
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker, a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in JH Educational Technology INC. (the “**Company**”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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JH Educational Technology INC.
嘉宏教育科技有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1935)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO
ACQUISITIONS OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A notice convening the EGM of the Company to be held at No. 618 Liuweng Road, Liushi Town, Yueqing, Zhejiang, the PRC on Monday, 15 August 2022 at 10 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 10 a.m. on Saturday, 13 August 2022) before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjournment thereof should you so wish.

29 July 2022

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisitions”	the acquisitions contemplated under the Purchase Agreement and the Supplemental Agreement
“Articles”	the articles of association adopted by the Company on 30 May 2019, and amended from time to time
“Binzhou Properties”	Binzhou Yilingyi Properties Co., Ltd.* (濱州市一零一置業有限公司), a limited liability company established under the laws of the PRC on 6 November 2007
“Board”	the board of directors of the Company
“College of Economics and Business”	Zhengzhou College of Economics and Business* (鄭州經貿學院), formerly known as Zhongyuan University of Technology College of Information and Business* (中原工學院信息商務學院), a wholly privately-owned undergraduate college located in Zhengzhou, Henan Province, the PRC, which is a PRC consolidated affiliated entity of the Company and a subsidiary of JH Holdings Group
“Company”	JH Educational Technology INC. (嘉宏教育科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 23 June 2017
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“deemed connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at No. 618 Liuweng Road, Liushi Town, Yueqing, Zhejiang, the PRC on Monday, 15 August 2022 at 10 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the EGM set out on pages EGM-1 to EGM-3 of this circular or any adjournment thereof
“Group”	the Company, its subsidiaries and the consolidated affiliated entities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board established which comprises all the independent non-executive Directors to advise the Independent Shareholders on the fairness and reasonableness of terms of the Purchase Agreement and to advise the Independent Shareholders on how to vote at the EGM
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholders”	shareholder(s) of the Company who are entitled to vote and not required to abstain from voting on the resolutions at the EGM for approving the Purchase Agreement and the transactions contemplated thereunder
“Independent Valuer”	Castores Magi (Hong Kong) Limited, an independent professional valuer appointed by the Company for the valuation of the Target Properties
“January Purchase Agreements”	the three purchase agreements dated 12 January 2022 entered into between the College of Economics and Business and Binzhou Properties and three supplemental agreements to the respective purchase agreements dated 30 June 2022 entered into among the College of Economics and Business, Binzhou Properties and the WFOE in respect of the acquisition of the January Properties with a total consideration of RMB118.8 million
“January Properties”	the properties acquired by the Group under the January Purchase Agreements
“JH Holdings Group”	JH Holdings Group Company Limited* (嘉宏控股集團有限公司), formerly known as Zhejiang JH Education Group Company Limited* (浙江嘉宏教育集團有限公司), a limited liability company established under the laws of the PRC on 17 June 2003
“Latest Practicable Date”	29 July 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“majority-controlled company”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purposes of this circular only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan

DEFINITIONS

“Purchase Agreement”	the purchase agreement dated 27 May 2022 entered into between the College of Economics and Business and Binzhou Properties in respect of the Acquisitions
“Register of Members”	the register of members of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Purchase Agreement dated 30 June 2022 entered into among the College of Economics and Business, Binzhou Properties and the WFOE in respect of the Acquisitions
“Target Properties”	the properties to be disposed of by Binzhou Properties and acquired by the WFOE under the Purchase Agreement, as supplemented by the Supplemental Agreement
“WFOE”	Wenzhou Jia Yao Educational Technology Co., Ltd.* (温州嘉耀教育科技有限公司), a limited liability company established under the laws of the PRC on 5 December 2019, which is a wholly-owned subsidiary of the Company
“%”	percent

* *For identification purposes only*

LETTER FROM THE BOARD



JH Educational Technology INC.
嘉宏教育科技有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1935)

Executive Directors:

Mr. Chen Yuguo (*Chairman*)
Mr. Chen Yuchun
Mr. Chen Shu
Mr. Chen Nansun
Mr. Chen Lingfeng

Non-executive Director:

Ms. Zhang Xuli

Independent non-executive Directors:

Ms. Bi Hui
Mr. Fung Nam Shan
Mr. Wang Yuqing

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business

in Hong Kong:
Room 2106, 21/F
Emperor Group Centre
288 Hennessy Road
Wanchai
Hong Kong

29 July 2022

To the Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO
ACQUISITIONS OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to (i) the announcements of the Company dated 12 January 2022, 19 January 2022 and 30 June 2022 with respect to the January Purchase Agreements, pursuant to which, Binzhou Properties shall dispose of, and the WFOE shall acquire the January Properties at a total consideration of RMB118.8 million; and (ii) the announcements of the Company dated 27 May 2022 and 30 June 2022 with respect to the Purchase Agreement and the Supplemental Agreement, pursuant to which, Binzhou Properties conditionally agreed to dispose of, and the WFOE conditionally agreed to acquire the Target Properties at a total consideration of RMB75,145,671.

The purpose of this circular is to provide you with, among other things, (i) further details of the Acquisitions; (ii) the valuation report issued by the Independent Valuer on the Target Properties; (iii) a letter of recommendation of the Independent Board Committee; (iv) a letter of advice from the Independent Financial Adviser; and (v) other information as required to be disclosed under the Listing Rules.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

LETTER FROM THE BOARD

2. THE ACQUISITIONS

On 27 May 2022 (after trading hours), Binzhou Properties conditionally agreed to dispose of, and the College of Economics and Business conditionally agreed to acquire the Target Properties at a total consideration of RMB75,145,671. On 30 June 2022 (after trading hours), Binzhou Properties, the College of Economics and Business and the WFOE conditionally agreed that the WFOE shall assume all the rights and obligations of the College of Economics and Business under the Purchase Agreement.

(1) The Purchase Agreement

The major terms of the Purchase Agreement are as follows:

- Date: 27 May 2022 (after trading hours)
- Parties: (i) The College of Economics and Business (as the buyer); and
(ii) Binzhou Properties (as the seller)
- Target properties: Certain property units of Shangrila — Shuian Greentown* (香格里拉 — 水岸綠城) located at west of Bohai Road No. 1 and South of Huanghe Road No. 15 in Binzhou City, Shandong Province, the PRC, with a total gross floor area of approximately 8,932.04 square meters, further details of which are set out in the paragraph headed “(2) Details of the Target Properties” below. The usages of the properties are residential and commercial.
- Consideration and payment: The total consideration for the acquisition of the Target Properties is RMB75,145,671. Subject to completion, the College of Economics and Business shall pay the consideration in one lump sum by wire transfer to Binzhou Properties within 90 days after the execution of the Purchase Agreement.
- Delivery: Subject to completion, Binzhou Properties shall deliver the Target Properties to the College of Economics and Business by 1 October 2022. Binzhou Properties should deliver the properties that are consistent with the specifications under the Purchase Agreement and obtain the approval documents for the delivery and use with respect to such properties pursuant to applicable laws and regulations.
- Condition precedent: Completion of the Acquisitions is subject to the Company’s compliance with all the relevant requirements applicable to the Company under the Listing Rules, including but not limited to the passing of resolution(s) by the Independent Shareholders at the EGM to be convened and held to approve the Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

LETTER FROM THE BOARD

If the above condition precedent has not been fulfilled within 90 days from the date of the Purchase Agreement, subject to any extension as may be agreed by the College of Economics and Business and Binzhou Properties, the College of Economics and Business will be entitled to terminate the Purchase Agreement by a written notice to Binzhou Properties.

(2) The Supplemental Agreement

On 30 June 2022 (after trading hours), the Supplemental Agreement was entered into among Binzhou Properties, the College of Economics and Business and the WFOE, pursuant to which, among other things, the WFOE will assume all the rights and obligations of the College of Economics and Business under the Purchase Agreement, including purchase and hold the ownership of the Target Properties subject to the Independent Shareholders' approval at the forthcoming EGM.

(3) Details of the Target Properties

The Target Properties consisted of (i) Units No. 201 to 218 and Units 301 to 312 of Building 29 (the “**Building 29 Properties**”); (ii) Units No. 1-201, 1-301, 1-401, 1-501, 1-601, 1-202, 1-302, 1-402, 1-502, 1-602, 2-201, 2-301, 2-401, 2-501, 2-601, 2-202, 2-302, 2-402, 2-502 and 2-602 of Building 35 (the “**Building 35 Properties**”); and (iii) Units No. 1-101, 1-201, 1-301, 1-401, 1-501, 1-601, 1-202, 1-302, 1-402, 1-502, 1-602, 2-201, 2-301, 2-401, 2-501, 2-601, 2-102, 2-202, 2-302, 2-402, 2-502, 2-602 of Building 37 (the “**Building 37 Properties**”) of Shangrila — Shuiian Greentown* (香格里拉 — 水岸綠城). The Target Properties are currently vacant. The following table sets forth detailed information of the Target Properties:

	Appraised market value as at 30 April 2022 (RMB thousand)	Original construction costs (RMB thousand)	Book value as at 31 December	
			2020 (RMB thousand)	2021 (RMB thousand)
Building 29 Properties	— ⁽¹⁾	14,316	14,316	14,316
Building 35 Properties	30,336	21,252	21,252	21,252
Building 37 Properties	29,877	20,064	20,064	20,064
Total	60,213	55,633	55,633	55,633

The reconciliation between the carrying amount of the Target Properties held by Binzhou Properties as at 31 December 2021 and the valuation of the Target Properties as at 30 April 2022 is as follows:

	<i>RMB (thousand)</i>
Net book value of the Target Properties as at 31 December 2021	55,633
Adjustment to reflect the market value of the Target Properties	4,580
Market value of the Target Properties as at 30 April 2022	60,213

LETTER FROM THE BOARD

The Target Properties did not generate any income or incur any expenses for the two financial years ended 31 December 2021.

Note:

- (1) As at 30 April 2022 (the valuation benchmark date), Building 29 Properties were not held under an immovable property title certificate (不動產權證) and thus could not be freely transferable. On the assumption that the said certificate would have been obtained, the market value of the property as at the valuation benchmark date was in the amount of RMB15,288,000. As at the Latest Practicable Date, Binzhou Properties has obtained the immovable property title certificate (不動產權證) for Building 29 Properties.

(4) Basis of Determination of Consideration

The consideration of the Acquisitions was determined after arm's length negotiation between the Group and Binzhou Properties with reference to the independent valuation of the Target Properties, the fair market value of comparable properties located around the Target Properties and the prospect and potential of the Target Properties. According to the valuation report prepared by the Independent Valuer, as at 30 April 2022 (the valuation benchmark date), the total appraised market value of the Target Properties was approximately RMB75,501,000, assuming that the immovable property title certificate of building 29 properties would have been obtained as at the valuation benchmark date.

The payment of the consideration for the Acquisitions will be funded by internal resources of the Group. The Company does not intend to use any of the proceeds from the initial public offering of its shares on the Stock Exchange to fund the Acquisitions

3. REASONS FOR THE ACQUISITIONS

Benefit of the Acquisitions

The Group reviews its asset portfolio from time to time with a view to maximize the returns to its Shareholders in the long run. According to the management accounts of the Group as at 30 April 2022, the cash and bank balances of the Group amounted to approximately RMB1.03 billion. After evaluating the location, commercial usage and the investment value of the Target Properties, the Board considers that the Acquisitions will bring capital appreciation potential to the Group, and the Target Properties, if leased, will enable the Group to generate rental income and broaden its income base. Therefore, taking into account the current financial position and business operation of the Group as well as the prospect and appreciation potential of the Target Properties, the Group believes that the Acquisitions would enrich the existing asset portfolio of the Group and potentially enhance the returns to its Shareholders. The Group intends to hold the Target Properties for long-term investment purpose.

The Directors (excluding the independent non-executive Directors whose views are set out in the section headed "Letter from Independent Board Committee" in this circular, after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Acquisitions are on normal commercial terms, fair and reasonable, and the Acquisitions are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

None of the Directors or their respective associate is a party to the Acquisitions, and the Acquisitions does not confer any benefit (whether economic or otherwise) upon any Director or his/her associate. There is no transaction, agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) between any of the Directors and Binzhou Properties and their respective associates with respect to the Acquisitions. Accordingly, none of the Directors has material interest in the Purchase Agreement and the Acquisitions and hence no Director was required to abstain from voting on the relevant resolutions of the Board approving the same. None of the Directors or their respective close associates would have any competing interests upon completion of the Acquisitions, in particular, on property investment.

Financial effects of the Acquisitions

Upon completion of the Acquisitions, the Target Properties will be recognised as non-current assets of the Group at the original book value at the time of acquisition, being the aggregate of the consideration of RMB75,145,671 and the expenses incurred by the Company for the Acquisitions. As the Company will fund the consideration for the Acquisitions in cash, the cash level of the Group will decrease which will in turn reduce the net current assets of the Group, while it is expected that there will not be any material effect on the total assets and net asset value of the Group upon completion of the Acquisitions. It is expected that the Acquisitions will not have any material impact on the earnings of the Group immediately following completion of the Acquisitions.

4. INFORMATION ABOUT THE PARTIES AND THE GROUP

Binzhou Properties

Binzhou Properties is a limited liability company incorporated in the PRC on 6 November 2007, and its principal businesses include real estate development and properties management. As at the Latest Practicable Date, Binzhou Properties is held as to (i) 50% by Yueqing City Zhangguang Properties Development Co., Ltd* (樂清市章光房地產開發有限公司), which is held as to 50% by Mr. Zhao Zhangxing (趙章興); and (ii) 50% by Wenzhou Dexin Electrical Appliances Co., Ltd.* (溫州德信電器有限公司), which is held as to 80% by Mr. Zhao Zhangxing (趙章興). As at the Latest Practicable Date, other than Mr. Zhao Zhangxing (趙章興), there is no shareholder who holds more than 30% of the equity interests in Yueqing City Zhangguang Properties Development Co., Ltd* (樂清市章光房地產開發有限公司).

The College of Economics and Business

The College of Economics and Business, formerly known as Zhongyuan University of Technology College of Information and Business* (中原工學院信息商務學院), is a wholly privately-owned undergraduate college located in Zhengzhou, Henan Province, the PRC. The College of Economics and Business is a PRC consolidated affiliated entity of the Company and a subsidiary of JH Holdings Group. JH Holdings Group is controlled by the Company through a series of contractual arrangements entered into between Wen Zhou Jia Xin Hao Educational Technology Co., Ltd.* (溫州嘉信好教育科技有限責任公司), an indirect wholly-owned subsidiary of the Company and JH Holdings Group.

The WFOE

The WFOE is a limited liability company established under the laws of the PRC on 5 December 2019 and is a wholly-owned subsidiary of the Company. The WFOE is mainly engaged in the provision of technical and management consultancy services.

LETTER FROM THE BOARD

The Group

The Group is mainly engaged in offering formal undergraduate education, junior college education and high school education in the PRC.

5. IMPLICATIONS OF THE LISTING RULES

Discloseable Transactions

As the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) were entered into by the College of Economics and Business and WFOE (where applicable), and Binzhou Properties within a 12 month period, pursuant to Rules 14.22 and 14.23 of the Listing Rules, the transactions contemplated under the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) shall be aggregated. As the highest applicable percentage ratio in respect of the transactions contemplated under the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) calculated under the Listing Rules exceeds 5% but is less than 25%, on an aggregated basis, the transactions contemplated under the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

Connected Transactions

Binzhou Properties is a majority-controlled company of Mr. Zhao Zhangxing (趙章興), who is (i) a cousin of each Mr. Chen Yuguo and Mr. Chen Yuchun; (ii) an uncle of each of Mr. Chen Shu, Mr. Chen Lingfeng and Mr. Chen Nansun; and (iii) a cousin-in-law of Ms. Zhang Xuli. Each of Mr. Chen Yuguo, Mr. Chen Yuchun, Mr. Chen Shu, Mr. Chen Lingfeng, Mr. Chen Nansun and Ms. Zhang Xuli is a Director. Therefore, Binzhou Properties constitutes a deemed connected person of the Company according to Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Purchase Agreement (as supplemented by the Supplemental Agreement) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) were entered into by the College of Economics and Business and the WFOE (where applicable), and Binzhou Properties within a 12 month period, pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the transactions contemplated under the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) shall be aggregated. As the highest applicable percentage ratio in respect of the transactions contemplated under the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement), on an aggregated basis, is more than 5%, the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. SUPPLEMENTAL AGREEMENTS TO THE JANUARY PURCHASE AGREEMENT

Reference is made the announcement of the Company dated 30 June 2022. On 30 June 2022, three supplemental agreements to the respective January Purchase Agreements were entered into among the College of Economics and Business, Binzhou Properties and the WFOE, pursuant to which, the WFOE agreed to assume all the rights and obligations of the College of Economics and Business under each of the January Purchase Agreements, including purchase and hold the ownership of the January Properties. It is currently expected that acquisitions of the January Properties will be completed on or about 18 August 2022.

LETTER FROM THE BOARD

7. CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Saturday, 13 August 2022 to Monday, 15 August 2022 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the EGM scheduled to be held on Monday, 15 August 2022. The record date will be Monday, 15 August 2022. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 12 August 2022.

8. EGM

Set out on pages EGM-1 to EGM-3 of this circular is a notice convening the EGM at which, *inter alia*, ordinary resolutions will be proposed to Shareholders to consider and approve the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder.

Enclosed with this circular is a form of proxy for use at the EGM. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 10 a.m. on Saturday, 13 August 2022) before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjournment thereof should you so wish. In the event that a Shareholder having lodged a form of proxy attends the EGM, his form of proxy will be deemed to have been revoked.

All the resolutions set out in the notice of the EGM would be decided by poll in accordance with the Listing Rules and the Articles. The chairman will explain the detailed procedures for conducting a poll at the commencement of the EGM.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy will have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy who is entitled to more than one vote need not use all his/her/its votes or cast all his/her/its votes in the same way.

Any Shareholder who has a material interest in the Purchase Agreement, the Supplemental Agreement and the transactions contemplated thereunder shall abstain from voting on the resolutions in relation thereto to be proposed at the EGM. To the best of the Directors' knowledge and having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder is a party to the Acquisitions or an associate of the party to the Acquisitions, and the Acquisitions does not confer any benefit (whether economic or otherwise) upon any Shareholder or his/her/its associate that is not available to other Shareholders. There is no transaction, agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) between any Shareholder and Binzhou Properties and their respective associates with respect to the Acquisitions. Accordingly, no Shareholder had any material interest in the Purchase Agreement, the Supplemental Agreement and the transactions contemplated thereunder, and no Shareholder is required to abstain from voting at the EGM on the relevant resolutions approving the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his/her Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

9. SPECIAL ARRANGEMENTS FOR THE EGM

In view of the ongoing COVID-19 epidemic, the Company will implement the following prevention and control measures targeting COVID-19 at the EGM to protect Shareholders from infection:

- (i) Compulsory body temperature check will be conducted, and any person with a body temperature beyond normal range will be denied entry into the venue;
- (ii) Every Shareholder or authorized representative must wear a surgical mask; and
- (iii) The Company will maintain appropriate distance and space in the venue.

In light of the recent developments of the COVID-19 pandemic, Shareholders are strongly recommended to submit the form of proxy for voting instead of attending the EGM in person. The form of proxy has been dispatched to Shareholders and is available to download on the Company's website (www.jheduchina.com) or HKExnews' website (www.hkexnews.hk). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of a proxy. The Board hereby announces that Shareholders who choose not to attend the EGM in person may access the EGM through a live webcast (the "Webcast").

The Webcast link can be accessed by computers, mobile phones or any browser-enabled electronic or communication devices. Shareholders will be able to access the Webcast at the start of the EGM until its conclusion. Shareholders who wishes to access the EGM by Webcast or submit questions in relation to any resolution set out in the Notice of EGM must send a) full name; b) registered address; c) number of Shares held; d) contact telephone numbers; and e) email address together with the questions, if any, to this email address: info@jheduchina.com not later than 72 hours before the appointed time and date of the EGM. Shareholders may be required to produce identification documents to show identity and enable the Company to check against its Shareholders' records. Shareholders having completed registration and identity verification will be provided the web link and/or password to access the Webcast at the start of the EGM until conclusion. Shareholders who are given the web link and/or password of the Webcast should not share such information to anyone else.

No remote voting system will be provided for the EGM. For the avoidance of doubt, Shareholders' presence through live webcast will not be counted as quorum or attendance of the EGM, and will not revoke any form of proxy previously delivered to the Company by the same Shareholder. Shareholders may, however, view and listen to the EGM through the Webcast.

LETTER FROM THE BOARD

The Company is closely monitoring the impact of COVID-19 pandemic. Should any changes be made to the EGM arrangements, the Company will publish further announcement(s) to notify the Shareholders.

After the conclusion of the EGM, the poll results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jheduchina.com).

10. RECOMMENDATION

Your attention is drawn to the recommendation of the Independent Board Committee and the letter of advice from the Independent Financial Adviser, both contained in this circular regarding their respective advice on the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder. The Independent Shareholders are advised to read these letters before deciding how to vote on the resolutions in the EGM.

The Directors consider that the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Independent Shareholders to vote in favor of all the resolutions to be proposed at the EGM.

11. GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

12. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
By order of the Board
JH Educational Technology INC.
Chen Yuguo
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.



JH Educational Technology INC.
嘉宏教育科技有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1935)

29 July 2022

To the Independent Shareholders,

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO
ACQUISITIONS OF PROPERTIES**

We refer to the circular of the Company to the Shareholders dated 29 July 2022 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as the Independent Board Committee to consider the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Purchase Agreement, the Supplemental Agreement and the transactions contemplated thereunder, and to recommend how the Independent Shareholders should vote at the EGM. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholder in this regard.

We wish to draw your attention to the letter from the Board and letter from the Independent Financial Adviser set out on pages 4 to 12 and pages 14 to 34 of the Circular respectively, and the additional information set out in the appendices to the Circular.

Having taken into account the terms of the Purchase Agreement, the Supplemental Agreement and the transactions contemplated thereunder and the principal factors and reasons considered by the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, although the Acquisitions are not conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EGM to approve the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder.

Yours faithfully,

The Independent Board Committee

Ms. Bi Hui

Mr. Fung Nam Shan

Mr. Wang Yuqing

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



29 July 2022

To: The Independent Board Committee and the Independent Shareholders of JH Educational Technology INC.

Dear Sirs and Madams,

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO ACQUISITIONS OF PROPERTIES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder contained in the circular of the Company dated 29 July 2022 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

On 12 January 2022 (after trading hours), the College of Economics and Business and Binzhou Properties entered into the January Purchase Agreements pursuant to which, Binzhou Properties agreed to dispose of, and the College of Economics and Business agreed to acquire the January Properties at a total consideration of RMB118.8 million. On 27 May 2022 (after trading hours), the College of Economics and Business and Binzhou Properties entered into the Purchase Agreement pursuant to which, Binzhou Properties conditionally agreed to dispose of, and the College of Economics and Business conditionally agreed to acquire the Target Properties at a total consideration of RMB75,145,671. On 30 June 2022 (after trading hours), Binzhou Properties, the College of Economics and Business and the WFOE conditionally agreed that the WFOE shall assume all the rights and obligations of the College of Economics and Business under the Purchase Agreement, including purchase and hold the ownership of the Target Properties subject to the Independent Shareholders’ approval at the forthcoming EGM.

As the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) were entered into by the College of Economics and Business and the WFOE (where applicable) and Binzhou Properties within a 12 month period, pursuant to Rules 14.22 and 14.23 of the Listing Rules, the transactions contemplated under the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) shall be aggregated. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) calculated under the Listing Rules, on an aggregated basis, exceeds 5% but is less than 25%, the transactions contemplated under the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Binzhou Properties is a majority-controlled company of Mr. Zhao Zhangxing (趙章興), who is (i) a cousin of each Mr. Chen Yuguo and Mr. Chen Yuchun; (ii) an uncle of each of Mr. Chen Shu, Mr. Chen Lingfeng and Mr. Chen Nansun; and (iii) a cousin-in-law of Ms. Zhang Xuli. Each of Mr. Chen Yuguo, Mr. Chen Yuchun, Mr. Chen Shu, Mr. Chen Lingfeng, Mr. Chen Nansun and Ms. Zhang Xuli is a Director. Therefore, Binzhou Properties constitutes a deemed connected person of the Company according to Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Purchase Agreement (as supplemented by the Supplemental Agreement) constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) were entered into by the College of Economics and Business and the WFOE (where applicable) and Binzhou Properties within a 12 month period, pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the transactions contemplated under the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement) shall be aggregated. As the highest applicable percentage ratio in respect of the transactions contemplated under the January Purchase Agreements and the Purchase Agreement (as supplemented by the Supplemental Agreement), on an aggregated basis, is more than 5%, the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolution(s) to approve, among others, the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the independent non-executive Directors, namely Ms. Bi Hui, Mr. Fung Nam Shan and Mr. Wang Yuqing, has been formed to advise the Independent Shareholders as regards the terms of the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder and to make a recommendation as to whether the terms of the Purchase Agreement (as supplemented by the Supplemental Agreement) are normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and as to voting in respect of the relevant resolution(s) at the EGM. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

During the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from the normal professional fees for our services to the Company in connection with the engagement to act as the Independent Financial Adviser, no other arrangement exists whereby we have received or will receive any fees and/or benefits from the Group. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Group, Binzhou Properties or any of their respective substantial shareholders, directors or chief executives, or their respective associates that could reasonably be regarded as relevant to our independence. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser in connection with the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information provided by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date hereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the EGM and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and/or the Management are true, accurate, complete and not misleading in all material respects at the time they were made and continue to be so as at the Latest Practicable Date. The Company shall inform the Independent Shareholders as soon as possible if there is any material change to such information in accordance with the Listing Rules on or before the date of the EGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have not, however, for the purpose of this exercise, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its respective subsidiaries or associates.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder. Except for its inclusion in the Circular, this letter shall not be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions in respect of the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1 Financial information of the Group

The Group is principally engaged in the provision of higher and secondary education services and the related management services in the PRC. Revenue of the Group primarily comprised of tuition fees, boarding fees and other education service fees from students such as fees received for training services to the students.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out in Table 1 below is certain financial information of the Group for the three financial years ended 31 December 2019, 2020 and 2021 as extracted from each of the annual reports of the Company for the year ended 31 December 2020 (the “**Annual Report 2020**”) and 31 December 2021 (the “**Annual Report 2021**”), respectively.

Table 1: Financial information of the Group

	For the year ended 31 December		
	2021	2020	2019
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	684,596	561,314	485,117
Profit for the year attributable to owners of the Company	<u>326,036</u>	<u>265,932</u>	<u>175,774</u>
	As at 31 December		
	2021	2020	2019
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	1,729,584	1,485,143	1,426,940
Current assets	1,285,182	1,160,927	971,190
Current liabilities	554,117	443,325	398,545
Net current assets	731,065	717,602	572,645
Non-current liabilities	24,251	20,228	17,414
Net assets	2,436,398	2,182,517	1,982,171

For the year ended 31 December 2020

For the year ended 31 December 2020, the total revenue of the Group amounted to approximately RMB561.3 million, representing an increase of approximately 15.7% as compared to that of approximately RMB485.1 million for the year ended 31 December 2019. Based on the Annual Report 2020, such growth in revenue was mainly driven by the increase in tuition fees from students and the growth in student enrolment during the year ended 31 December 2020 as compared to the previous year, due to the increase in enrolment quota as the Group expanded its existing school campuses in 2020.

For the year ended 31 December 2020, the Group recognised profit attributable to owners of the Company of approximately RMB265.9 million, representing an increase of approximately 51.3% as compared to that of approximately RMB175.8 million for the year ended 31 December 2019. With reference to the Annual Report 2020, we noted that such increase in profit was mainly resulted from the increase of revenue of the Group and the decrease in selling and distribution expenses and administrative expenses.

As at 31 December 2020, the Group’s net current assets and net assets amounted to approximately RMB717.6 million and approximately RMB2,182.5 million, respectively. Based on the Annual Report 2020, the increase in net current assets was mainly due to an increase in bank balances, which is partially offset by the increase in contract liabilities due to the increase in prepaid tuitions and accommodation fees as a result of the increase in the number of student enrolments.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 December 2021

For the year ended 31 December 2021, the total revenue of the Group amounted to approximately RMB684.6 million, representing an increase of approximately 22.0% from that of approximately RMB561.3 million for the year ended 31 December 2020. Based on the Annual Report 2021, such growth in revenue was mainly driven by (i) the increase in tuition fee income as a result of the increase in enrolment quota as the Group expanded its existing school campuses of College of Economics and Business and Zhengjiang Changzheng Vocational & Technical College (“Changzheng College”) in 2020 and 2021; and (ii) the increase in boarding fee income due to the increase in enrolment quota for the year. Besides, according to the Annual Report 2021, the Group recorded a lower boarding fee income for 2020 since a portion of boarding fees was refunded to the students in 2020 due to the outbreak of the COVID-19 pandemic.

For the year ended 31 December 2021, the Group recognised profit attributable to owners of the Company of approximately RMB326.0 million, representing an increase of approximately 22.6% as compared to that of approximately RMB265.9 million for the year ended 31 December 2020. With reference to the Annual Report 2021, we noted that such increase in profit was mainly resulted from the increase of revenue of the Group as discussed in the above paragraph.

As at 31 December 2021, the Group’s net current assets and net assets amounted to approximately RMB731.1 million and approximately RMB2,436.4 million, respectively. With reference to the Annual Report 2021, the increase of net current assets as compared to that as at 31 December 2020 was mainly resulted from the recognition of financial asset at fair value through profit or loss which was absent as at 31 December 2020 and the increase in cash level. The increase of net assets as compared to that as at 31 December 2020 was primarily resulted from the increase in carrying value of property, plant and equipment which was partially offset by the increase in total liabilities as a result of the increase of deferred income.

2 Background information on the parties

Binzhou Properties is a limited liability company incorporated in the PRC on 6 November 2007, and its principal businesses include real estate development and properties management. As at the Latest Practicable Date, Binzhou Properties is held as to (i) 50% by Yueqing City Zhangguang Properties Development Co., Ltd* (樂清市章光房地產開發有限公司), which is held as to 50% by Mr. Zhao Zhangxing (趙章興); and (ii) 50% by Wenzhou Dexin Electrical Appliances Co., Ltd.* (溫州德信電器有限公司), which is held as to 80% by Mr. Zhao Zhangxing (趙章興). As at the Latest Practicable Date, other than Mr. Zhao Zhangxing (趙章興), there is no shareholder who holds more than 30% of the equity interests in Yueqing City Zhangguang Properties Development Co., Ltd* (樂清市章光房地產開發有限公司).

The College of Economics and Business, formerly known as Zhongyuan University of Technology College of Information and Business* (中原工學院信息商務學院), is a wholly privately-owned undergraduate college located in Zhengzhou, Henan Province, the PRC. The College of Economics and Business is a PRC consolidated affiliated entity of the Company and a subsidiary of JH Holdings Group. JH Holdings Group is controlled by the Company through a series of contractual arrangements entered into between Wen Zhou Jia Xin Hao Educational Technology Co., Ltd.* (溫州嘉信好教育科技有限責任公司), an indirect wholly-owned subsidiary of the Company and JH Holdings Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The WFOE is a limited liability company established under the laws of the PRC on 5 December 2019 and is a wholly-owned subsidiary of the Company. The WFOE is mainly engaged in the provision of technical and management consultancy services.

3 Information of the Target Properties

As stated in the Letter from the Board, the Target Properties are property units of Shangrila — Shuian Greentown* (香格里拉 — 水岸綠城) located at west of Bohai Road No. 1 and South of Huanghe Road No. 15 in Binzhou City, Shandong Province, the PRC, with a total gross floor area of approximately 8,932.04 square meters.

The Target Properties consisted of (i) Units No. 201 to 218 and Units 301 to 312 of Building 29 (the “**Building 29 Properties**”); (ii) Units No. 1-201, 1-301, 1-401, 1-501, 1-601, 1-202, 1-302, 1-402, 1-502, 1-602, 2-201, 2-301, 2-401, 2-501, 2-601, 2-202, 2-302, 2-402, 2-502 and 2-602 of Building 35 (the “**Building 35 Properties**”); and (iii) Units No. 1-101, 1-201, 1-301, 1-401, 1-501, 1-601, 1-202, 1-302, 1-402, 1-502, 1-602, 2-201, 2-301, 2-401, 2-501, 2-601, 2-102, 2-202, 2-302, 2-402, 2-502, 2-602 of Building 37 (the “**Building 37 Properties**”) of Shangrila — Shuian Greentown* (香格里拉 — 水岸綠城). The Building 29 Properties are for commercial use while the Building 35 Properties and Building 37 Properties are for residential use. Construction of the Target Properties had been completed and the Target Properties are currently vacant. The following table sets forth a summary of the Target Properties:

	Appraised market value as at 30 April 2022 (RMB'000)	Original construction costs (RMB'000)	Book value as at 31 December	
			2020 (RMB'000)	2021 (RMB'000)
Building 29 Properties	— (Note)	14,316	14,316	14,316
Building 35 Properties	30,336	21,252	21,252	21,252
Building 37 Properties	29,877	20,064	20,064	20,064
Total	60,213	55,633	55,633	55,633

Note:

As at 30 April 2022 (the valuation benchmark date), Building 29 Properties were not held under an immovable property title certificate (不動產權證) and thus could not be freely transferable. On the assumption that the said certificate would have been obtained, the market value of the property as at the valuation benchmark date was in the amount of RMB15,288,000. As at the Latest Practicable Date, Binzhou Properties has obtained the immovable property title certificate (不動產權證) for Building 29 Properties.

As stated in the Letter from the Board, the Target Properties did not generate any income or incur any expenses for the two financial years ended 31 December 2020 and 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4 Reasons for and benefits of entering into the Purchase Agreement and the transactions contemplated thereunder

In considering the Purchase Agreement (as supplemented by the Supplemental Agreement), we have primarily taken into account (i) the financial position of the Group; (ii) outlook of property market in the PRC; and (iii) overview of the property market of Shandong Province.

4.1 Financial position of the Group

With reference to the Annual Report 2021, the cash balance of the Group amounted to approximately RMB1,227.3 million, representing around 95.5% of its total current assets as at 31 December 2021. The current ratio of the Group, being current assets divided by current liabilities, remained relatively stable which amounted to approximately 2.4, 2.6 and 2.3 as at 31 December 2019, 2020 and 2021, respectively. The gearing ratio of the Group was zero as at 31 December 2021 as the Group does not have any bank and other borrowings. Moreover, it is noted that the consideration for the Acquisitions of RMB75,145,671 only represents a fraction of the net assets of the Group of RMB2,436.4 million as at 31 December 2021. Considering the relatively abundant cash level and the high liquidity of the Group, there are indeed capital and liquidity headroom for capital investments. As noted from the Annual Report 2021, the Group has been providing high-quality private education services covering formal undergraduate education, junior college education and high school education in the PRC, through two colleges namely College of Economics and Business and Changzheng College, and a secondary school namely Yueqing Jingyi Secondary School. The number of students of the Group has been growing from 2019 to 2021 and amounted to 45,506 students in 2021, generating stable income for the Group as demonstrated from the continual growth of revenue and profits from 2019 to 2021 (as discussed in the above section headed “1. Financial information of the Group”). As advised by the Management, we understand that the Company has been exploring potential expansion and/or acquisition opportunities with a view to increase its customer reach in furtherance of its education services business. In particular, the Company has plans to establish (i) a new campus of College of Economics and Business in Kaifeng, Henan Province that will primarily offer undergraduate courses with an estimated student capacity of 15,000 students; and (ii) a new campus of Changzheng College in Hangzhou, Zhejiang Province offering high school education with an aggregate expected enrolment of not less than 5,000 students, on or before 31 December 2024 involving an expected investment amount of RMB1,550 million in total. As at the Latest Practicable Date, the Company is in the process of identifying the locations for establishment of such school campuses and no formal agreement in relation to any capital commitment of the Group has been entered into by the Company. While the Company has been exploring potential opportunities in respect of acquisition or investment in other school institutions in the PRC, no specific acquisition target had been identified as at the Latest Practicable Date. We further noted that the payment of consideration for the Acquisitions will be solely financed by internal resources of the Group and will not affect the Company’s plan on the use of proceeds from its initial public offering of its shares on the Stock Exchange.

With the ample cash resources and working capital relative to the size of the Acquisitions as well as the stable operation of the Group’s major business, we concur with the Company that it is fair and reasonable to utilise the internal resources of the Group to acquire the Target Properties which represent additions of various commercial and residential property assets to the existing assets held by the Group, would increase its asset portfolio while offering potential capital gains and therefore returns for the Shareholders over the long term.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.2 Outlook of the property market in the PRC

Since March 2022, due to weakening market demand, banks in more than 100 cities across the country have taken the initiative to cut mortgage interest rates, with the average interest rate ranging between 20-60 basis points. Some city governments and banks have also lowered the limit of the down payment ratio and interest rates within the prescribed scope of national policies. On the other hand, since mid-2021, the PRC government has begun to ease the housing market to stimulate demand. On 15 July 2021, the Ministry of Finance, the State Administration of Taxation and the Ministry of Housing and Urban-Rural Development jointly issued an announcement to loosen the preferential tax policies to further support the development of the housing rental market. From 1 October 2021, an announcement provides that enterprises engaged in residential property leasing that are general taxpayers for VAT purposes may opt to apply the simplified method for all rental income from leasing residential property to individuals and apply a reduced VAT rate of 1.5%, down from 5%. In addition, enterprises and certain other entities are provided a reduced 4% residential property tax rate on rental income, down from the 12% normal rate. Such tax reduction policies are expected to help stimulate the housing rental market to increase effective supply, while increasing the market demand for the property market. In view of the various policies introduced by the PRC government to stimulate housing demand and support the stable growth of the property market, we are of the view that the property market in the PRC is generally positive.

4.3 Overview of the property market of Shandong Province

Considering the location of the Target Properties being Binzhou, Shandong Province, we have obtained and reviewed the latest available market data in connection with certain economic indicators in the Shandong Province over the recent years which are set out below:

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Population (million)	100.7	101.5	101.7
Per capita disposable income of urban residents (RMB)	42,329	43,726	47,066
Residential properties investment (RMB billion)	667.2	729.6	769.5
Gross floor area (“GFA”) of commodity residential properties sold (million sq.m.)	114.3	119.1	126.3
Commercial properties investment (RMB billion)	78.0	79.6	71.6

Source: Shandong Bureau of Statistics, National Bureau of Statistics

Note:

The indicators concerning GFA sold with respect to commercial properties in Shandong Province for 2021 was not yet published for the purpose of our analysis.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The above market data were extracted from the Shandong Bureau of Statistics (<http://tjj.shandong.gov.cn/>) and National Bureau of Statistics (<http://www.stats.gov.cn/tjsj/>), which are government agencies in charge of statistics and economic accounting in the PRC and directly managed under the State Council of the PRC, and responsible for the research and publication of official statistics concerning Shandong and the nation's economy, population and other aspects of the society respectively. Accordingly, we consider the source of information used and market data as extracted therefrom, which represents the latest published official annual statistics, is reliable and appropriate for our reference purpose. As illustrated in the table above, the population in Shandong Province has increased from 2019 to 2021 with the per capita disposable income of urban residents increased from RMB42,329 in 2019 to RMB47,066 in 2021, showing a compound annual growth rate (“CAGR”) of approximately 5.4%. The increase in per capita disposable income, being one of the important measures of purchasing power, reflects the growing purchasing power of urban residents. We further note that residential properties investment in Shandong Province increased from approximately RMB667.2 billion in 2019 to approximately RMB769.5 billion in 2021, representing a CAGR of approximately 7.4%. The GFA of commodity residential properties sold showed year-on-year increases from approximately 114.3 million sq.m. in 2019 to approximately 126.3 million sq.m. in 2021, showing a CAGR of approximately 5.1%. On the other hand, we note that the level of investment on properties for commercial use in Shandong Province was generally stable over the past years. In view of the aforesaid, we consider that the performance of residential and commercial property market in Shandong Province as illustrated by the above key indicators is generally on a positive trend over the past years.

In the view of the above and considering that (i) the Company has ample cash resources and working capital relative to the size of the Acquisitions; and (ii) the property market in Shandong Province and the PRC is generally positive, we are of the view that the entering into of the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder would enable the Company to capture the potential capital gains from the property market which is in the interests of the Company and the Independent Shareholders as a whole.

5 Principal terms of the Purchase Agreement (as supplemented by the Supplemental Agreement)

Pursuant to the Purchase Agreement, the College of Economics and Business (as the buyer) has conditionally agreed to acquire and Binzhou Properties (as the seller) has conditionally agreed to dispose of the Target Properties at a total consideration of RMB75,145,671. On 30 June 2022 (after trading hours), Binzhou Properties, the College of Economics and Business and the WFOE conditionally agreed that the WFOE shall assume all the rights and obligations of the College of Economics and Business under the Purchase Agreement. For further details of the principal terms of the Purchase Agreement and the Supplemental Agreement, please refer to the section headed “The Acquisitions” in the Letter from the Board.

As stated in the Letter from the Board, the consideration for the Acquisitions was determined after arm's length negotiation between the Group and Binzhou Properties with reference to the independent valuation of the Target Properties, the fair market value of comparable properties located around the Target Properties and the prospect and potential of the Target Properties. According to the valuation report (the “**Valuation Report**”) prepared by the Independent Valuer, as at 30 April 2022 (the “**Valuation Date**”) the total appraised market value of the Target Properties, which comprised of the Building 29 Properties, Building 35 Properties and the Building 37 Properties, was approximately RMB75,501,000 (assuming the Immovable Property Title Certificate with respect to Building 29 Properties had been obtained as at the Valuation Date).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Assessment of the Consideration

In assessing the fairness and reasonableness of the consideration for the Acquisitions, we have primarily made reference to the appraised value of the Target Properties, which formed the primary basis of the consideration for the Acquisitions. As part of our due diligence, we have reviewed the Valuation Report and discussed with the Independent Valuer regarding, among others, its relevant qualifications and experiences, independence and principal bases and assumptions adopted in the Valuation Report.

Independent Valuer's experiences and qualifications and its independence

According to the information provided by the Independent Valuer and our independent research conducted from the public domain, established in 2000, the Independent Valuer is a professional appraisal and consultancy firm providing asset appraisal, business appraisal, mergers and acquisitions intermediary, and other corporate advisory services to various corporations across various countries including the PRC, Taiwan, South Korea, Malaysia, Singapore, Australia and United States of America. We further learnt that Mr. Au Chi Chung Deret, being the professional responsible for signing off the Valuation Report, has accumulated over 29 years of property valuation experience in Asia-Pacific region and is a member of the Royal Institution of Chartered Surveyors, the Hong Kong Institute of Surveyors, the Chartered Institute of Arbitrators, a registered Professional Surveyor (General Practice) (No.606), an associate of Hong Kong Institute of Arbitrators, a member of China Institute of Real Estate Appraisers and Agents and a Registered Business Valuer of Hong Kong Business Valuation Forum.

The Independent Valuer confirmed that it is an independent third party to the Company, the College of Economics and Business, Binzhou Properties and their respective connected persons as at the Latest Practicable Date. In addition, we have reviewed the terms of the engagement letter of the Independent Valuer with respect to the Valuation Report and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuation Report.

Valuation standards and assumptions

As confirmed by the Independent Valuer, during the course of the valuation, it has complied with the reporting guidelines set by The HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors and Chapter 5 and Practice Note 12 of the Listing Rules. During our review, we noted that the valuation of the Target Properties was conducted based on the major assumptions including that the Group sells the Target Properties on the market in their existing state without the benefit of a deferred term contracts, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the Target Properties. Further, it is assumed that no allowance has been made for any charges, mortgages or amounts owing on the Target Properties nor any expenses or taxation, which may be incurred in effecting a sale. We have discussed with the Independent Valuer regarding the assumptions adopted in the Valuation Report and were given to understand that such assumptions are in line with the general market practice.

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Valuation methodology

We noted from the Valuation Report that the Independent Valuer has adopted the market approach in valuing the Target Properties. The Independent Valuer considers that the market approach is the most appropriate valuation method for the Target Properties as it is usually adopted in valuing this type of strata-title property units for sales, and there is a known used market which could provide the most reliable indication of value for the Target Properties such as transaction and listing prices. According to the Independent Valuer, we were given to understand that other valuation methods namely the income approach and cost approach were not considered. According to the Independent Valuer, income approach would be adopted if tenancy agreements were signed as at the valuation date and the future rental income could then be capitalised. Since the Target Properties were not subject to any signed tenancy agreements and were vacant as at the Valuation Date, the Independent Valuer could not adopt the income approach on the assumption that rental income would be derived from the Target Properties in the future. Despite the Company intended to hold the Target Properties for long-term investment, we learnt from the Independent Valuer that such intention is not the determinant in choosing which valuation methodology to adopt. The cost approach provides an indication of value by calculating the current replacement cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. As the Target Properties do not belong to a whole building block with unique nature and there is a known used market which could provide the most reliable indication of value for assets such as transaction and listing prices, it is more appropriate to adopt the market approach over the cost approach. Based on our independent research, we noted that the market approach has been commonly adopted for valuing assets including properties of other listed companies in Hong Kong. In particular, based on recent property transactions of other listed companies in Hong Kong, we noted that it is of normal market practice to adopt the market approach for property valuation in the event that there is (a) publicly available market price of comparable properties; and (b) no existing uniform tenancy terms of the subject properties. Having considered that, (i) among the three commonly adopted valuation methodologies, market approach is the most appropriate valuation method to assess the market value of the Target Properties, while the income approach and cost approach are impractical as explained above; and (ii) we did not notice any cross-checking of other valuation methods against the adopted market approach in respect of recent property transactions of other listed companies in Hong Kong which there was no existing tenancies, we did not cross-check the valuation with other valuation approaches.

We note that the Independent Valuer did not carry out physical site inspections owing to the travel restrictions, containment measures and safety concern due to the worldwide outbreak of coronavirus at the time of the valuation. Nonetheless, we note that alternative procedures have been adopted by the Independent Valuer for the inspection purpose. The Independent Valuer has undertaken a remote inspection of the Target Properties with live video collaboration arranged by the Company to inspect the existing condition of the Target Properties. Besides, the Independent Valuer has conducted review of recent photographs including the interior of the units and exterior of the buildings of the Target Properties and video clips, satellite photos and street view photos of surrounding environment of the Target Properties. We have discussed with the Independent Valuer on such approach and the Independent Valuer is of the view that the alternative procedures do not have any material influence on the valuation of the Target Properties. Separately, we have independently performed research and found three valuation reports included in connected transaction circulars in relation to acquisition or disposal issued by other listed companies in Hong Kong, namely Oriental Enterprise Holdings Limited (stock code: 18), Asiaray Media Group Limited (stock code: 1993) and Zhejiang Tengy Environmental Technology Co., Ltd (stock code: 1527) within three months prior to the Valuation Date which we consider such period reflects the recent prevailing market condition around the time of the Valuation Date, and that such recent reference to be fair and representative, where the subject valuers did not conduct physical inspection of properties primarily due to the restrictions brought by the COVID-19 pandemic. We also note that the alternative procedures performed by the Independent Valuer are generally consistent with common market practice of valuations

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conducted without site inspection based on our review of the aforesaid circulars which included real time video communication as well as review of recent photographs and video tours of the exterior, interior and surrounding environment of the subject properties. Accordingly, we consider the alternative approach conducted by the Independent Valuer to replace onsite inspection to be fair and reasonable.

The Target Properties

Building 29 Properties

We noted from the Valuation Report that the Independent Valuer has ascribed no commercial value to Building 29 Properties as at the Valuation Date. According to the Valuation Report, on the assumption that the Immovable Property Title Certificate (不動產權證) of the Building 29 Properties had been obtained as at the Valuation Date, the market value of Building 29 Properties was in the amount of RMB15,288,000 as at the Valuation Date. As at the Latest Practicable Date, the said Immovable Property Title Certificate (不動產權證) had been obtained.

In arriving at the appraised value of the Building 29 Properties, being property units for commercial use, the Independent Valuer has made reference to the unit rate of recent completed transactions of property units comparable to the Building 29 Properties based on the selection criteria that (i) such premises are located in Bincheng District within Binzhou City, Shandong Province and for commercial use being the same as the Building 29 Properties; (ii) the sale transactions of the premises occurred during the period from 1 December 2021 to the Valuation Date, being a five-month period preceding the Valuation Date which we consider a reasonable search period to reflect similar market conditions as of the Valuation Date while capturing a representative sample size. The Independent Valuer has relied on 阿里巴巴司法拍賣網路平台 (Alibaba Judicial Auction Internet Platform*) (the “**Auction Platform**”) as the source of information in identifying the comparable sales transactions. Based on our independent search, we learnt that the Auction Platform is an agent appointed by 濱州市濱城區人民法院 (Binzhou City Bincheng District People’s Court*) for conducting judicial auction process for the sale of property assets by companies that are put into liquidation. As advised by the Independent Valuer, the hammered price of the property assets subject to judicial auction process is deemed as a very reliable source of comparable data to derive the market price of the relevant property. We have independently conducted desktop search to obtain the available information of the comparable sales transactions identified by the Independent Valuer for verification and we are not aware of any material discrepancy between the data used by the Independent Valuer and those we obtained during our independent desktop search. As such, we are of the view that the source of information in identifying the comparable sales transactions are reliable, and the three comparable sales transactions which represents all completed sales transactions identified based on the aforesaid selection criteria are of a sufficient sample size and are fair and reasonable. As confirmed by

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the Independent Valuer, the comparable sales transactions being referenced to in the adoption of unit rate represent an exhaustive list to the best of their understanding. Set out below is the list of three comparable sales transactions identified by the Independent Valuer:

Location of property	Transaction date	Gross floor area (sq. m.)	Transaction price (RMB)	Adjustments	Adjusted unit price (RMB per sq. m.)
1st and 2nd floor, No. 667 Bohai 7th Road, Binzhou City, Shandong Province (山東省濱州市渤海七路 667號一層及二層)	18 April 2022	705.75	5,892,964	Location: -2% Size: 2% Street frontage: -20% Physical condition: 10%	5,161 to 5,806
1st and 2nd floor, Shop 104 and 105, Building 7, Zhongxing Xuanjia Mingdu, No. 888 Bohai 7th Road, Binzhou City, Shandong Province (山東省濱州市渤海七路 888號中興瑄嘉名都7幢104、 105號商鋪一層及二層)	19 February 2022	135.93	1,611,844	Location: 0% Size: 1% Street frontage: -20% Physical condition: 2%	7,536 to 8,478
1st and 2nd floor, Block D, Xinhua Jiayuan, No. 643 Bohai 6th Road, Binzhou City, Shandong Province (山東省濱州市渤海六路 643號鑫華嘉園D座 一層及二層)	22 December 2021	159.98	1,657,393	Location: 0% Size: 1% Street frontage: -20% Physical condition: 8%	7,024 to 7,902

Given that the underlying properties of the above comparable sales transactions are all located in Binzhou City of commercial uses which is the same as the Building 29 Properties and the transactions took place within a reasonable period preceding the Valuation Date, we are of the view that the comparable sales transactions are fair and representative. Considering the Building 29 Properties comprised of commercial units located on the second and third floors, we noted from the comparable sales transactions that the unit rate of the second and third floor levels have been computed based on the unit rate for level 1 applied by certain discount rates. We understand from the Independent Valuer that such determination of unit rates on the second and third floors is based on the rule of thumb that the unit rate would be descending at each higher level from the accessibility aspect and it is a common valuation practice to apply such extent of discount to the unit rate for commercial property units. Certain adjustments were then made to the unit rates of the comparable sales transactions to reflect the differences in the characteristics between the property units underlying the comparable sales transactions and each unit of the Building 29 Properties in terms of location, size, street frontage and physical condition, which are common market practice for conducting similar valuation. In terms of location, a downward adjustment was applied to the property unit rate of the

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comparable sales transaction with greater ease of accessibility as compared to Building 29 Properties and the other two properties. In terms of size, upward adjustment was applied to the property unit rate of the comparable sales transactions with larger size of property relative to the size of the Building 29 Properties as smaller size usually have a higher unit rate. In terms of street frontage which measures the width of the subject shop towards the high street, downward adjustment was applied to the comparable sales transactions to adjust for the availability of high street frontage as compared to that of the Building 29 Properties. As advised by the Independent Valuer, the relatively large adjustment on street frontage was due to the readily available street frontage towards the high street of the comparable sales transactions based on the assessment of respective frontages as shown on map and the high pedestrian flow which has substantial positive impact on the value of commercial properties, when compared to the Building 29 Properties. To assess the reasonableness of the street frontage adjustment adopted by the Independent Valuer, we have made reference to a publicly available valuation report conducted by Colliers International being an international valuation firm, included in the prospectus of Yuexiu Real Estate Investment Trust (stock code: 405) dated 12 December 2005 which we consider such sample is fair and representative to provide a general reference on valuation adjustment by other independent valuer for conducting similar type of valuation on properties located in the PRC, and note that downward adjustments of 20%, 30%, 40%, 45% and 50% were respectively applied to the unit rate of shops located on the second to sixth floor of the shopping centre located in the PRC as compared to the unit rate of shops located on the first floor which generally enjoy better street frontage. As such, we are of the view that the adjustment rate of 20% made by the Independent Valuer is not materially excessive considering the availability of street frontage of the comparable sales transactions described above. In terms of physical condition, upward adjustments were applied to the comparable sales transactions to reflect the difference in physical condition when compared to that of the Building 29 Properties as assessed by the Independent Valuer by utilisation of street view function of “Baidu Map”.

We have discussed with the Independent Valuer on the adjustments applied and understand that the Independent Valuer has used their professional judgement and experience in valuing similar commercial properties to assign different weightings to the general factors when applying adjustments, which is also conducted in the same manner as required by the HKIS Valuation Standards 2020 based on our review, and such adjustments would typically be applied for valuation of similar commercial properties. Notwithstanding that there is no official guideline or market reference for the extent of the adjustments of each considered factor, we note that the adjustments have been consistently and not selectively applied across the unit price of the comparable transactions. Further, as noted from the HKIS Valuation Standards 2020, factors that could warrant adjustments may include, but are not limited to, material characteristics such as age, size and specifications and geographical location and we noted that all factors considered for applying the adjustments when valuing Building 29 Properties are in line with those specified in the HKIS Valuation Standards 2020. The Independent Valuer then took the median of the adjusted unit rates of the comparable transactions corresponding to each unit of the Building 29 Properties which ranged from approximately RMB7,024 per sq. m. to RMB7,902 per sq. m., and then multiplied by the respective gross floor area of each subject unit of Building 29 Properties to arrive at the appraised value.

As part of our independent work, we performed researches to gather a list of comparable transactions based on our selection criteria and cross-checked the results with those adjusted unit rates as prepared by the Independent Valuer. In view of the various adjustments applied to the unit rate of comparable transactions identified by the Independent Valuer to reflect the difference in characteristics between the properties underlying the comparable transactions and the Building 29 Properties such as larger unit size and availability of high street frontage of all of the comparable transactions when compared to Building 29 Properties, and our limitation on assigning the appropriate rates of adjustment regarding such difference in property characteristics, we have included stricter selection criteria, such as a prescribed range of unit size and absence of high street frontage being the key adjustment factors considered by the Independent

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Valuer, in addition to that used by the Independent Valuer to search for comparable transactions, which we consider may reduce the difference in characteristic between the comparable properties and the Building 29 Properties, in order to minimise the degree of distortion to the results arising therefrom. We have initially attempted to identify completed transactions of commercial property units located in Bincheng District, Binzhou City, Shandong Province, the PRC with size ranging from 60 sq.m. to 80 sq.m., with similar street frontage as the Building 29 Properties but not within the premium shopping mall area and availability of water supply which we consider possessing similar characteristics to those of Building 29 Properties and therefore could serve as a reference for assessing the adjusted unit prices adopted by the Independent Valuer. However, we could not identify any of such completed transaction based on public information. We have therefore extended our search to include asking transactions and, after exclusion of urgent sales listings, being property listings posted on urgent basis as described on the listings that may potentially result in extremely low market price, which are not comparable to the Building 29 Properties and may distort our search results, we have identified 3 recently available asking transactions based on the aforesaid selection criteria as published from 58同城 (<https://zs.58.com/>), being an online classifieds platform that provides information including real estate information and property listings. Since the selection criteria used by us and the Independent Valuer differed in terms of size and street frontage, among others, and we have extended our search to cover asking transactions, the resulting list of comparable transactions identified by us is different from that identified by the Independent Valuer. Nonetheless, we consider our selection criteria has taken into account the characteristics of the Building 29 Properties which enabled us to obtain a list of fair and representative sample of comparable properties for our analysis purpose. Depending on floor level, physical conditions and other factors, their asking unit prices ranged from approximately RMB7,685 per sq.m. to approximately RMB11,500 per sq.m with an average unit price of approximately RMB9,681 per sq.m. and a median unit price of approximately RMB9,859 per sq.m. The medians of adjusted unit rate of the comparable transactions used by the Independent Valuer are lower than or fall within the range of and is lower than both the average and median unit rate of the comparables identified by us. Given the adjustment on asking price was part of the various adjustments subjectively made by the Independent Valuer among other adjustment factors, and as we are to assess the fairness and reasonableness of the adjusted unit price adopted by the Independent Valuer based on our independent search of recently available market price of comparable properties, we have not applied any adjustments to our samples including any adjustment on the asking price. Considering that the set of comparables identified by us represents all commercial property units that are recently held for sale and located in the same district as the Target Properties with comparable size, we are of the view that the unit prices adopted by the Independent Valuer after adjustments of relevant factors considered by the Independent Valuer are fair and reasonable. Independent Shareholders should note that the unit rates of the comparables identified by us are asking rates but not actual transacted rates, and the aforesaid analysis only serves as a reference for the purpose of our independent assessment on the unit rates adjusted by the Independent Valuer.

Building 35 Properties and Building 37 Properties

In arriving at the appraised value of the Building 35 Properties and Building 37 Properties, being property units for residential use, since there is no publicly available information on recently completed residential properties transactions in Binzhou City within the past six months preceding the Valuation Date and therefore no actual transaction price available, the Independent Valuer has identified residential properties that are offered for sale and are comparable to the Building 35 Properties and Building 37 Properties based on the selection criteria that (i) the relevant asking prices were available in April 2022; (ii) have similar development scale as the Building 35 Properties and the Building 37 Properties; and (iii) are located in Bincheng District within Binzhou City, Shandong Province being the same as the Building 35 Properties and Building 37 Properties. The Independent Valuer has relied on 安居客網 (<https://zs.anjuke.com/>), 房天下 (<http://fang.com/>), 吉屋 (<http://jiwu.com/>) and 58同城 (<https://zs.58.com/>) as the sources of information in identifying the asking price for comparable properties as their transaction price

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could not be found from public platform. Based on our independent search, we learnt that the aforesaid are common online property market places in the PRC. Anjuke Website is a leading China domestic real estate information service platform founded in 2007, and the business covers new houses, second-hand houses, rental houses, commercial real estate, overseas real estate, decoration and other fields. Fang.com is originally listed on the New York Stock Exchange (Original ticker: SFUN) and has the largest database of real estate in the China with more than 330,000 project details. Jiwu.com is a real estate information query and trading platform founded in March 2010. 58.com is a conglomerate enterprise originally listed on the New York Stock Exchange (Original ticker: WUBA) and the one of the largest life information platform that supports a variety of property transactions. As such, we are of the view that the source of information in identifying the comparable asking transactions are reliable. We have conducted research to independently verify the reasonableness to make reference to asking prices of the asking comparables. We have independently searched for recent circulars of listed companies in Hong Kong in relation to connected transactions involving acquisition or disposal of property assets published within six months preceding the Valuation Date and noticed that three property valuation exercises included in circulars of listed issuer/unit trusts namely Heng Hup Holdings Limited (stock code: 1891), Spring Real Estate Investment Trust (stock code: 1426) and Yuexiu Real Estate Investment Trust (stock code: 405), which we consider such reference is of sufficient sample size that reflect recent market practice, involved the adoption of asking prices of properties as comparable reference as there is no or limited recent actual transaction publicly available. We are therefore of the view that it is of common market practice that asking price would be used as comparable reference in the event that there is no or limited recent actual transaction publicly available. Based on the above and considering that discount would be applied to the asking prices of the asking comparables as described below to adjust for the discrepancy between transacted price and asking price, we are of the view that the referencing to asking transactions in the absence of publicly available transacted price is fair and reasonable. As such, we are of the view that the comparable asking transactions represent a sufficient sample size and are fair and reasonable. As confirmed by the Independent Valuer, the comparable asking transactions being referenced to in the adoption of unit rate represent an exhaustive list to the best of their understanding. Set out below is the list of ten comparable asking transactions identified by the Independent Valuer:

Property	Location	Year built	Gross floor area (sq. m.)	Asking price (RMB)	Adjustments	Adjusted unit price (RMB per sq.m.)
Xinhe Jindu Garden* (High-rise unit) (新河金都花園高層單位)	Intersection of Huanghe 6 th Road and Bohai 12 th Road, Bincheng District, Binzhou City, Shangdong Province (山東省濱州市濱城區黃河六路與渤海十二路交匯處)	2015	125.00	1,098,000	Location: 30% Floor level: -4% to -2% Size: -2% to 0% Age of building: 8% to 10% Duplex: 0% to 5%	10,608 to 12,875
Xinhe Jindu Garden* (Low-rise unit) (新河金都花園低層單位)		2016	135.00	1,350,000		
Xinhe Jindu Garden* (High-rise unit) (新河金都花園高層單位)		2015	136.00	1,390,000		
Xinhe Jindu Garden* (Mid-rise unit) (新河金都花園中層單位)		2016	136.00	1,320,000		

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Property	Location	Year built	Gross floor area (sq. m.)	Asking price (RMB)	Adjustments	Adjusted unit price (RMB per sq.m.)
Oasis New Era* (High-rise unit) (綠洲新時代高層單位)	South of Bohai 5 th Road East Road, Huanghe 6 th Road, Bincheng District, Binzhou City, Shandong Province (山東省濱州市濱城區黃河六路渤海五路東路南)	2019	125.82	910,000	Location: 25% Floor level: -4% to -2% Size: -3% to 0% Age of building: 2% Duplex: 0% to 5%	7,176 to 8,253
Oasis New Era* (Low-rise unit) (綠洲新時代低層單位)		2019	90.11	590,000		
Oasis New Era* (Low-rise unit) (綠洲新時代低層單位)		2019	119.25	790,000		
Shuxiang Mingju* (Mid-rise unit) (書香名居中層單位)	1168 Huanghe 15 Road, Bincheng District, Binzhou City, Shandong Province (山東省濱州市濱城區黃河15路1168)	2015	94.00	450,000	Location: 15% Floor level: -1% to 2% Size: -3% to 0% Age of building: 10% to 20% Duplex: 0% to 5% Lift service: 33%	6,571 to 8,286
Shuxiang Mingju* (Mid-rise unit) (書香名居中層單位)		2013	97.00	448,000		
Shuxiang Mingju* (Low-rise unit) (書香名居低層單位)		2010	132.00	699,000		

Given that the locations of the underlying residential properties of the above comparable asking transactions are all located in Bincheng District and the relevant asking transactions were available in April 2022, we are of the view that the comparable asking transactions are fair and representative.

We further noted that the Independent Valuer has applied a discount of 10% to the asking prices of the asking comparables which, as advised by the Independent Valuer, is commonly adopted to reflect the bargaining range leading to a deal. According to an article published on 31 May 2022 by 中証網 (China Securities Network*) (<http://www.cs.com.cn>), the official website of China Securities Journal* (中國証券報) being a national financial newspaper in China designated by the China Securities Regulatory Commission to disclose information on listed companies, it was stated that the price bargaining range for residential properties transaction was around 10%. Subject to the prevailing market conditions, we are of the view that the adjustment on asking price adopted by the Independent Valuer represents a reasonable price negotiation range of residential property transaction. Certain adjustments were then made to the unit rates of the asking comparables to reflect the differences in the characteristics between the property units underlying the asking comparables and each unit of the Building 35 Properties and Building 37 Properties in terms of location, floor level, size, age of building, duplex unit and availability of lift service which are common market practice for conducting similar valuation. In terms of location, as the Building 35 Properties and Building 37 Properties are adjacent to a vast wetland park with better view, we note that upward adjustments have been made to all of the asking comparables without such view. According to the Independent Valuer, the relatively large location adjustment to the comparable asking transactions located in Xinhe Jindu Garden, which is encircled by highways, was due to the relatively less favourable amenity as compared to the locations of the Target Properties as well as the other asking comparables. We have

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attempted to identify any industry guidance or reference in respect of locational factor but failed to identify any of such market reference. Instead, we, on a non-exhaustive basis, noted from the valuation report included in the prospectus of a Hong Kong listed company namely Gudou Holdings Limited (stock code: 8308) dated 30 November 2016 on various properties located in the PRC which applied an adjustment rate of 43% to the comparable properties in respect of locational factor. Further, with reference to a valuation exercise on properties located in the PRC conducted by the Independent Valuer for Jiashili Group Limited (stock code: 1285) included in the circular dated 11 June 2021, we note that adjustments on various factors including location factor were applied to the relevant comparables which ranged from -5% to 25%. We consider the aforesaid valuation exercises conducted by other independent valuer and the Independent Valuer represent a fair and representative sample to provide a general reference on valuation adjustments for similar type of valuation on properties located in the PRC. We therefore consider the locational adjustment rate made by the Independent Valuer to the comparable properties, which ranged from 15% to 30%, conforms to market practice. Floor level adjustment was made to asking comparables where downward adjustments would be made to property unit with higher floor level while upward adjustments would be made to property unit with lower floor level as compared to that of the Building 35 Properties and Building 37 Properties. Size adjustment was made where downward adjustment was made to asking comparables with smaller size than that of the Building 35 Properties and Building 37 Properties. In terms of age of building, it is generally understood that older building will normally has a lower unit rate. We learnt that as the market supply of duplex unit of property development is limited, upward adjustment was made to asking comparables when comparing the units of the Building 35 Properties and Building 37 Properties with duplex units. As advised by the Independent Valuer, the provision of lift service has a tremendous effect on the property price therefore upward adjustment has been applied to asking comparable buildings without lift service as there is lift service for all units of the Building 35 and Building 37 Properties. According to the Independent Valuer, the relatively large adjustment was to sufficiently reflect the tremendous value brought by the availability of lift service in terms of increased convenience to the property owners. While we are not able to locate any public information on the market range of specific adjustment on provision of lift services published by official channels or recognised industry players in the PRC, we have made reference to the relevant articles published in Hong Kong which we consider a fair reference of general market practice regarding availability of lift service within a building itself given the adjustment on provision of lift service is a standalone factor not affected by the market regions where the properties are located. With reference to the article published on 23 February 2021 by Hong Kong Property (香港置業), a recognised industry player that provides residential property agency services in Hong Kong, we note that the discount for no provision of lift service is in the range of 5% to 10% per floor, and the availability of lift service of a building shall be considered as a whole block building rather than by floor level. Given Shuxiang Mingju is a six-storey building without lift service, the Independent Valuer applied an overall 33% upward adjustment to reflect the lack of lift service in the building. As noted from the Valuation Report, the difference in floor level has already been taken into account and adjusted for. Hence, the fixed adjustment applied by the Independent Valuer to the comparable properties of different units is justifiable.

We have discussed with the Independent Valuer on the adjustments made and understand that the Independent Valuer has used their professional judgement and experience in valuing similar residential property units to assign different weightings to the general factors when applying adjustments, which is also conducted in the same manner as required by the HKIS Valuation Standards 2020 based on our review, and such adjustments would typically be applied for valuation of similar properties. Notwithstanding that there is no official guideline or market reference for the extent of the adjustments of each considered factor, we note that the adjustments have been consistently and not selectively applied across the unit price of the asking comparables. Further, as noted from the HKIS Valuation Standards 2020, factors that could warrant adjustments may include, but are not limited to, material characteristics such as age, size and specifications and geographical location and we noted that all factors considered for applying the adjustments when

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valuing Building 35 Properties and Building 37 Properties are in line with those specified in the HKIS Valuation Standards 2020. The Independent Valuer then took the median adjusted unit rates of the asking comparables corresponding to each subject unit of the Building 35 Properties and Building 37 Properties, which ranged from approximately RMB7,910 per sq. m. to approximately RMB8,270 per sq. m., and then multiplied by the respective gross floor area of each subject unit of Building 35 Properties and Building 37 Properties to arrive at the appraised value. We also noted that the Independent Valuer has estimated the value of the associated garden area available in certain units of the Building 37 Properties based on a portion of the appraised value of the relevant residential units. We understand that such determination is a common valuation practice having regards to the garden area located in the city region.

As part of our independent work, we performed researches to gather a list of comparable transactions based on our selection criteria and cross-checked the results with those adjusted unit rates as prepared by the Independent Valuer. In view of the various adjustments applied to the unit rate of comparable transactions identified by the Independent Valuer to reflect the difference in characteristics between the properties underlying the comparable transactions and the Building 35 Properties and Building 37 Properties such as location, floor level, unit size, age of building and availability of lift service, and our limitation on assigning the appropriate rates of adjustment regarding such difference, we have included stricter selection criteria in addition to that used by the Independent Valuer to search for comparable transactions with similar locational advantage being close to park or lake with better view, floor level, unit size and building age as the Building 35 Properties and Building 37 Properties, being the key adjustment factors considered by the Independent Valuer, which we consider may reduce the difference in characteristic between the comparable properties and the Target Properties in order to minimise the degree of distortion to the results arising therefrom. We have identified 3 recently available asking transactions of low-rise (with floor level at or below the tenth floor) residential property units located in Bincheng District in Binzhou City, Shandong Province, the PRC with size ranging from 130 sq.m. to 250 sq.m., built in 2020 and 2021, as published from 58同城 (<https://zs.58.com/>) which we consider possessing similar characteristics to those of Building 35 Properties and Building 37 Properties and therefore could serve as a reference for assessing the adjusted unit prices adopted by the Independent Valuer. We have attempted to include the availability of lift service of comparable properties as one of our selection criteria but we noted that such information is not complete based on our review of the relevant listings. Therefore, we have not included such criteria in our search. Since the selection criteria used by us and the Independent Valuer differed in terms of location, size, floor level and age of building, among others, the resulting list of comparable transactions identified by us is different from that identified by the Independent Valuer. Nonetheless, we consider our selection criteria has taken into account the characteristics of the Building 35 Properties and Building 37 Properties which enabled us to obtain a list of fair and representative sample of comparable properties for our analysis purpose. Depending on accessibility, renovation, internal conditions, view and other factors, their asking prices ranged from approximately RMB7,653 per sq.m. to approximately RMB10,883 per sq.m. with an average of approximately RMB9,703 per sq.m and a median of approximately RMB10,572 per sq.m. Despite the relatively wide range of unit rates, the medians of adjusted unit rate used by the Independent Valuer are lower than the average and median unit rate of the comparables identified by us. Given the adjustment on asking price was part of the various adjustments subjectively made by the Independent Valuer among other adjustment factors, and as we are to assess the fairness and reasonableness of the adjusted unit price adopted by the Independent Valuer based on our independent search of recently available market price of comparable properties, we have not applied any adjustments to our samples including any adjustment on the asking price. Considering that the set of comparables identified by us represents all residential property units that are recently held for sale and located in the same district as the Target Properties with comparable floor level, size and building age, we are of the view that the unit prices adopted by the Independent Valuer after adjustments of relevant factors considered by the Independent Valuer are fair and reasonable. Independent Shareholders should note that the unit rates of the comparables identified by us are asking rates but not actual transacted rates, and the aforesaid analysis only serves as a reference for the purpose of our independent assessment on the unit rates adjusted by the Independent Valuer.

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As set out in the Valuation Report, the appraised value of the Target Properties amounted to approximately RMB75,501,000 (assuming the Immovable Property Title Certificate with respect to Building 29 Properties had been obtained as at the Valuation Date) as at 30 April 2022, which approximates to the consideration for the Acquisitions.

During our review of the Valuation Report and discussions with the Independent Valuer, we have not identified any major factors that cause us to cast doubt on the fairness and reasonableness of the principal bases and assumptions adopted in arriving at the appraised value of the Target Properties.

In light of the above and having considered that the consideration for the Acquisition of RMB75,145,671 approximates to and represents a discount of approximately 0.5% to the appraised value of the Target Properties of RMB75,501,000, we are of the view that the principal terms of the Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6 Financial effects of the Acquisitions

Upon completion of the Acquisitions, the Target Properties will be recognised as non-current assets of the Group at the original book value at the time of acquisition, being the aggregate of the consideration of RMB75,145,671 and the expenses incurred by the Company for the Acquisitions. As the Company will fund the consideration for the Acquisitions in cash, the cash level of the Group will decrease which will in turn reduce the net current assets of the Group, while it is expected that there will not be any material effect on the total assets and net asset value of the Group upon completion of the Acquisitions. It is expected that the Acquisitions will not have any material impact on the earnings of the Group immediately following completion of the Acquisitions.

Shareholders should note that the above analyses are for illustrative purpose only and do not purport to represent the financial performance and position of the Group upon completion of the Acquisitions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that, although the Acquisitions were not conducted in the ordinary and usual course of business of the Group, the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Purchase Agreement (as supplemented by the Supplemental Agreement) is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed for approving the Purchase Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited

Billy Tang
Managing Director

Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the accounting and investment banking profession.

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which have been notified to the Company and to the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules were as follows:

Interests and short positions in the Shares, underlying shares and debentures of the Company

Name of Director	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of the issued share capital of the Company (%)	Long Position/ Short Position
Mr. Chen Yuguo ⁽¹⁾	Interest in a controlled corporation	378,000,000	23.61	Long position
Mr. Chen Shu ⁽²⁾	Interest in a controlled corporation	216,000,000	13.49	Long position
Mr. Chen Lingfeng ⁽³⁾	Interest in a controlled corporation	216,000,000	13.49	Long position
Mr. Chen Yuchun ⁽⁴⁾	Interest in a controlled corporation	120,000,000	7.50	Long position
Ms. Zhang Xuli ⁽⁵⁾	Interest in a controlled corporation	120,000,000	7.50	Long position
Mr. Chen Nansun ⁽⁶⁾	Interest in a controlled corporation	60,000,000	3.75	Long position

Notes:

- (1) Mr. Chen Yuguo holds the entire issued share capital and acts as the sole director of Guo's Investment Holdings Limited. He is deemed to be interested in the 378,000,000 shares held by Guo's Investment Holdings Limited under the SFO.
- (2) Mr. Chen Shu holds the entire issued share capital and acts as the sole director of Shu's Investment Holdings Limited. He is deemed to be interested in the 216,000,000 shares held by Shu's Investment Holdings Limited under the SFO.
- (3) Mr. Chen Lingfeng holds the entire issued share capital and acts as the sole director of Feng's Investment Holdings Limited. He is deemed to be interested in the 216,000,000 shares held by Feng's Investment Holdings Limited under the SFO.
- (4) Mr. Chen Yuchun holds the entire issued share capital and acts as the sole director of Chun's Investment Holdings Limited. He is deemed to be interested in the 120,000,000 shares held by Chun's Investment Holdings Limited under the SFO.
- (5) Ms. Zhang Xuli holds the entire issued share capital and acts as the sole director of ZXL Investment Holdings Limited. She is deemed to be interested in the 120,000,000 shares held by ZXL Investment Holdings Limited under the SFO.
- (6) Mr. Chen Nansun holds the entire issued share capital and acts as the sole director of CNS Investment Holdings Limited. He is deemed to be interested in the 60,000,000 shares held by CNS Investment Holdings Limited under the SFO.

Interests in the Company's associated corporations

Name of Director	Name of Associated Corporation	Capacity/ Nature of Interest	Registered Capital (RMB)	Approximate Percentage of Shareholding
Mr. Chen Yuguo	JH Holdings Group	Beneficial owner	15,750,000	31.50
Mr. Chen Shu	JH Holdings Group	Beneficial owner	9,000,000	18.00
Mr. Chen Lingfeng	JH Holdings Group	Beneficial owner	9,000,000	18.00
Mr. Chen Yuchun	JH Holdings Group	Beneficial owner	5,000,000	10.00
Ms. Zhang Xuli	JH Holdings Group	Beneficial owner	5,000,000	10.00
Mr. Chen Nansun	JH Holdings Group	Beneficial owner	2,500,000	5.00
Mr. Chen Yuguo	Yueqing Jingyi Secondary School* (樂清市精益中學)	Beneficial owner	450,000	45.00
Mr. Chen Yuchun	Yueqing Jingyi Secondary School* (樂清市精益中學)	Beneficial owner	150,000	15.00

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and to the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors had entered into any service contracts with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group.

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors, directly or indirectly, had any interest in any assets which have been since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or the controlling Shareholders or their respective associates had interests in any business which competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

6. LITIGATION AND CLAIMS

As at the Latest Practicable Date, to the best knowledge of the Directors, there was no litigation or claim of material importance pending or threatened against any member of the Group.

7. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have been named in this circular:

Name	Qualifications
Lego Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Castores Magi (Hong Kong) Limited	an independent property valuer

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report (as the case may be) and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, to the best knowledge of the Directors, each of the above experts:

- (a) did not have any shareholding, either directly or indirectly, in any member of the Group;
- (b) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any interest, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021 (the date to which the latest published audited accounts of the Company were made up).

8. NO MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2021, the date to which the latest published audited consolidated financial statements of the Group were made up.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.jheduchina.com) for a period of 14 days from the date of this circular:

- (a) the Purchase Agreement;
- (b) the Supplemental Agreement;
- (c) the letter from the Board dated 29 July 2022, the text of which is set out on pages 4 to 12 of this circular;
- (d) the letter from the Independent Board Committee dated 29 July 2022, the text of which is set out on page 13 of this circular;
- (e) the letter from Lego Corporate Finance Limited dated 29 July 2022, the text of which is set out on pages 14 to 34 of this circular;
- (f) the valuation report of Castores Magi (Hong Kong) Limited dated 29 July 2022, the text of which is set out in Appendix II to this circular;
- (g) the letter of consent from Lego Corporate Finance Limited dated 29 July 2022 referred to in the above paragraph headed "Experts and Consents" in this appendix;
- (h) the letter of consent from Castores Magi (Hong Kong) Limited dated 29 July 2022 referred to in the above paragraph headed "Experts and Consents" in this appendix; and
- (i) this circular.

Set out below is the text of a letter and valuation report prepared for incorporation in this circular received from Castores Magi (Hong Kong) Limited, an independent property valuer, in connection with its opinion of market value of the Target Properties as at 30 April 2022.

嘉漫(香港)有限公司

CASTORES MAGI (HONG KONG) LIMITED
REGISTERED PROFESSIONAL SURVEYORS (GENERAL PRACTICE)
REAL ESTATE, MINERALS, MACHINERY & EQUIPMENT AND BUSINESS VALUERS

CASTORES



MAGI

29 July 2022

The Directors
JH Educational Technology INC.
Room 2106, 21/F,
Emperor Group Centre
288 Hennessy Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests to be acquired by JH Educational Technology INC (the “**Company**”) and its subsidiaries (together the “**Group**”), we confirm that we have carried out inspection, made relevant enquiries and searches, and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the relevant properties as at 30 April, 2022 (the “**valuation date**”) for possible acquisition purpose.

The valuation assignment was handled by Mr. Au Chi Chung Deret who is a Corporate Member from the General Practice Division of the Hong Kong Institute of Surveyors (“**HKIS**”) and is in a position to provide an objective and unbiased valuation. He has no material connection or involvement with the subject assets or other parties to this valuation assignment. He has sufficient current local and national knowledge of the particular market, and the skills and understanding to undertake the valuation competently.

Our valuations of the property interests are our opinion of the Market Value which we would define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.” Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuations of the property interests have been made on the assumption that the owner sells the properties on the market in their existing state without the benefit of a deferred term contracts, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the properties.

The property interests have been valued on a market basis with vacant possession by reference to comparable market transactions and hypothetical transactions. This approach rests on the wide acceptance of market price as the best indicator of value and pre-supposes that evidence of recent transactions in the market place can be extrapolated to similar property, subject to allowances for variable factors.

In valuing the property interests, we have adopted the Market Approach but not Cost Approach and Income Approach. The Cost Approach is based on the economic principle that a purchaser will pay no more for an asset than the cost to obtain one of equal utility whether by purchase or construction, unless undue time, inconvenience, risk or other factors are involved. This approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. As the properties do not belong to a whole building block with unique nature and there is a known used market which could provide the most reliable indication of value for assets such as transaction and listing prices, it is more appropriate to adopt Market Approach rather than Cost Approach in our valuations.

The Income Approach provides an indication of value by converting future cash flow to a single current value. Under the Income Approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. As the properties are not investment properties and there is significant uncertainty regarding the amount and timing of future income related to the properties, Income Approach has not been adopted in our valuations.

In using Market Approach to value the property interests, we have adopted Comparable Transactions Method. The Comparable Transactions Method, also known as the guideline transactions method, utilises information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.

The current status of the properties regarding major approvals, consents or licences required in the People's Republic of China (“the PRC”) is as follows:

Property Title Certificate or Contract	Property 1	Property 2	Property 3
State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同)	Yes	Yes	Yes
State-owned Land Use Right Certificate (國有土地使用證)	Yes	Yes	Yes
Construction Project Completion Filing Certificate (建設工程竣工驗收備案證)	Yes	Not applicable	Not applicable
Immovable Property Title Certificate (不動產權證)	Yes	Yes	Yes
Commodity Flat Pre-sale Permit (商品房預售許可證)	Yes	Yes	Yes

In valuing the property interests, we have made reference to the HKIS Valuation Standards 2020 (hereinafter known as “the Standards”) published by the HKIS. In view of the worldwide outbreak of coronavirus, we are unable to physically inspect the properties due to travel restrictions, containment measures and safety concern. In this regard, Rules 5.06(1)(m), (n) and (s) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. could only be complied with by remote inspection with live video collaboration. According to the recent guideline — “Considerations for Inspection Arrangement amidst the COVID-19 outbreak” (hereinafter known as “the Guidance Note”) issued by the HKIS regarding the outbreak of coronavirus, the valuation undertaken by us without

conducting physical site inspection is classified as restricted service and the Company has agreed to such arrangement. Under our restricted service as defined in the Guidance Note, we have undertaken a remote inspection of the properties with live video collaboration on 20 July, 2022 in addition to examining the recent photos of the interior and exterior of the properties provided by the Company. It is believed that such arrangement fulfills the verification requirement of VS 4.3.2 (i) (i) of the Standards and is acceptable to reveal the existing condition of the properties, which does not affect the accuracy of our valuation as required under VS 4.3.2 (i) (iv) of the Standards.

The scope of valuations has been determined with reference to the property list provided by the Company. The properties on the list have been included in this certified opinion of value.

In valuing the property interests in the People's Republic of China (the "PRC"), we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, rental, site and floor areas and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the area in respect of the properties but have assumed that the site area and floor area shown on the documents and official site plans and floor plans handed to us are correct. Based on our valuation experience of similar properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements have been taken.

Due to the worldwide outbreak of coronavirus and the prevailing containment measures, we are not able to physically inspect the properties in respect of which we have been provided with such information as we have required for the purpose of our valuations by the Company. Such information includes the recent photos of the properties, various site plans and floor plans as well as some video clips showing the area in the vicinity of the properties. Nevertheless, the Company has arranged a remote inspection of the properties with live video collaboration on 20 July, 2022 and our valuer, Mr. Au Chi Chung Deret, who is a corporate member of the HKIS, has participated in this remote inspection. Besides, we have acquired some satellite photos and street view photos to help for identifying the location of the properties. Based on the said information provided by the Company and the images captured during our remote inspection, we assumed that the attributes of the properties such as the surroundings, nature, appearance, quality, physical conditions have no material difference from the said information provided by the Company. We deem that the said information gathered based on the said assumptions provides sufficient basis to derive the certified opinion of values of the properties and thus the Guidance Note and VS 4.3.2 (i), VS 4.3.2 (j), VS 4.5.0, VS 7.1 and VS 7.2 of the Standards could be complied with. No structural survey, investigation or examinations has been made. We are not, however, able to report that the properties were free from rot, infestation or any other structural defects. No tests were carried out to any of the services.

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation, which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, such as mortgage and debenture charge, restrictions and outgoings of an onerous nature, which could affect their values.

We have been shown copies of various documents relating to the properties such as property title documents, floor plans and site plans. However, we have not searched the original documents to verify any amendments, which may not appear on the copies handed to us. Due to restrictions of the land registration system in the PRC, we are unable to search the original documents to verify the existing title of the properties in the PRC or any material encumbrances that might be attached to the properties.

We have had no reason to doubt the authenticity and accuracy of the information provided to us by the Company. We have also sought and received confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld. In this regard, VS 4.3.2 (j) (ii) of the Standards has been fully complied with.

Unless otherwise stated, all monetary amounts stated in this certified opinion of value are in Renminbi (RMB).

The conclusion of values is based on generally accepted valuation procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily qualified or ascertained exactly. While we have exercised our professional judgement in arriving at the valuations, you are urged to consider carefully the nature of such assumptions, which are disclosed in this report and should exercise caution when interpreting this report.

We hereby certify that we have neither present nor prospective interest in the Company, the seller of the properties or the values reported.

Our valuations are summarised below and the certified opinion of value is attached.

Yours faithfully,

For and on behalf of

Castores Magi (Hong Kong) Limited

Au Chi Chung Deret

*Registered Business Valuer of Hong Kong Business Valuation Forum
B.Sc., MHKIS, RPS (GP), MCI Arb, MHK Arb, MCIREA*

Note: Au Chi Chung Deret is a Registered Professional Surveyor (General Practice) and has over 29 years of experience in valuing properties in Hong Kong and the properties of private and state-owned enterprises in over 100 towns and cities in the PRC. He also possesses over 23 years of valuation experience in the Asia-Pacific Region. His name is included on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers set forth by the Hong Kong Institute of Surveyors.

SUMMARY OF VALUES

Property interests to be acquired by the Group in the PRC

Property	Market value in existing state as at 30 April, 2022 (RMB)
1. Various commercial units on Levels 2 and 3 of Block 29, Shangrila — Shuian Greentown, No. 815 Bohai First Road, Binzhou City, Shandong Province, The PRC.	No commercial value
2. Various domestic units on Levels 2, 3, 4, 5 and 6 of Block 35, Shangrila — Shuian Greentown, No. 815 Bohai First Road, Binzhou City, Shandong Province, The PRC.	30,336,000
3. Various domestic units on Levels 2, 3, 4, 5 and 6 of Block 37. Shangrila — Shuian Greentown, No. 815 Bohai First Road, Binzhou City, Shandong Province, The PRC.	29,877,000
	<hr/>
	Total: <u><u>60,213,000</u></u>

CERTIFIED OPINION OF VALUE

Property interests to be acquired by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April, 2022 (RMB)
1. Various commercial units on Levels 2, and 3 of Block 29, Shangrila — Shuian Greentown, No. 815 Bohai First Road, Binzhou City, Shandong Province, The PRC.	The property comprises 30 commercial units on Levels 2 and 3 of a 3-storey building which was completed in 2020. The property has a total gross floor area of 2,144.66 sq.m. The property is held under the land use rights for a term up to 30 December, 2048.	The property is currently vacant.	No commercial value

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同) dated 29 December, 2007 made between State Land and Resources Bureau of Binzhou City, Shandong Province, the PRC (中華人民共和國山東省濱州市國土資源局) and Binzhou Yilingyi Properties Co., Ltd. (濱州市二零一置業有限公司), the former party agreed to grant the latter party a land use rights of a parcel of land having a site area of 110,971 sq.m. for a term of 40 years for commercial service use and 70 years for residential use at a land premium of RMB38,000,000. As advised by the Company, the land premium was fully paid;
- Pursuant to a State-owned Land Use Right Certificate — Bin Guo Yong (2009) No. 8050 (國有土地使用證 — 濱國用(2009)第8050號) dated 6 May, 2009 issued by the People's Government of Binzhou City (濱州市人民政府), Binzhou Yilingyi Properties Co., Ltd. (濱州市二零一置業有限公司) was granted the land use rights, having a site area of 110,971 sq.m., for a term up to 30 December, 2048 for commercial use and up to 30 December, 2078 for residential use;
- The property is subject to a Construction Works Completion Filing Certificate (建設工程竣工驗收備案證) dated 23 December, 2020 issued by the Construction Works Completion Filing Centre, Bincheng District, Binzhou City (濱州市濱城區建設工程竣工備案管理中心);
- The property is subject to a Commodity Flat Pre-sale Permit (商品房預售許可證) No. 2111202003001 dated 16 March, 2020 issued by Administrative Application and Approval Service Bureau of Binzhou City (濱州市行政申批服務局);
- The property comprises Unit Nos. 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217 and 218 on Level 2 and Unit Nos. 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311 and 312 on Level 3 of Block 29;
- On the assumption that the Immovable Property Title Certificate (不動產權證) would have been obtained, the market value of the property as at the valuation date was in the amount of RMB15,288,000;

7. Pursuant to an Immovable Property Title Certificate — Lu (2022) Bin Zhou Shi Immovable Property Rights No. 0007327 (不動產權證 — 魯(2022)濱州市不動產權第0007327號) dated 31 May, 2022 issued by the Bureau of Natural Resources and Planning, Binzhou City (濱州市自然資源和規劃局), Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) was granted a building ownership of Block 29 having a total gross floor area of 3,145.46 sq.m. under a land use term commencing from 31 December, 2009 to 30 December, 2048 for commercial service use; and
8. It is stated in the legal opinion given by the Company's PRC legal advisers — Shandong Kai Yan Law Firm (山東開言律師事務所), *inter alia*, that:
 - (a) Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) has obtained the land use rights of the property;
 - (b) Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) is eligible to apply for an Immovable Property Title Certificate (不動產權證) by virtue of its possession of State-owned Land Use Rights Certificate (國有土地使用證), Construction Land Use Planning Permit (建設用地規劃許可證), Construction Works and Planning Permit (建設工程規劃許可證), Building Works Commencement Permit (建築工程施工許可證), Pre-sale Permit of Commodity Property (商品房預售許可證) and Construction Works Completion Certification Filing Permit (建設工程竣工驗收備案證);
 - (c) Based on (b), the buyer and seller could sign the Sale and Purchase Contract of Commodity Property (商品房買賣合同). Upon obtaining the Immovable Property Title Certificate (不動產權證), the property could be freely disposed, transferred, used, leased or mortgaged according to the laws;
 - (d) Pursuant to Clause 6 of Article 38 of Urban Real Estate Administration Law of the People's Republic of China (《中華人民共和國城市房地產管理法》), the property cannot be freely transferrable if the Immovable Property Title Certificate (不動產權證) has not been obtained. Nonetheless, if the conditions of property conveyance are complied with and it is eligible for the owner to apply for the Immovable Property Title Certificate (不動產權證), the signed Sale and Purchase Contract of Commodity Property (商品房買賣合同) is still enforceable; and
 - (e) The property has no record of being mortgaged and sequestrated.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April, 2022 (RMB)
2. Various domestic units on Levels 2, 3, 4, 5 and 6 of Block 35, Shangrila — Shuian Greentown, No. 815 Bohai First Road, Binzhou City, Shandong Province, The PRC.	<p>The property comprises 20 domestic units (including storerooms) on Levels 2, 3, 4, 5 and 6 of a 6-storey building which was completed in 2020.</p> <p>The property has a total gross floor area of 3,600.16 sq.m.</p> <p>The property is held under the land use rights for a term up to 30 December, 2078.</p>	The property is currently vacant.	30,336,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同) dated 29 December, 2007 made between State Land and Resources Bureau of Binzhou City, Shandong Province, the PRC (中華人民共和國山東省濱州市國土資源局) and Binzhou Yilingyi Properties Co., Ltd. (濱州市二零一置業有限公司), the former party agreed to grant the latter party a land use rights of a parcel of land having a site area of 110,971 sq.m. for a term of 40 years for commercial service use and 70 years for residential use at a land premium of RMB38,000,000. As advised by the Company, the land premium was fully paid;
- Pursuant to a State-owned Land Use Right Certificate — Bin Guo Yong (2009) No. 8050 (國有土地使用證 — 濱國用(2009)第8050號) dated 6 May, 2009 issued by the People's Government of Binzhou City (濱州市人民政府), Binzhou Yilingyi Properties Co., Ltd. (濱州市二零一置業有限公司) was granted the land use rights, having a site area of 110,971 sq.m., for a term up to 30 December, 2048 for commercial use and up to 30 December, 2078 for residential use;
- Pursuant to an Immovable Property Title Certificate — Lu (2021) Bin Zhou Shi Immovable Property Rights No. 0022976 (不動產權證 — 魯(2021)濱州市不動產權第0022976號) dated 15 September, 2021 issued by the Bureau of Natural Resources and Planning, Binzhou City (濱州市自然資源和規劃局), Binzhou Yilingyi Properties Co., Ltd. (濱州市二零一置業有限公司) was granted a building ownership of Block 35 having a total gross floor area of 5,285.93 sq.m. under a land use term commencing from 31 December, 2009 to 30 December, 2078 for residential use;
- The property is subject to a Commodity Flat Pre-sale Permit — Bin Jian Fang Kai Yu Zi No. 201810015 (商品房預售許可證 — 濱建房開預字第201810015號) dated 31 October, 2018 issued by Dwelling House, City and Town Development Bureau of Binzhou City (濱州市住房和城鄉建設局);
- The property comprises Unit Nos. 1-201, 1-202, 2-201 and 2-202 on Level 2, Unit Nos. 1-301, 1-302, 2-301 and 2-302 on Level 3, Unit Nos. 1-401, 1-402, 2-401 and 2-402 on Level 4, Unit Nos. 1-501, 1-502, 2-501 and 2-502 on Level 5 and Unit Nos. 1-601, 1-602, 2-601 and 2-602 on Level 6 of Block 35; and

6. It is stated in the legal opinion given by the Company's PRC legal advisers — Shandong Kai Yan Law Firm (山東開言律師事務所, *inter alia*, that:
- (a) Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) has obtained the land use rights of the property;
 - (b) Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) has obtained an Immovable Property Title Certificate (不動產權證) and the property is prescribed for residential/storage uses with a land use term from 31 December, 2009 to 30 December, 2078;
 - (c) Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) has obtained an Immovable Property Title Certificate (不動產權證) and there is no filed record of any Sale and Purchase Contract of Commodity Property (商品房買賣合同). In this regard, Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) is entitled to possess the property;
 - (d) The property has no record of being mortgaged and sequestered; and
 - (e) The property could be freely disposed, transferred, used, leased or mortgaged according to the laws.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April, 2022 (RMB)
3. Various domestic units on Levels 2, 3, 4, 5 and 6 of Block 37. Shangrila — Shuian Greentown, No. 815 Bohai First Road, Binzhou City, Shandong Province, The PRC.	<p>The property comprises 22 domestic units (including storerooms) on Levels 2, 3, 4, 5 and 6 of a 6-storey building which was completed in 2020.</p> <p>The property has a total gross floor area of 3,490.34 sq.m.</p> <p>The property is held under the land use rights for a term up to 30 December, 2078.</p>	The property is currently vacant.	29,877,000

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同) dated 29 December, 2007 made between State Land and Resources Bureau of Binzhou City, Shandong Province, the PRC (中華人民共和國山東省濱州市國土資源局) and Binzhou Yilingyi Properties Co., Ltd. (濱州市二零一置業有限公司), the former party agreed to grant the latter party a land use rights of a parcel of land having a site area of 110,971 sq.m. for a term of 40 years for commercial service use and 70 years for residential use at a land premium of RMB38,000,000. As advised by the Company, the land premium was fully paid;
- Pursuant to a State-owned Land Use Right Certificate — Bin Guo Yong (2009) No. 8050 (國有土地使用證 — 濱國用(2009)第8050號) dated 6 May, 2009 issued by the People's Government of Binzhou City (濱州市人民政府), Binzhou Yilingyi Properties Co., Ltd. (濱州市二零一置業有限公司) was granted the land use rights, having a site area of 110,971 sq.m., for a term up to 30 December, 2048 for commercial use and up to 30 December, 2078 for residential use;
- Pursuant to an Immovable Property Title Certificate — Lu (2021) Bin Zhou Shi Immovable Property Rights No. 0022969 (不動產權證 — 魯(2021)濱州市不動產權第0022969號) dated 15 September, 2021 issued by the Bureau of Natural Resources and Planning, Binzhou City (濱州市自然資源和規劃局), Binzhou Yilingyi Properties Co., Ltd. (濱州市二零一置業有限公司) was granted a building ownership of Block 37 having a total gross floor area of 4,417.42 sq.m. under a land use term commencing from 31 December, 2009 to 30 December, 2078 for residential use;
- The property is subject to a Commodity Flat Pre-sale Permit — Bin Jian Fang Kai Yu Zi No. 201810015 (商品房預售許可證 — 濱建房開預字第201810015號) dated 31 October, 2018 issued by Dwelling House, City and Town Development Bureau of Binzhou City (濱州市住房和城鄉建設局);
- The property comprises Unit Nos. 1-101 and 2-102 on Level 1, Unit Nos. 1-201, 1-202, 2-201 and 2-202 on Level 2, Unit Nos. 1-301, 1-302, 2-301 and 2-302 on Level 3, Unit Nos. 1-401, 1-402, 2-401 and 2-402 on Level 4, Unit Nos. 1-501, 1-502, 2-501 and 2-502 on Level 5 and Unit Nos. 1-601, 1-602, 2-601 and 2-602 on Level 6 of Block 37; and

6. It is stated in the legal opinion given by the Company's PRC legal advisers — Shandong Kai Yan Law Firm (山東開言律師事務所, *inter alia*, that:
- (a) Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) has obtained the land use rights of the property;
 - (b) Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) has obtained an Immovable Property Title Certificate (不動產權證) and the property is prescribed for residential/storage uses with a land use term from 31 December, 2009 to 30 December, 2078;
 - (c) Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) has obtained an Immovable Property Title Certificate (不動產權證) and there is no filed record of any Sale and Purchase Contract of Commodity Property (商品房買賣合同). In this regard, Binzhou Yilingyi Properties Co., Ltd. (濱州市一零一置業有限公司) is entitled to possess the property;
 - (d) The property has no record of being mortgaged and sequestrated; and
 - (e) The property could be freely disposed, transferred, used, leased or mortgaged according to the laws.

NOTICE OF EXTRAORDINARY GENERAL MEETING



JH Educational Technology INC.

嘉宏教育科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1935)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of JH Educational Technology INC. (the “Company”) will be held at No. 618 Liuweng Road, Liushi Town, Yueqing, Zhejiang, the People’s Republic of China on Monday, 15 August 2022 at 10 a.m. for the following purposes:

ORDINARY RESOLUTIONS

To consider and if thought fit, pass the following resolutions (with or without modification) as ordinary resolutions of the Company:

1. **THAT** the purchase agreement date 27 May 2022 entered into between Zhengzhou College of Economics and Business* (鄭州經貿學院) and Binzhou Yilingyi Properties Co., Ltd.* (濱州市二零一置業有限公司) (the “**Purchase Agreement**”), the supplemental agreement to the Purchase Agreement dated 30 June 2022 entered into among Zhengzhou College of Economics and Business* (鄭州經貿學院), Wenzhou Jia Yao Educational Technology Co., Ltd.* (溫州嘉耀教育科技有限責任公司) and Binzhou Yilingyi Properties Co., Ltd.* (濱州市二零一置業有限公司), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.
2. **THAT** any director(s) of the Company be and is/are hereby authorised, for and on behalf of the Company, to enter into any agreement, deed or instrument and/or to execute and deliver all such documents and/or do all such acts on behalf of the Company as he/she may consider necessary, desirable or expedient for the purpose of, or in connection with (i) the implementations and completion of the Purchase Agreement (as supplemented by the Supplemental Agreement) and transactions contemplated thereunder; and (ii) any amendment, variation or modification of the Purchase Agreement, the Supplemental Agreement and the transactions contemplated thereunder upon such terms and conditions as the board of directors of the Company may think fit.

By order of the Board
JH Educational Technology INC.
Chen Yuguo
Chairman

Wenzhou, Zhejiang Province, the People’s Republic of China
29 July 2022

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 2106, 21/F
Emperor Group Centre
288 Hennessy Road
Wanchai
Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The resolutions at the EGM (except those relate to the procedural or administrative matters, which should be taken by a show of hands as the chairman of the EGM may decide, in good faith) will be taken by a poll pursuant to the Listing Rules and the results of the poll will be published on the websites of Stock Exchange in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf.
3. In order to be valid, a form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours (i.e. 10 a.m. on Saturday, 13 August 2022) before the time appointed for the holding of the above meeting or not less than 48 hours before the time appointed for the holding of any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending and voting in person if he or she is subsequently able to be present and in such event the form of proxy shall be deemed revoked.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his or her attorney duly authorized in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorized.
5. The form of proxy must be signed by the appointor or by his or her attorney authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorized to sign the same.
6. Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such Share as if he or she were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.
7. For the purposes of holding the EGM, the register of members of the Company will be closed from Saturday, 13 August 2022 to Monday, 15 August 2022 (both days inclusive), for the purpose of determining the entitlement to attend and vote at the EGM scheduled to be held on Monday, 15 August 2022. In order to be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 12 August 2022.
8. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force within a period of two (2) hours before the commencement of the EGM, the EGM will be postponed or adjourned. The Company will post an announcement on the websites of the Company (www.jheduchina.com) and the Stock Exchange (www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting. The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather condition bearing in mind their own situations.

NOTICE OF EXTRAORDINARY GENERAL MEETING

9. In view of the ongoing COVID-19 epidemic, the Company will implement the following prevention and control measures targeting COVID-19 at the EGM to protect Shareholders from infection:

- (i) Compulsory body temperature check will be conducted, and any person with a body temperature beyond normal range will be denied entry into the venue;
- (ii) Every Shareholder or authorized representative must wear a surgical mask; and
- (iii) The Company will maintain appropriate distance and space in the venue.

The Company strongly recommends Shareholders, who intend to attend the EGM, to submit the form of proxy for voting instead of attending the EGM in person. The form of proxy has been dispatched to Shareholders and is available to download on the Company's website (www.jheduchina.com) or HKExnews' website (www.hkexnews.hk). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of a proxy.

Shareholders who choose not to attend the EGM in person may access the EGM through a live webcast (the "Webcast"). The Webcast link can be accessed by computers, mobile phones or any browser-enabled electronic or communication devices. Shareholders will be able to access the Webcast at the start of the EGM until its conclusion.

Shareholders who wishes to access the EGM by Webcast or submit questions in relation to any resolution set out in the Notice of EGM must send a) full name; b) registered address; c) number of Shares held; d) contact telephone numbers; and e) email address together with the questions, if any, to this email address: info@jheduchina.com not later than 72 hours before the appointed time and date of the EGM. Shareholders may be required to produce identification documents to show identity and enable the Company to check against its Shareholders' records. Shareholders having completed registration and identity verification will be provided the web link and/or password to access the Webcast at the start of the EGM until conclusion. Shareholders who are given the web link and/or password of the Webcast should not share such information to anyone else.

No remote voting system will be provided for the EGM. For the avoidance of doubt, Shareholders' presence through live webcast will not be counted as quorum or attendance of the EGM, and will not revoke any form of proxy previously delivered to the Company by the same Shareholder. Shareholders may, however, view and listen to the EGM through the Webcast.

The Company is closely monitoring the impact of COVID-19 pandemic. Should any changes be made to the EGM arrangements, the Company will publish further announcement(s) to notify the Shareholders.

10. References to time and dates of this notice are to Hong Kong time and dates.

As at the date of this notice, the executive directors of the Company are Mr. Chen Yuguo, Mr. Chen Yuchun, Mr. Chen Shu, Mr. Chen Nansun and Mr. Chen Lingfeng; the non-executive director of the Company is Ms. Zhang Xuli; and the independent non-executive directors of the Company are Ms. Bi Hui, Mr. Fung Nam Shan and Mr. Wang Yuqing.