

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

This announcement is for information purposes only and does not constitute an invitation or solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.

This announcement is not for distribution, directly or indirectly, in or into the United States. This announcement and the information contained herein does not constitute or form part of an offer to purchase, subscribe or sell securities in the United States. Securities may not be offered or sold in the United States unless registered pursuant to the Securities Act, or pursuant to an applicable exemption from such registration requirements. The securities referred to herein have not been and will not be registered under the Securities Act and no public offering of securities will be made in the United States. The securities described in this announcement will be sold in accordance with all applicable laws and regulations. No money, securities or other consideration is being solicited by this announcement or the information contained herein and, if sent in response to this announcement or the information contained herein, will not be accepted.



CHINA YUHUA EDUCATION CORPORATION LIMITED

中国宇华教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6169)

(Stock Code: 5532)

**FURTHER INFORMATION IN RELATION TO
(I) PROPOSED REPURCHASE OF
THE EXISTING CONVERTIBLE BONDS
AND
(II) PROPOSED ISSUE OF
HK\$2,088,000,000 CONVERTIBLE BONDS DUE 2024
UNDER GENERAL MANDATE**

Sole Global Coordinator, Sole Bookrunner and Dealer Manager

BofA SECURITIES

Reference is made to the announcement of the Company dated 4 December 2019 in relation to the proposed repurchase of the Existing Convertible Bonds and the proposed issue of the Convertible Bonds. Unless the context otherwise requires, capitalised words and expressions used herein shall have the same meanings as defined in the announcement dated 4 December 2019 (the “**Announcement**”).

FURTHER INFORMATION IN RELATION TO (I) PROPOSED REPURCHASE OF THE EXISTING CONVERTIBLE BONDS AND (II) PROPOSED ISSUE OF CONVERTIBLE BONDS

The Company would like to provide further information in relation to the proposed repurchase of the Existing Convertible Bonds and proposed issue of the Convertible Bonds as set out below.

I. Proposed Repurchase of the Existing Convertible Bonds

On 3 December 2019 (after trading hours), the Company entered into the Dealer Manager Agreement with the Dealer Manager pursuant to which the Dealer Manager was appointed in connection with the Repurchase to, amongst others, assist the Company in collecting indications of interests from holders of the Existing Convertible Bonds who are willing to sell some or all of their Existing Convertible Bonds to the Company.

The Board announces that, based on the Reference Share Price of HK\$5.3237, being the number representing the higher of (i) HK\$5.16, being the closing share price of the Shares on the Stock Exchange on 3 December 2019 or (ii) the arithmetic average of the VWAP of the Shares on the Stock Exchange on each of the five consecutive trading days commencing on (and including) 4 December 2019 (i.e. HK\$5.3237), the Repurchase Price of the Existing Convertible Bonds has been set at 167.19% per HK\$2,000,000 in principal amount of outstanding Existing Convertible Bonds. In addition to the Repurchase Price, the Issuer will pay, in respect of the Existing Bonds accepted for repurchase pursuant to the Repurchase, a cash amount representing accrued and unpaid interest on the Existing Bonds from (and including) 9 July 2019, being the immediately preceding interest payment date prior to the Repurchase in relation to the Existing Bonds to (but excluding) the Settlement Date (“**Accrued Interest**”). Such Accrued Interest is expected to be 1.332% calculated based on the Settlement Date.

As at the date of this announcement, the Company has, through the Dealer Manager, received indications from holders of the Existing Convertible Bonds to sell HK\$928 million in aggregate principal amount of the Existing Convertible Bonds to the Company. This represents all outstanding Existing Convertible Bonds and hence it is expected there will not be any remaining outstanding Existing Convertible Bonds subsequent to the Repurchase.

II. Proposed Issue of Convertible Bonds

On 3 December 2019 (after trading hours), the Company and the Manager entered into the Subscription Agreement whereby the Manager conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Firm Bonds in an aggregate principal amount of HK\$2,024 million. In addition, the Company has granted to the Manager an option to require the Company to issue the Option Bonds up to a further aggregate principal amount of HK\$324 million, exercisable on one occasion, in whole or in part, at any time on or before the 30th day after the Closing Date. As at the date of this announcement, the Manager has exercised its option with respect to HK\$64 million in aggregate principal amount of Option Bonds.

The Board announces that, based on the Reference Share Price of HK\$5.3237, being the number representing the higher of (i) HK\$5.16, being the closing share price of the Shares on the Stock Exchange on 3 December 2019 or (ii) the arithmetic average of the VWAP of the Shares on the Stock Exchange on each of the five consecutive trading days commencing on (and including) 4 December 2019 (i.e. HK\$5.3237), the initial Conversion Price of the Convertible Bonds has been set at HK\$7.1303 per Share.

The Company intends to apply for the listing of the Convertible Bonds on the Hong Kong Stock Exchange, and will also apply to the Hong Kong Stock Exchange for the listing of, and permission, to deal in the Conversion Shares which may fall to be issued by the Company on the conversion of the Convertible Bonds.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

The Conversion Shares will be issued under the General Mandate, subject to the limit of up to 656,951,642 Shares (representing 20% of the issued share capital of the Company on the date on which the General Mandate was granted). Assuming full conversion of the Convertible Bonds (including the Option Bonds) at the initial Conversion Price of HK\$7.1303 per Share, the Convertible Bonds will be convertible into 292,834,803 Shares, representing approximately 8.90% of the issued share capital of the Company as at the date of this announcement and approximately 8.18% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares resulting from the full conversion of the Convertible Bonds.

As such, the issue of the Conversion Shares falls within the limit of the General Mandate and is not subject to the specific approval of the Shareholders. The Conversion Shares have an aggregate nominal value of HK\$2,928.35 and market value of approximately HK\$1,511,027,583, based on the closing price of HK\$5.16 on the Last Trading Day. The net price of each Conversion Share for the Company based on the estimated net proceeds of approximately HK\$2,067 million and 292,834,803 Conversion Shares resulting from the conversion of the Convertible Bonds, is estimated to be approximately HK\$7.06.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates: (1) the existing shareholding structure as at the date of this announcement; and (2) the shareholding structure assuming both the Firm Bonds and Option Bonds are fully converted into Conversion Shares at the initial Conversion Price of HK\$7.1303 each and assuming that all the Existing Convertible Bonds are repurchased pursuant to the Repurchase; on the assumptions that (a) there will be no other change to the share capital of the Company from the date of this announcement until the completion of the conversion of the Convertible Bonds in full, save for the issue of the Conversion Shares as a result of the conversion of the Convertible Bonds in full (as the case may be); and (b) the Bondholders do not and will not hold any Shares other than the Conversion Shares as a result of the conversion of the Convertible Bonds.

| Shareholder | As at the date of this announcement | | Assuming both the Firm Bonds and Option Bonds are fully converted into Conversion Shares at the initial Conversion Price of HK\$7.1303 and assuming that all the Existing Convertible Bonds are repurchased pursuant to the Repurchase | |
|--------------------------------|-------------------------------------|--|--|--|
| | Number of Shares | % of issued share capital of the Company | No. of shares | % of enlarged share capital of the Company |
| GuangYu Investment Bondholders | 2,137,500,000 | 65.00 | 2,137,500,000 | 59.68% |
| Bondholders | 0 | 0.00 | 292,834,803 | 8.18% |
| Other Shareholders | 1,150,996,526 | 35.00 | 1,150,996,526 | 32.14% |
| Total | <u>3,288,496,526</u> | <u>100.00</u> | <u>3,581,331,329</u> | <u>100%</u> |

PROPOSED USE OF PROCEEDS

The estimated net proceeds from the Subscription of the Convertible Bonds, after deduction of commission and expenses, amount to approximately HK\$2,067 million. The net proceeds from the Subscription will be used for the Repurchase, general corporate purposes and potential acquisitions.

Completion of the Dealer Manager Agreement and the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Dealer Manager Agreement and the Subscription Agreement may be terminated in certain circumstances. Please refer to the sections headed “THE DEALER MANAGER AGREEMENT” and “THE SUBSCRIPTION AGREEMENT” in the Announcement for further information. As the Subscription Agreement may or may not complete, and the Convertible Bonds and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

By order of the Board
China YuHua Education Corporation Limited
Li Guangyu
Chairman and Executive Director

Hong Kong, 10 December 2019

As at the date of this announcement, the Board comprises Mr. Li Guangyu, Ms. Li Hua and Ms. Qiu Hongjun as executive Directors; and Mr. Chen Lei, Mr. Xia Zuoquan and Mr. Zhang Zhixue as independent non-executive Directors.