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China New Higher Education Group Limited **中國新高教集團有限公司**

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2001)

- (1) PROPOSED ISSUE OF U.S.\$100,000,000 1.0 PER CENT.
GUARANTEED CONVERTIBLE BONDS DUE 2021
CONVERTIBLE INTO ORDINARY SHARES OF
CHINA NEW HIGHER EDUCATION GROUP LIMITED
UNDER GENERAL MANDATE**
- AND**
- (2) PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION
OF NEW SHARES UNDER GENERAL MANDATE**



Sole Global Coordinator, Sole Bookrunner, Sole Lead Manager and Placing Agent

PROPOSED ISSUE OF CONVERTIBLE BONDS

The Board is pleased to announce that on 16 September 2020 (after trading hours), the Issuer, a wholly-owned subsidiary of the Company, and the Company entered into the CB Subscription Agreement with the Sole Lead Manager pursuant to which, on the terms and subject to the conditions of the CB Subscription Agreement, the Issuer has agreed to issue the Convertible Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in accordance with the Terms and Conditions in relation to such Convertible Bonds, and the Sole Lead Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Convertible Bonds in the aggregate principal amount of U.S.\$100,000,000.

The Convertible Bonds are convertible in the circumstances set out in the Terms and Conditions into Shares at an initial Conversion Price of HK\$6.313 per Share (subject to adjustments).

The initial Conversion Price (subject to adjustments) will be HK\$6.313 per Share, representing (i) approximately 8.84% premium over the closing price of the Shares as quoted on the Stock Exchange on 16 September 2020 (being the last Trading Day on which the CB Subscription Agreement was signed); (ii) approximately 14.57% premium over the five-day average closing price of the Shares over the five consecutive Trading Days up to and including 16 September 2020.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$6.313 per Share, the Convertible Bonds will be convertible into approximately 122,764,137 Shares (subject to adjustments), representing approximately 7.96% of the issued share capital of the Company as at the date of this announcement and approximately 7.38% of the issued share capital of the Company as enlarged by the issue of all Conversion Shares but before the completion of the Subscription. The Conversion Shares will be allotted and issued by the Company pursuant to the General Mandate. The Conversion Shares, upon issue, will rank *pari passu* in all respects with the Shares then in issue on the relevant registration date.

The Convertible Bonds and the Conversion Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Convertible Bonds are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act.

The estimated net proceeds from the issue of the Convertible Bonds, after deduction of commission and expenses, amount to approximately U.S.\$99,000,000. The Company intends to use the net proceeds for, among others, (a) further investments in existing schools to improve quality and efficiency; (b) potential acquisitions of new schools, especially in the Greater-bay, Sichuan-Chongqing and certain other areas; and (c) general corporate purposes.

The Issuer will apply to the Stock Exchange for the listing of, and permission to deal in, the Convertible Bonds and the Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon conversion of the Convertible Bonds.

Completion of the issue of the Convertible Bonds is subject to the satisfaction and/or waiver (as the case may be) of the conditions precedent as set out in the CB Subscription Agreement. In addition, the CB Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “THE CB SUBSCRIPTION AGREEMENT” below for further information.

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES

The Board is pleased to announce that on 16 September 2020 (after trading hours), the Company, the Seller and the Placing Agent entered into the Placing and Subscription Agreement, pursuant to which the Seller has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as the sole agent for the Seller, to procure places to purchase, or failing which to purchase itself, the Placing Shares at the Placing Price of HK\$5.35 for each Placing Share.

The Placing Shares represent approximately 2.85% of the existing issued share capital of the Company as of the date of this announcement and approximately 2.78% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription (including no Convertible Bonds are converted into Conversion Shares) save for the issue of the Subscription Shares and the Placing Shares are placed in full).

The Placing Shares will be placed by the Placing Agent to not less than six independent professional, institutional and/or individual investors who, together with their respective ultimate beneficial owners, will be Independent Third Parties.

Pursuant to the Placing and Subscription Agreement, the Seller has conditionally agreed to subscribe as principal for, and the Company has conditionally agreed to issue, the Subscription Shares (which shall be equal to the number of Placing Shares) at the Subscription Price. Assuming the Placing Shares are placed in full, the Subscription Shares represent approximately 2.85% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.78% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription (including no Convertible Bonds are converted into Conversion Shares) save for the issue of the Subscription Shares).

The Subscription Shares will be issued under the General Mandate and therefore, no further Shareholder approval is required. Application will be made to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Placing and the Subscription is subject to the satisfaction or (if applicable) waiver of the conditions precedent in the Placing and Subscription Agreement. Please refer to the sections headed “Conditions of the Placing” and “Conditions of the Subscription” in this announcement for further information. In the event that the conditions precedent in respect of the Subscription are not fulfilled within 14 days after the date of the Placing and Subscription Agreement (or such later date as may be agreed between the Company and the Seller in writing and in compliance with the Listing Rules), the obligations and liabilities of the Company and the Seller under the Subscription shall be null and void and neither the Company nor the Seller shall have any claim against the other for costs, damages, compensation or otherwise.

The Placing Price is HK\$5.35 per Share and represents (i) a discount of approximately 7.76% to the closing price of HK\$5.80 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 2.90% to the average closing price of approximately HK\$5.51 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days prior to and including the Last Trading Date; and (iii) a discount of approximately 2.37% to the average closing price of approximately HK\$5.48 per Share as quoted on the Stock Exchange for the last ten (10) consecutive Trading Days prior to and including the Last Trading Date.

The Company intends to use the estimated net proceeds of the Subscription of approximately HK\$232.79 million primarily for (a) further investments in existing schools to improve quality and efficiency; (b) potential acquisitions of new schools, especially in the Greater-bay, Sichuan-Chongqing and certain other areas; and (c) general corporate purposes.

Shareholders and potential investors should note that (i) the issue of the Convertible Bonds may or may not be completed; (ii) the Convertible Bonds and/or the Conversion Shares may or may not be issued or listed; and (iii) the Placing and the Subscription may or may not proceed to completion. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

A. PROPOSED ISSUE OF CONVERTIBLE BONDS

The Board is pleased to announce that on 16 September 2020 (after trading hours), the Issuer, a wholly-owned subsidiary of the Company, and the Company entered into the CB Subscription Agreement with the Sole Lead Manager pursuant to which, on the terms and subject to the conditions of the CB Subscription Agreement, the Issuer has agreed to issue the Convertible Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in accordance with the Terms and Conditions in relation to such Convertible Bonds, and the Sole Lead Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Convertible Bonds in the aggregate principal amount of U.S.\$100,000,000.

THE CB SUBSCRIPTION AGREEMENT

Date

16 September 2020

Parties

- (a) the Issuer (i.e. Goldensep Investment Company Limited, a direct wholly-owned subsidiary of the Company);
- (b) the Company as the Guarantor; and
- (c) the Sole Lead Manager.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Sole Lead Manager is an Independent Third Party of the Company.

Subscription

Subject to the satisfaction of the conditions set out below in the section headed "CB Conditions Precedent," the Issuer has agreed to issue the Convertible Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in accordance with the Terms and Conditions in relation to such Convertible Bonds and the Sole Lead Manager has agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the Convertible Bonds on the CB Closing Date in an aggregate principal amount of U.S.\$100,000,000.

The Sole Lead Manager has informed the Company that it intends to offer and sell the Convertible Bonds to no fewer than six independent placees. The Convertible Bonds will be offered and sold to non-U.S. persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance on Regulation S under the U.S. Securities Act. None of the Convertible Bonds will be offered to the retail public in Hong Kong.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the placees of the Convertible Bonds and their respective ultimate beneficial owners are Independent Third Parties of the Company.

CB Conditions Precedent

The obligations of the Sole Lead Manager to subscribe and pay for the Convertible Bonds are subject to the following conditions (the “**CB Conditions Precedent**”):

- (a) the Sole Lead Manager shall be satisfied with the results of its due diligence investigations with respect to the Issuer, the Company and its subsidiaries and the Offering Circular shall have been prepared in form and content satisfactory to the Sole Lead Manager;
- (b) the execution and delivery (on or before the CB Closing Date) of the Trust Deed, the Agency Agreement, and the execution and delivery on or before the date of the CB Subscription Agreement of the Securities Lending Agreement, each in a form satisfactory to the Sole Lead Manager, by the respective parties;
- (c) Each of the Relevant Shareholders shall have executed valid, binding and enforceable lock-up agreements on or before the date of the CB Subscription Agreement in the form set out in the CB Subscription Agreement;
- (d) upon the Publication Date and on the CB Closing Date, there having been delivered to the Sole Lead Manager letters, in form and substance satisfactory to the Sole Lead Manager, dated the Publication Date in the case of the first letter and dated the CB Closing Date in the case of the subsequent letter, and addressed to the Sole Lead Manager from Ernst & Young, independent auditor to the Company;
- (e) upon the Publication Date, there having been delivered to the Manager a financial officer’s certificate, in form and substance satisfactory to the Manager;
- (f) at the CB Closing Date:
 - (i) the representations and warranties of the Issuer and the Company in the CB Subscription Agreement being true, accurate and correct at, and as if made on such date;
 - (ii) the Issuer and the Company having performed all of their respective obligations under the CB Subscription Agreement, the Trust Deed and the Agency Agreement (collectively, the “**Contracts**”) to which it is a party to be performed on or before such date; and
 - (iii) there having been delivered to the Sole Lead Manager a certificate confirming no material adverse change, dated as of such date, of a duly authorised officer of the Issuer and the Company to such effect;

- (g) after the date hereof or, if earlier, the dates as of which information is given in the Offering Circular up to and at the CB Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or otherwise), prospects, results of operations, business, general affairs or properties of the Issuer, the Company or the Group taken as a whole, which, in the opinion of the Sole Lead Manager, is material and adverse in the context of the issue and offering of the Convertible Bonds;
- (h) on or prior to the CB Closing Date there shall have been delivered to the Sole Lead Manager copies of all consents and approvals required in relation to the issue of the Convertible Bonds and the performance of the Issuer's and the Company's obligations under the Trust Deed, the Agency Agreement and the Convertible Bonds;
- (i) the Stock Exchange having agreed to list the Conversion Shares upon conversion of the Convertible Bonds and the Stock Exchange having agreed, subject to any conditions satisfactory to the Sole Lead Manager, to list the Convertible Bonds (or, in each case, the Sole Lead Manager being satisfied that such listing will be granted);
- (j) on or before the CB Closing Date, there having been delivered to the Sole Lead Manager of certain legal opinions on the laws of relevant jurisdictions, in form and substance satisfactory to the Sole Lead Manager, dated the CB Closing Date, and such other resolutions, consents, authorities and documents relating to the issue of the Convertible Bonds, as the Sole Lead Manager may require.

The Sole Lead Manager may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the Conditions Precedent other than conditions (b) and (h) above.

Termination

Notwithstanding anything contained in the CB Subscription Agreement, the Sole Lead Manager may, by notice to the Issuer and the Company given at any time prior to payment of the net subscription monies for the Convertible Bonds to the Issuer, terminate the CB Subscription Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the Sole Lead Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the CB Subscription Agreement or any failure to perform, or breach of, any of the Issuer's or the Company's undertakings or agreements in the CB Subscription Agreement;
- (b) if any of the Conditions Precedent has not been satisfied or waived by the Sole Lead Manager on or prior to the CB Closing Date;

- (c) if in the opinion of the Sole Lead Manager, there shall have been, since the date of the CB Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Issuer or the Company on any stock exchange or in any over the counter market) or currency exchange rates or foreign exchange controls such as would in its view (after prior consultation with the Issuer or the Company to the extent practicable), be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;
- (d) if, in the opinion of the Sole Lead Manager, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Shanghai Stock Exchange and/or the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong, or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Issuer, the Company, the Convertible Bonds, and the Shares to be issued upon conversion of the Convertible Bonds or the transfer thereof;
- (e) if, in the opinion of the Sole Lead Manager, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in its view (after prior consultation with the Issuer and the Company to the extent practicable) be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market.

Lock-up

Neither the Issuer, the Company nor any person acting on its or their behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Convertible Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Convertible Bonds, the Shares or securities of the same class as the Convertible Bonds, the Shares or other instruments representing interests in the Convertible Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Sole Lead Manager between the date of the CB Subscription Agreement and the date which is 90 days after the CB Closing Date (both dates inclusive); except for (i) the Convertible Bonds and the new Shares issued on conversion of the Convertible Bonds; and (ii) any Shares or options granted pursuant to the Company's publicly disclosed share option scheme.

Each of the Relevant Shareholders shall execute a lock-up undertaking on or before the date of the CB Subscription Agreement. Each of the Relevant Shareholders undertakes that, for a period commencing from the date of the the relevant lock-up undertaking to 90 days after the CB Closing Date, without the prior written consent of the Manager, it will not (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any shares subject to the relevant lock-up undertaking (the "**Lock-up Shares**") or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing. The foregoing shall not apply to (i) transfers of any Shares or any security convertible into the Shares as a bona fide gift, or through will or intestacy, provided that in the case of any such transfer, each donee or transferee shall sign and deliver a lock-up letter substantially in the form of the relevant lock-up undertaking, (ii) transfers of the Shares or any security convertible into the Shares to any trust for the direct or indirect benefit of such Relevant Shareholder or his/her family member (where a family member shall mean any relationship by blood, marriage, domestic partnership or adoption, not more remote than first cousin), provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth therein, and provided further that any such transfer shall not involve a disposition for value, or (iii) the Lock-up Shares which are the subject of the Securities Lending Agreement.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds have been negotiated on an arm's length basis and are summarised as follows:

Issuer:	Goldensep Investment Company Limited.
Guarantor or Company:	China New Higher Education Group Limited.
Principal Amount:	The aggregate principal amount of the Convertible Bonds will be U.S.\$100,000,000.
Issue Price:	100 per cent. of the principal amount of the Convertible Bonds.
Redemption Price:	100 per cent. of the principal amount of the Convertible Bonds.
Interest:	The Convertible Bonds bear interest on their outstanding principal amount from and including the CB Closing Date at the rate of 1.0 per cent. per annum, payable in arrear on 30 March 2021 and the Maturity Date.
Conversion Period:	Subject to and upon compliance with the Terms and Conditions, the Conversion Right in respect of a Convertible Bond may be exercised, at the option of the Bondholder, at any time on or after 10 November 2020 up to (a) the close of business (at the place where the bond certificate evidencing such Convertible Bond is deposited for conversion) on the date falling ten days prior to the Maturity Date (both days inclusive), (b) if such Convertible Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than seven days (in the place aforesaid) prior to the date fixed for redemption thereof or (c) if notice requiring redemption has been given by the holder of such Convertible Bond upon occurrence of a Relevant Event (as defined below), up to the close of business (at the place aforesaid) on the business day (in the place aforesaid) prior to the giving of such notice.

Conversion Price:

The initial Conversion Price will be HK\$6.3130 per Share, subject to adjustment in the circumstances described below, representing:

- (i) approximately 8.84% premium over the closing price of the Shares as quoted on the Stock Exchange on 16 September 2020 (being the last Trading Day on which the CB Subscription Agreement was signed), but will be subject to adjustment in the circumstances described below. and
- (ii) approximately 14.57% premium over the five-day average closing price of the Shares over the five consecutive Trading Days up to and including 16 September 2020.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$6.3130 per Share, the Convertible Bonds will be convertible into 122,764,137 Shares (subject to adjustment), representing approximately 7.96% of the issued share capital of the Company as at the date of this announcement and approximately 7.38% of the issued share capital of the Company as enlarged by the issue of such 122,764,137 Shares but before the completion of the Subscription.

The number of Conversion Shares shall be determined by dividing the principal amount of the Convertible Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.7501 = U.S.\$1.00) by the Conversion Price in effect on the relevant conversion date in respect of such Convertible Bonds.

The Conversion Price is subject to adjustments in the circumstances including the occurrence of consolidation, subdivision and reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than 95 per cent. of current market price, other issues at less than 95 per cent. of current market price, modification of rights of conversion, other offers to shareholders, change of control and certain other events as provided in the Terms and Conditions.

Adjustment upon
Change of Control:

If a Change of Control shall occur, the Issuer shall give to Bondholders notice of that fact in accordance with the Terms and Conditions within 14 days after it becomes aware of such Change of Control. Following the giving of a Change of Control notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} / (1 + (\text{CP} \times (c/t)))$$

Where:

NCP is the new Conversion Price;

OCP is the Conversion Price in effect on the relevant Conversion Date;

CP is the conversion premium of 18.0 per cent. expressed as a fraction;

c is the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

t is the number of days from and including the CB Closing Date to but excluding the Maturity Date.

Form and Denomination
of the Convertible
Bonds:

The Convertible Bonds will be in registered form in the denomination of U.S.\$200,000 each and integral multiples in excess thereof.

Status of the Convertible
Bonds and the Guarantee:

The Convertible Bonds constitute direct, unconditional, unsubordinated and (subject to the provisions relating to the negative pledge in the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Convertible Bonds and of the Company under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to the provisions relating to the negative pledge in the Terms and Conditions, at all times rank at least equally with all of their respective other present and future unsecured and unsubordinated obligations.

Guarantee:	The due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Convertible Bonds have been unconditionally and irrevocably guaranteed by the Company. The obligations of the Company in that respect are contained in the Trust Deed.
Status of the Conversion Shares:	The Shares issued upon exercise of Conversion Rights will be fully paid and will in all respects rank <i>pari passu</i> with the fully paid Shares in issue on the relevant registration date except for any right excluded by mandatory provisions of applicable law and except that such Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant registration date.
Redemption at Maturity:	Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Convertible Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date.
Redemption at the Option of the Issuer:	On giving not less than 30 nor more than 60 days' notice (an " Optional Redemption Notice ") to the Trustee and the Principal Agent in writing and to the Bondholders, the Convertible Bonds may be redeemed by the Issuer in whole, but not in part, on the date specified in the Optional Redemption Notice at their principal amount together with accrued but unpaid interest to but excluding such date (if any), at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Convertible Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with the Terms and Conditions and consolidated and forming a single series therewith).

Redemption for
Taxation Reasons:

The Convertible Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with the Terms and Conditions and in writing to the Trustee and the Principal Agent (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption at their principal amount as at such date together with interest accrued but unpaid up to but excluding such date (if any), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or if the Guarantee was called, the Company) has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or the PRC or, in any such case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 16 September 2020, and (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Company) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, as the case may be, the Company) would be obliged to pay such additional tax amounts were a payment in respect of the Convertible Bonds then due.

If the Issuer issues a Tax Redemption Notice, each Bondholder will have the right to elect that his Convertible Bonds shall not be redeemed and that the such additional tax amounts shall not apply in respect of any payment to be made in respect of such Convertible Bonds which falls due after the relevant date of the tax redemption, whereupon no additional tax amounts shall be payable in respect thereof pursuant to the Terms and Conditions and payment of all amounts shall be made subject to the deduction or withholding of any taxation required to be withheld or deducted.

Redemption for Relevant Event: Following the occurrence of a Relevant Event (as defined below), the holder of each Convertible Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Convertible Bonds on the fourteenth day after the expiry of such period of 60 days as referred to below at their principal amount together with interest accrued up to but excluding such date (if any). To exercise such right, the holder of the relevant Bond must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of any Paying Agent a duly completed and signed notice of redemption, substantially in the form as scheduled to the Agency Agreement, obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m.) from the specified office of any Paying Agent, together with the bond certificate evidencing the Convertible Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with the Terms and Conditions.

“Relevant Event” occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 15 consecutive Trading Days on the Stock Exchange or the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in, if they are not at that time listed and traded on the Stock Exchange; or
- (ii) when there is a Change of Control; or

- (iii) when (a) there is any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof (a “**change in law**”) that results in (x) the Issuer, the Company, the Company’s Subsidiaries and its consolidated affiliated entities (collectively, the “**Group**”) (as in existence immediately subsequent to such change in law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such change in law) as of the last date of the period described in the Company’s consolidated financial statements for the most recent fiscal quarter and (y) the Company being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such change in law) in the same manner as reflected in the Company’s consolidated financial statements for the most recent fiscal quarter and (b) the Company has not furnished to the Trustee, prior to the date that is six months after the date of the change in law, an opinion from an independent financial adviser or an independent legal counsel stating either (x) that the Company is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such change in law), taken as a whole, as reflected in the Company’s consolidated financial statements for the most recent fiscal quarter (including after giving effect to any corporate restructuring or reorganisation plan of the Group) or (y) that such change in law would not materially adversely affect the Issuer’s and the Company’s ability to make principal and interest payments on the Convertible Bonds when due or to convert the Convertible Bonds in accordance with the Terms and Conditions.

a “**Change of Control**” occurs when:

- (i) any person or persons acting together acquires Control of the Company if such person or persons does not or do not have, and would not be deemed to have, Control of the Company on the CB Closing Date;
- (ii) Mr. Li Xiaoxuan, together with any Voting Rights controlled directly or indirectly by Mr. Li Xiaoxuan, including through any voting consent agreement, ceases to directly or indirectly hold or own 30.0 per cent. or more of the issued ordinary share capital of the Company;
- (iii) the Company consolidates with or merges into or sells or transfers all or substantially all of the assets of the Company to any other person or persons acting together unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or successor entity; or
- (iv) the Company ceases to hold (directly or indirectly) 100 per cent. of the issued shares of the Issuer.

“**Control**” means the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Company’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise.

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the Company.

Negative Pledge:

So long as any Convertible Bond remains outstanding, neither the Issuer nor the Company will, and the Company shall procure that none of its principal subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), or any guarantee or indemnity in respect of any Relevant Indebtedness (as defined below), without at the same time or prior thereto according to the Convertible Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness (as defined below), guarantee or indemnity equally and ratably or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an extraordinary resolution of the Bondholders.

“Relevant Indebtedness” means any present or future indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement) (which for the avoidance of doubt does not include bilateral loans, syndicated loans or club loans).

Listing:

Application will be made for the listing of the Convertible Bonds on the Stock Exchange. The Company will also apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price (subject to adjustment), being HK\$6.3130 per Share, represents (i) approximately 8.84% premium over the closing price of the Shares as quoted on the Stock Exchange on 16 September 2020 (being the last Trading Day on which the CB Subscription Agreement was signed); (ii) approximately 14.57% premium over the five-day average closing price of the Shares over the five consecutive Trading Days up to and including 16 September 2020.

The Conversion Price was determined with reference to the prevailing market price of the Shares, the subscription price per Shares of the Placing and the Terms and Conditions (including the redemption options) and was negotiated on an arm's length basis between the Issuer, the Company and the Sole Lead Manager. The Directors consider that the Conversion Price is fair and reasonable on normal commercial terms based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$6.3130 per Share, the Convertible Bonds will be convertible into approximately 122,764,137 Shares (subject to adjustment), representing approximately 7.96% of the issued share capital of the Company as at the date of this announcement and approximately 7.38% of the issued share capital of the Company as enlarged by the issue of all Conversion Shares but before the completion of the Subscription. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the Shares then in issue on the relevant registration date.

The Conversion Shares have a nominal value of US\$0.0001 each share and a market value of HK\$712,031,995, based on the closing price of HK\$5.80 on the Last Trading Day. The net price of each Conversion Share to the Company based on the estimated net proceeds of approximately HK\$767.26 million and 122,764,137 Conversion Shares resulting from the conversion of the Convertible Bonds, is estimated to be approximately HK\$6.25.

Completion of the issue of the Convertible Bonds is subject to the satisfaction and/or waiver of the conditions precedent as set out in the CB Subscription Agreement. In addition, the CB Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed "THE CB SUBSCRIPTION AGREEMENT" above for further information.

As the issue of the Convertible Bonds may or may not be completed, and the Convertible Bonds may or may not be issued or listed and/or the Conversion Shares may or may not be issued or listed, Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF CONVERSION

	As at the date of this announcement		Assuming the Convertible Bonds are fully converted into Shares (subject to adjustment) at the initial Conversion Price of HK\$6.313 per Share	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Controlling Shareholders				
Seller ⁽²⁾	518,852,625	33.66%	518,852,625	31.18%
Aspire Education Technology ⁽²⁾	175,160,100	11.36%	175,160,100	10.52%
Aspire Education Consulting ⁽²⁾	56,000,000	3.63%	56,000,000	3.36%
Total for Controlling Shareholders	<u>750,012,725</u>	<u>48.66%</u>	<u>750,012,725</u>	<u>45.07%</u>
Public Shareholders				
Bondholders	–	–	122,764,137	7.38%
Other Public Shareholders	<u>791,457,685</u>	<u>51.34%</u>	<u>791,457,685</u>	<u>47.56%</u>
Total:	<u><u>1,541,470,410</u></u>	<u><u>100%</u></u>	<u><u>1,644,234,547</u></u>	<u><u>100%</u></u>

Notes:

- The above table assumes (i) no Shares will be issued pursuant to any employee share option scheme of the Company or otherwise, no Shares will be purchased by the Company, (ii) no Shares will be purchased by Mr. Li and his associates; (iii) no Subscription Shares will be issued and (iv) no Placing Shares are placed, in each case between the date of this announcement and the date the Convertible Bonds are fully converted into Shares. Certain figures and percentage figures included in the above table have been subject to rounding adjustments.
- Mr. Li is the sole shareholder of the Seller and he is therefore deemed to be interested in the Shares held by the Seller under the SFO. Mr. Li holds 61.48% shares in Aspire Education Technology Co., Ltd. (“**Aspire Education Technology**”) and he is therefore deemed to be interested in the Shares held by Aspire Education Technology under the SFO. Mr. Li holds 79.19% shares in Aspire Education Consulting Co. Ltd. (“**Aspire Education Consulting**”) and he is therefore deemed to be interested in the Shares held by Aspire Education Consulting under the SFO.
- As at the date of this announcement, Mr. Li is deemed to be interested in 1,452,500 underlying Shares which may be issued to him upon exercise of the share options granted to him by the Company.

SECURITIES LENDING ARRANGEMENT

In connection with the proposed issue of Convertible Bonds, the Securities Lending Agreement has been entered into on 16 September 2020, to allow the Seller to provide stock lending to the borrower, Credit Suisse (Hong Kong) Limited, for 106,897,932 Shares upon and subject to the terms and conditions stated in the Securities Lending Agreement.

B. PLACING OF PLACING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES

The Board is pleased to announce that on 16 September 2020 (after trading hours), the Company, the Seller and the Placing Agent entered into the Placing and Subscription Agreement, pursuant to which the Seller has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as the sole agent for the Seller, to procure places to purchase, or failing which to purchase itself, the Placing Shares at the Placing Price of HK\$5.35 for each Placing Share.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date:

16 September 2020

Parties:

- (1) the Company;
- (2) the Seller; and
- (3) the Placing Agent.

Number of Shares to be placed

44,000,000 existing Shares beneficially owned by the Seller, representing in aggregate approximately 2.85% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.78% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription (including no Convertible Bonds are converted into Conversion Shares) save for the issue of the Subscription Shares and the Placing Shares are placed in full).

Placing Price

The Placing Price is HK\$5.35 per Share and represents:

- (i) a discount of approximately 7.76% to the closing price of HK\$5.80 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 2.90% to the average closing price of approximately HK\$5.51 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days prior to and including the Last Trading Date; and
- (iii) a discount of approximately 2.37% to the average closing price of approximately HK\$5.48 per Share as quoted on the Stock Exchange for the last ten (10) consecutive Trading Days prior to and including the Last Trading Date.

The Placing Price is exclusive of brokerage, trading fees, stamp duty, transaction fees and levies.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Seller, the Company and the Placing Agent. The Directors (excluding Mr. Li who has abstained from voting due to his interest in the Seller, but including the independent non-executive Directors) consider that the Placing Price, and the terms and conditions of the Placing and Subscription Agreement, is fair and reasonable, and is in the interest of the Company and the Shareholders as a whole.

Rights of the Placing Shares

The Placing Shares will be sold free from all pledges, liens, charges and encumbrances, equities, security interests or other claims and together with all rights attaching thereto as at the date of the completion of the Placing, including the rights to all dividends and other distributions declared, made or paid in respect of the Placing Shares for which a record date occurs on or after the date of the Placing and Subscription Agreement.

Independence of the Placing Agent and the Placees

The Placing Shares will be placed by the Placing Agent to not less than six independent professional, institutional and/or individual investors. It is not expected that any placee will become a Substantial Shareholder of the Company as a result of the Placing.

To the best of the knowledge, information and belief of the Directors, the Placing Agent and the placees to be procured by the Placing Agent and the ultimate beneficial owners of the placees are or will be, as the case may be, Independent Third Parties.

Lock up

The Seller has undertaken to the Placing Agent that it shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Placing Agent:

- (i) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Seller or any affiliate of the Seller or any person in privity with the Seller or any affiliate of the Seller), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company;
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) publicly announce an intention to effect any such transaction,

for a period beginning on the date of the Placing Agreement and ending on the date which is 90 days after the Placing Closing Date. The above undertaking shall not apply to the sale of the Placing Shares under the Placing and Subscription Agreement and the lending of Shares by the Seller under the Securities Lending Agreement.

The Company has undertaken to the Placing Agent that it shall not, and the Seller undertakes to procure that the Company will not, without the prior written consent of the Placing Agent:

- (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company;
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) publicly announce an intention to effect any such transaction,

for a period beginning on the date of the Placing Agreement and ending on the date which is 90 days after the Placing Closing Date. The above undertaking shall not apply to the issue of the Subscription Shares under the Placing, the issue of new Shares pursuant to the exercise of the share options granted or to be granted pursuant to the share option scheme adopted by the Company on 20 March 2017 the “**Share Option Scheme**”), the grant of share options under the Share Option Scheme, the issue of the Convertible Bonds in accordance with the Terms and Conditions and the issue of the Conversion Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfillment or waiver of the following conditions:

- (a) before the completion of the Placing, there shall not have occurred:
 - (i) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole;
 - (ii) any suspension or limitation of trading (a) in any of the Company's securities by the Stock Exchange, or (b) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange, the Nasdaq National Market or other relevant exchanges; or
 - (iii) the declaration by Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the European Economic Area or other applicable jurisdiction(s) (together, the “**Relevant Jurisdictions**” and each a “**Relevant Jurisdiction**”) of a national emergency or war or other calamity or crisis or any outbreak or escalation of hostilities or act of terrorism in any such jurisdictions; or
 - (iv) any material disruption in commercial banking or securities settlement or clearance services in any Relevant Jurisdiction and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in any Relevant Jurisdiction; or
 - (v) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in any Relevant Jurisdiction or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agent, would make the placement of the Placing Shares or the enforcement of contracts to subscribe for the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

- (b) the representations and warranties made by any of the Company and the Seller pursuant the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Placing Closing Date;
- (c) each of the Company and the Seller having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Placing Closing Date;

- (d) the Placing Agent having received on the Placing Closing Date an opinion of the legal adviser of the Company as to Cayman Islands law to the satisfaction of the Placing Agent on certain matters set forth in the Placing and Subscription Agreement;
- (e) the Placing Agent having received on the Placing Closing Date an opinion of the legal adviser of the Company as to British Virgin Islands law to the satisfaction of the Placing Agent on certain matters set forth in the Placing and Subscription Agreement; and
- (f) the Placing Agent having received on the Placing Closing Date an opinion of the legal adviser of the Placing Agent as to U.S. law to the effect that the offer and sale of the Placing Shares by the Placing Agent as set forth in the Placing and Subscription Agreement are not required to be registered under the U.S. Securities Act.

Completion of the Placing

Subject to the conditions mentioned above, the completion of the Placing shall take place on the Placing Closing Date, being 21 September 2020, or such other time and/or date as the Company and the Placing Agent may agree. The completion of the Placing and the completion of the Subscription are not inter-conditional. The completion of the Placing is also not conditional upon completion of the CB Subscription Agreement.

Since completion of the Placing is subject to the satisfaction of certain conditions precedent, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Subscription Shares

44,000,000 new Shares (which shall be equal to the number of Placing Shares) to be issued to the Seller, representing in aggregate approximately 2.85% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.78% of the issued share capital as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription (including no Convertible Bonds are converted into Conversion Shares) save for the issue of the Subscription Shares and the Placing Shares are placed in full).

Subscription Price

The subscription price per new Share is equivalent to the Placing Price of HK\$5.35 per Share. The aggregate nominal value of the Subscription Shares is US\$4,400.

The Directors (excluding Mr. Li who has abstained from voting due to his interest in the Seller, but including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market conditions and are in the best interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment of the Subscription Shares.

Conditions of the Subscription

The Subscription is conditional upon:

- (a) the Listing Committee granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and
- (b) completion of the Placing occurred pursuant to the terms of the Placing and Subscription Agreement.

Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Subscription Shares. None of the conditions for the Subscription can be waived by the parties to the Placing and Subscription Agreement.

In the event that the conditions in respect of the Subscription are not fulfilled within 14 days after the date of the Placing and Subscription Agreement (or such later date as may be agreed between the Company and the Seller in writing and in compliance with the Listing Rules), the obligations and liabilities of the Company and the Seller under the Subscription shall be null and void and neither the Company nor the Seller shall have any claim against the other for costs, damages, compensation or otherwise.

Completion of the Subscription

Completion of the Subscription will take place on the second Business Day following the date upon which the last of the above conditions is fulfilled, provided it shall take place on a day no later than a day falling 14 days after the date of the Placing and Subscription Agreement, or such other day as agreed by the Seller and the Company in writing and in compliance with the Listing Rules. If the Subscription is not completed within 14 days after the date of the Placing and Subscription Agreement, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

Effect of the Placing and the Subscription on shareholding structure of the Company

	As at the date of this announcement		Immediately after the completion of the Placing, but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Controlling Shareholders						
Seller ⁽²⁾	518,852,625	33.66%	474,852,625	30.81%	518,852,625	32.73%
Aspire Education Technology ⁽²⁾	175,160,100	11.36%	175,160,100	11.36%	175,160,100	11.05%
Aspire Education Consulting ⁽²⁾	56,000,000	3.63%	56,000,000	3.63%	56,000,000	3.53%
Total for Controlling Shareholders	<u>750,012,725</u>	<u>48.66%</u>	<u>706,012,725</u>	<u>45.80%</u>	<u>750,012,725</u>	<u>47.31%</u>
Public Shareholders						
Placees	–	–	44,000,000	2.85%	44,000,000	2.78%
Other Public Shareholders	791,457,685	51.34%	791,457,685	51.34%	791,457,685	49.92%
Total:	<u>1,541,470,410</u>	<u>100%</u>	<u>1,541,470,410</u>	<u>100%</u>	<u>1,585,470,410</u>	<u>100%</u>

Notes:

- The above table assumes (i) no Shares will be issued pursuant to any employee share option scheme of the Company or otherwise, no Shares will be purchased by the Company, (ii) no Shares will be purchased by Mr. Li and his associates and (iii) no Conversion Shares will be issued under the Convertible Bonds, in each case between the date of this announcement and the completion of the Subscription, save for the issue of the Subscription Shares, and the Placing Shares are placed in full. Certain figures and percentage figures included in the above table have been subject to rounding adjustments.
- Mr. Li is the sole shareholder of the Seller and he is therefore deemed to be interested in the Shares held by the Seller under the SFO. Mr. Li holds 61.48% shares in Aspire Education Technology and he is therefore deemed to be interested in the Shares held by Aspire Education Technology under the SFO. Mr. Li holds 79.19% shares in Aspire Education Consulting and he is therefore deemed to be interested in the Shares held by Aspire Education Consulting under the SFO.
- As at the date of this announcement, Mr. Li is deemed to be interested in 1,452,500 underlying Shares which may be issued to him upon exercise of the share options granted to him by the Company.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION, THE PLACING AND THE SUBSCRIPTION

	As at the date of this announcement		Immediately after the completion of the Placing, but before the completion of the Subscription ⁽¹⁾				Assuming the Convertible Bonds are fully converted into Shares (subject to adjustment) at the initial Conversion Price of HK\$6.313 per Share ⁽²⁾	
			Immediately after the completion of the Placing and the Subscription ⁽¹⁾		Immediately after the completion of the Placing, but before the completion of the Subscription ⁽¹⁾			
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Controlling Shareholders								
Vendor ⁽³⁾	518,852,625	33.66%	474,852,625	30.81%	518,852,625	32.73%	518,852,625	30.37%
Aspire Education Technology ⁽³⁾	175,160,100	11.36%	175,160,100	11.36%	175,160,100	11.05%	175,160,100	10.25%
Aspire Education Consulting ⁽³⁾	56,000,000	3.63%	56,000,000	3.63%	56,000,000	3.53%	56,000,000	3.28%
Total for Controlling Shareholders	750,012,725	48.66%	706,012,725	45.80%	750,012,725	47.31%	750,012,725	43.91%
Public Shareholders								
Placees	–	–	44,000,000	2.85%	44,000,000	2.78%	44,000,000	2.58%
Bondholders	–	–	–	–	–	–	122,764,137	7.19%
Other Public Shareholders	791,457,685	51.34%	791,457,685	51.34%	791,457,685	49.92%	791,457,685	46.33%
Total:	1,541,470,410	100%	1,541,470,410	100%	1,585,470,410	100%	1,708,234,547	100%

Notes:

- This assumes (i) no Shares will be issued pursuant to any employee share option scheme of the Company or otherwise, no Shares will be purchased by the Company, (ii) no Shares will be purchased by Mr. Li and his associates and (iii) no Conversion Shares has been issued under the Convertible Bonds, in each case between the date of this announcement and the completion of the Subscription, save for the issue of the Subscription Shares, and the Placing Shares are placed in full. Certain figures and percentage figures included in the above table have been subject to rounding adjustments.
- This assumes (i) no Shares will be issued pursuant to any employee share option scheme of the Company or otherwise, no Shares will be purchased by the Company and (ii) no Shares will be purchased by Mr. Li and his associates, in each case between the date of this announcement and the completion of the Subscription, save for the issue of the Subscription Shares, the Placing Shares are placed in full, and the Convertible Bonds are fully converted into Conversion Shares. Certain figures and percentage figures included in the above table have been subject to rounding adjustments.
- Mr. Li is the sole shareholder of the Seller and he is therefore deemed to be interested in the Shares held by the Seller under the SFO. Mr. Li holds 61.48% shares in Aspire Education Technology and he is therefore deemed to be interested in the Shares held by Aspire Education Technology under the SFO. Mr. Li holds 79.19% shares in Aspire Education Consulting and he is therefore deemed to be interested in the Shares held by Aspire Education Consulting under the SFO.
- As at the date of this announcement, Mr. Li is deemed to be interested in 1,452,500 underlying Shares which may be issued to him upon exercise of the share options granted to him by the Company.

USE OF PROCEEDS OF THE CONVERTIBLE BONDS AND THE SUBSCRIPTION

The estimated net proceeds of the issue of the Convertible Bonds, after deduction of estimated expenses payable in connection with issue of the Convertible Bonds, will amount to approximately U.S.\$99,000,000.

The estimated net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Seller and the Company (including the Placing Agent's commission, the stamp duty, the Stock Exchange trading fee and the SFC transaction levy) to be borne by the Company, and other expenses incurred by the Company, in connection with the Placing and the Subscription) are expected to be approximately HK\$232.79 million. The estimated net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately HK\$5.29 per Subscription Share.

The Company intends to use the estimated net proceeds of the Convertible Bonds and the Subscription primarily for (a) further investments in existing schools to improve quality and efficiency; (b) potential acquisitions of new schools, especially in the Greater-bay, Sichuan-Chongqing and certain other areas; and (c) general corporate purposes. As of the date of this announcement, (i) the Company intends to acquire new schools but has not identified any specific acquisition targets; (ii) no agreement has been entered by the Group in respect of any such acquisitions; and (iii) no allocation plan of such net proceeds between further investments in existing schools, possible acquisitions of new schools and general corporate purposes has been formulated. The Company will make announcement(s) in respect of any such acquisition(s) in compliance with the requirements of the Listing Rules where appropriate.

REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS, THE PLACING AND THE SUBSCRIPTION

The Directors consider that the issue of the Convertible Bonds represents an opportunity to potentially enlarge and diversify the shareholder base of the Company, to improve the liquidity position of the Company, to reduce the financing costs of the Company and to raise further working capital for the Company. The Board currently intends to use the funds as mentioned above and considers it will facilitate the overall development and expansion of the Company. The Directors also consider the terms of the CB Subscription Agreement to be fair and reasonable in the interests of the Company and the Shareholders as a whole and that the CB Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Issuer, the Company and the Sole Lead Manager.

The Placing and the Subscription are being undertaken to further enlarge the Shareholders' equity base of the Company, optimize the capital structure of the Company and support a healthy and sustainable development of the Company. The Directors also consider the terms of the Placing and Subscription Agreement to be fair and reasonable in the interests of the Company and the Shareholders as a whole and that the Placing and Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company, the Seller and the Placing Agent.

GENERAL MANDATE FOR THE ISSUE OF THE CONVERSION SHARES AND THE SUBSCRIPTION SHARES

By a resolution of the Shareholders passed at the annual general meeting of the Company on 19 May 2020, the Company granted a General Mandate to the Directors to exercise the power of the Company to allot, issue and deal with unissued Shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of the granting of the mandate, such additional Shares amounting to not more than 308,220,000 Shares.

As at the date of this announcement, no Share has been issued under General Mandate. The Conversion Shares and the Subscription Shares will be allotted and issued under the General Mandate, and therefore no Shareholders' approval is required for the issue of the Convertible Bonds, the Conversion Shares and the Subscription Shares.

EQUITY FUND RAISING BY THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted any fund raising exercise by issuing equity securities during the 12 months immediately before the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable inquiries, the conversion of the Convertible Bonds will not result in the Company's non-compliance with the public float requirement under Rule 8.08 of the Listing Rules and will not trigger a mandatory general offer obligation under Rule 26.1 of the Code on Takeovers and Mergers on the part of the Bondholders.

INFORMATION ABOUT THE COMPANY

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 8 July 2016. It is a leading private formal higher education group in China which provides high quality higher education in a wide selection of fields in applied sciences.

The completion of the Subscription is subject to the satisfaction of the conditions precedent set out in the Placing and Subscription Agreement. As the completion of the Subscription may or may not take place, shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agency Agreement”	a paying and conversion agency agreement to be entered into between the Issuer, the Company, the Trustee, the Paying Agent and the Registrar
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds from time to time

“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong
“CB Subscription Agreement”	the subscription agreement entered into between the Company and the Sole Lead Manager dated 16 September 2020 in connection with the issue and subscription of the Convertible Bonds
“CB Closing Date”	the date (expected to be on 30 September 2020 or such other date as the Issuer and the Sole Lead Manager may agree) on which the Convertible Bonds are issued
“Company”	China New Higher Education Group Limited (中國新高教集團有限公司), a company incorporated in Cayman Islands with limited liability whose shares are listed on the Stock Exchange (stock code: 2001)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling Shareholders of the Company, namely Aspire Education Technology, Aspire Education Management, Aspire Education Consulting and Mr. Li
“Convertible Bonds”	the U.S.\$100,000,000 1.0% guaranteed convertible bonds due 2021 to be issued by the Issuer
“Conversion Price”	the price per Share at which the Shares will be issued upon conversion and the initial conversion price being HK\$6.3130 per Share (subject to adjustments)
“Conversion Shares”	Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds
“Conversion Right”	the right of the holder of a Bond to convert such Bond into Share(s) credited as fully paid at any time during the Conversion Period
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of Shareholders passed at the annual general meeting of the Company on 19 May 2020 to allot, issue and deal with unissued Shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of the granting of the mandate

“Group”	the Company, its subsidiaries and its consolidated affiliated entities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Issuer”	Goldensep Investment Company Limited, a company incorporated with limited liability in the Cayman Islands and a direct wholly-owned subsidiary of the Company
“Last Trading Date”	16 September 2020, being the last trading day prior to the signing of the Placing and Subscription Agreement, which took place after trading hours
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time
“Maturity Date”	on or about 28 September 2021
“Mr. Li”	Mr. Li Xiaoxuan (李孝軒), the founder of the Group, chairman of the Board and an executive Director and one of the Controlling Shareholders
“Offering Circular”	the offering circular to be prepared by the Issuer and the Company for use in connection with the issue of the Convertible Bonds and the listing of the Convertible Bonds on the Stock Exchange and to be dated the Publication Date
“Paying Agent”	The Bank of New York Mellon, London Branch
“Placing”	the placement of 44,000,000 Placing Shares to independent investors at the Placing Price
“Placing and Subscription Agreement”	the placing and subscription agreement entered into between the Company, the Seller and the Placing Agent dated 16 September 2020 in respect of the Placing and the Subscription
“Placing Closing Date”	the closing day of the Placing as specified in the Placing and Subscription Agreement

“Placing Price”	HK\$5.35
“Placing Shares”	the shares to be sold pursuant to the Placing and Subscription Agreement
“Principal Agent”	The Bank of New York Mellon, London Branch
“PRC”	The People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
“Publication Date”	the publication date of the Offering Circular, which is dated no later than three business days prior to the CB Closing Date or such other date as may be agreed between the Issuer and the Sole Lead Manager
“Registrar”	The Bank of New York Mellon SA/NV, Luxembourg Branch
“Relevant Shareholders”	Mr Li, Aspire Education Management Co., Ltd., Aspire Education Technology Co., Ltd. and Aspire Education Consulting Co. Ltd.
“Securities Lending Agreement”	a global master securities lending agreement and a related master confirmation, each dated 16 September 2020 entered into between the Seller and Credit Suisse (Hong Kong) Limited in connection with the proposed issue of Convertible Bonds
“Seller”	Aspire Education Management Co., Ltd., a company incorporated in British Virgin Islands with limited liability on October 15, 2015, being one of the Controlling Shareholders of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Shares”	ordinary shares of U.S.\$0.0001 each in the capital of the Company
“Sole Global Coordinator”, “Sole Bookrunner”, “Sole Lead Manager” or “Placing Agent”	Credit Suisse (Hong Kong) Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription of the Subscription Shares by the Seller pursuant to the Placing and Subscription Agreement
“Subscription Shares”	an aggregate of 44,000,000 new Shares to be issued by the Company and subscribed by the Seller under the Placing and Subscription Agreement
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Terms and Conditions”	terms and conditions of the Convertible Bonds
“Trading Day”	a day on which the Stock Exchange is open for dealing business
“Trustee”	The Bank of New York Mellon, London Branch
“Trust Deed”	the trust deed to be entered into by the Issuer, the Company and the Trustee
“U.S. Securities Act”	The United States Securities Act of 1933 (as amended)
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S.\$”	U.S. dollar(s), the lawful currency of the United States

By order of the Board
China New Higher Education Group Limited
Li Xiaoxuan
Chairman

Hong Kong, 17 September 2020

As at the date of this announcement, the executive Directors were Mr. Li Xiaoxuan and Mr. Zhao Shuai, Ms. Shen Chunmei and the independent non-executive Directors were Mr. Hu Jianbo, Mr. Kwong Wai Sun Wilson, Mr. Chan Tung Hoi and Dr. Pang Tsz Kit Peter.