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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Wisdom Education International Holdings Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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# Wisdom Education International Holdings Company Limited

## 睿見教育國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6068)**

### **(1) POSSIBLE ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

### **(2) CONNECTED TRANSACTION**

**AND**

### **(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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A letter from the Board is set out on pages 6 to 22 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 23 to 24 of this circular. A letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 51 of this circular.

A notice convening the EGM to be held at Theatre B, The Hong Kong General Chamber of Commerce, 22/F United Centre, Admiralty, Hong Kong at 10:00 am on 10 July 2020 is set out on pages 58 to 60 of this circular. Shareholders are advised to read the notice and complete and return the form of proxy for use at the EGM enclosed with this circular in accordance with the instructions printed thereon. A form of proxy for the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Company (<http://www.wisdomeducationintl.com/en/>) and Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from subsequently attending and voting in person at the EGM if they so wish.

19 June 2020

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 29 May 2020 in relation to the proposed issue of Conversion Shares under the Specific Mandate and the Put Option
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bright Education Holdings”	Bright Education (Holdings) Co. Limited, a limited liability company incorporated in the British Virgin Islands
“China Ping An Insurance Overseas”	China Ping An Insurance Overseas (Holdings) Limited, a limited liability company incorporated in Hong Kong and a directly wholly owned subsidiary of Ping An Group
“Company”	Wisdom Education International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”	the entities controlled by the Group through the Contractual Arrangements which comprise Guangdong Guangzheng and certain of its subsidiaries
“Contractual Arrangements”	the series of contractual arrangements entered into by Dongguan Ruixing, our Consolidated Affiliated Entities and the registered shareholders of Guangdong Guangzheng
“Control”	(a) in relation to a corporate person: (i) direct or indirect ownership or control of more than 50% of the outstanding voting securities of such corporate person; (ii) the ability to appoint or remove more than one-half of the directors of the board (or equivalent governing body) of such person; (iii) the right to control the votes at a meeting of the board of directors (or equivalent governing body) of such person; or (iv) the ability to direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising); or

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## DEFINITIONS

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	(b) in relation to a non-corporate person: (i) direct or indirect ownership or control of a comparable voting interest (as set forth in paragraph (a) above) for such person; (ii) the ability to direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising); or (iii) the operational or practical control of such person
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion”	the Mandatory Conversion and the Discretionary Conversion, as the case may be
“Conversion Conditions”	the conversion conditions as summarised in the section headed “Letter from the Board — Possible Issue of New Shares under Specific Mandate — Conversion Conditions” of this circular
“Conversion Restriction Events”	the conversion restriction events as summarised in the section headed “Letter from the Board — Possible Issue of New Shares under Specific Mandate — Conversion Conditions” of this circular
“Conversion Shares”	the Shares to be allotted and issued by the Company pursuant to the conversion of the Mandatory Principal and, as the case may be, the Discretionary Principal under the Credit Agreement
“Credit Agreement”	the credit agreement dated 22 June 2018 entered into between the Company, PA Chokmah and Mr. Liu in relation to the provision of the Loan by PA Chokmah to the Company
“Director(s)”	the director(s) of the Company
“Discretionary Conversion”	has the meaning ascribed to it under the section headed “Letter from the Board — Possible Issue of New Shares under Specific Mandate — Conversion of the Loan” of this circular
“Discretionary Conversion Period”	during the period from the Maturity Date up to the expiry of a three-month period therefrom
“Discretionary Principal”	has the meaning ascribed to it under the section headed “Letter from the Board — Possible Issue of New Shares under Specific Mandate — Conversion of the Loan” of this circular
“Dongguan Ruixing”	東莞瑞興商務服務有限公司 (Dongguan Ruixing Business Services Co., Ltd.), a company with limited liability established in the PRC on 17 May 2013 and a wholly-owned subsidiary of the Company

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## DEFINITIONS

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“EGM”	an extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the grant of the Specific Mandate to allot and issue the Conversion Shares and the Put Option, and the transactions contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of its delegates
“Group”	the Company and its subsidiaries
“Guangdong Guangzheng”	廣東光正教育集團有限公司 (Guangdong Guangzheng Educational Group Co., Ltd.), a company with limited liability established in the PRC on 10 October 2002 and a Consolidated Affiliated Entity of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders as to whether the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option are fair and reasonable and in the interests of the Company and the Shareholders as a whole
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 regulated activities (advising on corporate finance) under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the issue of the Conversion Shares under the Credit Agreement and the grant of the Put Option
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM to approve the grant of the Specific Mandate to allot and issue part or all of the Conversion Shares and the Put Option, and the transactions contemplated thereunder
“Latest Practicable Date”	12 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Committee”	the listing committee of the Stock Exchange

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan to be made under the facility provided under the Credit Agreement
“Mandatory Conversion”	has the meaning ascribed to it under the section headed “Letter from the Board — Possible Issue of New Shares under Specific Mandate — Conversion of the Loan” of this circular
“Mandatory Principal”	has the meaning ascribed to it under the section headed “Letter from the Board — Possible Issue of New Shares under Specific Mandate — Conversion of the Loan” of this circular
“Maturity Date”	24 months from the date on which the Loan was made, being 16 July 2020
“Mr. Liu”	Mr. Liu Xuebin, an executive Director and a controlling shareholder of the Company
“Ms. Li”	Ms. Li Suwen, an executive Director, the Chairperson of the Board, the chief executive officer of the Company and a controlling shareholder of the Company
“PA Chokmah”	PA Chokmah Investment Limited, a limited liability company incorporated in the Cayman Islands, the lender under the Credit Agreement and an indirectly wholly owned subsidiary of China Ping An Insurance Overseas
“Ping An Group”	Ping An Insurance (Group) Company of China, Ltd., a joint stock limited company duly incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601318) and the H shares of which are listed on the Stock Exchange (stock code: 2318)
“PRC”	the People’s Republic of China which, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Put Option”	the put option conditionally agreed to be granted by Mr. Liu to PA Chokmah pursuant to the terms and conditions of the Put Option Deed
“Put Option Deed”	the put option deed dated 22 June 2018 entered into between Mr. Liu and PA Chokmah in relation to the grant of the Put Option by Mr. Liu to PA Chokmah
“RMB”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Specific Mandate”	the specific mandate to be granted to the Directors by the Independent Shareholders at the EGM to allot and issue part or all of the Conversion Shares to PA Chokmah as contemplated under the Credit Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent.

*The English translation and/or transliteration of the names of PRC nationals, entities, enterprises, government authorities, departments, facilities, certificates, titles, laws and regulations included in this circular is included for identification purposes only. In the event of any inconsistency between the English translation and/or transliteration and the Chinese versions, the Chinese versions shall prevail.*



**Wisdom Education International Holdings Company Limited**

**睿見教育國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6068)**

*Executive Directors:*

Mr. LIU Xuebin

Ms. LI Suwen

*(Chairperson and Chief Executive Officer)*

Mr. LI Jiuchang

Mr. WANG Yongchun

*Registered Office:*

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Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Independent Non-executive Directors:*

Mr. SUN Kai Lit Cliff

Mr. TAM King Ching Kenny

Mr. HUANG Weiguo

*Principal Place of Business  
in Hong Kong:*

Room 3302, 33/F

Lee Garden One

33 Hysan Avenue

Causeway Bay, Hong Kong

19 June 2020

*To the Shareholders and, for information only,  
holders of other securities of the Company*

Dear Sir/Madam,

**(1) POSSIBLE ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE  
(2) CONNECTED TRANSACTION  
AND  
(3) NOTICE OF EGM**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 25 June 2018 and the Announcement dated 29 May 2020 in relation to the Credit Agreement dated 22 June 2018 entered into between the Company (as borrower), PA Chokmah (as lender), an indirectly wholly owned subsidiary of China Ping An Insurance Overseas, and Mr. Liu (as guarantor) in relation to the provision of the Loan of a principal amount of up to HK\$500 million by



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## LETTER FROM THE BOARD

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PA Chokmah to the Company. The Loan is subject to a fixed interest rate of 6.8% per annum, payable every six months, subject to default interest provisions. As at the Latest Practicable Date, the outstanding amount of the Loan amounted to HK\$500 million and the accrued outstanding interest amounted to HK\$14 million.

Subject to the satisfaction of the Conversion Conditions (including the requirement for Independent Shareholders' approval) and in the absence of any Conversion Restriction Event, HK\$200 million, representing 40% of the Loan, will be mandatorily converted into the Shares on the Maturity Date and up to HK\$100 million, representing 20% of the Loan, may be, at the option of PA Chokmah, convertible into the Shares during the Discretionary Conversion Period as part of the repayment of the Loan pursuant to the terms of the Credit Agreement.

In connection with the Credit Agreement, on 22 June 2018, Mr. Liu also entered into the Put Option Deed with PA Chokmah pursuant to which, among other things, Mr. Liu conditionally agreed to grant to PA Chokmah a right to require Mr. Liu to purchase some or all of the Conversion Shares. Please refer to the announcement of the Company dated 25 June 2018 for a summary of the principal terms of the Credit Agreement and the Put Option Deed.

As the Maturity Date will fall on 16 July 2020, to satisfy the Conversion Conditions and the Put Conditions, the Company will convene an EGM to obtain approval from the Independent Shareholders in relation to the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option as described in the section headed "Listing Rules Implications" of this circular.

As at the Latest Practicable Date, 930,000,000 Shares were held by Bright Education Holdings. As Mr. Liu holds the entire issued share capital of Bright Education Holdings, he is deemed to be interested in the 930,000,000 Shares held by Bright Education Holdings, representing approximately 45.43% of the total issued share capital of the Company.

Mr. Liu, being an executive Director and one of the controlling shareholders of the Company, is a connected person of the Company. In view that some or all of the Conversion Shares to be issued to PA Chokmah may be sold to Mr. Liu as the grantor upon the possible exercise of the Put Option under the Put Option Deed, the grant of the Put Option constitutes a connected transaction of the Company, which is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) details of the Specific Mandate for the issue of the Conversion Shares and the Put Option Deed; (ii) the advice from the Independent Financial Adviser in respect thereof; (iii) recommendation of the Independent Board Committee in respect thereof; and (iv) a notice of the EGM.

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## LETTER FROM THE BOARD

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### POSSIBLE ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

#### Conversion of the Loan

Subject to satisfaction of the Conversion Conditions prior to the Maturity Date and no Conversion Restriction Event is then continuing or would result from any Conversion, HK\$200 million, representing 40% of the Loan (the “**Mandatory Principal**”), shall be mandatorily converted into Shares on the Maturity Date at the price per Conversion Share representing a 20% discount of the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Maturity Date (the “**Mandatory Conversion**”). There is no price ceiling (or floor) for the Mandatory Conversion.

Subject to satisfaction of the Conversion Conditions prior to the last day of the Discretionary Conversion Period and no Conversion Restriction Event is then continuing or would result from any Conversion, PA Chokmah has the right to convert, on one occasion, no more than HK\$100 million, representing 20% of the Loan (the “**Discretionary Principal**”) at the price per Conversion Share representing a 10% discount of the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the date of conversion (the “**Discretionary Conversion**”). There is no price ceiling (or floor) for the Discretionary Conversion.

Upon the fulfilment of the Conversion Conditions and in the absence of any Conversion Restriction Events, the Company is required under the Credit Agreement to issue part or all of the Conversion Shares to repay part of the Loan. There is no option for the Company under the Credit Agreement to repay the Mandatory Principal and the Discretionary Principal in cash prior to the Maturity Date if (i) the Conversion Conditions are fulfilled and no Conversion Restriction Event is then continuing or would result from any Conversion; and (ii) (in respect of the Discretionary Principal) PA Chokmah elects to proceed with the Discretionary Conversion as repayment of part of the Loan, respectively.

#### Conversion Conditions

The conversion of the Mandatory Principal and the Discretionary Principal is conditional upon the satisfaction of the following Conversion Conditions:

- (i) approval by the Independent Shareholders of the Company for (A) the issue of the Conversion Shares pursuant to that Conversion; and (B) the Put Option relating to the Conversion Shares to be issued by the Company pursuant to that Conversion; and
- (ii) approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued by the Company pursuant to that Conversion.

The Conversion Conditions may not be waived.

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## LETTER FROM THE BOARD

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“**Conversion Restriction Event**” occurs if, with respect to a Conversion, (a) such Conversion would result in any non-compliance with the Listing Rules (including but not limited to public float requirements), any other applicable laws and regulations (including as a result of a change in law, regulation, interpretation of the law or administrative practice of a government, governmental department or regulatory body) or the constitutional documents of the Company; (b) such Conversion would trigger any mandatory general offer obligation under the Takeovers Code published by the Securities and Futures Commission of Hong Kong, whether or not a whitewash waiver could be obtained thereunder; (c) the Shares having ceased to be listed on the Stock Exchange; or (d) listing of or dealing in any Shares on the Stock Exchange having been suspended for more than five consecutive trading days immediately prior to a date of Conversion.

If the Conversion Conditions are not satisfied prior to the Maturity Date (in respect of the Mandatory Principal) or prior to the last day of the Discretionary Conversion Period (in respect of the Discretionary Principal), or a Conversion does not occur due to any of the Conversion Restriction Events, the Conversion will not take place and the Company must repay PA Chokmah in accordance with the terms of the Credit Agreement.

### **Ranking**

The Conversion Shares, when allotted and issued, shall rank *pari passu* in all respects with the other Shares in issue.

### **PA Chokmah’s Lock-up Undertaking**

PA Chokmah undertakes to the Company (the “**PA Chokmah’s Lock-up Undertaking**”) that, from the date of the Credit Agreement up to the date falling six months from the Maturity Date, save in so far as agreed in writing by the Company or otherwise for transfer to related entities as permitted under the Credit Agreement, PA Chokmah shall not:

- (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Conversion Share or any interests therein; or
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of any Conversion Share or any interests therein, whether any such transaction described in (i) or (ii) is to be settled by delivery of Conversion Shares, in cash or otherwise; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

After the Maturity Date, the PA Chokmah’s Lock-up Undertaking may be early terminated by PA Chokmah by written notice to the Company.

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## LETTER FROM THE BOARD

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### **The Company's Lock-up Undertaking**

Subject to the early termination by the Company as set out below, if any Conversion Share is issued pursuant to a Conversion, the Company undertakes not to issue any new securities or Share equivalents from the Maturity Date to the last day of the Relevant Period (as defined below) (the “**Company's Lock-up Undertaking**”).

During the Relevant Period, the Company's Lock-up Undertaking may be early terminated by the Company by written notice to PA Chokmah. As at the Latest Practicable Date, the Board had not made any decision to early terminate the Company's Lock-up Undertaking. That being said, taking into account various factors including the performance of the price of the Shares as well as market conditions, the Board will evaluate the Group's capital structure and consider appropriate fund raising activities (including potential equity fund raising) from time to time in the interest of the Company and the Shareholders as a whole. Therefore, where required, the Company may terminate the Company's Lock-up Undertaking early by serving a notice to PA Chokmah.

The Company's Lock-up Undertaking shall not restrict the Company from issuing any Shares pursuant to the exercise of any options granted or to be granted, or from granting any options, from time to time during the Relevant Period pursuant to the share option scheme(s) adopted or to be adopted by the Company and disclosed to the public, except as otherwise provided under the Credit Agreement.

For the purpose of the above, the “**Relevant Period**” means a period of 6 months plus 45 days from the date of Conversion.

### **GRANT OF PUT OPTION BY CONTROLLING SHAREHOLDER**

In connection with the Credit Agreement, on 22 June 2018, Mr. Liu also entered into the Put Option Deed with PA Chokmah pursuant to which, among other things, Mr. Liu conditionally agreed to grant to PA Chokmah a right to require Mr. Liu to purchase some or all of the Conversion Shares.

#### **Put Option**

As requested by PA Chokmah, subject to the satisfaction of the Put Conditions (as defined below), pursuant to the Put Option Deed, Mr. Liu granted to PA Chokmah the Put Option to sell to Mr. Liu, and Mr. Liu is obligated to purchase from PA Chokmah, upon exercise of such option, some or all of the Conversion Shares at the Put Price (as defined below).

The grant of the Put Option is conditional upon the satisfaction of the following conditions (together, the “**Put Conditions**”):

- (i) the drawdown under the Credit Agreement having been conducted in accordance with the terms and conditions thereof;

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## LETTER FROM THE BOARD

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- (ii) the Company having obtained its Independent Shareholders' approval as may be required under the Listing Rules for (A) the issue of the Conversion Shares; and (B) the Put Option; and
- (iii) approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares having been obtained and remaining in full force and effect.

As at the Latest Practicable Date, only the Put Condition as set out in sub-paragraph (i) above had been fulfilled. The drawdown under the Credit Agreement was made by the Company on 16 July 2018.

### **Exercise Period**

The Put Option may be exercised within the period beginning on the date which falls on the expiry of the six-month period from the Maturity Date and ending on the date which is the first anniversary of the Maturity Date (both dates inclusive), save as otherwise provided in the Put Option Deed (the "**Put Period**"). For the avoidance of doubt, the Put Option may be exercised on one occasion only.

### **Put Price**

The Put Price will be an amount which enables PA Chokmah to realise an internal rate of return of 13% (or a higher internal rate of return if Mr. Liu's undertakings pursuant to the Put Option Deed as set out below are breached) on the aggregate amount of the relevant portion of the Mandatory Principal and, as the case may be, the Discretionary Principal in respect of the Conversion Shares to be put by PA Chokmah to Mr. Liu.

### **Mr. Liu's Undertakings under the Put Option Deed**

Under the Put Option Deed, Mr. Liu undertakes to PA Chokmah that, from the date of the Put Option Deed up to the earliest of (i) the Conversion Conditions in respect of the Mandatory Conversion not being satisfied by the Maturity Date, or if they are satisfied or partially satisfied by the Maturity Date, the Conversion Conditions in respect of the Discretionary Conversion not being satisfied by the date falling three months from the Maturity Date; (ii) the expiry of the Put Period; and (iii) the date on which the completion of the sale and purchase of the Conversion Shares in accordance with the Put Option Deed occurs:

- (a) to the extent reasonably practicable and to the extent permissible under the constitutional documents of the Company and the applicable laws and regulations, Mr. Liu must not resign from his position as an executive director of the Company and shall devote a substantial part of his time and efforts in the operation of the Company's business; and
- (b) he shall procure that no Change of Control occurs.

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## LETTER FROM THE BOARD

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A “**Change of Control**” occurs if:

- (i) any person or group of persons (other than Mr. Liu and his affiliates) acting in concert gains Control of the Company or becomes the beneficial owner (directly or indirectly) of 30% or more of the issued voting share capital of the Company; or
- (ii) Mr. Liu, his affiliates together with parties acting in concert with Mr. Liu and/or his affiliates cease to Control the Company or be the beneficial owners (directly or indirectly through subsidiaries) of more than 51% of the issued voting share capital of the Company; or
- (iii) Mr. Liu and his affiliates cease to hold more shares in the Company than any other shareholder.

### **FINANCIAL IMPLICATIONS IF CONVERSION DOES NOT OCCUR**

If the Conversion Conditions are not satisfied prior to the Maturity Date (in respect of the Mandatory Principal) or prior to the last day of the Discretionary Conversion Period (in respect of the Discretionary Principal), the Company must repay the Mandatory Principal on the Maturity Date or, as applicable, the Discretionary Principal on the last day of the Discretionary Conversion Period, in each case together with an exit fee in an amount which will ensure that PA Chokmah’s internal rate of return in respect of the Mandatory Principal (or, as applicable, the Discretionary Principal) is not less than 13% per annum.

If the Conversion Conditions have been satisfied prior to the Maturity Date (in the case of the Mandatory Principal) or prior to the last day of the Discretionary Conversion Period (in the case of the Discretionary Principal), but in either case a Conversion does not occur due to (a) or (b) of the Conversion Restriction Events, the Company must repay the Mandatory Principal on the Maturity Date or, as applicable, the Discretionary Principal on the last day of the Discretionary Conversion Period, in each case together with an exit fee in an amount which will ensure that PA Chokmah’s internal rate of return in respect of the Mandatory Principal and/or the Discretionary Principal is not less than 13% per annum.

If the Conversion Conditions have been satisfied prior to the Maturity Date (in the case of the Mandatory Principal) or prior to the last day of the Discretionary Conversion Period (in the case of the Discretionary Principal), but in either case a Conversion does not occur due to (c) or (d) of the Conversion Restriction Events, the Company must repay the Mandatory Principal on the Maturity Date or, as applicable, the Discretionary Principal on the last day of the Discretionary Conversion Period, in each case together with an exit fee in an amount which will ensure that PA Chokmah’s internal rate of return in respect of the Mandatory Principal and/or the Discretionary Principal is not less than 25% per annum.

When the Company entered into the Credit Agreement in 2018, the Board was of the view that the internal rate of return of 13% (and, only under limited specific circumstances, 25%) was on normal commercial terms and fair and reasonable on the basis that the terms were determined after arm’s length negotiations taking into account, among other things, the then prevailing terms on exit fees, default interest and/or other related exit



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## LETTER FROM THE BOARD

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arrangements in the market for comparable transactions such as loan facilities and corporate bonds, as well as the reputation of, and the potential long-term cooperation with, the parent company of PA Chokmah.

**The Company has sufficient financial resources to repay the Loan together with the required exit fee as mentioned above if the Conversion Conditions are not satisfied prior to the Maturity Date (in respect of the Mandatory Principal) or prior to the last day of the Discretionary Conversion Period (in respect of the Discretionary Principal), or a Conversion does not occur due to any of the Conversion Restriction Events. The Company has accrued a majority of the relevant exit fee as finance costs in the Company's financial statements over the period of the Loan. As at the Latest Practicable Date, the unaudited bank balances and cash of the Group amounted to approximately RMB540 million. The Company intends to utilise the existing bank balances and cash of approximately RMB328 million and approximately RMB260 million out of the Group's unutilised banking facilities which would be sufficient for the Company to repay the Loan and the required exit fee (which is estimated to be in the amount of approximately HK\$38.9 million by using the internal rate of return of 13%, or approximately HK\$122.5 million by using the internal rate of return of 25% which would only apply under limited specific circumstances) pursuant to the Credit Agreement in the event that the Conversion does not occur.**

### REASONS FOR AND BENEFIT OF THE TRANSACTIONS

The Group is one of the leading private education groups in the Southern China operating premium private primary and secondary schools as measured by student enrolment. The Group has a growth roadmap including the expansion of capacity of its schools, the potential acquisition of local private schools and the development of more greenfield schools. In particular, the Group will put more resources on its expansion in the Greater Bay Area.

China Ping An Insurance Overseas is the key platform for overseas investment of Ping An Group with a proven investment track record in various industries. With its in-depth industry knowledge, China Ping An Insurance Overseas believes that private primary and secondary education in China is one of the promising businesses with fast growing potential, high visibility and strong cash flows. China Ping An Insurance Overseas also believes that the development of the Greater Bay Area will boost the demand for quality private primary and secondary school education and, therefore, the Group with its reputable school brand will benefit from the development of the Greater Bay Area.

The Directors believe that the issue of the Conversion Shares to PA Chokmah upon conversion of part of the Loan pursuant to the terms of the Credit Agreement can broaden the Company's shareholder base, and will allow the Company to settle part of the Loan without utilising existing financial resources of the Company which in turn, can reduce the gearing level and strengthen the financial position of the Group. In addition, the Company also notes that it is required under the Credit Agreement to issue part or all of the Conversion Shares to repay part of the Loan upon fulfillment of the Conversion Conditions and in the absence of any Conversion Restriction Events.

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## LETTER FROM THE BOARD

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Mr. Liu, being an executive Director of the Company, is also the grantor of the Put Option and is considered to have a material interest in the transactions contemplated under the Credit Agreement and the Put Option Deed. In addition, Ms. Li, being an executive Director and the Chairperson of the board of Directors of the Company, has all along been acting in concert with Mr. Liu. Therefore, Mr. Liu and Ms. Li have abstained from voting on the Board resolutions in relation to the approval for the potential issue and allotment of part or all of the Conversion Shares to PA Chokmah and the grant of the Put Option.

The Directors (including the independent non-executive Directors but excluding the aforementioned two executive Directors) consider that the terms of the Credit Agreement and the Put Option Deed and the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option including any potential purchase of the Company's Shares by Mr. Liu are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### GENERAL INFORMATION

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the provision of premium primary and secondary education in the PRC.

Mr. Liu is an executive Director and one of the controlling shareholders of the Company.

PA Chokmah, an indirectly wholly owned subsidiary of China Ping An Insurance Overseas, is a limited liability company incorporated in the Cayman Islands principally engaged in investment holding.

China Ping An Insurance Overseas is a limited liability company incorporated in Hong Kong and a directly wholly owned subsidiary of Ping An Group. China Ping An Insurance Overseas is the key platform for overseas investment of Ping An Group with a proven track record in various industries.

Ping An Group is a joint stock limited company duly incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601318) and the H shares of which are listed on the Stock Exchange (stock code: 2318).

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, each of PA Chokmah and its ultimate beneficial owner(s) is not a connected person of the Company.

### FUND RAISING DURING THE PAST TWELVE MONTHS

The Company has not raised funds on any issue of equity securities in the past 12 months immediately preceding the Latest Practicable Date.



## LETTER FROM THE BOARD

### EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Solely for illustration purpose, under the hypothetical scenario where the cut-off date for the purpose of determining the respective conversion prices for the Mandatory Conversion and the Discretionary Conversion were to be the Latest Practicable Date, the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Latest Practicable Date would be HK\$2.85 and therefore the conversion price for the Mandatory Conversion would be HK\$2.28, while the conversion price for the Discretionary Conversion would be HK\$2.57. Assuming the absence of any other changes and where the Discretionary Conversion was exercised by PA Chokmah it was exercised in full on the Latest Practicable Date, the following table sets out the shareholding structure of the Company (i) prior to any issue of Conversion Shares; (ii) immediately upon issue of the Conversion Shares under the Mandatory Conversion only; (iii) immediately upon issue of the Conversion Shares under the Mandatory Conversion and the Discretionary Conversion; and (iv) immediately upon issue of the Conversion Shares under the Mandatory Conversion and the Discretionary Conversion and the exercise of the Put Option in full:

	Number of Shares Approximate Percentage of Total			
	Prior to any issue of Conversion Shares	Immediately upon issue of Conversion Shares under the Mandatory Conversion	Immediately upon issue of Conversion Shares under the Mandatory Conversion and the Discretionary Conversion	Immediately upon the issue of Conversion Shares under the Mandatory Conversion and the Discretionary Conversion and the exercise of the Put Option in full
<b>Controlling Shareholders and parties acting in concert</b>				
• Mr. Liu (through his controlled corporation)	930,000,000 (45.43%)	930,000,000 (43.56%)	930,000,000 (42.78%)	1,056,629,804 (48.61%)
• Ms. Li (directly and through her controlled corporation)	572,128,000 (27.95%)	572,128,000 (26.80%)	572,128,000 (26.32%)	572,128,000 (26.32%)
Sub-total:	1,502,128,000 (73.38%)	1,502,128,000 (70.36%)	1,502,128,000 (69.10%)	1,628,757,804 (74.93%)
<b>Public Shareholders</b>				
• PA Chokmah	—	87,719,298 (4.11%)	126,629,804 (5.83%)	—
• Other Shareholders	545,026,000 (26.62%)	545,026,000 (25.53%)	545,026,000 (25.07%)	545,026,000 (25.07%)
Total:	2,047,154,000 (100%)	2,134,873,298 (100%)	2,173,783,804 (100%)	2,173,783,804 (100%)

Please note that the above table is merely for illustration purpose given that the conversion price for the Conversion Shares cannot be determined until the actual date of Conversion.

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## LETTER FROM THE BOARD

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### **Potential Dilution Effect**

As set out in the table above, the issue and allotment of part or all of the Conversion Shares to PA Chokmah would have a dilution effect on the level of shareholding interest of the existing Shareholders. Assuming that the Mandatory Conversion and the Discretionary Conversion will be conducted in full based on the price of HK\$2.28 per Conversion Share for the Mandatory Conversion and HK\$2.57 per Conversion Share for the Discretionary Conversion, the Conversion Shares to be issued to PA Chokmah would represent 6.19% of the total number of issued Shares as at the Latest Practicable Date, and approximately 5.83% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares. As a result of the issue of the Conversion Shares, the shareholding interest of all of the existing Shareholders would be diluted and the shareholding of existing public Shareholders (other than PA Chokmah) would decrease from 26.62% to 25.07%. In addition, the value dilution effect would be approximately 1%, being the discount of the theoretical diluted price to the higher of (i) the closing price on the Latest Practicable Date; and (ii) the average closing price for the five consecutive trading days immediately prior to the Latest Practicable Date.

### **Compliance with the Public Float Requirements under the Listing Rules**

Under the Put Option Deed, Mr. Liu has undertaken to PA Chokmah that, from the date of the Put Option Deed up to the earliest of (i) the Conversion Conditions in respect of the Mandatory Conversion not being satisfied by the Maturity Date, or if they are satisfied or partially satisfied by the Maturity Date, the Conversion Conditions in respect of the Discretionary Conversion not being satisfied by the date falling three months from the Maturity Date; (ii) the expiry of the Put Period; and (iii) the date on which the completion of the sale and purchase of the Conversion Shares in accordance with the Put Option Deed occurs:

- (a) he will use his best endeavours to procure that the exercise of the Put Option in full by PA Chokmah will not result in the percentage of public float of the Shares listed on the Stock Exchange falling below the minimum prescribed percentage as required by the Listing Rules; and
- (b) if the percentage of public float of the Shares listed on the Stock Exchange will fall below the minimum prescribed percentage as required by the Listing Rules as a result of the exercise of the Put Option, Mr. Liu will as soon as reasonably practicable take all necessary steps, including, as the case may be, disposal of Shares owned by him to public investors, to ensure that the number of Shares held by the public satisfies the minimum prescribed percentage of public float as required under the Listing Rules.

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## LETTER FROM THE BOARD

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In order to ensure that the Company will be able to maintain the minimum public float requirement as prescribed by the Listing Rules at all times, the Company will, upon receiving a notice from PA Chokmah indicating its intention to proceed with the exercise of the Put Option, evaluate the impact of the exercise of the Put Option on the shareholding structure of the Company. If in the event where it is likely that the exercise of the Put Option by PA Chokmah will lead to the percentage of public float of the Shares falling below the minimum prescribed percentage as required by the Listing Rules, Mr. Liu will, as soon as reasonably practicable, take feasible actions to dispose of Shares owned by him to public investors before the exercise of the Put Option by PA Chokmah in order to ensure that the minimum public float requirements will be complied with by the Company upon or as soon as reasonably practicable after the exercise of the Put Option by PA Chokmah.

Pursuant to the Put Option Deed, in the circumstances where the percentage of public float of the Shares will fall below the minimum prescribed percentage as required under the Listing Rules as a result of the Put Option or in the event that the put settlement date as specified by PA Chokmah in the put notice falls within a period during which Mr. Liu is prohibited from dealing in the securities of the Company under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), the settlement of the Put Option may be delayed to a date as Mr. Liu may notify PA Chokmah, which shall be no more than 60 business days after the date as specified in the notice served by PA Chokmah. Even though the Put Period will potentially fall within the 30-day blackout period immediately preceding the publication of the Company’s interim results for the six months ending 28 February 2021, under the Put Option Deed, Mr. Liu will have an additional 60 business days for the settlement of the purchase. Taking into account the above mechanism, subject to the then prevailing market and other conditions, the Company believes that Mr. Liu would be able to take feasible actions to ensure the compliance of the Company with the minimum public float requirements upon or as soon as reasonably practicable after the settlement of the Put Option while at the same time complying with the Model Code.

In addition, under the Credit Agreement, a Conversion Restriction Event occurs if, with respect to a Conversion, such Conversion would result in any non-compliance with the Listing Rules (including but not limited to the public float requirements). Therefore, if the issue of the Conversion Shares to PA Chokmah pursuant to the Credit Agreement will lead to a failure of the Company to satisfy the public float requirements under the Listing Rules, such Conversion will not occur pursuant to the terms of the Credit Agreement.

In light of the above, the Board considers that the Company will be able to maintain the minimum public float requirement as prescribed by the Listing Rules at all times.

## LETTER FROM THE BOARD

Solely for illustration purpose, the following table sets out a possible shareholding structure of the Company as well as the maximum number of Conversion Shares and the highest possible percentage of Conversion Shares to be issued to PA Chokmah while ensuring that the minimum public float requirements under the Listing Rules will be complied with (i) at the time of the Conversion without taking into account the effect of the Put Option and assuming that PA Chokmah will remain as a public Shareholder; (ii) immediately prior to the exercise of the Put Option and assuming that such Put Option will be exercised in full; and (iii) immediately after the Put Option is exercised in full.

	Number of Shares			
	Approximate Percentage of Total			
	Maximum number of Conversion Shares under the Mandatory Conversion and the Discretionary Conversion in order to maintain the minimum public float at the time of Conversion (without taking into account the effect of the Put Option) <i>(Note 1)</i>	Maximum number of Conversion Shares under the Mandatory Conversion and the Discretionary Conversion in order to maintain the minimum public float immediately prior to the exercise of the Put Option (assuming that the Put Option will be exercised in full) <i>(Note 2)</i>	Maximum number of Conversion Shares under the Mandatory Conversion and the Discretionary Conversion in order to maintain the minimum public float immediately after the Put Option is exercised in full <i>(Note 2)</i>	
<b>Controlling Shareholders and parties acting in concert</b>				
• Mr. Liu (through his controlled corporation)	930,000,000 (45.43%)	930,000,000 (40.89%)	930,000,000 (42.66%)	1,062,986,000 (48.76%)
• Ms. Li (directly and through her controlled corporation)	572,128,000 (27.95%)	572,128,000 (25.16%)	572,128,000 (26.24%)	572,128,000 (26.24%)
Sub-total:	1,502,128,000 (73.38%)	1,502,128,000 (66.05%)	1,502,128,000 (68.90%)	1,635,114,000 (75.00%)
<b>Public Shareholders</b>				
• PA Chokmah	—	227,210,000 (9.99%)	132,986,000 (6.10%)	—
• Other Shareholders	545,026,000 (26.62%)	545,026,000 (23.96%)	545,026,000 (25.00%)	545,026,000 (25.00%)
Total:	2,047,154,000 (100%)	2,274,364,000 (100%)	2,180,140,000 (100%)	2,180,140,000 (100%)

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## LETTER FROM THE BOARD

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*Note 1:* The hypothetical shareholding structure of the Company as set out in this column of the above table is based on an arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the date of the Conversion of approximately HK\$1.59 (i.e. the conversion price for the Mandatory Conversion would be approximately HK\$1.27, while the conversion price for the Discretionary Conversion would be approximately HK\$1.43). Under such circumstances, approximately 227,210,000 Conversion Shares will be issued to PA Chokmah pursuant to the Mandatory Conversion and the Discretionary Conversion, assuming that the Discretionary Conversion will be conducted in full on the same day as the Mandatory Conversion. As a result, PA Chokmah will be interested in 9.99% of the issued share capital of the Company immediately after the issue of the Conversion Shares and PA Chokmah will still remain a public Shareholder of the Company. Under such circumstances, the minimum public float requirements under the Listing Rules will be complied with by the Company immediately after the issue of the Conversion Shares without taking into account effect of the potential exercise of the Put Option by PA Chokmah as an aggregate of approximately 33.95% of the issued share capital of the Company will be held by PA Chokmah and other public Shareholders.

*Note 2:* The hypothetical shareholding structure of the Company as set out in the two columns on the right in the above table is based on an arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the date of the Conversion of approximately HK2.71 (i.e. the conversion price for the Mandatory Conversion would be approximately HK\$2.17, while the conversion price for the Discretionary Conversion would be approximately HK\$2.44). Under such circumstances, approximately 132,986,000 Conversion Shares will be issued to PA Chokmah pursuant to the Mandatory Conversion and the Discretionary Conversion, assuming that the Discretionary Conversion will be conducted in full on the same day as the Mandatory Conversion. As a result, PA Chokmah and other public Shareholders will be interested in 6.10% and 25.00%, respectively, of the issued share capital of the Company immediately after the issue of the Conversion Shares. Assuming that the Put Option will be exercised by PA Chokmah in full, the minimum public float requirements under the Listing Rules will be complied with by the Company immediately prior to the exercise of the Put Option as an aggregate of approximately 31.10% of the issued share capital of the Company will be held by PA Chokmah and other public Shareholders. Assuming that the Put Option will be exercised by PA Chokmah in full, the minimum public float requirements under the Listing Rules will be complied with by the Company immediately after the exercise of the Put Option as 25.00% of the issued share capital of the Company will still be held by the other public Shareholders after the sale of 6.10% of the issued share capital of the Company by PA Chokmah to Mr. Liu pursuant to the Put Option Deed.

**Please note that the above table is merely for illustration purpose given that the conversion price for the Conversion Shares cannot be determined until the actual date of Conversion.**

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE TAKEOVERS CODE

As at the Latest Practicable Date, Mr. Liu held his entire interests in the Company through a wholly-owned company, Bright Education Holdings, which held approximately 45.43% of the total issued share capital of the Company, while Ms. Li held 27.95% of the total issued share capital of the Company (of which 27.84% was held by her wholly-owned company, Bright Education Investment Co. Limited, and the remaining 0.10% was held by her directly). Mr. Liu and Ms. Li having been acting in concert in respect of the Company and, as at the Latest Practicable Date, they together with their respective wholly-owned companies (together, the “**Concert Group**”) in aggregate controlled 73.38% of the total issued share capital of the Company.

Under Note 6(b) to Rule 26.1 of the Takeovers Code, when a group acting in concert holds over 50%, subject to note 17 to Rule 26.1, no obligations would normally arise from acquisitions by any member of the group from non-members. However, subject to the considerations as set out in paragraph (a) of Note 6(b) to Rule 26.1, the Executive may regard as giving rise to an obligation to make an offer the acquisition by a single member of the group of voting rights sufficient to increase his holding to 30% or more or, if he already holds between 30% and 50%, by more than 2% in any 12 month period. The Company envisages that the number of Conversion Shares that may be issued pursuant to the Credit Agreement will exceed 2% of the enlarged share capital of the Company. As a result, there is a possibility that the exercise of the Put Option by PA Chokmah would result in Mr. Liu acquiring more than 2% of the enlarged share capital of the Company.

As the Concert Group together already controls more than 50% of the Company’s voting rights, an application has been made to the Executive pursuant to Note 6(b) to Rule 26.1 of the Takeovers Code to seek a waiver to be granted to Mr. Liu from the obligation to make a general offer under the Takeovers Code for the Shares arising as a result of his acquisition of the Conversion Shares under the Put Option. As at the Latest Practicable Date, a waiver had been granted by the Executive from the obligation on the part of Mr. Liu to make a general offer for the Shares arising as a result of his acquisition of the Conversion Shares under the Put Option pursuant to Note 6(b) to Rule 26.1 of the Takeovers Code.

### APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

### LISTING RULES IMPLICATIONS

#### **Specific mandate for the allotment and issue of the Conversion Shares**

The Company will seek the Specific Mandate from the Independent Shareholders at the EGM to allot and issue the Conversion Shares pursuant to Rule 13.36(1) of the Listing Rules.



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## LETTER FROM THE BOARD

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### **Independent Shareholders' approval for the grant of Put Option**

Mr. Liu, being an executive Director and one of the controlling shareholders of the Company, is a connected person of the Company. In the event that PA Chokmah exercises the Put Option, Mr. Liu will be required to purchase some or all of the Conversion Shares in accordance with the terms of the Put Option Deed. In view that some or all of the Conversion Shares to be issued to PA Chokmah may be sold to Mr. Liu as the grantor upon the possible exercise of the Put Option under the Put Option Deed, the grant of the Put Option constitutes a connected transaction of the Company, which is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. An Independent Board Committee has been established to advise the Independent Shareholders in respect of the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option. Lego Corporate Finance Limited has been appointed as an Independent Financial Adviser to advise the Independent Shareholders in respect thereof and the manner of voting by the Independent Shareholders on the relevant resolution. The letter from the Independent Financial Adviser is set out on pages 25 to 51 of this circular.

### **EGM**

As the Maturity Date will fall on 16 July 2020, to satisfy the Conversion Conditions and the Put Conditions, the Company will convene an EGM to obtain approval from the Independent Shareholders for the resolution in relation to the grant of the Specific Mandate to allot and issue part or all of the Conversion Shares and the Put Option as described in the section headed "Listing Rules Implications" above.

Pursuant to the Listing Rules, Mr. Liu and his close associates, who are interested in an aggregate of 45.43% of the total issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting on the resolution at the EGM. Ms. Li and her close associates, who are interested in an aggregate of 27.95% of the total issued share capital of the Company as at the Latest Practicable Date, shall also abstain from voting on the resolution at the EGM by virtue of her acting in concert relationship with Mr. Liu.

A notice convening the EGM to be held at Theatre B, The Hong Kong General Chamber of Commerce, 22/F United Centre, Admiralty, Hong Kong at 10:00 am on 10 July 2020 is set out on pages 58 to 60 of this circular. Shareholders are advised to read the notice and complete and return the form of proxy for use at the EGM enclosed with this circular in accordance with the instructions printed thereon.

A form of proxy for the EGM is enclosed with the circular and such form of proxy is also published on the websites of the Company (<http://www.wisdomeducationintl.com>) and Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time

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## LETTER FROM THE BOARD

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appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the EGM or any adjournment thereof if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting shall be decided by poll except where the chairperson of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### RECOMMENDATION

Having considered the above-mentioned benefits to the Group and the advice of the Independent Financial Adviser, the Directors (including the independent non-executive Directors) consider that the Credit Agreement and the Put Option Deed and the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option including any potential purchase of the Company's Shares by Mr. Liu are on normal commercial terms and the transactions contemplated thereunder as a whole are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors but excluding the two executive Directors who have abstained from voting on the relevant Board resolutions) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the implementation of the arrangements contemplated under the Credit Agreement and the Put Option Deed (including any potential issue and allotment of part or all of the Conversion Shares to PA Chokmah and the purchase of the Company's Shares by Mr. Liu).

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 23 to 24 of this circular and the letter from the Independent Financial Adviser as set out on pages 25 to 51 of this circular, which contains, among other matters, its advice to the Independent Shareholders in connection with the grant of the Specific Mandate for the issue and allotment of part or all of the Conversion Shares and the Put Option and the principal factors considered by it in arriving at its recommendation.

### GENERAL INFORMATION

Your attention is also drawn to the additional information as set out in Appendix I to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Wisdom Education International Holdings Company Limited**  
**LI Suwen**  
*Chairperson*





**Wisdom Education International Holdings Company Limited**

**睿見教育國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6068)**

19 June 2020

*To the Independent Shareholders*

Dear Sir or Madam,

**POSSIBLE ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE  
AND  
CONNECTED TRANSACTION**

This Independent Board Committee has been established to advise you on the terms of the Credit Agreement and the Put Option Deed and the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option including any potential purchase of the Company's Shares by Mr. Liu, details of which are set out in the circular of the Company to the Shareholders dated 19 June 2020 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless the context otherwise requires.

Having considered the terms of the Credit Agreement and the Put Option Deed, and the advice of the Independent Financial Adviser in relation thereto as set out on pages 25 to 51 of the Circular, we are of the opinion that the Credit Agreement and the Put Option Deed and the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option including any potential purchase of the Company's Shares by Mr. Liu are on normal commercial terms and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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While we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the implementation of the arrangements contemplated under the Credit Agreement and the Put Option Deed (including any potential issue and allotment of part or all of the Conversion Shares to PA Chokmah and the purchase of the Company's Shares by Mr. Liu), the Independent Shareholders are advised to consider all relevant factors, including the potential dilution effect on their existing shareholdings in the Company as a result of the issue and allotment of part or all of the Conversion Shares to PA Chokmah and the discount to the prevailing market price for the price per Conversion Share, in making their own decision as to how to vote at the EGM.

Yours faithfully,  
Independent Board Committee

**Prof. Sun Kai Lit Cliff, BBS, J.P.**      **Mr. Tam King Ching Kenny**      **Mr. Huang Weiguo**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, setting out its advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option, and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.*



19 June 2020

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs or Madams,

### **POSSIBLE ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE AND CONNECTED TRANSACTION**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 19 June 2020 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Subject to the satisfaction of the Conversion Conditions (including the requirement for Independent Shareholders’ approval) and in the absence of any Conversion Restriction Event, HK\$200 million, representing 40% of the Loan, will be mandatorily converted into Shares of the Company on the Maturity Date and up to HK\$100 million, representing 20% of the Loan, may be, at the option of PA Chokmah, convertible into the Shares of the Company during the Discretionary Conversion Period as part of the repayment of the Loan pursuant to the terms of the Credit Agreement.

In connection with the Credit Agreement, on 22 June 2018, Mr. Liu also entered into the Put Option Deed with PA Chokmah pursuant to which, among other things, Mr. Liu conditionally agreed to grant to PA Chokmah a right to require Mr. Liu to purchase some or all of the Conversion Shares. Please refer to the announcement of the Company dated 25 June 2018 for a summary of the principal terms of the Credit Agreement and the Put Option Deed.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Maturity Date will fall on 16 July 2020, to satisfy the Conversion Conditions and the Put Conditions, the Company will convene an EGM to obtain approval from the Independent Shareholders in relation to the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option and the transactions contemplated thereunder.

As at the Latest Practicable Date, 930,000,000 Shares were held by Bright Education Holdings. As Mr. Liu holds the entire issued share capital of Bright Education Holdings, Mr. Liu is deemed to be interested in the 930,000,000 Shares held by Bright Education Holdings, representing approximately 45.43% of the total issued share capital of the Company.

Mr. Liu, being an executive Director and one of the controlling shareholders of the Company, is a connected person of the Company. In view that some or all of the Conversion Shares to be issued to PA Chokmah may be sold to Mr. Liu as the grantor upon the possible exercise of the Put Option under the Put Option Deed, the grant of the Put Option constitutes a connected transaction of the Company, which is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Liu, being an executive Director of the Company and also the grantor of the Put Option, has a material interest in the transactions contemplated under the Credit Agreement and the Put Option Deed. In addition, Ms. Li, being an executive Director and the Chairperson of the board of Directors of the Company, has all along been acting in concert with Mr. Liu. Therefore, Mr. Liu and Ms. Li have abstained from voting on the Board resolutions in relation to the approval for the potential issue and allotment of part or all of the Conversion Shares to PA Chokmah and the grant of the Put Option, and the transactions contemplated thereunder. Mr. Liu and Ms. Li will also abstain from voting at the EGM in relation to the resolution to be proposed for the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option, and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Prof. Sun Kai Lit Cliff, Mr. Tam King Ching Kenny and Mr. Huang Weiguo, has been established to advise the Independent Shareholders as to whether the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the EGM to approve the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option, and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent and fair opinion to the Independent Board Committee and the Independent Shareholders in such regard.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option, and the transactions contemplated thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the management of the Group, for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the EGM. We have also assumed that all such statements of belief, opinions and intentions of the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group. We have also sought and received confirmation from the management of the Group that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company.

**PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendation in respect of the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option, we have considered the following principal factors and reasons:

**1. Background information of the Group**

***1.1. Principal businesses and information on the Group***

The Group principally provides private education for primary, middle and high schools in the PRC and offers a range of school-based elective courses, including courses for sports, art, music and Chinese culture. The Company operates approximately five private schools including four schools located in Guangdong province and a school located in Liaoning province.

***1.2. Historical financial information***

The following table summarises the financial information of the Group for the years ended 31 August 2018 and 2019 and the six months ended 28 February 2019 and 29 February 2020 as extracted from the annual report of the Company for the year ended 31 August 2019 (the “2018/19 Annual Report”) and (the “2019/20 Interim Results”).

	<b>For the year ended</b>		<b>For the six</b>	<b>For the six</b>
	<b>31 August</b>		<b>months</b>	<b>months</b>
	<b>2018</b>	<b>2019</b>	<b>ended 28</b>	<b>ended 29</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>February</b>	<b>February</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>2019</b>	<b>2020</b>
			<b>RMB'000</b>	<b>RMB'000</b>
			<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	1,246,920	1,681,530	835,553	932,172
Segment revenue:				
— Tuition and boarding fees	841,243	1,145,461	579,037	670,852
— Ancillary services	405,677	536,069	256,516	261,320
Gross profit	544,866	741,694	378,747	435,625
Gross profit margin	43.7%	44.1%	45.3%	46.7%
Profit attributable to the owners of the Company for the year/period	310,390	359,462	192,971	266,515

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	<b>As at 31 August</b>		<b>As at 29</b>
	<b>2018</b>	<b>2019</b>	<b>February</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)
Cash at bank and in hand	911,410	662,454	464,373
Total assets	5,471,663	6,271,295	6,555,838
Total liabilities	3,494,322	4,024,480	4,136,397
Net assets	1,977,341	2,246,815	2,419,441

*For the years ended 31 August 2018 and 2019*

The revenue of the Group increased from approximately RMB1,246.9 million the year ended 31 August 2018 to approximately RMB1,681.5 million for the year ended 31 August 2019, representing an increase of approximately 34.9% as compared to the corresponding year. As stated in the 2018/2019 Annual Report, such increase was mainly driven by (i) the increase in revenue generated from tuition and boarding fees of approximately RMB304.2 million; and (ii) the increase in revenue generated from ancillary services of approximately RMB130.4 million. The revenue generated from tuition and boarding fees increased by approximately 36.2% from approximately RMB841.2 million for the year ended 31 August 2018 to approximately RMB1,145.5 million for the year ended 31 August 2019, primarily due to the increase in total student enrolment and the increase in tuition and boarding fees for the new students in Dongguan Guangming Secondary and Primary Schools and Dongguan Guangzheng Preparatory School. The revenue from ancillary services increased by approximately 32.1% from approximately RMB405.7 million for the year ended 31 August 2018 to approximately RMB536.1 million for the year ended 31 August 2019, primarily due to the increase in overall student enrolment and the increase in average selling price of certain ancillary service items.

Gross profit of the Group amounted to approximately RMB544.9 million and RMB741.7 million for the years ended 31 August 2018 and 2019, respectively, which represented an increase of approximately RMB196.8 million or 36.1%. The increase in the Group's gross profit was in line with the increase in the revenue of the Group mainly as a result of the increase in tuition and boarding fees for the new students of Dongguan Guangming Secondary and Primary Schools and Dongguan Guangzheng Preparatory School.

Profit attributable to the owners of the Company for the year amounted to approximately RMB310.4 million and RMB359.5 million for the years ended 31 August 2018 and 2019, respectively, which represented an increase of approximately RMB49.1 million or 15.8%. The increase of the Group's profit attributable to the owners of the Company for the year ended 31



August 2019 was mainly due to the increase in the gross profit as discussed above and partially mitigated by (i) the increase in the administrative expenses of approximately RMB32.1 million as a result of the increase in salaries and other benefits and office expenses which was in line with the Group's expansion plan and the consolidation of Zhang Pu Longcheng Schools; (ii) the increase in the finance costs of approximately RMB49.7 million primarily due to the increase in bank borrowings and interest expenses on convertible loan notes charged to the profit and loss; (iii) the decrease of other income of approximately RMB20.7 million primarily due to the decrease in government grants of approximately RMB15.5 million; and (iv) the decrease in the finance income of approximately RMB25.9 million due to the re-classification of interest income from investment products of approximately RMB18.4 million as "Gain on change in fair value of financial assets at fair value through profit or loss (the "FVTPL") in other gains and losses.

As at 31 August 2019, total assets of the Group amounted to approximately RMB5,471.7 million which comprised mainly (i) property plant and equipment amounted to approximately RMB3,035.7 million; (ii) prepaid lease payment amounted to approximately RMB781.5 million; (iii) bank balances and cash amounted to approximately RMB662.5 million and (iv) deposits, prepayments and other receivables amounted to approximately RMB630.8 million. As at 31 March 2019, total liabilities of the Group amounted to approximately RMB3,494.3 million which comprised mainly (i) bank borrowings amounted to approximately RMB2,169.4 million; (ii) contract liabilities amounted to approximately RMB750.8 million; and (iii) convertible loan notes amounted to approximately RMB479.1 million.

*For the six months ended 30 June 2019 and 2020*

The revenue of the Group increased from approximately RMB835.6 million for the six months ended 28 February 2019 to approximately RMB932.2 million for the six months ended 29 February 2020, representing an increase of approximately 11.6%. As stated in the 2019/20 Interim Results, such increase was mainly driven by (i) the increase in revenue generated from tuition and boarding fees of approximately RMB91.8 million; and (ii) the increase in revenue generated from ancillary services of approximately RMB4.8 million. The revenue generated from tuition and boarding fees increased primarily due to the increase in student enrolment primarily in Dongguan Guangzheng Preparatory School, Huizhou Guangzheng Preparatory School and Panjin Guangzheng Preparatory School. The revenue from ancillary services increased by approximately 1.9% from approximately RMB256.5 million for the six months ended 28 February 2019 to approximately RMB261.3 million for six months ended 29 February 2020, primarily due to the combined effect of the increase in student enrolment and the suspension of certain ancillary services since the outbreak of the epidemic.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Gross profit of the Group amounted to approximately RMB378.7 million and RMB435.6 million for the six months ended 28 February 2019 and 29 February 2020, respectively, which represented an increase of approximately RMB56.9 million or 15.0%. The increase in the Group's gross profit was in line with the increase in the revenue of the Group primarily as a result of the increase in tuition and boarding fees for the increase in student enrolment in Dongguan Guangzheng Preparatory School, Huizhou Guangzheng Preparatory School and Panjin Guangzheng Preparatory School.

Profit attributable to the owners of the Company for the periods amounted to approximately RMB193.0 million and RMB266.5 million for the six months ended 28 February 2019 and 29 February 2020, respectively, which represented an increase of approximately RMB73.5 million or 38.1%. The increase of the Group's profit attributable to the owners of the Company for the six months ended 29 February 2020 was mainly due to (i) the increase in the gross profit as discussed above; (ii) the increase in other income of approximately RMB40.4 million due to the increase in government grants by approximately RMB40.4 million; and (iii) the increase in other gain or losses of approximately RMB20.9 million as a result of the increase in gain on change in fair value of financial assets at FVTPL (being investment products held for cash management purpose) by approximately RMB9.5 million and the increase in miscellaneous gains. Such increase was partially mitigated by the increase in the administrative expenses of approximately RMB9.1 million due to the increase in staff costs.

As at 29 February 2020, total assets of the Group amounted to approximately RMB6,555.8 million which comprised mainly (i) property plant and equipment amounted to approximately RMB3,248.2 million; (ii) rights of use assets amounted to approximately RMB1,190.1 million; (iii) bank balances and cash amounted to approximately RMB464.4 million; and (iv) deposits, prepayments and other receivables amounted to approximately RMB981.3 million. As at 29 February 2020, total liabilities of the Group amounted to approximately RMB4,136.4 million which comprised mainly (i) bank borrowings amounted to approximately RMB2,129.9 million; (ii) contract liabilities amounted to approximately RMB705.0 million; and (iii) convertible loan notes amounted to approximately RMB487.1 million.

### *1.3. Outlook and prospect*

As disclosed in the 2019/20 Interim Results, the growing demand for education resources coupled with the heavy share of public education expenditure by Chinese local governments would probably add pressure to provincial and municipal coffers, providing great opportunities for the development of private education. According to the statistics published by Ministry of Finance of the People's Republic of China, national public spending on education has increased over the years, and reached approximately RMB3.49 trillion in 2019, representing approximately 8.5% growth on a year on year basis. Meanwhile, a large proportion of the education spending is borne by local governments, accounting for a major share of their expenditure. For example, in Guangdong province, education expenditure made up around 18% of the total government spending and was around 25% to its income in 2019. Serving an important function of bridging the shortage of public education resources, the private education sector is therefore expected to continue to grow rapidly.

As disclosed in the 2019/20 Interim Results, the unexpected outbreak of the epidemic in China has urged school operators to find their ways out during class suspension, bringing potential opportunities for the development of online education business. As required by the government authorities, the Group's teachers made use of online platforms to provide live teaching and tutoring to the students, ensuring students' continuous studies during class suspension. Equipped with cloud computing technology and artificial intelligence, the online education platforms can help the Group to track the attendance, learning progress and performance of the students. The online teaching services provided during class suspension were well-received by many parents of the students.

The Group also believes that a combination of offline and online education platforms may enhance the competitiveness in the future. Therefore, the Group has set up a subsidiary which will focus on internet plus education and education information technology and will explore potential online education businesses, such as the provision of online parent-child learning activities, extra-curricular activity classes and teacher training courses at weekends, in order to increase the revenue from ancillary services in medium and long terms.

Furthermore, as advised by the management of the Company, the Group also has the following expansion plan:

*(i) Expanding Capacity of the School*

The estimated total capacity of the Group's existing schools for the 2019/2020 school year is approximately 70,000 students. The expansion of the capacity of each of the Group's schools is subject to evaluation and adjustment from time to time, depending on, among others, the respective school's actual student recruitment, utilization and the potential growth in student number.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Subject to the approvals, the estimated maximum capacity of the Group may be expanded to more than 140,000 students assuming all available land use rights of the existing schools for expansion and those of the greenfield schools under development are fully utilised.

*(ii) Open More New Schools*

Apart from expanding the capacity of our existing schools, the Group will continue to open more new schools through potential operating asset-light schools of relatively small scale in Guangdong and building greenfield schools of relatively large scale on purchased lands with land use rights for educational purposes.

The Group expects more new school projects will be added in the pipeline and we will adjust our development plan from time to time according to the market conditions, local governments' needs and requirements.

Asset-light schools in Guangdong province

Given the strong demand for quality private primary and secondary schools and the scarcity of lands for educational purpose in certain Guangdong cities, the Group is exploring the opportunities of renting or operating certain vacant properties which are suitable for transforming to school properties with a capacity of about 3,000 to 5,000 students if the local government authorities approve. The Group has identified certain properties in Dongguan and Foshan where the Group is in the process of negotiating with the property owners or tenants and the relevant government authorities on the relevant arrangements and the necessary approvals, respectively.

Greenfield schools

The Group has entered into the cooperation agreements with the local governments of Jiangmen and Chaozhou in Guangdong province respectively, pursuant to which, each of the local governments has allocated a parcel of land to the Group for the proposed establishment of a boarding school comprising, among other things, primary, middle and high school sections. The Group is expecting to commence first phase operation in 2021/22 school year.

**2. Background information of PA Chokmah**

As disclosed in the Letter from the Board, PA Chokmah is a limited liability company incorporated in the Cayman Islands principally engaged in investment holding and an indirectly wholly owned subsidiary of China Ping An Insurance Overseas. China Ping An Insurance Overseas is a limited liability company incorporated in Hong Kong and a directly wholly owned subsidiary of Ping An Group. China Ping An Insurance Overseas is the key platform for overseas investment of Ping An Group with a proven track record in various industries. Ping An Group is a joint stock limited company duly incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601318) and the H shares of which are listed on the Stock Exchange (stock code: 2318).

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, each of PA Chokmah and its ultimate beneficial owners is not a connected person of the Company.

**3. Reasons for and benefits of the issue and allotment of part or all of the Conversion Shares**

As disclosed in the Letter from the Board, the Group is one of the leading private education groups in the Southern China operating premium private primary and secondary schools as measured by student enrolment. The Group has a growth roadmap including the expansion of capacity of its schools, the potential acquisition of local private schools and the development of more greenfield schools.

China Ping An Insurance Overseas is the key platform for overseas investment of Ping An Group with a proven investment track record in various industries. With its in-depth industry knowledge, China Ping An Insurance Overseas believes that the private primary and secondary education in China is one of the promising businesses with fast growing potential, high visibility and strong cash flows. China Ping An Insurance Overseas also believes that the development of the Greater Bay Area will boost the demand for quality private primary and secondary school education and, therefore, the Group with its reputable school brand will benefit from the development of the Greater Bay Area.

As disclosed in the Letter from the Board, the Directors believe that the issue and allotment of part or all of the Conversion Shares to PA Chokmah upon conversion of part of the Loan pursuant to the terms of the Credit Agreement can broaden the Company's shareholder base.

As further advised by the management of the Company, the issue and allotment of part or all of the Conversion Shares is to settle part of the outstanding Loan from PA Chokmah, which will allow the Company to settle part of the Loan without utilising existing financial resources of the Company which in turn, can reduce the gearing level and strengthen the financial position of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We noted from the 2019/20 Interim Results that except for the convertible loan notes of approximately RMB487.1 million which shall fall due on 16 July 2020, the Group also recorded borrowings (current portion) of approximately RMB240.2 million which will fall due within one year. As disclosed in the Letter from the Board, as at the Latest Practicable Date, the unaudited bank balances and cash of the Group amounted to approximately RMB540 million. In the event that the Group needed to repay the Loan and the relevant exit fee, the Company intends to utilise the existing bank balances and cash of approximately RMB328 million and approximately RMB260 million out of the Group's unutilised banking facilities. In view of the latest financial position of the Group as at 29 February 2020, we are of the view that having part of the outstanding amount of the convertible note to be settled by the issue and allotment of part or all of the Conversion Shares will reduce gearing level and provide the Group with greater flexibility in utilising its financial resources to meet its operation or expansion needs.

In light of (i) the outlook of the industry as discussed in the section headed "1.3. Outlook and prospect" and the potential financial requirement for the Group's expansion plan; (ii) the broadening of the Company's shareholder base from China Ping An Insurance Overseas; and (iii) the issue and allotment of part or all of the Conversion Shares will reduce the gearing ratio which will enable the Group to better utilise its resources for further development of the Group's business and/or capture potential investment opportunities which in turn, will enhance the interests of the Company and the Shareholders as a whole, and despite that the issue of the Conversion Shares is regarded as corporate financing activity instead of usual operating activity of the Group and thus not in the ordinary and usual course of business, we concur with the Directors that the terms and conditions of the issue and allotment of the Conversion Shares are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

#### **4. Principal terms in relation to the issue and allotment of Conversion Shares under the Credit Agreement**

As set out in the Letter from the Board, subject to the satisfaction of the Conversion Conditions (including the requirement for Independent Shareholders' approval) and in the absence of any Conversion Restriction Event, HK\$200 million, representing 40% of the Loan (the "**Mandatory Principal**"), will be mandatorily converted into Shares on the Maturity Date and up to HK\$100 million, representing 20% of the Loan (the "**Discretionary Principal**") may be, at the option of PA Chokmah, on one occasion, convertible into Shares during the Discretionary Conversion Period as part of the repayment of the Loan pursuant to the terms of the Credit Agreement.

***Conversion Conditions***

The conversion of the Mandatory Principal and the Discretionary Principal is conditional upon the satisfaction of the following conditions:

- (i) approval by the Independent Shareholders of the Company for (A) the issue of the Conversion Shares pursuant to that Conversion; and (B) the Put Option relating to the Conversion Shares to be issued by the Company pursuant to that Conversion; and
- (ii) approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued by the Company pursuant to that Conversion.

The Conversion Conditions may not be waived.

***PA Chokmah's Lock-up Undertaking***

PA Chokmah undertakes to the Company that, from the date of the Credit Agreement up to the date falling six months from the Maturity Date, save in so far as agreed in writing by the Company or otherwise for transfer to related entities as permitted under the Credit Agreement, PA Chokmah shall not:

- (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Conversion Share or any interests therein; or
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of any Conversion Share or any interests therein, whether any such transaction described in (i) or (ii) is to be settled by delivery of Conversion Shares, in cash or otherwise; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

After the Maturity Date, the lock-up undertaking by PA Chokmah may be early terminated by PA Chokmah by written notice to the Company.

***The Company's Lock-up Undertaking***

Subject to the early termination by the Company as set out below, if any Conversion Share is issued pursuant to a Conversion, the Company undertakes not to issue any new securities or Share equivalents from the Maturity Date to the last day of a period of 6 months plus 45 days from the date of the Conversion.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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From a period of 6 months plus 45 days from the date of Conversion, the lock-up undertaking by the Company may be early terminated by the Company by written notice to PA Chokmah.

### *Issue price of the Conversion Shares*

As set out in the Letter from the Board, subject to satisfaction of the Conversion Conditions prior to the Maturity Date and no Conversion Restriction Event (as defined in the Letter from the Board) is then continuing or would result from any Conversion, the Mandatory Principal shall be mandatorily converted into the Shares of the Company on the Maturity Date at the price per Conversion Share representing a 20% discount of the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Maturity Date (the “**Mandatory Conversion**”). There is no price ceiling (or floor) for the Mandatory Conversion.

Subject to satisfaction of the Conversion Conditions prior to the last day of the Discretionary Period and no Conversion Restriction Event (as defined in the Letter from the Board) is then continuing or would result from any Conversion, PA Chokmah has the right to convert, on one occasion, the Discretionary Principal at the price per Conversion Share representing a 10% discount of the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the date of conversion (the “**Discretionary Conversion**”). There is no price ceiling (or floor) for the Discretionary Conversion.

To assess the fairness and reasonableness of the issue price of the Conversion Shares (the “**Issue Price**”) and Discretionary Conversion Share (the “**Discretionary Issue Price**”), we have performed the following analysis:

### *Issue Price*

Assuming the Mandatory Conversion is based on the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Latest Practicable Date would be HK\$2.85 and therefore the conversion price for the Mandatory Conversion would be HK\$2.28 per Conversion Share, a 20% discount of the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Maturity Date, and represents:

- (i) a discount of approximately 24.1% to the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on 12 June 2020, being the last trading day as at the Latest Practicable Date;
- (ii) a discount of approximately 22.5% to the average closing price of approximately HK\$2.94 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to and including the Latest Practicable Date;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) a discount of approximately 22.6% to the average closing price of approximately HK\$2.94 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to and including the Latest Practicable Date;
- (iv) a discount of approximately 24.5% to the average closing price of approximately HK\$3.02 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to and including the Latest Practicable Date;
- (v) a discount of approximately 20.0% over the average closing price of approximately HK\$2.85 per Share as quoted on the Stock Exchange for the last ninety (90) consecutive trading days immediately prior to and including the Latest Practicable Date;
- (vi) a premium of approximately 75.2% to the consolidated unaudited net asset value per Share of approximately RMB1.18 (equivalent to approximately HK\$1.30) (calculated by dividing the unaudited net asset value as at 29 February 2020 as shown in the 2019/20 Interim Results of approximately RMB2,419,441,000 divided by 2,047,154,000 Shares in issue as at 29 February 2020); and
- (vii) a premium of approximately 88.2% to the consolidated net asset value per Share of approximately RMB1.10 (equivalent to approximately HK\$1.21) (calculated by dividing the audited net asset value as at 31 August 2019 as shown in the 2018/19 Annual Report of approximately RMB2,246,815,000 divided by 2,047,154,000 Shares in issue as at 31 August 2019).

Assuming the Discretionary Conversion is based on the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Maturity Date would be HK\$2.85 and therefore the conversion price for the Discretionary Conversion per Conversion Share would be HK\$2.57, a 10% discount of the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Maturity Date, and represents:

- (i) a discount of approximately 14.3% to the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on 12 June 2020, being the last trading day as at the Latest Practicable Date;
- (ii) a discount of approximately 12.6% to the average closing price of approximately HK\$2.94 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to and including the Latest Practicable Date;



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- (iii) a discount of approximately 12.6% to the average closing price of approximately HK\$2.94 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to and including the Latest Practicable Date;
- (iv) a discount of approximately 14.9% to the average closing price of approximately HK\$3.02 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to and including the Latest Practicable Date;
- (v) a discount of approximately 9.8% over the average closing price of approximately HK\$2.85 per Share as quoted on the Stock Exchange for the last ninety (90) consecutive trading days immediately prior to and including the Latest Practicable Date;
- (vi) a premium of approximately 97.7% to the consolidated unaudited net asset value per Share of approximately RMB1.18 (equivalent to approximately HK\$1.30) (calculated by dividing the unaudited net asset value as at 29 February 2020 as shown in the 2019/20 Interim Results of approximately RMB2,419,441,000 divided by 2,047,154,000 Shares in issue as at the 29 February 2020); and
- (vii) a premium of approximately 112.4% to the consolidated net asset value per Share of approximately RMB1.10 (equivalent to approximately HK\$1.21) (calculated by dividing the audited net asset value as at 31 August 2019 as shown in the 2018/19 Annual Report of approximately RMB2,246,815,000 divided by 2,047,154,000 Shares in issue as at 31 August 2019).

Assuming the Mandatory Conversion is based on the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the date of the announcement of the Company dated 25 June 2018 (the “**First Announcement**”) (i.e. HK\$6.11 per Share), the Issue Price would be HK\$4.89 per Share, a 20% discount of the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Share price at the date of the First Announcement, and represents:

- (i) a discount of approximately 30.1% to the closing price of HK\$7.00 per Share as quoted on the Stock Exchange on 22 June 2018, being the last trading day before the date of the First Announcement (the “**Date of the First Announcement**”);
- (ii) a discount of approximately 29.2% to the average closing price of approximately HK\$6.91 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days of the First Announcement immediately prior to the Date of the First Announcement;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) a discount of approximately 29.7% to the average closing price of approximately HK\$6.96 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days of the First Announcement immediately prior to the Date of the First Announcement;
- (iv) a discount of approximately 28.0% to the average closing price of approximately HK\$6.79 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days of the First Announcement immediately prior to the Date of the First Announcement;
- (v) a discount of approximately 20.0% over the average closing price of approximately HK\$6.11 per Share as quoted on the Stock Exchange for the last ninety (90) consecutive Trading Days of the First Announcement immediately prior to the Date of the First Announcement;
- (vi) a premium of approximately 384.3% to the consolidated unaudited net asset value per Share of approximately RMB0.92 (equivalent to approximately HK\$1.01) (calculated by dividing the unaudited net asset value as at 28 February 2018 as shown in the 2017/18 Interim Results of approximately RMB1,879,291,000 divided by 2,042,954,000 Shares in issue as at the Date of the First Announcement); and
- (vii) a premium of approximately 414.7% to the consolidated net asset value per Share of approximately RMB0.86 (equivalent to approximately HK\$0.95) (calculated by dividing the audited net asset value as at 31 August 2017 as shown in the 2016/17 Annual Report of approximately RMB1,745,852,000 divided by 2,039,154,000 Shares in issue as at 31 August 2017).

It is noted that the Share price decreased from HK\$6.78 per Share as at the date of the First Announcement to HK\$3.00 per Share as at the Latest Practicable Date, representing approximately a decrease of approximately 55.8%. Such significant decrease in Share price would then increase in the dilution effect to the shareholding interests of the existing public Shareholders. Please also refer to the following section headed “6. Possible dilution effect on the shareholding interests of Shareholders” for details.

### *Review on Share price performance*

In order to assess the fairness and reasonableness of the Issue Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 29 May 2019, being approximately one year prior to the date of the Announcement (the “**Review Period**”). We consider that the Review

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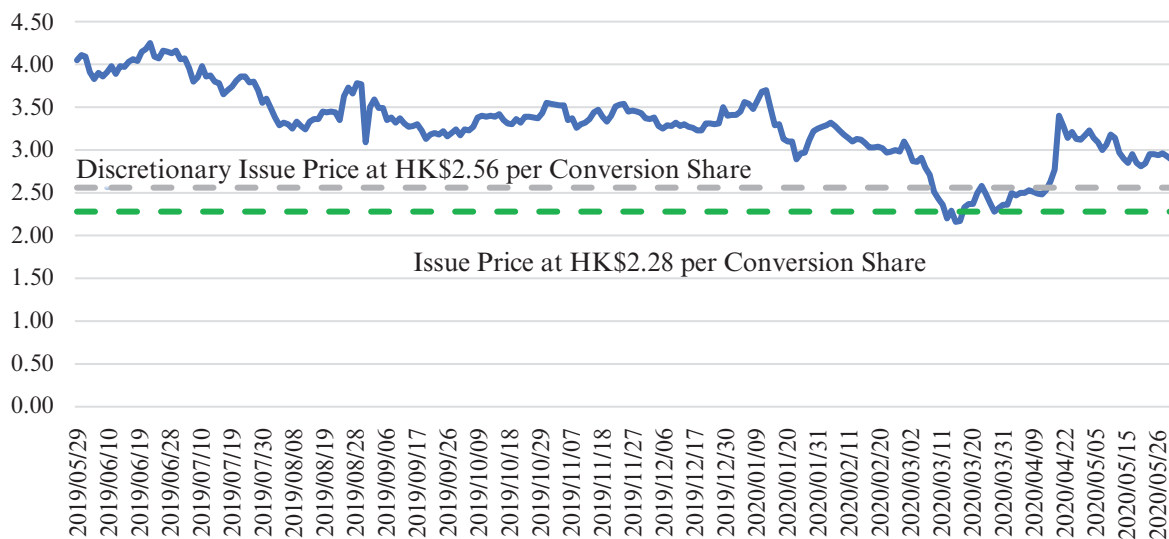
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and the Issue Price.

Assuming the Mandatory Conversion is based on the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Latest Practicable Date would be HK\$2.85 and therefore the conversion price for the Mandatory Conversion would be HK\$2.28 per Conversion Share, a 20% discount of the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Maturity Date. The comparison of daily closing prices of the Shares during the Review Period and the Issue Price is illustrated as follows:

### Historical daily closing Price per Share



Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

The Issue Price is within the range of the lowest and highest closing price of the Shares as quoted on the Stock Exchange during the Review Period and represents (i) a premium of approximately 5.5% over the lowest daily closing price during the Review Period; (ii) a discount of approximately 46.4% to the highest daily closing price during the Review Period; and (iii) a discount of approximately 30.8% to the average daily closing price per Share during the Review Period.

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The following table sets out (i) the average daily trading volume of the Shares; and (ii) the percentage of the average daily trading volume of the Shares to total number of issued Shares during end of the month/period:

	<b>Total trading volume of the Shares</b>	<b>Number of trading days</b>	<b>Average daily trading volume of the Shares</b>	<b>Percentage of the average daily trading volume to total number of issued Shares during end of the month/period</b>
<b>2019</b>				
May	22,855,702	14	1,632,550	0.08%
June	20,986,126	19	1,104,533	0.05%
July	30,441,915	22	1,383,723	0.07%
August	51,577,846	22	2,344,448	0.11%
September	93,992,209	21	4,475,819	0.22%
October	20,862,000	21	993,429	0.05%
November	17,540,000	21	835,238	0.04%
December	14,655,300	20	732,765	0.04%
<b>2020</b>				
January	42,595,000	20	2,129,750	0.10%
February	45,200,485	20	2,260,024	0.11%
March	55,559,540	22	2,525,434	0.12%
April	48,435,590	19	2,549,242	0.12%
May	52,633,866	19	2,770,203	0.14%
June (up to 12 June 2020)	17,054,973	10	1,705,497	0.08%
<b>Maximum</b>			4,475,819	0.22%
<b>Minimum</b>			732,765	0.04%
<b>Average</b>			1,960,190	0.10%

*Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))*

As illustrated in the above table, the average daily trading volume was low during the Review Period, with a range of approximately 732,765 Shares to approximately 4,475,819 Shares, representing approximately 0.04% to 0.22% of the number of Shares in issue during end of relevant month/period. It means the trading of the Shares is not considered as active therefore setting the Issue Price at a discount could provide more incentive for PA Chokmah to accept the Conversion. As such, we are of the view that it is reasonable to set the Issue Price at a discount to balance the low liquidity of the Shares during the Review Period.

*Market comparable analysis*

We have also identified from the website of the Stock Exchange an exhaustive list of transactions which involve placing or subscription of new shares or issue of convertible bonds/notes under specific mandate without involving acquisition and/or restructuring of assets or business by companies listed on the Stock Exchange for the 6 months period immediately prior to the date of the Announcement (the “**Comparables**”) (excluding transactions involving (i) H-share companies whose share capital structure is different from that of the Company as H-share companies may have domestic shares and not all their shares are trading on the Stock Exchange; (ii) issue of shares announced by listed companies under prolonged suspension; (iii) open offer or rights issues of new shares; and (iv) application for whitewash waiver, which we consider these are different from the Company’s circumstances and different pricing considerations would be applied) (collectively the “**Criteria**”).

We consider that a sampling period of 6 months is adequate and appropriate given that such period is sufficient to capture the recent market conditions because the Comparables are considered for the purpose of taking a general reference for the recent market environment in relation to the issue price under other transactions as compared to the relevant prevailing market share prices under the recent market conditions and sentiment.

As such, we are of the view that the list of Comparables as set out below which meet the Criteria is exhaustive, fair, sufficient and representative samples for comparison purpose as it can provide the Independent Shareholders or potential investors of the Company a general trend and data of placing or subscription of new shares or issue of convertible bonds/notes under specific mandate in the market for the Independent Shareholders further information to make decision with respect to voting at the EGM. In addition, Independent Shareholders should note that the business, operations, financial positions and prospects of the Company are not the same as the companies which make the Comparables. We have not conducted any independent investigation with regards to the business, operations, financial positions and prospects of the companies but it shall not affect our analysis as we are comparing the general trend of subscription of new shares or convertible bonds/notes under specific mandate in the market.

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Date of announcement	Company name	Stock code	Type of transaction	Premium/ (discount) over/to the closing price of the shares as at the last trading day prior to/on the date of the announcement/ agreement (%)	Premium/ (discount) over/to the average closing price of the shares for the last five consecutive trading days prior to/on the date of the announcement/ agreement (%)
27-May-20	Teamway International Group Holdings Limited	1239	Placing	(14.89)	(15.61)
21-May-20	Wai Chun Group Holdings Limited	1013	Issue of convertible bond	5.88	4.65
28-Apr-20	IR Resources Limited	8186	Subscription	(39.10)	(41.70)
23-Apr-20	Binhai Investment Company Limited	2886	Subscription	—	5.56
21-Apr-20	China Saite Group Company Limited	153	Subscription	(10.71)	2.88
14-Apr-20	AsiaInfo Technologies Limited	1675	Subscription	(27.60)	(26.40)
9-Apr-20	Creative China Holdings Limited	8368	Subscription	8.91	6.80
7-Apr-20	South China Financial Holdings Limited	619	Issue of convertible bond	—	0.92
3-Apr-20	Gemini Investments (Holdings) Limited	174	Subscription	81.80 <i>(Note 1)</i>	98.00 <i>(Note 1)</i>
2-Apr-20	Sinopharm Tech Holdings Limited	8156	Subscription	(12.28)	(15.25)
1-Apr-20	Sunshine Oilsands Ltd.	2012	Issue of convertible bond	26.40	—
21-Mar-20	Petro-King Oilfield Services Limited	2178	Issue of convertible bond	41.18	30.15
13-Mar-20	National Arts Entertainment and Culture Group Limited	8228	Subscription	24.32	(23.79)
2-Mar-20	China Regenerative Medicine International Limited	8158	Subscription	(5.66)	(16.81)
25-Feb-20	Wai Chun Group Holdings Limited	1013	Issue of convertible bond	2.44	5.00

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Date of announcement	Company name	Stock code	Type of transaction	Premium/ (discount) over/to the closing price of the shares as at the last trading day prior to/on the date of the announcement/ agreement (%)	Premium/ (discount) over/to the average closing price of the shares for the last five consecutive trading days prior to/on the date of the announcement/ agreement (%)
23-Jan-20	Wai Chun Bio-Technology Limited	660	Issue of convertible bond	(7.43)	(9.50)
22-Jan-20	Huajun International Group Limited	377	Issue of convertible bond	192.31 (Note 1)	204.49 (Note 1)
21-Jan-20	CT Vision (International) Holdings Limited	994	Subscription and placing	(21.57)	(21.41)
13-Jan-20	Best Food Holding Company Limited	1488	Issue of convertible bond	7.27	9.87
29-Nov-19	Shougang Concord International Enterprises Company Limited	697	Issue of convertible bond and Subscription	(13.04)	(15.25)
26-Nov-19	JTF International Holdings Limited	8479	Subscription	—	0.38
	<b>Maximum (excluding outliners)</b>			41.2	30.2
	<b>Minimum (excluding outliners)</b>			(39.1)	(41.7)
	<b>Average (excluding outliner)</b>			(1.9)	(6.3)
<b>29 May 2020 (date of Announcement)</b>	<b>The Company</b>	<b>6068</b>		<b>(19.7)</b>	<b>(20.3)</b>

*Note:*

- Gemini Investments (Holdings) Limited is principally engaged in investment in fund platform, property investment and development, fund investments and securities investment business. The closing price of the share has a premium of over 80% to the closing price of the shares as at the last trading day or the last five consecutive trading days prior to/on the date of the announcement/agreement as the shares were trading substantially below its net asset value per share in the past six months. According to its circular dated 28 April 2020, the low share price was mainly due to low trading volume, net loss of approximately HK\$94.7 million for the year ended 31 December 2019 (the latest fiscal year), and uncertainties in the capital market due to the coronavirus pandemic). Given the above, the subscription price was over 80% higher than the closing price/average closing price of the shares on the last trading day/over the last five consecutive trading



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days prior to/on the date of the announcement/agreement, and thus it is considered as an outlier and not included in the analysis to avoid distortion of the statistics of the Comparables.

The premium over the closing price/average closing price of the shares on the last trading day/over the last five consecutive trading days prior to/on the date of the announcement/agreement of Huajun International Group Limited was over 100% compared to the Comparables and thus is considered as an outlier and not included in the analysis to avoid distortion of the statistics of the Comparables.

*Source: website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk))*

As demonstrated by the above table, the subscription price of the Comparables ranged from a discount of approximately 39.1% to a premium of approximately 41.2% over their respective closing share price on their respective last trading day prior to/on the date of the announcement/agreement (the “**Market Range**”), with an average of a discount of approximately 1.9%. In addition, the subscription price of the Comparables ranged from a discount of approximately 41.7% to a premium of approximately 30.2% over their respective average closing share price on their respective last five trading day, with an average of a discount of approximately 6.3%. Despite that the range of the discount to/premium over the subscription price of the Comparables is relatively wide, we believe the Comparables could demonstrate the general trend of subscription of new shares or convertible bonds/notes under specific mandate in the market, we are of the view that the Comparables are appropriate for the comparison of the Issue Price.

Having considered that (i) the Issue Price of HK\$2.28 per Conversion Share is within the Market Range and the range of closing prices of the Shares as quoted on the Stock Exchange during the Review Period which indicated the Issue Price represented an acceptable price with reference to the recent market condition and recent comparable transactions; (ii) despite a discount of approximately 19.7% for the Issue Price as compared to an average discount of approximately 1.9% of the Comparables for the closing price of the shares as at the last trading day prior to/on the date of the announcement/agreement, China Ping An Insurance Overseas provides advice and synergy effects to the Group’s development and needs to make a reasonable return on investment; (iii) the liquidity of the Shares during the Review Period was low; and (iv) the Conversion will provide more flexibility in utilising its financial resources to meet its operation or expansion needs as well as reducing the gearing level of the Group as discussed in the above section headed “3. Reasons for and benefits of the issue and allotment of part or all of the Conversion Shares”, we consider that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned.

5. **Principal terms of the Put Option pursuant to the Put Option Deed**

*Put Option*

Pursuant to the Put Option Deed, Mr. Liu granted to PA Chokmah the Put Option to sell to Mr. Liu, and Mr. Liu is obligated to purchase from PA Chokmah, upon exercise of such option, some or all of the Conversion Shares at the Put Price (as defined below).

The grant of the Put Option is conditional upon the satisfaction of the following conditions (together, the “**Put Conditions**”):

- (i) the drawdown under the Credit Agreement having been conducted in accordance with the terms and conditions thereof;
- (ii) the Company having obtained its Independent Shareholders’ approval as may be required under the Listing Rules for (a) the issue of the Conversion Shares; and (b) the Put Option; and
- (iii) approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares having been obtained and remaining in full force and effect.

*Exercise Period*

The Put Option may be exercised within the period beginning on the date which falls on the expiry of the six-month period from the Maturity Date and ending on the date which is the first anniversary of the Maturity Date (both dates inclusive), save as otherwise provided in the Put Option Deed (the “**Put Period**”). For the avoidance of doubt, the Put Option may be exercised on one occasion only.

*Put Price*

The Put Price will be an amount in total which shall enable PA Chokmah to realise an internal rate of return of 13% (or a higher internal rate of return if Mr. Liu’s undertakings pursuant to the Put Option Deed are breached) on the aggregate amount of the relevant portion of the Mandatory Principal and, as the case may be, the Discretionary Principal in respect of the Conversion Shares to be put by PA Chokmah to Mr. Liu.

*Mr. Liu's Undertakings under the Put Option Deed*

Under the Put Option Deed, Mr. Liu undertakes to PA Chokmah that, from the date of the Put Option Deed up to the earliest of (i) the Conversion Conditions in respect of the Mandatory Conversion not being satisfied by the Maturity Date, or if they are satisfied or partially satisfied by the Maturity Date, the Conversion Conditions in respect of the Discretionary Conversion not being satisfied by the date falling three months from the Maturity Date; (ii) the expiry of the Put Period; and (iii) the date on which the completion of the sale and purchase of the Conversion Shares in accordance with the Put Option Deed occurs:

- (a) to the extent reasonably practicable and to the extent permissible under the constitutional documents of the Company and the applicable laws and regulations, Mr. Liu must not resign from his position as an executive director of the Company and shall devote a substantial part of his time and efforts in the operation of the Company's business; and
- (b) he shall procure that no Change of Control occurs.

*Assessment of the rationale of the Put Options*

Assuming the Issue Price will be fixed at HK\$2.28 per Share pursuant to the terms of the Put Option Deed, in substance, the Put Price would represent a premium over the Issue Price. In assessing the principal terms of the Put Option Deed, we noted that the Option Price and the terms of the Put Option Deed were arrived at after arm's length negotiations between the parties to the Put Option Deed, while the possible subsequent exercise of the Put Option would have no direct impact on the Group's business operations, financial position and cash flow position because there would simply be a transfer of Shares between PA Chokmah and the Mr. Liu whilst the Company itself would not be involved.

As further advised by the management of the Company, as requested by PA Chokmah, Mr. Liu has agreed to enter into the Put Option Deed to facilitate PA Chokmah for proceeding with the Credit Agreement. Considering that (i) the Put Option is granted to PA Chokmah to facilitate the entering into of the Credit Agreement, which is in the interests of the Company and the Shareholders as a whole; (ii) PA Chokmah can put back all/or part of the Conversion Shares to Mr. Liu at any time and from time to time during the Put Period, we are of the view that the terms of the Put Option Deed are commercially justifiable and no indication was noted that the Put Option Deed would be prejudicial/detrimental to the interests of the Company and the Shareholders as a whole because there would be simply transfer of Shares between the PA Chokmah and Mr. Liu whilst the Company itself would not be involved there between.

**6. Possible dilution effect on the shareholding interests of Shareholders**

As shown in the table under the section headed “Effects on Shareholding Structure of the Company” on the Letter from the Board, upon issue of Conversion Shares under the Mandatory Conversion and the Discretionary Conversion, the shareholding interests of the existing public Shareholders would be diluted by a maximum of approximately 1.55 percentage points, representing a decrease in the existing public Shareholders interests in the Company from approximately 26.62% to approximately 25.07%, assuming no other change in the issued share capital of the Company other than the issue of the Conversion Shares before the expiry of the Discretionary Conversion. However, if using the Mandatory Conversion and Discretionary Conversion based on the Share price as at the date of the First Announcement, the shareholding interests of the existing public Shareholders would be diluted by a maximum of approximately 0.75 percentage points, representing a decrease in the existing public Shareholders’ interests in the Company from approximately 26.58% to approximately 25.83%. Such increase in dilution was attributable to the significant decrease in Share price. In addition, the value dilution effect would be approximately 1%, being the discount of the theoretical diluted price to the higher of (i) the closing price on the Latest Practicable Date; and (ii) the average closing price for the five consecutive trading days immediately prior to the Latest Practicable Date. We are of the view that, after the factors as stated in the section headed “3. Reasons for and benefits of the issue and allotment of part or all of the Conversion Shares”, such dilution effect is fair and reasonable.

Despite the Share price has significantly decreased from HK\$6.78 per Share as at date of First Announcement to HK\$3.00 per Share as at the Latest Practicable Date, causing an increased dilution effect, in view of (i) the reasons for and the potential benefits of the Credit Agreement to the Group, details of which are set out under the section headed “3. Reasons for and benefits of the issue and allotment of part or all of the Conversion Shares” of this letter; and (ii) the issue and allotment of part or all of the Conversion Shares will reduce gearing level and will give the Group greater flexibility in utilising its financial resources to meet its operation or expansion needs and to enhance the interests of the Company and Shareholders as a whole, we consider that such dilution effect on the shareholding interests of the existing public Shareholders resulting from the issue and allotment of part or all of the Conversion Shares is acceptable and that the term of the grant of the specific mandate to issue and allot part or all of the Conversion Shares are fair and reasonable so far as the Independent Shareholders are concerned.

**7. Financial effects of the issue and allotment of part or all of the Conversion Shares to the Group**

**7.1. Earnings**

There will not be any immediate material impact on the earnings of the Group in relation to the issue of part or all of the Conversion Shares. Hence, immediately upon the completion of the issue of the Conversion Shares and the possible subsequent exercise of the Put Option, there will be no immediate effect on the earnings of the Group.

**7.2. Liquidity**

According to the 2019/20 Interim Results, the Group had cash and cash equivalents of approximately RMB464.4 million as at 29 February 2020. Upon completion of the issue of the Conversion Shares and the repayment of the remaining amount of the Loan in cash ranging from HK\$200 million to HK\$300 million (subject to the amount of the Discretionary Conversion), the cash position of the Group will be reduced by the corresponding amount, while the current liabilities of the Group will be reduced by both the cash repayment amount and the amount of the Mandatory Conversion and the Discretionary Conversion, as the case maybe. Therefore, the cash position, net current assets and current ratio of the Company are expected to be improved upon completion of the issue of the Conversion Shares and the repayment of the remaining amount.

**7.3. Gearing ratio**

As at 29 February 2020, the Group's total borrowings were approximately RMB2,129.9 million and the gearing ratio (calculated as a ratio of total interest-bearing borrowings over total equity) was approximately 108.2%. Given that following the completion of the issue of part or all of the Conversion Shares and the repayment of the outstanding Loan of the Group, the liabilities of the Group will be substantially reduced. It is expected that after the completion of the issue of part or all of the Conversion Shares, there will be a decrease in the gearing ratio of the Group. As such, the issue of the Conversion Shares may have an overall positive effect on the Group's financial position. It should be noted that the aforementioned financial effects are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the above principal factors and reasons, in particular, (i) the potential positive effect with PA Chokmah to strengthen the shareholder profile of the Company as discussed under the section headed “3. Reasons for and benefits of the issue and allotment of part or all of the Conversion Shares”; (ii) the decrease in gearing ratio as a result of the issue and allotment of part or all of the Conversion Shares to settle part of the Loan as set out in the section headed “7. Financial effects of the issue and allotment of part or all of the Conversion Shares to the Group”; and (iii) the terms of the issue and allotment of part or all of the Conversion Shares under the Credit Agreement are considered to be fair and reasonable, we are of the opinion that the issue of the Conversion Shares shall be regarded as corporate financing activity instead of usual operating activity of the Group while the grant of Put Option is to facilitate the implementation of the Credit Agreement, and therefore is not conducted in its ordinary and usual course of business yet the terms of the issue of the Conversion Shares under the Credit Agreement and the grant of Put Option are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the grant of the Specific Mandate to issue and allot part or all of the Conversion Shares and the Put Option and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Gary Mui**  
*Chief Executive Officer*

*Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the finance and investment banking industries.*

## 1. RESPONSIBILITY STATEMENT

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

## 2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

### (a) Interests of Directors and Chief Executive in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company or any of their associates in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

#### *Long Position in Shares and underlying Shares of the Company*

Name of Director/ chief executive	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares and underlying Shares	Approximate percentage of shareholding
Mr. Liu (notes 1 and 4)	Interest of controlled corporation	930,000,000 (note 2)	—	930,000,000	45.43%
Ms. Li (note 1)	Interest of controlled corporation	570,000,000 (note 3)	—	570,000,000	27.84%
	Beneficial interest	2,128,000	—	2,128,000	0.10%

#### *Notes:*

- (1) Mr. Liu and Ms. Li are co-founders of the Group and are parties acting in concert with each other.
- (2) Mr. Liu holds the entire issued share capital of Bright Education Holdings, and is therefore deemed to be interested in 930,000,000 Shares held by Bright Education Holdings.



- (3) Ms. Li holds the entire issued share capital of Bright Education Investment Co. Limited (“**Bright Education Investment**”), a company incorporated in the British Virgin Islands, and is therefore deemed to be interested in 570,000,000 Shares held by Bright Education Investment.
- (4) For Mr. Liu’s interest in Shares by virtue of the Put Option Deed, please refer to “Letter from the Board” of this circular for details.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company nor their respective associates had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

### 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as being known to the Directors or chief executive of the Company, the following persons or corporations (other than a Director or chief executive of the Company) had or were deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

#### Long Positions

Name of Shareholder	Capacity	Total interest in Shares and underlying Shares	Approximate percentage of interest in the Company
Bright Education Holdings (notes 1 and 3)	Beneficial interest	930,000,000	45.43%
Bright Education Investment (note 2)	Beneficial interest	570,000,000	27.84%

#### Notes:

- (1) Bright Education Holdings is wholly-owned by Mr. Liu, and has a direct beneficial interest of 45.43% in the Company. Mr. Liu is a director of Bright Education Holdings.
- (2) Bright Education Investment is wholly-owned by Ms. Li and has a direct beneficial interest of 27.84% in the Company. Ms. Li is a director of Bright Education Investment.
- (3) For Mr. Liu’s interest in Shares by virtue of the Put Option Deed, please refer to “Letter from the Board” of this circular for details.

Save as disclosed above, as at the Latest Practicable Date, no other person or corporation, other than the Directors or the chief executive of the Company, had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into any existing or proposed service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

#### **5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors, nor their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

#### **6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were of the view that there was no material adverse change in the financial or trading of the Group since 31 August 2019, being the date to which the latest published audited accounts of the Group were made up.

#### **7. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 August 2019, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

As Mr. Liu (an executive Director and a controlling shareholder of the Company) is the grantor of the Put Option under the Put Option Deed, Mr. Liu has a material interest in the transactions contemplated under the Put Option Deed. Mr. Liu also entered into the Credit Agreement on 22 June 2018 as a guarantor and agreed to guarantee all of the Company's obligations under the finance documents in relation to the Loan.

In addition, due to regulatory restrictions on foreign ownership in our schools in the PRC, we conduct our business in the PRC through our Consolidated Affiliated Entities. We do not hold any equity interests in our Consolidated Affiliated Entities, which are beneficially owned by Mr. Liu as to 62% and Ms. Li as to 38%. Through a series of Contractual Arrangements entered into between, among other entities, Dongguan Ruixing, our Consolidated Affiliated Entities and shareholders of our Consolidated Affiliated Entities, we effectively control these Consolidated Affiliated Entities and are able to derive substantially all of their economic benefits, and expect to continue to do so. The Contractual Arrangements enable us to (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by Dongguan Ruixing; (ii) exercise effective control over our Consolidated Affiliated Entities; and (iii) hold an exclusive option to purchase all or part of the equity interests in our Consolidated Affiliated Entities when and to the extent permitted by PRC laws. Please refer to the section headed "Contractual Arrangements" in the prospectus of the Company dated 16 January 2017 for details.

Further, the Group had entered into three agreements with Dongguan Cinese Real Estate Development Co. Ltd. (東莞市富盈房地產開發有限公司), a company controlled by Mr. Liu, for the provision of construction services in relation to school premises in Weifang, Guang'an and Yunfu, which were subsisting as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Liu, Ms. Li and a company controlled by Mr. Liu provided financial guarantee to the Group in respect of certain borrowings in the amount of RMB1,715 million.

Save as disclosed above, there was no contract or arrangement subsisting at the Latest Practicable Date in which any Director was materially interested in and which was significant in relation to the business of the Group.

## 8. LITIGATION

On 19 March 2015, an individual who is an independent third party, initiated court proceedings against one of the subsidiaries of the Company, in relation to the advances made by him on behalf of Dongguan Guangzheng Preparatory School during its establishment for a total amount of RMB5,000,000 and the interests thereof. As at the Latest Practicable Date, the outcome of this legal proceeding was yet to be finalised.

Save for the above, as at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any material litigation or arbitration and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Group.

## 9. EXPERT AND CONSENT

The qualification of the expert, who has given opinions and advice in this circular, is as follows:

<b>Name</b>	<b>Qualification</b>
Lego Corporate Finance Limited	A licensed corporation to carry out type 6 regulated activities (advising on corporate finance) under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the issue of the Conversion Shares under the Credit Agreement and the grant of the Put Option

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters, reports, advice and/or references to its names, in the form and context in which they appear.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest, in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been since 31 August 2019 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group.

## 10. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (a) the Credit Agreement;
- (b) the Put Option Deed;
- (c) the Strategic Cooperation Agreement dated 19 March 2019 entered into between Guangdong Guangzheng and Huiyin Haide Equity Investment Fund Management Company Limited (廣東匯垠海德股權投資基金管理有限公司) in relation to the establishment of an education industry fund principally for the investment of schools in the Guangdong — Hong Kong — Macau Greater Bay Area with a target size of approximately RMB2,500 million which will be raised by phases on a project basis; and
- (d) the agreement dated 8 October 2018 entered into between the Land Reserve Development Centre and Guangdong Guangzheng in relation to the acquisition of the land use rights of a parcel of land situated at No. 35, Qi'an Road, Jun'an Town, Shunde District, Foshan City, Guangdong Province, the PRC (中國廣東省佛山市順德區均安鎮齊安路35號) (land no. of 072046-003(3)) through a listing-for-sale process and the proposed development of a boarding school on the land.

## 11. GENERAL

- (a) The company secretary of the Company is Ms. Leung Suet Lun;
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111;
- (c) The head office and principal place of business in Hong Kong of the Company is Room 3302, 33/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong;

- (d) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong;
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

## **12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection from 9:30 a.m. to 5:30 p.m., Monday to Friday, except the public holiday, at the office of the Company, Room 3302, 33/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong from the date of this circular up to and including the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the Credit Agreement;
- (c) the Put Option Deed;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 23 to 24 of this circular;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 25 to 51 of this circular;
- (f) the written consent referred to in the paragraph headed "Expert and Consent" in this Appendix I;
- (g) this circular; and
- (h) the annual report of the Company for the year ended 31 August 2019.



## Wisdom Education International Holdings Company Limited

### 睿見教育國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6068)**

**Notice is hereby given** that an extraordinary general meeting (the “**EGM**”) of Wisdom Education International Holdings Company Limited (the “**Company**”) will be held at Theatre B, The Hong Kong General Chamber of Commerce, 22/F United Centre, Admiralty, Hong Kong at 10:00 am on 10 July 2020, for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company. Unless otherwise defined, capitalized terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 19 June 2020 (the “**Circular**”):

#### **ORDINARY RESOLUTION**

1. “**THAT:**

- (a) the Credit Agreement (as defined and described in the Circular, a copy of which is marked “A” and signed by the chairperson of the EGM for identification purpose has been tabled at the EGM) be and is hereby approved, confirmed and ratified taking into account of the Put Option Deed (as defined and described in the Circular, a copy of which is marked “B” and signed by the chairman of the EGM for identification purpose has been tabled at the EGM), and the transactions contemplated under the Credit Agreement and the Put Option Deed (including any potential issue and allotment of part or all of the Conversion Shares to PA Chokmah and the purchase of the Shares by Mr. Liu) be and are hereby approved, confirmed and ratified;
- (b) the Directors be and are hereby granted the Specific Mandate to exercise the powers of the Company to allot and issue part or all of the Conversion Shares by the Company in accordance with the terms and conditions of the Credit Agreement and the Specific Mandate be and is hereby approved; and
- (c) any one Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable and expedient for the purposes of

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## NOTICE OF EGM

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giving effect to or in connection with the implementation of the arrangements contemplated under the Credit Agreement and the Put Option Deed (including any potential issue and allotment of part or all of the Conversion Shares to PA Chokmah and the purchase of the Shares by Mr. Liu), and to agree to such variation, amendments or waiver or matters relating thereto as are, in the opinion of such Director, in the interests of the Company and the Shareholders as a whole.”

By Order of the Board  
**Wisdom Education International Holdings Company Limited**  
**LI Suwen**  
*Chairperson*

Hong Kong, 19 June 2020

**Notes:**

1. All resolutions at the meeting will be taken by poll pursuant to the Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder who is the holder of two or more shares of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy to represent him and vote on behalf of him. A proxy needs not be a shareholder of the Company.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Wednesday, 8 July 2020 to Friday, 10 July 2020 (both dates inclusive) during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 7 July 2020.



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## NOTICE OF EGM

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*As at the date of the notice, the Board of the Company comprises four executive Directors, namely Ms. Li Suwen, Mr. Liu Xuebin, Mr. Li Jiuchang and Mr. Wang Yongchun; and three independent non-executive Directors, namely Prof. Sun Kai Lit Cliff, BBS, J.P., Mr. Tam King Ching Kenny and Mr. Huang Weiguo.*