experienced management team with proven track record and a high-quality teaching team.

## **Our Business Strategies**

We aspire to provide more Chinese students with access to higher education and to become a world-renowned private higher education service provider. To achieve this goal, we plan to pursue the following business strategies:

- Continuing to promote the internal growth of our Company;
- Continuing to seek high-quality expansion opportunities while further expanding the development coverage based on students' needs;
- Continuing to attract, encourage and retain high-quality teachers, and enhance the support for the career development of teachers; and
- Further expanding school-enterprise collaboration and improve student employment rate.

## THE OFFERING

*The following is a general summary of the terms of the offering of the Bonds. This summary is partly derived from, and should be read in conjunction with, the full text of the Terms and Conditions (see “Terms and Conditions of the Bonds”), the Trust Deed and the Agency Agreement (both terms as defined in the “Terms and Conditions of the Bonds”) relating to the Bonds. The Conditions, the Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the terms set out in this summary. Defined terms used in this summary that are not defined herein shall have the meanings accorded to them in the Conditions.*

<b>Issuer</b>	Tequ Mayflower Limited
<b>Guarantor</b>	Hope Education Group Co., Ltd.
<b>Issue</b>	US\$350,000,000 Zero Coupon guaranteed convertible bonds due 2026 convertible at the option of the holder thereof into fully-paid ordinary shares of the Guarantor.
<b>Shares</b>	Ordinary shares of US\$0.00001 each in the share capital of the Guarantor.
<b>Issue Price</b>	100 per cent. of the principal amount of the Bonds.
<b>Form and Denomination of the Bonds</b>	The Bonds are issued in registered form in the denomination of US\$200,000 each and integral multiples of US\$1,000 in excess thereof. The Bonds will upon issue be initially represented by the Global Certificate which will, on the Issue Date, be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear SA/NV and Clearstream Banking S.A.
<b>Guarantee</b>	The due and punctual payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds and the performance of all of the Issuer’s other obligations under the Trust Deed and the Bonds will be unconditionally and irrevocably guaranteed by the Guarantor.
<b>Interest</b>	The Bonds do not bear interest save as provided in Condition 7(E) of the Terms and Conditions.
<b>Issue Date</b>	March 2, 2021.
<b>Maturity Date</b>	March 2, 2026.

**Negative Pledge**

So long as any Bond remains outstanding, each of the Issuer and the Guarantor will not, and will ensure that none of its Subsidiaries (as defined in the Terms and Conditions) will, create, permit to subsist or arise or have outstanding, any mortgage, charge, pledge, lien or other encumbrance or other security interest securing any obligation of any person or any other arrangement with similar economic effect upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in the Terms and Conditions), or any guarantee or indemnity in respect of any Relevant Indebtedness (as defined in the Terms and Conditions) without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness (as defined in the Terms and Conditions), guarantee or indemnity equally and rateably or such other security as shall be approved by an Extraordinary Resolution of the Bondholders. See “Terms and Conditions of the Bonds — Covenants — Negative Pledge”.

**Status of the Bonds**

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(A) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. See “Terms and Conditions of the Bonds — Status and Guarantee — Status”.

**Status of the Guarantee**

The obligations of the Guarantor under the Guarantee shall, save for any obligations preferred by any applicable law, at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations. See “Terms and Conditions of the Bonds — Status and Guarantee — Guarantee”.

**Taxation**

All payments of principal and premium made by or on behalf of the Issuer (or, as the case may be, the Guarantor) under or in respect of the Bonds (or, in the case of the Guarantor, the Guarantee), the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, the PRC or Hong Kong or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer (or, as the case may be, the Guarantor) shall pay Additional Tax Amounts (as defined in the Terms and Conditions) as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except in circumstances specified in Condition 9 of the Terms and Conditions. See “Terms and Conditions of the Bonds — Taxation”.

**Conversion Price**

The Conversion Price will initially be HK\$3.85 per Share, which will be subject to adjustments for, among other things, capitalisation of profits and reserves, capital distributions, rights issues, consolidation, subdivision, redesignation and reclassification of Shares, issuance of options, rights, warrants, further convertible or exchangeable bonds or Shares at beyond a certain discount to current market price and certain other dilutive events. See “Terms and Conditions of the Bonds — Conversion — Adjustments to Conversion Price”.

**Conversion Right and Period**

Subject to and upon compliance with the Terms and Conditions, the Conversion Right (as defined in the Terms and Conditions) in respect of a Bond may be exercised, at the option of the holder thereof, at any time on or after April 12, 2021 (i) up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the seventh day prior to the Maturity Date (both days inclusive) or (ii) if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or (iii) if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(D) or Condition 8(E) of the Terms and Conditions, then up to the close of business (at the place aforesaid) on the business day prior to the giving of such notice. See “Terms and Conditions of the Bonds — Conversion — Conversion Right”.

**Redemption at Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions of the Bonds, the Issuer will redeem each Bond at 105.11 per cent. of its principal amount on the Maturity Date. See “Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Maturity”.

**Redemption for Taxation Reasons**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 17 of the Terms and Conditions and in writing to the Trustee and the Principal Agent (which notice shall be irrevocable), at the Early Redemption Amount (as defined in the Terms and Conditions), if immediately prior to the giving of such notice, the Issuer determines and certifies to the Trustee (i) the Issuer (or if the Guarantee was called on, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC, the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after February 22, 2021, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no Tax Redemption Notice (as defined in the Terms and Conditions) shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts (as defined in the Terms and Conditions) were a payment in respect of the Bonds then due. See “Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Taxation Reasons”.

**Bondholders’ Tax Option**

If the Issuer exercises its tax redemption right, each Bondholder shall have the right to elect that its Bonds shall not be redeemed. Upon a Bondholder electing not to have its Bonds redeemed in such circumstances, any payments due after the relevant date shall be made subject to any deduction or withholding of any tax required to be withheld or deducted. See “Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Bondholders’ Tax Option”.

**Redemption at the Option of the Issuer**

On giving not less than 30 nor more than 60 days' notice to the Bondholders and to the Trustee and the Principal Agent in writing (which notice will be irrevocable), the Issuer may redeem all, but not some only, of the Bonds on the date specified in the Optional Redemption Notice (as defined in the Terms and Conditions) at Early Redemption Amount (as defined in the Terms and Conditions), (i) at any time after March 18, 2024 but prior to the Maturity Date, provided that the Closing Price of the Shares of the Guarantor, translated into U.S. dollars at the Prevailing Rate (as defined in the Terms and Conditions) applicable to the relevant Trading Day (as defined in the Terms and Conditions), for 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the applicable Early Redemption Amount divided by the Conversion Ratio (as defined in the Terms and Conditions) in effect on such Trading Day (as defined in the Terms and Conditions) or (ii) at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancelations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 15 of the Terms and Conditions and consolidated and forming a single series therewith). See "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Issuer".

**Redemption at the Option of the Bondholders**

On March 2, 2024, each Bondholder will have the right to require the Issuer to redeem all or some only of the Bonds of such Bondholder at 103.04 per cent. of the principal amount upon giving notice (together with the Certificate evidencing the Bonds to be redeemed) not more than 60 days and not less than 30 days prior to March 2, 2024. See "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Bondholders".

**Redemption for Relevant Event**

Each Bondholder shall have the right, at such holder's option, to require the Issuer to redeem all or some only of such Bondholder's Bonds on the Relevant Event Redemption Date (as defined in the Terms and Conditions) at the Early Redemption Amount (as defined in the Terms and Conditions).

A "**Relevant Event**" occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 14 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange (as defined in the Terms and Conditions); or
- (ii) when there is a Change of Control (as defined in the Terms and Conditions); or
- (iii) when less than 25 per cent. of the Guarantor's total number of issued Shares are held by the public (as interpreted under LR8.24 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited); or

(iv) when (a) there is any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof (a “**change in law**”) that results in (x) the Guarantor, its Subsidiaries and its consolidated affiliated entities (collectively, the “**Group**”) (as in existence immediately subsequent to such change in law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such change in law) as of the last date of the period described in the Guarantor’s consolidated financial statements for the most recent fiscal year or half year and (y) the Guarantor being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such change in law) in the same manner as reflected in the Guarantor’s consolidated financial statements for the most recent fiscal year or half year and (b) the Guarantor has not furnished to the Trustee, prior to the date that is 6 months after the date of the change in law, an opinion from an independent financial adviser or an independent legal counsel addressed to the Trustee stating either (x) that the Guarantor is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such change in law), taken as a whole, as reflected in the Guarantor’s consolidated financial statements for the most recent fiscal year or half year (including after giving effect to any corporate restructuring or reorganization plan of the Group) or (y) that such change in law would not materially adversely affect the Issuer’s and the Guarantor’s ability to make principal payments on the Bonds when due or to convert the Bonds in accordance with the Terms and Conditions. See “Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Relevant Event”.

**Events of Default**

If any of the events set out in “Terms and Conditions of the Bonds — Events of Default” occurs, the Trustee at its discretion may, and if so requested in writing by the Bondholders holding not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) shall (subject in any such case to being indemnified and/or secured and/or prefunded by the Bondholders to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at the Early Redemption Amount (as defined in the Terms and Conditions). See “Terms and Conditions of the Bonds — Events of Default”.

**Share Ranking**

The Shares to be issued upon exercise of Conversion Rights will be fully paid and will in all respects rank pari passu with the fully paid Shares in issue on the relevant Registration Date except for any right excluded by mandatory provisions of applicable law. Save as set out in the Terms and Conditions of the Bonds, a holder of Shares issued on conversion of the Bonds shall not be entitled to receive any rights, the record date for which falls prior to the relevant Registration Date. See “Terms and Conditions of the Bonds — Conversion”.

**Further Issues**

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the timing for the making of the NDRC Post-issue Filing) and so that such further issue shall be consolidated and form a single series with the Bonds. See “Terms and Conditions of the Bonds — Further Issues”.

**Clearance**

The Bonds will be cleared through Euroclear and Clearstream. Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book entry transfer between their respective account holders.

**Governing Law**

The Bonds and any non-contractual obligations arising out of or in connection with them will be governed by and will be construed in accordance with English law.

<b>Jurisdiction</b>	The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds.
<b>Letter Agreement Authorizing Stock Borrow</b>	Hope Education Investment Limited, an existing shareholder of the Guarantor (the “ <b>Lender</b> ”), has entered into a letter agreement authorizing stock borrow with Credit Suisse AG, Hong Kong Branch (the “ <b>Borrower</b> ”) dated February 22, 2021 (the “ <b>Letter Agreement Authorizing Stock Borrow</b> ”), pursuant to which the Lender will lend, in aggregate, 500,000,000 shares to the Borrower, for the purposes of facilitating stock lending by the Borrower and/or its affiliates to investors in the Bonds.
<b>Concurrent Placement</b>	On or about the date of the Subscription Agreement, the Guarantor has entered into a placing and subscription agreement with, among others, Credit Suisse (Hong Kong) Limited, pursuant to which Credit Suisse (Hong Kong) Limited shall procure purchasers for an equity placement of up to a maximum number of 680,000,000 Shares at a placement price of HK\$2.80 (the “ <b>Concurrent Placement</b> ”). The Concurrent Placement was conducted concurrently with the Offering and closing of the Concurrent Placement is expected to occur on February 25, 2021. The completion of the issuance of the Bonds and the Concurrent Placement are not inter-conditional.
<b>Legal Entity Identifier</b>	549300AGQHZ6WI0L1W93.
<b>ISIN</b>	XS2307183694.
<b>Common Code</b>	230718369.
<b>Listing and Trading of the Bonds and the Shares</b>	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds to Professional Investors only and formal permission is expected to become effective on or about March 3, 2021. Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares arising on conversion of the Bonds. It is expected that dealing in, and listing of, such Shares on the Hong Kong Stock Exchange will commence when they are issued.
<b>Trustee</b>	The Bank of New York Mellon, London Branch
<b>Principal Agent</b>	The Bank of New York Mellon, London Branch

<b>Registrar and Transfer Agent</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch
<b>Selling Restrictions</b>	There are restrictions on the offer, sale and transfer of the Bonds in, among others, the United States, the United Kingdom, Hong Kong, Singapore, Japan, the PRC, the European Economic Area — PRIIPS and the Cayman Islands. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “Plan of Distribution”.
<b>Global Certificate</b>	For as long as the Bonds are represented by the Global Certificate and the Global Certificate is deposited with a common depository, payments of principal and premium (if any) in respect of the Bonds represented by the Global Certificate will be made without presentation and, if no further payment falls to be made in respect of the Bonds, against surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to Bondholders for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant clearing system.
<b>Use of Proceeds</b>	For a description of the use of proceeds of this Offering, see “Use of Proceeds”.
<b>Risk Factors</b>	For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see “Risk Factors”.

**Issuer and Guarantor Lock-up**

Subject to certain exceptions, each of the Issuer and the Guarantor has agreed in the Subscription Agreement, and the Guarantor has undertaken in the placing and subscription agreement with the Sole Manager that, as applicable, that neither the Issuer, the Guarantor, any member of the Group or any person acting on their behalf will (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds or the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Shares or other securities, in cash or otherwise or (iv) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Sole Manager between the date of the Subscription Agreement and the date which is 90 calendar days after the Issue Date (both dates inclusive). See “Plan of Distribution”.

## **Shareholder Lock-up**

Subject to certain exceptions, our Shareholder, Hope Education Investment Limited has agreed that neither it nor any companies or their subsidiaries over which it exercises direct or indirect management or voting control, nor any person acting on its or their behalf will, for a period commencing from the date of the Subscription Agreement to 90 calendar days after the Issue Date, without the prior written consent of the Sole Manager, (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares (as defined in the Subscription Agreement) or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (iv) announce or otherwise make public an intention to do any of the foregoing. See “Plan of Distribution”.

## SUMMARY FINANCIAL INFORMATION OF OUR COMPANY

The following summary historical consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2019 and eight months ended August 31, 2020 and the summary historical consolidated statements of financial position as of December 31, 2018 and 2019 and August 31, 2020 have been derived from and should be read in conjunction with, and are qualified in their entirety by reference to, the consolidated financial information incorporated by reference in this Offering Circular. Our historical operating results are not necessarily indicative of future operating results. Our financial information has been prepared in accordance with IFRS.

As the academic year of our domestically-operated schools in the PRC ends in August every year, to facilitate schools' management and preparation of the consolidated financial statements of our Group and to better reflect our operational results for the financial year, on March 25, 2020, our Board has resolved to change the end date of the financial year of our Company from December 31 to August 31 for the convenience of aligning our end date of the financial year with the academic year of domestically-operated schools of our Group in the PRC.<sup>(1)</sup>

See "Presentation of Financial and Other Information" in this Offering Circular.

*Note:*

- (1) 2020 fiscal year is the first financial year after the change of financial year end date. After the change of financial year, the whole year of the new financial year will be from September 1 to August 31 next year. Due to the periodic nature of formal educational services ran by us, no tuition fees are generated in the spring and summer holidays in February, July and August each year, so the data for the eight-month period from January 1, 2020 to August 31, 2020 and for the twelve-month period from January 1, 2019 to December 31, 2019 are not comparable, and without predictability from an analysis of obvious trends.

Therefore, in order to understand our operating positions for the new financial year clearly, please refer to the below unaudited financial information for the twelve months commencing from September 1, 2019 to August 31, 2020 and the unaudited financial information for the twelve months commencing from September 1, 2018 to August 31, 2019 for the period-on-period comparison.

	For the Twelve Months Ended August 31,		Change  (in millions of RMB)	Change  (percentage)
	2019	2020		
	(in millions of RMB)	(in millions of RMB)		
Revenue . . . . .	1,079.31	1,568.12	488.81	45.3%
Gross profit . . . . .	504.05	777.38	273.33	54.2%
Adjusted gross profit . . . . .	507.79	822.36	314.57	61.9%
Adjusted gross profit margin . . . . .	47.0%	52.4%	—	5.4%
Net profit . . . . .	341.88	456.45	114.57	33.5%
Adjusted net profit . . . . .	358.14	575.78	217.64	60.8%
Adjusted net profit margin . . . . .	33.2%	36.7%	—	3.5%

# **Summary consolidated statement of profit or loss and other comprehensive income**

	<b>Year Ended December 31,</b>		<b>Eight Months Ended August 31,</b>
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b> . . . . .	<b>1,029,523</b>	<b>1,331,375</b>	<b>872,075</b>
Cost of sales . . . . .	(562,286)	(656,873)	(494,464)
Gross profit . . . . .	467,237	674,502	377,611
Other income and gains . . . . .	211,510	253,628	129,745
Gain on a bargain purchase . . . . .	—	27,256	—
Selling expenses . . . . .	(20,804)	(45,283)	(41,279)
Administrative expenses . . . . .	(267,452)	(172,401)	(113,600)
Other expenses . . . . .	(27,965)	(16,459)	(42,644)
Finance costs . . . . .	(201,172)	(170,681)	(143,940)
Share of profits/(losses) of a joint venture . . . . .	(1,858)	5,177	(144)
Profit before tax . . . . .	159,496	555,739	165,749
Income tax credit/(expense) . . . . .	7,841	(65,708)	(46,400)
Profit for the period . . . . .	167,337	490,031	119,349
Total comprehensive income for the period . . . . .	167,337	490,031	119,349
Profit and total comprehensive income attributable to:			
Owners of the Company . . . . .	167,916	489,872	119,224
Non-controlling interests . . . . .	(579)	159	125
	<u>167,337</u>	<u>490,031</u>	<u>119,349</u>
Earnings per share attributable to ordinary equity holders of the Company:			
Basic . . . . .	<u>RMB0.030</u>	<u>RMB0.073</u>	<u>RMB0.018</u>
Diluted . . . . .	<u>RMB0.028</u>	<u>RMB0.072</u>	<u>RMB0.017</u>

# Summary consolidated statements of financial position

	As of December 31,		As of August 31,
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	3,448,267	4,563,972	5,065,150
Right-of-use assets . . . . .	—	1,163,340	1,319,119
Prepaid lease payments . . . . .	590,015	—	—
Goodwill . . . . .	481,143	590,456	590,456
Amounts due from related parties . . . . .	—	275,110	288,556
Other intangible assets . . . . .	133,596	218,976	212,291
Investment in a joint venture . . . . .	—	196,242	196,098
Prepayments, deposits and other receivables . .	466,225	224,815	335,857
Restricted bank balance . . . . .	—	108,787	179,851
Pledged deposits . . . . .	—	—	268,000
Deferred tax assets . . . . .	—	1,404	2,424
Total non-current assets . . . . .	5,119,246	7,343,102	8,457,802
<b>Current assets</b>			
Trade receivables . . . . .	—	3,714	27,953
Prepayments, deposits and other receivables . .	128,729	720,787	909,135
Amounts due from related parties . . . . .	4,314	30,868	56,052
Structured deposits . . . . .	—	1,002,967	—
Other financial assets at fair value through profit or loss . . . . .	—	9,310	5,000
Restricted bank balance . . . . .	—	50,000	50,000
Pledged deposits . . . . .	—	—	15,700
Cash and cash equivalents . . . . .	3,038,905	1,690,419	2,894,437
Total current assets . . . . .	3,171,948	3,508,065	3,958,277
<b>Current liabilities</b>			
Contract liabilities . . . . .	590,785	806,431	403,620
Trade payables . . . . .	—	33,610	37,573
Other payables and accruals . . . . .	637,459	1,137,501	1,307,621
Lease liabilities . . . . .	—	27,825	28,965
Deferred income . . . . .	9,407	32,545	37,683
Interest-bearing bank and other borrowings . .	526,680	1,003,293	1,443,333
Amounts due to related parties . . . . .	52,953	30,763	21,694
Taxes payable . . . . .	34,053	65,203	87,759
Total current liabilities . . . . .	1,851,337	3,137,171	3,368,248
<b>Net current assets</b> . . . . .	<b>1,320,611</b>	<b>370,894</b>	<b>590,029</b>
<b>Total assets less current liabilities</b> . . . . .	<b>6,439,857</b>	<b>7,713,996</b>	<b>9,047,831</b>

	As of December 31,		As of August 31,
	2018	2019	2020
	RMB'000	RMB'000	RMB'000
<b>Non-current liabilities</b>			
Deferred income . . . . .	658,083	1,072,673	1,252,665
Interest-bearing bank and other borrowings . . .	1,605,052	1,593,599	1,670,072
Deferred tax liabilities . . . . .	10,154	5,889	5,687
Lease liabilities . . . . .	—	132,662	120,129
Other payable . . . . .	6,416	343,885	312,861
Total non-current liabilities . . . . .	2,279,705	3,148,708	3,361,414
<b>Net assets . . . . .</b>	<b>4,160,152</b>	<b>4,565,288</b>	<b>5,686,417</b>
<b>Equity</b>			
Equity attributable to owners of the Company:			
Issued capital . . . . .	454	454	493
Reserves . . . . .	4,156,816	4,561,763	5,682,728
	4,157,270	4,562,217	5,683,221
Non-controlling interests . . . . .	2,882	3,071	3,196
Total equity . . . . .	4,160,152	4,565,288	5,686,417

## SUMMARY FINANCIAL INFORMATION OF INTI GROUP

The following summary historical consolidated financial information as of December 31, 2017, 2018 and 2019 and for each of the years ended December 31, 2017, 2018 and 2019 has been derived from the audited consolidated financial statements of INTI Group incorporated by reference in this Offering Circular. INTI Group's operating results for the years ended December 31, 2017, 2018 and 2019 are not necessarily indicative of the results to be expected for any future periods.

This information is only a summary and should be read in conjunction with the historical consolidated financial statements of INTI Group. See "Documents Incorporated by Reference" in this Offering Circular.

### Summary consolidated income statements

	Year Ended December 31,		
	2017	2018	2019
	RM'000	RM'000	RM'000
Revenue . . . . .	300,697	300,339	287,668
Other operating income . . . . .	189	615	679
Changes in inventories . . . . .	19	(81)	(26)
Staff costs . . . . .	(123,895)	(128,733)	(134,077)
Depreciation and amortization . . . . .	(15,754)	(15,770)	(20,000)
Advertising and marketing expenses . . . . .	(23,018)	(26,301)	(26,215)
Maintenance and utilities expenses . . . . .	(23,065)	(26,404)	(22,784)
Rental expenses . . . . .	(4,662)	(4,211)	—
Management fees . . . . .	(15,475)	(4,436)	—
Network and royalty fees . . . . .	(12,775)	(13,102)	(11,946)
Legal and professional fees . . . . .	(3,293)	(2,674)	(2,770)
Travel and entertainment . . . . .	(3,571)	(2,966)	(2,964)
Other operating expenses . . . . .	(54,347)	(43,863)	(38,363)
Operating profit . . . . .	21,050	32,413	29,202
Finance costs . . . . .	(2,451)	(2,058)	(2,918)
Interest income . . . . .	3,157	2,358	2,282
Profit before tax . . . . .	21,756	32,713	28,566
Tax expense . . . . .	(7,788)	(11,724)	(8,595)
Net profit for the year . . . . .	13,968	20,989	19,971
Attributable to:			
Owners of the Target Company . . . . .	14,906	22,075	21,217
Non-controlling interests . . . . .	(938)	(1,086)	(1,246)
	13,968	20,989	19,971

# **Summary consolidated statements of financial position**

	<b>Year Ended December 31,</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	254,461	252,191	236,560
Right-of-use assets . . . . .	—	—	23,187
Intangible assets . . . . .	11,535	11,519	12,290
Investment properties . . . . .	9,500	9,500	9,500
Deferred tax assets . . . . .	14,670	10,227	12,065
Contract cost assets . . . . .	3,504	3,504	3,401
Loan to intermediate holding company . . . . .	17,364	—	—
	<u>311,034</u>	<u>286,941</u>	<u>297,003</u>
<b>Current assets</b>			
Inventories . . . . .	160	79	53
Contract cost assets . . . . .	1,752	1,752	1,701
Receivables, deposits and prepayments . . . . .	18,830	10,981	12,233
Loan to a fellow subsidiary . . . . .	23,437	—	—
Loan to intermediate holding company . . . . .	—	18,205	—
Tax recoverable . . . . .	10,429	12,637	12,219
Cash and bank balances . . . . .	28,661	48,403	56,100
	<u>83,269</u>	<u>92,057</u>	<u>82,306</u>
<b>Total assets . . . . .</b>	<u><u>394,303</u></u>	<u><u>378,998</u></u>	<u><u>379,309</u></u>
<b>Equity</b>			
Share capital . . . . .	252,010	252,010	252,010
Reserves . . . . .	(50,019)	(27,673)	(34,144)
<b>Equity attributable to:</b>			
Owners of the Target Company . . . . .	201,991	224,337	217,866
Non-controlling interests . . . . .	(4,443)	(5,529)	(6,775)
<b>Total equity . . . . .</b>	<u><u>197,548</u></u>	<u><u>218,808</u></u>	<u><u>211,091</u></u>
<b>Non-current liabilities</b>			
Provision . . . . .	626	590	590
Payables and accruals . . . . .	17,708	15,398	—
Contract liabilities . . . . .	956	1,132	1,166
Deferred tax liabilities . . . . .	28,307	27,764	29,807
Borrowings . . . . .	7,913	7,362	3,693
Lease liabilities . . . . .	—	—	26,401
	<u>55,510</u>	<u>52,246</u>	<u>61,657</u>

	Year Ended December 31,		
	2017	2018	2019
	RM'000	RM'000	RM'000
Current liabilities			
Payables and accruals . . . . .	99,870	71,383	69,406
Borrowings . . . . .	2,299	2,575	2,173
Lease liabilities . . . . .	—	—	4,690
Contract liabilities . . . . .	34,614	29,537	25,776
Current tax liabilities . . . . .	4,462	4,449	4,516
	<u>141,245</u>	<u>107,944</u>	<u>106,561</u>
Total liabilities . . . . .	<u>196,755</u>	<u>160,190</u>	<u>168,218</u>
Total equity and liabilities . . . . .	<u><u>394,303</u></u>	<u><u>378,998</u></u>	<u><u>379,309</u></u>

## SUMMARY UNAUDITED INTI PRO FORMA FINANCIAL INFORMATION

This summary unaudited INTI Pro Forma financial information, comprising the unaudited pro forma consolidated statement of assets and liabilities of our Group after acquiring INTI Group as of December 31, 2019, has been prepared by the directors of the Company and is solely prepared for the purpose to illustrate the effect of the proposed acquisition of 100% equity interest in the INTI Group to our Group as if the acquisition has been completed on December 31, 2019.

The unaudited INTI Pro Forma financial information is prepared based on (i) the audited consolidated statement of financial position of our Group as of December 31, 2019, and (ii) the audited consolidated statement of financial position of the INTI Group as of December 31, 2019, after making certain pro forma adjustments that are (i) directly attributable to the acquisition, and (ii) factually supportable.

The unaudited INTI Pro Forma financial information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. As a result of the hypothetical nature of the unaudited INTI Pro Forma financial information, it may not give a true picture of the actual financial position of our Group after acquiring INTI Group that would have been attained had the acquisition been completed on December 31, 2019. Furthermore, the unaudited INTI Pro Forma financial information does not purport to predict our future financial position. The unaudited INTI Pro Forma financial information should be read in conjunction with the financial information of the Group and that of the INTI Group, and other relevant financial information.

	Our Group as of December 31, 2019	INTI Group as of December 31, 2019	Pro forma adjustments		Pro forma enlarged group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>					
Property, plant and equipment . .	4,563,972	395,055	316,021	—	5,275,048
Right-of-use assets . . . . .	1,163,340	38,722	—	—	1,202,062
Goodwill . . . . .	595,820	—	—	—	595,820
Amounts due from related parties . . . . .	275,110	—	—	—	275,110
Other intangible assets . . . . .	218,976	20,524	346,015	—	585,515
Investment properties . . . . .	—	15,865	—	—	15,865
Investment in a joint venture . .	196,242	—	—	—	196,242
Prepayments, deposits and other receivables . . . . .	224,815	—	—	—	224,815
Restricted bank balance . . . . .	108,787	—	—	—	108,787
Deferred tax assets . . . . .	1,404	20,149	—	—	21,553
Contract cost assets . . . . .	—	5,680	—	—	5,680
Total non-current assets . . . . .	7,348,466	495,995	—	—	8,506,497

	Our Group as of December 31, 2019	INTI Group as of December 31, 2019	Pro forma adjustments		Pro forma enlarged group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current assets</b>					
Inventories . . . . .	—	89	—	—	89
Contract cost assets . . . . .	—	2,841	—	—	2,841
Trade receivables . . . . .	3,714	—	—	—	3,714
Prepayments, deposits and other receivables . . . . .	720,787	20,429	—	—	741,216
Amounts due from related parties . . . . .	30,868	—	—	—	30,868
Structured deposits . . . . .	1,002,967	—	—	(922,050)	80,917
Other financial assets at fair value through profit or loss . .	9,310	—	—	—	9,310
Restricted bank balance . . . . .	50,000	—	—	—	50,000
Tax recoverable . . . . .	—	20,406	—	—	20,406
Cash and cash equivalents . . . .	1,690,419	93,687	(24,505)	(34,150)	1,725,451
Total current assets . . . . .	3,508,065	137,452	—	—	2,664,812
<b>Current liabilities</b>					
Contract liabilities . . . . .	806,431	43,046	—	—	849,477
Trade payables . . . . .	33,610	—	—	—	33,610
Other payables and accruals . . .	1,142,865	115,908	—	—	1,258,773
Lease liabilities . . . . .	27,825	7,832	—	—	35,657
Deferred income . . . . .	32,545	—	—	—	32,545
Interest-bearing bank and other borrowings . . . . .	1,003,293	3,629	—	—	1,006,922
Amounts due to related parties .	30,763	—	—	—	30,763
Taxes payable . . . . .	65,203	7,542	—	—	72,745
Total current liabilities . . . . .	3,142,535	177,957	—	—	3,320,492
<b>Net current assets/ (liabilities) . . . . .</b>	<b>365,530</b>	<b>(40,505)</b>	<b>—</b>	<b>—</b>	<b>(655,680)</b>
<b>Total assets less current liabilities . . . . .</b>	<b>7,713,996</b>	<b>455,490</b>	<b>—</b>	<b>—</b>	<b>7,850,817</b>

	Our Group as of December 31, 2019	INTI Group as of December 31, 2019	Pro forma adjustments		Pro forma enlarged group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current liabilities</b>					
Provision . . . . .	—	985	—	—	985
Contract liabilities . . . . .	—	1,947	—	—	1,947
Deferred income . . . . .	1,072,673	—	—	—	1,072,673
Interest-bearing bank and other borrowings . . . . .	1,593,599	6,167	—	—	1,599,766
Deferred tax liabilities . . . . .	5,889	49,778	45,168	—	100,835
Lease liabilities . . . . .	132,662	44,090	—	—	176,752
Other payable . . . . .	343,885	—	—	—	343,885
Total non-current liabilities	3,148,708	102,967	—	—	3,296,843
<b>Net Assets . . . . .</b>	<b>4,565,288</b>	<b>352,523</b>	<b>—</b>	<b>—</b>	<b>4,553,974</b>
<b>Equity</b>					
Equity attributable to owners of the Company:					
Issued capital . . . . .	454	420,857	(420,857)	—	454
Reserves . . . . .	4,561,763	(57,020)	(899,180)	956,200	4,561,763
	4,562,217	363,837	—	—	4,562,217
Non-controlling interests... . . . .	3,071	(11,314)	—	—	(8,243)
Total equity . . . . .	4,565,288	352,523	—	—	4,553,974

## DEFINITIONS

*In this Offering Circular, unless the context otherwise requires, the following expressions shall have the following meanings.*

“2018 Pre-IPO Share Option Scheme”	the 2018 pre-IPO share option scheme conditionally approved and adopted by our Shareholders on March 18, 2018 for the benefit of, amongst others, our directors, senior management, employees, advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners and service providers
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Articles of Association” or “Articles”	the articles of association of our Company conditionally adopted on July 14, 2018 and effective on August 3, 2018, as amended from time to time
“Business College of Guizhou University of Finance and Economics”	Business College of Guizhou University of Finance and Economics (貴州財經大學商務學院), a college established under the laws of PRC in 2004, acquired by us in April 2014 and approved by the MOE to be operated under the cooperation between Guizhou University and us in September 2014
“business day”	a day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business
“BVI”	the British Virgin Islands
“Cayman Companies Act” or “Companies Act”	the Companies Act (As Revised) of the Cayman Island as amended, supplemented or otherwise modified from time to time
“CEL Maiming”	Shanghai CEL Maiming Investment Centre (Limited Partnership) (上海光控麥鳴投資中心(有限合夥)), a limited partnership established under the laws of PRC on February 27, 2015
“College of Science and Technology of Guizhou University”	The College of Science and Technology of Guizhou University (貴州大學科技學院), a college established under the laws of PRC in May 2001, approved by the MOE to be operated under the cooperation between Guizhou University and a third party in December 2014

“Company,” “our Company” or “the Company”	Hope Education Group Co., Ltd. (希望教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on March 13, 2017
“Consolidated Affiliated Entity(ies)”	the entities that we control through the Contractual Arrangements which comprised, as of the date of this Offering Circular, Hope Education, Southwest Jiaotong University Hope College, Business College of Guizhou University of Finance and Economics, Jinci College of Shanxi Medical University, Sichuan Vocational College of Culture & Communication, Sichuan Tianyi College, Guizhou Vocational Institute of Technology, Sichuan Hope Automotive Technical College, Sichuan Hope Automotive Vocational College, Sichuan TOP Education Co., Ltd., Sichuan TOP IT Vocational Institute, Suzhou Top Institute of Information Technology, Kunshan Gongmao Technical School and Business School, Hebi Automotive Engineering Vocational College, Yinchuan University of Energy, Vocational-technical Training Center of Yinchuan University, Yinchuan Vocational School of Science and Technology, and Ningxia Modern Senior Technical School
“Contractual Arrangements”	the series of contractual arrangements entered into by WFOE, our Consolidated Affiliated Entities and the Registered Shareholders (as the case may be) pursuant to which we have control over, and are entitled to variable returns from our management of and involvement with, our Consolidated Affiliated Entities, and have the ability to affect such variable returns through our control over such Consolidated Affiliated Entities
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and, in the context of this Offering Circular, refers to the group of controlling shareholders of our Company, namely Hope Education Investment Limited, Maysunshine Limited, Tequ Group A Limited, Tequ Group (Hong Kong) Company Limited, Tequ Group Limited, Shanghai Yi Zeng Management Co., Ltd. (上海乙增管理有限公司), Sichuan Tequ Investment, West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Chen Yuxin (陳育新), Zhao Guiqin (趙桂琴), Zhang Qiang (張強), Wang Degen (王德根), Tang Jianyuan (唐健源), Liu Birong (劉碧容), Wang Qiang (王強), Lan Hai (蘭海), Zeng Zheng (曾正), Zhou Xingbang (周興幫), Wang Xiaoguo (王孝國), Xiao Song (肖崧), Mei Shaofeng (梅紹鋒), Wang Huiwu (汪輝武) and Fu Wenge (付文革)

“DingLi”	DingLi Corp., Ltd. (珠海世紀鼎利科技股份有限公司), a joint stock limited company established in the PRC, whose A shares have been listed on the Shenzhen Stock Exchange (stock code: 300050)
“DingLi Group”	DingLi and its subsidiaries
“DingLi Subscription”	the proposed subscription of 171,000,000 new A shares of DingLi by Sichuan Tequ Mayflower pursuant to the DingLi Subscription Agreement
“DingLi Subscription Agreement”	the subscription agreement dated October 12, 2020 entered into between Sichuan Tequ Mayflower and DingLi in relation to the DingLi Subscription
“EIT”	the enterprise income tax of the PRC
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) issued on March 16, 2007 and its implementation rules issued on December 6, 2007, both effective from January 1, 2008
“Foreign Investment Law”	the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》), which was promulgated by the Standing Committee of the National People’s Congress on March 15, 2019, and came into effect on January 1, 2020
“Guangwei Qinghe”	Shanghai Guangwei Qinghe Investment Centre (Limited Partnership) (上海光微青合投資中心(有限合夥)), a limited partnership established under the laws of PRC on January 12, 2016
“Guizhou Vocational Institute of Technology”	Guizhou Vocational Institute of Technology (貴州應用技術職業學院), a college established by us under the laws of PRC in March 2016
“Group,” “our Group,” “the Group,” “we,” “us” or “our”	our Company, its subsidiaries and the Consolidated Affiliated Entities from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
“Hebi Automotive Engineering Vocational College”	Hebi Automotive Engineering Vocational College (鶴壁汽車工程職業學院), a college established under the laws of PRC in August 2001, acquired by us in August 2019.
“HK\$” or “HK dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hope Education”	Sichuan Hope Education Industry Group Limited (四川希望教育產業集團有限公司) (formerly known as Sichuan Mayflower Investment Company Limited (四川五月花投資有限公司), Sichuan Hope Mayflower Investment Limited (四川希望五月花投資有限公司) and Sichuan Hope Education Industry Company Limited (四川希望教育產業有限公司)), a limited liability company established under the laws of PRC on January 12, 2005
“IFRS”	the International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“independent third party(ies)”	an individual or a company who or which is not a director, chief executive or substantial shareholder of our Company or any of our subsidiaries, or an associate of any of such director, chief executive or substantial shareholder
“INTI Education Holdings”	INTI Education Holdings Sdn. Bhd.
“INTI Group”	INTI Education Holdings and its subsidiaries which are principally engaged in the operation of one university and five colleges in Malaysia, including INTI International University Nilai, INTI College Nilai, INTI International College Subang, INTI International College Penang, INTI College Sabah and INTI International College Kuala Lumpur
“Jinci College of Shanxi Medical University”	Jinci College of Shanxi Medical University (山西醫科大學晉祠學院), a college established under the laws of PRC in June 2002, acquired by us in April 2014, and approved by the MOE to be operated under the cooperation between Shanxi Medical University and us in August 2014
“Kunshan Gongmao Technical School and Business School”	Kunshan Gongmao Technical School and Business School (昆山工貿技工學校), a school established under the laws of PRC as secondary vocational technical school in September 2018
“Law for Promoting Private Education”	the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法》) issued by the Standing Committee of the National People’s Congress, effective from September 1, 2003 and last amended on December 29, 2018
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“Malaysia”	The Federation of Malaysia
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally adopted on July 14, 2018 and effective on August 3, 2018, as amended from time to time
“MOE”	the Ministry of Education of the PRC (中華人民共和國教育部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“National People’s Congress”	National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Ningxia Modern Senior Technical School”	Ningxia Modern Senior Technical School (寧夏現代高級技工學校), a technician training school established under the laws of PRC in December 2016
“PBOC”	the People’s Bank of China
“PRC” or “China”	the People’s Republic of China. Except where the context requires otherwise, references in this Offering Circular to the PRC or China exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as enacted by the Standing Committee of the Eighth National People’s Congress on December 29, 1993 and effective on July 1, 1994, and subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018, as amended, supplemented or otherwise modified from time to time
“PRC government” or “Chinese government”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
“Registered Shareholders”	shareholders of Hope Education, namely Sichuan Tequ Investment, Chengdu Mayflower Investment Management Limited (成都五月花投資管理有限公司), CEL Maiming, Guangwei Qinghe and Zhuhai Maiwen
“Regulation S”	Regulation S under the U.S. Securities Act
“RM”	Malaysian Ringgit, the lawful currency of Malaysia

“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC government authority responsible for matters relating to foreign exchange administration
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Shanghai Shurui”	Shanghai Shurui Investment Consultant Limited (上海舒瑞投資諮詢有限公司), a company incorporated in PRC on February 29, 2008 and our wholly-owned subsidiary
“Share(s)”	shares with a nominal value of US\$0.00001 each in the capital of our Company
“Shareholder(s)”	holder(s) of Share(s)
“Sichuan Hope Automotive Technical College”	Sichuan Hope Automotive Technical College (四川希望汽車技師學院), a college established by us under the laws of PRC in July 2016
“Sichuan Hope Automotive Vocational College”	Sichuan Hope Automotive Vocational College (四川希望汽車職業學院), a college established by us under the laws of PRC in March 2013
“Sichuan Tequ Investment”	Sichuan Tequ Investment Group Limited (四川特驅投資集團有限公司), a limited liability company established under the laws of PRC on June 28, 2005
“Sichuan Tequ Mayflower” or “Tequ Mayflower WFOE”	Sichuan Tequ Mayflower Education Management Co., Ltd. (四川特驅五月花教育管理有限公司), a company established in the PRC with limited liability and a wholly-foreign owned enterprise of Hope Education Group (Hong Kong) Company Limited
“Sichuan Tianyi College”	Sichuan Tianyi College, a college established and named as Sichuan Tianyi Open College (四川天一開放函授進修學院) in 1991, approved by the State Education Commission (currently, the MOE) to be a formal junior-college-level higher education institution in 1994 and acquired by us in September 2011

“Sichuan TOP IT Vocational Institute”	Sichuan TOP IT Vocational Institute (四川托普信息技術職業學院), a college established by Sichuan TOP Education Co., Ltd. (四川托普教育股份有限公司) in June 2000 and acquired by us in December 2017
“Sichuan Vocational College of Culture & Communication”	Sichuan Vocational College of Culture & Communication (四川文化傳媒職業學院), a college established as a higher vocational college in 2005 and acquired by us in March 2014
“Sole Bookrunner” and “Sole Manager”	Credit Suisse (Hong Kong) Limited
“Southwest Jiaotong University Hope College”	Southwest Jiaotong University Hope College (西南交通大學希望學院), a college approved by the MOE to be established under the cooperation between Southwest Jiaotong University, West Hope and us in April 2009
“STA”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Top Institute of Information & Technology”	Suzhou Top Institute of Information & Technology (蘇州托普信息職業技術學院), a college established as higher vocational college in 2003 and acquired by us in August 2019
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“USD,” “US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“VAT”	the value added tax of the PRC
“VIE(s)”	variable interest entity(ies)
“Vocational-technical Training Center of Yinchuan University”	Vocational-technical Training Center of Yinchuan University (銀川大學職業技能培訓中心), a training center established under the laws of PRC in August 2001

“West Hope”	Chengdu West Hope Group Limited (成都華西希望集團有限公司), a company established in the PRC with limited liability on September 1, 1997, which holds 55% of the shares of Sichuan Tequ Investment
“WFOE”	Horgos Tequ Mayflower Information Technology Co., Ltd. (霍爾果斯特驅五月花信息科技有限公司), a company established in the PRC with limited liability on January 19, 2018 and our wholly-owned subsidiary
“Yinchuan University of Energy”	Yinchuan University of Energy (銀川能源學院), a college established under the laws of PRC in August 2001 and acquired by us in August 2019
“Yinchuan Vocational School of Science and Technology”	Yinchuan Vocational School of Science and Technology (銀川科技職業學校), a school established under the laws of PRC as secondary vocational school in October 2017
“Zhuhai Maiwen”	Zhuhai Maiwen Investment Centre (Limited Partnership) (珠海麥玟投資中心(有限合夥)), a limited partnership established under the laws of PRC on May 19, 2017
“%”	per cent

*The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese or another language included in this Offering Circular is for identification purposes only.*

## GLOSSARY OF TECHNICAL TERMS

*This glossary of technical terms contains terms used in this Offering Circular in connection with us. As such, these terms and their meanings may not correspond to standard industry meanings or usages of these terms*

“academic year” or “school year”	the school year for all of our schools, which generally starts on or around September 1 of each calendar year and ends on June 30 of the next calendar year
“adult education”	a format of formal education, which includes a series of education from primary education to higher education for adults. While adult education is also a part of formal education according to MOE’s classification, the higher education for adults is not covered in the discussion of higher education in this Offering Circular
“compulsory education”	grade one to grade nine education, which all citizens in China must receive, according to the Compulsory Education Law of the PRC
“COVID-19”	Coronavirus Disease 2019, refers to an infectious respiratory and vascular disease caused by a newly discovered coronavirus that was first reported in December 2019 and has rapidly spread across China and around the world
“formal education”	a format of education in the PRC for which the curriculum is designed and delivered based on the predetermined teaching program of administrative authorities on education. After graduation, students will be granted with official certificates or diplomas
“high schools”	schools that provide education for students in grade ten through grade twelve
“higher education”	an optional final stage of formal learning that occurs after secondary education, which is delivered at undergraduate colleges or junior colleges that are able to award official academic degrees or diplomas. The discussion of higher education in this Offering Circular does not cover self-study examination services, adult education services and technical education services, which are categorized as other education services
“independent college”	a PRC higher education institution that is run by non-government institution(s) or individual(s) based on cooperation with a public university or college

“junior college”	colleges providing three-year post-high school formal education upon completion of which, a junior college degree will be granted. Junior college students may continue their education by enrolling in a two-year program and transferring some or all of the credits earned at the junior college toward the degree requirements of the undergraduate degree
“middle schools”	schools that provide education for students in grade seven through nine
“National Higher Education Entrance Exam”	also known as the National Higher Education Entrance Examination or “Gaokao,” an academic examination held annually in the PRC. It is a prerequisite for entrance into almost all higher education institutions at the undergraduate level in the PRC
“public schools”	schools administered by local, provincial or national governments
“private schools”	schools which are not administered by local, provincial or national governments
“private higher education institution”	a PRC higher education institution that is operated by non-governmental entity(ies) or individual(s) and has open admission and enrollment to the public. It is able to offer junior college, undergraduate and graduate courses
“school sponsor”	the individual(s) or group(s) that funds or holds interests in an education institution
“secondary education”	generally includes middle school education and high school education from grade seven through grade twelve
“self-study examination education”	a format of higher education which combines self-study of students and examination administered by government agencies to grant students diplomas after meeting certain requirements in thesis defense, English test, etc.
“technical college”	a college providing technical education, which shall meet several establishment standards, such as the school scale, the total value of equipment for practice and experiment, the educational background, the professional qualification, the work duration of the principal and the number of cooperative enterprises according to the Notice of Ministry of Human Resources and Social Security about Issuing the Establishment Standards of Technical Schools

“technical education”	a format of post-high school or post-middle school vocational education for certain school years and aiming at cultivating technicians with practical labor skills
“undergraduate college”	an institution of higher education in China providing undergraduate and/or postgraduate education to over 5,000 full-time students, including universities, colleges and independent colleges
“university”	an institution of higher education in China providing undergraduate education and postgraduate education to over 8,000 full-time students, more than 5% of which are postgraduate students

## RISK FACTORS

*Investing in the Bonds involves risks, and you should carefully consider the risks described below before making an investment decision. The following describes some of the significant risks that could affect us and the value of the Bonds. Some risks may be unknown to us and other risks, currently believed to be immaterial, could be material. All of these could materially and adversely affect our business, financial condition, results of operations and prospects. The market price of the Bonds could decline due to any of these risks and investors may lose all or part of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face described below and elsewhere in this Offering Circular. In addition, you should also carefully consider all of the information.*

### **Risks Relating to Our Business and Industry**

***Our business and results of operations depend on the level of tuition and boarding fees we are able to charge and our ability to maintain and raise tuition and boarding fee levels.***

One of the most significant factors affecting our profitability is the tuition and boarding fees we charge at our schools. For the years ended December 31, 2018 and 2019 and the eight months ended August 31, 2020, tuition fees represented 83.0%, 82.1% and 84.9% of our total revenue, respectively, and boarding fees represented 8.3%, 7.7% and 6.6% of our total revenue, respectively. Our tuition and boarding fee rates are primarily determined based on, among other things, the regulation and guidance of local educational authority as well as relevant government pricing authority, the demand for our educational programs, the cost of our operations, the geographic markets where we operate our schools, our pricing strategy and general economic conditions in China and the areas in which our schools are located.

Our tuition rates are also generally subject to the approval from or filing with the relevant government pricing authorities in the areas where we operate. In recent years, PRC pricing authorities have gradually loosened controls over tuition fees and boarding fees, but certain limits such as price ceilings still exist in certain provinces. See “Business — Tuition fees and boarding fees” for more information.

There is no assurance that we will be able to maintain or raise the tuition and boarding fee level we charge at our schools in the future due to various reasons, including the failure to obtain necessary approvals, or even if we are able to maintain or raise the tuition and boarding fee level, we cannot assure you that we will be able to attract prospective students to apply for our schools at such increased fee rates. Our business, financial condition and results of operations may be materially and adversely affected if we fail to maintain or raise the tuition and boarding fee level or attract sufficient prospective students.

Furthermore, some of our students may experience financial difficulties in paying tuition and boarding fees. If such students are unable to make full payments in a timely manner, we may have to recognize impairment losses on trade receivables, which could have a material and adverse impact on our financial condition and results of operations.

***The private higher education business is relatively new and may not gain wide acceptance in China.***

Our future success is highly dependent on the acceptance, development and expansion of the market for private education services in China. The private educational service market began to develop in the early 1990s and has grown significantly due to favorable policies enacted by the PRC government. In 1997, the State Council of the PRC promulgated the first regulation to promote the private education industry in China. However, providing private education services for the purpose of seeking reasonable returns was only permitted in China until 2003 when the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法》) became effective.

The development of the private education industry has been accompanied by significant press coverage and public debate concerning the management and operations of private schools and institutions. There remains considerable uncertainty as to acceptance of private higher education in China. At the school operation level, we need to compete for quality students and teachers with government-operated education institutions. These institutions in general have traditionally enjoyed better acceptance and preferential government policies than private education institutions in China. Though recent education reforms have enabled private education institutions to compete on a more level playing field with government-operated institutions, we cannot assure you that further policy reforms will continue to be conducive to the development of private education in China. If the private education business model fails to gain attraction or wide acceptance among the general public in China, especially among students and their parents, or if the regulatory environment otherwise becomes less favorable in the future, we may be unable to grow our business as expected.

***We face intense competition in the higher education industry in China, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditure.***

The higher education sector in China is rapidly evolving, highly fragmented and competitive, and we expect competition in this sector to persist and intensify. We compete with other public and private undergraduate colleges and junior colleges that offer higher education programs. We compete with these schools in a range of aspects, including the quality of program and curriculum offerings, expertise and reputation of teachers, tuition and boarding fee levels, future employment rate, as well as school location and condition of facilities.

Our competitors may offer similar or superior curriculums, school support and marketing approaches, with different pricing and service packages that may have greater appeal than our offerings. In addition, some of our competitors may have more resources than we do and may be able to devote greater resources than we can to the development and promotion of their schools and respond more quickly than we can to changes in student demands, testing materials, admissions standards, market needs or new technology. In particular, public schools may enjoy preferential treatments from government authorities, such as government subsidies and tax exemptions, and may be able to offer quality educational programs at lower prices than we do. In addition, the public education system in China continues to improve in terms of resources, admission policies and teaching quality and approaches, which may lead to increased competition for us. If public schools relax their admission limitations, offer more diversified curriculums or improve their campus facilities, they may become more attractive to students and student enrollment at our schools may decrease.

As a result, we may be required to increase capital expenditure in response to competition in order to retain or attract students or pursue new market opportunities. If we are unable to successfully compete for new students, maintain or increase our tuition or boarding fee level, generate sufficient revenue to support our operations, attract and retain competent teachers or other key personnel, enhance the quality of our educational services or control costs of our operations, our business, financial condition and results of operations may be materially and adversely affected.

***We may not be able to execute our growth strategies successfully or effectively manage our growth, which may hinder our ability to capitalize on new business opportunities.***

We have experienced steady growth and expansion since our inception. We plan to leverage our existing operations and resources to further expand our school network in China by acquiring and establishing additional schools. In addition, we plan to further increase the capacity and improve the utilization rate of our existing schools. For more information, see “Business — Our Business Strategies.” However, we may not succeed in executing our growth strategies due to a number of factors, including failure to do the following:

- increase student enrollment at our existing schools;
- the results of combining our newly acquired schools;
- admit all qualified students who would like to enroll at our schools due to capacity constraints of our school facilities;
- identify cities with sufficient growth potential to establish new schools;
- identify suitable acquisition targets;
- effectively execute our expansion plans;
- acquire or lease suitable land sites in the cities to which we plan to expand our operations;
- obtain the licenses and permits from government authorities that are required to open new schools at our desired locations;
- obtain government support or to partner with local governments in the cities where we already have schools or in the cities or areas to which we plan to expand our operations;
- further promote ourselves in existing markets or effectively market our schools or brand in new markets;
- replicate our successful growth model in new regions or markets;
- effectively integrate any future acquisitions into our Group;

- continue to enhance our course materials or adapt our course materials to changing student needs and teaching methods;
- follow the expected timetable with respect to acquisition and development of new schools; and
- achieve the benefits we expect from our expansion.

Our expansion plans and the increase in student enrollment may result in substantially higher demands for resources such as teachers, facilities and management personnel, make it more difficult for us to maintain the teaching quality and study environment of our schools and require our management to devote significantly more time and resources to manage our operations. To support our growth, we may also need to incur significant expenditures for, among other things, management and staff recruitment, facilities maintenance and expansion, and the construction and operation of new schools. We may not be able to secure adequate funding to fund our planned operations. See “— We may not be able to secure additional funding to fund our planned operations.” Furthermore, we may evaluate and consider strategic investments, combinations, acquisitions or alliances with other businesses. These transactions could have a material impact on our financial condition and results of operations if consummated and we may be unable to obtain the benefits or avoid the difficulties and risks of such transactions, which may result in investment losses.

If we fail to successfully execute our growth strategies and effectively manage our growth, we may not be able to maintain our growth rate and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

***We may not be able to successfully execute our plan to establish a university in the United States.***

We plan to establish a residential university authorized to grant undergraduate degrees in computer science and business management in the State of California, the United States.

We have no prior experience establishing and/or operating schools in the United States and may encounter barriers upon entry, including failure to obtain relevant regulatory approvals, which may result in delay or inability to carry out our overseas expansion plan. We plan to hire local administrators but we cannot assure you that we will be able to identify suitable candidates or that we will be able to work effectively with them. It may also prove more difficult than expected to attract students due to our lack of market recognition in the region. As of the date of this Offering Circular, we are still awaiting the approval of The Bureau for Private Post-secondary Education for the establishment of a school in California, and in the process of searching for appropriate school premises as well as suitable management for the operation of the new university in California.

Furthermore, costs incurred may exceed our expectations and we may need to make additional investment. We may not be able to generate sufficient revenue to justify the investment made and we cannot ensure you that establishment of such university abroad will be successful.

***We may not be able to successfully integrate businesses that we acquire, which may cause us to lose the anticipated benefits from such acquisitions and to incur significant additional expenses.***

As of the date of this Offering Circular, eleven out of our 16 schools were acquired. One of our growth strategies is to grow our business by acquiring additional schools. For more information, see “Business — Our Business Strategies — Continuing to seek high-quality expansion opportunities while further expanding the development coverage based on students’ needs.” However, we may face challenges in integrating business operations and management philosophies of acquired schools. The benefits from future acquisitions depend in significant part on our ability to effectively integrate the management, operations, technology and personnel of the acquired schools. The acquisition and integration of acquired schools is a complex, time-consuming and expensive process that, without proper planning and implementation, could significantly disrupt our business operations and reputation. The main challenges involved in integrating acquired schools including:

- retaining qualified teaching staff and sufficient management personnel;
- consolidating educational services offered by the acquired schools;
- integrating information technology platforms and administrative infrastructure;
- minimizing the diversion of our management’s attention from ongoing business concerns; and
- ensuring and demonstrating to our students and their parents that the new acquisitions will not result in any adverse changes to our established brand image, reputation, teaching quality or standards.

In particular, we entered into acquisition agreements with INTI Education Holdings and DingLi in March 2020 and October 2020, respectively, and these two acquisitions were completed in September 2020 and January 2021, respectively. There can be no assurance that we will be able to manage INTI Group’s and DingLi Group’s business or successfully integrate their business with our existing operations without substantial costs, delays or other operational or financial problems. In addition, we cannot assure you that we will be able to maintain and grow our revenues and operating margins of the combined business, realize cost synergies with INTI Group’s and DingLi Group’s services and operations, or that we will be able to retain all of their existing students and employees.

Following the completion of acquisitions, the size of our business is significantly larger. Therefore, our ability to successfully manage our expanded business depends, in part, upon management’s ability to design and implement strategic initiatives that address not only the integration of the two discrete companies, but also the increased scale and scope with associated increased costs and complexity. There can be no assurances that the integration will be successful or that we will realize the expected operational efficiencies, cost savings and other benefits currently anticipated from the acquisitions. If we are unable to successfully manage the new business, we will not be able to generate sufficient revenue to offset the acquisition costs that we have incurred, which would have a material adverse effect on our business, financial condition and results of operations.

Furthermore, we may not successfully integrate our operations and the operations of the schools we acquired in a timely manner, or at all, and we may not realize the anticipated benefits or synergies of the acquisitions to the extent, or in the timeframe we anticipated, which may have a material adverse effect on our business, financial condition and results of operations.

***We may not be able to successfully establish new schools pursuant to our proposed timeline or at all.***

We intend to continue to expand our school network by establishing new schools in China. Successful establishment of a new school depends on various factors, including obtaining financing, completing the construction of school campus, buildings and facilities, receiving government approvals, licenses and permits, recruitment of qualified teachers and staff and recruitment of students, many of which are out of our control. We may be unable to establish new schools according to our proposed timeline or at all if we encounter difficulties with any of the factors affecting the establishment of a new school and our business, financial condition and results of operations may be materially and adversely affected.

***We cannot guarantee that any strategic transactions to which we are or may become a party, including acquisitions, divestitures, investments or alliances, will be successful.***

We may seek to supplement our internal growth strategy through various strategic transactions, including acquisitions, divestitures, investments and alliances. The success of any acquisition, investment or alliance may be affected by a number of factors, including our ability to properly assess and value the potential business opportunity or to successfully integrate any business we may acquire into our existing business. From time to time we also receive third-party indications of interest with respect to the purchase of certain of our operations, which may be significant to our business, financial condition and results of operations. Any such divestitures could affect our value and the value of the consolidated company. Although we are not currently a party to any binding agreements or letters of intent with respect to any such transaction, we could enter into agreements or letters of intent with respect thereto at any time. These strategic transactions are inherently risky and may require significant effort and management attention. There can be no assurance as to the likelihood or terms of any future transactions or that any past or future transaction will be successful.

***We are subject to uncertainties brought by the Amendment of Law for Promoting Private Education of the PRC and the MOJ Draft for Comments.***

*The Amendment of Law for Promoting Private Education of the PRC*

Our business is regulated by, among others, the Law for Promoting Private Education of the PRC. On November 7, 2016, the Decision of the Standing Committee of the National People's Congress on Amending the Law for Promoting Private Education of the PRC (《全國人民代表大會常務委員會關於修改〈中華人民共和國民辦教育促進法〉的決定》) (the “**Amendment**”) was promulgated by Order No. 55 of the President of the PRC and came into force on September 1, 2017. The Amendment classifies private schools into non-profit schools and for-profit schools by whether they are established and operated for profit-making purposes. The school sponsors of private schools may in their own discretion choose to establish non-profit or for-profit private schools, but it is not allowed to establish for-profit private schools that are engaged in compulsory education.

As of the date of this Offering Circular, the implementation rules for the Amendment have been consecutively promulgated by competent government authorities in Sichuan, Guizhou, Shanxi, Jiangsu and Ningxia and required private schools established before November 7, 2016 or September 1, 2017, as the case may be, to complete their choice and registration as non-profit schools or for-profit schools. As of the date of this Offering Circular, we had not registered our schools as non-profit or for-profit private schools under the Amendment. The election to register our schools as a non-profit or for-profit private school may have a material impact on our business, financial condition and results of operations, of which we are currently not in a position to accurately assess due to the absence of any detailed implementation rules that have yet to be promulgated by the relevant local governments under the Amendment. There are a number of key differences between a non-profit private school and a for-profit private school under the framework of the Amendment, some of which may result in significant changes to the competitive landscape among private schools. In particular, a for-profit private school may determine the level of its schools fees based on its operating conditions, while that of a non-profit private school is subject to standards stipulated by local governments, and a non-profit private school may receive additional support from the government than a for-profit private school.

However, there are uncertainties regarding the interpretation and enforcement of the Amendment and relevant regulations by government authorities. PRC government authorities may further formulate regulations to implement the Amendment. It remains uncertain as to whether such implementation regulations could have any material adverse impact on our business. In particular, there is also significant uncertainty as to tax or other preferential treatments that our schools can enjoy (as non-profit private schools or for-profit schools which we choose to register) after the implementation rules for the Amendment and the relevant regulations come into force. Should we fail to fully comply with the Amendment or any relevant regulations as interpreted by the relevant government authorities, we may be subject to administrative fines or penalties or other negative consequences which could materially and adversely affect our brand name and reputation, and our business, financial condition and results of operations.

#### *The MOJ Draft for Comments*

On August 10, 2018, the Ministry of Justice (“**MOJ**”) of the PRC issued the Draft Revision of the Regulations on the Implementation of the Law for Promoting Private Education of the PRC (the Draft for Examination and Approval) (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》) (the “**MOJ Draft for Comments**”). The MOJ Draft for Comments further promotes the development of private education by providing that a private school shall enjoy rights or preferential policies stipulated by laws equivalent to those applicable to a public school, which shall primarily include: (i) a non-profit private school shall enjoy the same tax policies as that enjoyed by a public school and the relevant tax concession, and a for-profit school shall enjoy tax preferential treatments and other preferential policies applied to industries encouraged by the state for development, of which the specific provisions shall be formulated jointly by the administrative department for finance, taxation and other relevant administrative departments of the State Council; and (ii) the local people’s governments shall grant preferential treatments in terms of land use by means of allocation in accordance with the principle of treating non-profit private schools equally as public schools, and for schools that provide education for preschool and academic credentials, may provide lands by means of bid invitation, auction or listing, assigning contracts, long-term lease or combination of sale as well as rental, and may give appropriate preferential treatment on charges for the assignment or rental of land, and may permit payment in instalments.

The MOJ Draft for Comments stipulates further provisions of the operation and management of private schools, such as our schools. Among other things, (i) a non-profit private school shall use the accounts filed with the competent authorities for charging fees and financial transactions, and a for-profit private school shall deposit the income into a specific settlement account of its own; (ii) a private school shall conduct any connected transactions in a manner that is open, justified and fair and shall establish disclosure mechanisms for such transactions. Any agreement involving material interests or any long-term and recurring agreement entered into between a non-profit private school and its connected party shall be reviewed and audited by the relevant government authorities in terms of necessity, legitimacy and compliance; and (iii) the registered capital of a for-profit private school providing higher diploma education shall be no less than RMB0.2 billion. With respect to requirement (ii) above, our Contractual Arrangements may be regarded as connected transactions of our private schools and we may incur substantial compliance costs for establishing disclosure mechanisms and undergoing reviewing and audit by the relevant government authorities. Such process may not be in our control and may be highly complicated and burdensome and may divert management attention. Government authorities may, during their review and audit process, compel us to make modifications to our Contractual Arrangements for whatever reason, which may in turn adversely affect the operation of our Contractual Arrangements. Government authorities may find that one or more agreements underlying our Contractual Arrangements do not comply with applicable PRC laws and regulations and may subject us to severe penalties, resulting in material adverse impact on our operation and financial condition.

The MOJ has not provided the timeframe for the promulgation of the implementation rules on the Law for Promoting Private Education of the PRC. As of the date of this Offering Circular, no implementation rules on the Law for Promoting Private Education of the PRC have been promulgated. Uncertainties exist with respect to the interpretation of the MOJ Draft for Comments and we cannot assure you that the implementation of the MOJ Draft for Comments by the competent authorities will not deviate from our current understanding or interpretation of it.

Furthermore, the MOJ Draft for Comments may also impact our ability to undertake mergers and acquisitions of non-profit private schools in the PRC. Among other things, if the rules are eventually adopted in the current form of the MOJ Draft for Comments and we seek to acquire a non-profit school, the school may be required to be converted to a for-profit school prior to our completion of the acquisition; and we may also be required to comply with the local implementation rules, and increase the registered capital of the school to the requisite RMB0.2 billion amount (if applicable). We therefore cannot assure you that we will be able to successfully identify and complete the acquisition of suitable acquisition targets in the PRC, which may have a material adverse effect on our business, financial condition, future prospects and results of operations.

Uncertainties exist with respect to the interpretation and enforcement of new and existing laws and regulation. We are still unable to predict or estimate the potential costs and expenses in choosing and adjusting our structure. We may incur significant administration and financial costs when we are required to complete the re-registration process, which may materially and adversely affect our business, financial condition and results of operations. We cannot assure you that the implementation of the relevant rules and regulations by the competent authorities will not deviate from what we were given to understand.

*We may not be able to register the independent colleges as for-profit private schools or complete relevant procedures or obtain the government registrations under the current form of the MOJ Draft for Comments.*

Pursuant to the MOJ Draft for Comments, public schools shall not invest or participate in investing for-profit private schools while public schools are permitted to participate in investing non-profit private schools subject to the satisfaction of certain requirements. See “— We are subject to uncertainties brought by the Amendment of Law for Promoting Private Education of the PRC and the MOJ Draft for Comments” above for details. If the Revision of the Implementation Rules on the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例(修訂草案)》) are eventually adopted in the current form of the MOJ Draft for Comments, and if our independent colleges choose to register as for-profit private schools after relevant regulations and rules are promulgated, we may be required to (i) undertake financial liquidation, (ii) clarify the ownership of land, school premises and properties we accumulated during our operations, (iii) pay relevant taxes and fees, and (iv) obtain a new private school operation permit and re-register with relevant authorities. In addition, we may be required to terminate the cooperation with the public schools currently in effect before certain procedures and registration are made.

On May 15, 2020, the General Office of the MOE issued the Implementation Plan for Accelerating the Transformation of Independent Colleges (《關於加快推進獨立學院轉設工作的實施方案》) (the “**Implementation Plan**”), pursuant to which, the transformation of independent colleges shall be promoted as much as possible and as soon as possible. By the end of 2020, all independent colleges shall formulate work plans for the transformation and complete the transformation as soon as possible. Upon the satisfactory of corresponding requirements, each independent colleges can choose the path of transformation, such as transfer to a private school, a public school or terminate the school.

However, there exists the risks that each of our four independent colleges may not be able to choose to register as a for-profit private school as a result of the regulatory restrictions, which may have a material adverse impact on our business, financial condition and results of operations since these schools accounted for and are expected to continue to account for a significant portion of our revenue stream. If we choose to register the schools as non-profit private schools with current public schools remained as the sponsors, we will be required to satisfy certain requirements in accordance with the MOJ Draft for Comments and the Implementation Plan, including not to (i) make use of state financial fund, (ii) recruit teachers employed by public schools or (iii) conduct any activity that may adversely impact the educational activities and qualities of public schools. We will be required to use separate campus and basic educational facilities from those of public schools and to recruit full-time teachers, to implement independent finance and accounting system, to independently enroll students and award academic degrees and diplomas.

Uncertainties exist with respect to the interpretation of the MOJ Draft for Comments and the Implementation Plan and we cannot assure you that the implementation of the MOJ Draft for Comments and the Implementation Plan by the competent authorities will not deviate from what we were given to understand. Furthermore, we cannot assure you that we will be able to register the independent colleges as for-profit private schools or complete relevant procedures or obtain the government registrations on a timely basis, if at all. As a result, our business, financial condition, future prospects and results of operations may be adversely affected.

***Our business could be materially and adversely affected by the COVID-19 pandemic.***

There has been an outbreak of COVID-19 that was first reported in December 2019 and has rapidly spread across China and around the world. As of the date of this Offering Circular, there had been more than 109 million confirmed cases of COVID-19 around the world, including more than 2.4 million deaths. In an effort to halt the pandemic, governments have introduced various temporary measures to contain the COVID-19 pandemic, such as travel restrictions, mandatory quarantine arrangements on inbound travelers from overseas, and social distancing, which have impacted and may continue to impact global, national and local economies to different degrees.

Our operations have experienced certain impact mainly due to domestic travel restrictions and various precaution measures undertaken by respective local authorities which inter alia, include closure of campuses and delays in school commencement during the outbreak period. For example, taking into account the impact of COVID-19, the student number of new international students enrolled of INTI Group decreased by approximately 19% in 2020 comparing to that in 2019. Since the outbreak of COVID-19 and during the period of “Movement Control Order” issued by the Malaysian government, there were around 30% of the total international students of INTI Group returning to their home country and participating in the online courses provided by INTI Group.

We have put in place certain alternative action plans for our students during the campus closure period, which include the implementation of online modules and remote learning activities and the shortening of summer vacation. We cannot assure you that this impact on our operation will not persist. In addition, our business operations could be disrupted if any of our students or employees is suspected of contracting the COVID-19 or any other epidemic disease, since our students and employees could be quarantined and/or our campuses be shut down for disinfection. The full extent to which the COVID-19 outbreak will affect our business cannot be predicted at this stage, and actual effects will depend on many factors beyond our control. If the COVID-19 outbreak persists or further escalates, there will likely be a material adverse effect on our business, financial condition and results of operations.

***Our business relies on our ability to recruit and retain dedicated and qualified teachers and school personnel.***

We rely substantially on our teachers to provide educational services to our students. Our teachers are therefore critical to maintaining the quality of our programs and curriculum and to upholding our reputation. As of August 31, 2020, we had a team of 8,484 faculty members. We need to retain and attract qualified teachers who share our educational philosophy and meet our high standards. We seek to hire teachers who have expertise in their respective subject areas and are capable of delivering innovative and inspirational classroom instructions focused on the applicability of knowledge. There are a limited number of qualified teachers with the necessary experience and subject matter expertise to teach our courses. Similarly, the pool of qualified school personnel, such as principals, vice principals and other school administrators, all of whom are crucial to the efficient and smooth operations of our school, is limited in China. There is no guarantee that we can recruit and retain such personnel in the future. As a result, we must provide competitive compensation and benefits packages to attract and retain qualified teachers and other school personnel. In addition, criteria such as commitment and dedication are difficult to ascertain during the recruitment process, particularly as we continue to expand and recruit additional teachers and other school personnel.

quickly in order to meet rising student enrollment. We must also provide ongoing training to our teachers so that they can stay abreast of changes in student demands, admissions and assessment test requirements, demand of job markets and other key trends necessary to effectively teach their courses.

We may not be able to hire and retain a sufficient number of qualified teachers and school personnel to keep pace with our anticipated growth while maintaining consistent teaching quality and the overall quality of our education programs across different schools. If we are unable to recruit and retain an appropriate number of qualified teachers and school personnel, the quality of our services or overall education programs may decrease or be perceived to decrease in one or more of our schools, which may have a material and adverse effect on our reputation, business, financial condition and results of operations.

***Our graduates' employment rate may decrease and satisfaction with our schools may otherwise decline.***

Our schools are positioned as private higher education institutions that equip our graduates with the practical skills desired by employers in industries with significant recruiting demands, which enhances the competitive advantages of our students in the job market as they are able to smoothly settle into the working environment and embark on new tasks after graduation.

However, we cannot guarantee that our schools will continue to be able to design or modify our curriculum to meet the expectations of the students enrolled in our schools, prospective employers or trends in the job market. We might not be able to devote the same amount of resources in training our students, setting up simulation training facilities, enhancing their practical skills and helping them secure jobs as we did in the past, or our efforts may not be so effective as they used to be. The graduates of our schools may therefore be unable to obtain satisfactory jobs and the employment rates of our graduates may decrease. Any negative development of our graduates' employment rate may harm the reputation of our schools and the future student enrollment in our schools may decrease, which may have a material and adverse impact on our business, financial condition and results of operations.

***We may not be able to obtain all necessary approvals, licenses and permits and to make all necessary registrations and filings for our education services in the PRC and overseas.***

We are required to obtain and maintain various approvals, licenses and permits and to fulfill registration and filing requirements in order to conduct and operate our education and related services. For example, to establish and operate a private school, we are required to obtain, among others, a private school operation permit from the local education bureau and to register with the local civil affairs bureau to obtain a certificate of registration for a privately-run non-enterprise unit, or legal entity. The private school operation permit and the certificate of registration for a privately-run non-enterprise unit of Business College of Guizhou University of Finance and Economics have expired and we are in the process of applying for the renewal of such permit and certificate. Yinchuan University of Energy is in the process of applying for the change of its sponsor and the corresponding renewal of its private school operation permit and the certificate of registration for a privately-run non-enterprise unit. In addition, two branch campuses of Yinchuan University of Energy have not registered their private school operation permit and the certificate of registration for a privately-run non-enterprise unit. Suzhou Top Institute of Information Technology is in the process of applying for

the renewal of its certificate of registration for a privately-run non-enterprise unit, which will expire on March 14, 2021. In addition, we need to pass annual inspections conducted by the local civil affairs bureau and local education bureau, file regularly with the local tax bureau and obtain approval from the local pricing administrative bureau for schools providing formal education. We also need to obtain approvals from the local education authorities as to the scale and scope of our student recruitment activities. While we intend to obtain, using our best efforts, all requisite permits and complete the necessary filings, renewals and registrations on a timely basis for our schools, there is no assurance that we will be able to obtain all required permits given the significant amount of discretion the local authorities may have in interpreting, implementing and enforcing relevant rules and regulations, as well as other factors beyond our control and anticipation. If we fail to receive required permits in a timely manner or obtain or renew any permits and certificates, we may have to postpone our operations of new schools, be subject to penalties (including fines, confiscation of any gains due to noncompliant operations, suspension of operations), or compensate any economic loss suffered by our students or other relevant parties, which may materially and adversely affect our business, financial condition and results of operations.

***Our business is heavily dependent on the market recognition of reputation and any damage to our reputation would materially and adversely affect our business. Negative publicity concerning our schools or us may adversely affect our reputation, business, growth prospect and our ability to recruit qualified teachers and staff.***

We are a leading private higher education group in China and our success greatly depends on the market recognition of the brand and reputation of our schools and our Group. We own the key brand names and tradenames with respect to our operations, including the “Hope Education” brand of our Group. Our ability to maintain our reputation depends on a number of factors, some of which are beyond our control. As we continue to grow in size and expand our programs and curriculum offerings, it may become difficult to maintain the quality and consistency of the services we offer, which may result in diminishing confidence in our brand name.

Numerous factors can potentially impact our reputation, including, but not limited to, students’ and parents’ satisfaction levels with our curriculums, teachers and teaching quality, the academic performance achieved by our students, the number of our graduates being able to secure satisfactory employment, accidents on campus, teacher or student scandals, negative press, disruptions to our educational services, failure to pass an inspection by a government education authority, loss of certifications and approvals that enable us to operate our schools and unaffiliated parties using our brand without adhering to our standards of education. If we are unable to sustain or strengthen our reputation and brand recognition or our reputation is damaged, we may not be able to maintain or increase student enrollment, which could have a material adverse effect on our business, financial condition, results of operations and prospects. We apply a variety of marketing methods to promote our brand, including school websites, promotional materials, online platforms as well as local newspaper publications. However, there is no assurance that our marketing efforts will be successful or sufficient in further promoting our brand or in helping us to maintain our competitiveness. If we are unable to further enhance our reputation and increase market awareness of our programs and services, or if we are required to incur excessive marketing and promotional expenses in order to remain competitive, our business, financial condition and results of operations may be materially and adversely affected.

Any negative publicity, which, even if untrue, may damage our brand image and reputation, deter prospective students and teachers and take up excessive time of our management and other resources. As a result, our business, financial condition and results of operations may be materially and adversely affected.

***We face risks arising from name confusion with the universities we cooperate with to operate our independent colleges or the termination of our cooperation agreements with such universities.***

We have entered into cooperation agreements with four public universities to operate our independent colleges, namely Southwest Jiaotong University Hope College, Business College of Guizhou University of Finance and Economics, Jinci College of Shanxi Medical University and College of Science and Technology of Guizhou University. Pursuant to the cooperation agreements, the universities use their names, intellectual properties, management and educational resources for cooperation and each cooperation university receives a portion of the total tuitions from students enrolled in the respective independent college each year, ranging from 15% to 30%. The cooperation agreements have a term of 20 years or 30 years. As of August 31, 2020, our cooperation agreement with Southwest Jiaotong University Hope College, Business College of Guizhou University of Finance and Economics, Jinci College of Shanxi Medical University and College of Science and Technology of Guizhou University had a remaining term of approximately 19 years, 24 years, 14 years and 13 years, respectively. See “Business — Our Higher Education and Technical Education Services — Existing Schools” for more information. Our independent colleges are legal entities separate and independent from the universities we cooperate with to establish and operate such schools. We include information about the relationship between our independent colleges and the cooperation universities in our student recruitment and admission guide. However, as the names of our independent colleges include the universities’ names, we cannot assure you that students and parents do not consider our independent colleges being operated by the universities. Any negative publicity concerning those universities may be wrongly associated with our independent colleges which could adversely affect our reputation, business, growth prospect and our ability to recruit qualified teachers and staff.

If our cooperation with these universities terminates prior to the expiration of the cooperation agreements or such agreements are not renewed by these universities and us upon the expiration, we will not be able to use the universities’ names and have to change the names of our independent colleges, subject to local authority’s approval. Termination of our cooperation with these cooperation universities or operation of our schools under new names may result in a diminished interest in attending our schools from potential students and their parents. We cannot guarantee that we will be able to achieve the same level of growth, if at all, in student enrollment in the future. In addition, the enrolled students of our schools may lose confidence in our education quality and brand awareness and choose to transfer to other public or private schools. If we fail to effectively market our schools and increase the brand awareness, we may not be able to maintain or increase our student enrollment, which may have an adverse effect on our business, financial condition and results of operations. Moreover, if our cooperation with these universities is terminated, we may need to negotiate with them on the termination terms, including the amount of termination fees, which may have an adverse effect on our cash flows as well.

***We may not be able to successfully increase student enrollment at our schools due to constraint of our school capacity and approvals from government authorities.***

One of the most significant factors affecting our profitability is the number of students enrolled at our schools. For the 2019/2020 (as of October 15, 2019) and 2020/2021 (as of October 15, 2020) academic years, the number of our full-time students enrolled for higher education programs were 140,125 and 194,554, respectively. However, our student enrollment may be restrained by the capacity of our schools. Comparing to our student enrollment numbers during the same periods, for the 2019/2020 (as of October 15, 2019) and 2020/2021 (as of October 15, 2020) academic years, our schools had a total capacity to accommodate up to 171,170 and 224,006 students, respectively. As our schools' educational facilities are limited in space and size, we may not be able to admit all qualified students who would like to enroll at our schools due to the capacity constraints of our current school facilities. Furthermore, without building additional facilities such as classrooms and dormitories, we may not be able to expand our capacity at our current campuses unless we relocate to other facilities in the local area with more space or capacity. If we fail to expand our capacity as quickly as the demand for our services grows, or if we otherwise fail to grow by establishing or acquiring additional schools or campuses, we might not be able to admit more potential students, and our results of operations and business prospects could be adversely affected.

In addition, the number of students our schools are able to admit each academic year is set and approved by the relevant PRC education authorities. According to the Opinions of the Ministry of Education on Further Regulating Higher Education Enrollment Program (《教育部關於進一步規範高等教育招生計劃管理工作的意見》), student enrollment for graduate and undergraduate programs is subject to the approval of the MOE, while student enrollment for junior college programs is subject to the approval of the relevant provincial education authorities. In the spirit of further promoting equal access to education in urban and rural areas, the Notice of the Ministry of Education on Enrollment of Higher Education Institutions issued in 2020 (《教育部關於做好2020年普通高校招生工作的通知》) encourages schools to continue to expand the implementation of the "Support for the Midwest Admissions Program" and to further increase student enrollment quota in the provinces in the central and western regions of China where the enrollment rate is currently relatively low compared to other more developed regions. However, we cannot assure you that we are able to successfully increase student enrollment capacity at our schools, which is subject to the approvals of the relevant government authorities, and which is beyond our control.

***We are subject to regulatory guidance relating to the ratios between school site area/building area and the number of enrolled students.***

During the years ended December 31, 2018 and 2019 and the eight months ended August 31, 2020 and up to the date of this Offering Circular, our five undergraduate colleges and eight junior colleges have been subject to regulatory guidance in relation to the ratio between our school's site/building area and the number of students enrolled.

We cannot assure you that the regulations relating to the ratio between school site area/building area and the number of students enrolled will not change in the future or that the relevant education authorities will not impose any fines or penalties on us for not reaching the regulatory requirements in the future. If the regulations change, or the relevant education authorities have different interpretations which result in any fines or penalties on us, our business, financial condition, future prospects and results of operations may be adversely affected.

***We generate all of our revenue from a limited number of provinces and from a limited number of schools.***

As of the date of this Offering Circular, we operated 15 schools in seven provinces in China, namely Sichuan, Guizhou, Shanxi, Henan, Ningxia, Jiangsu and Jiangxi, which are important to our overall business. In particular, for the 2019/2020 and 2020/2021 academic years, many of our students enrolled in higher education programs at five schools located in Sichuan, namely Southwest Jiaotong University Hope College, Sichuan Tianyi College, Sichuan Hope Automotive Vocational College, Sichuan Vocational College of Culture & Communication and Sichuan TOP IT Vocational Institute, which was a significant source for our tuition fees from higher education services. We expect that our schools in Sichuan will continue to generate a substantial portion of our revenue from higher education services for the foreseeable future.

Consequently, we are highly susceptible to factors adversely affecting the private education industry in China, or us, in any of the limited geographic areas where our schools are located. If any of the provinces where we operate experiences an event that materially and negatively affects its education industry or our schools, such as an economic downturn, a natural disaster or an outbreak of a contagious disease, or if any government authorities of the provinces where we operate adopt regulations that place additional restrictions or burdens on our schools or on the education industry in general, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Furthermore, we rely on the tuition fees from higher education services from Southwest Jiaotong University Hope College. Though the proportion of revenue generated by this school in our total revenue from higher education services would decrease as the number of our schools continues to increase, we expect that this school will continue to generate a substantial portion of our revenue from higher education services in the foreseeable future. If any of our schools, especially Southwest Jiaotong University Hope College, experiences an event that materially and negatively affects its student enrollment, tuition, school operations or reputation in general, our business, financial condition and results of operations may be materially and adversely affected.

***We may be exposed to liquidation risks, and our business, financial condition, results of operations and prospects may be materially and adversely affected as a result.***

We cannot assure you that we will always be able to obtain adequate financing to meet our future working capital requirements and we may have net current liabilities in the future. The inability to obtain additional short-term bank loans, loans or other additional financing on a timely basis, on acceptable terms or at all would materially and adversely affect our ability to satisfy our working capital requirements. In addition, we cannot assure you that we will be able to obtain additional working capital to execute our growth strategies, or that future expansion of our school network will not materially and adversely impact the current or future level of working capital.

***We plan to expand our school network by establishing new school campuses and enlarging existing school campuses, and such expansion may result in increase in depreciation costs and may adversely affect our operating results and financial position.***

As part of our business strategies to further expand our school network, we intend to construct new buildings, purchase new equipment and upgrade the existing facilities and establish new campuses for the acquired schools. See “Business — Our Business Strategies — Continuing to seek high-quality expansion opportunities while further expanding the development coverage based on students’ needs” for more information. With the intended constructions, it is expected that we would incur higher capital expenditure over the construction period. Therefore, additional depreciation costs related to our school buildings and facilities will be reflected in our profit and loss, which may adversely affect our operating results and financial position.

***The goodwill arising from business combination represents a significant portion of the assets on our consolidated balance sheet. If we determine our goodwill to be impaired, our results of operations and financial condition may be adversely affected.***

We had goodwill acquired through business combination of RMB481.1 million, RMB590.5 million and RMB590.5 million as of December 31, 2018 and 2019 and August 31, 2020, respectively, representing a significant portion of the assets of our consolidated balance sheet. The significant increase in our goodwill from December 31, 2018 to December 31, 2019 was primarily due to goodwill of RMB109.4 million arising from our acquisition of Yinchuan University of Energy and Suzhou Top Institute of Information Technology in 2019.

The value of goodwill arising from our obtaining control of Yinchuan University of Energy and Suzhou Top Institute of Information Technology is based on forecasts, which are in turn based on a number of assumptions, including the benefits in connection with the expected synergies, student roster and the assembled workforce. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and intangible assets and record an impairment loss, which could in turn adversely affect our results of operations.

We will determine whether goodwill are impaired annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We perform annual impairment test of goodwill as of December 31. If we record an impairment loss as a result of our amendment of any assumption used in our impairment test, our financial condition and results of operations may be adversely affected. Impairment loss could also negatively affect our financial ratios, limit our ability to obtain financing and adversely affect our financial position.

***Our historical financial and operating results may not be indicative of our future performance and our financial and operating results may be difficult to forecast.***

We have experienced growth in revenue historically. Our revenue increased by 29.3% from RMB1,029.5 million for the year ended December 31, 2018 to RMB1,331.4 million for the year ended December 31, 2019. For the eight months ended August 31, 2020, our revenue amounted to RMB872.1 million. Our historical growth was driven by the increases in the number of students enrolled at our schools and the addition of more schools in our school network. Our financial condition and results of operations may fluctuate due to a number of factors, many of which are

beyond our control, including: (i) our ability to maintain and increase student enrollment at our schools and maintain and raise tuition and boarding fees, (ii) general economic and social conditions in China and regions where we operate our schools and the PRC government regulations or actions pertaining to private higher education, (iii) increased competition, (iv) expansion and related costs in a given period, (v) perception and acceptance of private higher education in China by students and their parents, and (vi) our ability to control our cost of sales and other operating costs, and enhance our operational efficiency. In addition, we may not be successful in continuing to increase the number of students admitted to the schools we operate due to, among other things, student enrollment quota assigned by the relevant local PRC education authorities and our limited capacity, and we may not be as successful in carrying out our growth strategies and expansion plans as we expect.

Moreover, we may not sustain our past growth rates in future periods, and we may not sustain our profitability on an interim or annual basis in the future. We generally require students to pay tuition fees and boarding fees for the entire school year upfront prior to the commencement of the school year, and recognize tuition fees as revenue over a nine-month period and boarding fees over a 12-month period. However, our costs and expenses do not necessarily correspond with our recognition of revenue. Our interim results, growth rates and profitability may not be indicative of our annual results or our future results, and our historical interim and annual results, growth rates and profitability may not be indicative of our future performance for the corresponding periods. The market price and trading volume of the Bonds and our Shares could be subject to significant volatility should our earnings fail to meet the expectations of the investment community. Any of these events could cause the price of the Bonds and our Shares to materially decrease.

***Our other income and gains is subject to fluctuations due to factors that are beyond our control.***

During the years ended December 31, 2018 and 2019 and the eight months ended August 31, 2020, our other income and gains consisted primarily of service income, rental income, government grants, interest income, gain on disposal of items of property, plant and equipment, fair value gains on conversion rights of convertible bonds, gains on disposal of subsidiary and others. We have experienced fluctuations in our other income and gains. In 2018 and 2019 and the eight months ended August 31, 2020, our other income and gains was RMB211.5 million, RMB253.6 million and RMB129.7 million, respectively. Our other income and gains is subject to fluctuations due to certain factors that are beyond our control. For example, the amount of government grants we can receive is in the relevant government authorities' sole and absolute discretion, subject to relevant PRC laws, regulations and policies. In addition, non-recurring events like disposal of items of property, plant and equipment also contribute to the fluctuations of our other income and gains. Therefore, we cannot assure you that we are able to effectively control the fluctuations in our other income and gains. These fluctuations could result in volatility in our results of operations and may adversely affect our profitability.

***Our business may be subject to seasonal fluctuations, which may cause our operating results to fluctuate from quarter to quarter.***

We generally require tuition fees and boarding fees for a full school year to be paid by students to our schools prior to the commencement of each school year. We usually recognize revenue from the tuition fees and boarding fees proportionately over the relevant school year, which generally commences from September of the current year to June of the following year, excluding the winter break. Accordingly, we have experienced, and expect to continue to experience, seasonal fluctuations

in our results of operations, primarily due to seasonal changes in service days. However, our costs and expenses vary significantly and do not necessarily correspond with our recognition of revenue. We expect fluctuations in our revenue and results of operations to continue. These fluctuations could result in volatility and adversely affect the price of the Bonds and our Shares.

***We may not be able to secure additional funding to fund our planned operations.***

The operation of, in particular, the establishment of a private higher education institution requires significant initial capital investment, including the costs of acquiring land for the school site, constructing school facilities, purchasing equipment and hiring qualified teaching and administrative staff. We will need to secure additional funding to fund our future capital expenditure for expanding our school network coverage by acquiring or establishing higher education institutions and for further expanding our service offerings. Historically, we have funded our operations primarily with cash generated from operations, proceeds from bank loans and issuance of asset-backed securities. We cannot assure you that we will be able to secure additional funding on terms acceptable to us or in a timely manner, or at all. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may have to seek additional financing from third parties, including banks, venture capital funds, joint venture partners and other strategic investors. We may also consider raising funds through issuance of new shares, which would lead to dilution of our existing Shareholders' interests in our Company and materially affect the Bonds. If we are unable to obtain financing in a timely manner, at a reasonable cost and on acceptable terms, we may be forced to delay our expansion plans, downsize or abandon such plans, which may materially and adversely affect our business, financial condition and results of operations, as well as our future prospects.

***We had high gearing ratio and macro-economic and other market conditions may affect our ability to obtain external financing, which may reduce our ability to implement our expansion plans.***

Historically we had high gearing ratio primarily due to the high level of debt financing to fund our acquisition and constructions of school premises and supplement working capital. As of December 31, 2018 and 2019 and August 31, 2020, we had total debt of RMB2.1 billion, RMB2.6 billion and RMB3.1 billion, respectively, consisting of interest-bearing bank and other borrowings. We acquired three schools in 2019 and two schools in 2020 and also established one school in 2019. Though we try to improve our high gearing position, there is no guarantee that we will be able to do so.

General economic factors and conditions in China or worldwide, including the general interest rate environment, may have a negative impact on our business, financial condition and results of operations. While the economic conditions in China are sensitive to global economic conditions, the global financial markets have experienced significant disruptions since 2008 and the recovery from the lows of 2008 and 2009 has been uneven with new challenges coming up. It is unclear whether the Chinese economy will resume its high growth rate. Besides, there is considerable uncertainty over the long-term effects of the monetary policies adopted by the central banks and financial authorities of some of the world's leading economies. Significant uncertainty also exists regarding the effects of UK's withdrawal from the EU and the policy changes by the government in the United States and the subsequent impact on world economy, which may adversely affect us in various perspectives, including the difficulty in obtaining funding from foreign investors to make further investment and expansions.

***Our continuing success depends on our ability to attract and retain our senior management and other qualified personnel.***

We provide higher education to our students. Our future success heavily depends on the continuing services of our executive directors, senior management team and qualified personnel including teachers and school personnel.

If one or more of our executive directors, senior management and other key personnel are unable or unwilling to continue their employment with us, we may not be able to replace them with qualified personnel in a timely manner, or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. Competition for experienced educators in the private higher education industry in China and, in particular, in the locations where we operate our schools, is intense and the pool of qualified candidates is very limited. We may not be able to retain experienced senior management members or other qualified personnel in the future. In the event we lose their services, or if any member of our executive directors or senior management team or other key personnel joins our competitor(s) or forms a competing company, we may not be able to attract and retain our teachers, students, key educators and other professionals, which could have a material and adverse effect on our business, financial condition and results of operations.

***Accidents or injuries suffered by our students or our employees on or outside our school campuses or by other personnel on our school campuses may adversely affect our reputation and subject us to liabilities.***

We could be held liable for the accidents or injuries or other harm to students or other people at our schools, including those caused by or otherwise arising in connection with our school facilities or employees. We could also face claims alleging that we were negligent or we provided inadequate maintenance to our school facilities or supervision of our employees and therefore may be held liable for accidents or injuries suffered by our students or other people at our schools. In addition, if any of our students or teachers is involved in any physical confrontation or act of violence, we could face allegations that we failed to provide adequate security or were otherwise responsible for his or her actions. We may also face reputation risk if our students or employees suffer injuries outside our school campuses. Such incidents may discourage prospective students from applying to or attending our schools.

Furthermore, although we maintain certain liability insurance, this insurance coverage may not be adequate to fully protect us from these kinds of claims and liabilities. In addition, we may not be able to obtain liability insurance in the future at reasonable prices or at all. A liability claim against us or any of our employees could adversely affect our reputation and student enrollment and retention. Even if unsuccessful, such a claim could create unfavorable publicity, cause us to incur substantial expenses and divert the time and attention of our management, all of which may have a material adverse effect on our business, financial condition, results of operations and prospects.

***We could be liable and suffer reputational harm if a third-party service provider provides inferior food or medical care services or harm our students, which may have a material adverse effect on our business and reputation.***

We outsource certain food and medical services at our schools to independent third parties which operate canteens or on-campus medical rooms for our students. We require these independent third parties to possess the licenses and qualifications, as well as qualified personnel, which are required for their operations. We monitor the meal preparation process and require the food service provider(s) to adhere to our food quality standards and regularly solicit feedback from our students. We also require the third-party medical care providers to adhere to professional standards with due care and diligence and provide quality services to our students. However, we cannot assure that food quality incidents or medical malpractice will not occur in the future and we could be exposed to reputational harm and possible legal liability as a result of such incidents, which could materially and adversely affect our business and reputation.

***We are subject to extensive governmental approvals and compliance requirements for the construction and development of our schools and in relation to the land and buildings that we own.***

For campuses and school facilities constructed and developed for our schools, we are required to obtain various permits, certificates and other approvals from the relevant authorities at various stages of property development, including the land use right certificates, planning permits, construction permits, certificates for passing environmental assessments, certificates for passing fire control assessments, certificates for passing construction completion inspections, as well as building ownership certificates. If we encounter difficulties in obtaining any required permits, certificates and approvals for the construction and development of our new schools, the time of new campus being put into use and the student recruiting of new schools may be delayed, which may materially and adversely affect our growth strategies.

As of the date of this Offering Circular, we had not yet obtained building ownership certificates, land use right certificates or certain other requisite certificates or permits for a portion of our buildings and land. Failing to obtain the requisite certificates or permits may cause our rights to these buildings or groups of buildings and land be limited or challenged by the relevant government authorities or third parties. We may also be subject to administrative fines or other penalties due to the lack of the requisite permits, certificates and approvals, which may materially and adversely affect our business operations, divert management attention and other resources and incur significant costs. In particular:

- for the properties that we have put into use without obtaining the land use right certificates, our rights to the land may be challenged by third parties, and the relevant government may confiscate or require us to relocate or demolish, such properties;
- for the properties that we have put into use without obtaining the building ownership certificates, we will not be able to transfer the title of such buildings or mortgage such buildings. Further, our right to occupy such buildings may be challenged by a bona fide third party that holds the relevant ownership building certificates;

- for the properties that we have put into use or started construction activities without obtaining the planning certificates, we may be required to demolish the relevant buildings or groups of buildings, be subject to fines of up to 10% of the construction costs of the buildings or groups of buildings, respectively, or be subject temporary suspension of the usage of the buildings or groups of buildings before we obtain the relevant certificates;
- for the properties that we have put into use or started construction activities without obtaining the construction certificates, we may be subject to fines ranging between 1% to 2% of the total price of the construction contract of the buildings, and temporary suspension of the usage of the buildings before we obtain the relevant certificates;
- for the properties that we have put into use without obtaining the certificates for passing construction completion inspections, we may be subject to a fine ranging between 2% to 4% of the total price of the construction contract of the affected premises and be ordered to rectify the incident;
- for the properties that we have put into use without obtaining the certificates for passing environmental assessments, we may be subject to a fine no more than RMB100,000 and/or temporary suspension of the usage of the relevant properties before the incident is rectified; and
- for the properties that we have put into use without obtaining the certificates for passing fire control assessments, we may be subject to a fine ranging between RMB30,000 to RMB300,000 and temporary suspension of the usage of the relevant properties before the incident is rectified.

In the event that we lose the rights to any of our land, buildings or groups of buildings, our use of such land, buildings or groups of buildings may be limited, or we may be forced to relocate our schools and incur additional costs, which may result in disruptions to our school operations and materially and adversely affect our business, financial condition and results of operations. We cannot assure you that such risk will not, in aggregate or in part, materialize. Furthermore, we cannot guarantee you that we will be able to obtain the requisite certificates in a timely manner, or at all. As a result, our business, financial condition and results of operations may be materially and adversely affected.

***We lease several of our school premises and may not be able to control the quality, maintenance and management of these school premises, nor can we ensure that we will be able to find suitable premises to replace our existing school premises if our leases are terminated.***

We lease buildings used for office and education related purposes. Such school premises and school buildings and facilities were developed and are maintained by our landlords. Accordingly, we are not in a position to effectively control the quality, maintenance and management of such premises, buildings and facilities. In the event that the quality of the school premises, buildings and facilities deteriorates, or if any or all of our landlords fail to properly maintain and renovate such premises, buildings or facilities in a timely manner or at all, the operations of our schools could be materially and adversely affected. In addition, if any of our landlords terminates the existing lease agreements, refuses to continue to lease the premises to our schools when such lease agreements expire, or increase rent to the level not acceptable to us, we will be forced to relocate our schools to other locations. We may not be able to find suitable premises for such relocation without incurring significant time and costs, or at all. If this occurs, our business, financial condition and results of operations could be materially and adversely affected.

***Our legal right to certain leased properties could be challenged by property owners or other third parties.***

As of the date of this Offering Circular, we leased certain properties and we had not been provided with the building ownership certificates by the landlords for certain of these leased properties. As a result, there is a risk that the landlord from whom we lease such properties may not have the valid building ownership certificates for the premises they lease to us, or otherwise may not have the right to lease such premises to us. In the event those landlords do not have valid building ownership certificates, the relevant lease agreements may be deemed invalid or we may face challenges from property owners or other third parties to the lessor's rights. In addition, lessors to our certain leased properties may not have sufficient right to lease the properties to the lessees, and the leases may be deemed invalid. If any of our leases are terminated as a result of challenges by third parties to the lessor's rights or deemed invalid, we may be forced to relocate the affected premises and incur significant expenses, which may affect our operations at the schools, and could adversely affect our business, financial condition and results of operations.

***Failure to register lease arrangements with relevant PRC authorities may subject us to penalties.***

Under relevant PRC laws and regulations, an executed lease is required to be registered and filed with relevant government authorities. A fine ranging from RMB1,000 to RMB10,000 may be imposed on the parties to an unregistered lease. As of the date of this Offering Circular, we leased a total gross site area of approximately 85,000 sq.m. of buildings used for office and education related purposes and the relevant lease agreements we have entered into with our landlords had not been registered with relevant government authorities. See "Business — Properties" for details. As of the date of this Offering Circular, we have not been imposed any fine or penalty by the relevant PRC authorities. However, if the relevant government authorities require us to register our lease agreements or impose fines on us, it may materially and adversely affect our business, financial condition and results of operations.

***We may grant employees share options and other share-based compensation, which may materially impact our results of operations in the future.***

We adopted the 2018 Pre-IPO Share Option Scheme on March 18, 2018, under which we may issue options to purchase up to a total of 500,000,000 Shares to certain grantees, including among others, our directors, senior management, employees, advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners and service providers for their contribution to us and to attract and retain key personnel. The 2018 Pre-IPO Share Option Scheme expired on August 3, 2018, the date on which our Shares first commenced trading on the Hong Kong Stock Exchange, after which period no further pre-IPO share options will be granted but the provisions of the 2018 Pre-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any pre-IPO share options which are granted during the life of the scheme or otherwise as may be required in accordance with the provisions of the 2018 Pre-IPO Share Option Scheme.

As of the date of this Offering Circular, the options to subscribe for an aggregate of 301,891,342 Shares had been granted and were outstanding. The fair value of the pre-IPO share options had been amortized over the relevant vesting period of respective grantees and recognized as expenses, which had increased our staff cost. Moreover, exercise of the share options we have granted or plan to grant will increase the number of our Shares in circulation. Any actual or perceived sales of additional Shares acquired upon the exercise of the share options we have granted or plan to grant may adversely affect the market price of the Bonds and our Shares.

***We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC national laws and regulations.***

PRC laws and regulations require us to pay several statutory social welfare benefits for our employee, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund. The amounts of our contributions for our employees under such benefit plans are calculated based on certain percentage of salaries, including bonuses and allowances, up to a maximum amount specified by the local government from time to time at locations where we operate.

In 2018, 2019 and 2020, we did not made full contributions to the social insurance plan and housing provident fund based on the actual salary level of some of our employees as prescribed by relevant laws and regulations. As of the date of this Offering Circular, we had not received any notice from the local authorities or any claim or request from the relevant employees that require us to make payments for insufficient contributions. However, we cannot assure you that the relevant government authorities will not require us to pay the outstanding amount within a prescribed time and impose late charges or fines on us, which may materially and adversely affect our business, financial condition and results of operations.

***We maintain limited insurance coverage.***

We maintain various insurance policies to safeguard against certain risks and unexpected events, such as school liability insurance, student personal accident insurance and employer liability insurance. For more details, see “Business — Insurance.” However, our insurance coverage is still limited in terms of amount, scope and benefit. In addition, we do not carry property insurance for the properties that are owned by third parties and are not required to do so under applicable PRC laws and regulations. As a result, we are exposed to various risks associated with our business and operations. Such risks include, but not limited to, accidents or injuries at our schools that are beyond the scope of our insurance coverage, loss of key management and personnel, business interruption, natural disasters, terrorist attacks and social instability or any other events beyond our control. The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business-related insurance products. We do not have any business disruption insurance, product liability insurance or key-man life insurance. Any business disruption, litigation or legal proceedings or natural disaster, such as epidemics, pandemics or earthquakes, or other events beyond our control could result in substantial costs and the diversion of our resources. Our business, financial condition and results of operations may be materially and adversely affected as a result.

***If we fail to protect our intellectual property rights or prevent the loss or misappropriation of our intellectual property rights, we may lose our competitive edge and our brand, reputation and operations may be materially and adversely affected.***

Unauthorized use of any of our intellectual property may adversely affect our business and reputation. We rely on a combination of copyrights, trademarks and trade secrets laws to protect our intellectual property rights. Nevertheless, third parties may obtain and use our intellectual property without due authorization. Infringement of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may materially and adversely affect our business.

The practice of intellectual property rights enforcement action by Chinese regulatory authorities is at its early stage of development and is subject to significant uncertainty. There is no assurance that we will be able to enforce our intellectual property rights effectively or otherwise prevent others from the unauthorized use of our intellectual property. We may enforce our intellectual property rights through litigation and other legal proceedings to, which could result in substantial costs, divert our management's attention and resources and disrupt our business. The validity and scope of any claims relating to our intellectual property may involve complex legal and factual questions and analysis and, as a result, the outcome may be highly uncertain. Failure to effectively protect our intellectual property rights could harm our brand name and reputation, and materially and adversely affect our business, financial condition and results of operations.

***The assets held by our schools may not be pledged as collateral in connection with securing bank loans and other borrowings, which reduces the schools' ability to obtain financing to fund their operations.***

According to the PRC Civil Code (《中華人民共和國民法典》), mortgages, pledges or other encumbrances may not be created on properties which are used for public welfare facilities. The buildings or groups of buildings that certain of our schools own and occupy may be deemed as "public welfare facilities" under the Law for Promoting Private Education, which provides that private education is considered in the nature of "public welfare." Accordingly, educational facilities of schools may not be mortgaged, which to a certain extent limit such schools' ability to obtain financing to fund their operations. Even if security interests are intended to be created based on such properties under any loan agreement to be entered into between any of our schools and potential lenders, such security interests may not be valid or enforceable under the PRC laws and regulations. In addition, it is possible that a government authority, including any PRC court or administrative authority, may consider the security interests created on such facilities to be in violation of PRC laws if we and the lenders have any dispute with regards to the relevant loans under the applicable loan agreements or if the validity of the pledges is otherwise challenged. In such case, it is likely that such security interests will not be enforceable and we may be requested by our lenders to provide other forms of guarantees or prepay the outstanding balance of the loans immediately, which may materially and adversely affect the business operations of the relevant schools and our financial condition.

***Unauthorized disclosure or manipulation of sensitive personal data, whether through breach of our network security or otherwise, could expose us to litigation or could adversely affect our reputation.***

Maintaining our network security and internal controls over access rights is of critical importance to us because proprietary and confidential student and teacher information, such as names, addresses, and other personal information, is primarily stored in our computer databases located at each of our schools. If our security measures are breached as a result of actions by third parties, employee error, malfeasance or otherwise, third parties may receive or be able to access student records, which could subject us to liabilities, interrupt our business and adversely impact our reputation. In addition, we run the risk that our employees or third parties could misappropriate or illegally disclose confidential educational information in our possession. As a result, we may be required to expend significant resources to provide additional protection from the threat of these security breaches or to alleviate problems caused by these breaches.

***The unavailability of any favorable regulatory treatment, particularly government grants could adversely affect our business, financial condition and results of operations.***

We enjoy certain favorable regulatory treatment, particularly government grants, which are offered primarily for the purpose of promoting the development of private higher education institutions. For the years ended December 31, 2018 and 2019 and the eight months ended August 31, 2020, we recorded government grants in the total amount of approximately RMB26.5 million, RMB26.3 million and RMB12.4 million, respectively. However, it is in the relevant government authorities' sole and absolute discretion, subject to relevant PRC laws, regulations and policies, to determine whether and when to provide government grants to us, if at all. We cannot assure you that we will be able to receive government grants in the future. Furthermore, any unexpected changes in the PRC laws, regulations and policies may result in uncertainty in the availability of government grants or any other favorable treatment to us. If we are unable to obtain or maintain government grants or any other favorable treatment in the future in the same amount or at all, the reduction in the amount of government grants or other favorable treatment received by us may impact our results of operations and cash flows and we may experience decreases in profitability, and our business, financial condition and results of operations could be adversely affected.

***We have been involved, and may continue to be involved in legal and other disputes and claims from time to time arising out of our operations.***

We have been involved, and may, from time to time, be involved in disputes with and subject to claims by parents and students, teachers and other school personnel, our suppliers, banks and other parties involved in our business. For instance, as of the date of this Offering Circular, certain loans provided by banks to Yinchuan University of Energy were overdue and such banks asserted legal claims against us in connection with our breach of such loan agreements, which we have received judgements against us. In addition, Yinchuan University of Energy has been imposed several orders of compulsory enforcement by the competent people's courts. Also, we may face disputes from time to time relating to the intellectual property rights of third parties. We cannot assure you that when legal actions arise in the ordinary course of our business, any of the legal actions will be resolved in our favor. In the event that such legal actions cannot be resolved in our favor, we may be subject to uncertainties as to the outcome of such legal proceedings and our business operations may be disrupted. Legal or other proceedings involving us may, among others, result in us incurring

significant costs, divert management's attention and other resources, negatively affect our business operations, cause negative publicity against us or damage our reputation, regardless whether we are successful in defending such claims or proceedings. As a result, our business, financial condition and results of operations may be materially and adversely affected.

***We face risks related to natural disasters, health epidemics or terrorist attacks in China.***

Our business could be materially and adversely affected by natural disasters, such as earthquakes, floods, landslides, outbreaks of health epidemics such as avian influenza and severe acute respiratory syndrome, or SARS, and Influenza A virus, such as H5N1 subtype and H5N2 subtype flu viruses, the Ebola virus, the Zika virus, COVID-19, as well as terrorist attacks, other acts of violence or war or social instability in the regions where we operate or those generally affecting China. In particular, as many of our campuses provide on-campus accommodation to our students, teachers and staff, the boarding environment exposes our students, teachers and staff to risks of epidemics or pandemics and makes it more difficult for us to take preventive measures if an epidemic or pandemic were to occur. Any of the above may cause material disruptions to our operations, such as temporary closure of our schools, which in turn may materially and adversely affect our financial condition and results of operations. If any of these occurs, our schools and facilities may suffer damage or be required to temporarily or permanently close and our business operations may be suspended or terminated. Our students, teachers and staff may also be negatively affected by such events. In addition, any of these could adversely affect the PRC economy and demographics of the affected region, which could in turn cause significant declines in the number of students applying to or enrolled at our schools. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

**Risks Relating to the DingLi Subscription**

***Completion of the DingLi Subscription is subject to conditions and if these conditions are not satisfied or waived, the DingLi Subscription will not be completed.***

The obligations of us and DingLi to complete the DingLi Subscription are subject to satisfaction or waiver of a number of conditions, including the approval by the shareholders of the DingLi and the approval of relevant regulatory authorities in the PRC, including the Shenzhen Stock Exchange and China Securities Regulatory Commission. Each party's obligation to complete the DingLi Subscription is also subject to the satisfaction or waiver (to the extent permitted under applicable law) of certain other customary conditions, the accuracy of the representations and warranties of the other party under the DingLi Subscription Agreement (subject to the materiality standards set forth in the DingLi Subscription Agreement), the performance by the other party of its respective obligations under the DingLi Subscription Agreement in all material respects and delivery of officer certificates by the other party certifying satisfaction of the preceding conditions. Either we or DingLi may, subject to certain exceptions, terminate the DingLi Subscription Agreement upon mutual consent.

The failure to satisfy all of the required conditions could delay the completion of the DingLi Subscription for a significant period of time or prevent it from occurring. If the DingLi Subscription is not completed, our ongoing business may be materially adversely affected and, without realizing any of the benefits of having completed the DingLi Subscription, we will be subject to a number of risks, including the following:

- the market price of the Bonds and our Shares could decline;
- if the DingLi Subscription Agreement is terminated and our board of directors seeks another business combination, we cannot be certain that we will be able to find a party willing to enter into a transaction on terms equivalent to or more attractive than the terms that DingLi has agreed to in the DingLi Subscription Agreement;
- time and resources, financial and other, committed by our management to matters relating to the DingLi Subscription could otherwise have been devoted to pursuing other beneficial opportunities for us;
- we may experience negative reactions from the financial markets or from our customers or employees; and
- we will be required to pay our respective costs relating to the DingLi Subscription, including legal, accounting, financial advisory, financing and printing fees, whether or not the DingLi Subscription is completed.

In addition, if the DingLi Subscription is not completed, we could be subject to litigation related to any failure to complete the DingLi Subscription or related to any enforcement proceeding commenced against us to perform our obligations under the DingLi Subscription Agreement. The materialization of any of these risks could materially and adversely impact our ongoing business.

Similarly, any delay in completing the DingLi Subscription could, among other things, result in additional transaction costs, loss of revenue or other negative effects associated with uncertainty about completion of the DingLi Subscription and cause us not to realize some or all of the benefits that we expect to achieve if the DingLi Subscription is successfully completed within its expected timeframe. There can be no assurance that the conditions to the closing of the DingLi Subscription will be satisfied or waived or that the DingLi Subscription will be consummated.

***In order to complete the DingLi Subscription, we and DingLi must make certain governmental filings and obtain certain governmental authorizations, and if such filings and authorizations are not made or granted or are granted with conditions, completion of the DingLi Subscription may be jeopardized or the anticipated benefits of the DingLi Subscription could be reduced.***

Although we and DingLi have agreed in the DingLi Subscription Agreement to use reasonable best efforts, subject to certain limitations, to make certain governmental filings, to obtain any approval authorization or consent from certain other government authorities required to be obtained with respect to the merger under applicable laws, including approvals granted by the Shenzhen Stock Exchange and the China Securities Regulatory Commission, there can be no assurance that such approvals will be obtained. As a condition to adoption of approvals of the DingLi Subscription, government authorities may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of our business after completion of the DingLi Subscription.

Under the terms of the DingLi Subscription Agreement, subject to certain exceptions, we and our subsidiaries are required to accept certain conditions and take certain actions imposed by certain government authorities that would apply to, or affect, the businesses, assets or properties of us, our subsidiaries or DingLi and its subsidiaries. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of (i) delaying completion of the DingLi Subscription, (ii) imposing additional material costs on or materially limiting the revenues of the consolidated company following the DingLi Subscription, or (iii) otherwise adversely affecting our businesses and results of operations after completion of the DingLi Subscription. In addition, we can provide no assurance that these conditions, terms, obligations or restrictions will not result in the delay or abandonment of the DingLi Subscription.

*Each party is subject to business uncertainties while the proposed transaction is pending, which could adversely affect each party's or the consolidated company's business and operations.*

In connection with the pendency of the DingLi Subscription, it is possible that some customers, suppliers and other persons with whom we or DingLi have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with us or DingLi, as the case may be, as a result of the DingLi Subscription, which could negatively affect our or DingLi's respective revenues, earnings and cash flows, regardless of whether the DingLi Subscription is completed. If the DingLi Subscription is completed, such terminations, changes or renegotiations could negatively affect the revenues, earnings and cash flows of the consolidated company. These risks may be exacerbated by delays or other adverse developments with respect to the completion of the DingLi Subscription.

### **Risks Relating to Our Contractual Arrangements**

*The PRC government may find that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, which may subject us to severe penalties and our business may be materially and adversely affected.*

Pursuant to the Contractual Arrangements, the WFOE is entitled to receive substantially all of the economic benefits from our Consolidated Affiliated Entities. For more information, see “Our Corporate Structure — Contractual Arrangements.”

We are a Cayman Islands company and as such we are classified as a foreign enterprise under PRC laws. Foreign investment in the education industry in China is extensively regulated and subject to numerous restrictions. On June 23, 2020, the NDRC and MOFCOM jointly promulgated the Foreign Investment Access Special Management Measures (Negative List) (2020 Version) (《外商投資准入特別管理措施(負面清單)(2020年版)》) (the “**Negative List**”), which became effective on July 23, 2020. Under the Negative List, foreign investments in higher education are restricted to cooperate with PRC domestic parties who are required to play a dominant role in the cooperation.

Furthermore, under the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education issued by the MOE on June 18, 2012 (《關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》), the foreign portion of the total investment in a sino-foreign joint venture education institution is limited to 50%. According to the Regulation on Operating

Sino-foreign Schools of the PRC (《中華人民共和國中外合作辦學條例》), which was promulgated by the State Council on March 1, 2003 and became effective on September 1, 2003, foreign investors invested in higher education must be foreign education institutions with relevant qualifications and experience. In light of these restrictions, we are ineligible to independently operate higher education institutions or control them through holding equity interests.

Our wholly-owned subsidiary WFOE entered into the Contractual Arrangements pursuant to which it is entitled to receive substantially all of the economic benefits from our Consolidated Affiliated Entities. We have been and are expected to continue to be dependent on our Contractual Arrangements to operate our education business. If the Contractual Arrangements that establish the structure for operating our business in China are found to be in violation of any existing or future PRC laws, rules or regulations or fail to obtain or maintain any of the required permits or approvals, we may not be able to consolidate the results of operations of our Consolidated Affiliated Entities. The relevant PRC regulatory authorities, including the MOE, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of our PRC subsidiary or Consolidated Affiliated Entities;
- discontinuing or restricting the operations of any related-party transactions among our PRC subsidiary or Consolidated Affiliated Entities;
- imposing penalties or additional conditions or requirements with which we, our PRC subsidiary or Consolidated Affiliated Entities may not be able to comply;
- requiring us to undergo a costly and disruptive restructuring such as forcing us to establish new entities, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- restricting or prohibiting our use of proceeds from public offering or other financing activities to finance our business and operations in China; or
- taking other regulatory or enforcement actions, including imposing fines, which could be harmful to our business.

The imposition of any of these penalties may result in a material and adverse effect on our ability to conduct our business in China and a loss of our economic benefits in the assets and operations of our Consolidated Affiliated Entities. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of the Consolidated Affiliated Entities or our right to receive its economic benefits, we would no longer be able to consolidate such entity, which contributes substantially all of our consolidated net revenues.

***Uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.***

On March 15, 2019, the National People's Congress passed the Foreign Investment Law after deliberation, which came into force on January 1, 2020. It replaced the Law of the PRC on Wholly Foreign-Owned Enterprises (《中華人民共和國外資企業法》), the Law of the PRC on Sino-Foreign

Equity Joint Ventures (《中華人民共和國中外合資經營企業法》) and the Law on Sino-Foreign Contractual Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》). The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since it is relatively new, uncertainties still exist in relation to its interpretation and implementation. For instance, under the Foreign Investment Law, “foreign investment” refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether our Contractual Arrangements will be deemed to be in violation of the market access requirements for foreign investment under PRC Laws. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

***The Contractual Arrangements may not be as effective in providing us with control over our Consolidated Affiliated Entities as direct ownership.***

We have relied and expect to continue to rely on the Contractual Arrangements to operate our education business in China. These Contractual Arrangements may not be as effective in providing us with control over our Consolidated Affiliated Entities as equity ownership. If we were the controlling shareholder of our Consolidated Affiliated Entities with direct ownership, we would be able to exercise our rights as shareholder, rather than our rights under the powers-of-attorney, to effect changes to its board of directors, which in turn could implement changes at the management and operational level. However, under the current Contractual Arrangements, as a legal matter, if our Consolidated Affiliated Entities or their shareholders fail to perform their respective obligations under these Contractual Arrangements, we cannot direct the corporate action of our Consolidated Affiliated Entities as the direct ownership would otherwise entail, and therefore we will be unable to maintain an effective control over the operations of our Consolidated Affiliated Entities. If we were to lose effective control over our Consolidated Affiliated Entities, we would no longer be able to consolidate their results of operations, which would materially and adversely affect our financial condition and results of operations. In addition, losing effective control over our Consolidated Affiliated Entities may negatively impact our operational efficiency and brand image.

***The beneficial owners of our Consolidated Affiliated Entities may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.***

The Registered Shareholders are the beneficial owners of our Consolidated Affiliated Entities and their interests may differ from our interests as a whole. We cannot assure you that when conflicts of interest arise, the Registered Shareholders will act in our best interests or that such conflicts will be resolved in our favor. In addition, the Registered Shareholders may breach, or cause our Consolidated Affiliated Entities to breach, or refuse to renew, the existing Contractual Arrangements with us. If we cannot resolve any conflict of interest or dispute between us and the Registered Shareholders, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede our ability to enforce the Contractual Arrangements. If we are unable to resolve any such conflicts, or if we experience significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation.

In addition, although the equity pledge agreements we entered into with the Registered Shareholders provide that the pledged equity interests constitute continuing security for any and all of the indebtedness, obligations and liabilities under all of the principal service agreements, it is possible that a PRC court could take the position that the amounts listed on the equity pledge registration forms or estimated in the equity pledge agreements represent the full amounts of the collateral that have been registered and perfected. If this were to happen, the obligations that are supposed to be secured in the equity pledge agreements in excess of the amounts listed on the equity pledge registration forms or estimated in the equity pledge agreements could be deemed unsecured debts by the PRC court, which take the last priority among creditors.

***Our exercise of the option to acquire the equity interest of our Consolidated Affiliated Entities may be subject to certain limitations and we may incur substantial costs.***

We may incur substantial cost in the exercise of the option to acquire the equity interests in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, WFOE has the exclusive right to require the shareholders of our Consolidated Affiliated Entities to transfer their equity interests in our Consolidated Affiliated Entities, in whole or in part, to WFOE or a third party designated by WFOE at any time and from time to time, at the lowest price allowed under PRC laws and regulations at the time of transfer. If the relevant PRC authorities determine that the purchase prices for acquiring our Consolidated Affiliated Entities are below the market value, they may require WFOE to pay enterprise income tax for ownership transfer income with reference to the market value. The amount of the tax may be substantial, which could materially and adversely affect our business, financial condition and results of operations.

***Any failure by our Consolidated Affiliated Entities or their respective shareholders to perform their obligations under our Contractual Arrangements would potentially lead to the incurrence of additional costs and the expending of substantial resources on our part to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.***

Under the current Contractual Arrangements, if any of our Consolidated Affiliated Entities or their respective shareholders fails to perform their respective obligations under these Contractual Arrangements, we may incur substantial costs and resources to enforce such arrangements and rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief and claiming damages.

The Contractual Arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts will be interpreted in accordance with PRC laws and any disputes will be resolved in accordance with PRC legal procedures. Under PRC laws, rulings by arbitrators are final and the parties to a dispute cannot appeal the arbitration results in any court based on the substance of the case. The prevailing party may enforce the arbitration award by instituting arbitration award recognition proceedings with a competent PRC court. The legal environment in the PRC is not as developed as in other jurisdictions, such as Hong Kong and the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these Contractual Arrangements. If we are unable to enforce these Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities and their shareholders. As a result, our business and operations could be severely disrupted, which could damage our reputation and materially and adversely affect our business, financial condition, results of operations and prospects.

In addition to the enforcement costs outlined above, during the course of disputes regarding such enforcement action, we may temporarily lose effective control over our schools in China, which may lead to loss of revenue or potentially lead to the incurrence of additional costs and the expending of substantial resources on our part to operate our business in the absence of effective enforcement of the Contractual Arrangements. If this were to occur, our business, financial condition and results of operations may be materially and adversely affected and the value of your investments in the Bonds may decrease.

***The Contractual Arrangements may be subject to the scrutiny of the PRC tax authorities and additional tax may be imposed, which may materially and adversely affect our results of operations.***

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the exclusive management consultancy and business cooperation agreement we have with our Consolidated Affiliated Entities do not represent an arm's-length price and adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could increase our tax liabilities. As WFOE has the right to receive service fees under the Contractual Arrangements, our Group as a whole would pay a higher effective tax rate as the service fees received by WFOE under the Contractual Arrangements are subject to the PRC enterprise income tax and value-added tax. In addition, PRC tax authorities may take the view that our subsidiaries or Consolidated Affiliated Entities have improperly minimized

their tax obligations, and we may not be able to rectify any such incident within the limited timeline required by PRC tax authorities. As a result, the PRC tax authorities may impose late payment fees and other penalties on us for under-paid taxes, which could materially and adversely affect our business, financial condition and results of operations.

***Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.***

The Contractual Arrangements provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the China International Economic and Trade Arbitration Commission in Beijing, the PRC. The Contractual Arrangements provide that the arbitral body may award remedies over the equity interests and/or assets of our Consolidated Affiliated Entities, injunctive relief and/or winding up of our Consolidated Affiliated Entities. In addition, the Contractual Arrangements provide that courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, the abovementioned provisions contained in the Contractual Arrangements may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final winding-up order to preserve the assets of or any equity interest in our Consolidated Affiliated Entities in case of disputes. Therefore, such remedies may not be available to us, notwithstanding the relevant contractual provisions contained in the Contractual Arrangements. PRC laws allow an arbitral body to award the transfer of assets of or equity interests in our Consolidated Affiliated Entities in favor of an aggrieved party.

In the event of noncompliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures. Under PRC laws, courts of judicial authorities in the PRC generally do not grant injunctive relief or the winding-up order against our Consolidated Affiliated Entities as interim remedies to preserve the assets or equity interests in favor of any aggrieved party. Even though the Contractual Arrangements provide that courts in Hong Kong and the Cayman Islands may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favor of an aggrieved party) may not be recognized or enforced by PRC courts. As a result, in the event that any of our Consolidated Affiliated Entities or their shareholders breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our education business could be materially and adversely affected.

***We rely on dividend and other payments from WFOE to pay dividends and other cash distributions to our Shareholders and any limitation on the ability of WFOE to pay dividends to us would materially and adversely limit our ability to pay dividends to our Shareholders.***

Our Company is a holding company and our ability to pay dividends and other cash distributions to our Shareholders, service any debt we may incur and meet our other cash requirements depends significantly on our ability to receive dividends and other distributions from WFOE, our PRC subsidiary. The amount of dividends paid to our Company by WFOE depends solely on the service fees paid to WFOE by our Consolidated Affiliated Entities. However, there are restrictions under PRC laws for the payment of dividends to us by WFOE. For example, relevant PRC laws and regulations permit payments of dividends by WFOE only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC laws and regulations, WFOE

is required to set aside at least 10% of its after-tax profits based on PRC accounting standards each year to fund a statutory reserve, until the accumulated amount of such reserve has exceeded 50% of its registered capital. Consequently, WFOE is restricted in its ability to transfer a portion of its net assets to us or any of our other subsidiaries in the form of dividends, loans or advances. The foregoing restrictions on the ability of WFOE to pay dividends to us and the limitations on the ability of Consolidated Affiliated Entities to pay service fees to WFOE could materially and adversely limit our ability to borrow money outside of China or pay dividends to holders of our Shares.

***Our Consolidated Affiliated Entities may be subject to limitations on their ability to operate private education business or make payments to related parties.***

The principal regulations governing private education in China are the Law for Promoting Private Education (《中華人民共和國民辦教育促進法》), which became effective as of 2003 and was amended in 2013, 2016 and 2018, and the Implementation Rules for the Law for Promoting Private Education (《中華人民共和國民辦教育促進法實施條例》) (the “**Implementation Rules**”). Under these regulations, a private school may elect to be a school that does not require reasonable returns or a school that requires reasonable returns. A private school that does not require reasonable returns cannot distribute dividends to its school sponsors. Most of our schools have elected to be private schools of which the school sponsors require reasonable returns. However, current PRC laws and regulations do not provide a formula or guidelines for determining the amount of “reasonable returns” which can be distributed. In addition, current PRC laws and regulations do not distinguish between the requirements or restrictions on a private school’s ability to operate its education business based on its status as a school of which the school sponsors require a reasonable returns or a school of which the school sponsors do not require reasonable returns.

Pursuant to the Amendment, school sponsors of private school may choose to establish non-profit or for-profit private schools at their own discretion (with the exception that schools providing compulsory education can only be established as non-profit private schools), rather than to choose whether to require reasonable returns. School sponsors of for-profit private schools are entitled to retain the profits and proceeds from the schools and the operation surplus may be allocated to the school sponsors pursuant to the PRC Company Law and other relevant laws and regulations. School sponsors of non-profit private schools are not entitled to any distribution of profits or revenue from the non-profit schools they operate and all operation surpluses of the schools shall be used for the operation of the schools. However, the Amendment remains silent on the requirement of the development fund of the non-profit schools or for-profit schools.

As a holding company, our ability to pay dividends and other cash distributions to our Shareholders depends solely on our ability to receive dividends and other distributions from WFOE, which in turn depends on the service fees paid to WFOE from our Consolidated Affiliated Entities. However, the relevant PRC government authorities may seek to confiscate any or all of the service fees that have been paid by our schools to WFOE, including retrospectively, to the extent that such service fees are tantamount to “reasonable returns” (for the period prior to the Amendment becoming effective) or demand profit distribution (after the Amendment becoming effective and if our schools elect to register as non-profit schools) taken by the school sponsors of these schools in violation of PRC laws and regulations. The relevant PRC government authorities may also seek to stop student enrollment at our schools or, in a more extreme situation, revoke the operation permits of these schools. As a result, our business, our financial position and the market price of the Bonds and our Shares may be materially and adversely affected.

*If any of our Consolidated Affiliated Entities becomes subject to winding up or liquidation proceedings, we may lose the ability to use and enjoy certain important assets held by our Consolidated Affiliated Entities, which could negatively impact our business and materially and adversely affect our ability to generate revenue.*

Our Consolidated Affiliated Entities hold assets that are essential to the operation of our business, including operating permits and licenses, real estate leases, buildings, groups of buildings and other educational facilities related to the schools. Under the irrevocable powers of attorney, the Registered Shareholders may not unilaterally, without our consent, decide to voluntarily liquidate our Consolidated Affiliated Entities.

If any of these entities goes bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If any of our Consolidated Affiliated Entities undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

*We may not be able to meet the Qualification Requirement and our plan to unwind the Contractual Arrangements may be subject to certain limitations.*

Pursuant to the Regulation on Sino-Foreign Cooperation in Operating Schools (中華人民共和國中外合作辦學條例), promulgated by the State Council in 2003 and amended on July 18, 2013 (the “**Sino-Foreign Regulation**”), the foreign investor in a sino-foreign joint venture school which provides higher education mainly for PRC students (a “**Sino-Foreign Joint Venture Private School**”) must be a foreign educational institution with relevant qualification and high quality of education (the “**Qualification Requirement**”). However, there are no implementing measures or specific guidance on the Qualification Requirement in accordance with the existing PRC laws and regulations, and it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience or form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant education authority that it meets the Qualification Requirement.

Despite the lack of clear guidance or interpretation on the Qualification Requirement, we are committed to working towards meeting the Qualification Requirement and have adopted a specific plan to expend genuine efforts and financial resources for the purpose of being qualified as early as possible. Such steps include but are not limited to establishing a Hong Kong subsidiary which will serve as the main control hub of our overseas business, communicating and negotiating with experienced and reputable overseas education services providers in various form of potential cooperation. As the steps taken by us to fulfil the Qualification Requirement will be subject to the substantive examination by the relevant education authorities at the provincial or national level, we cannot assure you that we will be able to meet the Qualification Requirement in the future and the plan we have adopted will be sufficient to satisfy the Qualification Requirement.

Notwithstanding we propose to unwind the Contractual Arrangements wholly or partially as and when practicable and permissible under the prevailing PRC laws and regulations, we may be unable to do so before we are in a position to comply with the Qualification Requirement. If we otherwise attempt to unwind the Contractual Arrangements before we satisfy the Qualification Requirement, we

may be considered by the regulatory authorities as ineligible for the provision of higher education services mainly for PRC students, which could have a material adverse effect on our business, financial condition and results of operations.

## **Risks Relating to Doing Business in China**

*Adverse changes in the economic, political and social conditions as well as laws and government policies in China may materially and adversely affect our business, financial condition, results of operations and prospects.*

The economic, political and social conditions in China differ from those in more developed countries in many respects, including structure, government involvement, level of development, growth rate, control of foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. Before the adoption of its reform and opening up policies in 1978, the PRC was primarily a planned economy. In recent years, the PRC government has been reforming the PRC economic system and government structure. For example, the PRC government has implemented economic reform and measures emphasizing the utilization of market forces in the development of the PRC economy. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country.

We cannot predict whether the ongoing evolution of economic condition in China would have any adverse effect on our current or future business, financial condition or results of operations. Despite these economic reforms and measures, the PRC government continues to play a significant role in regulating industrial development, allocation of natural and other resources, production, pricing and management of currency, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly. Our ability to successfully expand our business operations in China depends on a number of factors, including macro-economic and other market conditions, and credit availability from lending institutions. Stricter credit or lending policies in China may affect our ability to obtain external financing, which may reduce our ability to implement our expansion strategies. We cannot assure you that the PRC government will not implement any additional measures to tighten credit or lending standards, or that, if any such measure is implemented, it will not adversely affect our future results of operations or profitability. Demand for our services and our business, financial condition and results of operations may be materially and adversely affected by the following factors:

- political instability or changes in social conditions of the PRC;
- changes in laws, regulations, and administrative directives or the interpretation thereof;
- measures which may be introduced to control inflation or deflation; and
- changes in the rate or method of taxation.

These factors are affected by a number of factors which are beyond our control.

***PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our Consolidated Affiliated Entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business operations.***

As an offshore holding company of our PRC subsidiary, we may use the net proceeds from this offering to (i) extend loans to our Consolidated Affiliated Entities; (ii) make additional capital contributions to our PRC subsidiary; (iii) establish new subsidiaries in China and make additional new capital contributions to them; and (iv) acquire offshore entities with business operations in China in an offshore transaction. However, most of these uses are subject to PRC regulations and approvals. For example:

- loans by us to WFOE, our subsidiary in China and a foreign-invested enterprise, cannot exceed statutory limits and must be registered with the SAFE, or its local counterparts;
- loans by us to our Consolidated Affiliated Entities, over a certain threshold, must be approved by the relevant government authorities and must also be registered with the SAFE or its local counterparts; and
- capital contributions to our schools must be approved by the MOE and the Ministry of Civil Affairs or their respective local counterparts.

We expect that PRC laws and regulations may continue to limit our use of net proceeds from this offering or from other financing sources. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our entities in China. If we fail to receive such registrations or approvals, our ability to use the net proceeds from this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

***Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.***

In February 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計畫外匯管理有關問題的通知》) (the “**Stock Option Rules**”). Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly-listed company are required to register with the SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas

entrusted institution or other material changes. We and our PRC employees who have been granted share options will be subject to these regulations upon the completion of this offering. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially and adversely affect our business, financial condition and results of operations.

***Restrictions on currency exchange under PRC laws may limit our ability to convert cash derived from our operating activities into foreign currencies and may materially and adversely affect the value of your investment.***

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Substantially all of our revenue is denominated in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from WFOE, our PRC subsidiary. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiary and our Consolidated Affiliated Entities to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. Under the existing PRC foreign exchange regulations, the Renminbi is currently convertible, without prior approval from the SAFE, under current account transactions, including profit distributions, interest payments and expenditures from trade-related transactions, as long as certain procedural requirements are complied with. However, approval from and registration with the SAFE and other PRC regulatory authorities are required to convert Renminbi into foreign currencies and remit out of China for capital account transactions, which includes foreign direct investment and repayment of loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. Any existing and future restrictions on currency exchange in China may limit our ability to convert cash derived from our operating activities into foreign currencies to fund expenditures denominated in foreign currencies. If the foreign exchange restrictions in China prevent us from obtaining the foreign currencies we need, we may not be able to pay dividends in the foreign currencies to our Shareholders in currencies other than Renminbi. Furthermore, foreign exchange control in respect of the capital account transactions could affect our PRC subsidiary's and Consolidated Affiliated Entities' ability to obtain foreign exchange or conversion into Renminbi through debt or equity financing, including by means of loans or capital contributions from us.

***Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your investment.***

The change in the value of Renminbi against other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future.

Substantially all of our revenue and costs are denominated in Renminbi and most of our financial assets are also denominated in Renminbi. We rely entirely on dividends and other fees paid to us by our PRC subsidiary and our Consolidated Affiliated Entities. Our proceeds from this offering will be denominated in U.S. dollar. Since April 2019, Renminbi has depreciated in value against the

U.S. dollar amidst an uncertain trade and global economic climate. There is no assurance that the Renminbi will not experience significant fluctuations against the U.S. dollar in the future. Furthermore, since our revenues and profits are denominated in Renminbi, any depreciation of Renminbi would materially and adversely affect our cash flow, earnings and financial position, our ability to service our foreign currency obligations, as well as our ability to satisfy our obligations under the Bonds.

***Inflation in the PRC could negatively affect our profitability and growth.***

The economy of China has been experiencing significant growth, leading to inflation and increased labor costs. According to the National Bureau of Statistics of China, the year-over-year percent change in the consumer price index in China was 2.9% in 2019. China's overall economy and the average wage in the PRC are expected to continue to grow. Future increases in China's inflation and material increases in the cost of labor may materially and adversely affect our profitability and results of operations unless we are able to pass on these costs to our students by increasing tuition.

***The legal system of the PRC is not fully developed and there are inherent uncertainties that may affect the protection afforded to our business and our Shareholders.***

Our business and operations in the PRC are governed by the PRC legal system that is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency. Some of the laws and regulations are still in the developmental stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. We cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement, or the pre-emption of local regulations by national laws. As a result, there is substantial uncertainty as to the legal protection available to us and our Shareholders. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in the PRC may be protracted and result in substantial costs and the diversion of resources and management attention.

As holder of our Bonds, you will hold an indirect interest in our operations in China. Our operations in the PRC are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. PRC company law and regulations, in general, and the provisions for the protection of shareholders' rights and access to information, in particular, may be considered less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions. In addition, PRC laws, rules and regulations applicable to companies listed overseas do not distinguish between

minority and controlling shareholders in terms of their rights and protections. As such, our minority Shareholders may not have the same protections afforded to them by companies incorporated under the laws of the United States and certain other jurisdictions.

***It may be difficult to effect service of process upon us, our directors or our executive officers that reside in China or to enforce against them or us in China any judgments obtained from non-PRC courts.***

The legal framework to which we are subject to is materially different from the Companies Ordinance or corporate law in the United States and other jurisdictions with respect to certain areas, including the protection of minority shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which we are subject to are also relatively undeveloped and untested. However, according to the PRC Company Law, shareholders may commence a derivative action against the directors, supervisors, officers or any third party on behalf of a company under certain circumstances.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院互相認可和執行當事人協議管轄的民商事案件判決的安排》). Under such arrangement, where any designated people's court in the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant people's court in the PRC or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement may still be uncertain. In addition, the Supreme People's Court of the PRC and the Department of Justice of Hong Kong jointly published the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) on January 18, 2019, which has not come into effect. It remains uncertain with respect to the interpretation and enforcement of such arrangement.

All our senior management members reside in China, and substantially all of our assets, and substantially all of the assets of those persons are located in China. Therefore, it may be difficult for investors to effect service of process upon those persons inside China or to enforce against us or them in China any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

***If we are classified as a PRC “resident enterprise,” holders of our Shares may be subject to a PRC withholding tax on the dividends paid by us and PRC tax on gain from the sale of our Shares.***

Under the Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), or the EIT Law, and its implementing regulations, an enterprise established outside China with its “*de facto* management body” within China is considered a “resident enterprise” in China and will be subject

to the PRC enterprise income tax at the rate of 25% on its worldwide income. The tax authority reviews factors such as the routine operation of the organizational body that effectively manages the enterprise's production and business operations, locations of personnel holding decision-making power, location of finance and accounting functions and properties of the enterprise. The EIT Law's implementation regulations define the term "*de facto* management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." The State Taxation Administration, or the STA, issued the Notice regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of *De Facto* Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or the STA Circular 82, on April 22, 2009. The STA Circular 82 provides certain specific criteria for determining whether the "*de facto* management body" of a Chinese-controlled offshore incorporated enterprise is located inside China, stating that only a company meeting all the criteria would be deemed to have its *de facto* management body inside China. One of the criteria is that a company's major assets, accounting books and minutes and files of its board and shareholders' meetings are located or kept in China. In addition, the STA issued a bulletin on August 3, 2011, effective from September 1, 2011, providing more guidance on the implementation of the STA Circular 82. This bulletin clarifies matters including residence status determination, post-determination administration and competent tax authorities. Although both the STA Circular 82 and the bulletin apply only to offshore enterprises controlled by PRC enterprises and there are currently no further rules or precedents governing the procedures and specific criteria for determining "*de facto* management body" for companies like ours, the determination criteria set forth in STA Circular 82 and the bulletin may reflect the STA's general position on how the "*de facto* management body" test should be applied in determining the tax residency status of offshore enterprises and how the administration measures should be implemented with respect to such enterprises, regardless of whether they are controlled by PRC enterprises or PRC individuals.

As all of our senior management members are based in China, it remains unclear as to how the tax residency rule will apply to our case. We do not believe that our Company or any of our Hong Kong or BVI subsidiaries should be qualified as a "resident enterprise" as each of our offshore holding entities is a company incorporated outside China. As holding companies, each of these entities' corporate documents, minutes and files of the board and shareholders' meetings are located and kept outside China. Therefore, we believe that none of our offshore holding entities should be treated as a "resident enterprise" with its "*de facto* management bodies" located within China as defined by the relevant regulations for PRC enterprise income tax purposes. However, as the tax resident status of an enterprise is subject to determination by the PRC tax authorities, there are uncertainties and risks associated with this issue.

Under the EIT Law, non-PRC resident enterprise shareholders of a PRC resident enterprise will be subject to a 10% withholding tax on dividends received from the PRC resident enterprise and 10% tax on gain recognized with respect to the sale of shares of the resident enterprise. Accordingly, if we are treated as a PRC resident enterprise, our non-PRC resident enterprise Shareholders may be subject to a 10% withholding tax on dividends received from us and 10% tax on gain recognized with respect to the sale of our Shares, unless such tax is reduced by an applicable income tax treaty between China and the Shareholder's jurisdiction of residence. Non-PRC resident individual Shareholders, may be subject to 20% withholding tax on dividends received from us and gains

realized with respect to the sale of our Shares if we are treated as a PRC resident enterprise. Any such tax on the dividends received by our Shareholders from us may be withheld at source. Any tax due as a result of us being treated as a PRC resident enterprise may reduce the returns on your investment in our Bonds.

***The discontinuation of any preferential tax treatments currently available to us, in particular the tax exempt status of our schools, could materially and adversely affect our results of operations.***

According to the Implementation Rules for the Law for Promoting Private Education, private schools for which the school sponsors do not require reasonable returns are eligible to enjoy the same preferential tax treatment as public schools. The school sponsors of seven of our schools have elected to require reasonable returns. Preferential tax treatment policies applicable to private schools requiring reasonable returns are to be separately formulated by the relevant authorities. To date, however, no separate regulations or policies have been promulgated in this regard. The PRC government may promulgate tax regulations that eliminate such preferential tax treatment, or the local tax bureaus may change their policies. In each such case, we may be subject to PRC enterprise income tax going forward. Pursuant to the Amendment which came into effect on September 1, 2017, private schools are entitled to preferential tax treatments, among which non-profit private schools will be entitled to the same preferential tax treatment as public schools. The taxation policies applicable to for-profit private schools after the Amendment taking effect are still unclear as more specific provisions are yet to be introduced. Therefore, the preferential tax treatment of our schools will be subject to (i) the decision we make to operate our schools as for-profit or non-profit schools, and (ii) the tax treatment of the for-profit schools that is expected to be stipulated in the implementation regulations of the Amendment. There is no assurance that the preferential tax treatment that currently applies to our schools will not change going forward.

In addition, following the execution of the Contractual Arrangements, WFOE will initially be subject to an enterprise income tax rate of 25% and value-added tax in China and is entitled to a five-year exemption from the enterprise income tax and a further five-year tax reduction to 50% of the applicable rate. These preferential tax treatments may be subject to change and we cannot provide any assurance that the preferential tax rate applicable to WFOE will continue to apply in the future, and WFOE may therefore be required to pay a higher rate of enterprise income tax in the future. Moreover, pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Full Launch of the Pilot Program of Replacing Business Tax with Value-Added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) which came into effect on May 1, 2016, formal education services provided by schools are exempted from the value-added tax. As a result, formal educational services provided by our schools are exempted from the value-added tax. However, the discontinuation of any preferential tax treatment currently available to us or the determination of any of the relevant tax authorities that we are not eligible for any of the preferential tax treatment on which we have relied or currently rely would cause our effective tax rate to increase, which would increase our tax expenses and reduce our net profit.

***Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.***

On September 14, 2015, the NDRC promulgated the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)》) (the “**NDRC Circular**”). According to the NDRC Circular, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must, in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issuance (the “**Pre-issuance Registration Certificate**”). In addition, the enterprise must also report certain details of the bonds to the NDRC within ten business days of the completion of the bond issue (the “**NDRC Post-issue Filing**”).

The Issuer obtained the Pre-issuance Registration Certificate in respect of the offering of the Bonds from the NDRC on February 9, 2021. It has undertaken to within the prescribed time period, file or cause to be filed with the NDRC the NDRC Post-issue Filing. The administration and interpretation of the NDRC Circular may be subject to a certain degree of uncertainty as well as executive and policy discretion by the NDRC. In particular, as of the date of this Offering Circular, it is unclear whether the system for the acceptance of the NDRC Post-issue Filing is fully operational. As a result, there can be no assurance that the NDRC Post-issue Filing may be completed by the Issuer within the prescribed time frame or at all. Any failure by the Issuer to complete the NDRC Post-issue Filing in accordance with the prescribed time frame (including as a result of reasons outside of the Issuer’s control) may have an adverse impact on the Issuer.

## **Risks Relating to Ownership of the Bonds and Our Shares and the Offering of the Bonds**

### ***The Bonds are unsecured obligations.***

The Bonds constitute direct, unsubordinated, unconditional, and (subject to “Terms and Conditions of the Bonds — Covenants — Negative Pledge”) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any. The payment obligations of the Issuer under the Bonds, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the negative pledge contained in Condition 4(A) of the Terms and Conditions rank equally with all of its other present and future unsecured and unsubordinated obligations. The Guarantee will, similarly, constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall, save for any obligations preferred by any applicable law, will rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations. Therefore, the Bonds and the Guarantee will be unsecured obligations of the Issuer and the Company, respectively. The obligations under the Bonds and the Guarantee may be adversely affected if:

- the Group enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Group’s future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Group’s indebtedness.

If any of the above events occurs, the Group's assets may not be sufficient to pay amounts due on the Bonds.

***Changes in market interest rates may adversely affect the value of the Bonds.***

Investment in the Bonds, which carry a fixed rate of interest, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

***The Bonds may not be a suitable investment for all investors.***

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Bonds; and
- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant indices and financial markets; and be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in Bonds, which are complex financial instruments, unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio. Additionally, the investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

***Holders will have no rights as holders of the Shares prior to conversion of the Bonds, but are subject to changes made with respect to the Shares.***

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, they will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. However, such Bondholders are subject to all changes affecting the Shares. For example, in the event that an amendment is proposed to the

Company's articles of association requiring shareholders' approval, and the record date for determining the registered shareholders entitled to vote on the amendment occurs prior to the date of conversion of the Bonds for such Shares and (as applicable) the date of registration by the relevant Bondholder as the holder thereof, that Bondholder would not be entitled to vote on the amendment but would nevertheless be subject to any resulting changes in the powers, preferences or special rights that affect the Shares after conversion. Upon conversion of the Bonds, these holders will be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion.

***We may not have the ability to redeem the Bonds.***

We will at maturity be required to redeem all of the Bonds and the Bondholders may require us to redeem for cash all or some of their Bonds on March 2, 2024 or upon a transaction or event constituting a change of control or delisting or otherwise as described under the headings "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Bondholders" and "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Relevant Event." We may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. Our ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by us would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness held by us.

***The Bonds may be redeemed at our option.***

We may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Agent and the Bondholders, redeem all but not some only of the Bonds at their Early Redemption Amount (as defined in the Terms and Conditions) at any time after March 18, 2024 but prior to the Maturity Date or if, conversion rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with the Terms and Conditions of the Bonds and consolidated and forming a single series therewith).

An optional redemption feature is likely to limit the market value of the Bonds. During any period when we may elect to redeem Bonds, the market value of those Bonds will generally not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The date on which we elect to redeem the Bonds may not accord with the preference of individual Bondholders. This may be disadvantageous to the Bondholders in light of market conditions or the individual circumstances of the Bondholders. In addition, we may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Bonds.

***The Bonds will be structurally subordinated to subsidiary debt.***

Payments under the Bonds and the Guarantee will be structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of the Company's subsidiaries, and to all our secured creditors. A substantial part of the Company's operations are

conducted through the Company's subsidiaries, associated companies and jointly controlled entities. Accordingly, the Company will be dependent on the operations of its subsidiaries, associated companies and jointly controlled entities to service its indebtedness, including interest and principal on the Bonds. In the event of an insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of any of the Company's subsidiary, creditors of such subsidiary generally will have the right to be paid in full before any distribution is made to us.

***Short selling of the Shares by purchasers of the Bonds could materially and adversely affect the market price of the Shares.***

The issuance of the Bonds may result in downward pressure on the market price of the Shares. Many investors in convertible bonds seek to hedge their exposure in the underlying equity securities, often through short selling the underlying equity securities or similar transactions. Any short selling or similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares as well as on the trading price of the Bonds.

***The insolvency laws of the PRC, the Cayman Islands and other local insolvency laws may differ from those of any other jurisdiction with which holders of the Bonds are familiar.***

As some of the Company's subsidiaries and Consolidated Affiliated Entities are established under the laws of the PRC, and each of the Issuer and the Guarantor are incorporated under the laws of the Cayman Islands, an insolvency proceeding relating to these subsidiaries or consolidated affiliated entities, even if brought in other jurisdictions, would likely involve insolvency laws of PRC and/or the Cayman Islands the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy law in other jurisdictions. Investors should analyze the risks and uncertainties carefully before they invest in the Bonds.

***A trading market for the Bonds may not develop, and there are restrictions on resale of the Bonds.***

The Bonds are a new issue of securities for which there is currently no trading market. Although we will make a formal application for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange, there is no assurance that we will obtain or be able to maintain such listing on the Hong Kong Stock Exchange, or that, if listed, a liquid trading market will develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Bonds. In addition, the Bonds are being offered pursuant to exemptions from registration under the U.S. Securities Act and, as a result, investors will only be able to resell their Bonds in transactions that have been registered under the U.S. Securities Act or in transactions not subject to or exempt from registration under the U.S. Securities Act. There is no assurance whether an active trading market for the Bonds will develop or be sustained.

If an active trading market were to develop, the Bonds could trade at a price that may be lower than the issue price of the Bonds. Whether or not the Bonds will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;

- general economic, market and political conditions;
- the Group's financial condition, financial performance and future prospects;
- the publication of earnings estimates or other research reports and speculation in the press or investment community in relation to the Group; and
- changes in the industry and competition affecting the Group.

***The liquidity and price of the Bonds following the offering may be volatile.***

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenue, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to its industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

***Future issuances of Shares or equity-related securities may depress the trading price of the Shares.***

Any issuance of equity securities of the Issuer or the Guarantor after this offering of the Bonds could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Shares. Each of the Issuer and the Guarantor may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt-to-equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares, and impair ability of the Issuer and the Guarantor to raise capital through the sale of additional equity securities. There is no restriction on ability of the Issuer and the Guarantor to issue bonds or the ability of any of the shareholders of the Issuer and the Guarantor to dispose of, encumber or pledge the Shares, and there can be no assurance that the Issuer and the Guarantor will not issue bonds or that its shareholders will not dispose of, encumber or pledge the Shares. The Issuer and the Guarantor cannot predict the effect that future sales of the Shares or other equity-related securities would have on the market price of the Shares. In addition, the price of the Shares could be affected by possible sales of the Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Issuer and the Guarantor and by hedging or engaging in arbitrage trading activity involving the Bonds.

***Our results of operations, financial condition, future prospects and business strategy could also affect the value of the Shares.***

The trading price of the Shares will be influenced by the Company's operational results (which in turn are subject to the various risks to which its businesses and operations are subject) and by other factors such as changes in the regulatory environment that may affect the markets in which it operates and capital markets in general. Corporate events such as share sales, reorganizations, takeovers or share buy-backs may also adversely affect the value of the Shares. Any decline in the price of the Shares would adversely affect the market price of the Bonds.

***Conversion of the Bonds would dilute the ownership interest of existing shareholders and could also adversely affect the market price of the Shares.***

The conversion of some or all of the Bonds would dilute the ownership interests of existing shareholders. Any sales in the public market of the Shares issuable upon such conversion could adversely affect prevailing market prices for the Shares. In addition, the conversion of the Bonds might encourage short selling of the Shares by market participants.

***Shares or any securities that are substantially similar to the Shares including, but not limited to, any securities that may be convertible into, or exchangeable for, the Shares that are eligible for future sale by the us or the Company's current Shareholders may adversely affect the value of your investment.***

The market prices of the Bonds and the Shares could decline as a result of sales of a large number of the Shares or any securities that are substantially similar to the Shares including, but not limited to, any securities that may be convertible into, or exchangeable for, the Shares after this offering or the perception that such sales could occur. Except for such restrictions, there is no restriction on the Issuer or the Guarantor's ability to issue, sell or otherwise dispose of and the Company's Shareholders' ability to sell or otherwise dispose of, the Shares, and the Issuer and the Guarantor cannot assure you that it will not issue, sell or otherwise dispose of, or that any of its Shareholders will not sell or otherwise dispose of, the Shares. If the Shareholders of the Issuer and the Guarantor sell a large number of the Shares after this offering, the market price of the Bonds and the Shares could be depressed and the value of your investment could substantially decrease. The market prices of the Shares and the Bonds could also decline if substantial amounts of the Shares or securities convertible or exchangeable into the Shares are sold after the closing of this offering, or if there is a perception that these sales could occur.

***Holders will bear the risk of fluctuations in the price of the Shares.***

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares. The Shares are currently listed on the Hong Kong Stock Exchange. There can be no certainty as to the effect, if any, that future issues or sales of the Shares, or the availability of such Shares for future issue or sale, will have on the market price of the Shares prevailing from time to time and therefore on the price of the Bonds.

Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and the Bonds. The Company's results of operations, financial condition, future prospects and business strategy could affect the value of the Shares. The trading price of the Shares will be influenced by the Company's operational results and other factors, such as changes in the regulatory environment that may affect the markets in which it operates and capital markets in general. Corporate events such as share sales, organizations, takeovers or share buy-backs may also adversely affect the value of the Shares. Any decline in the price of the Shares would adversely affect the market price of the Bonds.

***Holders have limited anti-dilution protection.***

The Conversion Price (as defined in the "Terms and Conditions of the Bonds") will be adjusted in the event that there is a sub-division, consolidation or re-denomination, rights issues, bonus issue, reorganization, capital distribution or other adjustment including an offer or scheme which affects Shares, but only in the circumstances and only to the extent provided in "Terms and Conditions of

the Bonds — Conversion.” There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the value of the Shares and, therefore, adversely affect the value of the Bonds.

***There may be less publicly available information about the Company than is available for public companies in certain other jurisdictions.***

There may be less publicly available information about companies listed in Hong Kong, such as the Company, than is regularly made available by public companies in certain other countries. In addition, the Company’s financial information in this Offering Circular has been prepared in accordance with IFRS which differ in certain respects from generally accepted accounting principles (“GAAPs”) in certain jurisdictions which might be material to the financial information contained in this Offering Circular. In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the Company’s financial information, and should consult their own professional advisers for an understanding of the differences between IFRS and the GAAPs in their home jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

***Modification and waivers of the Conditions by majority Bondholders or the Trustee, which are binding on all Bondholders, may adversely affect Bondholders.***

The Trust Deed contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. In addition, an Extraordinary Resolution (as defined in the Trust Deed) in writing signed by or on behalf of the holders of not less than 90% in nominal amount of Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holder of Bonds duly convened and held.

The Conditions also provide that the Issuer may direct the Trustee to effect, without the consent of the Bondholders and subject to the satisfaction of certain conditions, any modification (save for certain reserved matters) to, or any waiver of the Conditions, the Agency Agreement or the Trust Deed, if to do so could not reasonably be expected to be materially prejudicial to the interests of the Bondholders or is in the opinion of the Trustee of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law Any such modification, authorization or waiver shall be binding on all Bondholders.

***Exchange rate risks and exchange controls may affect an investor’s returns on the Bonds.***

We will pay interest and principal on the Bonds in United States dollars. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than United States dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the United States dollar or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to United States dollar would decrease (i) the Investor’s Currency-equivalent yield on the Bonds; (ii) the Investor’s Currency-equivalent value of

the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

***The Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.***

In certain circumstances, the Trustee may (at its sole discretion) request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the Trust Deed and the Conditions and applicable laws and regulations, it will be for the Bondholders to take such actions directly.

***The Bonds will initially be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.***

The Bonds will initially be represented by the Global Certificate. Such Global Certificate will be deposited with a common depository for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge our payment obligations under the Bonds by making payments to the common depository for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. None of the Issuer or the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

***The Company's public Shareholders may have more difficulty in protecting their interests than they would as a shareholder of a corporation of other jurisdictions.***

The Guarantor's corporate affairs are governed by its Memorandum and Articles of Association governing Cayman Islands companies. The rights of the Shareholders of the Guarantor to bring Shareholders' suits against its board of Directors under Cayman Islands laws are much more limited than those of the shareholders of corporations of some other jurisdictions. Therefore, the public

Shareholders of the Guarantor may have more difficulty in protecting their interests in connection with actions taken by the Guarantor's management, members of the Guarantor's board of Directors or Controlling Shareholders than they would as shareholders of corporations of other jurisdictions.

***If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated.***

If we or any of our subsidiaries are unable to comply with the restrictions and covenants or its current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend, as the case may be, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. As a result, a default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under our or our subsidiary's other debt agreements. If any of these events occur, we cannot assure investors that our or our subsidiary's assets and cash flows would be sufficient to repay in full all of its indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure investors that it would be on terms that are favorable or acceptable to us.

***Legal investment considerations may restrict certain investments.***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

***We will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which standards may be different from those applicable to companies in certain other countries.***

The Guarantor will be subject to reporting obligations in respect of the Bonds to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

***Bondholders may be subject to tax.***

Prospective investors of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the purchase, ownership, disposition or conversion of the Bonds or the Shares. See "Taxation" for a discussion of tax consequences in certain jurisdictions.

***The Bonds are redeemable in the event of certain withholding taxes being applicable.***

No assurances are made by the Issuer and the Guarantor as to whether or not payments on the Bonds may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC, the Cayman Islands, Hong Kong or, in each case, any subdivision or authority therein or thereof having power to tax. Although pursuant to the Conditions, we are required to gross up payments in respect of the Bonds on account of any such withholding taxes or deductions, we also have the right to redeem the Bonds at any time in the event we have or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC, the Cayman Islands, Hong Kong or, in each case, any subdivision or authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the PRC, Hong Kong or the Cayman Islands or, in each case, any subdivision or authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after February 22, 2021.

***Securities laws restrictions on the resale and conversion of the Bonds and the resale of the Shares issuable upon their conversion may impact investors' ability to sell the Bonds.***

The Issuer and the Guarantor has not registered the Bonds or the Shares issuable upon conversion of the Bonds under the U.S. Securities Act or other securities laws. Unless and until the Bonds and the Shares issuable upon conversion of the Bonds are registered, they may not be offered or sold or resold except in transactions that are exempt from the registration requirements of the U.S. Securities Act and hedging transactions may not be conducted unless in compliance with the U.S. Securities Act. The Bonds and the Shares issuable upon conversion of the Bonds thereof will not be freely tradable absent registration or an exemption from registration.

***The risks described above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.***

***The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser before making a decision to subscribe for the Bonds.***

## **USE OF PROCEEDS**

Our net proceeds from this offering will be approximately US\$346.5 million before deducting underwriting discount and concession and other offering expenses. We will use the net proceeds of this offering for business expansion, working capital needs and for general corporate purposes.

The net proceeds to be received by us from the Concurrent Placement will be approximately US\$243.5 million.

The aggregate net proceeds to be received by us from this offering and the Concurrent Placement will be approximately US\$590.0 million.

## MARKET PRICE INFORMATION

The Shares have been listed on the Hong Kong Stock Exchange since August 3, 2018. The table below sets forth the closing prices and the quarterly trading volume of the Shares on the Hong Kong Stock Exchange for the periods indicated:

	Closing Share Price			Daily Average Trading Volume of Shares (000's)
	High	Low	Average	
	(HK\$)	(HK\$)	(HK\$)	
<b>2018</b>				
Third Quarter (from August 3, 2018 to September 30, 2018) . . . . .	2.16	1.05	1.54	54,331
Fourth Quarter . . . . .	1.44	0.79	1.17	13,444
<b>2019</b>				
First Quarter . . . . .	1.35	0.79	1.07	21,149
Second Quarter . . . . .	1.30	1.00	1.13	7,315
Third Quarter . . . . .	1.40	1.09	1.21	11,138
Fourth Quarter . . . . .	1.44	1.13	1.29	10,567
<b>2020</b>				
First Quarter . . . . .	1.88	1.35	1.68	12,466
Second Quarter . . . . .	2.68	1.74	2.26	28,613
Third Quarter . . . . .	2.83	2.24	2.53	38,266
Fourth Quarter . . . . .	2.37	1.82	2.10	21,989
<b>2021</b>				
First Quarter (through February 19, 2021) . . . . .	3.34	2.12	2.77	41,545

*Source: Bloomberg*

## **DIVIDENDS**

Subject to the Companies Act and the Articles of Association, we may declare dividends in general meeting but no dividends shall exceed the amount recommended by our board of directors. Our board of directors may from time to time pay such interim dividends to the Shareholders as may appear to the board of directors to be justified by our profits. No dividend shall be paid otherwise than out of our profits and reserves lawfully available for distribution including out of the share premium account, subject to certain requirements in accordance with the Companies Act. No dividends shall carry interest.

We paid final dividends in aggregate of HK\$0.018 per Share and HK\$0.025 per Share for the years ended December 31 2018 and 2019, respectively, and declared final dividends in HK\$0.0098 per Share for the eight months ended August 31, 2020.

## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization and indebtedness as of August 31, 2020 in accordance with IFRSs, and as adjusted to give effect to (i) this offering, and (ii) the Concurrent Placement. See “Plan of Distribution.” You should read this table in conjunction with our audited consolidated financial statements as of and for the eight months ended August 31, 2020 and related notes incorporated by reference in this Offering Circular.

	As of August 31, 2020			
	Actual		As Adjusted	
	RMB	US\$ <sup>(1)</sup>	RMB	US\$ <sup>(1)</sup>
	(in thousands)			
<b>Short-term borrowings:</b>				
Bank loans — due within one year . . . . .	1,262,062	184,313	1,262,062	184,313
Other borrowings — due within				
one year. . . . .	181,271	26,473	181,271	26,473
Total short-term borrowings . . . . .	1,443,333	210,786	1,443,333	210,786
<b>Long-term borrowings:</b>				
Bank loans — due more than one year . .	1,183,839	172,889	1,183,839	172,889
Other borrowings — due more than				
one year. . . . .	486,233	71,010	486,233	71,010
Bonds to be issued <sup>(2)</sup> . . . . .	—	—	2,396,590	350,000
Total long-term borrowings . . . . .	1,670,072	243,899	4,066,662	593,899
Total borrowings . . . . .	3,113,405	454,685	5,509,995	804,685
<b>Equity:</b>				
Issued capital <sup>(3)</sup> . . . . .	493	72	540	79
Reserves <sup>(3)</sup> . . . . .	5,682,728	829,910	7,364,412	1,075,505
Non-controlling interests . . . . .	3,196	467	3,196	467
Total equity . . . . .	5,686,417	830,449	7,368,148	1,076,051
Total capitalization <sup>(4)</sup> . . . . .	7,356,489	1,074,348	11,434,810	1,669,950

*Notes:*

- (1) All translations in this table have been based on an exchange rate of RMB6.8474 to US\$1.00.
- (2) The aggregate principal amount of the Bonds, without taking into account and before deduction of underwriting discounts and commissions and estimated offering expenses, is US\$350 million.  
  
In accordance with International Accounting Standard 32 “Financial Instruments: Presentation”, the Bonds would be split into an equity and a liability component. For illustrative purpose only, the aggregate principal amount of the Bonds to be issued has been presented as a liability in the above table.  
  
If all the Bonds were converted at the initial conversion price of HK\$3.85 per Share with a fixed rate of exchange on conversion of HK\$7.7524 = US\$1.00, up to an additional 704,763,636 Shares would be issuable upon conversion.
- (3) The aggregate principal amount of the Concurrent Placement, without taking into account and before deduction of relating expenses, is US\$245.6 million, with 680,000,000 Shares in issue at a placement price of HK\$2.80.
- (4) Total capitalization comprises total long-term borrowings and total equity.
- (5) Total capitalization and indebtedness is defined to be the sum of total equity and total borrowings.

Save as otherwise disclosed in this Offering Circular, there has been no material adverse change in the consolidated capitalization and indebtedness of the Group since August 31, 2020.

## **DESCRIPTION OF THE ISSUER**

### **Formation**

The Issuer is an exempted company with limited liability incorporated under the laws of Cayman Islands. It was incorporated in the Cayman Islands on February 3, 2021. Its registered office is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Issuer is our wholly-owned subsidiary.

### **Business Activity**

The Issuer is principally engaged in investment holding and, as of the date of this Offering Circular, has no business operation or material assets and does not have any employees. In the future, the Issuer may, either itself or through direct and indirect subsidiaries and associated companies, issue further bonds and engage in other business activities related to us and may incur substantial liabilities and indebtedness.

### **Directors and Officers**

The sole director of the Issuer is Huiwu Wang. The sole director of the Issuer does not hold any shares or options to acquire shares of the Issuer.

### **Share Capital**

The authorized share capital of the Issuer is US\$50,000, divided into 50,000 ordinary shares of US\$1.00 each, of which one share has been issued and is fully paid. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

### **Summary Financial Information of the Issuer**

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the authorization, execution and issue of the Bonds, and the documents and matters referred to or contemplated in this Offering Circular to which the Issuer is or will be a party and matters which are incidental or ancillary to the foregoing.

Save as disclosed elsewhere in this Offering Circular, as of the date of this Offering Circular, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities. There are no other outstanding loans or subscriptions, allotments or options in respect of the Issuer.

The financial year of the Issuer runs from January 1 to December 31. There has been no material change in the activities of the Issuer since its incorporation. The Issuer has not prepared any financial statements since its incorporation.

## EXCHANGE RATE INFORMATION

### PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. The PBOC also takes into account other factors such as general conditions existing in the international foreign exchange markets. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On May 18, 2007, the PBOC enlarged, effective on May 21, 2007, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollars from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollars by up to 0.5% above or below the central parity rate published by the PBOC. On June 20, 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on April 16, 2012, the band was expanded to 1.0%. Such floating band was further enlarged from 1.0 per cent. to 2.0 per cent., effective from March 17, 2014, as announced by the PBOC on March 15, 2014. On August 11, 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider such factor as the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change with respect to primary international currencies. On December 11, 2015, the China Foreign Exchange Trade System, a subinstitutional organization of the PBOC, published the China Foreign Exchange Trade System Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, so as to guide the market to measure the Renminbi exchange rate from a new perspective. The PRC government may in the future make further adjustments to the exchange rate system.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicates:

Period	Low	Average <sup>(1)</sup>	High	Period End
	(Renminbi per US\$1.00)			
2016 .....	6.4480	6.6549	6.9580	6.9430
2017 .....	6.4773	6.7350	6.9575	6.5063
2018 .....	6.2649	6.6292	6.9737	6.8755
2019 .....	6.6822	6.9013	7.1786	6.9618
2020 .....	6.5208	6.9057	7.1681	6.5250
2021				
January .....	6.4282	6.4672	6.4822	6.4282
February (through February 12, 2021) ..	6.4344	6.4576	6.4715	6.4567

*Note:*

- (1) Yearly averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

## Hong Kong

The HK dollars are freely convertible into other currencies, including the U.S. dollars. Since 1983, the HK dollars have been linked to the U.S. dollars at the rate of HK\$7.80 to US\$1.00. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (the “**Basic Law**”), which came into effect on July 1, 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the HK dollars against the U.S. dollars continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK\$7.80 to US\$1.00. In May 2005, the Hong Kong Monetary Authority broadened the trading band from the original rate of HK\$7.80 per US\$1.00 to a rate range of HK\$7.75 to HK\$7.85 per US\$1.00. The Hong Kong government has indicated its intention to maintain the link within that rate range. Under the Basic Law, the HK dollars will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the HK dollars will remain freely convertible into other currencies, including the U.S. dollars. However, we cannot assure you that the Hong Kong government will maintain the link within the rate range of HK\$7.75 to HK\$7.85 per US\$1.00, or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in HK dollars as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

<b>Period</b>	<b>Low</b>	<b>Average<sup>(1)</sup></b>	<b>High</b>	<b>Period End</b>
		<b>(HK\$ per US\$1.00)</b>		
2016 .....	7.7505	7.7618	7.8270	7.7534
2017 .....	7.7540	7.7950	7.8267	7.8128
2018 .....	7.8043	7.8376	7.8499	7.8305
2019 .....	7.7850	7.8344	7.8499	7.7894
2020 .....	7.7498	7.7559	7.7951	7.7534
2021				
January. ....	7.7517	7.7533	7.7555	7.7531
February (through February 12, 2021) ..	7.7515	7.7522	7.7528	7.7528

*Note:*

- (1) Yearly averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

## OUR INDUSTRY

### Market Review for the Private Higher Education Industry in China

The private higher education industry in China has experienced rapid growth as it entered the phase of regulated development when relevant government authorities made great endeavor in completing the regulative framework for private higher education. Private higher education institutions in China can be divided into two categories, namely private undergraduate colleges and private junior colleges. Private undergraduate colleges include private universities, private colleges and independent colleges. Private higher education institutions are distinct from public higher education institutions mainly in that public higher education institutions are generally operated by the PRC national or local governments and their major source of funding is PRC public expenditure on education.

In 2019, China's gross enrolment rate of higher education reached 51.6%, officially entering the stage of higher education popularization, but there was still a big gap compared with the figure in developed countries (60.0% to 95.0%). Currently, China is promoting a high standard development in the transformation of economy in full speed. Developments in industries result in demanding a higher standard for technical talents with applied skills. Meanwhile, the effect of universities to ease the pressure on employment becomes more and more important. After the issuance of "20 Principles of Vocational Education" by the central government in 2019, a series of specific measures have been implemented continuously, encouraging and supporting a greater development in higher vocational education, in particular to support the participation from the community in the development of vocational education. The Government Work Report approved by the National People's Congress and the Chinese People's Political Consultative Conference in 2020 states clearly that 35 million people subject to vocational skills training and expand enrollment in higher vocational colleges to two million people in both 2020 and 2021. On September 1, 2020, the 15th meeting of the Central Comprehensively Deepening Reforms Commission considered and approved "Certain Opinions on Revitalizing Higher Education in the Central and Western Regions in the New Era," which clearly outlined that the higher education in central and western China shall be revitalized, and to effectively stimulating the internal momentum and vitality of higher education in the central and western regions to promote the establishment of a higher education system that aligns with the development and opening-up situation in the central and western regions.

In summary, a series of policy enacted by the state make new rooms in the market and provide new development opportunity for education group engaged in higher education.

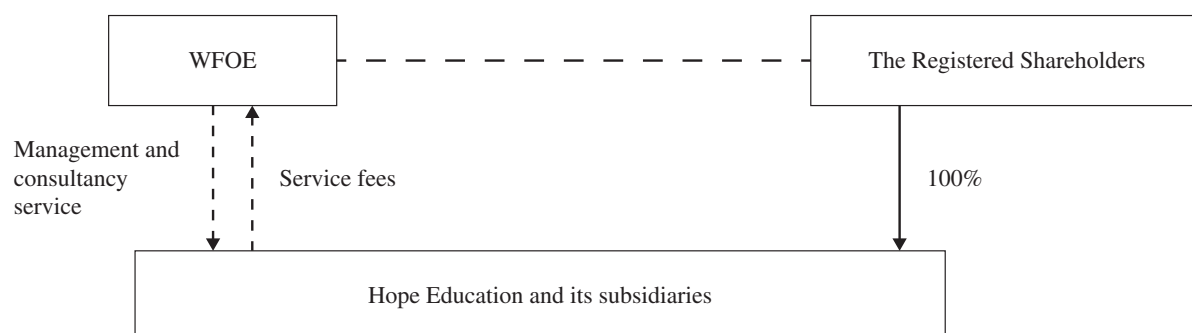
## OUR CORPORATE STRUCTURE

### Contractual Arrangements




We currently conduct our private education business through our Consolidated Affiliated Entities in China, as PRC laws and regulations, or the implementation of PRC laws and regulations relating to foreign investment in the higher education industry by relevant government authorities, generally prohibit or restrict foreign investment in the private education industry in China. PRC laws and regulations currently restrict the operation of higher education institutions to sino-foreign cooperation, in addition to imposing a qualification requirement on the foreign owners. Further, government approvals in respect of sino-foreign cooperation in the private education sector have, with very limited exception, been withheld. We do not hold any direct equity interest in our Consolidated Affiliated Entities.

In order to comply with the PRC laws and regulations as set out above while availing ourselves to international capital markets and maintaining effective control over all of our operations, on March 14, 2018, our wholly-owned subsidiary, WFOE entered into various agreements (as amended, superseded and supplemented by certain agreements dated June 22, 2018 and July 8, 2020, respectively, as the case may be) that together constitute the contractual arrangements with, among others, our Consolidated Affiliated Entities, under which substantially all economic benefits arising from the business of our Consolidated Affiliated Entities are transferred to WFOE to the extent permitted under the PRC laws and regulations by means of services fees payable by our Consolidated Affiliated Entities to WFOE.

The following simplified diagram illustrates the flow of economic benefits from Hope Education to us under the Contractual Arrangements:



#### Notes:

- (1) “” denotes direct legal and beneficial ownership in the equity interest.
- (2) “” denotes contractual relationship.
- (3) “” denotes the control by WFOE over the Registered Shareholders through (i) powers of attorney to exercise all shareholders’ rights in Hope Education, (ii) exclusive options to acquire all or part of the equity interests in Hope Education and (iii) equity pledges over the equity interests in Hope Education.
- (4) Registered Shareholders refer to shareholders of Hope Education, namely Sichuan Tequ Investment, Chengdu Mayflower Investment Management Limited, CEL Maiming, Guangwei Qinghe and Zhuhai Maiwen.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law, which came into effect on January 1, 2020. The Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment.

The Foreign Investment Law does not mention concepts including “de facto control” and “controlling through contractual arrangements” nor did it specify the regulation on controlling through contractual arrangements. Furthermore, the Foreign Investment Law does not specifically stipulate rules on the relevant businesses. Instead, the Foreign Investment Law stipulates that “foreign investors invest in China through any other methods under laws, administrative regulations, or provisions prescribed by the State Council.” Therefore, our Contractual Arrangements will not be affected under the Foreign Investment Law.

Nevertheless, there are possibilities that the implementing rules of the Foreign Investment Law (if any), future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment, and then whether our Contractual Arrangements will be recognized as foreign investment, whether our Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how our Contractual Arrangements will be handled are uncertain.

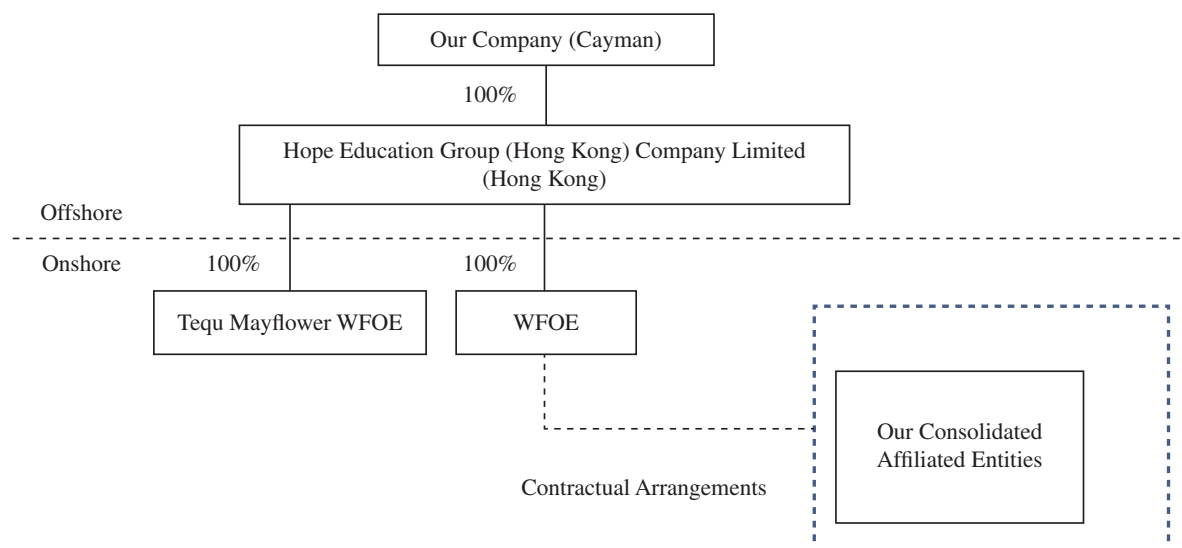
In addition, the Foreign Investment Law does not specify what actions shall be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by PRC entities and/or citizens.

For the risks relating to the Contractual Arrangements, see “Risk Factors — Risks Relating to Our Contractual Arrangements — Uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.” Following the implementation of a “variable interest entity” structure with the execution of the series of agreements pursuant to the Contractual Arrangements (collectively, the “**Structured Contracts**”) on March 14, 2018 (as amended, superseded and supplemented by certain agreements dated June 22, 2018 and July 8, 2020, respectively, as the case may be), we are subject to additional amounts of PRC income tax and value-added tax. At least 25% of our schools' net profit are required to be retained for the schools' working capital as development fund and statutory surplus reserve, and profit attributable to the WFOE would only be approximately 75%. However, as the WFOE was specifically established to provide exclusive technical and management consultancy services to our Consolidated Affiliated Entities under the Structured Contracts, such impact is estimated without taking into consideration of certain potential tax preferential policy and potential tax reductions as such mitigating factors cannot be estimated accurately at this moment.

As of the date of this Offering Circular, we had not encountered any interference or encumbrance from any PRC governing bodies in relation to the Contractual Arrangements. The consolidated financial results of our Consolidated Affiliated Entities, which engage in education service, are consolidated into those of our Group.

## Our Corporate Structure

The following chart sets forth our corporate structure as of the date of this Offering Circular:



## OUR BUSINESS

### Overview

We are one of the largest private education groups in China with 194,554 students as of October 15, 2020. We are committed to providing quality education and professional training to students with an aim to equipping them with the knowledge and skills desired in employment markets. As of date of this Offering Circular, we own and operate 14 higher education schools and two technical colleges, including (i) one university, namely INTI International University of Malaysia; (ii) six undergraduate colleges, namely Southwest Jiaotong University Hope College, Jinci College of Shanxi Medical University, Business College of Guizhou University of Finance and Economics, College of Science and Technology of Guizhou University and Yinchuan University of Energy; (iii) eight junior colleges, namely Sichuan Tianyi College, Sichuan Hope Automotive Vocational College, Sichuan Vocational College of Culture & Communication, Guizhou Vocational Institute of Technology, Sichuan TOP IT Vocational Institute, Hebi Automotive Engineering Vocational College, Suzhou Top Institute of Information Technology and Nanchang Vocational Institute of Film and Television Communication; and (iv) two technical colleges, namely Sichuan Hope Automotive Technical College and Guizhou Technical College of Technology. With our established market position, rich experience in operating higher education schools and sophisticated centralized management model, we believe that we can capture consolidation opportunities in China's fragmented private higher education market and continue to achieve rapid development.

The enrollment rate of school-age population of higher education in China was far less than that in the developed countries in Europe and North America. Private higher education service providers are expected to satisfy the growing market demands and fill the gap of insufficient investment in public higher education as a result of the Chinese government's increasing support to private higher education in recent years. China's private higher education industry is fast-growing. At the same time, this market is highly fragmented and competitive. As a leader of China's private higher education industry, we believe that we have the first-mover advantage to expand school network, acquire and consolidate additional schools, increase our market share and capture the market growth opportunities.

We have successfully expanded our school network rapidly based on our strong capabilities of acquiring and establishing higher education institutions. We started to build our school network in Sichuan and have expanded to Guizhou and Shanxi. Since entering into higher education industry in 2008, we have increased the number of our schools providing higher education services to 14, including eleven acquired schools and three schools established by us. We also provide self-study examination services and adult education services through some of our schools. In addition to the abovementioned 14 higher education schools, we operate Sichuan Hope Automotive Technical College and Guizhou Technician College of Technology to provide technical education services. Benefited from such expansion, we have experienced a rapid growth. The total number of students at our schools increased from 140,125 for the 2019/2020 academic year (as of October 15, 2019) to 194,554 for the 2020/2021 academic year (as of October 15, 2020). In addition, our faculty members increased from 7,711 for the 2019/2020 academic year (as of December 31, 2019) to 8,484 for the 2020/2021 academic year (as of August 31, 2020).

In line with our commitment to students, we endeavor to enable students to become professional talent possessing knowledge and skills desired in employment market. We establish majors and curricula with a focus on applied technologies based on employment market demand and make job-oriented training a key part of our courses. Furthermore, we have close cooperation with corporations and institutions in various areas, such as establishment of major and curriculum, exchange programs of teachers and internship and simulation training. Such cooperation has complemented our classroom teaching, offered superior training opportunities for our students and improved our graduates' competitiveness in the employment market.

We have a sophisticated centralized management model. Our headquarter performs centralized management over logistics, supply and service procurement and infrastructure constructions of each school and is establishing a unified intelligent campus information system among our schools. Such centralized management enables us to control the operation costs while reducing operating risks. Our schools also share market demand, teaching resources, student recruitment experience and job placement resources. The synergy achieved by such resource sharing among schools underpins the further expansion of our school network. We established an education management committee at our headquarter, consisting of prestigious education experts, serving as a think tank on decision-making and supervision for education and school operations. This enables our schools to benefit from these experts' education management experience in their teaching activities and operations.

### **Our Competitive Strengths**

We believe the following competitive strengths contribute to our success and differentiate us from our competitors:

#### ***Leading position in China private higher education industry with strong brand recognition***

We are one of the largest private education groups in China with 140,125 students as of August 31, 2020. We established our first school, Southwest Jiaotong University Hope College, in Sichuan in 2008 and expanded our network and student base through acquiring and establishing new schools. As of August 31, 2020, we operated twelve higher education institutions in Sichuan, Guizhou, Shanxi, Henan, Ningxia and Jiangsu. As of August 31, 2020, we had an aggregate of 131,890 full-time students enrolled at these twelve schools for higher education. In addition, we operate Sichuan Hope Automotive Technical College and Guizhou Technical College of Technology, which are technical colleges providing technical education.

Demand for higher education are underserved in China. The private higher education industry has significant growth potential. The enrollment rate of school-age population of higher education in China was far less than that in the developed countries in Europe and North America. Moreover, certain regions are in even greater demand for higher education services due to the uneven distribution of education resources in China. The PRC government has promulgated a series of policies for promoting private education, encouraging social investment and private capital to establish schools and education institutions to provide diversified education products and services. We believe that we are able to grasp the development opportunities in China's private higher education industry by leveraging our leading position in terms of school network and implementing our strategy to penetrate regions in great demand of higher education resources.

Our “Hope Education” brand has established strong brand image and reputation in China’s private higher education industry, and gained trust from students, parents, teachers, local governments and business partners, such as commercial banks. Our schools have won numerous honors and awards. We developed strategic cooperation with banks which effectively support our business development. We believe that our well-recognized name enables us to attract students, keep better-positioned in acquiring and establishing new schools, and achieve sustainable growth.

### ***Outstanding capabilities of acquiring and establishing schools***

Our management have a thorough understanding of China’s higher education industry and pay close attention on its development trend, which enable them to captures the opportunities to acquire and establish higher education institutions. We strategically penetrated into regions where there is a large school-age population of higher education but the demand for higher education are underserved to establish our school network. We initially built school network in Sichuan. From 2008 to 2014, we gradually acquired and established four higher education institutions in Sichuan. Since 2014, we seized the development opportunity in higher education industry in Guizhou, Shanxi, Henan, Ningxia, Jiangsu and Jiangxi, having acquired seven schools and established two schools. In 2020, we further expanded our higher education business outside of China through the acquisition of INTI International University of Malaysia. Currently, we are in the process of establishing four new schools, namely Gansu Mingde Vocational Education College, Xingtai Vocational Institute of Technology, Chongqing Digital Industry Vocational College and Jiangxi Zhangshu Vocational College of Traditional Chinese Medicine, in Gansu, Hebei, Chongqing and Jiangxi, respectively. In February 2021, we entered into an acquisition agreement in relation to the acquisition of the Gongqing College of Nanchang University. Upon completion, we will own 100% sponsor interest in Gongqing College of Nanchang University.

We have strong acquisition and post-acquisition integration capabilities. Our dedicated acquisition team systematically screen, evaluate and track the potential target schools in China and overseas. We determine appropriate target schools after considering various factors, including the targets’ geographic location, market demands, school scale as well as the acquisition price. Leveraging our effective centralized management model and our management’s strong execution capability, we are able to efficiently complete the acquisition and rapidly improve the operations, management and social image of the acquired schools. After acquisitions, we usually provide better incentive mechanism and career development prospects to ensure the stability of the elite teaching staff of the acquired schools. Leveraging our centralized student recruitment resources and management model, we increased the revenue of the acquired schools through successful student recruitment and controlled their operational costs by improving operational efficiency.

In October 2020, schools organized by us completed the enrollment for the 2020/2021 academic year. During the eight months ended August 31, 2020, we completed the integration and centralized management after acquisition to the newly acquired Hebi Automotive Engineering Vocational College, Suzhou Top Institute of Information Technology and Yinchuan University of Energy in 2019. New students enrolled increased significantly with the average growth rate of 91.6%, the highest being 166.9%, which laid a better foundation for the sustainable growth in our revenue for the next three to four years. By referencing Suzhou Top Institute of Information Technology as an example for colleges, the enrollment for the 2019/2020 academic year, which is before the acquisition, was 1,677, and in the 2020/2021 academic year, the enrollment is 4,476, with an increase of 166%. For undergraduate colleges, using Yinchuan University of Energy as an example, the enrollment for the

2019/2020 academic year, which is before the acquisition, was 4,843, and in the 2020/2021 academic year, the enrollment is 7,380, with an increase of 52.3%. The registration rate of these three schools also recorded a significant increase, in which the registration rate of Yinchuan University of Energy increased from 84.4% for the 2019/2020 academic year (before the acquisition) to 94.9% for the 2020/2021 academic year (after the acquisition).

We have disciplined procedures and approaches, as well as a highly capable and efficient team. We are able to carry on school establishment process in a systematic and efficient manner in all aspects, such as the application of new schools and majors, campus construction and teacher recruitment. Based on thorough and in-depth understanding of the establishment process of higher education institutions, we obtained the required approvals for the five schools established by us, namely Southwest Jiaotong University Hope College, Sichuan Hope Automotive Vocational College, Sichuan Hope Automotive Technician College, Guizhou Vocational Institute of Technology and Guizhou Technician College of Technology, within seven months. We are capable to complete campus construction in a short period. It usually takes us only eight months to 11 months from obtaining the land for education to putting the first-phase campus into use. We start recruiting teaching staff when we are applying for approvals and constructing the campus to ensure the newly established schools achieve desired teaching ability when the campus construction is completed. These disciplined procedures and approaches have significantly shortened the preparation period of newly established schools, reduced the overall investment risk and increased the return of investment.

With our outstanding capability in acquiring and establishing school, our business achieved rapid growth during the years ended December 31, 2018 and 2019 and the eight months ended August 31, 2020. The total number of full-time students enrolled at our schools increased by 38.8% from 140,125 students for the 2019/2020 academic year (as of October 15, 2019) to 194,554 students for the 2020/2021 academic year (as of October 15, 2020). The total number of new students enrolled at our schools increased by 47.1% from 48,789 students for the 2019/2020 academic year to 71,746 students for the 2020/2021 academic year. Our revenue from tuition fees increased by 27.9% from RMB854.3 million in 2018 to RMB1,092.9 million in 2019. For the eight months ended August 31, 2020, our revenue from tuition fees amounted to RMB740.7 million. We believe that our capabilities of acquiring and establishing schools is our core competence, making us well-positioned in expanding school network, increasing market share and capturing the growth opportunities in China's private higher education market.

### ***Sophisticated and efficient centralized management model***

We have a centralized management model across our Group to achieve synergy among our schools. Our centralized management model consists of a set of sophisticated procedures and measures which are adapted to our operations. Our headquarter performs centralized management over logistics, supply and service procurement and infrastructure constructions of each school and has established a unified intelligent campus information system among our schools. We have also established an audit department to supervise and review material financial and asset matters of our schools.

We established an education management committee at our headquarter, consisting of prestigious education experts, serving as a think tank on decision-making and supervision for education and school operations. This enables our schools to benefit from these experts' education management experience in their teaching activities and operations. The experts in the education management committee fully leverage their experiences to guide and supervise the education practices of our schools. They help us: (i) enhance our study and understanding on regulations and policies in China's higher education industry and communicate with higher education regulatory authorities; (ii) understand our school's demands and discuss our schools' feedback at our Group; (iii) improve the training of and enhance the ability of our teaching staff; (iv) strengthen the development of specialized majors and high-quality curricula to improve our education quality; (v) advise on optimizing our schools' daily operations and student management; and (vi) provide guidance in passing local education authorities' assessment, such as the assessment for upgrading junior colleges to undergraduate colleges, and improve the overall education quality of our schools.

The centralized management model enables us to share market demand, teaching resources and student recruiting experience and job placement resources to achieve synergy among our schools:

- Market demand: Our headquarter conducts market research and provides guidance to our schools on the establishment of majors and curriculums. Our headquarter provides guidance to the major focus for each of our schools and provides major-related resources in order to avoid the competition among our schools.
- Teaching resources: We have established a Group-level education management committee allowing our schools to benefit from the senior experts' abundant experiences in the higher education industry. Our schools periodically exchange experiences in developing majors and teaching and share teaching resources in order to maintain the education quality and reputation while expanding our school network rapidly.
- Student recruiting experience and job placement resources: We have established a student recruitment management department and an employment management department at our headquarter, in order to provide guidance to our schools on the national and local student recruitment and employment policies, share recruiting experience and employment resources among schools, and provide training to the schools' student recruitment teams to improve their recruitment capability and expand employment resources. Our strong student recruitment and employment guidance capability enables our acquired and newly established schools to achieve scalable business in a short period.

The centralized management model has improved the education quality of our schools, enabled us to effectively control operating costs, strengthened our control over operational risks and enhanced our brand value. Furthermore, the centralized management model allows our newly acquired and established schools to fully utilize our Group's platform and resources, facilitating the fast and effective integration of these new resources of those schools and supporting the further expansion of our school network.

***Market-oriented education services with balanced focus on theories and skills, providing students with good career prospects***

In line with our commitment to students, we endeavor to enable students to become professional talent possessing knowledge and skills desired in employment market. We establish majors and curricula with a focus on applied technologies based on employment market demand and make profession-oriented training a key part of our courses. Such focus enables our students to command the knowledge and skills practically required in their professional careers.

Our headquarter has conducted extensive market research to identify the professions in high demand in the employment market in order to provide guidance to our schools on establishing majors and curricula. Our schools have established majors targeting specific industries. For instance, most majors of Sichuan Hope Automotive Vocational College are related to the automobile industry and most majors of Jinci College of Shanxi Medical University are medical specialties. Through such approach to establishing majors, one school can set up common courses and invest in simulation training facilities to be utilized by several majors, which will reduce costs and increase the operational efficiency. Furthermore, such major establishment will facilitate our efforts in strengthening the brand recognition of certain majors and building up the unique advantage of each school, and avoid competition among our schools when recruiting students. We continually pay attention to and analyze changes in employment market demands and adjust our schools' majors and curriculums accordingly.

We focus on skill training and encourage students to spend more time doing internship and practices in addition to theoretical courses. We also make investment in simulation training facilities. We believe that the simulation training capability for specialized majors in some of our schools are at the leading position among private higher education institutions offering similar majors, such as the simulation training base for rail transportation of Southeast Jiaotong University Hope College, the simulation training base of Sichuan Hope Automobile Vocational College, the simulation training base for nursing of Sichuan Tianyi College and the simulation training base for pre-school education of Sichuan Vocational College of Culture & Communication.

In addition, we require all students to participate in training and internship, and we have established comprehensive and close cooperation with many enterprises and institutions, providing students with better practical training and career prospects. We entered into school-enterprise collaboration agreements with enterprises and other institutions to cooperate in the areas of establishment of major and curriculum, exchange of teachers, internship and simulation trainings and employment. Most of our schools have invited industry experts from enterprises to jointly formulate plans to nurture talent, and our schools have retained experts from cooperative enterprises as part-time teaching staff to teach students the recent development in technologies and the first-hand practical experience. We have established external training and employment bases with our cooperative enterprises and institutions, enabling our students to do internship and experience in the real workplace environment and daily operation. Our schools cooperated with enterprises to offer majors which are designed to admit and train students specifically based on the demand of enterprises. We believe that these collaboration programs have strengthened our teaching of professional skills, created vast training opportunities for students, and improved our graduates' competitiveness in the employment market.

### ***An experienced management team with proven track record and a high-quality teaching team***

Our management team has extensive knowledge and experience and proven track record in the education industry in China. Our core management team has a longstanding dedication to private education industry, with an average of over ten years of working experience in the education industry.

Mr. Wang Huiwu, the president of our Group, has been deeply involved in China's private education industry for over 20 years. In 1999, Mr. Wang Huiwu founded Chengdu Mayflower Computer Science School (五月花計算機專業學校), and started expanding our businesses from computer training school to secondary vocational school, and led our Group to further enter into the higher education industry in 2008. During the expansion, our core management team has accumulated extensive experiences in school establishment, operation and management and had a deep understanding of China's private education industry. Under the effective leadership of our core management team, we have not only achieved rapid business expansion through successful acquisitions, but also achieved organic growth by establishing new schools and enhancing the operation of existing schools.

We believe that the quality of our educational services is primarily dependent on the quality of our teachers. Our schools have a professional and stable teaching team possessing rich subject knowledge, industry experience and teaching experience. As of August 31, 2020, we had 8,484 faculty members, including 7,587 full-time teachers and teaching-support staff. As of the same date, approximately half of our teaching staff had master's degree or above. We also invite industry experts, technical experts and professionals in relevant enterprises to teach at our schools. Their expertise in relevant industries help our graduates to better understand the employers' demands and preferences. We have formulated strict standard and procedures for recruiting teachers, and conduct regular or ad hoc assessment on teachers, including in-class teaching observation and student satisfaction survey. We provide our teachers with systematic trainings to continuously improve their teaching capability. Meanwhile, we offer our teachers competitive compensation and attach great importance to their career development.

### **Our Business Strategies**

We aspire to provide more Chinese students with access to higher education and to become a world-renowned private higher education service provider. To achieve this goal, we plan to pursue the following business strategies:

#### ***Continuing to strengthen organic growth of our Company***

In the 2019/2020 academic year, excluding the students we gained through acquisition of schools in 2019, the "organic growth rate" of current students in our original schools, who were enrolled in the 2018/2019 academic year, was 21.0%. In the 2020/2021 academic year, excluding the students we gained through acquisition of schools in 2020, the "organic growth rate" of current students in our original schools, who were enrolled in the 2019/2020 academic year, increased to 73.0%. While the scale of our school operation continues to growth, we enjoy the added advantages in student recruitment ability and advantages. In the future, we will continue to expand our education management committee composed of experts in the higher education industry by actively introducing academic and professional forerunners to strengthen our teaching team, strengthening the establishment of practical skills capability, and to establish the complete industry chain covering college, undergraduate, master, and doctoral education to meet the diversified demand for academic qualification enhancement and improve the standing and reputation of our school operation.

***Continuing to seek high-quality expansion opportunities while further expanding the development coverage based on students' needs***

In the past 13 years, we have been expanding the scale of our school operation through mergers and acquisitions and the self-built asset-heavy model. As of the date of this Offering Circular, our school operation has been increased from just one school in 2009 to 16 schools, and we expect to make further expansion in the foreseeable future. Going forward, while seeking asset-heavy opportunities for external expansion, we will also actively explore asset-light expansion paths and fully utilize our advantage with established, nationwide expansion and student recruitment network to further realize the potential of external development.

In particular, in 2020, we have completed the allocation of land for the new school establishment located in Gansu Province, Hebei Province, Jiangxi Province and Chongqing City. The gradual completion of these new schools shows our strong establishment capability.

***Continuing to attract, encourage and retain high-quality teachers, and enhance the support for the career development of teachers***

The quality of our education services is highly dependent on the quality of the teachers. We plan to continue to attract, encourage and retain high-quality teachers to maintain an excellent team of teachers. We also plan to employ well-known technical experts, experienced business managers and other highly-skilled persons as full-time or part-time teaching staff at our schools. We will strengthen the training of teachers and management teams of our schools and continue to carry out the evaluation of profession title, providing a new space for teacher's professional growth. We plan to continue to provide our teachers with competitive compensation and benefits to attract and retain qualified teachers.

***Further expanding school-enterprise collaboration and improve student employment rate***

We adhere to taking the training of students' professional skills and practical capabilities as an important goal of teaching. By further enhancing and expanding the school-enterprise collaboration, we provide students with more diversified social practice platforms to improve their employment rate.

Our schools have established collaborations with several leading and well-regarded enterprises and organizations in multiple industries including transportation, civil aviation and healthcare. Our schools work closely with these enterprises and organizations to develop and design applicable courses and practical programs for students. We have cooperated with them to compile textbooks for different disciplines. Moreover, we have established laboratories and simulation training bases with the great support from enterprises. We also have dedicated education or recruitment plan with a number of enterprises. We plan to further expand the scope of school-enterprise collaboration to cover other reputable industry leading enterprises and deepen our relationship with the local government agencies to provide our students with more major related internships, and to further improve their competitiveness in workplace.

## Our Educational Philosophy

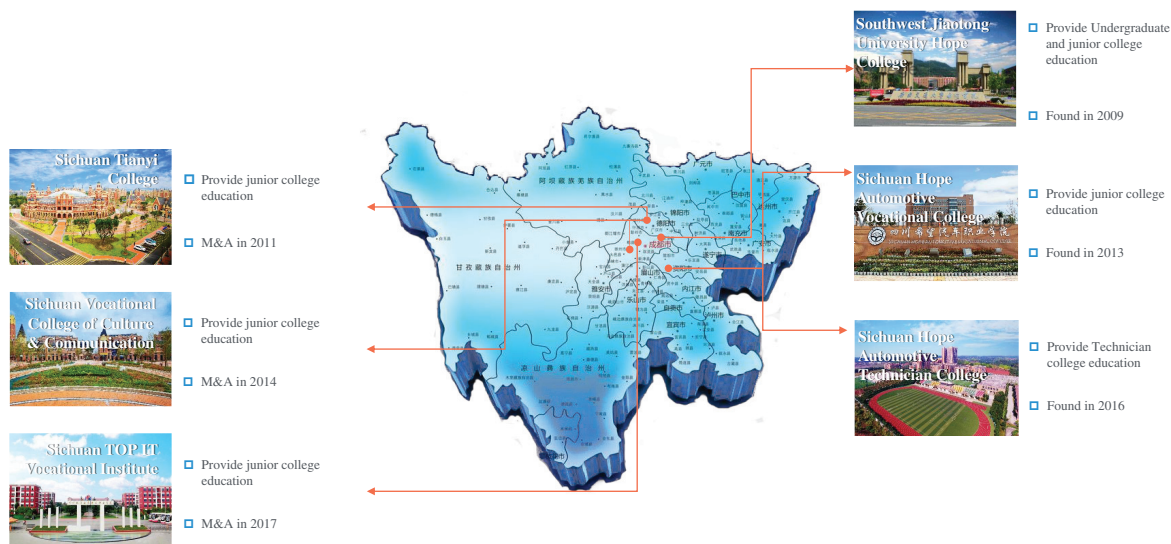
We always adheres to the integration of sustainable development into our core educational philosophy of “gratefulness, optimism, rigor and responsibility,” and sets about from all-around efforts such as school running, teaching and management to achieve a teaching service quality that satisfies “student care,” “class teaching,” “teaching and learning style,” “logistics service” and “employment,” thereby realizing the vision of “building the top brand of private higher education in China” and our fundamental educational philosophy of “happy learning, happy living and happy working.”

## Our Education Services and Geographical Coverage

We focus on providing higher education services including bachelor’s degree program and junior college diploma program. As of the date of this Offering Circular, we operated 14 schools to provide higher education services and two technician colleges.

We also provide other education services, including self-study examination education services and adult education services through some of the abovementioned 16 schools. Moreover, we operate Sichuan Hope Automotive Technical College and Guizhou Technician College of Technology to provide technical education services.

As of the date of this Offering Circular, our schools are located in seven provinces in China, namely Sichuan, Guizhou, Shanxi, Henan, Ningxia, Jiangsu and Jiangxi. The following map sets forth the geographical location of our schools as of the date of this Offering Circular:





## Our Higher Education and Technical Education Services

### Existing schools

#### Overview

As of August 31, 2020, we operated and invested in twelve higher education schools and two technical colleges in China, including (i) five undergraduate colleges, namely Southwest Jiaotong University Hope College, Jinci College of Shanxi Medical University, Business College of Guizhou University of Finance and Economics, College of Science and Technology of Guizhou University and Yinchuan University of Energy; (ii) seven junior colleges, namely Sichuan Tianyi College, Sichuan Hope Automotive Vocational College, Sichuan Vocational College of Culture & Communication, Guizhou Vocational Institute of Technology, Sichuan TOP IT Vocational Institute, Hebi Automotive Engineering Vocational College and Suzhou Top Institute of Information Technology; and (iii) two technical colleges, namely Sichuan Hope Automotive Technical College and Guizhou Technical College of Technology.

The following table sets forth certain basic information for each of our schools as of August 31, 2020:

<b>School</b>	<b>Year Founded</b>	<b>Year of Joining our Group</b>	<b>Description</b>
<b>Undergraduate Colleges</b>			
1. Southwest Jiaotong University Hope College . .	2009	2009	The college offered a total of 43 undergraduate and specialist majors. Of which, rail transportation and civil engineering majors take a leading position among the private colleges in the western region.
2. Jinci College of Shanxi Medical University . . . . .	2002	2014	The college offered a total of 13 undergraduate majors and is one of the 12 private undergraduate medical schools in China. It was the only independent college in Shanxi that provides clinical medical education as of the date of this Offering Circular.
3. Business College of Guizhou University of Finance and Economics . . .	2004	2014	The college offered a total of 28 undergraduate majors, featuring economics and management and finance majors.
4. College of Science and Technology of Guizhou University . . . . .	2001	2019	The college offered 24 majors to train professional talents possessing knowledge and skills in information technology, science and finance.
5. Yinchuan University of Energy . . . . .	1999	2019	The university offered 34 undergraduate majors, covering eight disciplines, had one national key laboratory and three provincial experimental teaching demonstration centers. It is the only private university in Ningxia that can enroll foreign students.

<b>School</b>	<b>Year Founded</b>	<b>Year of Joining our Group</b>	<b>Description</b>
<b>Junior Colleges</b>			
1. Sichuan Tianyi College . . .	1994	2011	The college offered 21 majors and is one of the first private schools (including seven schools) in China and the first private school in Southwest China approved to be a formal private higher education institution.
2. Sichuan Hope Automotive Vocational College . . . . .	2013	2013	The college offered 21 majors, specializing in automobile related majors.
3. Sichuan Vocational College of Culture & Communication . . . . .	2005	2014	The college offered over 30 majors, specializing in film, media and pre-school education majors.
4. Guizhou Vocational Institute of Technology . . .	2016	2016	The college offered over ten majors, specializing in pre-school education and healthcare majors.
5. Sichuan TOP IT Vocational Institute . . . . .	2000	2017	The college offered 39 majors, specializing in computer and information and software technology majors and is the MOE approved national demonstration software vocational and technical college and the national high-skilled personnel training base for the electronic information industry.
6. Hebi Automotive Engineering Vocational College . . . . .	2011	2019	The college offered over 40 majors to train professional talents possessing automobile related knowledge and skills.
7. Suzhou Top Institute of Information & Technology .	2003	2019	The college offered 30 majors, specializing in computer and information software technology majors.
<b>Technical Colleges</b>			
1. Sichuan Hope Automotive Technical College . . . . .	2016	2016	The college offered 15 majors to train professional talents possessing automobile related knowledge and skills.
2. Guizhou Technical College of Technology . . . . .	2019	2019	The college offered ten majors, specializing in pre-school education and healthcare majors.

We admit students to the bachelor's degree programs and junior college diploma programs of our schools based on the scores that students achieve in the PRC National Higher Education Entrance Exam, and pursuant to the admission standards and procedures specified by the MOE and the provincial-level education authorities in the provincial territories where the students take the PRC National Higher Education Entrance Exam. In addition, as for junior college diploma programs, Sichuan Tianyi College, Sichuan Vocational College of Culture & Communication, Guizhou Vocational Institute of Technology, Sichuan TOP IT Vocational Institute, Yinchuan University of Energy, Hebi Automotive Engineering Vocational College and Suzhou Top Institute of Information & Technology are also permitted by the provincial-level education authority in its corresponding province to admit students who pass the examination formulated by the provincial-level education authorities and the interview administered by those schools. The total number of students that each of our schools may enroll for each school year is subject to the admission quota set and approved by competent PRC education authorities for that school year.

In addition, undergraduate colleges and junior colleges are permitted by the provincial-level education authorities to jointly operate "junior college-undergraduate" programs. Under such programs, subject to, among others, passing the examination formulated by the provincial-level education authorities, a certain number of students who obtained junior college diplomas from junior colleges can be admitted by undergraduate colleges to study for another two years towards bachelor's degree. Currently, Southwest Jiaotong University Hope College, Jinci College of Shanxi Medical University and College of Science and Technology of Guizhou University have admitted students under the "junior college-undergraduate" programs.

### ***School introduction***

#### ***Undergraduate colleges***

##### **1. Southwest Jiaotong University Hope College**

Southwest Jiaotong University Hope College is the first independent college established by us in 2009, located in Chengdu, Sichuan Province, and provides undergraduate and junior college education. Having run for 11 years, the number of enrolled students in 2020/2021 academic year reached a new record and the one-time employment rate of graduates in 2013 to 2019 exceeded 95.0% for seven consecutive years. Transportation and civil engineering were approved as the first-class undergraduate majors at the provincial level and recommended to apply for the first-class undergraduate professional nurturing point at the national level.

##### **2. Jinci College of Shanxi Medical University**

Founded in 2002, Jinci College of Shanxi Medical University is the sole independent college of full-time undergraduate education for medical majors in Shanxi Province approved by the MOE and the People's Government of Shanxi Province and established with new mechanisms and new models. As of August 31, 2020, it had eight departments and divisions, including clinical medicine department, nursing department, oral medicine department, preventive medicine and management department, laboratory department, rehabilitation treatment department, imaging department and fundamentals division, and offers 13 majors, including clinical medicine, oral medicine, anesthesiology, nursing, preventive medicine, medical laboratory technique, medical imaging technique, rehabilitation treatment, oral medicine technique, optometry, pharmaceuticals, pharmaceutical products and traditional Chinese medicine.

### 3. Business College of Guizhou University of Finance and Economics

Business College of Guizhou University of Finance and Economics is an independent undergraduate college of finance and economics in Guizhou Province. In the past six years, the enrollment work of the school has reached a new high, and the registration rate ranked in the forefront of similar schools and ranked first in the province.

### 4. College of Science and Technology of Guizhou University

College of Science and Technology of Guizhou University is a comprehensive independent college in Qiannan Prefecture, Guizhou Province. It has successively won the titles of national “Advanced Independent College (先進獨立學院),” national “Advanced Grassroots Party Organization with Excellent Performance (創先爭優先進基層黨組織),” national “March 8 Red-banner Group (三八紅旗集體),” national “Advanced Education and Scientific Research Group under the 11th Five-Year Plan (“十一五”教育科研先進集體).” As of August 31, 2020, the college had five professional education departments, namely literature department, law and public management department, engineering department, commerce department and art department as well as two public education units, namely Marxism-Leninism education division and sports education and research center. By offering around 20 undergraduate majors, including Han language literature, journalism, English, law, administration and management, public affairs management, computer science and technology, electronic information science and technology, electronic information engineering, communication engineering, internet of things technology, finance, business administration, financial management, tourism management, visual communication design, environment design, performance, musical performance and drawing, etc, the college covers seven disciplines, including literature, law, economics, management, science, engineering and art.

### 5. Yinchuan University of Energy

Founded in October 1999, the undergraduate college is located in Ningxia and provides undergraduate and junior college education, with three campuses namely Wangtai campus, Binhe campus and Hequan Lake. As of August 31, 2020, the college had 12 secondary colleges and two education divisions and offers over 30 undergraduate majors, hiring over 140 teachers with medium-grade titles, over 280 teachers with master or doctor degrees, and over 150 dual-qualified teachers who possess both adequate academic background and teaching skills along with relevant industry experience and practicable knowledge. It has the largest library among higher education institutions in Ningxia in terms of single zone area, with more than one million books. As of August 31, 2020, the college had one national key laboratory, three provincial experimental teaching demonstration centers, three provincial off-campus practical education bases for college students, nine practical teaching centers, over 190 experimental training rooms and over 60 stable off-campus practice bases for college students built with enterprises. The college is the intended cooperative college of the national “Internet + Made in China 2025” Plan for the Integration and Promotion of Industry and Education (“互聯網+中國製造2025”產教融合促進計劃項目). The college has trained over 30,000 graduates in different fields in total and commenced skill training and assessment for various occupations, training over 13,000 corporate employees as well as urban and rural labors in aggregate. By proactively commencing external cooperation in education, as of August 31, 2020, the college had successively established long-term and stable school cooperation with 12 foreign high schools, and was the only private higher education institution in Ningxia that can enroll foreign students.

## *Junior colleges*

### 1. Sichuan Tianyi College

Founded in 1994, Sichuan Tianyi College was one of the first private schools in China and the first full-time private school in Southwest China approved by the MOE to be a formal private higher education institution. As of August 31, 2020, the college was successfully approved with the second batch of national 1+X pilot certificates (website operation and promotion), established three provincial featured majors, one key featured major of Sichuan Association for Non-Government Education (四川省民辦教育協會), and 20 teacher scientific research projects. In respect of cooperation between the college and enterprises, the 2016 and 2018 Baoye order classes were established by the department of construction engineering and Baoye Group Company Limited (寶業集團股份有限公司) (stock code: 2355.HK), and one set of teaching materials was jointly developed. In respect of practical training, as of August 31, 2020, over 40 off-campus training bases were established.

### 2. Sichuan Hope Automotive Vocational College

Sichuan Hope Automotive Vocational College was the first formal higher education institution established by us in Ziyang, Sichuan Province in 2013, and has been successively recognized as the high-skilled talents nurturing and training base at national and provincial levels. Recently, the number of enrolled students achieved a new record high. The college has 20 majors, formulating a characterized and professional deployment oriented on automotive related majors, supported by mechanical and engineering majors, extended to operation and management majors and explored to healthcare and pre-school education majors. As of August 31, 2020, it had over 180 practical training rooms covering over 20 categories including comprehensive automotive structure. The college has successively signed school-enterprise cooperation agreements with more than 200 well-known enterprises, such as Changzheng-BMW Group (長征寶馬集團), Sichuan Hyundai Automobile (四川現代汽車) and CRRC Corporation Limited (中國中車股份有限公司) (stock code: 1766.HK). As of August 31, 2020, the college had successfully applied for seven education research plans above provincial level, with over 110 persons winning various awards and over 20 teaching materials being involved in preparation.

### 3. Sichuan Vocational College of Culture & Communication

Sichuan Vocational College of Culture & Communication is a full-time formal higher education institution approved by the People's Government of Sichuan Province, filed by MOE, administered by the Education Office of Sichuan Province, included into the national uniform enrollment scheme and possessing the qualification of independently issuing national recognized college diploma. The college has currently established three provincial featured majors, namely "animation design," "public culture services and management" and "film and television multimedia technology." A relatively comprehensive professional construction structure with featured majors at school level, group level and provincial level has basically been formulated. Recently, the number of students enrolled has recorded a new high.

#### 4. Guizhou Vocational Institute of Technology

Guizhou Vocational Institute of Technology was the first formal higher education institution established by us in Guizhou Province in 2016. As of August 31, 2020, the college offered more than 20 majors, such as automobile inspection and maintenance technology, automobile refitting technology, automobile new energy technology, urban rail transit operation and management, accounting, tourism management, electronic commerce, nursing, applied chemistry, pharmaceutical production and technology, etc. In respect of practical training and cooperation between the college and enterprises, as of the same date, the college had built more than 50 experiment and training rooms, and signed school-enterprise cooperation agreements with more than 100 enterprises, such as SAIC VOLKSWAGEN Automotive Co., Ltd. (上汽大眾汽車有限公司), Wengfu (Group) Co., Ltd. (瓮福(集團)有限責任公司), Guizhou Chanheng Chemical Corporation (貴州川恒化工股份有限公司) (stock code: 2895.SH), etc. and more than 20 county-level hospitals in Guizhou.

#### 5. Sichuan TOP IT Vocational Institute

Founded in 2000, Sichuan TOP IT Vocational Institute is one of the first national demonstration software vocational and technical colleges approved by the MOE. It is also a national training base for skilled talents in short supply, a national high-skilled personnel training base for the electronic information industry, a national service outsourcing talents training base, and a training base for young technicians in the electronic information industry in Sichuan Province. As of August 31, 2020, the college was equipped with seven on-campus innovative training bases for integration of industry and education, as well as more than 60 professional experimental training rooms with advanced equipment. Recently, the number of students enrolled has recorded a new high.

#### 6. Hebi Automotive Engineering Vocational College

As of August 31, 2020, Hebi Automotive Engineering Vocational College was the only formal automobile engineering higher education institution in Henan Province. Since 2020, over 60 projects above department level, over 30 utility model patents, over 15 education research achievement awards above provincial level, two municipal scientific and technological progress awards (second prize) were added, while over 50 academic papers (including six core journals) and over 25 textbooks were published. In 2020, the college signed strategic cooperation agreements with seven enterprises.

#### 7. Suzhou Top Institute of Information & Technology

Suzhou Top Institute of Information Technology is located in Kunshan, Jiangsu Province, with 36 majors. Focusing on school-enterprise cooperation and deepening the integration of industries and education, in 2019, the college and enterprises deepened cooperation by opening five customized classes in the mode of rotating the learning and work experience. As such, internship of more than 2,470 students were successfully completed. There were 27 internship projects, of which, five units cooperated for the first time. The college won the title of “excellent college for “government-school-enterprise” cooperation” for six consecutive years from 2013 to 2018.

## *Technical colleges*

### 1. Sichuan Hope Automotive Technical College

Sichuan Hope Automotive Technical College was established in 2016 with the approval of the People's Government of Sichuan Province on the basis of Automobile College. The college is located in Ziyang High-tech Industrial Zone, adjacent to many well-known enterprises such as Sichuan Nanjun Automobile Group Co., Ltd. (四川南駿汽車集團有限公司), Hyundai Truck & Bus (China) Co., Ltd. (現代商用汽車(中國)有限公司) and CRRC Corporation Limited (中國中車股份有限公司) (stock code: 1766.HK). Leveraging its geographical features, coupled with its strengths in aspects such as cultivation of technicians, technological innovation, technique competition, training and evaluation, the college collaborated with the enterprises in-depth in terms of co-building of training base, sharing of faculty, co-cultivation of technicians, co-studying in technological innovation and co-organization of technique competition. The college adhered to its school operation mode of "collaboration between school and enterprises for industrial studying" by achieving resource sharing and co-development with enterprises.

### 2. Guizhou Technical College of Technology

Guizhou Technical College of Technology was established in 2019 with the approval of the People's Government of Guizhou Province. The college is located in Fuquan City, Guizhou Province and, as of August 31, 2020, had established partnerships with over 80 major enterprises and industrial associations. In particular, the co-building of internship training bases inside and outside the college has been carried out by its department of nursing with The People's Hospital of Qiandongnan Miao and Dong Autonomous Prefecture (黔東南苗族侗族自治州人民醫院), The People's Hospital of Guiyang (貴陽市人民醫院), The First People's Hospital of Fuquan City (福泉第一人民醫院), etc.; its department of chemical technology with Guizhou Henghua Co. Ltd. (貴州恒華有限公司), etc.; and its department of automobile with BAIC Yinxiang Automobile Co., Ltd. (北汽銀翔汽車有限公司), etc.

## **Newly acquired schools**

From August 31, 2020 and up to the date of this Offering Circular, we later completed the acquisition of two additional schools, namely INTI International University of Malaysia and Nanchang Vocational Institute of Film and Television Communication in September 2020 and December 2020, respectively.

### ***INTI International University of Malaysia***

INTI International University of Malaysia is one of the largest private higher education service providers in Malaysia in terms of student enrolment, providing academic education for junior college, bachelor's degree, master's degree and doctorate degree programs. It consists of one university and five colleges in Malaysia, including: (i) INTI International University Nilai, (ii) INTI College Nilai, (iii) INTI College Sabah, (iv) INTI International College Kuala Lumpur, (v) INTI International College Subang, and (vi) INTI International College Penang. As of April 29, 2020, it has over 16,500 students and the annual tuition fee per student is estimated at approximately RMB30,000. INTI International University of Malaysia is a higher education institution recognized by the Ministry of Education of Malaysia with higher education qualifications and degree awarding qualifications, and

it is included in the white list of education-related foreign supervision of the MOE, and has met the requirements for mutual recognition of Chinese and Malaysian education. See “— Recent Acquisitions — The INTI acquisition” below for details of such acquisition.

### ***Nanchang Vocational Institute of Film and Television Communication***

Nanchang Vocational Institute of Film and Television Communication is a junior college. Upon completion of the acquisition, we further deepen our industry layout in Jiangxi, and expand our school operation network. Together with the advantage of centralized management, we can enhance the teaching level and student recruitment ability of the newly acquired schools. See “— Recent Acquisitions — The Nanchang school acquisition” below for details of such acquisition.

### **Student enrollment**

For the 2020/2021 school year (as of October 15, 2020), we had an aggregate of 194,554 full-time students enrolled at our schools for higher education and technical education. The following table sets forth information relating to the student enrollment for each of our schools for the school years indicated:

	Student Enrollment			
	School Year			Change in
	2019/2020	2020/2021	Change	Percentage
Schools:				
Undergraduate colleges . . . . .	71,259	98,788	27,529	38.6%
Junior colleges . . . . .	60,631	78,032	17,401	28.7%
Technical colleges . . . . .	8,235	17,734	9,499	115.3%
Total . . . . .	140,125	194,554	54,429	38.8%
Among which:				
Original . . . . .	104,151	180,076	75,925	72.9%
Merger and acquisition . . . . .	35,974 <sup>(1)</sup>	14,478 <sup>(2)</sup>	(21,496)	(59.8)%

#### **Notes:**

- (1) In 2019, we completed the acquisition of Hebi Automotive Engineering College, Yinchuan University of Energy, Suzhou Top Institute of Information & Technology and College of Science and Technology of Guizhou University.
- (2) In 2020, we completed the acquisition of INTI International University of Malaysia.

## Dormitory utilization rate

The following table sets forth the student enrollment, dormitory capacity for student and dormitory utilization rate as of the respective dates:

	As of October 15,	
	2019	2020
Number of student enrollment (including INTI International University of Malaysia <sup>(1)</sup> ) . . . . .	140,125	194,554
Number of beds (including INTI International University of Malaysia <sup>(1)</sup> ) . . . . .	171,170	224,006
Overall utilization rate . . . . .	81.9%	86.9%

*Note:*

- (1) In September 2020, we completed the acquisition of INTI International University of Malaysia. See “— Newly acquired schools — INTI International University of Malaysia” and “— Recent Acquisitions — The INTI acquisition” for details.

## Tuition fees and boarding fees

We typically charge our students fees comprising tuition fees and boarding fees. We generally increase the fees charged to our students to reflect the increase in our operating costs, the improvements of our facilities and the changes in the market price for higher education services. In recent years, PRC pricing authorities have gradually loosened controls over tuition fees and boarding fees, but certain limits such as price ceilings still exist in certain provinces.

### *Sichuan*

Pursuant to the Notice on Improving the Price Management Mode of Private Colleges and Universities in Our Province to Strengthen the Post-event Supervision (《關於完善我省民辦高校價格管理方式加強事中事後監管的通知》) promulgated by competent government authorities of Sichuan Province on May 15, 2020, tuition and boarding fees of for-profit private colleges and universities and that of non-academic education of non-profit private colleges and universities shall continue to be regulated by the market, and specific fee rates will be determined by the schools independently. Meanwhile, tuition and boarding fees for academic education of non-profit private colleges and universities shall be regulated by the market, and specific fee rates are determined by schools at their sole discretion, on the basis of comprehensive consideration of operation costs, market demand, local economic development and people’s affordability. The fee rates shall be reported to and filed with the provincial education department, the provincial development and reform commission and the provincial market supervision bureau one month prior to the announcement of such fee rates.

## ***Guizhou***

Pursuant to the Opinions on the Implementation of Supporting and Regulating Education by Social Forces and Promoting the Healthy Development of Private Education (《貴州省人民政府關於支持和規範社會力量興辦教育促進民辦教育健康發展的實施意見》) issued by the People's Government of Guizhou Province on July 16, 2018, subject to the principles of fairness, openness, legitimacy and good faith, the private schools providing academic education are entitled to determine the education fee rates on their own.

## ***Ningxia***

In addition, on May 21, 2018, the People's Government of Ningxia Hui Autonomous Region promulgated the Implementation Opinions on Encouraging the Operation of Education by Social Forces and Promoting the Healthy Development of Private Education (《寧夏回族自治區人民政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》), according to which, the fees charged by private schools other than non-profit high schools and compulsory schools shall be subject to market adjusted prices, and the specific fee rates shall be determined by the schools on their own and private schools are not allowed to collect fees from students without prior publication.

## ***Shanxi***

Pursuant to the Opinions on the Implementation of Supporting and Regulating Education by Social Forces and Promoting the Healthy and Orderly Development of Private Education (《山西省人民政府辦公廳關於支持和規範社會力量興辦教育促進民辦教育健康有序發展的若干意見》) issued by the General Office of the People's Government of Shanxi Province on July 11, 2018, the fees charged by for-profit and non-profit private schools shall be subject to market adjusted prices, and the specific fee rates shall be determined by the schools on their own. As the pilot program, the fees charged for academic education in some type of non-profit private schools will be liberalized in an orderly manner. Further, pursuant to the Notice on Further Regulating the Fee Charges of Non-profit Private Schools for Academic Education (《關於進一步規範非營利性民辦學校學歷教育收費的通知》) issued by competent government authorities of Shanxi Province on October 29, 2019, tuition and boarding fees of academic education of non-profit private schools shall be either subject to government pricing, which are listed in the Shanxi Province Pricing Catalogue, or be subject to market adjustments and determined by the non-profit private schools at their sole discretion.

## ***Jiangsu***

Pursuant to the Implementation Opinions on Encouraging Education by Social Forces and Promoting the Healthy Development of Private Education (《江蘇省政府關於鼓勵社會力量興辦教育促進民辦教育健康發展的實施意見》) promulgated by Government of Jiangsu Province on February 22, 2018, the fees charged by for-profit private schools and non-profit private schools for non-diploma education (except kindergartens) shall be independently determined by private schools based on factors such as costs. As the pilot program, the fees charged for academic diploma education in some type of non-profit private schools will be liberalized in an orderly manner. Specific measures will be formulated separately by the provincial price administration in conjunction with other relevant departments. On May 18, 2018, the Price Bureau, the Department of Education and the Department of Human Resources and Social Security of Jiangsu Province issued the Guiding Opinions of Promoting the Reform of Charging for Private Education (《關於推進民辦教育收費改革的指導意見》), pursuant to which the fee rate for non-profit private colleges and universities shall

be formulated by the provincial price department. Private schools approved to be established before September 1, 2017 shall be regarded as non-profit private schools before completing the classification registration. Further, on September 2, 2020, the Development and Reform Commission of Jiangsu Province issued the Notice on Further Promoting the Reform of Charging for Academic Education of Private Institutions of Higher Education (Draft for Comments) (《關於進一步推進民辦高等學校學歷教育收費改革的通知(徵求意見稿)》), pursuant to which the fee rates for academic education of certain private institutions of higher education within Jiangsu province will be gradually liberalized from 2021 to 2023.

As a result, our schools located in Shanxi and Henan are required to obtain approval from the relevant government pricing authority to increase the tuition and boarding fees. Our schools located in Sichuan, Guizhou, Ningxia, Jiangsu and Jiangxi are permitted to determine the education related fees without obtaining government's approval. See "Risk Factors — Risks Relating to Our Business and Industry — Our business and results of operations depend on the level of tuition and boarding fees we are able to charge and our ability to maintain and raise tuition and boarding fee levels."

### **Student withdrawals and refund**

We have tuition and boarding fee refund policies in place at each of our schools with respect to students who leave during the school year. These policies were formulated pursuant to the rules and regulations issued by the local education authorities where our schools are located.

### **Recent Acquisitions**

#### ***The INTI acquisition***

On March 2, 2020, we entered into an acquisition agreement with Exeter Street Holdings Sdn. Bhd. for the acquisition of 100% equity of INTI Education Holdings at the consideration of US\$140 million.

INTI Group is one of the largest private higher education service providers in Malaysia in terms of student enrollment with over 16,500 students and annual tuition fee per student is estimated at approximately RMB30,000. INTI Group is recognized by the Malaysian Ministry of Education with higher education qualifications and qualifications of degree awarding. It is included in the white list of education related foreign supervision of the Malaysian Ministry of Education, which meets the requirements for mutual recognition of Chinese and Malaysian education. INTI Group owns and operates INTI International University of Malaysia, which consists of one university and five colleges in Malaysia, including: (i) INTI International University Nilai, (ii) INTI College Nilai, (iii) INTI College Sabah, (iv) INTI International College Kuala Lumpur, (v) INTI International College Subang, and (vi) INTI International College Penang.

On September 29, 2020, all conditions precedent under the acquisition agreement in relation to the INTI Education Holdings had been fulfilled. Upon completion, the INTI Education Holdings became our wholly-owned subsidiary, and its financial results will be consolidated into our accounts. The acquisition of INTI International University of Malaysia provides a stable path for students from our schools in China to study abroad. Meanwhile, it provides support and protection to the sustainable and speed development of INTI International University of Malaysia.

### *The Nanchang school acquisition*

On October 7, 2020, we entered into an acquisition agreement with Nanchang Chuangzhi Supply Chain Co., Ltd. (南昌創智供應鏈有限公司) in relation to Nanchang Dongmei Education Technology Co., Ltd. (南昌東美教育科技有限公司), Nanchang Vocational Institute of Film and Television Communication (南昌影視傳播職業學院), which includes Jiangxi Fanmei Art Secondary Professional School (江西泛美藝術中等專業學校) (collectively the “**Nanchang School**”). In December 2020, the transfer of ownership of Nanchang School was completed and these schools became our subsidiaries, and their financial results will be consolidated into the our accounts.

Upon completion of the acquisition, we will further deepen our industry layout in Jiangxi Province, and expand our school operation network. Together with the advantage of centralized management, we can enhance the teaching level and student recruitment ability of Nanchang School.

### *The DingLi acquisition*

On October 12, 2020, we entered into a share transfer agreement with the actual controller of DingLi, as the vendor, through our wholly-owned subsidiary Sichuan Tequ Mayflower. Pursuant to the share transfer agreement, Sichuan Tequ Mayflower has conditionally agreed to purchase and the vendor has conditionally agreed to sell the 50,000,000 shares held by the vendor in DingLi at the consideration of RMB392.5 million (subject to adjustments). On the same date, Sichuan Tequ Mayflower also entered into a subscription agreement with DingLi. Pursuant to the DingLi Subscription Agreement, Sichuan Tequ Mayflower subscribed 171,000,000 shares of DingLi at RMB901.2 million after completion of the entrustment as agreed in the relevant voting rights proxy agreement upon obtaining consent from the board of directors and the general meeting of DingLi and having approved or filed by the relevant regulatory authorities.

On January 25, 2021, all conditions precedent under the share transfer agreement in relation to DingLi had been fulfilled. Upon completion, we will through Sichuan Tequ Mayflower be interested in approximately 8.75% of the entire share capital of DingLi. In addition, as the entrustment arrangement under the relevant voting rights proxy agreement has been effective upon completion, we will through Sichuan Tequ Mayflower also hold 8% of the voting rights of DingLi and therefore hold in aggregate approximately 16.75% of the voting rights of DingLi. As of the date of this Offering Circular, the proposed subscription transaction has not been completed. See “Risk Factors — Risks Relating to the DingLi Subscription” for the potential risks involved. It is expected that immediately after completion of the acquisition and the proposed subscription, we will, through Sichuan Tequ Mayflower, hold approximately 29.76% of the entire share capital in DingLi.

DingLi is a joint stock limited company established in China, whose A shares have been listed on the Shenzhen Stock Exchange (stock code: 300050). DingLi Group is principally engaged in vocational education business and the provision of services for mobile communication as well as internet of things service.

This acquisition and the proposed DingLi subscription will diversify our scope of business and lay a foundation for new business development for us, seek greater industrial synergy and expand channels for our growth, and enhance our market competitiveness, especially in seeking for room of breakthrough in industry extension of vocational education.

## **Our Other Education Services**

### ***Self-study examination education services***

Southwest Jiaotong University Hope College, Business College of Guizhou University of Finance and Economics, Sichuan Tianyi College, Sichuan Hope Automotive Vocational College and Sichuan Vocational College of Culture & Communication offer self-study examination education and relevant services to persons who plan to take the self-study examination for higher education, which is administered by Sichuan Department of Education, to obtain a bachelor's degree or a junior college diploma, subject to student enrollment.

Self-study examination education in China is open to any person who wants to pursue higher education without any restrictions in admission. An applicant chooses his/her desired school, major and level of higher education (bachelor's degree or junior college diploma). The applicant prepares for and takes the required tests and may accumulate his/her credentials over time. When the applicant passes all of the school's required tests, he/she will be awarded with bachelor's degree or junior college diploma by the school.

### ***Adult education services***

Sichuan Tianyi College, Sichuan Hope Automotive Vocational College and Sichuan Vocational College of Culture & Communication offer adult education services to qualified adults who achieve the required score in the nationally administered entrance examination. Adults admitted and enrolled in the adult education program study junior college courses for three years and obtain a junior college diploma from our schools upon their completion of required courses and passing required exams.

### ***Secondary vocational education services***

Guizhou Vocational Institute of Technology also provides a small portion of secondary vocational education services. We plan to discontinue the operation following the graduation of the currently enrolled students in such secondary vocational education program to focus our resources more on providing higher education.

## **Student Recruitment**

Our new student recruitment has historically been driven primarily by word-of-mouth referrals. Each of our schools has its own recruitment team, who visit high schools and participate in student recruitment sessions. We also organize information session where our students and graduates share school information and studying experience with prospective students. Furthermore, we have established on-campus student recruitment desks where we have our teachers, admission staff and students to answer questions from prospective students and their parents.

To attract more applications from high-quality students, we utilize a variety of marketing and recruitment tactics, which include, among other things, (i) designing attractive and informative school websites to promote our brand name and provide introductions to our schools, teachers, curriculums and other relevant information, (ii) designing and distributing comprehensive promotional materials, and (iii) utilizing various online and mobile channels such as Weibo, QQ and WeChat to publicize our schools and connect with candidates effectively and cost-efficiently.

To further attract high-quality students, we offer scholarships to outstanding applicants who demonstrate academic excellence or other commendable qualities, and also provide financial aid to needy students.

### **Examinations and Grade Assessment**

Each of our schools administers examinations at the end of each semester and school year, which is aimed at demonstrating students' understanding in various subject matters. The final grade a student receives for a particular course generally consists of his/her performance in the written and/or oral examinations and/or coursework assessment, the form of which primarily includes written examinations, practical examinations, homework and in-class participation. Our schools specify their own method to set examinations and assess grade.

### **Career Planning Initiatives and Graduate Employment**

We consider our schools' graduate employment rate as a key measurement of our teaching quality and we endeavor to prepare our students for their respective careers and equip them with competitive advantages in the job market in the followings: (i) when we design curriculums, we formulate employment-related training courses; (ii) we generally require our students to spend their last semester for full-time internship introduced by our schools; and (iii) we encourage students to obtain vocational qualification certificates in addition to educational degrees and provide students with relevant trainings for passing the required exams.

In addition, each of our schools has a dedicated career service office that provides students who seek employment or internship opportunities with a wide range of services, primarily including (i) designing and providing career-oriented courses to help students set a career planning map and develop job-seeking skills from the beginning of their enrollment and throughout their entire study period; (ii) establishing and maintaining school-enterprise collaboration programs to provide students with internship and employment opportunities; (iii) identifying and obtaining high-quality employment information and organizing on-campus recruitment sessions to assist students in finding suitable jobs; (iv) organizing competitions with respect to career planning and employment; (v) organizing information session where graduates share employment experience; and (vi) recording and tracking the graduates' employment status.

### **Online Teaching Platform**

We provide our students access to online learning through online platforms operated by licensed third parties at Southwest Jiaotong University Hope College, Sichuan Vocational College of Culture & Communication, Guizhou Vocational Institute of Technology and Sichuan Tianyi College.

Southwest Jiaotong University Hope College offers a number of public courses, which cover a variety of topics and subject areas, such as trends and policies, histories, moral and legal basis. These online public courses are all credit courses. Students are required to watch these videos during a specified period, participate in online discussions and complete online tests to satisfy the academic requirements and receive the relevant credits.

To supplement student's in-class learning, Sichuan Vocational College of Culture & Communication offers non-credit online courses allowing students to study some basic courses for their majors.

To encourage students' after-class learning, Guizhou Vocational Institute of Technology offers non-credit massive open online courses taught by professors from reputable undergraduate colleges on its school website with a wide range of topics including automobile chassis maintenance, automobile insurance, organic chemistry, financial management, micro economics and nursing.

Sichuan Tianyi College offers a number of online credit courses to students, which cover a variety of subject areas, such as architecture engineering management, business management, nursing, accounting, tourism management, hotel management, software technology and applied technology of computer science.

## **Teaching Staff, Recruitment, Training and Evaluation**

### **Our teaching staff**

We believe that the quality of education is closely related to the quality of teachers. We mainly seek to employ (i) highly qualified teachers with experience and knowledge in theory and practice, (ii) teachers with work experience in relevant industries, such as senior accountants, engineers and highly skilled personnel, and (iii) teachers with relevant professional qualifications. During the recruitment, we also place special emphasis on strong communication skills and enthusiasm for teaching.

### ***Teacher recruitment***

We recruit teachers based on the total number of our students and strive to maintain a reasonable student-to-teacher ratio. Before hiring a teacher, we consider his/her educational background, subject matter expertise and relevant work experience. For example, we generally consider hiring teaching candidates who (i) preferably have a master's degree or above, or hold relevant professional and technical qualifications; and (ii) have teaching experience on the same subject matter for which the teaching position is sought. We administer written assessments and in-person interviews by the human resources department staff of each of our schools and the dean of respective major of the school or other school officials, as the case may be. We may also require the applicant to teach a live class as part of his/her application process to evaluate his/her performance on a real-time basis. In addition, we consider other criteria, such as the applicant's prior teaching experience, awards and recognitions.

### ***Teacher training programs***

At each of our schools, newly hired teachers undergo mandatory training programs which focus on teaching skills and techniques. We also provide continuing training for our existing teachers so that they can stay abreast of the changes in market demand, new teaching theories and/or methodologies and changing teaching and testing standards. Our training programs generally include (i) subject matters training, (ii) teaching theories and methodologies training, such as trainings on managing student behavior in the classroom, (iii) teaching skills and techniques training, such as training on how to use various hardware and software to prepare teaching materials and conduct

in-class teaching, (iv) cultural training, such as training on academic and professional improvements and team building, and (v) professional training, such as training on stress management and professional image building. In addition to the training we provide in-house, we also encourage our teaching staff to attend external training courses and programs organized by third parties, such as local education authorities, and short-term training programs at schools having cooperative relationships with us.

### ***Teacher performance evaluations***

To ensure that we continuously provide high quality education to our students, we implement ongoing monitoring and evaluation procedures for our teachers. We typically conduct periodic teacher performance reviews during each school year. Our evaluation process generally involves teacher's self-evaluation, teacher satisfactory surveys by students and assessments conducted by school principals and administrators, including in-class observation of our teachers' preparation and teaching effectiveness and the assessment based on complaints and feedbacks from our compliant channels. We may take into consideration the performance of each teacher when making decisions regarding their compensation.

As a private higher education service provider, we believe that we offer relatively competitive compensation to our teachers. Our teachers' compensation package typically includes a base salary, compensation for teaching courses, a subsidy and a performance bonus.

### **Teaching Materials and Textbooks**

We adhere to strict procedures for selecting teaching materials and textbooks in order to maintain the quality of our education. Each of our schools has implemented a set of teaching material management policies, which generally covers the selection, procurement, distribution and management of the teaching materials to be used by each school. We generally require our schools to adopt and use teaching materials published recently, which must comply with the course syllabuses for each major offered by our schools. Subject to the approval by the teaching management department of each school, our teachers recommend a number of teaching materials and textbooks with priority sequence which they believe are suitable for teaching requirements for our Group-level centralized procurement and distribution.

### **Our Centralized Management Model**

We have established a centralized management model through which we consistently manage certain aspects of the schools we operate to support the provision of high quality education by each of our schools.

### **Our education management committee**

In October 2016, we established a group-level education management committee. The experts in the committee have extensive experiences in the higher education industry. Fully utilizing their experiences, these experts provide guidance for and supervise the teaching activities at all our schools. The education commission assists us in the following aspects: (i) strengthening the research for and understanding of the regulations in and policies for the higher education industry in China and communication with higher education regulators, (ii) listening to the needs of our schools and

acting as a channel for communication and feedback at the group level, (iii) enhancing teacher training and capacity development, (iv) enhancing the building of curricula with professional knowledge and specialized skills to improve teaching quality, (v) giving advice with an aim to optimize daily operations and student management of our schools, and (vi) providing guidance for our schools in going through assessment by education departments, including the assessment for permission of upgrade from junior college to undergraduate college, as well as enhancing the overall teaching quality of our schools.

### **Market research and major establishment**

Through conducting extensive market research and analyzing our graduating students' employment data, we have the ability to keep abreast of the local employment market and identify key industry segments where we believe the demands for professional talent is strong. We then create and update our majors and curriculum offerings at different schools to gauge the changes in market demand.

Our centralized management model allows us to utilize the strengths and specialties of each of our schools when formulating major establishment plans and avoid competition within our Group. It also enables us to leverage our resources when making an official application to create new majors at the relevant school to the local PRC education authorities for approval. Moreover, we organize teaching competition among our schools to encourage our teaching staffs to improve teaching capabilities and curriculum design. We also allocate internal resources to support the development of schools or departments which have received high ratings in such competition.

### **Teaching resource sharing**

In order to maintain and improve the quality of the educational services we provide, we have established a Group-level education management committee allowing our schools to share the senior experts' abundant experiences in the higher education industry. Our schools also share their teaching resources in case of need, such as the short-term engagement of certain teachers from one of such schools to teach particular courses at another. Moreover, our schools share with each other teaching and operating experiences, which has supported the rapid expansion of our schools.

### **Student recruitment**

In order to improve the student recruitment efficiency, we have established a Group-level recruitment management department to provide coordination on the student recruitment team of each of our schools in the following aspects: (i) providing guidance to our schools to enhance their understanding on the national and local student recruitment policies, (ii) encouraging our schools to share recruiting resources, information and experiences, and (iii) providing trainings to the student recruitment team of our schools to improve their recruitment capability.

## **School administration**

In order to lower our operating costs, control operating risks and elevate our corporate efficiency, we have implemented a series of measures to administer our schools in a centralized and coordinated manner, including, among others, (i) our Group oversees and manages the logistics, supply and service procurement and infrastructure construction at each of our schools; (ii) we have established a Group-level audit department to supervise the operation of each of our schools and (iii) our board has also approved a series of policies and procedures relating to, among others, corporate governance, risk management, anti-bribery and conflicts of interest matters, which are aimed at strengthening the management and governance of our Group and our schools.

## **Information technology system**

In order to strengthen centralized management of our schools and improve management and operational efficiency, we use the unified system (including management system and application system) to carry out centralized budget management, business management, teaching management, student management and performance management through such systems and conduct real-time monitoring of our finance, operations, students and teaching activities.

## **Campus services**

The campus service arrangements at our schools typically include meal catering services and medical care services.

### ***Meal catering services***

The canteens at our schools are outsourced to catering service providers who are independent third parties. Under our outsourcing agreements with these third-party catering service providers, we provide premises required to operate a canteen for a specified amount of management fees. We require all catering service providers to obtain relevant licenses and permits required by applicable laws and regulations. The catering providers are obliged to ensure the food quality and safety. To oversee the catering services, we conduct inspection of the daily operation of the canteens at each of our schools. For risks associated with meal catering services, see “Risk Factors — Risks Related to Our Business and Industry — We could be liable and suffer reputational harm if a third-party service provider provides inferior food or medical care services or harm our students, which may have a material adverse effect on our business and reputation.”

### ***Medical care services***

Our schools offer general medical services to students and teachers by operating on-campus medical rooms or engaging qualified medical care providers who are independent third parties. All of the medical staff and health care personnel engaged by us hold the required licenses. We require third-party medical care providers to hold all licenses and permits required by law and regulations. In certain serious and emergency medical situations, we will promptly send our students to local hospitals for treatment.

## **Competition**

The private higher education services market in China and overseas is rapidly evolving, highly fragmented and competitive. We face competition primarily from public schools and other private higher education institutions at home and abroad. Currently, we compete directly with public and other private higher education institutions in Sichuan, where six of the schools we own and operate are located, Guizhou, where four of the schools we own and operate are located, as well as Shanxi, Jiangsu, Ningxia, Henan and Jiangxi, where each one of the schools we own and operate is located, respectively. We also compete directly with public and other private higher education institutions in Malaysia, where we acquired INTI International University of Malaysia in 2020. We believe our principal competitive advantages include, among others:

- brand recognition,
- the reputation of each of our schools,
- our extensive operating experience and centralized management system,
- the abundance of practice and training opportunities we are able to provide to our students,
- our ability to attract and retain highly qualified teachers, and
- overall student experience and satisfaction.

We expect the competition in the private higher education market to persist and intensify. We believe that we are able to compete effectively due to our strong reputation, established practical training-focused programs and high employment rate. However, some of our existing and potential competitors, especially public universities, have governmental support in the form of government subsidies and other payments or fee reductions. Our competitors may devote greater resources, financial or otherwise, than we can to student recruitment, campus development and brand promotion, and respond more quickly than we can to changes in student demands and market needs. See “Risk Factors — Risks Relating to Our Business and Industry — We face intense competition in the higher education industry in China, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditure” for further details.

## **Intellectual Property**

As of the date of this Offering Circular, we owned five registered trademarks and 39 domain names in China and registered three trademarks in Hong Kong. As of the date of this Offering Circular, we had not been subject to any intellectual property infringement claims which had any material impact on us. See “Risk Factors — Risks Relating to Our Business and Industry — If we fail to protect our intellectual property rights or prevent the loss or misappropriation of our intellectual property rights, we may lose our competitive edge and our brand, reputation and operations may be materially and adversely affected” and “Risk Factors — Risks Relating to Our Business and Industry — We may be involved in legal and other disputes and claims from time to time arising out of our operations” for the potential risks regarding our intellectual property.

## **Employees**

As of August 31, 2020, we had 8,484 employees, including 7,587 teachers. As of the date of this Offering Circular, our employees were primarily located in China. As required by the regulations in China, we participate in various employee social security plans for our employees in China that are administered by municipal and provincial governments, including housing, pension, medical insurance and unemployment insurance. We generally did not rely on employment agents for the recruitment of our employees.

We believe the quality of our education is strongly tied to the quality of our teachers. We have implemented training and recruitment policies in order to uphold the quality of our teachers. See “— Teaching staff, recruitment, training and evaluation” above for details of our training and recruitment policies for our teachers.

## **Properties**

We occupy certain lands and properties in China in connection with our business operations. They mainly include premises for our schools, student dormitories and staff apartments. As of the date of this Offering Circular, we owned the land use rights with a total gross site area of approximately 659.7 million sq.m. and owned 427 buildings with an aggregate gross floor area of approximately 257.7 million sq.m. in China. As of the date of this Offering Circular, we, as the landlord, leased out a total gross site area of approximately 0.4 million sq.m. of land and a total gross site area of approximately 0.2 million sq.m. of buildings and, as the tenant, leased a total gross site area of approximately 85,000 sq.m. of buildings.

## **Insurance**

We maintain various insurance policies, such as school liability insurance, student personal accident insurance, employer liability insurance and property insurance to safeguard against risks and unexpected events. We do not maintain business interruption insurance, product liability insurance or key-man life insurance. We consider our insurance coverage to be in line with what we believe to be customary practice in China. Our directors believe that our insurance coverage is generally consistent with the industry practice and provides adequate protection for our assets and operations. Nevertheless, we may be exposed to other claims or liabilities not covered by our insurance. See “Risk Factors — Risks Relating to Our Business and Industry — We maintain limited insurance coverage” for more information.

## **Health and Safety Measure**

We are dedicated to protecting the health and safety of our students. Each of our schools has adopted and implemented student health and safety measures and procedures to protect its students from bodily harm and other health and safety risks. For details of the meal catering services and medical care services we provide, see “— Our Centralized management model — Campus services” above.

With respect to school safety, we always consider campus safety as a top priority for our school operations. We promote the security of our schools by employing our own security personnel or by engaging third-party security companies to provide the routine security service. In order to control any safety risks and ensure that we are able to timely and effectively respond to any safety incidents, we have established a safety work leading group at each of our schools and formulated a set of safety management rules regarding safety inspection, reporting and responding.

As of the date of this Offering Circular, we had not experienced any serious accident, medical situation or safety issue involving our students. For more information, see “Risk Factors — Risks Relating to Our Business and Industry — Accidents or injuries suffered by our students or our employees on or outside our school campuses or by other personnel on our school campuses may adversely affect our reputation and subject us to liabilities.”

### **Legal Proceedings**

We are currently not a party to, and we are not aware of any threat of, any legal, arbitral or administrative proceedings, which, in our opinion, is likely to have a material and adverse effect on our business, financial condition or results of operations. We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business.

### **Licenses, Regulatory Approvals and Compliance Record**

Our directors confirm that in the years ended December 31, 2018 and 2019 and for the eight months ended August 31, 2020, and as of the date of this Offering Circular, we had complied with all relevant laws and regulations in all material respects and had obtained all material licenses, approvals and permits from relevant regulatory authorities for our operations. In addition, we have implemented robust internal control policies and procedures to ensure the on-going compliance with applicable laws and regulations by our Group, our directors and our senior management.

## OUR MANAGEMENT

The table below sets out the roles of our directors and senior management as of the date of this Offering Circular:

Name	Position
Mr. XU Changjun (徐昌俊)	Chairman, Executive Director
Mr. WANG Huiwu (汪輝武)	Executive Director, Chief Executive Officer, President
Mr. LI Tao (李濤)	Executive Director, Chief Strategy Officer
Mr. WANG Degen (王德根)	Non-executive Director
Mr. LU Zhichao (呂志超)	Non-executive Director
Mr. TANG Jianyuan (唐健源)	Non-executive Director
Mr. ZHANG Jin (張進)	Independent Non-executive Director
Mr. CHEN Yunhua (陳雲華)	Independent Non-executive Director
Dr. GAO Hao (高皓)	Independent Non-executive Director
Mr. JIANG Lin (蔣林)	Chief Operating Officer, Executive Vice President
Ms. LOU Qunwei (婁群偉)	Senior Vice President
Mr. YUAN Junmin (袁俊民)	Chief Financial Officer
Mr. HUANG Zhongcai (黃忠財)	Vice President, Joint Company Secretary
Ms. MA Jialing (馬嘉靈)	Vice President

### Directors

**Mr. XU Changjun** (徐昌俊), aged 64, has been appointed as the chairman of our Company since February 2018 and an executive director of our Company since March 2017. Mr. Xu has been a director of Hope Education since April 2012, the chairman of Hope Education since September 2016, a council member of Southwest Jiaotong University Hope College since June 2016, and a director of WFOE since January 2018. Mr. Xu served as the director of the finance department, the supervision and audit department and the investment department of East Hope Group Co., Limited from March 1997 to June 2010. The main businesses of East Hope Group Co., Limited are agriculture and heavy chemical industry, which involves power, non-ferrous metals, bio-chemicals, coal chemical, chlor-alkali chemical, petrochemical, mining and building materials.

Mr. Xu received his master's education in statistics at Southwestern University of Finance and Economics in June 1989 and was qualified as a certified accountant in June 2000. He was selected as "Outstanding CFO in China" by Xin Li Cai Magazine (《新理財》) in April 2009 and was chosen to be featured on the cover page of CFO World in April 2010.

**Mr. WANG Huiwu** (汪輝武), aged 47, has been appointed as an executive director of our Company since March 2017 and the chief executive officer and president of our Company since February 2018. Mr. Wang has been the chairman of Sichuan Mayflower Professional College (四川五月花專修學院) since December 2004, a director and the president of Hope Education since October 2007, a supervisor of Sichuan Guojian Investment Limited since December 2007, a director of Southwest Jiaotong University Hope College since January 2009, an executive director of Shanghai Shurui since September 2011, a director of Sichuan Tianyi College since September 2011, a director of Ziyang Maysunshine Education Investment Limited since November 2012, the chairman of the council of Sichuan Hope Automotive Vocational College since May 2013, a director of Business

College of Guizhou University of Finance and Economics since September 2014, a director of Jinci College of Shanxi Medical University since December 2014, the chairman of the council of Sichuan Hope Automotive Technical College since January 2017, and a director of WFOE since January 2018. Mr. Wang served as a supervisor of Hope Education from January 2005 to October 2007.

Mr. Wang graduated from Sichuan Normal University (Adult Higher Education) (四川師範大學(成人高等教育)) in June 2009, majoring in business administration, and from Sichuan Normal University with a bachelor's degree in education in June 2013.

**Mr. LI Tao (李濤)**, aged 50, has been appointed as an executive director of our Company since March 2017 and the chief strategy officer of our Company since February 2018. Mr. Li has served as a director of Sichuan Tianyi College since September 2011, a director of Business College of Guizhou University of Finance and Economics since August 2014, a senior vice president of Hope Education since October 2014, and a director of Jinci College of Shanxi Medical University since December 2014. Mr. Li was the general manager of Chengdu Hanwang Technology Co., Ltd. (成都漢王科技有限公司) from July 1999 to December 2010. Chengdu Hanwang Technology Co., Ltd. is principally engaged in development of computer hardware technologies, technology transfer, technology consultation, technology services, investment consultation (excluding securities, finance, futures), sales of computer software, hardware and external equipment, machinery equipment and communication equipment (excluding radio equipment).

Mr. Li has been enrolled in the executive master of business administration distance learning program at China Europe International Business School in Beijing since May 2016.

**Mr. WANG Degen (王德根)**, aged 50, has been appointed as a non-executive director of our Company since March 2017. Mr. Wang has served as the general manager of Neijiang Wanqian Feed Co., Ltd. (內江萬千飼料有限公司) since September 1999, which is principally engaged in process, production and sales of feed, the chairman of Sichuan Tequ Investment since August 2005, a director of Hope Education since October 2007, the chairman of Hope Education since April 2012, the president of West Hope since March 2013, the chairman of Sichuan Dekang Farming and Technology Co., Ltd. (四川德康農牧科技有限公司) since April 2014, which is principally engaged in sales of livestock and research and development of pigs farming, an authorized representative of Hope Education since May 2015, and a council member of Southwest Jiaotong University Hope College since June 2016. Mr. Wang served as the chairman and authorized representative of Southwest Jiaotong University Hope College from July 2012 to June 2016, and an executive director and authorized representative of Sichuan Guojian Investment Limited from April 2012 to May 2017.

Mr. Wang graduated from the MBA program at Guanghua School of Management of Peking University in July 2006, and from the electronic engineering profession (電子設備結構專業) at the University of Electronic Science and Technology of China in July 1994. Mr. Wang was awarded “Outstanding Enterprising Talents in Sichuan Province” (四川省優秀創業人才) by the People's Government of Sichuan Province of the Sichuan Provincial Party Committee (中共四川省委四川省人民政府) in August 2003, the “Top Ten Outstanding CEO” in China's animal husbandry and feed industry (中國畜牧飼料行業“十大傑出CEO”) by the Feed Economy Specialized Committee of China in December 2012. He was elected as the vice president of Sichuan Youth Federation in the 13th session of the committee plenary meeting of Sichuan Youth Federation in December 2014.

**Mr. LU Zhichao** (呂志超), aged 49, has been appointed as a non-executive director of our Company since March 2017. Mr. Lu has served as the managing director of the Renminbi Mezzanine Fund at China Everbright Limited since June 2013. Mr. Lu served in several positions at Bank of Nova Scotia from April 2001 to May 2013, including the chief representative of the Beijing representative office and the strategy development officer of the China region.

Mr. Lu obtained a bachelor's degree in international finance from Renmin University of China (中國人民大學) in June 1992, a degree of master of arts from University of British Columbia in Canada in November 1999, a degree of master in business administration from University of Western Ontario in Canada in April 2001, and was qualified as a lawyer in China by the Ministry of Justice in September 1995.

**Mr. TANG Jianyuan** (唐健源), aged 53, has been appointed as a non-executive director of our Company since March 2017. Mr. Tang has served as standing vice president and vice chairman of Sichuan Tequ Investment since December 2010 and a director of Hope Education since September 2016. Mr. Tang served as the general manager at AnShun Tequ Feed Limited (安順特驅飼料有限公司) from April 2003 to December 2010. AnShun Tequ Feed Limited is principally engaged in process and sales of pigs and livestock feed.

Mr. Tang graduated from the executive master of business administration program at the School of Business of Renmin University of China (中國人民大學) in October 2006. In December 2016, he was elected vice president of Feed Industry Association of Sichuan Province (四川省飼料工業協會) and was awarded the National Science and Technology Progress Second Prize issued by the State Council in January 2018.

**Mr. ZHANG Jin** (張進), aged 61, has been appointed as an independent non-executive director of our Company since July 2018. Mr. Zhang has served as a senior accountant review expert of Sichuan Province since February 2003, a review expert in government procurement bidding of the Ministry of Finance since January 2013, the chief accountant of West China Second University Hospital of Sichuan University since March 2015, the vice chairman of the Health Accounting Branch of China Health Economics Association since December 2015, the vice president of the Sichuan Health Economics Association since June 2016, a professor of Hospital Management Master of Business Administration of Sichuan University (四川大學) since June 2016, an internal control consultant of Sichuan Province since June 2017, and a training expert in hospital management consulting in China. Mr. Zhang served as the finance minister of West China University Hospital of Sichuan University (四川大學華西醫院) from June 1998 to April 2011.

Mr. Zhang obtained a master's degree in economics from Southwestern University of Finance and Economics (西南財經大學) in June 1990 and a MBA in hospital management from California American University in May 2006. Mr. Zhang was qualified as a senior accountant in July 2000.

**Mr. CHEN Yunhua** (陳雲華), aged 68, has been appointed as an independent non-executive director of our Company since July 2018. Mr. Chen has been hired by the Ministry of Public Security as the head of Public Security Policeman Training Center (公安幹警培訓基地) since March 2017. Mr. Chen was awarded Class I Police Rank from February 2010 to August 2014. He served as the vice president of the Sichuan Police Academy (四川省警察學會) from March 2002 to August 2014, the

principal of Sichuan Police Academy (四川警察學院) from June 2009 to August 2014, the deputy secretary to the Party committee from June 2009 to August 2014 and a committee member of 11th Chinese People's Political Consultative Conference of Sichuan Province (四川省十一屆政協) from October 2010 to November 2015.

Mr. Chen obtained an undergraduate degree in December 1993 and a master's degree in law from Sichuan Union University (四川聯合大學) in October 1998.

**Dr. GAO Hao** (高皓), aged 37, has been appointed as our independent non-executive director since July 2018. Dr. Gao has been the director of the Global Family Business Research Center (全球家族企業研究中心) at the Tsinghua University Institute of Financial Research (清華大學國家金融研究院) since September 2015. Dr. Gao has served as an independent non-executive director of Modern Media Holdings Limited (HKSE stock code: 72) since August 2016, and an independent director of Xinyuan Real Estate Co., Ltd. (NYSE stock code: XIN) since May 2018. He has been the independent non-executive director of Hope Education Group Co., Ltd. (HKSE stock code: 1765) since July 2018. He has also been a research fellow and a council member of the China Enterprise Reform and Development Society (中國企業改革與發展研究會) since September 2017 and December 2018, respectively, and a council member of Think Tank Council of All-China Federation of Industry and Commerce (全國工商聯智庫委員會) since February 2019. Dr. Gao has been appointed as an expert of Expert Network of World Economic Forum and a member of Global Future Councils since March 2019 and August 2019, respectively. Dr. Gao has been a member of Family Firm Institute since July 2020. Since October 2020, Dr. Gao has been a member of the China Board of STEP (國際信託與資產規劃學會) and the chairman of its sub-committee on public policy. He has been the editor-in-chief of the Family Business Governance Series (家族企業治理叢書) and Family Wealth Succession Series (家族財富傳承叢書) by People's Publishing House/The Oriental Press (人民出版社/東方出版社) since December 2010, and an co-editor of Wealth Management Journal since January 2019.

Dr. Gao was an executive director of the China Financial Case Center (中國金融案例中心) and a director of the Strategic Cooperation and Development Office (戰略合作與發展辦公室) of Tsinghua University PBC School of Finance (清華大學五道口金融學院) from June 2013 to December 2014 and from December 2014 to February 2020, respectively. Dr. Gao's research and teaching centers on corporate governance, corporate finance, family business and wealth management. He has authored more than 150 articles in domestic and international academic journals and finance magazines and has authored, edited or translated 15 books, and the cases co-authored were included as the first private bank case from Asia and the first family office case from China by Harvard Business School.

Dr. Gao obtained a bachelor's degree in engineering from Tsinghua University in July 2005. He received a bachelor's degree in economics from Peking University in July 2007 and a doctorate degree in management science from Tsinghua University in June 2012. He received the postdoctoral certificate on applied economics (finance) from Tsinghua University in April 2017, and the postdoctoral certificate on theoretical economics from Tsinghua University in November 2019. Dr. Gao was awarded certificates on "Corporate Board," "Audit Committee" and "Remuneration Committee" from Harvard Business School in July 2015, and certificates on "merger and acquisition" and "manpower, culture and performance" from Stanford Graduate School of Business in August 2017. Dr. Gao also received the certificate on "corporate level strategy" from Harvard Business

School in March 2018, the certificate on “venture capital” from Wharton School in May 2018, and the certificate on “High Performance Board” at the IMD Business School in October 2018. In August 2020, Dr. Gao also received the qualification certificate of independent director of listed company from Shenzhen Stock Exchange.

### **Senior Management**

**Mr. JIANG Lin** (蔣林), aged 54, has been appointed as our chief operating officer and executive vice president since February 2018. Mr. Jiang has served as a standing vice president of Hope Education since February 2016. Mr. Jiang served as a committee member of the Standing Committee and deputy mayor of Sichuan Ziyang Municipal from July 2007 to September 2012 and a committee member of the Standing Committee of Sichuan Ziyang Municipal Committee from September 2012 to January 2016. He has rich experience in the education, health, business, investment advancement and modern service industries as well as in administrative management and education management.

Mr. Jiang received his junior college diploma in party and government administration from Hunan Radio and Television University (湖南省廣播電視大學) in July 1987. He received his bachelor’s degree in economics and management from the Party School of the Central Committee of the Communist Party of China (中共中央黨校) in December 2004. He studied business management at Graduate School of Chinese Academy of Social Science (中國社會科學院) from April 1994 to April 1996 and received his senior economist qualification from the personnel department of the Ministry of Posts and Telecommunications of the People Republic of China in September 1998.

**Ms. LOU Qunwei** (婁群偉), aged 52, has been appointed as the senior vice president of our Company since February 2018. Ms. Lou has served as a supervisor of Shanghai Shurui since September 2011, a director of Sichuan Tianyi College since September 2011, a director of Sichuan Hope Automotive Vocational College since May 2013, the chairman of the council and legal representative of Sichuan Vocational College of Culture & Communication since July 2014, the senior vice president of Hope Education since October 2014, a council member of Sichuan Hope Automotive Technical College since January 2017, and a director of Sichuan Guojian Investment Limited since May 2017. Ms. Lou served as assistant to the principal of Chengdu Jinjiang Cuisine School (now known as Chengdu New East Cuisine School) from November 2001 to August 2004, the head of office and external liaison officer of Chengdu Mayflower Computer Science Professional College from September 2004 to September 2007, the head of human resources department, a manager of the administration department, an officer of the external liaison department and an assistant to the president of Hope Education from January 2005 to October 2014, and a director of Sichuan Yonghe Education Investment Limited from April 2014 to April 2017.

Ms. Lou received her junior college diploma in economics and management from Xichang College (西昌學院) in July 1991 and a bachelor’s degree in administrative management from China Central Radio and Television University (中央廣播電視大學) (now known as The Open University of China (國家開放大學)) in July 2010.

**Mr. YUAN Junmin** (袁俊民), aged 40, has been appointed as the chief financial officer of our Company since December 2020. Prior to joining us, Mr. Yuan had worked at several subsidiaries of West Hope from July 2001 to November 2020 and was primarily responsible for financial management.

Mr. Yuan obtained his bachelor's degree with a major in accounting from Dongbei University of Finance and Economics (東北財經大學).

**Mr. HUANG Zhongcai** (黃忠財), aged 35, has been appointed as the vice president and joint company secretary of our Company since November 2018 and March 2018, respectively. Mr. Huang has been the vice president of Hope Education since July 2014. He worked at E'mei Shan E'mei Chun Spirits Co., Ltd. (峨眉山峨眉春酒業有限公司) as general manager from 2011 to 2012. From December 2012 to July 2014, Mr. Huang served as the head of finance department at Chengdu Mayflower Computer Science Professional College.

In June 2007, Mr. Huang graduated from Sichuan Agriculture University (四川農業大學) with a bachelor's degree in finance management.

**Ms. MA Jialing** (馬嘉靈), aged 36, has been appointed as the vice president of our Company since November 2018. Ms. Ma has served as the director of security management department and a member of presidents' meeting (總裁辦公會) of Hope Education since October 2014 and formulated a logistics support system, a charge management and student status management system under group management. In 2016 and 2017, she was awarded as an outstanding employee of Hope Education Group for two consecutive years. She has also served as the general manager of Chengdu Muma Car Rental Co., Ltd (成都木馬汽車租賃有限公司) since October 2014. Ms. Ma was the consulting teacher, principal assistant, head of financial department and assistant to the president of Chengdu Mayflower Computer Science Professional College (成都五月花計算機專業學校) from August 2006 to September 2014.

Ms. Ma obtained her bachelor's degree in music education from Mianyang Teachers' College in Sichuan in June 2006.

## OUR PRINCIPAL SHAREHOLDERS

The following table sets forth certain information as of the date of this Offering Circular, with respect to the Shares directly or indirectly owned by each of our principal Shareholders holding more than 5% of our outstanding Shares:

Name	Number of Shares <sup>(1)</sup>	Approximate Percentage of Shareholding in the Company as of the date of this Offering Circular <sup>(3)</sup>	Capacity/Nature of Interest
Hope Education Investment Limited <sup>(1)</sup> . . . . .	4,140,948,240	56.79%	Beneficial interest
Maysunshine Limited <sup>(1)</sup> . . . . .	4,140,948,240	56.79%	Interest in controlled corporation
Wang Huiwu (汪輝武) <sup>(1)</sup> . . . . .	4,140,948,240	56.79%	Interest in controlled corporation
Tequ Group A Limited <sup>(1)</sup> . . . . .	4,140,948,240	56.79%	Interest in controlled corporation
Tequ Group (Hong Kong) Company Limited <sup>(1)</sup> . . . . .	4,183,190,943	57.37%	Beneficial interest and interest in controlled corporation
Shanghai Yi Zeng Management Co., Ltd. (上海乙增管理有限公司) <sup>(1)</sup> . . . . .	4,183,190,943	57.37%	Interest in controlled corporation
Sichuan Tequ Investment <sup>(1)</sup> . . . . .	4,183,190,943	57.37%	Interest in controlled corporation
West Hope <sup>(1)</sup> . . . . .	4,183,190,943	57.37%	Interest in controlled corporation
Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) <sup>(1)</sup> . . . . .	4,183,190,943	57.37%	Interest in controlled corporation
Chen Yuxin (陳育新) <sup>(1)</sup> . . . . .	4,183,190,943	57.37%	Interest in controlled corporation
Zhao Guiqin (趙桂琴) <sup>(1)</sup> . . . . .	4,183,190,943	57.37%	Interest in controlled corporation
Zhang Qiang (張強) <sup>(1)</sup> . . . . .	4,183,190,943	57.37%	Interest in controlled corporation
Wang Degen (王德根) <sup>(1)</sup> . . . . .	4,183,190,943	57.37%	Interest in controlled corporation
China Everbright Limited <sup>(2)</sup> . . . . .	578,315,338	7.93%	Interest in controlled corporation
Honorich Holdings Limited <sup>(2)</sup> . . . . .	578,315,338	7.93%	Interest in controlled corporation
Datten Investments Limited <sup>(2)</sup> . . . . .	578,315,338	7.93%	Interest in controlled corporation
Everbright Investment & Management Limited (光大投資管理有限公司) <sup>(2)</sup> . . . . .	578,315,338	7.93%	Interest in controlled corporation
China Everbright Holdings Company Limited (“CE Hong Kong”) <sup>(2)</sup> . . . . .	578,315,338	7.93%	Interest in controlled corporation
China Everbright Group Ltd. (“China Everbright Group”) <sup>(2)</sup> . . . . .	578,315,338	7.93%	Interest in controlled corporation
Central Huijin Investment Limited (“Central Huijin”) <sup>(2)</sup> . . . . .	578,315,338	7.93%	Interest in controlled corporation

Notes:

- (1) Hope Education Investment Limited, a BVI company, holds 4,140,948,240 Shares in our Company and is owned as to 49.00% by Maysunshine Limited, 34.385% by Tequ Group A Limited and 16.615% by Tequ Group Limited.

Maysunshine Limited is owned as to 96.00% by Wang Huiwu (汪輝武) 2.00% by Fu Wenge (付文革) and 2.00% by Wang Degen (王德根). Wang Huiwu (汪輝武) holds 100% interest in Maysunshine Trust Limited (Credit Suisse Trust Limited as trustee), Maysunshine Trust Limited holds 100% interest in Maysunshine Holdings Limited, Maysunshine Holdings Limited hold 96% interest in Maysunshine Limited, Maysunshine Limited hold 49% interest in Hope Education Investment Limited, Hope Education Investment Limited holds 57.28% interest in the Company. Accordingly, Wang Huiwu (汪輝武) is deemed as holding interest in the Company through Hope Education Investment Limited.

Tequ Group A Limited is a wholly-owned subsidiary of Tequ Group (Hong Kong) Company Limited. Tequ Group (Hong Kong) Company Limited is wholly owned by Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司). Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司) is wholly owned by Sichuan Tequ Investment, which is in turn owned as to 55% by West Hope and 45% by Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司). West Hope is owned as to 60% by Chen Yuxin (陳育新) and 40% by Zhao Guiqin (趙桂琴). Chen Yuxin (陳育新) and Zhao Guiqin (趙桂琴) are spouses. Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司) is owed as to 52.20% by Zhang Qiang (張強). Zhang Qiang (張強) and Wang Degen (王德根) are spouses.

Thus, Maysunshine Limited, Wang Huiwu (汪輝武), Tequ Group A Limited, Tequ Group (Hong Kong) Company Limited, Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司), Sichuan Tequ Investment, West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Chen Yuxin (陳育新), Zhao Guiqin (趙桂琴), Zhang Qiang (張強) and Wang Degen (王德根) are deemed to be interested in the 4,140,948,240 Shares of our Company owned by Hope Education Investment Limited.

In addition, Tequ Group (Hong Kong) Company Limited directly holds 42,242,253 Shares in our Company. Therefore, Shanghai Yi Zeng Enterprise Management Co., Ltd. (上海乙增企業管理有限公司), Sichuan Tequ Investment, West Hope, Sichuan Puhua Agricultural Technology Development Limited (四川普華農業科技發展有限公司), Chen Yuxin (陳育新), Zhao Guiqin (趙桂琴), Zhang Qiang (張強) and Wang Degen (王德根) are also deemed to be interested in the 42,242,253 Shares of our Company owned by Tequ Group (Hong Kong) Company Limited.

- (2) China Everbright Limited was owned as to approximately 49.39% by Honorich Holdings Limited and 0.35% by Everbright Investment & Management Limited (光大投資管理有限公司), respectively. Honorich Holdings Limited was wholly owned by Datten Investments Limited, and each of Everbright Investment & Management Limited (光大投資管理有限公司) and Datten Investments Limited was in turn wholly owned by CE Hong Kong, which was in turn wholly owned by China Everbright Group. China Everbright Group was owned as to approximately 63.16% by Central Huijin.

Accordingly, each of China Everbright Limited, Honorich Holdings Limited, Datten Investments Limited, Everbright Investment & Management Limited (光大投資管理有限公司), CE Hong Kong, China Everbright Group and Central Huijin is deemed to be interested in the Shares or security interest in Shares held by each of related controlled corporation under the SFO.

- (3) Based on the number of issued Shares as of the date of this Offering Circular, being 7,291,909,775 Shares.

## TERMS AND CONDITIONS OF THE BONDS

*The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of US\$350,000,000 in aggregate principal amount of Zero Coupon Convertible Bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of Tequ Mayflower Limited (the “**Issuer**”) was authorised by resolutions of the board of directors of the Issuer passed on or around February 20, 2021. The Bonds will be guaranteed by Hope Education Group Co., Ltd. (the “**Guarantor**”). The guarantee of the Bonds by the Guarantor and the right of conversion into Shares (as defined in Condition 6(A)(v)) were authorised by the board of directors of the Guarantor on February 20, 2021.

The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) to be dated on or about March 2, 2021 (the “**Issue Date**”) made between the Issuer and The Bank of New York Mellon, London Branch as trustee for the holders of the Bonds (the “**Trustee**”, which term shall, where the context so permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Deed) and are subject to a paying, conversion and transfer agency agreement to be dated on or about the Issue Date (as amended and/or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch, as principal paying agent and principal conversion agent (the “**Principal Agent**”), The Bank of New York Mellon SA/NV, Luxembourg Branch, as registrar (the “**Registrar**”) and as transfer agent (the “**Transfer Agent**”) and the other paying agents, conversion agents and transfer agents appointed under it (each a “**Paying Agent**”, a “**Conversion Agent**” or a “**Transfer Agent**”, respectively, and together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. The term “**Paying Agents**” includes the Principal Agent and the term “**Conversion Agents**” includes the Principal Agent. References to the “**Principal Agent**”, the “**Registrar**”, the “**Transfer Agent**” and “**Agents**” below are references to the principal agent, the registrar, the transfer agent and agents for the time being for the Bonds. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed.

Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours (being between 9:00 a.m. and 3:00 p.m. from Monday to Friday other than a public holiday) at the principal office for the time being of the Trustee (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) and at the specified office for the time being of the Principal Agent, in each case, following prior written request and satisfactory proof of holding. The Bondholders (as defined in Condition 2(B)) are entitled to the benefit of the Trust Deed, and are bound by, and deemed to have notice of all the provisions of the Trust Deed and those provisions of the Agency Agreement applicable to them.

## 1. Status and Guarantee

### (A) Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(A)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(A), at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.

### (B) Guarantee

The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums payable by the Issuer under the Trust Deed and the Bonds and the performance of all its other obligations under the Trust Deed and the Bonds (the “**Guarantee**”). The obligations of the Guarantor under the Guarantee constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall, save for any obligation preferred by any applicable law, at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.

## 2. Form, Denomination and Title

### (A) Form and Denomination

The Bonds are issued in registered form in the denomination of US\$200,000 each and integral multiples of US\$1,000 (each, an “**Authorised Denomination**”) in excess thereof. A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). The Conditions are modified by certain provisions contained in the Global Certificate.*

*Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

### (B) Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered.

### **3. Transfers of Bonds; Issue of Certificates**

#### **(A) Register**

The Issuer will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

#### **(B) Transfer**

Subject to Conditions 3(E) and 3(F) and the terms of the Agency Agreement, a Bond may be transferred or exchanged by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of either the Registrar or any of the Transfer Agents and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. No transfer of a Bond will be valid unless and until entered on the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.*

#### **(C) Delivery of New Certificates**

Each new Certificate to be issued upon a transfer, conversion or exchange of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of the original certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's or the Guarantor's expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Agent.

*Except in the limited circumstances described herein (see "The Global Certificate"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.*

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, exchanged, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, exchanged or converted will, within seven business days of delivery of the original Certificate to the Registrar or the relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, exchanged, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of Condition 3 and Condition 6, “**business day**” shall mean a day other than a Saturday, Sunday or public holiday on which banks are generally open for business in the city in which the specified office of the Registrar and Transfer Agent (if a Certificate is deposited with it in connection with a transfer or conversion) or the Conversion Agent with whom a Certificate is deposited in connection with a transfer, redemption or conversion, is located.

***(D) Formalities Free of Charge***

Subject to Conditions 3(E) and 3(F), registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any of the Agents may require) in respect of any tax, duties or other governmental charges which may be imposed in relation to such transfer and (ii) the Issuer or the relevant Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

***(E) Closed Periods***

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to these Conditions; (ii) after a Conversion Notice (as defined in Condition 6(B)) has been delivered with respect to a Bond; (iii) after a Relevant Event Redemption Notice (as defined in Condition 8(E)) has been deposited in respect of such Bond pursuant to Condition 8(E) or after a put notice has been deposited in respect of such Bond pursuant to Condition 8(D); or (iv) during the period of seven days ending on (and including) any date of redemption pursuant to Conditions 8(B) and 8(C). Each such period is a “**Closed Period**”.

***(F) Regulations***

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. Such regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, and/or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Bondholder who requests for one in writing and provides proof of holding satisfactory to the Registrar.

**4. Covenants**

***(A) Negative Pledge***

So long as any Bond remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor will not, and will ensure that none of its Subsidiaries will, create, permit to subsist or arise or have outstanding, any Encumbrance, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Bonds the same Encumbrance as is created or

subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

***(B) Notification to NDRC***

The Guarantor undertakes that it will, within the prescribed time period prescribed by the NDRC (as defined below) or under the relevant laws and regulations, file or cause to be filed with the National Development and Reform Commission of the PRC or its local counterparts (the “**NDRC**”) the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044 號)) issued by the NDRC and effective as of 14 September 2015 (the “**NDRC Post-issue Filing**”) and comply with all applicable PRC laws, rules and regulations in connection with the Bonds (including, but not limited to, any rules and regulations issued by the NDRC from time to time).

***(C) Notification of Completion of NDRC Post-issue Filing***

The Issuer shall (and the Guarantor shall procure that the Issuer will) within ten Registration Business Days after submission of the NDRC Post-issue Filing, provide the Trustee with (i) a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory of the Issuer confirming (A) the completion of the NDRC Post-issue Filing and (B) no Relevant Event, Event of Default or Potential Event of Default has occurred; (ii) copies of the relevant documents evidencing the NDRC Post-issue Filing (if any), each certified in English by an Authorised Signatory of the Issuer as a true and complete copy of the original; and (iii) an English translation of each confirmation, certificate or other document as is referred to in (ii) above of this Condition 4(C) translated by a professional translation service provider (and the Trustee may rely conclusively without liability to any Bondholder or any other person on any such translation) (the items specified in (i), (ii) and (iii) together, the “**Registration Documents**”). In addition, the Issuer shall, within ten Registration Business Days after the submission of the NDRC Post-issue Filing, provide to the Principal Agent for dissemination to the Bondholders (in accordance with Condition 17) confirming the completion of the NDRC Post-issue Filing. The Trustee shall have no obligation or duty to monitor or ensure (or otherwise assist with) the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing and shall not be liable to Bondholders or any other person for not doing so.

***(D) Issuer's Activities***

The Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the Bonds, Relevant Indebtedness and issuance of bonds for the purposes of refinancing the Bonds (such activities in connection with the Bonds shall, for the avoidance of doubt, include (i) the offering, sale or issuance of the Bonds (including further securities issued in accordance with Condition 15), (ii) the offering, sale or issuance of Relevant Indebtedness, and (iii) the on-lending of the proceeds of the issue of the Bonds and such Relevant Indebtedness to the Guarantor or its Subsidiaries).

**(E) Definitions**

In these Conditions:

“**Encumbrance**” means a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other arrangement with similar economic effect;

“**PRC**” means the People’s Republic of China and, for the purposes of these Conditions, except where the context requires, does not include Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“**Registration Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing, the PRC;

“**Relevant Indebtedness**” means any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over the counter or on any other securities market outside of the PRC (whether or not initially distributed by way of private placement); and

Any reference to a “**subsidiary**” or “**Subsidiary**” of any person is to any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the Cayman Islands or Hong Kong laws, regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person as a subsidiary.

**5. Interest**

The Bonds do not bear interest save as provided in Condition 7(E).

**6. Conversion**

**(A) Conversion Right**

- (i) *Conversion Period*: Bondholders have the right to convert their Bonds into Shares (as defined in Condition 6(A)(v)) credited as fully paid at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right**”. Subject to and upon compliance with these Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any

time on or after April 12, 2021 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the seventh day prior to the Maturity Date (as defined in Condition 8(A) (both days inclusive) (but, except as provided in Condition 6(A)(iv) and Condition 10, in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(D) or Condition 8(E) then up to the close of business (at the place aforesaid) on the business day prior to the giving of such notice (the “**Conversion Period**”).

A Conversion Right may not be exercised (x) in respect of a Bond where the holder shall have exercised its right, by delivering or depositing the relevant notice, to require the Issuer to redeem or repurchase such Bond pursuant to Condition 8(D) or Condition 8(E) or (y) except as provided in Conditions 6(A)(iv), following the giving of notice by the Trustee pursuant to Condition 10.

- (ii) *Number of Shares*: The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.7531 = U.S.\$1.00 (the “**Fixed Exchange Rate**”) by the Conversion Price in effect on the relevant Conversion Date (both as hereinafter defined). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.
- (iii) *Fractions of Shares*: Fractions of Shares will not be issued on exercise of Conversion Rights and no cash payment or other adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after February 22, 2021 which reduces the number of Shares outstanding, the Issuer (failing which, the Guarantor) will upon conversion of Bonds pay in cash in U.S. dollars a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(i), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds US\$10.00. Any such sum shall be paid not later than five Stock Exchange Business Days (as defined in Condition 6(B)(i)) after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

- (iv) *Conversion Price*: The price at which Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$3.85 per Share, but will be subject to adjustment in the manner provided in Condition 6(C) and Condition 6(D).
- (v) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Issuer or the Guarantor shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10, or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and the Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.
- (vi) *Meaning of “Shares”*: As used in these Conditions, the expression “**Shares**” means initially the ordinary shares of par value US\$0.00001 each of the Guarantor or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Guarantor.

**(B) Conversion Procedure**

- (i) *Conversion Notice*: To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours (being 9:00 a.m. to 3:00 p.m., Monday to Friday (excluding public holidays) on which commercial banks are open for business in the city of the Conversion Agent) at the specified office of any Conversion Agent a notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from the specified office of the Conversion Agent, together with the relevant Certificate and confirmation that any amounts required to be paid by the Bondholder under Condition 6(B)(ii) have been so paid. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If such delivery is made after the end of normal business hours (being 9:00 a.m. to 3:00 p.m.) or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next business day following such business day.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee and the relevant Bondholder.

The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(A)(v) and Condition 10) and will be deemed to be the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any such aforementioned certification or any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. Conversion Rights may only be exercised in respect of an Authorised Denomination. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal. “**Stock Exchange Business Day**” means any day (other than a Saturday, Sunday or public holiday) on which The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) or the Alternative Stock Exchange (as defined in Condition 6(C) below), as the case may be, is open for the business of dealing in securities.

- (ii) *Stamp Duty etc.*: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties (“**Duties**”) arising on conversion (other than any Duties payable in the Cayman Islands and Hong Kong or any other relevant jurisdiction in connection with the creation, issue, offering or sale of the Bonds or the execution or delivery of the Trust Deed and the Agency Agreement and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer and the Guarantor in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange on conversion (the “**Issuer Duties**”)) (the Duties and the Issuer Duties being collectively “**Taxes**”) and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Issuer (failing whom, the Guarantor) will pay all other expenses arising on the issue of Shares on conversion of Bonds and all charges of the Agents and the share transfer agent for the Shares. The Bondholder must declare in the relevant Conversion Notice that any Taxes (other than the Issuer Duties) payable to the relevant tax authorities pursuant to this Condition 6(B)(ii) have been, or (where permitted by law) will be, paid. Neither the Trustee nor any Agent is under any obligation to determine whether a Bondholder or the Issuer or the Guarantor is liable to pay or has paid any Taxes including capital, stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6(B)(ii) or itself to pay any such amounts or any expenses arising on the issue of Shares on conversion of Bonds.

If the Issuer shall fail to pay any Issuer Duties, the relevant holder shall be entitled to tender and pay the same and each of the Issuer and the Guarantor as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

- (iii) *Registration:* As soon as practicable, and in any event not later than seven Stock Exchange Business Days after the Conversion Date, the Guarantor will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and amounts payable by the relevant Bondholder as required by Conditions 6(B)(i) and 6(B)(ii) have been paid, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Guarantor's share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under the applicable rules and procedures of the Central Clearing and Settlement System of Hong Kong (the "CCASS") effective from time to time, take all necessary action to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Guarantor's share registrar in Hong Kong (currently Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) notified to Bondholders in accordance with Condition 17 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion of the Bonds and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

If the Conversion Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C) but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Guarantor shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares as is, together with Shares to be issued on conversion of the Bonds, equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date.

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Guarantor's register of members (the "**Registration Date**"). The Shares issued upon conversion of the Bonds will be fully-paid and will in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to receive any rights the record date for which precedes the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any retroactive adjustment of the Conversion Price referred to in this Condition 6(B)(iii) prior to the time such retroactive adjustment shall have become effective), the Issuer (failing whom the Guarantor) will calculate and pay to the converting Bondholder or his designee an amount in U.S. dollars (the “**Equivalent Amount**”) equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid within such time period by transfer to a U.S. dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

**(C) Adjustments to Conversion Price**

The Conversion Price will be subject to adjustment as follows:

- (1) *Consolidation, Subdivision, Redesignation or Reclassification:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision, redesignation or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (2) *Capitalisation of Profits or Reserves:*

- (i) If and whenever the Guarantor shall issue any Shares credited as fully paid to the holders of Shares (“**Shareholders**”) by way of capitalisation of profits or reserves (including any share premium account) including, Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price on the date of announcement of the terms of such issue of such Shares exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (3) *Capital Distributions:* If and whenever the Guarantor shall pay or make any Capital Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which the Capital Distribution is first publicly announced; and
- B is the Fair Market Value (as defined below) of the portion of the Capital Distribution on the date of such announcement attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of "Fair Market Value") be determined as at the date on which the Capital Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

In making any calculation pursuant to this Condition 6(C)(3), such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event, (c) the modification of any rights to dividends of Shares or (d) any change in the fiscal year of the Guarantor.

- (4) *Rights Issues of Shares or Options over Shares:* If and whenever the Guarantor shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate consideration receivable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (5) *Rights Issues of Other Securities*: If and whenever the Guarantor shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class by way of rights or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be on the Relevant Stock Exchange. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “Fair Market Value”) be determined as at the date on which the terms of such issue or grant are publicly announced, or if later, the first date on which the Fair Market Value of the aggregate rights attributable to the Shares in relation to such issue or grant is capable of being determined as provided herein.

- (6) *Issues at less than Current Market Price*: If and whenever the Guarantor shall issue (otherwise than as mentioned in Condition 6(C)(4) above and except for the issuance of new Shares under a Placing and Subscription Agreement between the Guarantor, Hope Education Investment Limited and Credit Suisse (Hong Kong) Limited dated February 22, 2021) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the date of the first public announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

- A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of the maximum number of Shares to be issued or the exercise of such options, warrants or other rights would purchase at such Current Market Price per Share; and
- C is the aggregate number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Guarantor of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

- (7) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Guarantor or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(C)(4), 6(C)(5) or 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries), any other company, person or entity shall issue any securities (other than the Bonds excluding for this purpose any further bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Guarantor upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price on the date of the first public announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such issue;

- B is the number of Shares which the aggregate consideration receivable by the Guarantor for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (8) *Modification of Rights of Conversion etc.*: If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 95 per cent. of the Current Market Price on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where

- A is the aggregate number of Shares in issue immediately before such modification;
- B is the maximum number of Shares which the aggregate consideration receivable by the Guarantor for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of the right of subscription attached thereto at the modified conversion, exchange or subscription or purchase price or rate but giving credit in such manner as an Independent Investment Bank, considers appropriate (if at all) for any previous adjustment under this Condition 6(C)(8) or Condition 6(C)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (9) *Other Offers to Shareholders:* If and whenever the Guarantor or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with which an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5), Condition 6(C)(6) or Condition 6(C)(7)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the date on which such issue, sale or distribution is publicly announced; and

B is the Fair Market Value of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “Fair Market Value”) be determined as at the date on which the terms of such issue, sale or distribution of securities are first publicly announced or, if later, the first date on which the Fair Market Value of the portion of the aggregate rights attributable to the Shares is capable of being determined as provided herein

- (10) *Other Events:* If the Guarantor determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer or the Guarantor shall, at its own expense, consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result.

For the purposes of these Conditions:

**“Alternative Stock Exchange”** means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

**“Capital Distribution”** means, on a per Share basis, (a) the aggregate distribution of assets in specie by the Guarantor for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid by way of capitalisation of reserves, but excludes any Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect hereof under Condition 6(C)(2)(i) and a Scrip Dividend adjusted for under Condition 6(C)(2)(ii)); and (b) the aggregate cash dividend or distribution on a gross basis (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Guarantor for any financial period whenever paid or made and however described, provided that a purchase, redemption or buy back of Shares by or on behalf of the Guarantor (or a purchase of Shares by or on behalf of a Subsidiary of the Guarantor), where the weighted average price or consideration per Share (before expenses) on any one day in respect of such purchases exceeds the Current Market Price of the Shares as published in the Daily Quotation Sheet of the Hong Kong Stock Exchange or the equivalent quotation sheet of an Alternative Stock Exchange by more than five per cent., as the case may be, either (1) on that date, or (2) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a Trading Day, the immediately preceding Trading Day, in which case such purchase, redemption or buy back shall be deemed to constitute a Capital Distribution in an amount by which the aggregate price paid (before expenses) in respect of such Shares purchased, redeemed or bought back by or on behalf of the Guarantor or, as the case may be, any of the Subsidiaries of the Guarantor, exceeds the product of (i) 105 per cent. of such Current Market Price and (ii) the number of Shares so purchased, redeemed or bought back.

**“Closing Price”** means, in respect of a Share for any Trading Day, the closing price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such Trading Day.

**“Current Market Price”** means, in respect of a Share on a particular date, the arithmetic average of the Closing Price for one Share (being a Share carrying a full entitlement to dividends) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the Closing Price on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share; or

- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the Closing Price on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of that dividend per Share;

and provided further that if the Shares on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the Closing Price on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share.

**“Fair Market Value”** means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, provided that an Independent Investment Bank will not be required to determine the fair market value where (i) the Capital Distribution is paid in cash, in which case the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) any other amounts are paid in cash, in which case the fair market value of such cash amount shall be the amount of cash, and (iii) options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank), in which case the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded. Such amounts, if expressed in a currency other than Hong Kong dollars shall be translated into Hong Kong dollars at the Prevailing Rate on such date. In addition, in the case of proviso (i) and (ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit.

**“Independent Investment Bank”** means an independent investment bank of international repute (acting as an expert) selected by the Issuer or the Guarantor and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to appoint an Independent Investment Bank and shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by it.

**“Prevailing Rate”** means, in respect of any currency on any day, the bid exchange rate between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined.

**“Relevant Cash Dividend”** means the aggregate cash dividend or distribution declared by the Guarantor, including any cash dividend in respect of which there is any Scrip Dividend.

**“Relevant Page”** means the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, on the relevant Reuters HKDFIX page (or its successor page) or such other information service provider that displays the relevant information.

**“Relevant Stock Exchange”** means at any time, in respect of the Shares, the Hong Kong Stock Exchange or the Alternative Stock Exchange.

**“Scrip Dividend”** means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received (and for the avoidance of doubt, to the extent that an adjustment is made under Condition 6(C)(3) in respect of the Relevant Cash Dividend, no adjustment is to be made for the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof for which an adjustment is already made under Condition 6(C)(2)(ii).

**“Trading Day”** means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders, the Trustee and the Conversion Agent in accordance with Condition 17 as soon as practicable after the determination thereof.

The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their par value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in the Cayman Islands.

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Conditions 6(C) or Condition 6(D) should be made, and following consultation between the Issuer, the Guarantor and an Independent Investment Bank, a written opinion of such Independent Investment Bank in respect thereof shall be conclusive and binding on the Issuer, the Guarantor, the Bondholders, the Agents and the Trustee, save in the case of manifest error.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Guarantor or any Subsidiary of the Guarantor pursuant to any Employee Share Scheme (as defined in the Trust Deed) (and which Employee Share Scheme is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or, if applicable, the listing rules of an Alternative Stock Exchange) unless any such issuance or other action would result in the total number of Shares which may be issued upon exercise of such Shares or other securities granted during any 12-month period up to and including the date of such issuance or other action representing, in aggregate, over 1.0 per cent. of the average number of issued and outstanding Shares during such 12-month period (“**Excess Threshold**”), in which case only such portion of the Shares or other securities that exceeds the Excess Threshold shall be taken into account in determining the adjustment of the Conversion Price pursuant to this Condition 6.

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(C)(1) above or where there has been a manifest error in the calculation of the Conversion Price.

Any references herein to the date on which a consideration is “**fixed**” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

References to any issue or offer or grant to Shareholders “**as a class**” or “**by way of rights**” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

Neither the Trustee nor the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or any calculation (or verification thereof) in connection with the Conversion Price and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure to do so. All adjustments to the Conversion Price under Condition 6(C) shall be determined by the Issuer, and neither the Trustee nor the Agents shall be responsible for calculating or verifying such determinations.

***(D) Adjustment Upon Change of Control***

If a Change of Control (as defined in Condition 8(E)) shall occur, the Issuer shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) in accordance with Condition 17 within seven days after it becomes aware of such Change of Control (with a copy to the Trustee and the Principal Agent). Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \frac{\text{OCP}}{1 + (\text{CP} \times c/t)}$$

Where:

“**NCP**” means the new Conversion Price;

“**OCP**” means the Conversion Price in effect on the relevant Conversion Date;

“**CP**” means 37.5 per cent. expressed as a fraction;

“**c**” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

“**t**” means the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced pursuant to this Condition 6(D) below the level permitted by applicable laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a Restricted Transfer Period, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Restricted Transfer Period.

***(E) Undertakings***

Each of the Issuer and the Guarantor has undertaken in the Trust Deed, inter alia, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use its best endeavours (a) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, and if the Guarantor is unable to obtain or maintain such listing, to use its best endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Guarantor may from time to time determine with the approval of the Trustee and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Shares (as a class) by any of such stock exchange;

- (ii) it will pay the expenses of the issue of, and all expenses of obtaining and maintaining the listing for, Shares arising on conversion of the Bonds (save for any Duties payable by the relevant Bondholder specified in Condition 6(B)(ii));
- (iii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made); and
- (iv) it will use its best endeavours to maintain the listing of the Bonds on the Hong Kong Stock Exchange and if the Issuer or the Guarantor is unable to maintain such listing, to use its best endeavours to obtain and maintain a listing for the Bonds on another internationally recognised stock exchange as from time to time selected by the Issuer or the Guarantor and notified to the Trustee in writing and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Bonds by any such stock exchange.

In the Trust Deed, the Guarantor has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (i) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (ii) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer,

provided always that the Guarantor shall not be prohibited from purchasing its Shares to the extent permitted by law.

The Guarantor has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

***(F) Notice of Change in Conversion Price***

The Issuer (failing whom, the Guarantor) shall give notice to the Bondholders in accordance with Condition 17 and in writing to the Trustee and the Principal Agent of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

## **7. Payments**

### ***(A) Method of Payment***

Payment of principal and premium and any other amount due will be made by transfer to the registered account of the Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Paying Agents.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bonds shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

*So long as the Bonds are represented by the Global Certificate, each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

### ***(B) Registered Accounts***

For the purposes of this Condition 7, a Bondholder’s registered account means the U.S. dollar account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the third business day (as defined below) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

### ***(C) Fiscal Laws***

All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

### ***(D) Payment Initiation***

Payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

***(E) Default Interest and Delay In Payment***

If the Issuer or the Guarantor fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the rate of three per cent. per annum from the due date to whichever is the earlier of (A) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder and (B) the day falling seven days after the Trustee or the Principal Agent has notified the Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

***(F) Business Day***

In this Condition 7, “**business day**” means a day other than a Saturday, Sunday or public holiday on which commercial banks are open for business in Hong Kong, New York and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

***(G) Partial Payment***

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

***(H) Rounding***

When making payments to Bondholders, fractions of one cent will be rounded to the nearest cent (half a cent being rounded upwards).

**8. Redemption, Purchase and Cancellation**

***(A) Maturity***

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 105.11 per cent. of its principal amount on March 2, 2026 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) or Condition 8(C) below (but without prejudice to Condition 10).

***(B) Redemption for Taxation Reasons***

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 17 and in writing to the Trustee and the Principal Agent (which notice shall be irrevocable) on the date specified in the Tax Redemption Notice for redemption (the “**Tax Redemption Date**”) at the Early Redemption Amount, if immediately prior to the giving of such notice, the Issuer determines and certifies to the Trustee in the certificate referred to in sub-clause (a) of this Condition 8(2) that (i) the Issuer (or if the Guarantee was called on, the Guarantor) has or will become obliged to pay Additional Tax

Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the PRC, the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after February 22, 2021, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(B), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (a) a certificate signed by two directors who are also Authorised Signatories of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing addressed to the Trustee to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled to accept and rely upon such certificate and opinion as sufficient evidence thereof, in which event the same shall be conclusive and binding on the Bondholders and the Trustee shall be protected and incur no liability to any Bondholder for or in respect of any action taken, omitted or suffered in reliance upon such certificate and opinion.

Upon the expiry of the Tax Redemption Notice, the Issuer (subject to the following paragraph of this Condition 8(B)) will be bound to redeem the Bonds at the Early Redemption Amount.

***(C) Redemption at the Option of the Issuer***

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders and to the Trustee and the Principal Agent in writing (which notice will be irrevocable), the Issuer may redeem all, but not some only, of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at the Early Redemption Amount:

- (i) at any time after March 18, 2024 but prior to the Maturity Date, provided that the Closing Price of the Shares of the Guarantor, translated into U.S. dollars at the Prevailing Rate applicable to the relevant Trading Day, for 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the applicable Early Redemption Amount divided by the Conversion Ratio in effect on such Trading Day; or
- (ii) at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith).

If there shall occur an event giving rise to a change in the Conversion Price during any such 30 consecutive Trading Day period as is mentioned in Condition 8(C)(i) above, appropriate adjustments for the relevant days shall be made, as determined by an Independent Investment Bank, for the purpose of calculating the closing price for such days. “Conversion Ratio” means, as at any date of determination, US\$1,000 principal amount of the Bonds divided by the applicable Conversion Price then in effect (translated into U.S. dollars at the Fixed Exchange Rate).

***(D) Redemption at the option of the Bondholders***

The Issuer will, at the option of the holder of any Bond, redeem all or some only of such holder’s Bonds on March 2, 2024 (the “**Put Option Date**”) at 103.04 per cent. of the principal amount. To exercise such option, the holder must deposit at the specified office of any Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed not more than 60 days and not less than 30 days prior to the Put Option Date. A put notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Bonds the subject of a put notice on the Put Option Date.

***(E) Redemption for Relevant Event***

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right, at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Relevant Event Redemption Date at the Early Redemption Amount. To exercise such right, the holder of the relevant Bond must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a “**Relevant Event Redemption Notice**”), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17. The “**Relevant Event Redemption Date**” shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to Bondholders in accordance with Condition 17 within seven days after it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(E) and shall give brief details of the Relevant Event.

Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur and shall be entitled to assume that no such event has occurred until they have received written notice to the contrary from the Issuer and shall not be liable to the Bondholders or any other person for not doing so. None of the Trustee or the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under this Condition 8(D) and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

A “**Relevant Event**” occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 14 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or
- (ii) when there is a Change of Control; or
- (iii) when less than 25 per cent. of the Guarantor’s total number of issued Shares are held by the public (as interpreted under LR8.24 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited); or
- (iv) when (a) there is any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof (a “**change in law**”) that results in (x) the Guarantor, its Subsidiaries and its consolidated affiliated entities (collectively, the “**Group**”) (as in existence immediately subsequent to such change in law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such change in law) as of the last date of the period described in the Guarantor’s consolidated financial statements for the most recent fiscal year or half year and (y) the Guarantor being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such change in law) in the same manner as reflected in the Guarantor’s consolidated financial statements for the most recent fiscal year or half year and (b) the Guarantor has not furnished to the Trustee, prior to the date that is 6 months after the date of the change in law, an opinion from an independent financial adviser or an independent legal counsel addressed to the Trustee stating either (x) that the Guarantor is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such change in law), taken as a whole, as reflected in the Guarantor’s consolidated financial statements for the most recent fiscal year or half year (including after giving effect to any corporate restructuring or reorganisation plan of the Group) or (y) that such change in law would not materially adversely affect the Issuer’s and the Guarantor’s ability to make principal payments on the Bonds when due or to convert the Bonds in accordance with these Conditions.

For the purposes of this Condition 8(E):

a “**Change of Control**” shall occur when:

- (i) any person or persons acting together acquires Control of the Guarantor if such person or persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the Issue Date;
- (ii) the Controlling Shareholders, together with any Voting Rights controlled directly or indirectly by the Controlling Shareholders, including through any voting consent agreement, cease to directly or indirectly in aggregate hold or own 30 per cent. or more of the issued ordinary share capital of the Guarantor;

- (iii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the assets of the Guarantor to any other person or persons acting together unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Guarantor or successor entity; or
- (iv) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer.

“**Control**” means the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise.

“**Controlling Shareholders**” means Hope Education Investment Limited, Wang Huiwu (汪輝武), Chen Yuxin (陳育新), Zhao Guiqin (趙桂琴) and Zhang Qiang (張強).

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the Guarantor.

***(F) Bondholders’ Tax Option***

If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(B), each Bondholder will have the right to elect that his or her Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction of withholding of the relevant Cayman Islands, PRC or Hong Kong taxation required to be withheld or deducted. To exercise a right pursuant to this Condition 8(F), the relevant Bondholder must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) a duly completed and signed notice of exercise in the form for the time being currently obtainable from the specified office of any Paying Agent (a “**Bondholder’s Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 15 days prior to the Tax Redemption Date at the specified office of any Paying Agent.

***(G) Purchase***

The Issuer, the Guarantor or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

***(H) Cancellation***

All Bonds which are redeemed, converted or purchased by the Issuer, the Guarantor or any of its Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

***(I) Redemption Notices and Multiple Notices***

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 8 will be irrevocable and will specify (i) the Conversion Price as at the date of the relevant notice, (ii) the Conversion Period, (iii) the Closing Price and the Current Market Price of the Shares as at the latest practicable date prior to the publication of the notice, (iv) the applicable redemption amount payable, (v) the date for redemption, (vi) the manner in which redemption will be effected; (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice and (viii) such other information as the Trustee may require.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Bondholders or any other person for not doing so.

***(J) Early Redemption Amount***

For the purposes of these Conditions, “**Early Redemption Amount**” of a Bond, for each US\$1,000 principal amount, is the amount determined to represent for the Bondholder on the relevant date for determination of the Early Redemption Amount (the “**Determination Date**”) a gross yield of 1.00 per cent. per annum calculated on a semi-annual basis.

The applicable Early Redemption Amount for each US\$1,000 principal amount is calculated by the Issuer (and informed in writing to the Trustee and the Principal Agent) in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is an Semi-Annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-Annual Date):

$$\text{Early Redemption Amount} = \text{Previous Redemption Amount} \times (1 + r/2)^{d/p}$$

where:

Previous Redemption Amount = the Early Redemption Amount for each US\$1,000 principal amount on the Semi-Annual Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to September 2, 2021, US\$1,000):

<b>Semi-Annual Date</b>	<b>Early Redemption Amount</b>
	<b>(US\$)</b>
September 2, 2021 . . . . .	1,005.00
March 2, 2022. . . . .	1,010.03
September 2, 2022 . . . . .	1,015.08
March 2, 2023. . . . .	1,020.16
September 2, 2023 . . . . .	1,025.26
March 2, 2024. . . . .	1,030.39
September 2, 2024 . . . . .	1,035.54
March 2, 2025. . . . .	1,040.72
September 2, 2025 . . . . .	1,045.92

r = 1.00 per cent. expressed as a fraction.

d = number of days from and including the immediately preceding Semi-Annual Date (or if the Bonds are to be redeemed on or before September 2, 2021, from and including the Issue Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

p = 180

## 9. Taxation

All payments of principal and premium made by or on behalf of the Issuer or, as the case may be, the Guarantor under or in respect of the Bonds (or, in the case of the Guarantor, the Guarantee), the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, the PRC or Hong Kong or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

Where such withholding or deduction is made by the Issuer (or, as the case may be, the Guarantor) by or within the PRC up to and including the aggregate rate applicable on February 22, 2021 (the “**Applicable Rate**”), the Issuer (or, as the case may be, the Guarantor) will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer (or, as the case may be, the Guarantor) is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate or (ii) by or within the Cayman Islands or Hong Kong, the Issuer (or, as the case may be, the Guarantor) shall pay such additional amounts (the “**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of such amounts as would have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

- (i) *Other connection*: to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Cayman Islands, the PRC, or as the case may be, Hong Kong otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
- (ii) *Presentation more than 30 days after the relevant date*: (in the case of a payment of principal or premium (if any)) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

For the purposes hereof, “**relevant date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

## **10. Events of Default**

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in any such case to being indemnified and/or secured and/or prefunded by the holders to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at the Early Redemption Amount (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if:

- (i) *Non-Payment*: the Issuer or the Guarantor fails to pay any principal, premium or any other amounts due in respect of the Bonds;

- (ii) *Breach of Other Obligations*: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is, incapable of remedy or, if capable of remedy, is not remedied within 14 business days after written notice of such default shall have been given to the Issuer or the Guarantor by the Trustee;
- (iii) *Failure to deliver Shares*: any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following conversion of Bonds;
- (iv) *Insolvency*: the Issuer, the Guarantor or any of their respective Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; an administrator or liquidator of the Issuer, the Guarantor or any of their respective Principal Subsidiaries or the whole or any material part of the assets and turnover of the Issuer, the Guarantor or any of their respective Principal Subsidiaries is appointed (or application for any such appointment is made);
- (v) *Cross-Default*: (a) any other present or future indebtedness (whether actual or contingent) of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(v) have occurred equals or exceeds US\$15,000,000 or its equivalent (as determined on the basis of the prevailing rate) in any other currency on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity;
- (vi) *Enforcement Proceedings*: a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or turnover of the Issuer, the Guarantor or any of their respective Principal Subsidiaries and is not discharged or stayed within 21 days;

- (vii) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution or judicial management or administration of the Issuer, the Guarantor or any of their respective Principal Subsidiaries (except for a members' voluntary solvent winding up of a Subsidiary), or the Issuer, the Guarantor or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or another of their respective Principal Subsidiaries;
- (viii) *Security Enforced*: any Encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of their respective Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (ix) *Nationalisation*: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries;
- (x) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Issuer or the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Trust Deed and the Agency Agreement, (b) to ensure that those obligations are legally binding and enforceable and (c) to make the Bonds, the Trust Deed and the Agency Agreement admissible in evidence in the courts of the Cayman Islands or Hong Kong is not taken, fulfilled or done;
- (xi) *Unenforceability of Guarantee*: the Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor;
- (xii) *Illegality*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed or the Agency Agreement; and
- (xiii) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(iv) to 10(ix) (all inclusive).

Neither the Trustee nor any Agent shall be required to take any steps to ascertain whether an Event of Default has occurred and shall not be responsible or liable to the Bondholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.

For the purposes of this Condition 10:

**“Principal Subsidiary”** means any Subsidiary of the Issuer or the Guarantor:

- (i) whose gross revenues (consolidated in the case of a Subsidiary which has Subsidiaries) as shown by its latest audited statement of profit or loss are at least 5 per cent. of the consolidated gross revenues as shown by the latest published audited consolidated statement of profit or loss and other comprehensive income of Guarantor; or
- (ii) whose profits before taxation and exceptional items (**“pre-tax profit”**) (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited consolidated statement of profit or loss, are at least 5 per cent. of the consolidated pre-tax profit as shown by the latest published audited consolidated statement of profit or loss and other comprehensive income of the Guarantor including, for the avoidance of doubt, the Guarantor and its Subsidiaries’ share or profits of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or
- (iii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries), as shown by its latest audited consolidated statement of financial position, are at least 5 per cent. of the total consolidated assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated statement of financial position of the Guarantor, including the investment of the Guarantor and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and of associated companies and after adjustment for minority interests;

provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition:

- (A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its respective Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (B) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, the determination of whether or not a Subsidiary is a Principal Subsidiary shall be on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Trustee;
- (C) if at any relevant time in relation to any Subsidiary, no accounts are audited, the determination of whether or not a Subsidiary is a Principal Subsidiary shall be on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Trustee; and

(D) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor, or

(iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition.

In addition, any Subsidiary which is not itself a Principal Subsidiary shall nevertheless be treated as a Principal Subsidiary in respect of any of the events referred to in this Condition 10 if its gross revenue, pre-tax profit or total assets (or consolidated gross revenue, consolidated pre-tax profit or total consolidated assets in the case of a Subsidiary which has subsidiaries) when aggregated with the gross revenue, pre-tax profit or total assets of each other Subsidiary which is not itself a Principal Subsidiary (or consolidated gross revenue, consolidated pre-tax profit or total consolidated assets in the case of a Subsidiary which has subsidiaries) with respect to which any of the events referred to in this Condition 10 has occurred during the preceding 12 months, exceeds 5 per cent. of the consolidated gross revenue, consolidated pre-tax profit or total consolidated assets of the Guarantor and its Subsidiaries.

A certificate by two Authorised Signatories of the Guarantor that, in their opinion, a Subsidiary is or is not or was or was not or would or would not have been, pursuant to the paragraph above, treated as, at any particular time, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties concerned. Each such certificate shall be accompanied by a report by an internationally recognised firm of accountants addressed to the directors of the Guarantor and the Trustee as to proper extraction of the figures used by the Guarantor in determining the Principal Subsidiaries of the Guarantor and mathematical accuracy of the calculation. The Trustee shall be entitled to rely on such certificate without any further investigation or liability.

References to the audited statement of profit or loss and statement of financial position of a Subsidiary which has subsidiaries shall be construed as references to the audited consolidated statement of profit or loss and consolidated statement of financial position of such Subsidiary and its subsidiaries, if such are required by law to be produced, or if no such statement of profit or loss or statement of financial position is required by law to be produced, to a pro forma statement of profit or loss or statement of financial position, prepared for the purpose of such certificate. References to “gross revenue”, “pre-tax profit”, “total assets”, consolidated or non-consolidated, shall include references to equivalent items in the relevant accounts as extracted from the financial statements audited by an internationally recognised firm of accountants.

## **11. Prescription**

Claims against the Issuer and/or the Guarantor in respect of amounts due in respect of the Bonds and/or the Guarantee (as applicable) will become prescribed unless made within 10 years (in the case of principal and premium (if any)) and five years (in the case of interest (if any)) from the relevant date (as defined in Condition 8) in respect thereof.

## **12. Enforcement**

The Trustee may, at any time, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

## **13. Meetings of Bondholders, Modification, Waiver and Substitution**

### **(A) Meetings**

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions, the Bonds or the provisions of the Trust Deed. Such a meeting may be convened at any time by the Issuer or the Trustee, and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against any costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the due dates for any payment in respect of the Bonds, (ii) to modify the circumstances in which the Issuer or the Bondholders are entitled to redeem the Bonds pursuant to Condition 8(B), Condition 8(C) and Condition 8(E); (iii) to reduce or cancel the amount of principal, default interest, premium (if any), the Equivalent Amount or the Early Redemption Amount payable in respect of the Bonds or changing the method of calculation of default interest (iv) to change the currency of denomination or payment of the Bonds, (v) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, (vi) to modify or cancel the Guarantee (other than as provided in Condition 13(B)) or (vii) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution or sign a resolution in writing, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at

any adjourned such meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they were present at the meeting at which such resolution was passed. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds for the time being outstanding or by way of electronic consent through Euroclear Bank SA/NV and Clearstream Banking S.A. (in a form satisfactory to the Trustee) by or on behalf of holders of not less than 90 per cent. of the aggregate principal amount of the Bonds for the time being outstanding, shall in each case be as valid and effective as a duly passed Extraordinary Resolution.

***(B) Modification and Waiver***

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in the Trust Deed) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, these Conditions, the Agency Agreement or the Trust Deed which is, in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders or (ii) any other modification to the Bonds, these Conditions, the Agency Agreement or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modification, waiver or authorisation will be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 17.

***(C) Interests of Bondholders***

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

***(D) Certificates/Reports***

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee, the Issuer, the Guarantor and/or any other person in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 13(A) or a modification, waiver or authorisation in accordance with Condition 13(B), the Issuer will procure that the Bondholders be notified in accordance with Condition 17.

#### **14. Replacement of Certificates**

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Transfer Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity and/or security as the Issuer, the Registrar and/or such Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

#### **15. Further Issues**

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the timing for the making of the NDRC Post-issue Filing) and so that such further issue shall be consolidated and form a single series with the Bonds. The Issuer may from time to time create and issue other series of bonds having the benefit of the Trust Deed, provided that such supplemental documents are executed and further opinion are obtained as the Trustee may require, as further set out in the Trust Deed.

#### **16. Currency Indemnity**

##### ***(A) Currency of Account and Payment***

U.S. dollars (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Issuer and the Guarantor under or in connection with the Bonds and the Trust Deed, including damages.

##### ***(B) Extent of Discharge***

An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, the Guarantor or otherwise), by the Trustee or any Bondholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor will only discharge the Issuer or the Guarantor (as applicable) to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

##### ***(C) Indemnity***

If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Bonds or the Trust Deed, the Issuer and the Guarantor will indemnify the recipient against any loss sustained by it as a result. In any event, the Issuer and the Guarantor will indemnify the recipient against the cost of making any such purchase.

**(D) Indemnity Separate**

The indemnity in this Condition 16 constitutes a separate and independent obligation from the other obligations under the Bonds and the Trust Deed, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and/or any Bondholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Bonds and/or the Trust Deed or any other judgment or order.

**17. Notices**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal). Any such notice shall be deemed to have been given on the later of the date(s) of such publication(s) and the seventh day after being so mailed, as the case may be.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by these Conditions.*

**18. Agents**

The names of the initial Agents and their specified offices are set out below. The Issuer and the Guarantor reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents. The Issuer (and the Guarantor shall procure that the Issuer) will at all times maintain (a) a Principal Agent, and (b) a Registrar which will maintain the Register outside Hong Kong and the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders and in any event not less than 14 days' notice will be given.

**19. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related (directly or indirectly) to the Issuer or the Guarantor without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent

in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions or clarifications from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible or liable for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarifications or in the event that no such directions or clarifications are received. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate or any advice or opinion of or from any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, advice or opinion and, in such event, such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders.

## **20. Contracts (Rights of Third Parties) Act 1999**

Without prejudice to the rights of the Bondholders pursuant to Condition 12, no person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except to the extent expressly provided for.

## **21. Governing Law and Submission to Jurisdiction**

### ***(A) Governing Law***

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

### ***(B) Jurisdiction***

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds and/or the Trust Deed (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.

***(C) Agent for Service of Process***

Pursuant to the Trust Deed, each of the Issuer and the Guarantor has irrevocably appointed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds or the Trust Deed. If for any reason the Issuer shall cease to have a process agent in Hong Kong, the Issuer shall promptly notify the Trustee and irrevocably agrees to appoint a substitute process agent in Hong Kong and to notify the Trustee of the acceptance by such substitute process agent of its appointment. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

***(D) Waiver of Immunity***

Each of the Issuer and the Guarantor has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## **THE GLOBAL CERTIFICATE**

*The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions:*

### **Meetings**

The registered holder (as defined in the Conditions) (and any proxy or representative appointed by it) of the Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each U.S.\$1,000 in principal amount of Bonds for which the Global Certificate is issued. The Trustee may allow a person with an interest in Bonds in respect of which the Global Certificate has been issued to attend and speak (but not to vote) at a meeting of Bondholders on appropriate proof of his identity and interest.

### **Cancellation**

Cancellation of any Bond by the Issuer following its redemption, conversion or purchase by the Issuer, the Guarantor or any of the Guarantor's Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders, whereupon the Registrar shall procure the making of an appropriate entry on the schedule to the Global Certificate.

### **Trustee's Powers**

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

### **Conversion**

Subject to the requirements of Euroclear and Clearstream (or any alternative clearing system), the Conversion Rights attaching to the Bonds in respect of which the Global Certificate is issued may be exercised by the presentation thereof to or to the order of the Principal Agent of one or more conversion notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

## **Calculation of Interest**

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer, for value received, promises to pay to the registered holder of the Bonds in respect of which the Global Certificate is issued such amount or amounts as shall become due in respect of such Bonds and otherwise to comply with the Trust Deed and the Terms and Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions.

## **Payment**

Payments of principal, premium and interest (if any) in respect of Bonds represented by this Global Certificate will be made without presentation or if no further payment falls to be made in respect of the Bonds, against presentation and surrender of this Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose.

Such payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except December 25 and January 1.

## **Notices**

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the alternative clearing system, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the alternative clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Terms and Conditions.

## **Bondholder's Redemption**

The Bondholder's redemption option in Condition 8(D) and 8(E) may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise (if required) within the time limits specified in the Terms and Conditions.

## **Redemption at the Option of the Issuer**

The options of the Issuer provided for in Conditions 8(B) and 8(C) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions except that the notice shall not be required to contain the serial numbers of Bonds drawn for redemption in the case of a partial redemption of Bonds and accordingly no drawing of Bonds for redemption shall be required. Partial redemptions will be conducted in accordance with the rules of the relevant clearing system.

### **Bondholder's Tax Option**

The option of Bondholders not to have the Bonds redeemed as provided in Condition 8(F) shall be exercised by the presentation to any Paying Agent, or to the order of such Paying Agent, of a duly completed Bondholder's Exercise Notice within the time limits set out in and containing the information required by Condition 8(F).

### **Registration of Title**

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream (or any other clearing system) as shall have been designated by the Issuer and approved by the Trustee on behalf of which the Bonds evidenced by this Global Certificate may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In such circumstances, the Issuer at its own expense will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

### **Transfers**

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any alternative clearing system) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any alternative clearing system) and their respective direct and indirect participants.

## DESCRIPTION OF SHARES

*The discussion below provides information about our share capital and summaries of related provisions of our Memorandum and Articles of Association and the Cayman Companies Act. These summaries do not purport to be complete and are qualified in their entirety by reference to our full Memorandum and Articles of Association.*

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company on March 13, 2017. As of the date of this Offering Circular, our authorized share capital is US\$100,000, which consists of 10,000,000,000 Shares of US\$0.00001 each. As of the date of this Offering Circular, the issued share capital of our Company consisted of 7,291,909,775 Shares.

### **Voting Rights**

Subject to any special rights, privileges or restrictions as to voting attached to any class of Shares, at any general meeting on a poll every member present in person or by proxy has one vote for each share registered in his name in the register of members of the Company. On a poll, votes may be given either personally or by proxy and a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. In the case of an equality of votes at any general meeting, whether on a poll or on a show of hands, the chairman of the meeting shall not be entitled to a second or casting vote. At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll, save that the chairman of the meeting may in good faith allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

### **Dividends**

Subject to the Companies Act and Articles of Association, the Company in general meeting may declare dividends by passing an ordinary resolution which may not exceed the amount recommended by the directors. The directors may from time to time pay to the members of the Company such interim dividends as appear to the directors to be justified by the profits of the Company. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium. All dividends or other amounts payable on a Share unclaimed for one year after having become payable may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. If a dividend has not been claimed for six years after having become payable, it may be forfeited and will revert to the Company. The directors can offer Shareholders the right to choose to receive Shares, which are credited as fully paid up, instead of some or all of their cash dividend. Whenever the directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the

directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

### **Transfers of Shares**

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the directors may approve which is consistent with the standard form of transfer as prescribed by the Hong Kong Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Hong Kong Stock Exchange may from time to time determine to be payable (or such lesser sum as the directors may from time to time require) is paid to the Company in respect thereof.

If the directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

## **Procedure on Liquidation**

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

## **Source of Shareholders' Rights**

Currently, the primary sources of Shareholders' rights are our Articles, the Cayman Companies Act and, upon listing of the Shares on the Hong Kong Stock Exchange, the Listing Rules, which impose certain standards of conduct, fairness and disclosure on us, our directors and our Controlling Shareholders.

In addition, upon the listing of the Shares and for so long as they are listed on the Hong Kong Stock Exchange, we will be subject to the Securities and Futures Ordinance of Hong Kong and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases.

## **Enforceability of Shareholders' Rights**

There are no provisions in our Articles of Association relating to rights of minority Shareholders in relation to fraud or oppression. However, certain remedies are available to our Shareholders under Cayman Islands law, as summarized below.

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

The holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. Part XV of the Securities and Futures Ordinance establishes certain obligations in relation to disclosure of directors', chief executives' and shareholders' interests in Hong Kong listed companies, the violation of which is the subject of prosecution by the SFC in Hong Kong. The Hong Kong Codes on Takeovers and Share Repurchases do not have the force of law and are only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong as established by the SFC and the securities and futures industry in Hong Kong.

## **Disclosure**

The Hong Kong Stock Exchange imposes a requirement on us to keep the Hong Kong Stock Exchange, our Shareholders and other holders of our listed securities informed as soon as reasonably practicable of any information relating to us, including information on any major new developments which are not public knowledge, which (i) is necessary to enable them and the public to appraise our position, (ii) is necessary to avoid the establishment of a false market in our securities, or (iii) might be reasonably expected to materially affect market activity in and the price of our securities.

There are also requirements under the Listing Rules for us to obtain prior Shareholders' approval and/or to disclose to Shareholders details of certain acquisitions or disposals of assets and connected transactions.

## **TAXATION**

*This section addresses the taxation of holders of the Bonds under the current laws and practices of the Cayman Islands, Hong Kong and China. The following summary of the tax position is not a complete description of all tax considerations that may be relevant to you or to your decision to purchase, own or dispose of the Bonds. It is subject to changes and does not constitute legal or tax advice to any person. It does not deal with all possible tax consequences applicable to all categories of investors and does not consider an investor's particular circumstances. It does not address the tax treatment of investors subject to special rules. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the Bonds.*

### **Cayman Islands Taxation**

Payments of interest and principal on the Bonds and dividends and capital in respect of the Shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the Bonds or Shares, as the case may be, nor will gains derived from the disposal of the Bonds or Shares be subject to Cayman Islands income or corporation tax.

The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Bonds and the Certificates. An instrument of transfer in respect of a Bond or a Certificate is stampable if executed in or brought into the Cayman Islands.

Pursuant to section 6 of the Tax Concessions Act of the Cayman Islands (As Revised), each of the Company and Issuer may obtain an undertaking from the Financial Secretary that:

- no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
  - (i) on or in respect of the shares, debentures or other obligations of the Company; or
  - (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Company has obtained an undertaking for a period of 20 years from March 13, 2017.

### **Hong Kong Taxation**

#### **Withholding tax**

No withholding tax in Hong Kong is payable on payments of principal or interest in respect of the Bonds or in respect of any capital gains arising from the sale of the Bonds.

No tax is payable in Hong Kong by withholding or otherwise in respect of payments of dividends on the Shares.

## **Profit tax**

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), or the Inland Revenue Ordinance, as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal, conversion or redemption of the Bonds where such sale, disposal, conversion or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Bonds will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond, or issue of Shares upon conversion of the Bond.

Hong Kong stamp duty is payable on any purchase and sale of Shares, for as long as the transfer thereof is required to be registered in Hong Kong. The duty is charged on each of the purchaser and the seller at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares bought and sold. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of Shares registered on a Hong Kong share register is effected by a person who is not resident in Hong Kong and any stamp duty payable thereon is not paid, the relevant instrument of transfer (if any) is chargeable with such duty in default and the transferee is liable to pay such duty.

## **PRC Taxation**

### **Taxation on interests**

The EIT Law imposes a tax at the rate of 10% on interests realized by an enterprise holder of the Bonds that is a “non-resident enterprise” which does not have an establishment or place of business in the PRC or, whose relevant income is not effectively connected with its establishment or place of business in the PRC despite the existence of such establishment or place of business in the PRC, to the extent such interests are sourced within the PRC. The Individual Income Tax Law imposes a tax at the rate of 20% on interest paid to a foreign individual who is neither domiciled nor resides in the PRC, to the extent such income is sourced within the PRC. Pursuant to these provisions of the EIT Law and the Individual Income Tax Law, it is unclear whether we are considered as a PRC resident enterprise. If we are considered as a PRC resident enterprise, interests paid to non-resident enterprise holders and non-resident individual holders of the Bonds may be treated as income derived from sources within the PRC and thus subject to PRC withholding tax. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower withholding tax rate, such lower rate may apply to qualified enterprise investors in the Bonds.

### **Taxation on capital gains**

The EIT Law impose a tax at the rate of 10% on capital gains realized by an enterprise holder of Bonds that is a “non-resident enterprise” which does not have an establishment or place of business in the PRC or, where despite the existence of establishment or place of business in the PRC, the relevant gain is not effectively connected with such establishment or place of business in the PRC, to the extent such capital gains are sourced within the PRC. The Individual Income Tax Law imposes a tax at the rate of 20% on capital gains realized by a foreign individual who is neither domiciled nor resident in the PRC, to the extent such capital gains are sourced within the PRC. Pursuant to these provisions of the EIT Law and the Individual Income Tax Law, although the matter is unclear, if we are considered a PRC resident enterprise, capital gains realized by non-resident enterprise holders and non-resident individual holders of the Bonds may be treated as income derived from sources within the PRC and be subject to PRC withholding tax. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified enterprise investors in the Bonds.

### **Stamp duty**

Except for the PRC stamp duty on booking capital account which must be paid by the Company as a result of the issuance of Shares on the conversion of the Bonds, no PRC stamp tax will be chargeable to non-PRC holders of the Bonds and non-PRC shareholders of Shares upon the issue, conversion or transfer (for so long as the register of holders of the Bonds is maintained outside the PRC) of a Bond.

## TRANSFER RESTRICTIONS

*Because of the following restrictions, we encourage you to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Bonds or the Shares.*

This offering is being made pursuant to Regulation S under the U.S. Securities Act. The Bonds and the Shares issuable upon the conversion of the Bonds have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state in the United States or other jurisdiction. The Bonds may only be offered, sold or delivered outside the United States (as defined in Regulation S under the U.S. Securities Act) in offshore transactions in reliance on Regulation S, and in each case in accordance with any other applicable law.

Except in certain limited circumstances, interests in the Bonds may only be held through owning beneficial interests in the Global Certificate. Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their respective direct and indirect participants. See “The Global Certificate.” Each owner of Bonds, by its acceptance of the Bonds, will be deemed to have acknowledged and represented to and agreed with the Issuer, the Guarantor and the Sole Bookrunner as follows (terms used that are defined in Regulation S are used as so defined):

The Bonds and the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States or other jurisdiction and are subject to significant restrictions on transfer.

- (1) Each owner is purchasing Bonds outside the United States in an offshore transaction meeting the requirements of Regulation S.
- (2) Such owner will not offer, sell, pledge or otherwise transfer any Bonds and the Shares, except as permitted by the applicable legend set forth in paragraph (4) below.
- (3) The Issuer, the Guarantor and the Sole Bookrunner and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (4) The Bonds will bear a legend to the following effect, unless the Issuer and the Guarantor determine otherwise in compliance with applicable law, and that it will observe the restrictions contained therein:

**THIS BONDS AND THE GUARANTEE IN RESPECT HEREOF (OR ITS PREDECESSOR) WERE ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE BONDS EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.**

Each purchaser of Bonds that may wish to resell any Bonds pursuant to Regulation S is advised that the Bonds will be applied for listing on the Hong Kong Stock Exchange. The Hong Kong Stock Exchange is a “designated offshore securities market” (within the meaning of Regulation S) and accordingly, a resale transaction could be effected in, on or through the facilities of such exchange in reliance upon the safe harbor provided by Rule 904 of Regulation S, subject to compliance with the conditions of Rule 904.

## PLAN OF DISTRIBUTION

The Issuer and the Guarantor have entered into a subscription agreement with the Sole Manager dated February 22, 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Sole Manager, and the Sole Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds at an issue price of 100.0 per cent. of their principal amount.

To the best of the knowledge, information and belief of the directors of each of the Issuer and the Guarantor, having made all reasonable enquiries, the Sole Manager is a third party independent of the Guarantor and are not a connected person (as defined in the Listing Rules) of the Issuer or the Guarantor.

To the best of the knowledge, information and belief of the directors of each of the Issuer and the Guarantor, none of the initial places (and their ultimate beneficial owners) will be connected persons (as defined in the Listing Rules) of the Issuer or the Guarantor.

Each of the Issuer and the Guarantor has undertaken with the Sole Manager in the Subscription Agreement, and the Guarantor has undertaken with the Sole Manager in the placing and subscription agreement (the “**Placing and Subscription Agreement**”) dated February 22, 2021 among the Guarantor, Hope Education Investment Limited (the “**Seller**”) and the Sole Manager that, as applicable, neither the Issuer, the Guarantor nor any person acting on its or their behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Sole Manager between the date of the Subscription Agreement and the date which is 90 days after the Closing Date (both dates inclusive); except for (i) the issuance of the Subscription Shares (as defined therein) to the Seller under the Placing and Subscription Agreement, (ii) the Bonds and the Shares issued on conversion of the Bonds; and (iii) the grant of options under the Share Option Schemes and Shares issued on exercise of the options granted under the Share Option Schemes (as defined in the Subscription Agreement).

Hope Education Investment Limited has executed a shareholder lock-up undertaking and entered into the Placing and Subscription Agreement. Hope Education Investment Limited has undertaken in the shareholder lock-up undertaking and the Placing and Subscription Agreement respectively, in favour of the Sole Manager that, for a period commencing from the date of the respective undertaking to 90 days after the Closing Date (the “**Restricted Period**”), without the prior written consent of the Sole Manager, it will not (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any of the shares subject to the relevant shareholder lock-up undertaking (the

“**Lock-up Shares**”) or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing. The foregoing sentence shall not apply to (i) the sale of the Sale Shares (as defined therein) under the Placing and Subscription Agreement, (ii) any transfer of the Shares pursuant to the Letter Agreement Authorizing Stock Borrow, and (iii) using any Shares or any interest therein beneficially owned by the Hope Education Investment Limited as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan and the disposal or transfer of any such Shares in connection with an enforcement of such security.

The Subscription Agreement provides that the obligations of the Sole Manager are subject to certain conditions precedent, and entitles the Sole Manager to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer (failing which, the Guarantor) has agreed to indemnify the Sole Manager against certain liabilities in connection with the offer and sale of the Bonds.

Concurrently with this Offering, Hope Education Investment Limited (the “**Lender**”) has agreed to enter into the Letter Agreement Authorizing Stock Borrow with Credit Suisse AG, Hong Kong Branch (the “**Borrower**”) on the date hereof in respect of a securities loan by the Lender to the Borrower in relation to the number of Shares specified therein. The execution and delivery on the date hereof of the Letter Agreement Authorizing Stock Borrow by the Borrower and the Lender and the compliance of the Lender with all provisions of the Letter Agreement Authorizing Stock Borrow, including delivering to the Borrower of the Shares borrowed by the Borrower under the relevant Letter Agreement Authorizing Stock Borrow, is a condition precedent to the closing of the offering under the Subscription Agreement. Each of the Issuer and the Guarantor is not a party to the Letter Agreement Authorizing Stock Borrow and shall have no obligations or liabilities thereunder.

The Sole Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Sole Manager and its affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer or the Guarantor for which they have received, or will receive, fees and expenses.

On or about the date of the Subscription Agreement, the Guarantor has entered into the Placing and Subscription Agreement, pursuant to which Credit Suisse (Hong Kong) Limited shall procure purchasers for the Concurrent Placement. The Concurrent Placement was conducted concurrently with the Offering and closing of the Concurrent Placement is expected to occur on February 25, 2021. The completion of the issuance of the Bonds and the Concurrent Placement are not inter-conditional.

The Sole Manager and its affiliates, or the Issuer's or the Guarantor's affiliates, may purchase Bonds or hold Shares converted from such Bonds for their own account (without a view to distributing such Bonds) and enter into transactions, including (i) credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds and/or the Issuer's or the Guarantor's securities or (ii) equity derivatives and stock loan transactions relating to the Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. Such entities may hold or sell such Bonds or purchase further Bonds or convert such Bonds into Shares for their own account in the secondary market or deal in any of the Issuer's or the Guarantor's other securities, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being "offered" should be read as including any offering of the Bonds (and any subsequent conversion of these Bonds into Shares to the Sole Manager and its affiliates, or the Issuer's or the Guarantor's affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained. None of the Issuer, the Guarantor nor the Sole Manager is under any obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

In the ordinary course of their various business activities, the Sole Manager and its affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve the Issuer's or the Guarantor's securities and instruments, including the Bonds. Typically, the Sole Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's or the Guarantor's securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Sole Manager and its affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or the Issuer's or the Guarantor's other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

Neither the Issuer, the Guarantor nor the Sole Manager makes any representation that any action will be taken in any jurisdiction by the Sole Manager, the Issuer or the Guarantor that would permit a public offering of the Bonds, or possession or distribution of the Offering Circular (in preliminary proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Sole Manager will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes the Offering Circular (in preliminary proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or the Guarantor in any such jurisdiction as a result of any of the foregoing actions. The Issuer and the Guarantor will have no responsibility for, and the Sole Manager will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery.

The Sole Manager is not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in the Offering Circular (in final form) or any amendment or supplement to it.

1. **United States:** The Bonds and, the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Sole Manager has represented and warranted that it has not offered or sold, and agreed that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds, the Shares to be issued upon conversion of the Shares. Terms used in this paragraph have the meaning given to them by Regulation S.

2. **United Kingdom:** The Sole Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

3. **Hong Kong:** The Sole Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “**prospectus**” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

4. **Singapore:** The Sole Manager acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Bonds and/or Shares may not be circulated or distributed, nor may any Bonds and/or Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**Singapore SFA Product Classification:** *In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

5. **Japan:** The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, the Manager represents, warrants and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

6. **PRC:** The Sole Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

7. **Prohibition of Sales to EEA Retail Investors:** The Sole Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or

(b) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

8. **Prohibition of Sales to UK Retail Investors:** The Sole Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

9. **Cayman Islands:** The Sole Manager has represented and agreed that the offer to sell the Bonds is private and not intended for the public in the Cayman Islands and, further that the Sole Manager has not made and will not make any invitation to the public in the Cayman Islands or to residents of the Cayman Islands to subscribe for the Bonds.

## GENERAL INFORMATION

1. **Clearance.** The Bonds have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain information about the Bonds is set forth below:

	<u>ISIN number</u>	<u>Common Code number</u>
Bonds .....	XS2307183694	230718369

2. **Listing of the Bonds.** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds issued to Professional Investors only. It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on or about March 3, 2021.
3. **Listing of the Shares.** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares arising on conversion of the Bonds. It is expected that dealing in, and listing of, such Shares on the Hong Kong Stock Exchange will commence when they are issued.
4. **Authorizations.** We have obtained all necessary consents, approvals and authorizations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorized by the minutes of a meeting of the board of directors of the Guarantor passed on February 20, 2021. The issue of the Bonds was authorized by the resolutions in writing of the sole director of the Issuer passed on February 20, 2021. The Shares to be issued upon conversion of the Bonds are to be issued pursuant to the general mandate granted to the directors at its annual general meeting held on January 29, 2021.
5. **No Material Adverse Change.** There has not occurred any material change (nor any development or event involving a prospective change), in our condition (financial or otherwise), prospects, results of operations, profitability, business, management, Shareholders' equity, properties or general affairs since August 31, 2020, and there has not occurred any such material change in the Issuer and the Guarantor since their incorporation.
6. **Litigation.** Neither the Issuer, the Guarantor nor any of their respective subsidiaries is involved in any litigation or arbitration proceedings which are material in the context of the Bonds nor is the Issuer or the Guarantor aware that any such proceedings are pending or threatened.
7. **Available Documents.** Copies of our Memorandum and Articles of Association, our latest annual report and our consolidated financial statements as of and for the years ended December 31, 2018 and 2019 and the eight months ended August 31, 2020, as well as the Trust Deed and the Agency Agreement, will be available for inspection, at our principal place of business in Hong Kong at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong, and copies of the Trust Deed and the Agency Agreement will be available for inspection at the specified office of the Trustee during normal office hours upon prior written request and satisfactory proof of holding, so long as any of the Bonds is outstanding.

8. **Independent Auditors.** The Company's consolidated financial statements as of and for the years ended December 31, 2018 and 2019 and the eight months ended August 31, 2020 have been audited by Ernst & Young, Certified Public Accountants, Hong Kong as stated in its report incorporated by reference in this Offering Circular.
9. **Reliance by the Trustee.** The Trustee may rely without liability to Bondholders on any report, confirmation or certificate or any advice or opinion of or from any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, advice or opinion and, in such event, such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders.

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