

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 your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Bojun Education Company Limited, you should at once hand this circular to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

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Bojun Education Company Limited
博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1758)

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
SERVICES TO PENINSULA KINDERGARTEN,
LONGQUAN KINDERGARTEN,
QINGYANG KINDERGARTEN, RIVERSIDE KINDERGARTEN
AND YOUSHI KINDERGARTEN;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 8 to 20 of this circular. A notice convening the EGM to be held at Meeting Room, 2/F., Bojun Education Company Limited, 209 Sanshe Road, Jinjiang District, Chengdu, Sichuan Province, the People's Republic of China on Wednesday, 21 September 2022 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of a proxy form will not preclude the Shareholders from attending and voting at the EGM if they so wish.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

To safeguard the health and safety of the Shareholders and to prevent the spreading of the Coronavirus pandemic, the following precautionary measures will be implemented at the EGM:

- (1) Compulsory temperature screening/checks
- (2) Submission of health declaration forms
- (3) Wearing of surgical face mask
- (4) No provision of refreshments or drinks

Attendees who do not comply with the precautionary measures referred to in (1) to (3) above may be denied entry to the EGM venue, at the absolute discretion of the Company as permitted by law. **For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.**

Hong Kong, 1 September 2022

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PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

With the outbreak and spreading of the Coronavirus pandemic and the heightened requirements for the prevention and control of its spreading, to safeguard the health and safety of the Shareholders who might be attending the EGM in person, the Company will implement the following precautionary measures at the EGM.

Voting by proxy in advance of the EGM: The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the Coronavirus pandemic. For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person. Physical attendance is not necessary for the purpose of exercising Shareholder rights. **Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently so wish.**

The deadline to submit completed proxy forms is Monday, 19 September 2022 at 10:00 a.m.. Completed proxy forms must be returned to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Shareholders are strongly encouraged to cast their votes by submitting a proxy form appointing the chairman of the EGM as their proxy.

To safeguard the health and safety of the Shareholders who might be attending the EGM in person, the Company will also implement the following measures at the EGM:

- (1) Compulsory temperature screening/checks will be carried out on every attendee at the main entrance of EGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the EGM venue and be requested to leave the EGM venue.
- (2) Every attendee will have to submit a completed Health Declaration Form prior to entry into the EGM venue. The Form with a unique shareholder reference number (SRN) printed on the top right corner is sent to all registered shareholders together with this circular. The completed and signed form must be ready for collection at the main entrance of EGM venue to ensure prompt and smooth processing. The Form can also be downloaded from the website of the Company at the EGM Website.
- (3) Every attendee will be required to wear a surgical face mask throughout the EGM and to sit at a distance from other attendees. Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks.
- (4) No refreshments or drinks will be provided to attendees at the EGM. Instead, a donation will be made by the Company for charitable purposes in relation to the Coronavirus pandemic.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Attendees are in addition requested to observe and practise good personal hygiene at all times. To the extent permitted by law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue so as to ensure the health and safety of the attendees at the EGM.

Due to the constantly evolving Coronavirus pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the Company's website or the EGM Website for future announcements and updates on the EGM arrangements.

Appointment of proxy by non-registered shareholders: Non-registered shareholders whose shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

If shareholders have any questions relating to the EGM, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, as follows:

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2810 8185
Email: is-enquiries@hk.tricorglobal.com

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 30 June 2022 relating to, amongst other things, the Renewal Agreement and the transactions contemplated thereunder
“Board”	the board of Directors
“Chengdu Bojun”	Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 26 July 2016 and an indirect wholly-owned subsidiary of the Company
“Chengdu Youshi Preschool Investment”	Chengdu Youshi Preschool Education Investment Management Company Limited* (成都幼獅幼兒教育投資管理有限公司), a limited liability company established under the laws of the PRC on 16 July 2010 and a Consolidated Affiliated Entity
“Company”	Bojun Education Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Consolidated Affiliated Entity(ies)”	the entity(ies) that the Company controls through the contractual arrangement contemplated under the new Structured Contracts, including the School Sponsors, Lidu Kindergarten and Tianfu High School
“Director(s)”	the director(s) of the Company
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Renewal Agreement and the transactions contemplated thereunder (including the annual caps proposed)
“Group”	the Company and its subsidiaries and the Consolidated Affiliated Entities
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“IFA”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Renewal Agreement (including the proposed annual caps)
“Implementation Rules”	Implementation Regulations of the Private Education Promotion Law of the PRC* (《中華人民共和國民辦教育促進法實施條例》) issued by the State Council of the PRC on 14 May 2021, which took effect on 1 September 2021
“Independent Board Committee”	an independent committee of the Board, comprising all the four independent non-executive Directors, established to advise the Independent Shareholders in respect of the Renewal Agreement (including the proposed annual caps)
“Independent Shareholders”	Shareholders other than Act Glory Global Limited, and all the Shareholders who are materially interested in the Renewal Agreement, and their respective associates
“Independent Third Party(ies)”	Independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or the Directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Kindergartens”	collectively Peninsula Kindergarten, Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten
“Latest Practicable Date”	29 August 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Lidu Kindergarten”	Chengdu Wuhou District Youshi Lidu Kindergarten Company Limited* (成都市武侯區幼師麗都幼兒園有限公司) (formerly known as Chengdu Youshi Lidu Experimental Kindergarten* (成都幼師麗都實驗幼兒園)), a private kindergarten established under the laws of the PRC on 12 May 2003 and a Consolidated Affiliated Entity
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Longquan Kindergarten”	Chengdu Longquan Youshi Dongshan Kindergarten* (成都市龍泉驛區幼師東山幼兒園) (formerly known as Chengdu Youshi Longquan Dongshan Experimental Kindergarten* (成都幼師龍泉東山實驗幼兒園)), a private kindergarten established under the laws of the PRC on 23 February 2009, where the school sponsor’s interest is wholly-owned by Sichuan Boai
“Management Agreement”	the management agreement dated 31 May 2022 entered into among the Service Providers and the Kindergartens
“Peninsula Kindergarten”	Chengdu High and New District Youshi Peninsula City Centre Kindergarten* (成都高新區幼獅半島城邦幼兒園), a private kindergarten established under the laws of the PRC on 27 September 2013, where the school sponsor’s interest is wholly-owned by Chengdu Youshi Preschool Investment
“PRC” or “China”	the People’s Republic of China
“Prospectus”	prospectus of the Company dated 19 July 2018
“Qingyang Kindergarten”	Chengdu Qingyang Youshi Jingjie Kindergarten* (成都市青羊區幼師境界實驗幼兒園) (formerly known as Chengdu Qingyang Youshi Jingjie Experimental Kindergarten* (成都青羊幼師境界實驗幼兒園)), a private kindergarten established under the laws of the PRC on 15 March 2010, where the school sponsor’s interest is wholly-owned by Sichuan Boai
“Renewal Agreement”	the renewal agreement dated 30 June 2022 entered into among the Service Providers and the Kindergartens
“Riverside Kindergarten”	Chengdu Youshi Riverside Impression Experimental Kindergarten* (成都幼師河濱印象實驗幼兒園), a private kindergarten established under the laws of the PRC on 18 June 2003, where the school sponsor’s interest is wholly-owned by Sichuan Boai
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“School Sponsors”	Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), Sichuan Boai, Chengdu Youshi Preschool Investment, Renshou Bojun Education Investment Management Company Limited* (仁壽博駿教育投資管理有限公司), Chengdu Jinbojun Education Consultancy Company Limited* (成都金博駿教育諮詢有限公司), Nanjiang Bojun Education Management Company Limited* (南江博駿教育管理有限公司), Wangcang Bojun Education Management Company Limited* (旺蒼博駿教育管理有限公司), Lezhi Bojun Education Management Company Limited* (樂至博駿教育管理有限公司), Zhongjiang Bojun Education Management Company Limited* (中江博駿教育管理有限公司), Chengdu Bojun Lixing Education Management Company Limited* (成都博駿勵行教育管理有限公司) and Jianyang Jinbojun Education Management Company Limited* (簡陽金博駿教育管理有限公司)
“School (Kindergartens) Sponsor(s)”	Chengdu Youshi Preschool Investment and Sichuan Boai
“Service Providers”	Chengdu Bojun and the School (Kindergartens) Sponsors
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Sichuan Boai”	Sichuan Boai Preschool Education Development Company Limited* (四川省博愛幼兒教育事業專業發展有限責任公司), a limited liability company established under the laws of the PRC on 26 July 2001 and a Consolidated Affiliated Entity
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	the existing structured contracts of the Group, details of which are set out in the announcement of the Company dated 19 June 2020

DEFINITIONS

“Tianfu High School”	Sichuan New Tianfu District No. 1 High School Attached to Sichuan Normal University* (四川天府新區師大一中高級中學), a private high school established under the laws of the PRC and has commenced schooling in September 2021, where the school sponsor’s interest is wholly-owned by Chengdu Mingxian Education Investment Company Limited* (成都銘賢教育投資有限公司), and a Consolidated Affiliated Entity of the Company
“Youshi Kindergarten”	Chengdu Wuhou District Youshi Kindergarten* (成都市武侯區幼獅幼兒園) (formerly known as Chengdu Youshi Experimental Kindergarten* (成都幼師實驗幼兒園)), a private kindergarten established under the laws of the PRC on 12 August 2002, where the school sponsor’s interest is wholly-owned by Sichuan Boai
“%”	per cent

The English names of the entities marked with “” in this circular are translations from their Chinese names and are for identification purpose only. If there is any inconsistency, the Chinese names shall prevail.*

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.17. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

LETTER FROM THE BOARD



Bojun Education Company Limited
博駿教育有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1758)

Executive Director:

Mr. Wang Jinglei

(Chairman and chief executive officer)

Non-executive Director:

Mr. Wu Jiwei

Independent non-executive Directors:

Mr. Cheng Tai Kwan Sunny

Mr. Mao Daowei

Ms. Luo Yunping

Mr. Yang Yuan

Registered office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

2206–19 Jardine House

1 Connaught Place

Central

Hong Kong

1 September 2022

To the Shareholders

Dear Sir or Madam,

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
SERVICES TO PENINSULA KINDERGARTEN,
LONGQUAN KINDERGARTEN,
QINGYANG KINDERGARTEN, RIVERSIDE KINDERGARTEN
AND YOUSHI KINDERGARTEN;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in relation to, among others, the Renewal Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the information regarding, among others, (i) further details of the transactions contemplated under the Renewal Agreement (including the annual caps proposed); (ii) the letter from the Independent Board Committee containing its advice to the Independent Shareholders; (iii) the letter from the IFA containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM.

RENEWAL AGREEMENT

On 30 June 2022, the Service Providers and the Kindergartens entered into the Renewal Agreement pursuant to which the Service Providers shall provide various management services to the Kindergartens for the three years ending 31 August 2025.

The aggregate annual caps proposed with respect to the transactions contemplated under the Renewal Agreement for the years ending 31 August 2023, 2024 and 2025 are RMB23,500,000 (equivalent to approximately HK\$27,495,000), RMB23,500,000 (equivalent to approximately HK\$27,495,000) and RMB24,400,000 (equivalent to approximately HK\$28,548,000), respectively.

The principal terms of the Renewal Agreement are set forth below.

- Date : 30 June 2022
- Parties : (i) Service Providers (being Chengdu Bojun, Chengdu Youshi Preschool Investment and Sichuan Boai)
- (ii) Kindergartens (being Peninsula Kindergarten, Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten)
- Term : Three years from 1 September 2022 to 31 August 2025
- Subject Matter : Pursuant to the Renewal Agreement, the Kindergartens engaged the Service Providers to provide services as follows:
- (i) Education management services, which cover research and development services for improving teaching and education quality, provision of human resources management services, provision of manpower and advisory on nursery services;
- (ii) Brand management services, which cover the licence of the brand of “Youshi (幼獅)”, and event planning and management services; and
- (iii) Campus maintenance services.

LETTER FROM THE BOARD

Conditions precedent

The obligations of the Service Providers and the Kindergartens to perform their respective obligations under the Renewal Agreement shall be subject to and conditional upon:

- (i) the Independent Shareholders' approval of the Company approving transactions contemplated under the Renewal Agreement, subject to compliance with the Listing Rules, having been obtained; and
- (ii) the Renewal Agreement being validly executed.

BACKGROUND OF THE TRANSACTIONS UNDER THE RENEWAL AGREEMENT

The Group engages in provision of private education services through the operating entities in the PRC as PRC laws and regulations generally prohibit or restrict foreign ownership in the private education industry in the PRC. The Group obtains control over and derive the economic benefits from the PRC operating entities through the structured contracts (the “**Structured Contracts**”). For details, please refer to the announcement of the Company dated 19 June 2020 (the “**VIE Announcement**”). Before the Implementation Rules became effective on 1 September 2021, the operating entities of the Group included those entities that engage in the operation of compulsory education (i.e. primary school and middle school) and/or non-compulsory education (i.e. non-profit kindergartens and high school). The Implementation Rules set series of restrictions and guidelines on operation, taxation, shareholding structure, connected transactions and merge and acquisition of entities providing compulsory education, especially non-profit private primary and middle schools, including: (i) no social organisation and individual are permitted to take control of non-profit private compulsory education schools and non-profit private preschool through mergers and acquisitions and control agreement; and (ii) private compulsory education schools are prohibited from conducting connected transactions, and other private schools shall conduct connected transactions in an open, reasonable and fair manner, which shall not harm national interests, school interests and rights and interests of all teachers and students. As a result of the restrictions on the provision of compulsory education and non-profit preschool education under the Implementation Rules, the Group lost control over those operating entities providing compulsory education services and non-profit pre-school education services since 31 August 2021.

Legality of the Structured Contracts

On 16 August 2022, the PRC legal adviser of the Group, DeHeng Law Offices (the “**PRC Legal Adviser**”), conducted a telephone interview with the Education Department of Sichuan Province* (四川教育廳), being the competent regulatory authority regulating our kindergartens, middle and high schools, on the legality of the Structured Contracts. Based on the interview with the Education Department of Sichuan Province, the PRC Legal Adviser advised that the Structured Contracts became unenforceable to the Group's schools which provides private compulsory education and non-profit preschool education as affected by the Implementation Rules but the Structured Contracts remain legal and enforceable to other

LETTER FROM THE BOARD

parties to the Structured Contracts, including the School Sponsors, Lidu Kindergarten, Tianfu High School and Chengdu Bojun under the Civil Code of the PRC (《中國民法典》) and the Structured Contracts were entered before the Implementation Rules became effective.

As further advised by the PRC Legal Adviser, the Structured Contracts as a whole and each of the agreements comprising the Structured Contracts are legal, valid and binding on the parties thereto, other than the schools which provides private compulsory education and non-profit preschool education, and are enforceable under PRC laws and regulations. Moreover, the Structured Contracts do not violate the provisions of the Civil Code of the PRC, including concealing illegal intentions with a lawful form, the Implementation Rules and other applicable PRC laws and regulations.

DETAILS OF THE SERVICES UNDER THE RENEWAL AGREEMENT

In light of the Implementation Rules, the Kindergartens have ceased to be the Consolidated Affiliated Entities since 31 August 2021 and the financial statements of the Kindergartens can no longer be consolidated into the financial statements of the Company starting from 1 September 2021. In this regard, the Group restructured its relationship with the Kindergartens. It also underwent manpower restructuring in May 2022 and all the employees of the Kindergartens were transferred to their respective school sponsors (being Chengdu Youshi Preschool Investment and Sichuan Boai).

Education management services

The education management services shall be provided by the respective school sponsor of the Kindergartens (being Chengdu Youshi Preschool Investment and Sichuan Boai). Chengdu Youshi Preschool Investment and Sichuan Boai would deploy their employees to handle the daily operation of the Kindergartens. To maintain normal operation, Chengdu Youshi Preschool Investment and Sichuan Boai deployed about 254 employees to provide education management services to the Kindergartens, out of which 117 were administrative and supporting staff, 90 were teachers and 47 were general staff. The operation and personnel involved in the operation of the Kindergartens remained the same after the manpower restructuring.

Brand management services

The brand management services shall be provided by Chengdu Bojun. Chengdu Bojun shall license the brand and trademark of “Youshi” and “幼獅” to the Kindergartens for use during their operations. Moreover, Chengdu Bojun shall also be responsible for planning and organising various extracurricular activities, events and programs under the brand of “Youshi” for the Kindergartens, such as celebration events for Children’s Day (兒童節慶祝活動) and anniversary celebration programs (周年慶典活動).

Campus maintenance services

The campus maintenance services shall be provided by Chengdu Bojun as and when necessary. The services include general campus maintenance, campus facilities upgrade and campus greening work. These services may involve campus renovation. Chengdu Bojun is responsible for planning, design and management of the campus maintenance services from

LETTER FROM THE BOARD

time to time to enhance the campus facilities and the campus environment. Chengdu Bojun would generally provide annual campus maintenance services to the Kindergartens during long holidays such as summer vacation from July to August. Chengdu Bojun would send its maintenance teams with an electrical engineer and a civil engineering specialist to the Kindergartens to handle the necessary maintenance work. When necessary, it would hire skilled labours, who possess the necessary qualifications, such as renovation or construction qualification and relevant work experience, to complete various maintenance work under its supervision.

Legality of the Renewal Agreement

The Implementation Rules have imposed connected transaction restrictions on schools which provide compulsory education. Given that pre-school education is not compulsory education, it is advised by the PRC Legal Adviser that the connected transaction restrictions under the Implementation Rules are not applicable to the Renewal Agreement, and the transactions contemplated under the Renewal Agreement shall be conducted on the principles of openness, fairness and justice and reasonably priced, standardised decision-making shall be established for such transactions and such transactions shall not harm the interests of the state, schools and teachers and students.

The transactions contemplated under the Renewal Agreement are narrowly tailored to achieve the Group's business purpose and minimize the potential for conflict with relevant PRC laws and regulations. The Group underwent manpower restructuring in May 2022 and all the employees of the Kindergartens were transferred to their respective school sponsors (being Chengdu Youshi Preschool Investment and Sichuan Boai). According to the Kindergarten Management Regulations (《幼兒園管理條例》), school principal, teachers, doctors, health care staff and other staff for operation of a kindergarten can be hired by the kindergarten or its school sponsor. Therefore, the education management services shall be provided by Chengdu Youshi Preschool Investment and Sichuan Boai, as school sponsors of the Kindergartens. As advised by the PRC legal adviser of the Group, DeHeng Law Offices, employment of school principal, teachers, doctors, health care staff and other staff by Chengdu Youshi Preschool Investment and Sichuan Boai for operation of the Kindergartens is in compliance with the applicable laws of the PRC.

As advised by the PRC Legal Adviser, the provision of the brand management services and the campus maintenance services by Chengdu Bojun to the Kindergartens are not subject to restrictions under the PRC laws and regulations. As further advised by the PRC Legal Advisor that the Renewal Agreement and the transactions contemplated thereunder do not violate the Implementation Rules and any applicable PRC laws or regulations and is binding upon relevant parties and the Renewal Agreement shall become enforceable after the conditions precedent are fulfilled.

LETTER FROM THE BOARD

HISTORICAL TRANSACTION AMOUNTS, THE ANNUAL CAPS PROPOSED AND THE PRICING BASIS

The existing aggregate annual caps under the Management Agreement is RMB8,350,000 for the year ending 31 August 2022. The annual caps for the transactions contemplated under the Management Agreement are as follows:

Type of services	Period	Maximum amount of fees payable by the Kindergartens for the year ending 31 August 2022
Education management services	From 1 May 2022 to August 2022	RMB4,900,000
Brand management services	From 1 September 2021 to 31 August 2022	RMB2,450,000
Campus maintenance services	From 1 September 2021 to 31 August 2022	RMB700,000

The fees payable by the Kindergartens to the Group shall be settled on or before 31 August 2022. The Group has closely monitored the transaction amounts under the Management Agreement. As at the Latest Practicable Date, the annual caps for the transactions contemplated under the Management Agreement for the year ending 31 August 2022 have not been and are not expected to be exceeded.

The historical transaction amounts pursuant to the Management Agreement by types of services for the year ending 31 August 2022 (up to 30 June 2022) are set out as follows:

Type of services	Historical transaction amount for the year ending 31 August 2022 (up to 30 June 2022)
Education management services	RMB2,423,104
Brand management services	RMB2,130,000
Campus maintenance services	NA ^(Note)

Note: It is expected that the campus maintenance services will be carried out during the summer vacation from July to August 2022.

LETTER FROM THE BOARD

The proposed annual caps for the transactions contemplated under the Renewal Agreement are as follows:

Type of service	Determination basis	Maximum amount of fees payable by the Kindergartens For the year ending 31 August		
		2023	2024	2025
Education management services	It would be charged at 103% of the labour cost of the employees despatched by the Service Providers to the Kindergartens.	Shall not exceed RMB18,600,000 (equivalent to approximately HK\$21,762,000) per annum.	Shall not exceed RMB18,600,000 (equivalent to approximately HK\$21,762,000) per annum.	Shall not exceed RMB19,500,000 (equivalent to approximately HK\$22,815,000) per annum.
Brand management services	It would be charged at 7% of the tuition and boarding fees (保教費) collected by the Kindergartens.	Shall not exceed RMB2,700,000 (equivalent to approximately HK\$3,159,000) per annum.	Shall not exceed RMB2,700,000 (equivalent to approximately HK\$3,159,000) per annum.	Shall not exceed RMB2,700,000 (equivalent to approximately HK\$3,159,000) per annum.
Campus maintenance services	It would be charged at 108–110% of the reasonable costs of such services of the Service Providers.	Shall not exceed RMB2,200,000 (equivalent to approximately HK\$2,574,000) per annum.	Shall not exceed RMB2,200,000 (equivalent to approximately HK\$2,574,000) per annum.	Shall not exceed RMB2,200,000 (equivalent to approximately HK\$2,574,000) per annum.
	Aggregated amount	Shall not exceed RMB23,500,000 (equivalent to approximately HK\$27,495,000) per annum.	Shall not exceed RMB23,500,000 (equivalent to approximately HK\$27,495,000) per annum.	Shall not exceed RMB24,400,000 (equivalent to approximately HK\$28,548,000) per annum.

LETTER FROM THE BOARD

It is expected that the aggregate amounts of fees payable by the Kindergartens to the Group for the years ending 31 August 2023, 2024 and 2025 are RMB23,500,000 (equivalent to approximately HK\$27,495,000), RMB23,500,000 (equivalent to approximately HK\$27,495,000) and RMB24,400,000 (equivalent to approximately HK\$28,548,000), respectively. Based on the following reasons, there are increases in the proposed annual caps for the years ending 31 August 2023, 2024 and 2025 when comparing to the annual cap for the year ending 31 August 2022:

- (i) Chengdu Youshi Preschool Investment and Sichuan Boai started the provision of education management services to the Kindergartens from 1 May 2022. Such education management services will be provided to the Kindergartens on a full-year basis starting from 1 September 2022 resulting in an increase in the proposed transaction amounts;
- (ii) to retain the school principals, teachers and staff for a stable operation of the Kindergartens, Chengdu Youshi Preschool Investment and Sichuan Boai may increase their employees' salaries and may grant bonuses and, thus, there will be an increase in labour cost. Moreover, to cater for the growth and development of the Kindergartens, Chengdu Youshi Preschool Investment and Sichuan Boai may also hire additional employees for the operation of the Kindergartens;
- (iii) the Kindergartens may have facilities and equipment upgrade in their campuses from 2023 to 2025 for their long term use and there might be unexpected needs for maintenance services from time to time that are requested by the Kindergartens on demand. Therefore, there is an increase in annual caps for the campus maintenance services to cater for the Kindergartens' development and some unforeseeable needs; and
- (iv) taking into account the growth of the Kindergartens, the projected inflation rate of about 2% in the PRC and additional buffer for unexpected increase in cost as affected by factors beyond the Group's control, the annual caps for each of the education management services, the brand management services and the campus maintenance services have been increased.

The fees payable by the Kindergartens to the Group under the Renewal Agreement were determined with reference to the costs and expenses of the Kindergartens and/or the Service Providers and the expected demand of the Kindergartens for the years ending 31 August 2023, 2024 and 2025. The determination basis of each type of service is arrived at with reference to the gross profit margins of comparable services provided by independent service providers in the market. In determining the charging rates of the services, the Board has considered (i) in respect of the education management services, the labour cost and profit margin for labour subcontracting/despaching services conducted by companies in the PRC; (ii) in respect of the brand management services, the brand license fee payable by an independent school operator to the Group in 2021 in respect of grant of brand use right for the year ended 31 August 2021, which was charged at 5% of the tuition fee collected by the relevant school, and the service cost for planning and organising extracurricular activities, events and programs; and (iii) in respect of the campus maintenance services, the cost of Chengdu Bojun on provision of the

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campus maintenance work. Chengdu Bojun has its own maintenance team and will bear its own labour cost. The charging rates cover the cost for (a) the planning, design and management of the campus maintenance services, (b) the procurement of materials and equipment for carrying out the maintenance work and (c) third party construction cost when construction or renovation work shall be performed by labours who possess necessary qualifications. Having considered the above, the Directors are of the view that the terms of transactions under the Renewal Agreement are normal commercial terms.

The fees payable by the Kindergartens to the Group in respect of the education management services and brand management services are billed on a monthly basis while the fees payable by the Kindergartens to the Group in respect of the campus maintenance services are billed after significant maintenance work is completed. It is expected that the substantial maintenance services will be carried out during the summer vacation from July to August and the daily maintenance work performed by the Group may not be significant and, thus, the Group would issue a bill to the Kindergartens in August 2022 for the campus maintenance services. All of the fees payable by the Kindergartens to the Group shall be settled on or before 31 August of the relevant year. Based on the above, the Board considers that the settlement arrangement is reasonable and are on normal commercial terms.

INFORMATION OF THE PARTIES

Service Providers

Chengdu Bojun

Chengdu Bojun is a wholly-foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company.

Chengdu Youshi Preschool Investment and Sichuan Boai

Each of Chengdu Youshi Preschool Investment and Sichuan Boai is a limited liability company established in the PRC and a Consolidated Affiliated Entity. They are principally engaged in the business of education investment and management.

Kindergartens

Peninsula Kindergarten

Peninsula Kindergarten is a private kindergarten established in the PRC, where the school sponsor's interest is wholly-owned by Chengdu Youshi Preschool Investment.

Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten

Each of Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten is a private kindergarten established in the PRC, where the school sponsor's interest is wholly-owned by Sichuan Boai.

LETTER FROM THE BOARD

The Kindergartens are ultimately owned as to (i) 93.26% by Mr. Wang Jinglei, an executive Director and a substantial Shareholder, thus a connected person, (ii) 4.90% by Mr. Xie Gang, (iii) 0.92% by Mr. Zeng Guang and (iv) 0.92% by Ms. Li Jingmei, with Mr. Xie Gang, Mr. Zheng Guang and Ms. Li Jingmei being individuals of PRC nationality and independent third parties of the Group.

REASONS FOR AND BENEFITS OF THE RENEWAL AGREEMENT

The Group is mainly engaged in the provision of full spectrum private fundamental education, including pre-school, primary, middle and high schools in the PRC. As PRC laws and regulations generally prohibit or restrict foreign ownership in the private education industry in the PRC, the Group used to obtain control over and derive economic benefits from the PRC operating entities through structured contracts. For details of the structured contracts, please refer to the announcement of the Company dated 19 June 2020 in relation to the new structured contracts entered into by the Group.

As a result of the restrictions on the provision of compulsory education under the Implementation Rules, the Group lost control over those operating entities providing compulsory education services and non-profit pre-school education services since 31 August 2021. Observing the Implementation Rules, the Group has been working with its advisers to modify its group, legal and business structure, including, amongst others, converting its kindergartens from non-profit kindergartens to for-profit kindergartens. In particular, Lidu Kindergarten completed the registration as a for-profit kindergarten and the Group regained control over Lidu Kindergarten in May 2022. The Kindergartens have been carrying on their normal day-to-day operations with the assistance of the Group to avoid discontinuation of education and related services to the students. To fulfil the requirements of the Implementation Rules and satisfy the business needs of the Kindergartens for continuous and consistent services to students, the Group restructured its relationship with the Kindergartens and entered into the Management Agreement with the Kindergartens, and entering into the Renewal Agreement continues to achieve the same goal. Through the arrangements contemplated under the Management Agreement and the Renewal Agreement, the Kindergartens could operate their businesses under the management and supervision of the Group. With the support from the Group, the Kindergartens can maintain their operations and continue to provide high quality private education services to students, which are beneficial to the Kindergartens and their sustainable development and growth. The entry into the Renewal Agreement can also strengthen the business operations and financial position of the Group.

The Directors have confirmed that the terms of the Renewal Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES

The Group will adhere to the following internal control measures in respect of the transactions contemplated under the Renewal Agreement:

- (i) the designated staff from the accounts department of the Group will closely monitor the total transaction amount to ensure that the annual caps proposed will not be exceeded;
- (ii) reports which contain total transaction amount under the Renewal Agreement will be submitted to the management of the Group on a monthly basis; and
- (iii) the Independent Non-executive Directors and the auditors of the Company will conduct annual review of the transactions.

LISTING RULES IMPLICATIONS

Mr. Wang Jinglei is an executive Director and a substantial Shareholder, holding an indirect interest in 233,920,000 Shares, representing approximately 28.46% of the issued shares of the Company, and, thus, a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The Kindergartens are ultimately owned as to (i) 93.26% by Mr. Wang Jinglei* (王惊雷), (ii) 4.90% by Mr. Xie Gang (谢纲), (iii) 0.92% by Mr. Zeng Guang (曾光) and (iv) 0.92% by Ms. Li Jingmei (李京梅). All Kindergartens are therefore associate of Mr. Wang Jinglei and connected persons of the Company.

As the highest of the applicable percentage ratios of the annual caps proposed are more than 5%, transactions contemplated under the Renewal Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Other than Mr. Wang Jinglei, none of the Directors has in the Renewal Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant resolutions at the Board meeting.

GENERAL

At the EGM, ordinary resolution(s) for approving the Renewal Agreement and the transactions contemplated thereunder will be proposed for the Shareholder's approval. The resolution(s) will be voted by way of poll at the EGM.

Mr. Wang Jinglei is considered to have material interest in the transactions contemplated under the Renewal Agreement. In accordance with the Listing Rules, Mr. Wang and his associates, namely Act Glory Global Limited (a company ultimately wholly-owned by Mr. Wang) and all other Shareholders who are materially interested in the Renewal Agreement, and their respective associates are required to abstain from voting on the resolution proposed at the EGM. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, save for Act Glory Global Limited, which held an 233,920,000 Shares, representing approximately 28.46% of the total number of Shares in issue as at the

LETTER FROM THE BOARD

Latest Practicable Date, none of the Shareholders has any material interest in the Renewal Agreement and the transactions contemplated thereunder (including the annual caps proposed), and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the same.

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 or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

The notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

The register of members of the Company will be closed from Friday, 16 September 2022 to Wednesday, 21 September 2022, both days inclusive, during which period no transfer of Shares will be registered, in order to determine the entitlement to attend and vote at the EGM. In order to be entitled to attend and vote at the EGM, unregistered holders of Shares should ensure that all transfers of Shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged for registration with the Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m., Thursday, 15 September 2022.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all four independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the Renewal Agreement (including the proposed annual caps).

Lego Corporate Finance Limited has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

RECOMMENDATION

The Directors (including the independent non-executive Directors of the Company after taking into account the advice of the IFA but excluding Mr. Wang Jinglei) believe that the terms of the Renewal Agreement (including the proposed annual caps) are on normal

LETTER FROM THE BOARD

commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, they recommend that all Shareholders to vote in favour of the resolution to be proposed at the EGM.

FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 21 to 22 of this circular, the letter from the IFA set out on pages 23 and 41 of this circular and the additional information set out in the Appendix to this circular.

The Renewal Agreement is subject to the satisfaction of the conditions precedent as described in this announcement. There is no assurance that any of such conditions precedent will be fulfilled. Therefore, the transactions contemplated under the Renewal Agreement may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

By Order of the Board
Bojun Education Company Limited
Wang Jinglei
Chairman and chief executive officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular:



Bojun Education Company Limited

博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1758)

1 September 2022

To the Independent Shareholders

Dear Sir or Madam,

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
SERVICES TO PENINSULA KINDERGARTEN,
LONGQUAN KINDERGARTEN,
QINGYANG KINDERGARTEN, RIVERSIDE KINDERGARTEN
AND YUSHI KINDERGARTEN;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular issued by the Company to the Shareholders dated 1 September 2022 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider the terms of the Renewal Agreement and to advise the Independent Shareholders in connection with the Renewal Agreement and the continuing connected transactions contemplated thereunder (including the annual caps proposed), as to whether, in our opinion, the terms of the such transactions are fair and reasonable, whether such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendations of the IFA. Lego Corporate Finance Limited has been appointed as the IFA to advise us and the Independent Shareholders in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board as set out on pages 8 to 20 of the Circular and the letter from the IFA as set out on pages 23 to 41 of the Circular. Having considered the principal factors and reasons considered by, and the advice and recommendation of, the IFA as set out in its letter of advice, we consider that the terms of the Renewal Agreement (including annual caps proposed) are fair and reasonable. We also consider that the transactions contemplated under the Renewal Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in the terms as set out in the notice of the EGM so as to approve the Renewal Agreement and the transactions contemplated thereunder (including annual caps proposed).

Yours faithfully,

Cheng Tai Kwan Sunny

Mao Daowei

Luo Yunping

Yang Yuan

Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the IFA setting out the advice to the Independent Board Committee and the Independent Shareholders in relation to the Renewal Agreement and the transactions contemplated thereunder (including the proposed annual cap amounts), which has been prepared for the purpose of inclusion in this circular.



1 September 2022

To: *The Independent Board Committee and the Independent Shareholders
of Bojun Education Company Limited*

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS SERVICES TO PENINSULA KINDERGARTEN, LONGQUAN KINDERGARTEN, QINGYANG KINDERGARTEN, RIVERSIDE KINDERGARTEN AND YOUSHI KINDERGARTEN

INTRODUCTION

We refer to our appointment as the IFA to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Renewal Agreement and the transactions contemplated thereunder (including the proposed annual cap amounts), details of which are set out in the section headed “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 1 September 2022 (the “**Circular**”), of which this letter forms apart. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Pursuant to the existing management agreement dated 31 May 2022 entered into by the Service Providers and the Kindergartens, the Service Providers has been providing various management services to the Kindergartens for the year ending on 31 August 2022. On 30 June 2022, the Service Providers and the Kindergartens entered into the Renewal Agreement pursuant to which the Service Providers shall provide various management services to the Kindergartens for the three years ending 31 August 2025.

Mr. Wang Jinglei is an executive Director and a substantial Shareholder, holding an indirect interest in 233,920,000 Shares, representing approximately 28.46% of the issued shares of the Company, and thus a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The Kindergartens are ultimately owned as to (i) 93.26% by Mr. Wang Jinglei, (ii) 4.90% by Mr. Xie Gang, (iii) 0.92% by Mr. Zeng Guang and (iv) 0.92% by Ms. Li

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Jingmei. All Kindergartens are therefore associate of Mr. Wang Jinglei and connected persons of the Company, and the transactions contemplated under the Renewal Agreement constitute continuing connected transactions for the Company.

As the highest of the applicable percentage ratios of the aggregate annual caps proposed is more than 5%, transactions contemplated under the Renewal Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be held to consider and if thought fit, to approve the Renewal Agreement and the transactions contemplated thereunder (including the annual caps proposed).

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Cheng Tai Kwan Sunny, Mr. Mao Daowei, Ms. Luo Yunping and Mr. Yang Yuan, has been established to consider the Renewal Agreement and the proposed annual caps thereunder and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the ordinary resolution regarding the transactions contemplated under the Renewal Agreement and the proposed annual caps. As the IFA, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, other than the engagement as the independent financial adviser to the independent board committee and independent shareholder of the Company in respect of the financial assistance and the agreement of cooperative operation of training base (including the proposed annual caps) as stated in the announcement of the Company dated 8 December 2021, there was no engagement, any relationships or services provided between the Group and Lego Corporate Finance Limited that would affect our independence. Apart from normal professional fees paid or payable to us in connection with the aforesaid engagement and this appointment as the IFA, no arrangements exist whereby we have received or will receive any fees or benefits from the Group. Accordingly, we are independent under Rule 13.84 of the Listing Rules and qualified to give independent advice in respect of the terms of the Renewal Agreement and the transactions contemplated thereunder (including the proposed annual cap amounts).

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information provided by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the management of the Group for which they are solely and wholly responsible for, 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 thereof and may be relied upon. We have also assumed that all such statements of belief, opinions and intentions of the Directors and the management of the Group 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 and/or the management of the Group. 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 the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM. The Company shall inform the Independent Shareholders as soon as practicable 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 sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, 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 their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Renewal Agreement and the transactions contemplated thereunder (including the proposed annual cap amounts), we have considered the following principal factors and reasons.

1. Information on the Service Providers and the Kindergartens

Chengdu Bojun

Chengdu Bojun is a wholly-foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company.

Chengdu Youshi Preschool Investment and Sichuan Boai

Each of Chengdu Youshi Preschool Investment and Sichuan Boai is a limited liability company established in the PRC and a Consolidated Affiliated Entity. They are principally engaged in the business of education investment and management.

Peninsula Kindergarten

Peninsula Kindergarten is a private kindergarten established in the PRC, where the school sponsor's interest is wholly-owned by Chengdu Youshi Preschool Investment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten

Each of Longquan Kindergarten, Qingyang Kindergarten, Riverside Kindergarten and Youshi Kindergarten is a private kindergarten established in the PRC, where the school sponsor's interest is wholly-owned by Sichuan Boai.

The Kindertartens are ultimately owned as to (i) 93.26% by Mr. Wang Jinglei, an executive Director and a substantial Shareholder, (ii) 4.90% by Mr. Xie Gang, (iii) 0.92% by Mr. Zeng Guang and (iv) 0.92% by Ms. Li Jingmei, with Mr. Xie Gang, Mr. Zheng Guang and Ms. Li Jingmei being individuals of PRC nationality and independent third parties of the Group.

2. Background of and reasons for and benefits of entering into the Renewal Agreement

The Group engages in provision of private education services through the operating entities in the PRC as PRC laws and regulations generally prohibit or restrict foreign ownership in the private education industry in the PRC. The Group obtains control over and derive the economic benefits from the PRC operating entities through the structured contracts (the “**Structured Contracts**”). For details, please refer to the announcement of the Company dated 19 June 2020 (the “**VIE Announcement**”). Before the Implementation Rules became effective on 1 September 2021, the operating entities of the Group included those entities that engage in the operation of compulsory education (i.e. primary school and middle school) and/or non-compulsory education (i.e. non-profit kindertartens and high school). The Implementation Rules set series of restrictions and guidelines on operation, taxation, shareholding structure, connected transactions and merge and acquisition of entities providing compulsory education, especially non-profit private primary and middle schools, including: (i) no social organisation and individual are permitted to take control of non-profit private compulsory education schools and non-profit private preschool through mergers and acquisitions and control agreement; and (ii) private compulsory education schools are prohibited from conducting connected transactions, and other private schools shall conduct connected transactions in an open, reasonable and fair manner, which shall not harm national interests, school interests and rights and interests of all teachers and students. As a result of the restrictions on the provision of compulsory education and non-profit preschool education under the Implementation Rules, the Group lost control over those operating entities providing compulsory education services and non-profit pre-school education services since 31 August 2021.

On 16 August 2022, the PRC legal adviser of the Group, DeHeng Law Offices (the “**PRC Legal Adviser**”), conducted a telephone interview with the Education Department of Sichuan Province* (四川教育廳), being the competent regulatory authority regulating the kindertartens, middle and high schools, on the legality of the Structured Contracts. Based on the interview with the Education Department of Sichuan Province, the PRC Legal Adviser advised that the Structured Contracts became unenforceable to the Group's schools which provides private compulsory education and non-profit preschool education

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

as affected by the Implementation Rules but the Structured Contracts remain legal and enforceable to other parties to the Structured Contracts, including the School Sponsors, Lidu Kindergarten, Tianfu High School and Chengdu Bojun under the Civil Code of the PRC (《中國民法典》) as the Structured Contracts were entered before the Implementation Rules became effective.

As further advised by the PRC Legal Adviser, the Structured Contracts as a whole and each of the agreements comprising the Structured Contracts are legal, valid and binding on the parties thereto, other than the schools which provides private compulsory education and non-profit preschool education, and are enforceable under PRC laws and regulations. Moreover, the Structured Contracts do not violate the provisions of the Civil Code of the PRC, including concealing illegal intentions with a lawful form, the Implementation Rules and other applicable PRC laws and regulations.

As stated in the Letter from the Board, as a result of the restrictions on the provision of compulsory education under the Implementation Rules, the Group lost control over those operating entities providing compulsory education services and non-profit preschool education services since 31 August 2021, including the Kindergartens. Observing the Implementation Rules, the Group has been working with its advisers to modify its group, legal and business structure, including, amongst others, converting its kindergartens from non-profit kindergartens to for-profit kindergartens. In particular, Lidu Kindergarten completed the registration as a for-profit kindergarten and the Group regained control over Lidu Kindergarten in May 2022. The Kindergartens have been carrying on their normal day-to-day operations with the assistance of the Group to avoid discontinuation of education and related services to the students. To fulfil the requirements of the Implementation Rules and satisfy the business needs of the Kindergartens for continuous and consistent services to the students, and as the Kindergartens are no longer members within the Group since 1 September 2021, the Group restructured its relationship with the Kindergartens by entering into the Management Agreement where the Group has been providing the necessary support services including research and development services for improving teaching and education quality, provision of human resources management services, provision of manpower and advisory on nursery services, among others, which forms part of the important components in delivering quality education business and nursery services by the Kindergartens to its students. The Implementation Rules have imposed connected transaction restrictions on schools which provide compulsory education. Given that preschool education is not compulsory education, it is advised by the PRC Legal Adviser that the connected transaction restrictions under the Implementation Rules are not applicable to the Renewal Agreement, and the transactions contemplated under the Renewal Agreement shall be conducted on the principles of openness, fairness and justice and reasonably priced, standardised decision-making shall be established for such transactions and such transactions shall not harm the interests of the state, schools and teachers and students. The transactions contemplated under the Renewal Agreement are narrowly tailored to achieve the Group's business purpose and minimize the potential for conflict with relevant PRC laws and regulations. The Group underwent manpower restructuring in May 2022 and all the employees of the Kindergartens were transferred to their respective school sponsors (being Chengdu Youshi Preschool Investment and Sichuan Boai).

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According to the Kindergarten Management Regulations (《幼稚園管理條例》), school principal, teachers, doctors, health care staff and other staff for operation of a kindergarten can be hired by the kindergarten or its school sponsor. Therefore, the education management services shall be provided by Chengdu Youshi Preschool Investment and Sichuan Boai, as school sponsors of the Kindergartens. As advised by the PRC legal adviser of the Group, DeHeng Law Offices, employment of school principal, teachers, doctors, health care staff and other staff by Chengdu Youshi Preschool Investment and Sichuan Boai for operation of the Kindergartens is in compliance with the applicable laws of the PRC. As advised by the PRC Legal Adviser, the provision of the brand management services and the campus maintenance services by Chengdu Bojun to the Kindergartens are not subject to restrictions under the PRC laws and regulations. As further advised by the PRC Legal Advisor that the Renewal Agreement and the transactions contemplated thereunder do not violate the Implementation Rules and any applicable PRC laws or regulations and is binding upon relevant parties and the Renewal Agreement shall become enforceable after the conditions precedent are fulfilled. The entering into of the Renewal Agreement with the Kindergartens is essentially a renewal of existing management services to provide the relevant services to the Kindergartens on a continual and consistent basis. Through the arrangements contemplated under the Management Agreement and the Renewal Agreement, the Kindergartens could operate their businesses under the management and supervision of the Group. With the support from the Group, the Kindergartens can maintain their operations and continue to provide high quality private education services to students, which are beneficial to the Kindergartens and their sustainable development and growth. The entry into the Renewal Agreement will also strengthen the business operations and financial position of the Group, as the Group will receive relevant management incomes in return of provision of services.

3. Principal terms of the Renewal Agreement

Pursuant to the Renewal Agreement, the Kindergartens engaged the Service Providers to provide services as follows:

- (1) Education management services, which shall be provided by the respective school sponsor of the Kindergartens (being Chengdu Youshi Preschool Investment and Sichuan Boai). Chengdu Youshi Preschool Investment and Sichuan Boai would deploy their employees to handle the daily operation of the Kindergartens. To maintain normal operation, Chengdu Youshi Preschool Investment and Sichuan Boai deployed about 254 employees to provide education management services to the Kindergartens, out of which 117 were administrative and supporting staff, 90 were teachers and 47 were general staff. The operation and personnel involved in the operation of the Kindergartens remained the same after the manpower restructuring;

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- (2) Brand management services, which shall be provided by Chengdu Bojun. Chengdu Bojun shall license the brand and trademark of “Youshi” and “幼獅” to the Kindergartens for use during their operations. Moreover, Chengdu Bojun shall also be responsible for planning and organising various extracurricular activities, events and programs under the brand of “Youshi (幼獅)” for the Kindergartens, such as celebration events for Children’s Day (兒童節慶祝活動) and anniversary celebration programs (周年慶典活動); and
- (3) Campus maintenance services, which shall be provided by Chengdu Bojun as and when necessary. The services include general campus maintenance, campus facilities upgrade and campus greening work. These services may involve campus renovation. Chengdu Bojun is responsible for planning, design and management of the campus maintenance services from time to time to enhance the campus facilities and the campus environment. Chengdu Bojun would generally provide annual campus maintenance services to the Kindergartens during long holidays such as summer vacation from July to August. Chengdu Bojun would send its maintenance team with an electrical engineer and a civil engineering specialist to the Kindergartens to handle the necessary maintenance work. When necessary, it would hire skilled labours, who possess the necessary qualifications, such as renovation or construction qualification and relevant work experience, to complete various maintenance work under its supervision.

The fees payable by the Kindergartens to the Group in respect of the education management services and brand management services are billed on a monthly basis while the fees payable by the Kindergartens to the Group in respect of the campus maintenance services are billed after significant maintenance work is completed. It is expected that the substantial maintenance services will be carried out during the summer vacation from July to August and the daily maintenance work performed by the Group may not be significant and, thus, the Group would issue a bill to the Kindergartens in August 2022 for the campus maintenance services. All of the fees payable by the Kindergartens to the Group shall be settled on or before 31 August of the relevant year.

Pursuant to the Renewal Agreement, the fee for (1) provision of education management services shall be charged at 103% of the labour cost of the employees despatched by the Service Providers to the Kindergartens; (2) provision of brand management services shall be charged at 7% of the tuition and boarding fees collected by the Kindergartens; and (3) provision of campus maintenance services shall be charged at a range of 108% to 110% of the reasonable costs of such services of the Service Providers. As stated in the Letter from the Board, the determination basis of each type of services is arrived at with reference to the gross profit margins of comparable services provided by independent service providers in the market. In determining the charging rates of the services, the Board has considered (i) in respect of the education management services, the labour cost and profit margin for labour subcontracting/despaching services conducted by companies in the PRC; (ii) in respect of the brand management services, the brand license fee payable by an independent school operator to the Group in 2021 in respect of grant of brand use right for the year ended 31 August 2021, which was charged at 5% of the tuition fee collected by the relevant school, and the service cost for planning

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and organising extracurricular activities, events and programs; and (iii) in respect of the campus maintenance services, the cost of Chengdu Bojun on provision of the campus maintenance work. Chengdu Bojun has its own maintenance team and will bear its own labour cost. The charging rates cover the cost for (a) the planning, design and management of the campus maintenance services, (b) the procurement of materials and equipment for carrying out the maintenance work and (c) third party construction cost when construction or renovation work shall be performed by labours who possess necessary qualifications.

In assessing the fairness and reasonableness of the terms of the Renewal Agreement, we have enquired and obtained from the Company any similar historical or existing management agreement of the Group with independent third parties with respect to provision of education management services, brand management services and/or campus maintenance services. Pursuant to the existing agreement entered into between the Group and an independent school operator in 2021, which represents the only set of agreement (“**I3P Brand Licensing Agreement**”) entered by the Group with independent third parties in respect of grant of brand use right for the year ended 31 August 2021, the Group agreed to grant the use of its brand name to the relevant school in return of a brand license fee, which shall be determined based on 5% of the tuition fee collected by the relevant school. Notwithstanding the scope underlying the I3P Brand Licensing Agreement only covered the use of brand name, we are of the view that the pricing basis thereunder would serve as a reference for our analysis on the pricing basis of the brand management services. We noted that the mark-up rate charged by the Service Providers in respect of the brand management services under the Renewal Agreement is no less favourable than that charged by the Group under the I3P Brand Licensing Agreement. According to the Company, the Kindergartens has also been engaging independent contractors for provision of campus construction services in 2021, which represents the only set of agreements (the “**I3P Maintenance Agreement**”) entered into by the Kindergartens with independent third parties in respect of campus construction, repair and maintenance services for the year ended 31 August 2021. However, we noted that only the fee amount but no pricing basis and therefore no profit margin charged by the supplier was disclosed in the I3P Maintenance Agreement.

Save for the I3P Maintenance Agreement and the Management Agreement, as confirmed by the Company, the Group had neither entered into any other agreement with independent third parties nor connected persons in relation to the provision of similar education management services and/or brand management services and/or campus maintenance services as those under the Renewal Agreement and thus, no comparable transaction of the Group was available for our assessment purpose with respect to services to be provided under the Renewal Agreement. Alternatively, in assessing the fairness and reasonableness of the relevant pricing basis under the Renewal Agreement, we have searched for the prevailing market price and/or charging basis for similar transactions in the market.

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Education management services

Upon further enquiry with management of the Company, we learnt that the education management services under the Renewal Agreement are essentially the provision of labour dispatch services in respect of the relevant employees to be despatched by the Service Providers to the Kindergartens across the academic and nursery aspects. In this regard, we have attempted to identify any continuing connected transaction conducted by companies listed in Hong Kong and the PRC within the education sector in the PRC with respect to provision of labour outsourcing services. However, we could not identify any of such transaction in the market which disclosed the pricing basis with relevant profit margin charged. Considering the underlying nature of education management services, being the dispatch of labours to the Kindergartens, is similar to the business engaged by labour dispatch and/or human resources companies, we have altered our search to identify companies listed in Hong Kong and the PRC which are principally engaged in, among others, the provision of labour dispatching services in the PRC the service nature of which we consider similar to that of the education management service charged by the Group under the Renewal Agreement (the “**Comparable Companies**”). On a best-effort basis, we have identified the following list of Comparable Companies which we considered exhaustive based on our search criteria and represent fair and representative samples for our analysis purpose:

Company name (stock code)	Description of principal business	Gross profit margin of labour dispatching service for the latest financial year (Note)
Renrui Human Resources Technology Holdings Limited (6919)	Provision of one-stop human resources solutions comprising flexible staffing services, professional recruitment services, business process outsourcing services, corporate training services, labor dispatch services and other miscellaneous services in more than 300 cities in China	4.48%
Fujian Strait Human Resources Co., Ltd (福建海峽人力資源股份有限公司) (837983)	Provision of one-stop human resource services including labor dispatch, labor outsourcing, labor agency, recruitment services and consulting services	3.18%
Tianjin Tianbao Human Resources Co., Ltd. (天津天保人力資源股份有限公司) (872779)	Provision of human resource outsourcing, labor dispatch, legal and regulatory policy consulting services	0.90%

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Company name (stock code)	Description of principal business	Gross profit margin of labour dispatching service for the latest financial year (Note)
Shandong Unicom Human Resource Co., Ltd (山東聯通人力資源服務股份有限公司) (835295)	Provision of human resource services including labor dispatch, agency and outsourcing services	1.19%
GuangDong Join Human Resources Development Co., Ltd (廣東聚英人力資源開發股份有限公司) (839917)	Provision of labor outsourcing, labor dispatch and training services	1.93%
Shandong Shengbang Human Resource Co., Ltd (山東聖邦人力資源股份有限公司) (837953)	Provision of labor dispatch, personnel agency services and production outsourcing	3.78%
	Maximum	4.48%
	Minimum	0.90%
	Average	2.58%
	Median	2.56%

Note: Based on the segment revenue with respect to provision of labour dispatch services for the latest financial year as disclosed in the respective latest published annual reports of the Comparable Companies.

As seen from the above table, it is noted that the profit margin charged by the Service Providers, being 3% of the staff cost of the employees to be despatched to the Kindergartens, is within the range of, and above the average and median gross profit margins with respect to provision of labour dispatch services charged by the Comparable Companies. Considering that (i) the gross profit margins of labour dispatching services conducted by the Comparable Companies represent fair market reference for comparable services; and (ii) the profit margin charged by the Group which is primarily determined with reference to the gross profit margins charged by other service providers which offer similar services is above the average and median gross profit margins charged by the Comparable Companies, we are of the view that the profit margin charged by the Service Providers in respect of provision of the education management services is fair and reasonable.

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Brand management services

In addition to the I3P Brand Licensing Agreement, we have also made reference to the market rate for provision of similar service. While there was no transactions with the exact same scope of brand management service as described under the Renewal Agreement, being the licensing of brand and trademark to the Kindergartens for use and the planning and organising of various extracurricular activities, events and programs under the brand of “Youshi” for the Kindergartens, for the purpose of assessing the pricing terms in respect of the grant of brand use right and related branding services by companies within the education service sector, we have searched for continuing connected transactions (i) conducted by companies listed in Hong Kong which are principally engaged in the provision of education services business (including management and operation of schools) in the PRC and derived majority of their revenue from such business as shown in their respective latest published annual report/result announcement; (ii) involving the provision of brand management, licensing and/or trademark services; and (iii) with pricing terms disclosed in the relevant announcements and/or prospectuses which had been published within the past five years preceding the date of the Renewal Agreement. On a best-effort basis, we have identified the following list of comparable transactions which we considered exhaustive based on our search criteria and represent fair and representative samples for our analysis purpose:

Company name (stock code)	Date of announcement/ prospectus	Nature and description of transaction	Pricing basis
Edvantage Group Holdings Limited (382)	30 August 2021	The grant of right to the relevant persons and school to use the trademark for the sole purpose of vocational training	Based on 2% of operating profits each year
South China Vocational Education Group Company Limited (6913)	30 June 2021	The licensing of trademark to various schools exclusively and permit each of the schools to use the trademark for branding and marketing on various online and offline platforms in relation to their respective operations	Based on 8% of the revenue each year

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Company name (stock code)	Date of announcement/ prospectus	Nature and description of transaction	Pricing basis
China Beststudy Education Group (3978)	12 December 2018	The grant of non- exclusive license for the use of certain registered trademarks	Based on 2.5% of operating profits each year with a minimum amount of RMB60,000 and maximum amount of RMB300,000

As illustrated above, it is noted that the pricing basis of the brand management fee under the Renewal Agreement, which shall be determined based on the revenue (i.e. the tuition fee and boarding fee) received from the Kindergartens, is not uncommon among its peers. Moreover, it is noted that the mark-up rate charged by the Service Providers, being 7% of the revenue received by the Kindergartens, is generally comparable to those of the similar transactions in the market.

Campus maintenance services

Upon further enquiry with management of the Company, we understand that the campus maintenance services will primarily cover construction and renovation services involving landscape greening works within the campus. While there is no transaction in the market with the underlying scope of service being the same as the campus maintenance services under the Renewal Agreement, for the purpose of our analysis, we have extended our research to cover similar underlying scope of service in all premises instead of campus only. We have therefore searched for continuing connected transactions (i) conducted by companies listed in Hong Kong; (ii) involving provision of construction, decoration, landscape, renovation and/or maintenance service in school campuses and/or other premises; and (iii) with pricing terms disclosed in the relevant announcements within the past three years preceding the date of the Renewal Agreement, which we consider the service nature comparable to that under the Renewal Agreement. On a best-effort basis, we have identified the following list of comparable transactions which we considered exhaustive based on our extended search criteria and represent fair and representative samples for our analysis purpose:

Company name (stock code)	Date of announcement	Nature and description of transaction	Pricing mechanism
Gemdale Properties and Investment Corporation Limited (535)	23 December 2021	Provision of decoration services for certain property projects	Based on the actual costs (including costs of labour, construction materials, construction tools and construction works) plus a margin of 7% to 15% of such costs

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Company name (stock code)	Date of announcement	Nature and description of transaction	Pricing mechanism
Tianli Education International Holdings Limited (1773)	9 September 2021	Provision of construction services for schools	Based on the actual costs plus a premium in the range of 9% to 11% of the actual costs incurred
Central China Real Estate Limited (832) and DIT Group Limited (726)	7 July 2021	Provision of landscape services such as greening and gardening works, road works and outdoor water and drainage system installation works for real estate projects	Based on costs including the estimated costs of construction, technical measures and project management fees, plus no more than 20% of gross profit margin
		Provision of decoration services such as interior decoration and curtain wall decoration for high-end or fully-fitted real estate projects	Based on costs including the estimated costs of construction, technical measures and project management fees, plus no more than 18% of gross profit margin
Golden Eagle Retail Group Limited (3308)	30 December 2019	Provision of project management services including design, purchase of building materials and construction of new stores	To be charged at a fee not exceeding 5% of the total estimated constructions costs

As seen from the above table, it is noted that the pricing basis of the campus maintenance services, which is determined based on the relevant costs incurred, is common in the market, with the profit margins ranged from not more than 5% to 20%. Having considered that the profit margin of 8% to 10% over the costs charged by the Service Providers is within the range of the comparable transactions and therefore generally in line with the profit margins in respect of provision of construction, landscape and/or decoration services charged by other listed companies in the market, we are of the view that the pricing basis of the campus maintenance services is fair and reasonable.

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To conclude, considering that (i) the mark-up rate charged by the Service Providers to the Kindergartens with respect to the brand management services is no less favourable than that charged by the Group under the I3P Brand Licensing Agreement; (ii) the pricing basis with respect to each type of services to be provided under the Renewal Agreement were made with reference to the gross profit margins of comparable services provided by other independent service providers for similar services in the market; (iii) the profit margins charged by the Service Providers are generally comparable to those of similar services in the market as observed from the comparable companies/transactions identified; and (iv) the internal control measures adopted by the Group to govern the terms of the Renewal Agreement as discussed in the below section headed “5. Internal control measures and annual review” would safeguard the interest of Independent Shareholders, we are of the view that the terms of the Renewal Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

4. Proposed annual caps for the three years ending 31 August 2025

Set out in Table 1 below are the existing annual caps in respect of the transactions under the Management Agreement for the year ending 31 August 2022:

Table 1: A summary of the existing annual caps under the Management Agreement

Type of service provided	Historical transaction amount for the year ending 31 August 2022 (up to 30 June 2022) <i>RMB</i>	Existing annual caps for the year ending 31 August 2022 <i>RMB</i>
Education management services	2,423,104	4,900,000
Brand management services	2,130,000	2,450,000
Campus maintenance services	N/A (<i>Note</i>)	700,000

Note: It is expected that the campus maintenance services will be carried out during the summer vacation from July to August 2022.

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Summarised in Table 2 below are the proposed annual caps in respect of the transactions under the Renewal Agreement for each of the three years ending 31 August 2025 (the “**Proposed Annual Caps**”):

Table 2: A summary of the Proposed Annual Caps under the Renewal Agreement

Type of service provided	For the year ending 31 August		
	2023 <i>RMB</i>	2024 <i>RMB</i>	2025 <i>RMB</i>
Education management services	18,600,000	18,600,000	19,500,000
Brand management services	2,700,000	2,700,000	2,700,000
Campus maintenance services	2,200,000	2,200,000	2,200,000
The Proposed Annual Caps	23,500,000	23,500,000	24,400,000

The Proposed Annual Caps represent the respective aggregate maximum fee payable by the Kindergartens to the Service Providers with respect to provision of (i) education management services; (ii) brand management services; and (iii) campus maintenance services pursuant to the Renewal Agreement for each of the years ending 31 August 2025. As advised by the management of the Company, the Proposed Annual Caps were primarily determined with reference to the costs and expenses of the Kindergartens and/or the Service Providers and the expected demand of the Kindergartens for the years ending 31 August 2023, 2024 and 2025.

As seen from the above tables, it is notable that the proposed annual caps for the education management services and campus maintenance services for the year ending 31 August 2023 represent significant growths of approximately 279.59% and 214.29% from the corresponding existing annual caps for the year ending 31 August 2022, respectively. Upon enquiry with management of the Company, we understand that save for the brand management services which has been carried out since 1 September 2021 by the Service Providers, both of the education management services and campus maintenance services have only been commenced by the Service Providers since May 2022. Accordingly, the existing annual caps for the education management services and campus maintenance services were estimated based on the services to be provided by the Service Providers from 1 May 2022 to 31 August 2022, resulted in a significantly smaller amount as compared to the corresponding proposed annual caps for the year ending 31 August 2023 which take into account provision of services on a full year basis.

In assessing the fairness and reasonableness of the determination of the Proposed Annual Caps, we have obtained and reviewed the breakdown of the Proposed Annual Caps as prepared by the management of the Company.

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Education management services

We noted that the expected management income from provision of the education management services for the year ending 31 August 2023 is based on the expected labour cost of the employees to be despatched to the Kindergartens for the relevant years, which is determined based on (i) the actual labour cost incurred during the period from 1 September 2021 to 30 April 2022 (including the year-end bonus distributed in January 2022); (ii) the expected labour cost from 1 May 2022 to 31 August 2022 which is estimated with reference to the actual number of employees and monthly salaries of each of the Kindergartens as at 30 April 2022, as adjusted by certain factors including the reduction of number of classes near the academic year-end which is consistent with the historical pattern during the past two years, therefore would result in lower labour cost for the relevant month; and (iii) a salary increment for the year ending 31 August 2023 which is in line with the historical salary increment in the past years which we consider fair and reasonable, and then multiplied by 103% which is consistent with the pricing manner for education management services under the Renewal Agreement. In this regard, we have independently reviewed the relevant calculations including the salaries of each position of the teaching and managerial grades employees at each of the Kindergartens, as well as the breakdown on respective number of employees at each of the Kindergartens as at 30 April 2022. We noted that the amount of monthly salaries and number of employees used in the determination of the expected labour cost for the period from 1 May 2022 to 31 August 2022 is consistent with the actual monthly salaries and number of employees for the month of April 2022, which we consider fair and reasonable. We further noted that the employees to be despatched hold various positions with different roles and responsibilities including management staff like administrative principal, business affair principal and logistic director, and teaching staff like teacher, teaching assistant, class leader, life teacher, foreign teacher, as well as finance staff, nurse, administrative clerk, etc. Based on our review, the existing and the proposed number and nature of employees to be despatched to each of the Kindergartens for the three years ending 31 August 2025 is generally made in accordance with the staff allocation guidelines of the Group, which set out the number of staff with different positions required by the relevant schools primarily based on the operating scale of each of the Kindergartens in terms of the number of classes and number of students in each class. While we were advised that the number of student intake by the Kindergartens and therefore the number of teaching staff would remain stable without any anticipated increase in headcount, we noted that the expected labour costs for the year ending 31 August 2023 represents a growth from the previous year which is in line with the historical salary increment for recent years, which we consider fair and reasonable. The proposed annual cap for the year ending 31 August 2023 of RMB18.6 million represents a growth of approximately 26.53% from the existing annual cap of RMB14.7 million for the year ending 31 August 2022 (on a full-year basis as annualised from RMB4.9 million for the period from 1 May 2022 to 31 August 2022), which was, in addition to the salary increment as explained above, resulted from a buffer of 10% applied to the expected labour cost for the year ending 31 August 2023 to cater for any price inflation and/or unexpected increase in demand

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from the Kindergartens (as detailed in the below sub-section), which we consider such increment to be fair and reasonable. The proposed annual cap for the year ending 31 August 2024 is equivalent to that for the year ending 31 August 2023, while the proposed annual cap for the year ending 31 August 2025 of RMB19.5 million represents a growth of approximately 4.84% when compared to that for the year ending 31 August 2024. We note that such growth was resulted from (i) the anticipated increment in salaries which is consistent with the historical increment of salaries over the past years; and (ii) the buffer over the expected fee for provision of the education management services, which we consider to be fair and reasonable.

Brand management services

We noted that the Company has estimated the expected management fee from provision of brand management services for the three years ending 31 August 2023, 2024 and 2025 are based on the actual tuition and boarding fees collected by the Kindergartens for the year ending 31 August 2022. In this regard, we have independently obtained and reviewed the corresponding invoices showing the amounts charged to the students of the Kindergartens for the school year ending 31 August 2022 and noted that the tuition and boarding fees for the year ending 31 August 2022, which has been adopted in arriving the Proposed Annual Caps, are in line with the fees received from the students. The amount of tuition and boarding fees were then multiplied by 7% in accordance with the pricing manner for brand management services under the Renewal Agreement to give the expected management fee for brand management services for the three years ending 31 August 2025. As advised by the Company, with reference to the historical trend of student intake of the Kindergartens, it is expected that the number of students for the upcoming school years would remain stable and therefore the amount of tuition and boarding fees collected by the Kindergartens would remain at the same level. Accordingly, the expected management fee for brand management services for each of the years ending 31 August 2025, which is to be charged based on the amount of tuition and boarding fees to be collected by the Kindergartens for the year ending 31 August 2022, are equivalent.

Campus maintenance services

With respect to the management fee from provision of campus maintenance services for the year ending 31 August 2023, we noted that such fee was estimated based on the expected cost of such services being the material procurement costs and the required labour costs, which was then multiplied by 110% which is in consistent with the cost-plus pricing manner for campus maintenance services under the Renewal Agreement. As advised by the Company, the service fee was estimated with reference to the historical amount of campus maintenance costs incurred by the Kindergartens. Considering the prolonged everyday use of the school campus and the need for buildings maintenance and facilities upgrade, we also understand from the Company that renovation work is expected to be carried out in the school campuses of the Kindergartens in phrases in the coming years to enhance the teaching and learning environment for the students as well as ensure the stable operation and

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availability of facilities so as to continue a stable level of students enrolment. We further learnt from the Company that relatively large scale campus maintenance services would typically be carried out during the summer break in July and August during which the procurement cost would be higher. Accordingly, we consider that the proposed annual cap for provision of campus maintenance services for the year ending 31 August 2023, which has taken into account the historical maintenance costs incurred by the Kindergartens, the required labour costs and future renovation needs of the school campuses, to be fair and reasonable. As advised by the Company, it is expected that the campus maintenance services to be required by the Kindergartens would remain stable each year and therefore the relevant management fee charged for the years ending 31 August 2024 and 2025 are equivalent to that for the year ending 31 August 2023.

Buffer

We further note that a buffer of 10% has been provided in arriving at the Proposed Annual Caps in order to accommodate any future rises in costs resulted from market inflations and/or unexpected increase in demand from the Kindergartens for the services to be provided under the Renewal Agreement, which we consider fair and reasonable.

Having considered the above, we are of the view that the determination of the Proposed Annual Caps is fair and reasonable.

5. Internal control measures and annual review

As disclosed in the Letter from the Board, the Group will implement the following internal control measures in respect of the continuing connected transactions contemplated under the Renewal Agreement.

- (i) The designated staff from the accounts department of the Group will closely monitor the total transaction amount to ensure that the Proposed Annual Caps will not be exceeded;
- (ii) reports which contain total transaction amount under the Renewal Agreement will be submitted to the management of the Group on a monthly basis; and
- (iii) the independent non-executive Directors and the auditors of the Company will conduct annual review of the transactions.

The Board will also continue to review on a regular basis the Group's internal control system and its effectiveness in this regard.

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According to the requirements of the Listing Rules, the Company's external auditors shall provide a letter to the Board confirming, among others, that the transactions under the Renewal Agreement are conducted in accordance with their terms and that the respective proposed annual caps not being exceeded and the independent non-executive Directors shall conduct an annual review on the pricing and the annual caps of the continuing connected transactions, details of which must be included in the Company's subsequent published annual reports and accounts. The Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or its auditors will not be able to confirm the terms of such transaction or the annual caps not being exceeded. In view of the above and having also considered that the above internal control measures are similar to those adopted by other listed companies in Hong Kong for monitoring continuing connected transactions, we are of the view that there are appropriate and adequate internal control measures in place to govern the conduct of the Renewal Agreement and to safeguard the interests of the Independent Shareholders as a whole.

RECOMMENDATIONS

Having considered the principal factors and reasons as discussed above, we are of the view that the entering into of the Renewal Agreement is in the ordinary and usual course of business of the Group, and the terms of the Renewal Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Renewal Agreement is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Renewal Agreement (including the proposed annual caps) and the transactions contemplated thereunder.

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 purpose only*

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.

INTERESTS OF DIRECTORS

(a) Interests of Directors in the Shares, underlying shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares and share options of the Company and its associated corporations (within the meaning of Part XV of the SFO which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Director	Capacity	Long position/ Short position	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr. Wang Jinglei ⁽¹⁾ <i>Executive Director</i>	Interest of controlled corporation	Long position	233,920,000	28.46% ⁽²⁾
Mr. Wu Jiwei <i>Non-executive Director</i>	Beneficial interest	Long position	46,000	0.01% ⁽²⁾

Notes:

- Act Glory Global Limited is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Act Best Global Limited, which is solely and beneficially owned by Mr. Wang Jinglei. Therefore, Mr. Wang Jinglei and Act Best Global Limited are deemed to be interested in the 233,920,000 Shares held by Act Glory Global Limited by virtue of SFO.
- Based on 821,856,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above and other than certain nominee Shares in subsidiaries held by Directors in trust for the Company or its subsidiaries, as at the Latest Practicable Date, none of the Company's Directors, chief executive nor their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity	Long position/ Short position	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Act Glory Global Limited ⁽¹⁾	Beneficial owner	Long position	233,920,000	28.46% ⁽⁷⁾
Act Best Global Limited ⁽¹⁾	Interest of controlled corporation	Long position	233,920,000	28.46% ⁽⁷⁾
Ms. Duan Ling ⁽²⁾	Interest of controlled corporation	Long position	233,920,000	28.46% ⁽⁷⁾
Mr. Chen Junchao ⁽³⁾	Interest of controlled corporation	Long position	150,000,000	18.25% ⁽⁷⁾
Honesty Virtue Internal Limited ⁽³⁾	Beneficial owner	Long position	150,000,000	18.25% ⁽⁷⁾

Name of shareholder	Capacity	Long position/ Short position	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Shenzhen Jingshi Ruihe Investment Development Company Limited* (深圳經世瑞合投資發展有限公司) ⁽³⁾	Interest of controlled corporation	Long position	150,000,000	18.25% ⁽⁷⁾
Cosmic City Holdings Limited ⁽⁴⁾	Beneficial owner	Long position	82,853,550	10.08% ⁽⁷⁾
Mr. Xiong Tao ⁽⁴⁾	Interest of controlled corporation	Long position	82,853,550	10.08% ⁽⁷⁾
Wuxi First Capital Equity Investment Fund Management Centre (Limited Partnership)* (無錫首控股權投資基金管理中心(有限合夥)) ⁽⁵⁾	Beneficial Owner	Long position	140,000,000	17.03% ⁽⁷⁾
Chongqing First Capital Education Investment Equity Investment Fund Management Company Limited* (重慶首控育投股權投資基金管理有限公司) ⁽⁵⁾	Interest of controlled corporation	Long position	140,000,000	17.03% ⁽⁷⁾
First Capital Fund Management Company Limited* (首控基金管理有限公司) ⁽⁵⁾	Interest of controlled corporation	Long position	140,000,000	17.03% ⁽⁷⁾
Shanghai Shenlian Investment Management Company Limited* (上海申聯投資管理有限公司) ⁽⁵⁾	Interest of controlled corporation	Long position	140,000,000	17.03% ⁽⁷⁾

Name of shareholder	Capacity	Long position/ Short position	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Shanghai Jintang Investment Consultancy Company Limited* (上海錦塘投資諮詢有限公司) ⁽⁵⁾	Interest of controlled corporation	Long position	140,000,000	17.03% ⁽⁷⁾
Brilliant Rich International Holdings Limited (錦地國際控股有限公司) ⁽⁵⁾	Interest of controlled corporation	Long position	140,000,000	17.03% ⁽⁷⁾
Brilliant Rich Holdings Limited (錦豐控股有限公司) ⁽⁵⁾	Interest of controlled corporation	Long position	140,000,000	17.03% ⁽⁷⁾
China First Capital Group Limited ⁽⁵⁾	Interest of controlled corporation	Long position	140,000,000	17.03% ⁽⁷⁾
Zhongyuan Bank Co., Ltd.* (中原銀行有限公司) ⁽⁶⁾	Interest in a controlled corporation	Long position	150,000,000	18.25% ⁽⁷⁾

Notes:

1. Act Glory Global Limited is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Act Best Global Limited, which is solely and beneficially owned by Mr. Wang Jinglei. Therefore, Mr. Wang Jinglei and Act Best Global Limited are deemed to be interested in the 233,920,000 Shares held by Act Glory Global Limited by virtue of SFO.
2. Ms. Duan Ling is the wife of Mr. Wang Jingle, and is therefore deemed to be interested in the 233,920,000 Shares indirectly held by Mr. Wang Jinglei through Act Best Global Limited and Act Glory Global Limited by virtue of the SFO.
3. Honesty Virtue International Limited is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Shenzhen Jingshi Ruihe Investment Development Company Limited, which is owned as to 80% by Mr. Chen Junchao. Therefore, Mr. Chen Junchao and Shenzhen Jingshi Ruihe Investment Development Company Limited are deemed to be interested in the 150,000,000 Shares held by Honesty Virtue International Limited by virtue of SFO.
4. Cosmic City Holdings Limited is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Mr. Xiong Tao. Therefore, Mr. Xiong Tao is deemed to be interested in the 82,853,550 Shares held by Cosmic City Holdings Limited. Mr. Xiong Tao passed away on 18 August 2020.

5. Wuxi First Capital Equity Investment Fund Management Centre (Limited Partnership) (formerly known as Wuxi Guolian Shoukong Capital Investment LLP) (“**Wuxi FC**”) is a limited partnership established in the PRC and its general partner is Chongqing First Capital Education Investment Equity Investment Fund Management Company Limited (“**Chongqing Education**”), a limited partnership established in the PRC. Chongqing Education is owned by First Capital Fund Management Company Limited (“**First Capital Fund**”), a limited liability company established in the PRC. First Capital Fund is wholly-owned by Shanghai Shenlian Investment Management Company Limited (“**Shanghai Investment Management**”), a limited liability company established in the PRC. Shanghai Investment Management is wholly-owned by Shanghai Jintang Investment Consultancy Company Limited (“**Shanghai Jintang**”), a limited company established in the PRC. Shanghai Jintang is wholly-owned by Brilliant Rich International Holdings Limited (“**Brilliant Rich International**”), a limited liability company incorporated in Hong Kong. Brilliant Rich International is wholly-owned by Brilliant Rich Holdings Limited (“**Brilliant Rich**”), a limited liability company incorporated in BVI. Brilliant Rich is wholly-owned by China First Capital Group Limited (“**CFC**”), a limited liability company incorporated in the Cayman Islands and the issued shares of which are listed on the Stock Exchange (stock code: 1269). Thus, Chongqing Education, First Capital Fund, Shanghai Investment Management, Shanghai Jintang, Brilliant Rich International, Brilliant Rich and CFC are deemed to be interested in the Shares held by Wuxi FC under the SFO.
6. On 24 September 2020, Wuxi FC, as mortgagor, executed a deed of share mortgage in favour of Zhongyuan Bank Co., Ltd., as mortgagee, pursuant to which Wuxi FC agreed to mortgage the 150,000,000 Shares it holds in favour of Zhongyuan Bank Co., Ltd.
7. Based on 821,856,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

(c) Interests of Directors in the assets of the Company

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had, since 31 August 2020, being the date of the latest published audited financial statements of the Company, been 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.

(d) Interests of Directors in contracts

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested in and which is significant to the business of the Group.

DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the controlling Shareholder and their respective associates is considered by the Company to have interests in business which compete with, or might compete with, either directly or indirectly, with the business of the Group.

MATERIAL ADVERSE CHANGE

As a result of the restrictions on the provision of compulsory education under the Implementation Rules, the Group lost control over the operating entities providing compulsory education services and non-profit pre-school education services since 31 August 2021 and these operating entities were deconsolidated from the consolidated financial statements of the Company starting from 1 September 2021. Save as disclosed herein, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 August 2020, the date to which the latest published audited accounts of the Company were made up.

EXPERTS' QUALIFICATION AND CONSENT

The following are the qualifications of the expert which has been named in this circular or has given opinion or advised contained in this circular:

Name	Qualifications
Lego Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Letter from the expert named above as set out in this circular was given for incorporation in this circular. As at the Latest Practicable Date, the expert named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and reference to its name, in the form and context in which they are included.

As at the Latest Practicable Date, the expert named above did not have any shareholding in any member of the Group and did not have the right to subscribe for or to nominate persons to subscribe for shares in any members of the Group.

As at the Latest Practicable Date, the expert named above did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 August 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

MATERIAL CONTRACTS

Set out below are summary of the principal contents of the material contracts (not being contracts entered into in the ordinary course of business) entered into by any members of the Group within the two years immediately preceding the Latest Practicable Date:

- (i) the capital injection agreement (and supplemental agreements to which dated 16 October 2020 and 25 November 2021) entered on 11 September 2020 among Chengdu Bojun, Pi County Langjing Industrial Company Limited* (郫縣朗經實業有限公司) (the “**Initial Shareholder**”) and Shenzhen Hongyuan Education Investment Company Limited* (深圳弘遠教育投資有限公司) (“**Shenzhen Hongyuan**”), pursuant to which Chengdu Bojun agreed to subscribe for new capital of Shenzhen Hongyuan in the aggregate amount of RMB245.0 million in cash, out of which approximately RMB96.1 million shall be accounted as registered capital of Shenzhen Hongyuan and the rest shall be accounted as capital reserve of Shenzhen Hongyuan;
- (ii) the refund agreement (and supplemental agreements to which dated 25 November 2021) dated 25 August 2021 entered into among Chengdu Bojun, the Initial Shareholder and Shenzhen Hongyuan, pursuant to which the due date of refunding the relevant prepayment to Chengdu Bojun was extended to 25 May 2022. The Initial Shareholder guaranteed the refund of the prepayment on an unlimited joint liability basis. Late refund of the prepayment would attract a default interest of 6% per annum on the amount of prepayment and a penalty for breach of contract calculated at 0.05% of the outstanding amount on a daily basis;
- (iii) the termination agreement (and supplemental agreements to which dated 20 May 2022) dated 27 August 2021 entered into among Sichuan Yunmao Education Management Company Limited* (四川云懋教育管理有限公司) (“**Sichuan Yunmao**”), Sichuan Hongde Guanghua Education Management Company Limited* (四川弘德光華教育管理有限公司), Pengzhou Bojun School* (彭州市博駿學校), Chengdu Qizheng Corporate Management Company Limited* (成都啟正企業管理有限公司) and Mr. Chen Lung* (陳龍) in relation to the Sichuan Yunmao’s disposal of 51% equity interest in Pengzhou Bojun School with refund of total investment fund of RMB41,164,941.29 contributed by the Group to such school upon establishment;

- (iv) the equity transfer agreement dated 8 December 2021 entered into among the Company, Shenzhen Hongyuan, Sichuan Zhengzhuo Industrial Company Limited* (四川正卓實業有限公司) (“**Sichuan Zhengzhuo**”), Chengdu Bomao Education Management Company Limited* (成都博懋教育管理有限公司) (“**Chengdu Bojun**”), Sichuan Zhengzhuo Education Investment Company Limited* (四川正卓教育投資有限公司) (the “**Target Company A**”), Chengdu Bomao and Sichuan Yunmao in relation to the transfer of 26.5% of the equity interest in the Target Company A by Shenzhen Hongyuan 24.5% of the equity interest in the Target Company A by Sichuan Zhengzhuo to Sichuan Yunmao;
- (v) the equity transfer agreement dated 8 December 2021 entered into among the Company, Shenzhen Hongyuan, Sichuan Zhengzhuo, Sichuan Gaojiao Investment Company Limited* (四川高教投資有限公司) (the “**Target Company B**”), Chengdu Bomao and Sichuan Yunmao in relation to the transfer of 25.5% of the equity interest in the Target Company B by Shenzhen Hongyuan and 25.5% the equity interest in the Target Company B by Sichuan Zhengzhuo to Sichuan Yunmao;
- (vi) the management agreement entered into among the Service Providers and the Kindergartens dated 31 May 2022 pursuant to which the Service Providers shall provide various management services to the Kindergartens for the year ending 31 August 2022; and
- (vii) the Renewal Agreement.

MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Lam Wai Kei, who is a practising member of The Hong Kong Institute of Certified Public Accountants.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (d) The principal place of business in Hong Kong of the Company is situated at 2206–19 Jardine House, 1 Connaught Place, Central, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.

DOCUMENTS ON DISPLAY

Copies of the following documents will be on the websites of the Company at <http://bojuneducation.com> and the Stock Exchange at www.hkexnews.hk for the period of 14 days commencing from the date of this circular:

- (a) the material contracts referred to in the paragraph headed “Material Contracts” of this Appendix;
- (b) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out in the section headed “the letter from the Independent Board Committee” in this circular;
- (d) the letter of independent advice from the IFA, the text to which is set out in the section headed “Letter from the Independent Financial Adviser” in this circular; and
- (e) the written consent of the expert referred to in the paragraph headed “Experts’ Qualification and Consent” of this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Bojun Education Company Limited

博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1758)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Bojun Education Company Limited (the “Company”) will be held at Meeting Room, 2/F., Bojun Education Company Limited, 209 Sanshe Road, Jinjiang District, Chengdu, Sichuan Province, the People’s Republic of China on Wednesday, 21 September 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution to be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the Renewal Agreement (as defined in the circular of the Company dated 1 September 2022 and a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;
- (b) the annual caps in respect of the transactions contemplated under the Renewal Agreement in the aggregate amount RMB23,380,000 per year for the three years ending 31 August 2025 be and are hereby approved; and
- (c) any one or more directors of the Company (the “Directors”) be and are hereby authorised to execute all documents and do all such things and take all such steps which, in his/her opinion, may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated in and for the completion of the Renewal Agreement and to agree to such variation, amendment or waiver in relation thereto.”

By Order of the Board
Bojun Education Company Limited
Wang Jinglei
Chairman and Executive Director

1 September 2022

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) Any shareholder of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more shares of the Company (the “**Shares**”) may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.
- (2) In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
- (3) Delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM convened and in such event, the form of proxy shall be deemed to be revoked.
- (4) In the case of joint registered holders of any Share, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint registered holders be present at the EGM, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (5) For the purpose of ascertaining shareholders who are entitled to attend and vote at the Meeting, the register of members of the Company will be closed from Friday, 16 September 2022 to Wednesday, 21 September 2022 (both days inclusive). In order to qualify for the right to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates should be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, 15 September 2022.
- (6) Due to the constantly evolving Coronavirus pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the website of the Company at <http://bojuneducation.com> or website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk for future announcements and updates on the EGM arrangements.
- (7) As at the date of this notice, the executive Director is Mr. Wang Jinglei; the non-executive Director is Mr. Wu Jiwei; and the independent non-executive Directors are Mr. Cheng Tai Kwan Sunny, Mr. Mao Daowei, Ms. Luo Yunping and Mr. Yang Yuan.