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CHINA YUHUA EDUCATION CORPORATION LIMITED

中国宇华教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6169 and Debt Stock Code: 40109)

ANNOUNCEMENT IN RELATION TO THE AMENDED TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS DUE 2024

Reference is made to the Convertible Bonds and the announcements of the Company dated 30 November 2022, 28 December 2022, 12 January 2023 and 19 January 2023 (collectively, the “**Announcements**”).

Capitalised terms used but not otherwise defined herein shall have the meanings ascribed to them in the Announcements (as applicable).

APPLICATION FOR LISTING

The Company has applied to the Stock Exchange for the listing of, and permission, to deal in the Shares which may fall to be issued by the Company upon conversion of the Convertible Bonds (the “**Conversion Shares**”).

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

Pursuant to the amended terms and conditions of the Convertible Bonds, following the Company’s redemption of HK\$500,000,000 in aggregate principal amount of the Convertible Bonds on 30 January 2023, the principal amount of the Convertible Bonds outstanding will be HK\$974,000,000.

The Board of Directors of the Company was granted a general mandate (“**General Mandate**”) at the annual general meeting held on 24 January 2022, pursuant to which a maximum of 718,898,766 Shares may fall to be issued. In case of conversion of the Convertible Bonds, they will be convertible into 590,303,031 Shares under the General Mandate, representing approximately 16.42% of the issued share capital of the Company as at the date of this announcement and approximately 14.11% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The initial conversion price of HK\$1.65 per Share (the “**Conversion Price**”) was arrived at after arm’s length negotiations between the Company and the holders of the Convertible Bonds after considering the prevailing market price of the Shares and current market condition. The Conversion Price represents (i) a premium of approximately 48.65% over the closing price of HK\$1.11 per Share as quoted on the Stock Exchange on 30 November 2022 (the “**Last Trading Day**”); and (ii) a premium of approximately 43.48% over the average closing price of HK\$1.15 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day.

As such, the issue of the Conversion Shares falls within the limit of the General Mandate and is not subject to the specific approval of the Shareholders. The Conversion Shares have an aggregate nominal value of HK\$5,903.03 and market value of approximately HK\$655,236,364, based on the closing price of HK\$1.11 on the Last Trading Day.

As at the date of this announcement, (i) no portion of the General Mandate has been utilised; (ii) the Company has not allotted and issued any Shares pursuant to the General Mandate, and (iii) the General Mandate is sufficient for the allotment and issue of the Conversion Shares.

CAPITAL RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the Convertible Bonds mentioned in this announcement, the Company has not raised any funds by issuing equity securities in the past twelve months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The Convertible Bonds are held by no less than six (6) independent investors (who are independent individual, corporate and/or institutional investors). The Convertible Bonds was not offered to the retail public in Hong Kong. To the best of the Directors' knowledge, information and belief as at the date of this announcement, each of the holders of the Convertible Bonds (and their respective ultimate beneficial owners) is a third party independent of the Company and is not connected with the Company or its connected persons (as defined in the Listing Rules).

The following table illustrates: (1) the existing shareholding structure as at the date of this announcement; and (2) the shareholding structure assuming the Convertible Bonds are fully converted into Conversion Shares at the Conversion Price of HK\$1.65 each; on the assumptions that (a) there will be no other change to the share capital of the Company from the date of this announcement until the completion of the conversion of the Convertible Bonds in full, save for the issue of the Conversion Shares as a result of the conversion of the Convertible Bonds in full (as the case may be); and (b) the Bondholders do not and will not hold any Shares other than the Conversion Shares as a result of the conversion of the Convertible Bonds.

Shareholder	As at the date of this announcement		Assuming the Convertible Bonds are fully converted into Conversion Shares at the Conversion Price of HK\$1.65	
	<i>No. of Shares</i>	<i>% of issued share capital of the Company</i>	<i>No. of Shares</i>	<i>% of enlarged share capital of the Company</i>
GuangYu Investment Bondholders	1,917,500,000	53.35%	1,917,500,000	45.82%
Other Shareholders	0	0%	590,303,031	14.11%
	1,676,993,833	46.65%	1,676,993,833	40.07%
	<u>3,594,493,833</u>	<u>100.00%</u>	<u>4,184,796,864</u>	<u>100.00%</u>

PROPOSED USE OF PROCEEDS

The amendment of the terms and conditions of the Convertible Bonds does not involve any raising of additional funds. Please refer to the announcement of the Company dated 4 December 2019 in relation to the proposed use of proceeds of the Convertible Bonds.

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

Hong Kong, 20 January 2023

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

Trading in the shares of the Company (Stock Code: 6169) and the debt securities of the Company (Debt Securities Stock Code: 40109) on the Stock Exchange has been suspended since 9:00 a.m. on 1 December 2022 due to the delay in publication of the annual results of the Group for the year ended 31 August 2022 and will remain suspended until the publication of the 2022 Annual Results. Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.