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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) VERY SUBSTANTIAL ACQUISITION IN RELATION
TO THE ACQUISITION OF
51% EQUITY INTEREST IN TWO TARGET COMPANIES AND
PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION
TO FINANCIAL ASSISTANCE; AND
(3) NEW STRUCTURED CONTRACTS**

Reference is made to the Announcements in relation to the Equity Transfer Agreements, the Capital Injection Agreement and the Prepayment.

(1) THE AMENDED AGREEMENTS

The Board announces that on 10 April 2023, the Amended Agreements (being the Amended Equity Transfer Agreement A and the Amended Equity Transfer Agreement B) were entered to amend and restate the terms of the Equity Transfer Agreements.

According to the Amended Equity Transfer Agreement A, Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase the Sale Interest AI and the Sale Interest AII (being 26.5% and 24.5% of the equity interest in the Target Company A, respectively) and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell the Sale Interest AI and the Sale Interest AII, respectively, in the aggregate consideration of RMB283,050,000, with (i) the earnest money of RMB73,500,000 (being the Prepayment) used to set off part of the Consideration A to Shenzhen Hongyuan and (ii) partial consideration of RMB51,810,044.22 being settled by allotment and issue of Consideration Shares A (being 74,441,857 Shares) at the Issue Price of HK\$0.85 per Share by the Company to Sichuan Zhengzhuo (or its nominee).

According to the Amended Equity Transfer Agreement B, Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase the Sale Interest BI and the Sale Interest BII (both being 25.5% of the equity interest in the Target Company B) and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell the Sale Interest BI and the Sale Interest BII, respectively, in the aggregate consideration of RMB26,010,000, out of which partial consideration of RMB4,760,922.98 shall be settled by allotment and issue of Consideration Shares B (being 6,840,603 Shares) at the Issue Price of HK\$0.85 per Share by the Company to Sichuan Zhengzhuo (or its nominee).

CONSIDERATION SHARES

The Consideration Shares (being 81,282,460 Shares) will be issued at the Issue Price, being HK\$0.85, which was determined after arm's length negotiations between the Company and Sichuan Zhengzhuo with reference to the then market price of the Shares, the fair value of 51% of the equity interests of the Target Companies and their performance and future prospects of the Group. The Consideration Shares will be allotted and issued pursuant to a specific mandate to be sought by the Company at the EGM. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue. An application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

(2) FINANCIAL ASSISTANCE

The Vocational College, a wholly-owned subsidiary of the Target Company A, entered into the Amended Loan Agreement dated 10 April 2023 with the Target Company B pursuant to which the Vocational College agreed to renew and extend the term of the loan under the Loan Agreement II in relation to RMB30.0 million to Shenzhen Hongyuan to 31 December 2024 (being the Financial Assistance). Other terms and conditions of the Loan Agreement II remains the same.

(3) NEW STRUCTURED CONTRACTS

Chengdu Bomao will enter into a new set of Structured Contracts with Sichuan Yuanmao, members of the Target Groups and Sichuan Yunmao, which will become effective upon the Completion. Thus, Sichuan Yunmao and the Target Groups will become Consolidated Affiliated Entities upon the Completion. And, the Group will obtain control over and derive economic benefits from the Target Groups and Sichuan Yunmao, and the financial results of which will be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

The Acquisition

As the highest applicable percentage ratio in respect of the Acquisition exceeds 100%, the Acquisition constitute very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

The Financial Assistance

Upon the Completion, the transaction contemplated under the Amended Loan Agreement will constitute a provision of financial assistance by the Group to Shenzhen Hongyuan, which is a connected person at subsidiary level, and, thus, constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As (i) the highest applicable percentage ratio in respect of the Financial Assistance exceeds 5% but does not exceed 25%, thus constituting a discloseable transaction under Chapter 14 of the Listing Rules; (ii) the Board has approved of the Amended Loan Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Amended Loan Agreement are fair and reasonable and the transactions contemplated under the Amended Loan Agreement are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Amended Loan Agreement are (i) subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules; and (ii) subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Structured Contracts

Mr. Wang Jinglei is an executive Director and a substantial Shareholder and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The equity interest in Sichuan Yuanmao is held as to 99% by Mr. Wang and as to 1% by his wife (namely Ms. Duan Ling) and, thus, Sichuan Yuanmao is an associate (as defined under the Listing Rules) and a connected person of the Company. Sichuan Yunmao is a wholly owned subsidiary of Sichuan Yuanmao and, thus, Sichuan Yunmao is an associate (as defined under the Listing Rules) of Mr. Wang and a connected person of the Company. Upon the Completion of the Amended Agreements, the Target Companies will be owned as to 51% and 24.5% by Sichuan Yunmao and Sichuan Zhengzhuo, respectively, therefore will be associates of Mr. Wang and a connected person of the Company under Rule 14A.12(1)(c) of the Listing Rules and a connected subsidiary of the Company under Rule 14A.16(1) of the Listing Rules. The Vocational College and the Vocational School, being wholly-owned by the Target Company A, for the same reason, will become connected persons of the Company under Rule 14A.12(1)(c) of the Listing Rules and a connected subsidiary of the Company under Rule 14A.16(1) of the Listing Rules as well. The transactions contemplated under the Structure Contracts will constitute continuing connected transactions of the Company under the Listing Rules.

Since the Structured Contracts are reproduced from the existing structured contracts as provided under the conditions of the IPO Waiver, the Company will seek confirmation from the Stock Exchange that the transactions contemplated under the Structured Contracts would fall within the scope of the waiver from the requirements of Chapter 14A of the Listing Rules as set out in the IPO Waiver and are exempt from (i) the announcement, circular and independent shareholders' approval requirements under Rule 14A.105 of the Listing Rules and (ii) the requirement of setting an annual cap under Rule 14A.53 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the IPO Waiver.

EGM

The EGM will be held to consider and if thought fit, to approve the Amended Agreements and the transactions contemplated thereunder (including the Specific Mandate). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders have any material interest in the Amended Agreements and the transactions contemplated thereunder. Accordingly, no Shareholders will be required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Amended Agreements and the transactions contemplated thereunder. None of the Directors have material interest in the Amended Agreements and the transactions contemplated thereunder (including the Specific Mandate), and no Directors have abstained from voting on the relevant board resolutions relating to the same.

GENERAL

A circular containing, among other things, further information regarding the Amended Agreements and the transactions contemplated thereunder (including the Specific Mandate), other information as required under the Listing Rules, together with a notice of the EGM will be despatched to the Shareholders on or before 30 June 2023 as additional time is required for preparation of relevant information to be included in the circular.

Completion under the Amended Agreements is subject to the satisfaction of the conditions precedent which are more particularly described in the sections headed “The Amended Agreements — The Amended Equity Transfer Agreement A — Conditions precedent” and “The Amended Agreements — The Amended Equity Transfer Agreement B — Conditions precedent” of this announcement. There is no assurance that any of the conditions precedent to the Amended Agreements will be fulfilled. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Reference is made to the Announcements in relation to the Equity Transfer Agreements, the Capital Injection Agreement and the Prepayment.

As disclosed in the announcement of the Company dated 8 December 2021:

- (i) the Company, Sichuan Yunmao, Chengdu Bomao, Shenzhen Hongyuan, Sichuan Zhengzhuo, the Target Company A and Chengdu Bojun entered into the Equity Transfer Agreement A, pursuant to which Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell 26.5% and 24.5% of the equity interest in the Target Company A, respectively in the aggregate consideration of RMB283,050,000; and
- (ii) the Company, Sichuan Yunmao, Chengdu Bomao, Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company B entered into the Equity Transfer Agreement B, pursuant to which Sichuan Yunmao and Chengdu Bomao each conditionally agreed to purchase and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell 25.5% of the equity interest in the Target Company B in the aggregate consideration of RMB26,010,000.

(1) THE AMENDED AGREEMENTS

The Board announces that on 10 April 2023, the Amended Agreements (being the Amended Equity Transfer Agreement A and the Amended Equity Transfer Agreement B) were entered to amend and restate the terms of the Equity Transfer Agreements.

According to the Amended Equity Transfer Agreement A, Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase the Sale Interest AI and the Sale Interest AII (being 26.5% and 24.5% of the equity interest in the Target Company A, respectively) and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell the Sale Interest AI and the Sale Interest AII, respectively, in the aggregate consideration of RMB283,050,000 (being the Consideration A), with (i) the earnest money of RMB73,500,000 (being the Prepayment) used to set off part of the Consideration A to Shenzhen Hongyuan and (ii) partial consideration of RMB51,810,044.22 (being approximately HK\$63,275,579.16) being settled by allotment and issue of Consideration Shares A (being 74,441,857 Shares) at the Issue Price of HK\$0.85 per Share by the Company to Sichuan Zhengzhuo (or its nominee).

According to the Amended Equity Transfer Agreement B, Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase the Sale Interest BI and the Sale Interest BII (both being 25.5% of the equity interest in the Target Company B) and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell the Sale Interest BI and the Sale Interest BII, respectively, in the aggregate consideration of RMB26,010,000 (being the Consideration B), out of which partial consideration of RMB4,760,922.98 (being approximately HK\$5,814,512.68) shall be settled by allotment and issue of Consideration Shares B (being 6,840,603 Shares) at the Issue Price of HK\$0.85 per Share by the Company to Sichuan Zhengzhuo (or its nominee).

As at the date of this announcement, (i) the Target Company A is owned as to 51% by Shenzhen Hongyuan and 49% by Sichuan Zhengzhuo and (ii) the Target Company B is owned as to 50% by Shenzhen Hongyuan and 50% by Sichuan Zhengzhuo. Upon the

Completion, Sichuan Yunmao will hold 51% of the registered capital of each of the Target Companies. Prior to the Completion, Chengdu Bomao will enter into a new set of structured contracts with members of the Target Groups and Sichuan Yunmao, which will become effective upon the Completion, upon which Sichuan Yunmao and the Target Groups will become Consolidated Affiliated Entities, and the Group will obtain control over and derive economic benefits from the Target Groups and Sichuan Yunmao, and the financial results of which will be consolidated into the accounts of the Group.

The key amendments made under the Amended Agreements are summarised as follows:

Matter	Original term	Amendment
1. Payment method of the partial consideration for the Sale Interest AII of RMB135,975,000	Such consideration shall be settled by allotment and issue of 195,371,993 Shares.	Partial consideration of RMB84,164,955.78 shall be settled by cash. The remaining consideration of RMB51,810,044.22 shall be settled by allotment and issue of 74,441,857 Shares.
2. Payment method of the partial consideration for the Sale Interest BII of RMB13,005,000	Such consideration shall be settled by allotment and issue of 18,685,881 Shares.	Partial consideration of RMB8,244,077.02 shall be settled by cash. The remaining consideration of RMB4,760,922.98 shall be settled by allotment and issue of 6,840,603 Shares.

The Amended Equity Transfer Agreement A

Summarised below are the principal terms of the Amended Equity Transfer Agreement A:

- Date:** 10 April 2023
- Parties:**
- (i) Shenzhen Hongyuan (as seller);
 - (ii) Sichuan Zhengzhuo (as seller);
 - (iii) Sichuan Yunmao (as buyer);
 - (iv) Chengdu Bomao (as buyer);
 - (v) the Target Company A;
 - (vi) the Company; and
 - (vii) Chengdu Bojun.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of each of the Target Company A, Shenzhen Hongyuan and Sichuan Zhengzhuo and their ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

Subject matter

Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase the Sale Interest AI and the Sale Interest AII (being 26.5% and 24.5% of the equity interest in the Target Company A, respectively) and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell the Sale Interest AI and the Sale Interest AII, respectively, in the aggregate consideration of RMB283,050,000.

Consideration

The Consideration A of RMB283,050,000 for acquisition of the Sale Interest AI and the Sale Interest AII shall be settled by Sichuan Yunmao.

Sale Interest AI

The consideration for the Sale Interest AI of RMB147,075,000 is payable to Shenzhen Hongyuan and shall be settled as follows:

- (a) RMB73,500,000 (being approximately 50.0% of the consideration for the Sale Interest AI), was deemed paid upon signing of the Amended Equity Transfer Agreement A as earnest money and set off by the Prepayment. Such earnest money shall be considered as part payment of the Consideration A upon completion of the Amended Equity Transfer Agreement A;

- (b) RMB36,750,000 (being approximately 25.0% of the consideration for the Sale Interest AI) shall be settled by cash before 31 December 2024; and
- (c) the remaining balance of RMB36,825,000 (being approximately 25.0% of the consideration for the Sale Interest AI) shall be settled by cash before 31 December 2025.

Sale Interest AII

The consideration for the Sale Interest AII of RMB135,975,000 payable to Sichuan Zhengzhuo shall be settled by cash and allotment of the Consideration Shares A as follows:

- (a) RMB20,000,000 (being approximately 14.7% of the consideration for the Sale Interest AII) shall be settled by cash before 31 December 2024;
- (b) RMB40,000,000 (being approximately 29.4% of the consideration for the Sale Interest AI) shall be settled by cash before 31 December 2025;
- (c) RMB24,164,955.78 (being approximately 17.8% of the consideration for the Sale Interest AI) shall be settled by cash before 31 December 2026; and
- (d) the remaining balance of RMB51,810,044.22 (being approximately 38.1% of the consideration for the Sale Interest AI and approximately HK\$63,275,579.16) shall be settled by allotment and issue of the Consideration Shares A (being 74,441,857 Shares) at the Issue Price of HK\$0.85 per Share by the Company to Sichuan Zhengzhuo (or its nominee) within 60 Business Days of the date of completion of the Amended Equity Transfer Agreement A.

The Consideration A was determined by the parties after arm's length negotiations with reference to and taking into account the track record and operation of the vocational schools (including, their number of students, course offerings and tuition fee levels of the Vocational College and the Vocational School), the past financial performance and future prospects of the Target Group A and the fair value of 100% equity interest of the Target Company A of approximately RMB694,360,000 as at 31 August 2021 as appraised by an independent valuation company applying the market approach. The Board is of the view that, since there is no change in the amount of consideration payable to Shenzhen Hongyuan and Sichuan Zhengzhuo under the Amended Equity Transfer Agreement A, which only amended the payment method of partial consideration payable to Sichuan Zhengzhuo. Thus, our Directors are of the view that it is reasonable to adopt such valuation of equity interest as at 31 August 2021 for the Amendment Equity Transfer Agreement A. However, a valuation report in respect of properties owned by the Target Groups will be contained in the circular to be despatched to the Shareholders.

The consideration to be paid in cash (other than the Prepayment) will be funded by the Group's internal resources and, if and when available, bank financing.

Conditions precedent

Completion shall be subject to the fulfilment of the following conditions precedent:

- (i) the Amended Equity Transfer Agreement A being legally executed and valid;
- (ii) all representations, warranties and guarantees of Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company A remaining true, accurate and complete on the date of the Amended Equity Transfer Agreement A, and such parties do not violate such representations, warranties and guarantees up to the day of the completion of the Amended Equity Transfer Agreement A;
- (iii) information, documents, materials and data provided by Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company A to Sichuan Yunmao, Chengdu Bomao and the Company (including the employees of and third parties engaged by which) being true, accurate and complete in all aspects and does not contain false records, misleading statements, or material omissions;
- (iv) Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company A having confirmed each of their disclosure regarding the Target Company A in relation to its equity, legal, financial, taxation, corporate, operating business and affairs, contracts, properties and business conditions and other incidental matters for the due diligence are clear and settled, and Sichuan Yunmao and Chengdu Bomao are satisfied with the results of such due diligence exercise completed;
- (v) during the Transition Period, the Target Company A operates legally and there being no material change to its registered capital, principal business and core assets, no material adverse change of its operation and no significant reduction in the value of the equity interest of which;
- (vi) completion of all internal proceedings, including but not limited to passing and signing valid directors and shareholders written resolutions, of Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company A approving the Equity Transfer A;
- (vii) the approval of the Directors and the Shareholders of the transactions contemplated under the Amended Equity Transfer Agreement A (including allotment and issue of the Consideration Shares A) having been obtained;
- (viii) Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company A having completed the relevant approval or filing procedures requested by the relevant government authorities in the PRC, including but not limited to the necessary approval or filing procedures in relation to possible overseas investments involved, foreign exchange registration and other government approval procedures in relation to the issue and allotment of the Consideration Shares A to Sichuan Zhengzhuo (or its nominee) (if applicable);
- (ix) the approval of the Stock Exchange in relation to the listing and trading of the Consideration Shares A;

(x) Shenzhen Hongyuan and Sichuan Zhengzhuo having coordinated with the relevant pledgee(s) (creditor) to release the pledge of the Sale Interest AI and the Sale Interest A II and complete procedures for releasing such equity pledge registration; and

(xi) simultaneous completion of the Amended Equity Transfer Agreement B.

If the conditions have not been satisfied within six months from the date of the Amended Equity Transfer Agreement A, Sichuan Yunmao, Chengdu Bomao and the Company are entitled to terminate the Amended Equity Transfer Agreement A unilaterally, upon which Shenzhen Hongyuan shall refund the Prepayment to Sichuan Yunmao and Chengdu Bomao within 10 Business Days.

As at the date of this announcement, except for condition (i) above, none of the conditions precedent above has been fulfilled.

Completion

Completion of the Amended Equity Transfer Agreement A shall take place on the day when Sichuan Yunmao becomes the holder of 51% equity interest of the Target Company A registered by the relevant government authorities. Registration of the change in shareholding with the relevant government authorities shall be completed within 30 Business Days of satisfaction of all conditions precedent and the notice of approval of the change in particulars of the company issued (公司變更登記核准通知書) shall be provided to Sichuan Yunmao. Upon completion of the Amended Equity Transfer Agreement A, Sichuan Yunmao will hold 51% of the registered capital of the Target Company A.

The Amended Equity Transfer Agreement B

Summarised below are the principal terms of the Amended Equity Transfer Agreement B:

- Date:** 10 April 2023
- Parties:**
- (i) Shenzhen Hongyuan (as seller);
 - (ii) Sichuan Zhengzhuo (as seller);
 - (iii) Sichuan Yunmao (as buyer);
 - (iv) Chengdu Bomao (as buyer);
 - (v) the Target Company B; and
 - (vi) the Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of each of the Target Company B, Shenzhen Hongyuan and Sichuan Zhengzhuo and their ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

Subject matter

Sichuan Yunmao and Chengdu Bomao conditionally agreed to purchase the Sale Interest BI and the Sale Interest BII (both being 25.5% of the equity interest in the Target Company B) and Shenzhen Hongyuan and Sichuan Zhengzhuo conditionally agreed to sell the Sale Interest BI and the Sale Interest BII, respectively, in the aggregate consideration of RMB26,010,000.

Consideration

The Consideration B of RMB26,010,000 for acquisition of the Sale Interest BI and the Sale Interest BII shall be settled by Sichuan Yunmao.

Sale Interest BI

The consideration for the Sale Interest BI of RMB13,005,000 is payable to Shenzhen Hongyuan and shall be settled as follows:

- (a) RMB5,000,000 (being approximately 38.4% of the consideration for the Sale Interest BI) shall be settled by cash before 31 December 2024; and
- (b) the remaining balance of RMB8,005,000 (being approximately 61.6% of the consideration for the Sale Interest BI) shall be settled by cash before 31 December 2025.

Sale Interest BII

The consideration for the Sale Interest BII of RMB13,005,000 is payable to Sichuan Zhengzhuo and shall be settled as follows:

- (a) RMB3,000,000 (being approximately 23.1% of the consideration for the Sale Interest BII) shall be settled by cash before 31 December 2025;
- (b) RMB5,244,077.02 (being approximately 40.3% of the consideration for the Sale Interest BII) shall be settled by cash before 31 December 2026; and
- (c) the remaining balance of RMB4,760,922.98 (being approximately 36.6% of the consideration for the Sale Interest BII and approximately HK\$5,814,512.68) shall be settled by allotment and issue of 6,840,603 Consideration Shares B at the Issue Price of HK\$0.85 per Share by the Company to Sichuan Zhengzhuo (or its nominee) within 60 Business Days of the date of completion of the Amended Equity Transfer Agreement B.

The Consideration B was determined by the parties after arm's length negotiations with reference to and taking into account the past financial performance and future prospects of the Target Company B and the fair value of 100% equity interest of the Target Company B of approximately RMB59,843,000 as at 31 August 2021 as appraised by an independent valuation company applying the asset-based approach. The Board is of the view that, since there is no change in the amount of consideration payable to Shenzhen Hongyuan and Sichuan Zhengzhuo under the Amended Equity Transfer Agreement B, which only amended the payment method of partial consideration payable to Sichuan Zhengzhuo. Thus, our Directors are of the view that it is reasonable to adopt such valuation of equity interest as at 31 August 2021 for the Amendment Equity Transfer Agreement B. However, a valuation report in respect of properties owned by the Target Groups will be contained in the circular to be despatched to the Shareholders.

The consideration to be settled in cash will be funded by the Group's internal resources and, if and when available, bank financing.

Conditions precedent

Completion shall be subject to the fulfilment of the following conditions precedent:

- (i) the Amended Equity Transfer Agreement B being legally executed and valid;
- (ii) all representations, warranties and guarantees of Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company B remaining true, accurate and complete on the date of the Amended Equity Transfer Agreement B, and such parties do not violate such representations, warranties and guarantees up to the day of the completion of the Amended Equity Transfer Agreement B;

- (iii) information, documents, materials and data provided by Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company B to Sichuan Yunmao, Chengdu Bomao and the Company (including the employees of and third parties engaged by which) being true, accurate and complete in all aspects and does not contain false records, misleading statements, or material omissions;
- (iv) Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company B having confirmed each of their disclosure regarding the Target Company B in relation to its equity, legal, financial, taxation, corporate, operating business and affairs, contracts, properties and business conditions and other incidental matters for the due diligence are clear and settled, and Sichuan Yunmao and Chengdu Bomao are satisfied with the results of such due diligence exercise completed;
- (v) during the Transition Period, the Target Company B operates legally and there being no material change to its registered capital, principal business and core assets, no material adverse change of its operation and no significant reduction in the value of the equity interest of which;
- (vi) completion of all internal proceedings, including but not limited to passing and signing valid directors and shareholders written resolutions, of Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company B approving the Equity Transfer B;
- (vii) the approval of the Directors and the Shareholders of the transactions contemplated under the Amended Equity Transfer Agreement B (including allotment and issue of the Consideration Shares B) having been obtained;
- (viii) Shenzhen Hongyuan, Sichuan Zhengzhuo and the Target Company B having completed the relevant approval or filing procedures requested by the relevant government authorities in the PRC, including but not limited to the necessary approval or filing procedures in relation to possible overseas investments involved, foreign exchange registration and other government approval procedures in relation to the issue and allotment of the Consideration Shares B to Sichuan Zhengzhuo (or its nominee) (if applicable);
- (ix) the approval of the Stock Exchange in relation to the listing and trading of the Consideration Shares B;
- (x) Shenzhen Hongyuan and Sichuan Zhengzhuo having coordinated with the relevant pledgee(s) (creditor) to release the pledge of the Sale Interest BI and the Sale Interest BII and complete procedures for releasing such equity pledge registration; and
- (xi) simultaneous completion of the Amended Equity Transfer Agreement A.

If the conditions have not been satisfied within six months from the date of the Amended Equity Transfer Agreement B, Sichuan Yunmao, Chengdu Bomao and the Company are entitled to terminate the Amended Equity Transfer Agreement B unilaterally.

Completion

Completion of the Amended Equity Transfer Agreement B shall take place on the day when Sichuan Yunmao becomes the holder of 51% equity interest of the Target Company B registered by the relevant government authorities. Registration of the change in shareholding with the relevant government authorities shall be completed within 30 Business Days of satisfaction of all conditions precedent and the notice of approval of the change in particulars of the company issued (公司變更登記核准通知書) shall be provided to Sichuan Yunmao. Upon completion of the Amended Equity Transfer Agreement B, Sichuan Yunmao will hold 51% of the registered capital of the Target Company B.

CONSIDERATION SHARES

The Consideration Shares, being 81,282,460 new Shares of an aggregate nominal value of HK\$812,824.60 (with a par value of HK\$0.01 each), will be issued at the Issue Price of HK\$0.85 per Share. Based on the closing price of HK\$0.260 per Share as quoted on the Stock Exchange on 6 April 2023, the trading day immediately preceding the date of this announcement, the aggregate market value of the Consideration Shares is approximately HK\$21.1 million.

As at the date of this announcement, the Company had 821,856,000 Shares in issue. The Consideration Shares represent:

- (i) approximately 9.9% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 9.0% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Issue Price represents:

- (i) a premium of approximately 226.9% over the closing price of HK\$0.260 per Share as quoted on the Stock Exchange on 6 April 2023, the trading day immediately preceding the date of this announcement; and
- (ii) a premium of approximately 224.4% over the average closing price of approximately HK\$0.262 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of this announcement.

The Issue Price of HK\$0.85 per Consideration Share was arrived at after arm's length negotiation between the Company and Sichuan Zhengzhuo. Having considered the prevailing market price of the Shares, the reasons for and benefits of the Equity Transfer Agreements as described in the section headed "Reasons for and benefits of the Amended Agreements and the Amended Loan Agreement" in this announcement and the future prospects and development of the Group's business, the Directors consider that the Issue Price is fair and reasonable and the allotment and issuance of the Consideration Shares at the Issue Price is in the interests of the Company and the Shareholders as a whole.

Immediately following the allotment and issue of the Consideration Shares, Sichuan Zhengzhuo (or its nominee) will own approximately 9.0% of the enlarged issued share capital of the Company. The Consideration Shares, when issued, will rank *pari passu* in all respects among themselves and with all the Shares in issue as at the date of the allotment and issuance of the Consideration Shares. Holders of such Consideration Shares shall be entitled to receive all future dividends and distributions that are declared after the date of the allotment and issue of the Consideration Shares.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares. The allotment and issue of the Consideration Shares will not result in a change of control of the Company. The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought by the Company at the EGM. There are no restrictions which apply to the subsequent sale of the Consideration Shares.

Changes in shareholding structure of the Company

The following table illustrates the changes in the shareholding structure of the Company as at the date of this announcement and immediately after the allotment and issue of the Consideration Shares:

Name of Shareholder	As at the date of this announcement		Immediately after allotment and issue of the Consideration Shares	
	<i>Approximate Number of Shares</i>	<i>percentage of issued Shares</i>	<i>Approximate Number of Shares</i>	<i>percentage of issued Shares</i>
Act Glory Global Limited ⁽¹⁾	233,920,000	28.46	233,920,000	25.90
Cosmic City Holdings Limited ⁽²⁾	82,853,550	10.08	82,853,550	9.17
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)) ⁽³⁾	140,000,000	17.03	140,000,000	15.50
Honesty Virtue International Limited ⁽⁴⁾	10,000,000	1.22	10,000,000	1.11
Sichuan Zhengzhuo (or its nominee)	—	—	81,282,460	9.00
Public Shareholders	355,082,450	43.21	355,082,450	39.32
Total	821,856,000	100.00	903,138,460	100.00

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 the SFO.
- (2) Cosmic City Holdings Limited is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Mr. Xiong Tao. Mr. Xiong Tao passed away on 18 August 2020.
- (3) Wuxi First Capital Equity Investment Fund Management Centre (Limited Partnership) (“**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 liability company established in the PRC. Chongqing Education is owned as to 51% 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 liability 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, Wuxi FC, 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.
- (4) Honesty Virtue International Limited is an investment holding company incorporated in the BVI, and is solely and beneficially owned by Shenzhen Jingxi Ruihe Investment Development Company Limited* (深圳經世瑞合投資發展有限公司), a limited company established in the PRC, which is in turn owned by Mr. Chen Junchao as to 80%. Therefore, Mr. Chen is deemed to be interested in shares held by Honesty Virtue International Limited by virtue of the SFO.

As at the date of this announcement, the Company had an authorised share capital of HK\$50 million divided into 5,000,000,000 Shares of HK\$0.01 each and the Company had an issued share capital of HK\$8,218,560 divided into 821,856,000 Shares of HK\$0.01 each.

(2) DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO THE FINANCIAL ASSISTANCE

The Loan Agreement I and the Cooperation Agreement

Reference is made to the announcement of the Company dated 8 December 2021. There were various agreements entered among members of the Target Groups, namely (i) a loan agreement dated 19 October 2021 entered into between the Vocational College and the Target Company B (being the Loan Agreement I); and (ii) an agreement of cooperative operation of training base (合作經營實訓基地之協議) dated 11 January 2021 entered into between the Vocational College and the Target Company B in relation to operation of a training base by the parties together.

Under the previous acquisition arrangement under the Equity Transfer Agreements, upon completion of which Sichuan Zhengzhuo would become a connected person at issuer level and, thus, the Target Company B and the Vocational College would become connected subsidiaries of the Company according to Rule 14A.16(1) of the Listing Rules. Under the current acquisition arrangement under the Amended Agreements, Shenzhen Hongyuan and Sichuan Zhengzhuo will become connected persons at subsidiary level and the Target Company B and the Vocational College are not their associates. Therefore, the transactions contemplated under each of the Loan Agreement I and the Cooperation Agreement are not connected transactions of the Company under Chapter 14A of the Listing Rules.

The Loan Agreement II

Reference is made to the announcement of the Company dated 8 December 2021. The Vocational College entered into a loan agreement dated 28 July 2020 (being the Loan Agreement II) with Shenzhen Hongyuan pursuant to which the Vocational College agreed to provide a loan of RMB30.0 million to Shenzhen Hongyuan for a term of two years from 29 July 2020 to 28 July 2022.

The Amended Loan Agreement

On 10 April 2023, the parties entered into an agreement (being the Amended Loan Agreement) to renew and extend the term of the loan under the Loan Agreement II to 31 December 2024. Other terms and conditions of the Loan Agreement II remains the same.

The principal terms and conditions of the Loan Agreement II as amended by the Amended Loan Agreement are reproduced below:

Date: 10 April 2023

Parties: (1) the Vocational College (as lender)
(2) Shenzhen Hongyuan (as borrower)

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vocational College, Shenzhen Hongyuan and their ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

Principal amount: RMB30.0 million

Term: From 29 July 2022 to 31 December 2024

Interest rate: 4.75% per annum, being the interest rate announced by the People's Bank of China

Default: Upon default, interest rate of 6% per annum will be charged to outstanding amount from the date of the Amended Loan Agreement

REASONS FOR AND BENEFITS OF THE AMENDED AGREEMENT AND THE AMENDED LOAN AGREEMENT

The Amended Agreements

The Group is principally engaged in the business of provision of private education service in Sichuan Province, the PRC. The Group commenced operation since 2001 and rooted in the education industry in Sichuan Province. Leveraging on the success and proven track record in the provision of private education in Sichuan Province, the PRC, the Group plans to expand its footprints in the vocational industry and capture potential investment opportunities in the education industry.

The Target Groups are principally engaged in the provision of private vocational education service in Sichuan Province, the PRC.

In recent years, the PRC government announced various plans and policies promoting the development of the vocational training industry. The Directors believe that the development of private vocational training industry will enter a golden era in view of such policies, which encourages high school graduates to pursue further studies at vocational training institutions and drives the demand for vocational education. Coupled with the vibrancy of the province in the development in vocational education, the Directors expect that more school-age students will choose to complete their studies in Sichuan Province in the future, and the Acquisition provide an opportunity for the Group to invest in the vocational training industry in Sichuan Province, given that the vocational education institutions owned by Target Company A are well-established in Chengdu.

The Amended Agreements were entered into by the parties to amend the terms of the Equity Transfer Agreements so that all the consideration shall be settled by 31 December 2026. Having considered the above reasons for and benefits of the Acquisition, the Directors are of the view that the Acquisition is on normal commercial terms or better and the terms of the Amended Agreements are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Amended Loan Agreement

The Financial Assistance is the financial assistance provided by the Vocational College to an original shareholder, being Shenzhen Hongyuan, which represents the historical amounts due from Shenzhen Hongyuan to the Vocational College and were used to finance the operation of Shenzhen Hongyuan. During the development and expansion of the Vocational College, Shenzhen Hongyuan provided continuous financial supports and made various contributions to the success of the school. In order to maintain an amicable relationship with Shenzhen Hongyuan and in view of the contributions of Shenzhen Hongyuan in the Vocational College, the financial assistance would continue after the Completion. To the best knowledge and belief of the Directors, Shenzhen Hongyuan would apply the consideration payable under the Amended Agreements for settlement of the Financial Assistance by 31 December 2024. Having considered the above reasons for and benefits of the Financial Assistance, the Directors are of the view that the Financial Assistance is on normal commercial terms or better and the terms of the Amended Loan Agreement are fair and reasonable and that the Financial Assistance is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Chengdu Bojun

Chengdu Bojun is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. Chengdu Bojun is principally engaged in the provision of education consultancy.

Chengdu Bomao

Chengdu Bomao is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. Chengdu Bomao is principally engaged in the business of education investment and management.

Sichuan Yunmao

Sichuan Yunmao is a limited liability company established in the PRC and will be a Consolidated Affiliated Entity upon the Completion. As at the date of this announcement, Sichuan Yunmao is solely held by Sichuan Yuanmao, which is owned by Mr. Wang Jinglei, an executive Director and a substantial Shareholder, as to 99% and Ms. Duan Ling, his spouse, as to 1%. Prior to the completion of the Amended Agreement, Sichuan Yunmao and the Target Groups will enter into a new set of Structured Contracts. Thus, Sichuan Yunmao and members of the Target Groups will become Consolidated Affiliated Entities. Sichuan Yunmao is principally engaged in the business of education investment and management.

Shenzhen Hongyuan

Shenzhen Hongyuan is a limited liability company established in the PRC on 17 November 2016. It is principally engaged in the business of investment holding, mainly of education related business. As at the date of this announcement, Shenzhen Hongyuan holds 51% equity interest in the Target Company A and 50% equity interest in the Target Company B and is ultimately owned by Mr. Wang Honglun as to 60% and Mr. Wang Pengcheng as to 40%, each of them a PRC citizen of PRC nationality and an Independent Third Party.

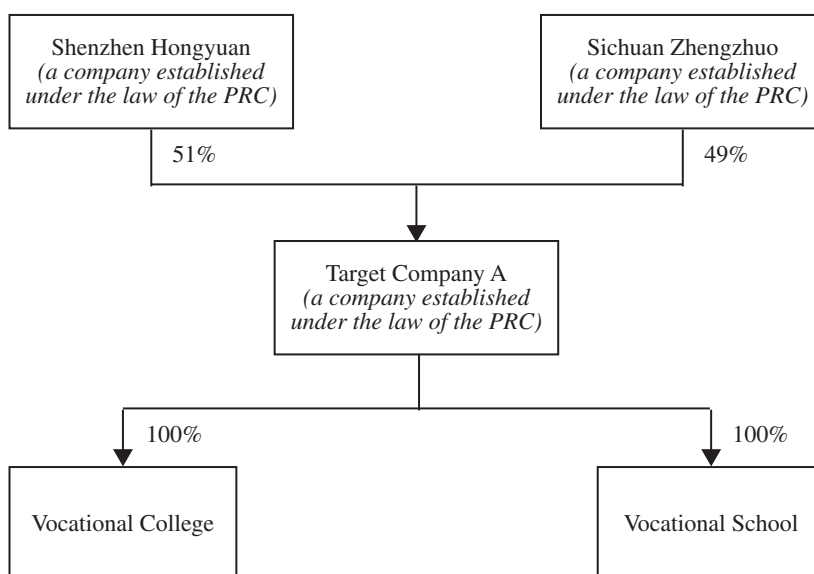
Sichuan Zhengzhuo

Sichuan Zhengzhuo is a limited liability company established under the laws of the PRC on 17 June 2015. It is principally engaged in the business of investment holding, mainly of education-related business. As at the date of this announcement, Sichuan Zhengzhuo holds 49% equity interest in the Target Company A and 50% equity interest in the Target Company B and is ultimately owned by Mr. Li Yafei, Ms. Cao Youqin, Mr. Li Yuankai and Ms. Zhang Rong as to 75.5%, 18.2%, 3.5% and 2.8%, respectively, each of them a PRC citizen of PRC nationality and an Independent Third Party.

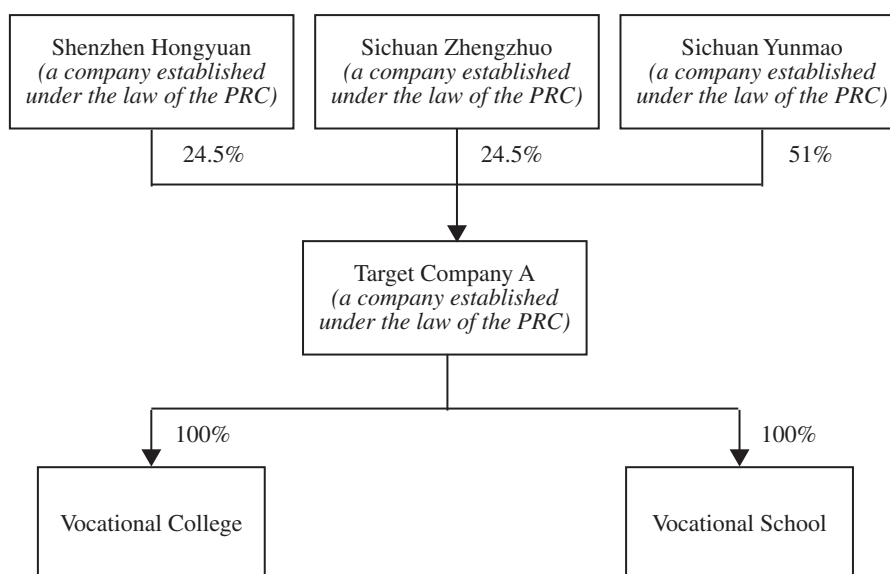
The Target Company A

The Target Company A is a limited liability company established under the laws of the PRC on 6 July 2012. It is principally engaged in the management of vocational education institutions and is the school sponsor of the two operating vocational education institutions, being the Vocational College and the Vocational School. Prior to the Completion and as at the date of this announcement, the Target Company A is owned by Sichuan Zhengzhuo as to 49% and Shenzhen Hongyuan as to 51%, each of which and their ultimate beneficial owners is an Independent Third Party.

Set out below is the shareholding structure of the Target Group A as at the date of this announcement and prior to the Completion:



Set out below is the shareholding structure of the Target Group A immediately after the Completion:



Vocational College

The Vocational College was established in February 2013 in Sichuan Province, the PRC, and is wholly-owned by the Target Company A as at the date of this announcement. It and its ultimate beneficial owners are all Independent Third Parties. It is a formal higher vocational education institution (普通高等職業學校), which offers three-year and five-year vocational programmes. Students who enter the Vocational College have generally completed their high school education. The Vocational College offers students with vocational training programmes in different majors, such as accounting, marketing, financial management, business administration, e-commerce, early childhood education, construction design, nursing and elderly service management at annual tuition fee ranging from RMB13,500 to RMB14,000 per programme. For the school year commencing 1 September 2022, 25,646 students enrolled with the Vocational College. The Vocational College owns the land use right of a parcel of land of a site area of approximately 386,620 sq.m., with various academic buildings and facilities, used as school campus.

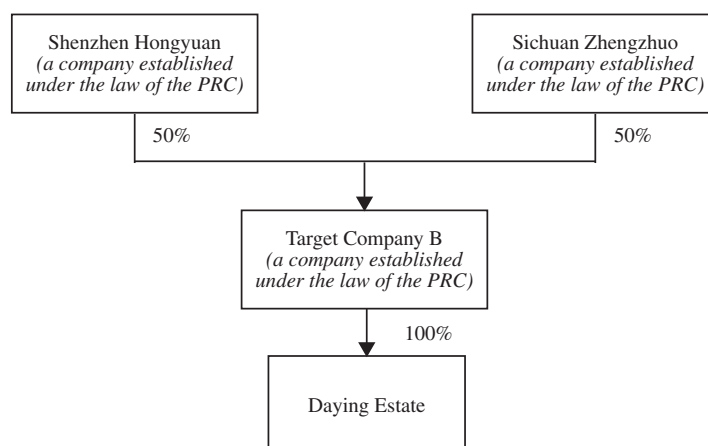
Vocational School

The Vocational School was established in December 2012 in Sichuan Province, the PRC, and is wholly-owned by the Target Company A as at the date of this announcement. It and its ultimate beneficial owners are all Independent Third Parties. It is a secondary vocational education institution (中等職業教育學校), which offers three-year vocational programmes. Students who enter the Vocational School have generally completed their middle school education at annual tuition fee ranging from RMB4,150 to RMB4,250 per programme. For the school year commencing 1 September 2022, 5,858 students enrolled with the Vocational School. The Vocational School offers students with vocation training programmes in different majors, such as accounting, computer application, railway transportation management, early childhood education, hospitality management and building construction. It runs the vocation training programmes at the school campus owned by the Vocational College.

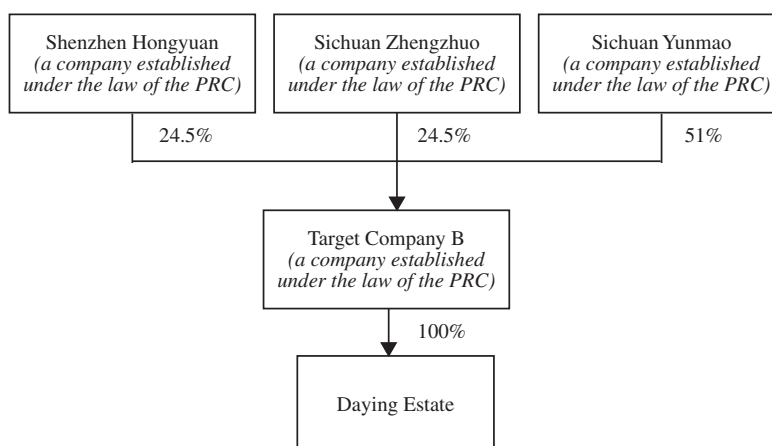
The Target Company B

The Target Company B is a limited liability company established under the laws of the PRC on 5 March 2020. It is principally engaged in the business of investment in vocational education institution. Prior to the Completion and as at the date of this announcement, the Target Company B is owned by Sichuan Zhengzhuo as to 50% and Shenzhen Hongyuan as to 50%, each of which and their ultimate beneficial owners is an Independent Third Party. Upon the Completion, the Target Company B will be owned by Sichuan Yunmao as to 51%, Shenzhen Hongyuan as to 24.5% and Sichuan Zhengzhuo as to 24.5%. The Target Company B owns the land use right of parcels of land of site area of approximately 520,000 sq.m., with various academic buildings and facilities completed and under construction, currently or expected to be used as school campus. It is intended the school campus will be used for provision of vocational education services in the future. The Target Company B is cooperating with the Vocational College in the operation of a training base pursuant to the Cooperation Agreement as previously disclosed in the announcement of the Company dated 8 December 2021 and is in the process of applying for education qualifications from the relevant authorities in the PRC.

Set out below is the shareholding structure of the Target Group B as at the date of this announcement and prior to the Completion:



Set out below is the shareholding structure of the Target Group B immediately after the Completion:



Daying Estate

Daying Estate is a limited liability company incorporated in the PRC on 14 November 2022. As at the date of this announcement, Daying Estate is wholly-owned by the Target Company B, which and its ultimate beneficial owners are Independent Third Parties. Daying Estate is principally engaged in the business of property development and construction. In December 2022, Daying Estate and the local government of Daying County entered into a land acquisition agreement in relation to the purchase of a parcel of land of approximately 33,300 sq.m. in Daying County for commercial residential use at a consideration of RMB111,000,000. Completion of the land acquisition shall be take place in January 2024 after full settlement of the consideration. As at the date of this announcement, Daying Estate has paid a deposit of RMB21,000,000 to the local government as part payment and all the consideration shall be settled by the end of December 2023. Such land could be used for teachers quarters as ancillary facilities of the school campus of the Target Company B. However, after having considered, among others, the focus of business of the Target Group B on provision of vocational education services, the construction and development costs and various market conditions, the Target Company B plans not to invest in the development of

residential property and will dispose its equity interest in Daying Estate to other party as and when opportunities arise. To the best of the knowledge of the Directors, the Target Company B is actively looking for potential buyers and it is estimated that the Target Company B will dispose the equity interest in Daying Estate by December 2023.

Financial information

The Target Group A

The unaudited consolidated financial statements of the Target Group A for the two years ended 31 December 2021 and the eleven months ended 30 November 2022 are summarised and set out below:

	For the year ended 31 December		For the eleven months ended 30 November
	2020	2021	2022
	(unaudited)	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	145,831	202,743	243,933
Profit/(Loss) before and after tax	(23,692)	(34,645)	40,584

As at 30 November 2022, the unaudited consolidated net assets of the Target Group A amounted to approximately RMB518.2 million.

The Target Group B

The unaudited consolidated financial statements of the Target Group B for the two years ended 31 December 2021 and the eleven months ended 30 November 2022 are summarised and set out below:

	From 5 March 2020 (date of incorporation of the Target Company B) to 31 December 2020	For the year ended 31 December 2021	For the eleven months ended 30 November 2022
	(unaudited)	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	—	6,311	20,129
Profit/(Loss) before tax	(865)	5,238	17,864
Profit/(Loss) after tax	(865)	3,928	13,398

As at 30 November 2022, the unaudited consolidated net assets of the Target Group B amounted to approximately RMB16.5 million.

Upon the Completion, Sichuan Yunmao will hold 51% of the registered capital of each of the Target Companies. Prior to the Completion, Chengdu Boamo will enter into new sets of structured contracts with members of the Target Groups and Sichuan Yunmao, which will become effective upon the Completion, and members of the Target Groups and Sichuan Yunmao will become Consolidated Affiliated Entities. Thus the Group will obtain control over and derive economic benefits from the Target Groups and Sichuan Yunmao and the financial results of the Target Groups and Sichuan Yunmao will be consolidated into the accounts of the Group.

(3) NEW STRUCTURED CONTRACTS

Foreign investment in education industry in the PRC

As advised by the PRC legal adviser of the Group, namely Beijing Deheng (Chengdu) Law Firm, the business of provision of vocational training is subject to foreign investment restrictions under the Negative List. According to the Negative List, foreign investment in vocational training institutions are permitted and the shareholding percentage of foreign investment in the business shall not exceed 50%. According to the Implementation Opinions of the Ministry of Education of the PRC on Encouraging and Guiding the Entry of Private Capital into the Field of Education and Promoting the Healthy Development of Private Education (《教育部關於鼓勵和引導民間資本進入教育領域促進民辦教育健康發展的實施意見》), which aims at encouraging private investment and foreign investment in the field of education, the proportion of foreign capital contribution in a Sino-foreign cooperative school shall be less than 50%. Moreover, according to the Notice of Certain Measures on Supporting Private Education issued by the People's Government of Chengdu (《成都市人民政府關於印發促進民辦教育健康規範發展若干措施的通知》) issued in January 2020, foreign investment in vocational education institutions is encouraged. Given that Sichuan Yunmao will hold 51% equity interest in each of the Target Companies, of which the Target Company A is the sponsor of operating vocational education institutions, and after having consulted the Education Department of Chengdu on the qualification of school sponsor of vocational education institutions, the PRC legal adviser is of the view that the Acquisition would not affect the school qualification of the Vocational College and the Vocational School and would not be in breach of the Negative List. As advised by the PRC legal adviser, the Acquisition is in compliance with applicable laws and regulations of the PRC.

Contractual arrangements

Chengdu Bomao will enter into a new set of Structured Contracts with Sichuan Yuanmao, members of the Target Groups and Sichuan Yunmao, which will become effective upon the Completion. Thus, Sichuan Yunmao and the Target Groups will become Consolidated Affiliated Entities upon the Completion. The Group will then obtain control over and derive economic benefits from the Target Groups and Sichuan Yunmao, and the financial results of which will be consolidated into the accounts of the Group.

The Structured Contracts shall comprise:

- (i) the Exclusive Business Cooperation Agreement to be entered into among Chengdu Bomao, Sichuan Yuanmao and members of the Target Groups;
- (ii) the Exclusive Call Option Agreement to be entered into among Chengdu Bomao, Sichuan Yuanmao and the New Entities;
- (iii) the Equity Pledge Agreement to be entered into among Chengdu Bomao, Sichuan Yuanmao, Sichuan Yunmao and the Target;
- (iv) the School Sponsors' And Directors' (Council Members') Rights Entrustment Agreement to be entered into among Chengdu Bomao, the Target Group and directors (or council members) appointed by the Target Company A to the Vocational College and the Vocational School, the School Sponsors' Powers Of Attorney to be executed by the Target Company A and the Directors' (Council Members') Powers Of Attorney to be executed by directors (or council members) appointed by the Target Company A to the Vocational College and the Vocational School;
- (v) the Loan Agreement to be entered into among Chengdu Bomao and the New Entities; and
- (vi) the Shareholder's Rights Entrustment Agreement to be entered into among Chengdu Bomao, Sichuan Yuanmao and Sichuan Yunmao and the Shareholder's Powers Of Attorney to be executed by Sichuan Yuanmao.

The Directors (including the independent non-executive Directors) are of the view that the Structured Contracts have terms and conditions substantially the same as those of the existing structured contracts of the Group, save for the identity of the signing parties.

The summary of principal terms of the Structured Contracts are as follows:

(A) Exclusive Business Cooperation Agreement

- Parties:
- (a) Chengdu Bomao
 - (b) Sichuan Yuanmao
 - (c) the New Entities

Pursuant to the Exclusive Business Cooperation Agreement, Chengdu Bomao shall provide exclusive technical service, management support and consulting service necessary for the education business to the New Entities which, shall in return make payments to Chengdu Bomao in accordance with the Structured Contracts.

The exclusive technical services to be provided by Chengdu Bomao to the New Entities include: (a) design, development, update and maintenance of educational software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites necessary for the education activities of the New Entities; (c) design, development, update and maintenance of management information systems necessary for the education consultation and education activities of the New Entities; (d) provision of other technical support necessary for the education activities of the New Entities; (e) provision of technical consulting services; (f) assist the New Entities to formulate employee training and development programmes; (g) engaging technical staff to provide on-site technical support (if necessary); (h) provision of service for applying relevant permit for software, domain, trademark and professional technique of the New Entities and (i) providing other services agreed by Chengdu Bomao and the New Entities based on the actual need of the business and service capacity from time to time.

The exclusive management support and consulting services to be provided by Chengdu Bomao to the New Entities include: (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment services and support; (e) provision of public relation services; (f) formulation of long term strategic development plans and annual working plans; (g) formulation of management mode, business plans and market development plans; (h) development of financial management systems and recommendation and optimisation on annual budget; (i) advising on design of internal structures and internal management system of the New Entities; (j) provision of management and consultancy training for executive staff; (k) conduct of market survey and research, and advising on market information and business development; (l) formulation of regional and national market development plan; (m) assisting the New Entities in building of education management network and improving management of business operation; (n) assisting in building online and offline marketing network; (o) providing management and consultancy services in respect of daily operations, finance, investment, assets, liabilities and debt, human resources, internal information and other management and consultancy services; (p) assisting the New Entities and their subsidiaries to find suitable financing channels where fund is required in the operation of the New Entities; (q) assisting the New Entities to formulate programmes to maintain relationships with their suppliers, customers, cooperation partners and students, and assisting to maintain such relationships; (r) advising and providing recommendations on asset and business operating of the New Entities; (s) advising and providing recommendations to negotiate, sign and perform the material contracts of the New Entities and (t) providing other technical services reasonably requested by the New Entities.

Pursuant to the Exclusive Business Cooperation Agreement, in consideration of the technical and management consultancy services provided by Chengdu Bomao, each of the New Entities shall pay Chengdu Bomao a service fee equal to all of their respective amount of net profit (after deduction of all costs, expenses, taxes, losses from the previous year (if required by the law) and the statutory development fund of the respective school (if required by the law)). The statutory development fund is included as statutory surplus reserve at our Group's level and retained at schools' level. Chengdu Bomao has the right (but not the obligation) to adjust the amount of such service fee by

reference to the actual services provided and the actual business operations and needs of the New Entities, provided that any adjusted amount shall not exceed the amount mentioned above. The New Entities do not have any right to make any such adjustment.

To ensure the due performance of the Structured Contracts, each of the New Entities shall comply with, and procure its subordinate enterprises, units and legal entities established from time to time (including its subsidiaries, branches and other entities) to comply with, and Sichuan Yuanmao shall procure the New Entities to comply with the following obligations as prescribed under the Exclusive Business Cooperation Agreement:

- (a) to carry out its private education operations in a prudent and efficient manner in accordance with good financial and business standards and maintain the asset value of the Schools as well as the quality and standard of private education;
- (b) to prepare school development plans and annual working plans according to the instructions of Chengdu Bomao;
- (c) to carry out its private education activities and other relevant business under the assistance of Chengdu Bomao;
- (d) to carry out and manage its daily operations and financial management according to the recommendations, advice, principles and other business instructions of Chengdu Bomao;
- (e) to execute and act upon recommendations of Chengdu Bomao in relation to employment and removal of senior management and staff;
- (f) to adopt the advice, guidance and plans provided by Chengdu Bomao in relation to strategic development; and
- (g) to continuously carry out its business operations and maintain and renew its respective necessary licenses for the purpose of business development.

In addition, pursuant to the Exclusive Business Cooperation Agreement:

- (a) Sichuan Yuanmao shall undertake to Chengdu Bomao that, in the event of winding up or liquidation of Sichuan Yuanmao, (i) it shall have all necessary arrangement relating to the winding up or liquidation and sign all necessary document as requested by Chengdu Bomao, the Company or its designated person, including making the decision to dissolve and liquidate Sichuan Yuanmao, the appointment of members to a liquidation committee and approving the liquidation plan and the liquidation report, (ii) it shall transfer the equity interest in Sichuan Yunmao to Chengdu Bomao or any party designated by the Company and (iii) it shall dispose all of its remaining assets as requested by Chengdu Bomao and the proceeds of such disposals shall be payable to Chengdu Bomao as compensation;

- (b) Sichuan Yuanmao and the New Entities shall undertake to Chengdu Bomao that, in the event of (i) merger and subdivision of Sichuan Yunmao and the Target Companies, (ii) presentation by Sichuan Yunmao and the Target Companies or (iii) Sichuan Yunmao and the Target Companies being presented any application for winding up, liquidation, winding up restructuring or reconciliation, dissolution and liquidation of them pursuant to an order, (iv) application for involuntary dissolution of Sichuan Yunmao and the Target Companies, (v) the winding up or liquidation of Sichuan Yunmao and the Target Companies for any other reasons, or (vi) other circumstances which may affect Sichuan Yunmao and the Target Companies in their school sponsor interest in the Schools, they shall have made all necessary arrangement and signed all necessary document such that the successor, administrator, liquidation committee and any other person which may as a result of the above events obtain the school sponsor's interest or relevant rights in the New Entities shall not prejudice or hinder the performance of the Structured Contracts;
- (c) Sichuan Yuanmao and the New Entities shall undertake that, in the event of dissolution or liquidation of Sichuan Yunmao and the Target Companies, (i) Chengdu Bomao and/or its authorised person shall have the right to exercise all shareholder's and school sponsor's right on behalf of Sichuan Yuanmao and/or Sichuan Yunmao and the Target Companies; (ii) Sichuan Yuanmao, Sichuan Yunmao and the Target Companies shall transfer all assets received or receivable in their capacity as shareholders of Sichuan Yunmao and the Target Companies and/or school sponsors of the Schools as a result of the dissolution or liquidation of Sichuan Yunmao and the Target Companies and/or the Schools to Chengdu Bomao or other persons designated by the Company at nil consideration, and instruct the liquidation team of all of the New Entities to transfer such assets directly to Chengdu Bomao and/or other persons designated by us; (iii) if consideration is required for such transfer under the then applicable PRC laws, Sichuan Yuanmao, Sichuan Yunmao and the Target Companies shall compensate Chengdu Bomao or other persons designated by the Company an equivalent amount in a reasonable manner and guarantee that Chengdu Bomao or other persons designated by the Company shall not pay any fee or suffer any loss as a result of such transfer; and
- (d) (i) no distribution of bonus, dividend, interests, benefits or other payments shall be made by Sichuan Yunmao and the Target Companies to Sichuan Yuanmao by any means without the prior written consent of Chengdu Bomao. In the event that Sichuan Yuanmao as shareholder of Sichuan Yunmao and the Target Companies receive any bonus, dividend or other interests or benefits (regardless of the actual form of the benefits) or amount from Sichuan Yunmao and the Target Companies, Sichuan Yuanmao shall unconditionally and without compensation transfer such amount to a specific account designated by Chengdu Bomao once such amount is received according to the instructions of Chengdu Bomao as security for performance of obligation under the Structured Contracts and repayment of debt; and (ii) no distribution of bonus, dividend, interests, benefits or other payments shall be made by the Vocational College and the Vocational School to Sichuan Yunmao and the Target Companies directly or indirectly by any means. In the event that Sichuan Yunmao and the Target Companies as school sponsors of the Vocational College and the Vocational School receive any return, interests, benefits (regardless of the actual form of the benefits) or amount from the Vocational

College and the Vocational School, Sichuan Yunmao and the Target Companies shall unconditionally and without compensation transfer such amount to a specific account designated by Chengdu Bomao once such amount is received according to the instructions of Chengdu Bomao as security for performance of obligation under the Structured Contracts and repayment of debt.

In order to prevent the leakage of assets and values of the New Entities, Sichuan Yuanmao and each of the New Entities shall undertake that, without prior written consent of Chengdu Bomao or its designated party, they shall not conduct or cause to conduct any activity or transaction which may have actual impact (i) on the assets, business, staff, rights, obligations or operations of the New Entities or (ii) on the ability of Sichuan Yuanmao and each of the New Entities to perform their obligations under the Structured Contracts. Such activities and transactions include:

- (a) establishment or acquisition of any subordinate enterprise, unit or legal entity by the New Entities, including but not limited to subsidiaries, branches and private non-enterprise entities;
- (b) carry out any activity by any of the New Entities or their subordinate enterprises, units or legal entities which are outside their ordinary scope of business (i.e. the business of providing preschool education, full-time ordinary middle school education and full-time ordinary high school education (as the case may be)) or change the mode of operations of the New Entities subordinate enterprises, units or legal entities;
- (c) consolidation, subdivision, change of form of corporate organisation, dissolution or liquidation of the New Entities or their subordinate enterprises, units or legal entities;
- (d) providing any loan or guarantee in respect of any debt of, or succeeding or obtaining any debt from, or borrowing any money from the New Entities by Sichuan Yuanmao;
- (e) providing any loan or guarantee in respect of any debt of, or succeeding or obtaining any debt from, or borrowing any money from any third party by the New Entities or their subordinate enterprises, units or legal entities, except such transaction relates to the usual business of the New Entities or their subordinate enterprises, units or legal entities and the amount of debt involved in each transaction is less than RMB100,000 and the aggregate amount of debt involved in all transactions is less than RMB300,000 within a financial year;
- (f) change or removal of any director, supervisor or senior management of any of the New Entities or their subordinate enterprises, units or legal entities, increase or reduce their salaries and benefits, or change of their employment terms and conditions by the New Entities;

- (g) sale, transfer, lending or authorising the use or disposal of any assets or rights of any of the New Entities or their subordinate enterprises, units or legal entities to any third party other than Chengdu Bomao or its designated party, or purchase from any third party any assets or rights, except the disposal or purchase of asset relates to the usual business of the New Entities and the amount of each transaction is less than RMB100,000 and the aggregate amount of all transactions is less than RMB300,000 within a financial year;
- (h) sale of any equity or school sponsor interests in the New Entities or their subordinate enterprises, units or legal entities to any third party other than Chengdu Bomao or its designated party, or increase or decrease of the registered capital or change of the structure of the equity or school sponsor's interest of the New Entities or their subordinate enterprises, units or legal entities;
- (i) providing security over equity interest and/or school sponsor's interest in or assets or rights of the New Entities or their subordinate enterprises, units or legal entities or cause the New Entities or their subordinate enterprises, units or legal entities to provide any other forms of guarantee to any third parties other than to Chengdu Bomao or its designated party or creating encumbrance over equity interest and/or school sponsor's interest in or assets of the New Entities or their subordinate enterprises, units or legal entities;
- (j) altering, amending or revoking any permits of the New Entities or their subordinate enterprises, units or legal entities;
- (k) amending any articles of association or scope of business or mode of operation of the New Entities or their subordinate enterprises, units or legal entities;
- (l) changing any normal business procedures or amending any internal procedures and system of the New Entities or their subordinate enterprises, units or legal entities, including but not limited to finance management system and job duties of directors, supervisors, managers or other executives;
- (m) conducting any transaction or entering into any business contracts with a third party by the New Entities or their subordinate enterprises, units or legal entities which are not relevant to the existing business of which except according to the plan or suggestion given by Chengdu Bomao or the Company;

- (n) (i) distribution of bonus, dividend, interests, benefits or other payments by Sichuan Yunmao and the Target Companies to Sichuan Yuanmao by any means without the prior written consent of Chengdu Bomao. In the event that Sichuan Yuanmao as shareholders of Sichuan Yunmao and the Target Companies receive any bonus, dividend or other interests or benefits (regardless of the actual form of the benefits) or amount from Sichuan Yunmao and the Target Companies, Sichuan Yuanmao shall unconditionally and without compensation transfer such amount to a specific account designated by Chengdu Bomao once such amount is received according to the instructions of Chengdu Bomao as security for performance of obligation under the Structured Contracts and repayment of debt; and (ii) distribution of bonus, dividend, interests, benefits or other payments by the Vocational College and the Vocational School to Sichuan Yunmao and the Target Companies directly or indirectly by any means. In the event that Sichuan Yunmao and the Target Companies as school sponsors of the Vocational College and the Vocational School receive any return, interests, benefits (regardless of the actual form of the benefits) or amount from the Vocational College and the Vocational School, Sichuan Yunmao and the Target Companies shall unconditionally and without compensation transfer such amount to a specific account designated by Chengdu Bomao once such amount is received according to the instructions of Chengdu Bomao as security for performance of obligation under the Structured Contracts and repayment of debt;
- (o) carrying out any activity which has or may have an adverse effect on the daily operations, financial position, business or assets of any of the New Entities or their subordinate enterprises, units or legal entities or their ability to make any payment;
- (p) entering into any transaction which has or may have an adverse effect on the transactions or cooperation carried out by Sichuan Yuanmao and the New Entities or their subordinate enterprises, units or legal entities according to the Structured Contracts by the New Entities and Sichuan Yuanmao; and
- (q) transfer of its rights and obligations under the Structured Contracts to any third party other than Chengdu Bomao or its designated party, or establishment and commencement of any cooperation or business relationship which is same as or similar to that under the Structured Contracts with any third party by Sichuan Yuanmao and any of the New Entities or their subordinate enterprises, units or legal entities.

Pursuant to the Exclusive Business Cooperation Agreement, unless otherwise prescribed under the PRC laws, Chengdu Bomao shall have exclusive proprietary rights to any technology, intellectual property developed and materials prepared in the course of the provision of research and development, technical support and services by Chengdu Bomao to the New Entities, and any intellectual property in the products developed, including any other rights derived thereunder, in the course of the performance of obligations under the Exclusive Business Cooperation Agreement and/or any other agreements entered into between Chengdu Bomao and other parties.

In addition, Sichuan Yuanmao shall irrevocably undertake to Chengdu Bomao that, unless with its written waiver, Sichuan Yuanmao shall not (i) directly or indirectly invest, operate, engage, participate in, conduct, acquire or hold any business or activities, which compete or may potentially compete with the business of Chengdu Bomao, the Company, the New Entities or their respective subordinate enterprises, units or legal entities, within or outside of the PRC, whether independently or with other party or as a representative of other party (the “**Competing Business**”) or have any interest in the Competing Business, (ii) use information obtained from any of the New Entities or their respective subordinate enterprises, units or legal entities for the Competing Business, (iii) obtain any benefit from any Competing Business, and (iv) procure the New Entities to engage in any other businesses. Sichuan Yuanmao further consents and agrees that, in the event that Sichuan Yuanmao directly or indirectly engages, participates in or conducts any Competing Business, Chengdu Bomao and/or other entities as designated by the Company shall be granted an option to (i) require the entity engaging in the Competing Business to enter into an arrangement similar to that of the Structured Contracts; or (ii) require the entity engaging in the Competing Business to cease operation of the Competing Business within a reasonable time.

(B) Exclusive Call Option Agreement

Parties: (a) Chengdu Bomao
 (b) Sichuan Yuanmao
 (c) the New Entities

Pursuant to the Exclusive Call Option Agreement, Sichuan Yuanmao, Sichuan Yunmao and the Target Companies shall irrevocably grant Chengdu Bomao or its designated purchaser an exclusive option to purchase all or part of the equity interest in Sichuan Yunmao and the Target Companies and their school sponsor’s interest in the Schools (where applicable) (the “**Interest**”) (the “**Equity Call Option**”). In relation to the transfer of the Interest upon exercise of the Equity Call Option, the purchase price payable by Chengdu Bomao shall be the lowest price permitted under the PRC laws and regulations. Chengdu Bomao or its designated purchaser shall have the right to purchase such proportion of the equity interest of Sichuan Yunmao and the Target Companies and/or school sponsor’s interest in the Schools as it decides at any time.

If Chengdu Bomao is allowed to directly hold all or part of the equity interest of Sichuan Yunmao and the Target Companies and/or school sponsor’s interest in the Schools and operate private education business in the PRC under the PRC laws and regulations, Chengdu Bomao shall issue the notice of exercise of the Equity Call Option as soon as practicable, and the percentage of equity interest and/or sponsor’s interest purchased upon exercise of the Equity Call Option shall not be lower than the maximum percentage then allowed to be held by Chengdu Bomao or us under the PRC laws and regulations (as the case may be).

Sichuan Yunmao and the Target Companies have further undertaken to Chengdu Bomao that they:

- (a) shall not sell, assign, transfer or otherwise dispose of or create encumbrance over their Interest in Sichuan Yunmao and the Target Companies/the Vocational College and the Vocational School without prior written consent of Chengdu Bomao;
- (b) shall not increase or reduce or agree to the increase or reduction of capital investment in Sichuan Yunmao and the Target Companies/the Vocational College and the Vocational School without prior written consent of Chengdu Bomao;
- (c) shall not agree to or procure Sichuan Yunmao and the Target Companies/the Vocational College and the Vocational School to divide into or merge with other entities without prior written consent of Chengdu Bomao;
- (d) shall not sell, transfer, lend or authorise a third party to use or dispose by any means the assets or rights of any of the New Entities or their subordinate enterprises, units or legal entities, including but not limited to domain names, trademarks, intellectual property, know-how, or purchase any assets or rights from a third party, except such purchase relates to the usual business of Sichuan Yunmao and the Target Companies and the amount of each transaction is less than RMB100,000 and the aggregate amount of all transactions is less than RMB300,000 within a financial year;
- (e) shall not terminate or procure the management of any of the New Entities to terminate any material contract (which includes any agreement under which the amount involved exceeds RMB100,000, the Structured Contracts and any agreement of similar nature or content to the Structured Contracts) or enter into any other contracts which may be in conflict with such material contracts without prior written consent of Chengdu Bomao and, if any contract to be terminated or entered into by the New Entities, when aggregated with all other contracts terminated or entered into (as the case may be) by the New Entities within the same financial year, involves a total consideration or value of RMB300,000 or above, then prior written consent of Chengdu Bomao shall be obtained prior to the termination of or entering into such contract;
- (f) shall not procure any of the New Entities to enter into any transactions which may have an adverse impact on the assets, liabilities, operations, equity structures or other legal rights of the New Entities without prior written consent of Chengdu Bomao, if any transaction to be entered into by the New Entities, where aggregated with all other transactions entered into by the New Entities within the same financial year, involves a total consideration or value of RMB300,000 or above, then prior written consent of Chengdu Bomao shall be obtained prior the entering into of such transaction;
- (g) shall not agree to or procure any of the New Entities to declare or in substance distribute any distributable bonus or dividend or agree to such distribution without prior written consent of Chengdu Bomao;

- (h) shall not agree to or procure any of the New Entities to amend its articles of association, scope of business or mode of operation without prior written consent of Chengdu Bomao;
- (i) shall ensure that, except for the loans and guarantees that existed as of the date of the Structured Contracts (and the renewal of such loans and guarantees shall be subject to the prior written consent of Chengdu Bomao), any of the New Entities does not provide or obtain loans or provide any guarantees or otherwise undertake any other action to guarantee, except such loans or guarantees relates to the usual business of the New Entities and the amount of each transaction is less than RMB100,000 and the aggregate amount of all transactions is less than RMB300,000 within a financial year, or undertake any material obligations (including obligations under which the amount payable by the New Entities for each transaction exceeds RMB100,000, obligations which restrict or hinder the due performance of obligations under the Structured Contracts by the New Entities, obligations which restrict or prohibit the financial or business operations of the New Entities, or any obligations which may result in change of the structure of the Interest) outside the usual business of the New Entities without prior written consent of Chengdu Bomao and, if the undertaking of any obligation, when aggregated with all other obligations undertaken within the same financial year, gives rise to a total amount of RMB300,000 or above payable by the New Entities, then prior written consent of Chengdu Bomao shall be obtained prior to the undertaking of such obligation;
- (j) shall use their best endeavours to develop the business of the New Entities and ensure the New Entities are in compliance with the PRC laws and regulations, and shall not take or fail to take any action which may prejudice the assets, goodwill or the effectiveness of operational licenses of the New Entities;
- (k) shall, prior to the transfer of the Interest to Chengdu Bomao or its designated purchaser and without prejudice to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement and the Shareholders' Rights Entrustment Agreement, execute all documents necessary for holding and maintaining the ownership of its Interest;
- (l) shall sign all documents and take all necessary actions to facilitate transfer of the Interest to Chengdu Bomao or its designated purchaser;
- (m) shall take all such actions to facilitate the performance of the obligations of the New Entities under the Exclusive Call Option Agreement if such performance requires any action to be taken by Sichuan Yunmao and the Target Companies;
- (n) shall in their capacity as school sponsor of the Schools and without prejudice to the Structured Contracts, procure directors nominated by them to exercise all rights to enable any of the New Entities to perform its rights and obligations under the Exclusive Call Option Agreement, and shall replace any director who fails to do so; and

- (o) in the event that the consideration paid by Chengdu Bomao or its designated purchaser for the transfer of all or part of the interest in the New Entities exceeds RMB0, shall pay such excess amount to Chengdu Bomao or its designated entity.

(C) Equity Pledge Agreement

- Parties:
- (a) Chengdu Bomao
 - (b) Sichuan Yuanmao
 - (c) Sichuan Yunmao
 - (d) the Target Companies

Pursuant to the Equity Pledge Agreement, Sichuan Yuanmao unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of his equity interest in Sichuan Yunmao, and Sichuan Yunmao unconditionally and irrevocably agreed to pledge and grant first priority security interests over all of its equity interests in the Target Companies and together with all related rights thereto to Chengdu Bomao as security for performance of the Structured Contracts and all direct, indirect, consequential damages and foreseeable loss of interest incurred by Chengdu Bomao as a result of any event of default on the part of Sichuan Yuanmao or each of the New Entities and all expenses incurred by Chengdu Bomao as a result of enforcement of the obligations of Sichuan Yuanmao and/or each of the New Entities under the Structured Contracts (the “**Secured Indebtedness**”).

According to the Equity Pledge Agreement, Sichuan Yuanmao and Sichuan Yunmao shall not transfer the pledged equity interests or create further pledge or encumbrance over the pledged equity interest without the prior written consent of Chengdu Bomao. Any unauthorised transfer shall be invalid, and the proceeds of any transfer of the equity interest shall be first used in the payment of the Secured Indebtedness or deposited to such third party as agreed to by Chengdu Bomao. Sichuan Yuanmao and Sichuan Yunmao also waived any pre-emptive rights upon enforcement and agreed to any transfer of the pledged equity pursuant to the Equity Pledge Agreement.

Any of the following events shall constitute an event of default under the Equity Pledge Agreement:

- (a) any of Sichuan Yuanmao or the New Entities commits any breach of any obligations under the Structured Contracts;
- (b) any representations or warranties or information provided by any of Sichuan Yuanmao or the New Entities under the Structured Contracts is proved incorrect or misleading; or

- (c) any provision in the Structured Contracts becomes invalid or incapable of performance due to change in PRC laws and regulations or promulgation of new laws and regulations in the PRC, and the parties have not agreed on any alternative arrangement.

Further, Sichuan Yuanmao and the New Entities agreed that upon the occurrence of an event of default as described above, Chengdu Bomao is entitled to enforce the Equity Pledge Agreement by written notice to Sichuan Yuanmao and Sichuan Yunmao in one or more of the following ways:

- (a) to the extent permitted under the PRC laws and regulations, Chengdu Bomao may request Sichuan Yuanmao to transfer all or part of its equity interest in Sichuan Yunmao and the Target Companies to Chengdu Bomao and/or any entity or individual designated by Chengdu Bomao at the lowest consideration permissible under the PRC laws and regulations;
- (b) sell the pledged equity interest by way of auction or at a discount and have priority in the entitlement to the sales proceeds provided that the Structured Contracts would not be affected; and
- (c) dispose of the pledged equity interest in other manner according to the PRC laws and regulations.

Under the Structured Contracts, there is no equity pledge arrangement between the Company and Sichuan Yunmao and the Target Companies over the school sponsor's interest in the Schools (where applicable). As advised by the PRC Legal Advisors, if the Company was to make an equity pledge arrangement with Sichuan Yunmao and the Target Companies by which their school sponsor's interests in each of the Schools (where applicable) are pledged in favour of the Company, such arrangement would be unenforceable under the PRC laws and regulations since school sponsor's interests in schools are not pledgeable under the PRC laws and any equity pledge arrangements relating to school sponsor's interests in schools cannot be registered with the relevant PRC regulatory authorities.

(D) School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, the School Sponsors' Powers of Attorney and the Directors' (Council Members') Power of Attorney

- Parties:
- (a) Chengdu Bomao
 - (b) the Target Group
 - (c) Directors (or council members) appointed by the Target Company A to the Vocational College and the Vocational School

According to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, each of the Target Companies shall irrevocably authorise and entrust Chengdu Bomao or its designated party to exercise all its rights as school sponsor of the School to the extent permitted by the PRC laws. These rights include, but are not limited to:

- (a) the right to appoint and/or elect directors or council members of the Schools;
- (b) the right to appoint and/or elect supervisors of the Schools;
- (c) the right to understand the operation and financial status of the Schools;
- (d) the right to review the resolutions and records of the board of directors and financial statements and reports of the Schools;
- (e) the right to obtain reasonable return as school sponsor of the Schools in accordance with the laws;
- (f) the right to acquire residue assets upon liquidation of the Schools in accordance with the laws;
- (g) the right to transfer school sponsors' interest in accordance with the laws; and
- (h) other school sponsor's rights pursuant to applicable PRC laws and regulations and the articles of association of the New Entities as amended from time to time.

Pursuant to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, each of the directors or council members of the Schools (the "**Appointees**") shall irrevocably authorise and entrust Chengdu Bomao to exercise all his/her rights as directors and/or council members of the relevant School as appointed by the Target Companies and to the extent permitted by the PRC laws. These rights include, but are not limited to:

- (a) the right to attend meetings of the board of directors as representative of the directors or meetings of council as representative of the council members appointed by the Target Companies;
- (b) the right to exercise voting rights in respect of all matters discussed and resolved at the board or council meeting of the relevant School;
- (c) the right to propose to convene interim board or council meetings of the relevant School;
- (d) the right to sign all board minutes, board resolutions and other legal documents which the directors and/or council members appointed by the Target Companies have authority to sign in his/her capacity as directors or council members of the relevant School;

- (e) the right to instruct the legal representative and financial and business responsible persons of the relevant School, to act in accordance with the instruction of Chengdu Bomao;
- (f) the right to exercise all other rights and voting rights of directors or council members as prescribed under the articles of association of the relevant School;
- (g) the right to handle the legal procedures of registration, approval and licensing of the relevant School at the education department, the department of civil affairs or other government regulatory departments; and
- (h) other directors' or council members' rights pursuant to applicable PRC laws and regulations and the articles of association of the relevant School as amended from time to time.

Chengdu Bomao shall confirm that it will not delegate any of its rights to anyone whose interest would potentially conflict with those of the Company. In addition, each of the Target Companies and the Appointees has irrevocably agreed that (i) Chengdu Bomao may, without prior notice to or approval by the Target Companies and the Appointees, delegate its rights under the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement to the directors of Chengdu Bomao or its designated party; and (ii) any person as successor of civil rights of Chengdu Bomao or liquidator as a result of subdivision, merger, liquidation of Chengdu Bomao or other circumstances shall have authority to replace Chengdu Bomao to exercise all rights under the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement.

School Sponsors' Powers of Attorney

Pursuant to the School Sponsors' Powers of Attorney to be executed by each of the Target Companies in favour of Chengdu Bomao, each of the Target Companies authorised and appointed Chengdu Bomao, as its agent to act on its behalf to exercise or delegate the exercise of all its rights as school sponsor of the relevant School. Chengdu Bomao shall have the right to further delegate the rights so delegated to directors of Chengdu Bomao or other designated party. According to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, Chengdu Bomao confirms that it will not delegate any of these rights to anyone whose interest would potentially conflict with those of the Company. The Target Companies irrevocably agreed that the authorisation and appointment in the School Sponsor's Powers of Attorney shall not be invalid, revoked, prejudiced or otherwise adversely affected by reason of the subdivision, merger, winding up, consolidation, liquidation or other similar events of the Target Companies. The School Sponsors' Power of Attorney shall constitute a part and incorporate terms of the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement.

Directors' (Council Members') Power of Attorney

Pursuant to the Directors' (Council Members') Powers of Attorney executed by each of the Appointees in favour of Chengdu Bomao, each of the Appointees shall authorise and appoint Chengdu Bomao, as his/her agent to act on his/her behalf to exercise or delegate the exercise of all his/her rights as directors or council members of the relevant School.

Chengdu Bomao shall have the right to further delegate the rights so delegated to directors of Chengdu Bomao or other designated party. According to the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement, Chengdu Bomao confirms that it will not delegate any of these rights to anyone whose interest would potentially conflict with those of the Company. Each of the Appointees irrevocably agreed that the authorisation and appointment in the Directors' (Council Members') Powers of Attorney shall not be invalid, revoked prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. The Directors' (Council Members') Power of Attorney shall constitute a part and incorporate terms of the School Sponsors' and Directors' (Council Members') Rights Entrustment Agreement.

(E) Loan Agreement

Parties: (a) Chengdu Bomao
 (b) the New Entities

Pursuant to the Loan Agreement, Chengdu Bomao agreed to provide interest-free loans to the New Entities for their operations. Sichuan Yunmao and the Target Companies also agreed to utilise the proceeds of such loans to contribute as capital of the Vocational College and the Vocational School in their capacity as school sponsors of the same in accordance with Chengdu Bomao's instructions as permitted by the PRC laws and regulations. The parties agreed that all such capital contribution can be directly settled by Chengdu Bomao on behalf of the Sichuan Yunmao and the Target Companies.

The term of the Loan Agreement shall continue until all school sponsor's interest of the Schools are transferred to Chengdu Bomao or its designee and the required registration process has been completed with the relevant local authorities thereafter.

Each loan to be granted under the Loan Agreement will be for an infinite term until termination at the sole discretion of Chengdu Bomao. The loan will become due and payable upon demand of Chengdu Bomao under any of the following circumstances:

- (a) the winding-up or liquidation of any of the New Entities;
- (b) any of the New Entities becoming insolvent or incurring any other significant personal debt which may affect its ability to repay the loan under the Loan Agreement; or

- (c) Chengdu Bomao exercising in full its option to purchase all school sponsor's interests to the extent permitted by PRC laws and regulations.

The PRC Legal Advisors advised the Company that the interest-free loans to be granted by Chengdu Bomao to the New Entities are not in violation of the applicable PRC laws and regulations.

(F) Shareholder's Rights Entrustment Agreement and the Shareholder's Powers of Attorney

- Parties:
- (a) Chengdu Bomao
 - (b) Sichuan Yuanmao
 - (c) Sichuan Yunmao

Pursuant to the Shareholder's Rights Entrustment Agreement and the Shareholder's Powers of Attorney, Sichuan Yuanmao authorised and entrusted Chengdu Bomao as its sole agent and authorised person to exercise, including but not limited to, the following shareholders' rights to which Sichuan Yuanmao is entitled to in his capacity as the shareholders of Sichuan Yunmao pursuant to the articles of association of Sichuan Yunmao and the PRC Company Law:

- (a) as agent of Sichuan Yuanmao, to convene and attend shareholders' meeting of Sichuan Yunmao pursuant to their articles of association;
- (b) to exercise, on behalf of Sichuan Yuanmao, its shareholder rights in Sichuan Yunmao pursuant their articles of association and the PRC laws, including but not limited to appointing or removing legal representatives, directors, supervisors, general managers and other senior management, deciding on matters relating to; increase or decrease of share capital, merger, subdivision, share transfer, amendment of articles of association, business strategy, business plan, financial budget, distribution plan, dissolution or liquidation, designating members of liquidation team and approving liquidation plans and reports;
- (c) to exercise shareholder voting rights in accordance with the articles of association of Sichuan Yunmao (including any other voting rights provided in any amended articles of association);
- (d) to sell, transfer, pledge or otherwise dispose of all or part of the equity interest of Sichuan Yunmao;
- (e) to sign notice of shareholder meetings on behalf of Sichuan Yuanmao, to keep signed documents (including but not limited to meeting minutes and resolutions), and to submit to the relevant government departments documents relating the approval, registration or filing which is required for the operation of Sichuan Yunmao;
- (f) to receive the residual assets and to exercise voting rights on behalf of Sichuan Yuanmao of Sichuan Yunmao upon its dissolution or liquidation; and

- (g) to exercise any other shareholders' rights as provided by the other applicable PRC laws and the articles of association of Sichuan Yunmao (as amended from time to time).

Moreover, according to the Shareholder's Rights Entrustment Agreement and the Shareholder's Powers of Attorney, Sichuan Yuanmao and Sichuan Yunmao shall agree that Chengdu Bomao is authorised, as the sole agent and authorised person of Sichuan Yunmao, to exercise all of its shareholder's rights (which shall include the shareholders' rights as mentioned above) in its subsidiaries.

Chengdu Bomao shall have the right to further delegate the rights to its designated party. Chengdu Bomao confirms that it will not delegate any of these rights to anyone whose interest would potentially conflict with those of the Company. Sichuan Yuanmao irrevocably agreed that the authorisation and appointment in the Shareholder's Rights Entrustment Agreement and the Shareholder's Powers of Attorney shall not be invalid, revoked prejudiced or otherwise adversely affected by reason of the subdivision, merger, winding up, consolidation, liquidation or other similar events of Sichuan Yunmao.

Based on the above arrangements under the Shareholder's Rights Entrustment Agreement and the Shareholder's Powers of Attorney, the Directors believe the Company can effectively manage Sichuan Yunmao and the Target Companies so as to prevent them from carrying out any activities which may have an adverse impact on the fair value of the equity interests in them, their financial conditions and the operation of the Structured Contracts.

Notwithstanding that Chengdu Bomao or its designated party is not authorised to exercise certain shareholders' rights to which Sichuan Yuanmao and Sichuan Yunmao are entitled in their capacity as the shareholders of the Target Companies under the PRC Company Law, we are still vested with the above mentioned shareholders' rights including but not limited to the right to propose, convene and attend shareholders' meeting of the Target Companies, sign the minutes of the shareholders' meeting, submit filings with the relevant government authorities and appoint director to each of the board of directors of the Target Companies.

Dispute resolution

Each of the Structured Contracts provides that:

- (a) any dispute, controversy or claim arising out of or in connection with the performance, interpretation, breach, termination or validity of the Structured Contracts shall be resolved through negotiation upon the delivery of a written negotiation request setting out the specific statements of the disputes or claims by one party to the other parties;
- (b) if the parties are unable to settle the dispute within 30 days of delivery of such written negotiation request, any party shall have the right to submit such dispute to and have the dispute finally resolved by arbitration administered by the China

International Economic and Trade Arbitration Commission in Beijing, the PRC under the prevailing effective arbitration rules thereof. The arbitration ruling shall be final and binding on all relevant parties;

- (c) the arbitration commission shall have the right to award remedies over the equity interest and property interest and other assets of each of the New Entities;
- (d) injunctive relief (for the conduct of business or to compel the transfer of assets), or order the winding up of the New Entities; and
- (e) upon request by any party, the courts of competent jurisdictions shall have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts of the PRC, Hong Kong, the Cayman Islands and the place where the principal assets of the Company and the New Entities are located shall be considered as having jurisdiction for the above purposes.

Regarding the dispute resolution methods as set out in the Structured Contracts and the practical consequences, we are advised by the PRC Legal Advisors that:

- (a) under the PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order for the purpose of protecting assets of or equity interest in the New Entities in case of disputes. As such, these remedies may not be available to the Group under the PRC laws;
- (b) further, under the PRC laws, courts or judicial authorities in the PRC generally would not award remedies over the assets of the New Entities, injunctive relief or winding-up of each of the New Entities as interim remedies, before there is any final outcome of arbitration;
- (c) however, the PRC laws do not disallow the arbitral body to give award of transfer of assets of or an equity interest in each of the New Entities at the request of arbitration applicant. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support such award of the arbitral body when deciding whether to take enforcement measures;
- (d) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognisable or enforceable in the PRC; therefore, in the event we are unable to enforce the Structured Contracts, we may not be able to exert effective control over each of the New Entities, and our ability to conduct our business may be negatively affected; and
- (e) even if the above-mentioned provisions may not be enforceable under the PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Structured Contracts.

Protection in the event of winding up or liquidation

The Company confirms that appropriate arrangements will be in place to protect the Company's interest in the event of winding up or liquidation of Sichuan Yuanmao to avoid any practical difficulties in enforcing the contractual arrangements.

Protection in the event of winding up or liquidation of the School Sponsors

Pursuant to the New Exclusive Business Cooperation Agreement, Sichuan Yuanmao and the New Entities undertake to Chengdu Bomao that, in the event of (i) merger and subdivision of the Sichuan Yunmao and the Target Companies, (ii) presentation by Sichuan Yunmao and the Target Companies or being presented with any application for winding up liquidation, restructuring or reconciliation, (iii) dissolution and liquidation of Sichuan Yunmao and the Target Companies pursuant to an order, (iv) application for involuntary dissolution of Sichuan Yunmao and the Target Companies, or (v) the winding up or liquidation of Sichuan Yunmao and the Target Companies for any other reasons, or (vi) other circumstances which may affect Sichuan Yunmao and the Target Companies in exercising their school sponsor's interest in the Schools (where applicable), they shall have made all necessary arrangement and sign all necessary document such that the successor, administrator, liquidation committee and any other person which may as a result of the above events obtain the school sponsor's interest or relevant rights in the New Entities shall not prejudice or hinder the enforcement of the Structured Contracts.

Protection in the event of dissolution or liquidation of the New Entities

Pursuant to the Exclusive Business Cooperation Agreement, in the event of the dissolution or liquidation of the New Entities, Sichuan Yuanmao and the New Entities shall undertake that, among others, (i) Chengdu Bomao and/or its authorised person shall have the right to exercise all shareholder's and school sponsor's right on behalf of Sichuan Yuanmao and/or Sichuan Yunmao and the Target Companies; (ii) Sichuan Yuanmao and/or Sichuan Yunmao and the Target Companies shall transfer all assets received or receivable in its capacity as shareholders of Sichuan Yunmao and the Target Companies and/or school sponsor of each of the Schools as a result of the dissolution or liquidation of Sichuan Yunmao and the Target Companies and/or the Schools to Chengdu Bomao or other persons designated by us at nil consideration, and instruct the liquidation team of the relevant New Entities to transfer such assets directly to Chengdu Bomao and/or the person as designated by the Company; and (iii) if consideration is required for such transfer under the then applicable PRC laws, Sichuan Yuanmao and Sichuan Yunmao and the Target Companies shall compensate Chengdu Bomao or other persons as designated by the Company an equivalent amount in a reasonable manner and guarantee that Chengdu Bomao or other persons as designated by the Company shall not pay any fee or suffer any loss as a result of such transfer.

Loss sharing

Chengdu Bomao may, but is not obliged to, provide financial support to the New Entities if the New Entities incur any loss or encounters any operational crisis.

None of the agreements constituting the Structured Contracts will provide that the Company or its wholly-owned PRC subsidiary, Chengdu Bomao, is obligated to share the losses of the New Entities or provide financial support to the New Entities. Each of the New Entities shall be solely liable for its own debts and losses with assets and properties owned by it.

Under the relevant PRC laws and regulations, neither the Company nor Chengdu Bomao, is expressly required to share the losses of the New Entities or provide financial support to the New Entities. However, given that the New Entities' financial condition and results of operations are consolidated into our Group's financial condition and results of operations under the applicable accounting principles, the Company's business, financial condition and results of operations would be adversely affected if the New Entities suffer losses. Nevertheless, due to the restrictive provisions contained in the Structured Contracts, the potential adverse effect on Chengdu Bomao and the Company in the event of any loss suffered from the New Entities can be limited to a certain extent.

Termination of the Structure Contracts

Each of the Structured Contracts shall provide that:

- (a) each of the Structured Contracts shall be terminated upon the completion of the purchase of all of the equity interest in Sichuan Yunmao and the Target Companies and their school sponsor's interest in the Schools (where applicable) by Chengdu Bomao or the other party designated by Chengdu Bomao pursuant to the terms of the Exclusive Call Option Agreement, save for the Equity Pledge Agreement which shall continue to be in force until all obligations thereunder have been performed or all Secured Indebtedness has been repaid in full;
- (b) Chengdu Bomao shall have the right to terminate the Structured Contracts by serving prior 30-day notice; and
- (c) Sichuan Yuanmao and the New Entities shall not have the right to unilaterally terminate the Structured Contracts in any situation other than prescribed by the laws.

If PRC laws and regulations allow Chengdu Bomao or us to directly hold all or part of the equity interest in the New Entities and operate private education business in the PRC, Chengdu Bomao shall exercise the Equity Call Option as soon as practicable and Chengdu Bomao or its designated party shall purchase such amount of interest to the extent permissible under the PRC laws and regulations. Upon exercise in full of the Equity Call Option and the acquisition of all of the equity interest in Sichuan Yunmao and the Target Companies and their school sponsor's interest in the Schools (where applicable) by Chengdu Bomao or the other party designated by Chengdu Bomao pursuant to the terms of the Exclusive Call Option Agreement, each of the Structured Contracts shall be automatically terminated.

Measures to enhance the control over the Schools

In order to further enhance our control over the Schools, various measures which shall be implemented and remain in place before the Structured Contracts being unwound, in particular:

- (a) as disclosed above, pursuant to the Exclusive Business Cooperation Agreement, Sichuan Yuanmao and each of the New Entities have undertaken that, without prior written consent of Chengdu Bomao or its designated party, he/she/it shall not conduct or cause to conduct any activity or transaction which may have an actual impact (i) on the assets, business, staff, obligations, rights or operations of the New Entities or (ii) on the ability of Sichuan Yuanmao and each of the New Entities to perform the obligations under the Structured Contracts.
- (b) as disclosed above, pursuant to the Exclusive Call Option Agreement, Sichuan Yunmao and the Target Companies have further undertaken to Chengdu Bomao that, among others, they shall not sell, assign, transfer or otherwise dispose of or create any encumbrance over their school sponsors' interests in any of the Schools without prior written consent of Chengdu Bomao.
- (c) pursuant to the Exclusive Business Cooperation Agreement, the company seals (including the common seals, contract seals, financial chops and legal representative chops) of the New Entities shall be kept in the safe custody of the finance department of Chengdu Bomao and cannot be used by Sichuan Yuanmao or any of the New Entities without our permission. We have also set up lines of authority for using the company seals of the New Entities and the business registration certificates of Sichuan Yunmao and the Target Companies such that these company seals and business registration certificates can only be used under direct authorisation of the Company or Chengdu Bomao. The PRC Legal Advisors are of the view that such arrangement between Sichuan Yuanmao, the New Entities and Chengdu Bomao was made on a voluntary basis, and such arrangement does not violate any applicable PRC laws or regulations and is binding upon relevant parties.

Arrangement to address potential conflict of interests

Arrangements will be made to address the potential conflicts of interest between Sichuan Yunmao and the Target Companies and Sichuan Yuanmao on the one hand, and the Company on the other hand. Pursuant to the Exclusive Business Cooperation Agreement, Sichuan Yuanmao and Sichuan Yunmao and the Target Companies shall undertake to Chengdu Bomao that they shall not directly or indirectly engage, participate in, conduct, acquire or hold any Competing Business unless with the prior written consent of Chengdu Bomao and Chengdu Bomao is granted an option to (i) require the entity engaging in the Competing Business to enter into an arrangement similar to that of the Structured Contracts; or (ii) require the entity engaging in the Competing Business to cease operation. Our Directors believe that the measures we have adopted are sufficient to mitigate the risks associated with the potential conflicts of interest between Sichuan Yuanmao and Sichuan Yunmao and the Target Companies on the one hand, and the Company on the other hand.

INTERNAL CONTROL MEASURES

The Company has the following internal control measures to safeguard its assets through the Structured Contracts:

Board supervision

- (a) the Board shall review and discuss all major issues arising from the implementation and compliance with the Structured Contracts or all regulatory enquiries;
- (b) the Board shall review the compliance with the Structured Contracts at least once a year;
- (c) the Company shall disclose the overall performance and compliance with the Structured Contracts in its annual reports; and
- (d) the Company shall engage external legal or professional advisers, as and when necessary, to assist the Board to review the implementation of the Structured Contracts and relevant legal compliance matters arising from the Structured Contracts.

Management controls

- (a) the Company shall appoint at least one representative to serve as a director of each member of the Target Group (the “**Representative**”) mainly responsible for enforcing all management controls of the Target Group and report any major issues or events concerning the Target Group to the Board;
- (b) the Company shall conduct regular reviews on the operations of the Target Group and review and check the monthly management accounts of the Target Group;
- (c) the Group’s financial controller shall conduct regular site visits to the Target Group and report the development and operation of the Target Group to the Board from time to time; and
- (d) all seals, chops, incorporation documents and all other legal documents of the Target Group shall be kept at the office of Chengdu Bomao.

Financial controls

- (a) the Group’s financial controller shall collect and review the monthly management accounts, bank statements and cash balances and major operational data of the Target Group and shall report any suspicious matters to the Board;
- (b) if there is any delay in payment of services fees from the Target Group to Chengdu Bomao, the Group’s financial controller must meet Sichuan Yuanmao to investigate, and should report any suspicious matters to the Board;
- (c) the Target Group must submit copies of latest bank statements for all of their bank accounts to Chengdu Bomao within 15 days after each month end;

- (d) the Target Group shall assist and facilitate the Company to conduct all on-site internal audit; and
- (e) independently, the Company has an internal audit department that reports to the Audit Committee to provide check and balance.

RISKS AND LIMITATIONS RELATING TO THE STRUCTURED CONTRACTS

Economic risks

Under the relevant PRC laws and regulations, none of the Company and Chengdu Bomao is legally required to share the losses of, or provide financial support to, the New Entities. The New Entities shall be liable for their own debts and losses with assets and properties owned by them. To ensure that the New Entities meet the requirements of cash flow in daily operation and/or to offset any losses incurred in the process of operation, whether or not the New Entities actually suffers any such operational losses, Chengdu Bomao shall be under the obligation to provide the New Entities with financial support (only to the extent and in a manner permitted by the PRC laws). Given that the financial position and results of operations of the New Entities are consolidated into the Company's financial statements under the applicable accounting principles, the Company's business, financial position and results of operations are affected by the New Entities.

Limitations in exercising the option to acquire ownership in the New Entities

The Group may incur substantial cost on our part on exercise of the option to acquire the equity interest of the New Entities. Pursuant to the Exclusive Call Option Agreement, Chengdu Bomao shall have the exclusive right to purchase all or part of the equity interest of Sichuan Yunmao at the minimum amount of consideration permitted under the PRC laws and regulations. In the event that Chengdu Bomao acquires the equity interest in Sichuan Yunmao and the relevant PRC authorities determine that the purchase price for acquiring the equity interest of Sichuan Yunmao is below market value, Chengdu Bomao may be required to pay enterprise income tax with reference to the market value such that the amount of tax may be substantial, which could materially and adversely affect our business, financial condition and results of operations.

Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of the current corporate structure, corporate governance and business operations

On 15 March 2019, the Foreign Investment Law was formally passed by the 13th National People's Congress and has taken effect on 1 January 2020 and became the legal foundation for foreign investment in the PRC. However, the Foreign Investment Law does not explicitly stipulate the contractual arrangements as a form of foreign investment. As advised by the PRC legal advisers of the Company, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if the future laws, administrative regulations or provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, the Structured Contracts as a whole and each of the agreements comprising the Structured Contracts will not be affected and will continue to be legal, valid and binding on the parties.

Notwithstanding the above, in the extreme case scenario, the Company may be required to unwind the Structured Contracts and/or dispose of the New Entities, which could have a material and adverse effect on the business, financial condition and result of operations of the Group.

The owners of the OPCO Group may have conflicts of interest with the Group, which may materially and adversely affect the Group's business and financial condition

The Group's control over the New Entities is based upon the Structured Contracts with the Consolidated Affiliated Entities, the registered shareholders of Sichuan Yuanmao and the council members of the Schools as appointed by the Target Company A. The Target Company A is the direct holder of the school sponsors' interest in the Schools. The Target Company A or the registered shareholders of Sichuan Yuanmao may potentially have conflicts of interest with the Group and breach their contracts or undertakings with the Group if it would further their own interest or if they otherwise act in bad faith. In the event that such conflict of interest cannot be resolved in favour of the Group, the Group would have to rely on legal proceedings which could result in disruption to its business and the Group is subject to any uncertainty as to the outcome of such legal proceedings.

Certain terms of the Structured Contracts may not be enforceable under the PRC laws

The Structured Contracts provide for dispute resolution as detailed in the paragraph headed "Dispute resolution" above. However, as advised by the PRC legal advisers and set out in the same paragraph, the above-mentioned provisions contained in the Structured Contracts may not be enforceable. Therefore, such remedies may not be available to the Group, notwithstanding the relevant contractual provisions contained in the Structured Contracts.

Other risks

First, the PRC government may determine that the Structured Contracts do not comply with the applicable laws and regulations of the PRC. Although the PRC Legal Advisors is of the view that the Structured Contracts are not in violation of the mandatory provisions of the laws promulgated by the National People's Congress and its Standing Committee and the administrative regulations promulgated by the State Council, uncertainties still exist regarding the interpretation and application of the PRC laws and regulations. The PRC regulatory authorities may issue further guidelines that impose stricter foreign ownership requirement. Given that uncertain legal and business environment in the PRC, it is difficult to foresee whether the PRC regulatory authorities will take the same view regarding the Structured Contracts as the PRC Legal Advisors in the future.

Secondly, we have relied and expect to continue to rely on the Structured Contracts to operate our education business in the PRC. The Structured Contracts may not be as effective in providing us with control over the New Entities as equity ownership. If we had equity ownership of the New Entities, we would be able to exercise our rights as a direct or indirect shareholder of the New Entities to effect changes in the board of directors of the New Entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, as the Structured Contracts stand now, if the New Entities or Sichuan Yuanmao fail to perform its obligations under the Structured Contracts, we cannot exercise shareholders' rights to direct such corporate action as the direct ownership would otherwise entail.

Thirdly, our control over the New Entities is based upon the Structured Contracts with the New Entities, Sichuan Yuanmao and the directors or council members of the New Entities. Sichuan Yuanmao may potentially have conflicts of interest with us and breach its contracts or undertakings with us if it would further its own interest or if they otherwise act in bad faith. We cannot assure you that when conflicts of interest arise between us on the one hand, and our New Entities on the other hand, Sichuan Yuanmao will act completely in our interest or that the conflicts of interest will be resolved in our favour. In the event that such conflict of interest cannot be resolved in our favour, we would have to rely on legal proceedings which could result in disruption to our business and we are subject to any uncertainty as to the outcome of such legal proceedings. If we are unable to resolve such conflicts, including Sichuan Yuanmao breached its contracts or undertakings with us and as a result or otherwise subject to claims from third parties, our business, financial condition and operations could be materially and adversely affected.

Fourthly, under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the Exclusive Business Cooperation Agreement we have with the New Entities does not represent an arm's-length price and adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could increase our tax liabilities. In addition, PRC tax authorities may have reason to believe that the subsidiaries or New Entities are dodging their tax obligations, and we may not be able to rectify such incident within the limited timeline required by PRC tax authorities. As a result, the PRC tax authorities may impose late payment interest or surcharge and other penalties on us for underpaid taxes, which could materially and adversely affect our business, financial condition and results of operations.

The Company does not maintain any insurance policy to cover the risks relating to the Structured Contracts.

Up to the date of this announcement, the New Entities have not encountered/are not expected to encounter any interference or encumbrance from any governing bodies in operating their business through the Structured Contracts.

For further details of the risk relating to the contractual arrangements under the Structured Contracts, please refer to the section headed "Risk factors — Risks relating to our structured contracts" in the prospectus of the Company dated 19 July 2018.

LEGALITY OF THE STRUCTURED CONTRACTS

We are advised by the PRC Legal Advisors that:

- (a) each of the New Entities was duly incorporated and is validly existing, and their respective establishment is valid, effective and complies with the relevant PRC laws and regulations. Each of the New Entities has also obtained all material approvals and finished all registration in compliance with PRC laws and regulations and has the capacity to carry out business operations in accordance with its licenses and approvals;
- (b) the Structured Contracts as a whole and each of the agreements comprising the Structured Contracts are legally binding and not in violation of the mandatory provisions of the laws promulgated by the National People's Congress and its Standing Committee and the administrative regulations promulgated by the State Council except that: (i) the Equity Pledge Agreement is subject to registration requirements with relevant Administration for Market Regulation; (ii) the transfer of the school sponsor's interests in the Schools contemplated under the Structured Contracts is subject to applicable approval and/or registration requirements under the then applicable PRC laws; (iii) the transfer of equity interest in Sichuan Yunmao and the Target Companies contemplated under the Structured Contracts is subject to applicable approval and/or registration requirements under the then applicable laws; (iv) any arbitral awards or foreign rulings and/or judgments in relation to the performance of the Structured Contracts are subject to applications to competent PRC courts for recognition and enforcement; and (v) under the PRC laws, an arbitral body does not have the power to grant any injunctive relief or liquidation order. Therefore, the relevant arbitration clause of the Structured Contracts is unenforceable under the laws of the PRC;
- (c) the execution of each of the Structured Contracts does not violate the provisions of the articles of association of the New Affiliated Entities and Chengdu Bomao; and
- (d) the execution and performance of each and every serial Structured Contracts does not violate the provisions of the Civil Code on "malicious collusion and harm the legitimate rights and interests of others" which would result in the invalidity of Structured Contracts. It should be noted that, on 1 January 2021, the PRC contract law, which previous provides that arrangement "concealing illegal intentions with a lawful form" are deemed void, ceased and the Civil Code became effective instead.

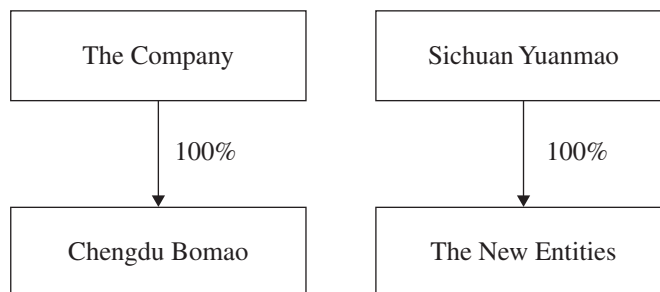
The Board's view on the Structured Contracts

Having considered the above, the Directors are of the view that each of the Structured Contracts conferring significant control and economic benefits from the New Entities to the Company is enforceable under the relevant laws and regulations and the Structured Contracts are narrowly tailored to achieve the business purpose of the New Entities and to minimize any potential conflict with and are enforceable under the relevant PRC laws and regulations. Moreover, the Structured Contracts would allow the Company to be able to exercise control over, and derive the economic benefits from the New Entities and would allow the New Entities to engage the Company and/or Chengdu Bomao and/or any members of the Group as its exclusive provider to provide for a wider scope of services ranging from the provision of education management services to services arising from and/or in connection with the provision of education services, which would facilitate the business

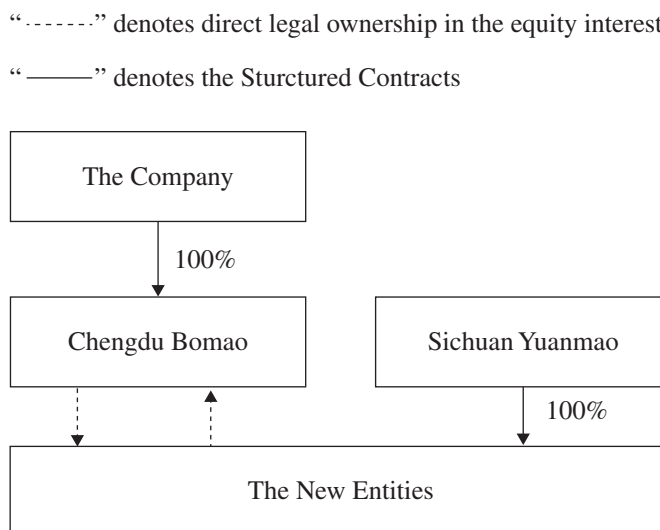
operation of the Company as the Directors are of the view that these services are fundamental and customary to the business operation of the Company. On the other hand, despite the constraints set out above, the Company is able to continue to obtain the right and ability to control and economic benefits of the New Entities through the Structured Contracts. Furthermore, the Directors have discussed and checked with the auditors of the Company and under the prevailing accounting principles of the Company, the Company has the right to consolidate the financial results of the New Entities in its consolidated accounts.

DIAGRAM OF THE CORPORATE STRUCTURES BEFORE AND AFTER THE STRUCTURED CONTRACTS

The following simplified diagram illustrates the corporate structure of parties to the Structured Contracts immediately before the Structured Contracts became effective:



The following simplified diagram illustrates the corporate structure after the Structured Contracts became effective:



Sichuan Yuanmao is a limited liability company established under the laws of the PRC on 17 December 2021 and principally engaged in the business of investment holding. It is owned by Mr. Wang, an executive Director and a substantial Shareholder, as to 99% and Ms. Duan Ling, his spouse, as to 1%, as at the date of this announcement. It owns 100% the equity interest of Sichuan Yunmao as at the date of this announcement. Mr. Wang, an executive Director, a substantial Shareholder and shareholder of Sichuan Yuanmao as one of the parties to the Structured Contracts, has abstained from voting on the resolutions of the Board approving the same. Save as disclosed above, no other Directors are regarded as having a material interest in the transactions contemplated under the Structured Contracts.

Under the Structured Contracts, Chengdu Bomao will exercise all the shareholder's rights in Sichuan Yunmao. Sichuan Yuanmao is the registered shareholder of Sichuan Yunmao. If the registered shareholder of Sichuan Yunmao is a natural person, his/her spouse or successor would become a party to the Structured Contracts in the event of the death of such natural person. However, in the event of death of such spouse or successor, the second successor may not become a party to the Structured Contracts. Thus, in order to safeguard the interest of Chengdu Bomao under the Structured Contracts, in the event of death of registered shareholder of Sichuan Yunmao, the Group would reproduce a new series of structured contracts and enter into a new series of structured contracts with the successor and other registered shareholders. In this regard, Sichuan Yuanmao is used as the registered shareholder for the purpose of reducing the likelihood of reproducing a new series of contractual arrangements when there is any change in the nominal individual shareholders, for reasons such as death and bankruptcy. The use of Sichuan Yuanmao as registered shareholder instead of a natural person does not affect the entrusted shareholder's rights of Chengdu Bomao in the New Entities.

REASONS FOR AND BENEFITS OF THE STRUCTURED CONTRACTS

As discussed above, foreign ownership in the private education industry in the PRC is subject to prohibition and restrictions under the relevant PRC laws regulations. Pursuant to the Negative List, the provision of higher education in the PRC falls within the "restricted" category. In particular, the Negative List explicitly restricts higher education to Sino-foreign cooperation, which means the foreign investor shall be an educational institution and shall operate higher education in the PRC through cooperation with a PRC educational institution in compliance with the Regulation on Sino-Foreign Cooperation in Operating Schools* (《中華人民共和國中外合作辦學條例》) (the "**Sino-Foreign Regulation**"). In addition, the Negative List also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, meaning that (a) the principal or other chief executive officer of the schools shall be a PRC national; and (b) the representatives of the domestic party shall account for not less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign cooperative educational institution (the "**Foreign Control Restriction**"). The Company had fully complied with the Foreign Control Restriction in respect of the Vocational School and the Vocational College on the basis that (a) their principals and the chief executive officers are all PRC nationals; and (b) all of their members of the board of directors are PRC nationals.

In relation to the interpretation of Sino-foreign cooperation, pursuant to the definition of Sino-Foreign Regulation, if we were to apply for any of our schools to be reorganised as a Sino-Foreign Joint Venture Private School for PRC students at higher education institutions (a “**Sino-Foreign Joint Venture Private School**”), the foreign investor in the Sino-Foreign Joint Venture Private School must be a foreign educational institution with relevant qualification that provides high quality education (the “**Qualification Requirement**”). Furthermore, pursuant to the implementation opinions, the foreign portion of the total investment in a Sino-Foreign Joint Venture Private School should be below 50% (the “**Foreign Ownership Restriction**”) and the establishment of these schools is subject to approval of relevant education authorities. The PRC Legal Advisors have advised that the Vocational School and the Vocational College are domestically funded schools and school sponsor of such schools are domestic corporations, they are not Sino-Foreign Joint Venture Private School. After having consulted the Education Department of Sichuan, if a foreign invested corporation intends to directly hold equity in a Sino-Foreign Joint Venture Private School engaged in vocational education, it will need to (a) obtain approval of relevant education departments in accordance to the Sino-Foreign Regulation and Administrative Measures for Sino-Foreign Cooperative Operation of Vocational Skill Training Institutions* (《中外合作職業技能培訓辦學管理辦法》); and (b) comply with the relevant regulations and restrictions a sino-foreign school is subject to. Since there is no specific approval procedures established for the conversion domestically funded vocational school to sino-foreign vocational school when a foreign corporation directly acquires the equity interest of an existing domestic vocation school sponsor, the authority will not process such conversion for now. The PRC Legal Advisors are therefore of the view that without the required approval as detailed above granted the Company prior to the transaction, the Company may not directly hold the equity interests of the Vocational School and the Vocational College.

Based on the above and as confirmed by the PRC Legal Advisors, the in order to achieve the business purpose of the Company, the Structured Contracts, through which the Group will be able to exercise full control over Vocational School, the Vocational College and their respective school sponsors, and consolidate their financial results into the accounts of the Group, have been utilised to minimise the potential conflict with the relevant PRC laws and regulations. The New Entities are principally engaged in the provision of private vocational education service in Sichuan Province, the PRC. The contractual arrangement enables the Group to conduct business operations indirectly in the PRC through the New Entities while not in violation of the mandatory provisions of the laws promulgated by the National People’s Congress and its Standing Committee and the administrative regulations promulgated by the State Council.

Having considered the terms of the Structured Contracts, which are substantially the same as those in the Existing Structured Contracts, and the reason of entering into the Structured Contracts, the Directors (including the independent non-executive Directors) considers that the terms of each of the Structured Contracts are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Amended Agreements

As the highest applicable percentage ratio in respect of the Acquisition exceeds 100%, the Acquisition constitute very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

The Financial Assistance

Upon the Completion, the transaction contemplated under the Amended Loan Agreement will constitute a provision of financial assistance by the Group to Shenzhen Hongyuan, which is a connected person at subsidiary level, and, thus, constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As (i) the highest applicable percentage ratio in respect of the Financial Assistance exceeds 5% but does not exceed 25%, thus constituting a discloseable transaction under Chapter 14 of the Listing Rules; (ii) the Board has approved of the Amended Loan Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Amended Loan Agreement are fair and reasonable and the transactions contemplated under the Amended Loan Agreement are on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Amended Loan Agreement are (i) subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules; and (ii) subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Structured Contracts

Mr. Wang is an executive Director and a substantial Shareholder and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The equity interest in Sichuan Yuanmao is held as to 99% by Mr. Wang and as to 1% by his wife (namely Ms. Duan Ling) and, thus, Sichuan Yuanmao is an associate (as defined under the Listing Rules) and a connected person of the Company. Sichuan Yunmao is a wholly owned subsidiary of Sichuan Yuanmao and, thus, Sichuan Yunmao is an associate (as defined under the Listing Rules) of Mr. Wang and a connected person of the Company. Upon the Completion of the Amended Agreements, the Target Companies will be owned as to 51% and 24.5% by Sichuan Yunmao and Sichuan Zhengzhuo, respectively, therefore will be associates of Mr. Wang and a connected person of the Company under Rule 14A.12(1)(c) of the Listing Rules and a connected subsidiary of the Company under Rule 14A.16(1) of the Listing Rules. The Vocational College and the Vocational School, being wholly-owned by the Target Company A, for the same reason, will become connected persons of the Company under Rule 14A.12(1)(c) of the Listing Rules and a connected subsidiary of the Company under Rule 14A.16(1) of the Listing Rules as well. The transactions contemplated under the Structure Contracts will constitute continuing connected transactions of the Company under the Listing Rules.

Since the Structured Contracts are reproduced from the existing structured contracts as provided under the conditions of the IPO Waiver, the Company will seek confirmation from the Stock Exchange that the transactions contemplated under the Structured Contracts would fall within the scope of the waiver from the requirements of Chapter 14A of the Listing Rules as set out in the IPO Waiver and are exempt from (i) the announcement, circular and independent shareholders' approval requirements under Rule 14A.105 of the Listing Rules and (ii) the requirement of setting an annual cap under Rule 14A.53 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the IPO Waiver.

EGM

The EGM will be held to consider and if thought fit, to approve the Amended Agreements and the transactions contemplated thereunder (including the Specific Mandate). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders have any material interest in the Amended Agreements and the transactions contemplated thereunder. Accordingly, no Shareholders will be required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Amended Agreements and the transactions contemplated thereunder (including the Specific Mandate). None of the Directors have material interest in the Amended Agreements and the transactions contemplated thereunder, and no Directors have abstained from voting on the relevant board resolutions relating to the same.

GENERAL

A circular containing, among other things, further information regarding the Amended Agreements and the transactions contemplated thereunder (including the Specific Mandate, other information as required under the Listing Rules, together with a notice of the EGM will be despatched to the Shareholders on or before 30 June 2023 as additional time is required for preparation of relevant information to be included in the circular.

Completion under the Amended Agreements is subject to the satisfaction of the conditions precedent which are more particularly described in the sections headed “The Amended Agreements — The Amended Equity Transfer Agreement A — Conditions precedent” and “The Amended Agreements — The Amended Equity Transfer Agreement B — Conditions precedent” of this announcement. There is no assurance that any of the conditions precedent to the Amended Agreements will be fulfilled. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“Acquisition”	the acquisition of 51% entire equity interest in the Target Companies contemplated under the Amended Agreements
“Amended Agreements”	the Amended Equity Transfer Agreement A and the Amendment Equity Transfer Agreement B
“Amended Equity Transfer Agreement A”	the agreement entered to amend and restate the terms of the Equity Transfer Agreement A
“Amended Equity Transfer Agreement B”	the agreement entered to amend and restate the terms of the Equity Transfer Agreement B
“Amended Loan Agreement”	the agreement entered to amend the Loan Agreement II for renewal of the term of which from 29 July 2022 to 31 December 2024
“Announcements”	the announcements of the Company dated 11 September 2020, 16 October 2020, 11 January 2021, 19 August 2021, 31 August 2021, 25 November 2021 and 8 December 2021 relating to, amongst other things, the Capital Injection Agreement, the Equity Transfer Agreements and the transactions contemplated thereunder, and arrangement in relation to the Prepayment
“Board”	the board of Directors
“Business Day(s)”	a day on which banks in the PRC are generally open for business
“BVI”	the British Virgin Islands
“Capital Injection Agreement”	the capital contribution agreement dated 11 September 2020 (as amended and supplemented by supplemental agreements) entered into between Chengdu Bojun, Pi County Langjing Industrial Company Limited* (郫縣朗經實業有限公司) and Shenzhen Hongyuan in respect of the proposed subscription of the capital in Shenzhen Hongyuan by Chengdu Bojun
“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 Bomao”	Chengdu Bomao Education Management Company Limited* (成都博懋教育管理有限公司), a limited liability company established under the laws of the PRC on 9 July 2020 and a wholly-owned subsidiary of the Company

“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
“Completion”	the completion of the Amended Agreements
“Consideration A”	the consideration to be paid by Chengdu Bomao and Sichuan Yunmao to Shenzhen Hongyuan and Sichuan Zhengzhuo pursuant to the Amended Equity Transfer Agreement A
“Consideration B”	the consideration to be paid by Chengdu Bomao and Sichuan Yunmao to Shenzhen Hongyuan and Sichuan Zhengzhuo pursuant to the Amended Equity Transfer Agreement B
“Consideration Shares”	the Consideration Shares A and the Consideration Shares B
“Consideration Shares A”	74,441,857 new Shares to be issued to Sichuan Zhengzhuo (or its nominee) at an issue price of HK\$0.85, being approximately 38.1% of the Consideration A in relation to Sale Interest AII
“Consideration Shares B”	6,840,603 new Shares to be issued to Sichuan Zhengzhuo (or its nominee) at an issue price of HK\$0.85, being 36.6% of the Consideration B in relation to Sale Interest BII
“Consolidated Affiliated Entity(ies)”	the entity(ies) that the Company controls through the contractual arrangement contemplated under the existing structured contracts as detailed in the announcement of the Company dated 19 June 2020 and entity(ies) that the Company will control through the contractual arrangement contemplated under new Structured Contracts to be entered between Chengdu Bomao, Sichuan Yunmao and members of the Target Groups
“Cooperation Agreement”	the agreement of cooperative operation of training base (合作經營實訓基地之協議) dated 11 January 2021 entered into between the Vocational College and the Target Company B in relation to operation of a training base by the parties together
“Daying Estate”	Daying Tianshi Real Estate Company Limited* (大英天世置業有限公司), a limited liability company incorporated in the PRC on 14 November 2022 and wholly-owned by the Target Company B as at the date of this announcement
“Director(s)”	the director(s) of the Company

“Directors’ (Council Members’) Power of Attorney”	powers of attorney to be executed by directors (or council members) appointed by the Target Company A to the Vocational College and the Vocational School in favour of Chengdu Bomao
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the Amended Agreements and the transactions contemplated thereunder (including the Specific Mandate)
“Equity Pledge Agreement”	the equity pledge agreement to be entered into among Chengdu Bomao, Sichuan Yuanmao, Suchuan Yunmao and the Target Companies
“Equity Transfer A”	the transfer of Sale Interest AI by Shenzhen Hongyuan and Sale Interest AII by Sichuan Zhengzhuo to Sichuan Yunmao pursuant to the Amended Equity Transfer Agreement A
“Equity Transfer B”	the transfer of Sale Interest BI by Shenzhen Hongyuan and Sale Interest BII by Sichuan Zhengzhuo to Sichuan Yunmao pursuant to the Amended Equity Transfer Agreement B
“Equity Transfer Agreement A”	the equity transfer agreement dated 8 December 2021 in relation to the transfer of Sale Interest AI by Shenzhen Hongyuan and Sale Interest AII by Sichuan Zhengzhuo to Sichuan Yunmao
“Equity Transfer Agreement B”	the equity transfer agreement dated 8 December 2021 in relation to the transfer of Sale Interest BI by Shenzhen Hongyuan and Sale Interest BII by Sichuan Zhengzhuo to Sichuan Yunmao
“Exclusive Business Cooperation Agreement”	the exclusive business cooperation agreement to be entered into among Chengdu Bomao, Sichuan Yuanmao and the New Entities
“Exclusive Call Option Agreement”	the exclusive call option agreement to be entered into among Chengdu Bomao, Sichuan Yuanmao and the New Entities
“Financial Assistance”	the financial assistance of RMB30.0 million provided by the Vocational College to Shenzhen Hongyuan pursuant to the Amended Loan Agreement
“Group”	the Company and its subsidiaries and the Consolidated Affiliated Entities
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region of the PRC

“Hong Kong”	Hong Kong Special Administrative Region
“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
“IPO Waiver”	the waiver granted by the Stock Exchange to the Company from strict compliance with (i) the announcement, circular and independent shareholders’ approval requirements under Rule 14A.105 of the Listing Rules and (ii) the requirement of setting an annual cap under Rule 14A.53 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject to certain conditions, details of which are further described in the section headed “Connected Transactions” in the prospectus of the Company dated 19 July 2018
“Issue Price”	the issue price of HK\$0.85 per Consideration Share
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement to be entered into among Chengdu Bomao and the New Entities
“Loan Agreement I”	the loan agreement dated 19 October 2021 entered into between the Vocational College and the Target Company B
“Loan Agreement II”	the loan agreement dated 28 July 2020 entered into between the Vocational College and Shenzhen Hongyuan
“Loan Agreements”	the Loan Agreement I and the Loan Agreement II
“Negative List”	Provisions in the Special Administrative Measures for Admission of Foreign Investments (Negative List) (2020 Version) (《外商投資准入特別管理措施(負面清單) (2020年版)》)
“New Entities”	Sichuan Yunmao and members of the Target Groups
“PRC”	the People’s Republic of China and, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan

“Prepayment”	RMB73.5 million, being 30% of the consideration to the Capital Injection Agreement, in cash paid by Chengdu Bojun to Shenzhen Hongyuan in September 2020 as prepayment which shall be applied as part of the Consideration pursuant to the Amended Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest AI”	26.5% of the equity interest in the Target Company A held by Shenzhen Hongyuan which represents 26.5% of the registered capital of the Target Company A as at the date of this announcement
“Sale Interest AII”	24.5% of the equity interest in the Target Company A held by Sichuan Zhengzhuo which represents 24.5% of the registered capital of the Target Company A as at the date of this announcement
“Sale Interest BI”	25.5% of the equity interest in the Target Company B held by Shenzhen Hongyuan which represents 25.5% of the registered capital of the Target Company B as at the date of this announcement
“Sale Interest BII”	25.5% the equity interest in the Target Company B held by Sichuan Zhengzhuo which represents 25.5% of the registered capital of the Target Company B as at the date of this announcement
“Schools”	schools that Sichuan Yunmao and the Target Companies are school sponsors to
“School Sponsors’ and Directors’ (Council Members’) Rights Entrustment Agreement”	the school sponsors’ and directors’(council members’) rights entrustment agreement to be entered into among Chengdu Bomao, the Target Groups and the directors (or council members) appointed by the Target Company A to the Vocational College and the Vocational School
“School Sponsors’ Powers of Attorney”	powers of attorney to be executed by the Target Companies in favour of Chengdu Bomao
“SFO”	Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of Share(s)

“Shareholders’ Rights Entrustment Agreement”	the shareholders’ rights entrustment agreement to be entered into among Chengdu Bomao, Sichuan Yuanmao and Sichuan Yunmao
“Shareholders’ Powers of Attorney”	powers of attorney to be executed by Sichuan Yuanmao in favour of Chengdu Bomao
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shenzhen Hongyuan”	Shenzhen Hongyuan Education Investment Company Limited* (深圳弘遠教育投資有限公司) (previously known as Shenzhen Wenxuan Education Investment Company Limited* (深圳文軒教育投資有限公司)), a limited liability company incorporated in the PRC on 17 November 2016
“Sichuan Yuanmao”	Sichuan Yuanmao Education Management Company Limited* (四川沅懋教育管理有限公司), a limited liability company established under the laws of the PRC on 1 December 2021 and owned as to 99% by Mr. Wang Jinglei, an executive Director and a substantial Shareholder, and as to 1% by Ms. Duan Ling, the spouse of Mr. Wang as at the date of this announcement
“Sichuan Yunmao”	Sichuan Yunmao Education Management Company Limited* (四川沅懋教育管理有限公司), a limited liability company established under the laws of the PRC on 1 December 2021 and wholly-owned by Sichuan Yuanmao as at the date of this announcement. It will become a Consolidated Affiliated Entity upon entering the new sets of Structured Contracts
“Sichuan Zhengzhuo”	Sichuan Zhengzhuo Industrial Company Limited* (四川正卓實業有限公司), a limited company established under the laws of the PRC on 17 June 2015 and owned by Independent Third Parties as at the date of this announcement
“Specific Mandate”	a specific mandate to issue, allot or otherwise deal in additional Shares to be sought from the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at the EGM to satisfy the issue and allotment of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Structured Contracts”	the new set of structured contract to be entered into by Chengdu Bomao, Sichuan Yuanmao, Sichuan Yunmao and members of the Target Groups pursuant to which members of the Target Groups and Sichuan Yunmao will become Consolidated Affiliated Entities
“Target Companies”	the Target Company A and the Target Company B
“Target Company A”	Sichuan Zhengzhuo Education Investment Company Limited* (四川正卓教育投資有限公司) (previously known as Sichuan Wenxuan Zhuotai Investment Company Limited* (四川文軒卓泰投資有限公司) and Sichuan Taihe Zhengzhuo Education Investment Company Limited* (四川泰合正卓教育投資有限公司)), a limited liability company established under the laws of the PRC in July 2012 and directly owned by Shenzhen Hongyuan as to 51% and Sichuan Zhengzhuo as to 49% as at the date of this announcement
“Target Company B”	Sichuan Gaojiao Investment Company Limited* (四川高教投資有限公司), a limited liability company incorporated in the PRC on 5 March 2020 and owned by Shenzhen Hongyuan as to 50% and Sichuan Zhengzhuo as to 50% as at the date of this announcement
“Target Group A”	the Target Company A and its subsidiaries
“Target Group B”	the Target Company B and its subsidiary
“Target Groups”	Target Group A and Target Group B
“Transition Period”	from the date of the Amended Agreements to the date when all handover work is completed or being the 30th day upon the Completion
“Vocational College”	Sichuan Winshare Vocational College (Dayi Campus) (四川文軒職業學院大邑校區), a formal higher vocational education institution (普通高等職業學校) established in February 2013 and is wholly-owned by the Target Company A as at the date of this announcement

“Vocational School”

Chengdu Daiyi County Zhengzhuo Education Vocational School* (成都市大邑縣正卓教育職業學校) (Previously Sichuan Winshare Vocational School* (四川文軒職業學校)), a secondary vocational education institution (中等職業教育學校) established in December 2012, and is wholly-owned by the Target Company A as at the date of this announcement

“%”

per cent

By Order of the Board
BOJUN EDUCATION COMPANY LIMITED
Wang Jinglei
Chairman of the Board and chief executive officer

Hong Kong, 11 April 2023

As at the date of this announcement, 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.

* *for identification purposes only*