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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in China Kepei Education Group Limited, you should at once hand this circular, together with the accompanying 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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**China Kepei Education Group Limited**

**中國科培教育集團有限公司**

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

**(Stock Code: 1890)**

**CONNECTED TRANSACTION INVOLVING GRANT OF  
RESTRICTED SHARES TO CONNECTED PERSONS PURSUANT  
TO SPECIFIC MANDATE**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Advisor to the Independent Shareholders**



川盟融資有限公司

Chanceton Capital Partners Limited

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The notice convening the Extraordinary General Meeting of China Kepei Education Group Limited to be held at Room 1603, 16th Floor, China Resources Building, No. 2666 Keyuan South Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC on 14 August 2020 at 10:30 a.m. is set out in this circular.

Whether or not you are able to attend the Extraordinary General Meeting, you are advised to read the notice and to complete and sign the enclosed form of proxy for use at the Extraordinary General Meeting in accordance with the instructions stated thereon and return it to the Company's Hong Kong branch share registrar, 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 Extraordinary General Meeting (i.e. 10:30 a.m. on 12 August 2020) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof if they so wish. In such event, the form of proxy shall be deemed to be revoked.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinakepeiedu.com](http://www.chinakepeiedu.com)).

A letter from the Independent Board Committee to the Independent Shareholders is set out on page 19 of this circular. A letter from Chanceton Capital, the Independent Financial Advisor, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 20 to 40 of this circular.

24 July 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:*

“Articles of Association”	the articles of association of the Company conditionally adopted on 10 January 2019 and effective on 25 January 2019
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	China Kepei Education Group Limited (中國科培教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 24 August 2017, the Shares of which are listed on the Main Board of the Stock Exchange
“Connected Grantee(s)”	the Grantee(s) who are connected person(s) of the Company, namely Dr. Zhang Xiangwei, Mr. Zha Donghui, Ms. Li Yan, Mr. Ye Xun, Mr. Wang Chuanwu, Dr. Xu Ming, Mr. Ye Nianjiu, Ms. Wang Yining, Mr. Zhang Dongsheng, Ms. Chai Weisi, Ms. Liu Xiangping, Mr. Zhang Zongshan, Mr. Li Huiyou and Mr. Tan Jinxing
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Connected Restricted Shares”	11,150,000 Restricted Shares granted by the Company to the Connected Grantees
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	any Director or employee of the Company or any of its subsidiaries
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at Room 1603, 16th Floor, China Resources Building, No. 2666 Keyuan South Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC on 14 August 2020 at 10:30 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 47 to 49 of this circular, or any adjournment thereof
“Grant”	the grant of 14,450,000 Restricted Shares to the Grantees on 22 June 2020
“Grantee(s)”	the selected Eligible Participant(s) granted or proposed to be granted the 14,450,000 Restricted Shares under the Restricted Share Award Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising Dr. Deng Feiqi and Dr. Li Xiaolu, the other two independent non-executive Directors who are not Connected Grantees, established for the purpose of advising the Independent Shareholders on the proposed grant of the Connected Restricted Shares to the Connected Grantees, the grant of the Specific Mandate and transactions contemplated thereunder
“Independent Financial Advisor” or “Chanceton Capital”	Chanceton Capital Partners Limited (川盟融資有限公司), a corporation licensed to conduct Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial advisor appointed to advise the Independent Shareholders in respect of the proposed grant of the Connected Restricted Shares to the Connected Grantees, the grant of Specific Mandate and the transactions contemplated thereunder
“Independent Shareholders”	the independent Shareholders other than the Connected Grantees and their respective associates
“Latest Practicable Date”	17 July 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Non-connected Grantee(s)”	the Grantee(s) who are not connected person(s) of the Company
“Restricted Shares”	any Shares that may be offered by the Company to any Selected Participant under the Restricted Share Award Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“RSU Grant Announcement”	the announcement of the Company dated 22 June 2020 in relation to, among others, the adoption of the Restricted Share Award Scheme, the appointment of the Trustee, the grant of the 14,450,000 Restricted Shares to the Grantees and the appointment of the Independent Financial Advisor
“Restricted Share Award Scheme”	the Restricted Share Award Scheme adopted by the Board on 22 June 2020 whereby awards of Restricted Shares may be made to Eligible Participants under the Scheme (such Shares being subscribed or purchased by the Trustee)
“Scheme Rules”	the rules governing the Restricted Share Award Scheme adopted by the Board

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## DEFINITIONS

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“Selected Participant(s)”	any Eligible Participant(s) selected by the Board in accordance with the terms of the Restricted Share Award Scheme
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary shares in the share capital of the Company with a par value of US\$0.00001 each
“Shareholder(s)”	the holder(s) of the Shares
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Board for the issue and allotment of the Connected Restricted Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	certain subsidiary(ies) of the Company
“Trust”	China Kepei Education Group Limited Restricted Share Award Scheme Trust constituted under the Trust Deed or other trust(s) from which Restricted Shares may be granted to a Selected Participant pursuant to the Restricted Share Award Scheme
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Trustee for the administration of the Restricted Share Award Scheme
“Trust Fund”	(a) any Shares acquired by the Trustee for the purpose of the Trust out of cash paid to the Trustee by way of settlement or otherwise contributed by the Company by way of allotment of new shares; (b) all Residual Cash, Related Income and Related Distributions of, and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from, the Shares held by the Trust; and (c) all other properties from time to time representing (a) and (b) above
“Trustee”	Zedra (Hong Kong) Limited, a trustee corporation (which is independent of and not connected with the Company) appointed by the Company for the administration of the Restricted Share Award Scheme with a registered office at Suite 5508, 55th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, or any additional or replacement trustee(s)
“2020 AGM”	the annual general meeting of the Company held on 5 June 2020
“2020 General Mandate”	the general mandate granted by the Shareholders to the Directors to issue, allot and otherwise deal with new Shares at the 2020 AGM
“%”	per cent

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LETTER FROM THE BOARD

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**China Kepei Education Group Limited**

**中國科培教育集團有限公司**

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

**(Stock Code: 1890)**

*Executive Directors:*

Mr. Ye Nianqiao (*Chairman and Chief Executive Officer*)  
Dr. Zhang Xiangwei  
Mr. Zha Donghui  
Ms. Li Yan  
Mr. Ye Xun

*Non-executive Director:*

Mr. Wang Chuanwu

*Independent Non-executive Directors:*

Dr. Xu Ming  
Dr. Deng Feiqi  
Dr. Li Xiaolu

*Registered Office:*

Maples Corporate Services Limited  
P.O. Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

*Headquarters and principal place of  
business in the PRC:*

Qifu Road  
Gaoyao District  
Zhaoqing City  
Guangdong Province  
PRC

*Principal Place of Business in*

*Hong Kong:*  
31/F, Tower Two  
Times square  
1 Matheson Street  
Causeway Bay  
Hong Kong

24 July 2020

*To the Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTION INVOLVING GRANT OF  
RESTRICTED SHARES TO CONNECTED PERSONS PURSUANT  
TO SPECIFIC MANDATE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to give you a notice of the EGM and provide you with, among other things, (i) further details of the proposed grant of the Connected Restricted Shares to the Connected Grantees, the grant of Specific Mandate and the transactions contemplated thereunder; (ii) a letter of

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## LETTER FROM THE BOARD

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advice from the Independent Financial Advisor and a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the proposed issue and allotment of the Connected Restricted Shares to the Connected Grantees, the grant of Specific Mandate and the transactions contemplated thereunder.

### 2. CONNECTED TRANSACTION INVOLVING GRANT OF RESTRICTED SHARES TO CONNECTED PERSONS PURSUANT TO SPECIFIC MANDATE

Reference is made to the RSU Grant Announcement in relation to, among others, the adoption of the Restricted Shares Award Scheme, the appointment of the Trustee, the grant of Restricted Shares to the Grantees and the appointment of the Independent Financial Advisor.

On 22 June 2020, the Board has approved, subject to acceptance of the Grantees and other conditions, the grant of 14,450,000 Restricted Shares in aggregate to the Grantees, of which (i) 3,300,000 Restricted Shares are granted to 7 employees of the Company (who are not connected persons of the Company) and shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the 2020 General Mandate and in accordance with the terms of the Scheme Rules; and (ii) 11,150,000 Restricted Shares are proposed to be granted to 6 Directors and 8 current and former directors of the Subsidiaries (who are connected persons of the Company) and shall be satisfied by the proposed issue and allotment of new Shares to the Trustee pursuant to the Specific Mandate and in accordance with the terms of the Scheme Rules.

The Connected Restricted Shares to be granted to Connected Grantees will be vested in three tranches in annual interval during the vesting period.

No.	Time interval	Percentage of Vesting
1.	From the first trading day after the 12th month after the grant to the last trading day before the 24th month after the grant	40%
2.	From the first trading day after the 24th month after the grant to the last trading day before the 36th month after the grant	30%
3.	From the first trading day after the 36th month after the grant to the last trading day before the 48th month after the grant	30%

The new Restricted Shares so issued will be held on trust for the Grantees until the end of each vesting period and will be transferred to the Grantees upon satisfaction of the following vesting conditions as may be specified by the Board at the time of making the Grant:

- (1) the Connected Grantees shall remain as directors or employees of the Company until the end of their respective vesting periods;
- (2) the Connected Grantees shall not be convicted of a felony or misdemeanor involving moral turpitude;
- (3) the Connected Grantees shall not be prosecuted, convicted, or held liable under any securities-related law or other applicable laws in Hong Kong;

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## LETTER FROM THE BOARD

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- (4) the Connected Grantees shall not own, manage, control, participate in, consult with, render services for, or in any other manner engage in any business, or invest in to any business which constitutes or is competitive with any business conducted by the Company; or leak any trade secret of the Company;
- (5) the Connected Grantees shall not violate any provisions or restrictions under the incentive schemes, the stock granting agreement, or other documents; and
- (6) the grant shall not be illegal under any applicable laws or regulations of the residence of the Connected Grantees or Hong Kong, and the Board and the Trustee shall not believe that it is necessary to exclude the Connected Grantees from the incentive schemes to comply with the applicable laws or regulations of Hong Kong.

Additionally, the number of Connected Restricted Shares granted to the Connected Grantees may be adjusted or reduced based on their annual performance review. In extreme situations, the number of Connected Restricted Shares granted to the Connected Grantees will be reduced to zero if they are not competent for their positions.

The Board applied the same vesting arrangement to both Non-connected Grantees and Connected Grantees.

Based on the closing price of HK\$6.32 per Share as quoted on the Stock Exchange as at the date of the RSU Grant Announcement, being 22 June 2020, the market value of 3,300,000 new Restricted Shares to be issued and allotted to the Non-connected Grantees is HK\$20,856,000, and the 11,150,000 new Restricted Shares to be issued and allotted to the Connected Grantees is HK\$70,468,000. Based on the closing price of HK\$6.20 per Share as quoted on the Stock Exchange as at the Latest Practicable Date, the market value of 3,300,000 new Restricted Shares to be issued and allotted to the Non-connected Grantees, and the 11,150,000 new Restricted Shares to be issued and allotted to the Connected Grantees are HK\$20,460,000 and HK\$69,130,000, respectively. The aggregate nominal value of the new Restricted Shares is approximately US\$144.5. The average closing prices of the Shares for the five consecutive trading days immediately preceding the date of the RSU Grant Announcement as quoted on the Stock Exchange is approximately HK\$6.292 per Share.

As at the Latest Practicable Date, the Company had not granted any Restricted Shares under the Scheme. The number of Shares available for further grant under the Scheme before and after the Grant (assuming all the Restricted Shares granted are fully vested) are 40,015,973 Shares and 25,565,973 Shares, respectively, representing approximately 2.0% and 1.3% of the total issued share capital of the Company as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### **Issue and Allotment of the Connected Restricted Shares**

The issue and allotment of the Connected Restricted Shares to the Connected Grantees shall be subject to (i) the approval by the Independent Shareholders at the Extraordinary General Meeting in respect of the issue and allotment of the Connected Restricted Shares, the Specific Mandate and the transactions contemplated therein; and (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in the new Connected Restricted Shares.

The Company considers that the issue and allotment of Connected Restricted Shares is an appropriate incentive method and is in the interests of the Company and its Shareholders as a whole. Unlike granting a cash bonus, the grant of the Restricted Shares will enable the Company to prevent the cash outflow of the Group, while at the same time aligning the interests of the Connected Grantees with the Company and its Shareholders.

As a result of the issue and allotment of the aggregate of 14,450,000 Restricted Shares, taking into account of 11,150,000 Connected Restricted Shares that may be issued, the shareholding interests of existing public Shareholders will be diluted from 25.03% to approximately 25.01% of the total issued share capital of the Company as at the Latest Practicable Date, and the dilution effect on the shareholdings of the existing public Shareholders is immaterial. Accordingly, the Directors consider that the grant of the Connected Restricted Shares and the issue and allotment of new Connected Restricted Shares are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

The Company is well aware of the importance to meet the prescribed minimum public float requirement upon full vesting of the Restricted Shares (including the Connected Restricted Shares). In order to maintain the minimum public float at all times as required under Rules 8.08 and 13.32 of the Listing Rules, the Company undertakes not to issue any Connected Restricted Shares shall the public float is expected to be or is lower than the prescribed minimum public float, as long as it is feasible and permitted under the terms and conditions of the Restricted Share Award Scheme as well as other applicable laws and regulations.

Upon the issue and allotment of the new Connected Restricted Shares, the Trustee will hold the new Shares on trust for the Connected Grantees and such new Connected Restricted Shares shall be transferred to the Connected Grantees at nil consideration until the end of each vesting period which may differ among the Connected Grantees and subject to the satisfaction of the relevant vesting conditions as may be specified by the Board at the time of making the grant. As such, no fund will be raised by the Company as a result of the issue and allotment of the new Restricted Shares.

## LETTER FROM THE BOARD

### Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 11,150,000 new Connected Restricted Shares.

The new Connected Restricted Shares will be issued and allotted to the Connected Grantees with details as follows:

Name of Connected Grantee	Number of Connected Restricted Shares	Approximate market value of the Connected Restricted Shares as at 22 June 2020 <i>HK\$</i> <i>(Note 1)</i>	Approximate value of the Connected Restricted Shares as at the Latest Practicable Date <i>HK\$</i> <i>(Note 2)</i>	Approximate percentage of total number of Shares in issue as at the Latest Practicable Date
Dr. Zhang Xiangwei	2,000,000	12,640,000	12,400,000	0.10%
Mr. Zha Donghui	1,200,000	7,584,000	7,440,000	0.06%
Ms. Li Yan	1,000,000	6,320,000	6,200,000	0.05%
Mr. Ye Xun	700,000	4,424,000	4,340,000	0.03%
Mr. Wang Chuanwu	800,000	5,056,000	4,960,000	0.04%
Dr. Xu Ming	400,000	2,528,000	2,480,000	0.02%
Mr. Ye Nianjiu	800,000	5,056,000	4,960,000	0.04%
Mr. Wang Yining	800,000	5,056,000	4,960,000	0.04%
Mr. Zhang Dongsheng	700,000	4,424,000	4,340,000	0.03%
Ms. Chai Weisi	650,000	4,108,000	4,030,000	0.03%
Ms. Liu Xiangping	650,000	4,108,000	4,030,000	0.03%
Mr. Zhang Zongshan	650,000	4,108,000	4,030,000	0.03%
Mr. Li Huiyou	400,000	2,528,000	2,480,000	0.02%
Mr. Tan Jinxing	400,000	2,528,000	2,480,000	0.02%
<b>Total</b>	<b>11,150,000</b>	<b>70,468,000</b>	<b>69,130,000</b>	<b>0.56%</b>

*Notes:*

- The market value of the Connected Restricted Shares is calculated based on the closing market price of HK\$6.32 per Share on 22 June 2020.
- The market value of the Connected Restricted Shares is calculated based on the closing market price of HK\$6.20 per Share on 17 July 2020, being the Latest Practicable Date.

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## LETTER FROM THE BOARD

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The aggregate of 11,150,000 new Connected Restricted Shares to be issued and allotted by the Company, represent (i) approximately 0.56% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) approximately 0.55% of the total number of Shares in issue as enlarged by the issue and allotment of the new Connected Restricted Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the allotment date of the new Shares, other than the issue and allotment of the new Connected Restricted Shares).

The grant of the Connected Restricted Shares to the Connected Grantees has been approved by the Board on 22 June 2020, being the date of grant subject to the acceptance of the Connected Grantees and other conditions as may be determined by the Board, including the Independent Shareholders' approval at the Extraordinary General Meeting. The vesting period for the Connected Restricted Shares to be granted to the Connected Grantees is three year. The Board determined that the Connected Grantees and the number of Restricted Shares granted to them with reference to, among other things, their respective responsibilities, years of services, work experience, contributions, remuneration packages and prevailing compensation of similar positions in the market.

The positions, responsibilities and years of services of the Connected Grantees are set out as follows:

<b>Name of Connected Grantee</b>	<b>Position</b>	<b>Years of services</b>	<b>Responsibility</b>
Dr. Zhang Xiangwei	Executive Director and chief operating Officer of the Company; Dean and Deputy secretary of the Party Committee of Guangdong Polytechnic College	9	Strategic development and daily management and operations
Mr. Zha Donghui	Executive Director and member of the remuneration committee of the Company	19	Strategic development and daily management and operations
Ms. Li Yan	Executive Director and chief financial officer of the Company	16	Strategic development and daily management and operations
Mr. Ye Xun	Executive Director	9	Strategic development and daily management and operations
Mr. Wang Chuanwu	Non-executive Director and member of the audit committee of the Company	19	Providing advice on our strategic development and risk management

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## LETTER FROM THE BOARD

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Name of Connected Grantee	Position	Years of services	Responsibility
Dr. Xu Ming	Independent non-executive Director and chairman of the audit committee of the Company	3	Providing independent opinion and judgment to our Board
Mr. Ye Nianjiu	Director of Guangdong Polytechnic College	19	In charge of the day-to-day management of student affairs relating to student admission and graduate employment
Ms. Wang Yining	Director, associate dean and chairperson of the labour union of Guangdong Polytechnic College	22	Assisting the dean in various tasks of human resources management, teaching staff construction, labour union and women's union work
Mr. Zhang Dongsheng	Director, associate dean and Secretary of the Party Committee of Guangdong Polytechnic College	7	In charge of overall work for the Party Committee of Guangdong Polytechnic College
Ms. Chai Weisi	Dean of Harbin Institute of Petroleum* (哈爾濱石油學院) (the “ <b>Harbin Institute</b> ”) and former director of Guangdong Polytechnic College	2	In charge of overall management and administration work of the Harbin Institute
Ms. Liu Xiangping	Director and associate dean of Guangdong Polytechnic College	22	Assisting the dean in the management of various tasks in teaching, major construction, student innovation, continuing education and external affairs

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## LETTER FROM THE BOARD

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<b>Name of Connected Grantee</b>	<b>Position</b>	<b>Years of services</b>	<b>Responsibility</b>
Mr. Zhang Zongshan	Deputy secretary of the Party Committee and former director of Guangdong Polytechnic College	12	Assisting the dean and the Party Committee's secretary in various tasks of discipline inspection commission, student affairs, student employment guidance, back office support, safety and stability maintenance
Mr. Li Huiyou	Deputy secretary of the Party Committee and former director of Guangdong Polytechnic College	20	Assisting the dean and the Party Committee's secretary in various tasks of student affairs in Guangdong Polytechnic College Dinghu campus, back office support, safety and stability maintenance
Mr. Tan Jinxing	Associate dean and former director of Guangdong Polytechnic College	15	In charge of continuing education, self-study examination, internal business school and back office of Guangdong Polytechnic College

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## LETTER FROM THE BOARD

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<b>Name of Non-connected Grantee</b>	<b>Position</b>	<b>Years of services</b>	<b>Responsibility</b>
Mr. Zheng Chaoran	Investor Relations Director and General Manager of Financial Department of the Company	3	Responsible for the daily management of investor relations and financial management and budget of the Group
Mr. Li Jia	Assistant Manager of Financial Department of the Company	18	Responsible for the daily financial management of the Group
Mr. Xia Jun	Head of Financial Department of the Subsidiary	25	Responsible for the financing of the school
Mr. Li Ming	Head of Infrastructure and Construction Department of the Subsidiary	18	Responsible for the daily management of the infrastructure and construction of the school
Ms. Tang Jianning	Head of Human Resources Department of the Subsidiary	18	Responsible for the daily management of the human resources of the school
Mr. Liang Weixiong	Head of Logistics Department of the Subsidiary	22	Responsible for the daily management of the logistics of the school
Mr. Tan Mengge	Head of Student Affair Department of the Subsidiary	19	Responsible for the daily management of the student affair of the school

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## LETTER FROM THE BOARD

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The shareholding effects of the Grant as at the Latest Practicable Date and immediately after the issue, allotment and full vesting of the Restricted Shares (assuming no other change in the issued share capital of the Company other than the issue, allotment and full vesting of the Restricted Shares) is as follows:

Name of Shareholder	As at the Latest Practicable Date		Immediately after the issuance, allotment and full vesting of the Connected Restricted Shares and Restricted Shares to the Non-connected Grantees (assuming no other change in the issued share capital of the Company)	
	<i>No. of Shares</i> (Note 5)	%	<i>No. of Shares</i> (Note 5)	%
Qiaoge Company Limited (Note 1)	675,000,000 (L)	33.74%	675,000,000 (L)	33.49%
Shuye Company Limited (Note 2)	375,000,000 (L)	18.74%	375,000,000 (L)	18.61%
Chenye Company Limited (Note 3)	300,000,000 (L)	14.99%	300,000,000 (L)	14.89%
Weixin Company Limited (Note 4)	150,000,000 (L)	7.50%	150,000,000 (L)	7.44%
<b><i>Sub-total</i></b>	<u>1,500,000,000</u>	<u>74.97%</u>	<u>1,500,000,000</u>	<u>74.43%</u>

## LETTER FROM THE BOARD

Name of Shareholder	As at the Latest Practicable Date		Immediately after the issuance, allotment and full vesting of the Connected Restricted Shares and Restricted Shares to the Non-connected Grantees (assuming no other change in the issued share capital of the Company)	
	No. of Shares (Note 5)	%	No. of Shares (Note 5)	%
<b>Connected Grantees</b>				
Dr. Zhang Xiangwei	0	0.00%	2,000,000 Restricted Shares	0.10%
Mr. Zha Donghui	0	0.00%	1,200,000 Restricted Shares	0.06%
Ms. Li Yan	0	0.00%	1,000,000 Restricted Shares	0.05%
Mr. Ye Xun	0	0.00%	700,000 Restricted Shares	0.03%
Mr. Wang Chuanwu	0	0.00%	800,000 Restricted Shares	0.04%
Dr. Xu Ming	0	0.00%	400,000 Restricted Shares	0.02%
Mr. Ye Nianjiu	0	0.00%	800,000 Restricted Shares	0.04%
Ms. Wang Yining	0	0.00%	800,000 Restricted Shares	0.04%
Mr. Zhang Dongsheng	0	0.00%	700,000 Restricted Shares	0.03%
Ms. Chai Weisi	0	0.00%	650,000 Restricted Shares	0.03%
Ms. Liu Xiangping	0	0.00%	650,000 Restricted Shares	0.03%
Mr. Zhang Zongshan	0	0.00%	650,000 Restricted Shares	0.03%
Mr. Li Huiyou	0	0.00%	400,000 Restricted Shares	0.02%
Mr. Tan Jinxing	0	0.00%	400,000 Restricted Shares	0.02%
<b>Sub-total</b>	<u>1,500,000,000</u>	<u>74.97%</u>	<u>1,511,150,000</u>	<u>74.99%</u>
<b>Non-connected Grantees</b>	0	0.00%	3,300,000 Restricted Shares	0.16%
<b>Other public shareholders</b>	<u>500,798,667</u>	<u>25.03%</u>	<u>500,798,667</u>	<u>24.85%</u>
<b>Sub-total (Public float)</b>	<u>500,798,667</u>	<u>25.03%</u>	<u>504,098,667</u>	<u>25.01%</u>
<b>Total</b>	<u><u>2,000,798,667</u></u>	<u><u>100.00%</u></u>	<u><u>2,015,248,667</u></u>	<u><u>100.00%</u></u>

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## LETTER FROM THE BOARD

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*Notes:*

1. Qiaoge Company Limited is wholly-owned by Mr. Ye Nianqiao. By virtue of Part XV of the SFO, Mr. Ye Nianqiao is deemed to be interested in the Shares held by Qiaoge Company Limited
2. Shuye Company Limited is wholly-owned by Ms. Shu Liping. By virtue of Part XV of the SFO, Ms. Shu Liping is deemed to be interested in the Shares held by Shuye Company Limited. Mr. Ye Nianqiao is the husband of Ms. Shu Liping.
3. Chenye Company Limited is beneficially and wholly-owned by Mr. Ye Xun. By virtue of Part XV of the SFO, Mr. Ye Xun is deemed to be interested in the Shares held by Chenye Company Limited. Mr. Ye Xun is the son of Mr. Ye Nianqiao.
4. Weixin Company Limited is wholly-owned by Mr. Ye Nianjiu. By virtue of Part XV of the SFO, Mr. Ye Nianjiu is deemed to be interested in the Shares held by Weixin Company Limited. Mr. Ye Nianjiu is the brother of Mr. Ye Nianqiao.
5. The letter “L” denotes the Shareholder's long position in the Shares.

### INFORMATION ABOUT THE GROUP

The Group is principally engaged in the provision of private higher education in China focusing on profession-oriented education. As of 31 December 2019, it operates two schools, namely Guangdong Polytechnic College and Zhaoqing Science and Technology Secondary Vocational School\* (肇慶市科技中等職業學校), both of which are located in Zhaoqing City, Guangdong Province, the PRC.

### REASONS FOR THE GRANT OF CONNECTED RESTRICTED SHARES

The Scheme forms part of the incentive schemes of the Group. The Board considers that the grant of the Restricted Shares to the Connected Grantees is to: (i) recognize and reward the contributions made by Connected Grantees; (ii) encourage, motivate and retain the Connected Grantees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the Connected Grantees to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Connected Grantees to the Shareholders through ownership of Shares. The grant recognizes their past contributions to the Group's business performance and aims to secure their long term support and commitment to the Group which are vital to the future development of the Group. As the Group's business is undergoing rapid expansion, the Company believes that the grant of the Connected Restricted Shares to the Connected Grantees serves as an important incentive to motivate them to bring a higher return to the Company.

The Board is of the view that the grant of the Connected Restricted Shares is in line with the Company's remuneration policy, which includes base salary, discretionary bonus and other benefits such as the Scheme and share options. The Remuneration Committee is responsible for reviewing the Group's remuneration policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. Having carefully considered and reviewed the detailed assessment mechanism set out below as well as the existing remuneration package (where applicable) of the Connected Grantees, the Remuneration Committee recommended

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## LETTER FROM THE BOARD

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the Connected Grant to the Board, which is believed to be in line with the Company's remuneration policy. Such grant aligns the interests of the Connected Grantees directly with the interests of the Shareholders through ownership of the Shares and helps to further encourage them to devote their efforts to the Group's development.

### Assessment Mechanism of the Grant

The number of Connected Restricted Shares being granted to each Connected Grantee is being derived at based on the commercial assessment of the Board having taken into account a number of factors, including, without limitation, the roles and responsibilities, seniority, the specific expertise and relevant experiences, such as expertise in education industry, financial management and human resources management, and their historical and expected contributions to the Group. The number of Connected Restricted Shares being granted to each Connected Grantee is being derived at based on the commercial assessment of the Board having taken into account the following factors:

- (1) **The roles and responsibilities:** the Connected Grantee's influence and management over the Company which comprises of four tiers: (a) the vision-defining role; (b) the strategic role; (c) the tactical role; and (d) the operating role. Each tier stands for 60 points, 40 points, 30 points, and 20 points, respectively.
- (2) **Seniority:** Each year of service in the Group counts for 1 point (20 points at maximum).
- (3) **The specific expertise and relevant experiences:** including but not limited to the Connected Grantee's expertise in education industry, financial management and human resources management. In respect of skills, communication skills and problem-solving skills are also taken into account and stand for a score ranging from 20 to 60 points, respectively.
- (4) **The historical contributions:** historical contributions of the Connected Grantee to the Group stands for a score ranging from 20 points to 60 points.
- (5) **Miscellaneous:** other factors, such as whether the Connected Grantee had participated in milestone events of the Company, which includes the establishment and upgrade of schools, the IPO, M&A etc., which stands for a score up to 100 points; and whether the Connected Grantee has been seconded to key positions in the Group, which stands for a score up to 10 points.

The Board added up and ranked each Connected Grantee's score based on the totality assessments above and determined the number of Connected Restricted Shares being granted to each Connected Grantee based on the ranking of their scores. The Board applied the assessment mechanism above to both Connected Grantees and Non-connected Grantees.

The Board considered all of the 8 current and former directors of the Subsidiaries have extensive experience in various industries. Among these 8 Connected Grantees, there are former directors of Guangdong Polytechnic College. Although these former directors are no longer the board members of Guangdong Polytechnic College, they are still having key roles in the Guangdong Polytechnic College or have been appointed as other key roles in the Harbin Institute, which is one of the major schools and newly acquired by the Group in January 2020. Those former directors of the Subsidiaries had and will continue to make substantial contributions to the Group's operations and future developments. In determining their respective entitlement of Connected Awarded Shares, due consideration has

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## LETTER FROM THE BOARD

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been given to the milestone achieved in upgrading Guangdong Polytechnic College from a secondary vocational educational institution and the profit to the Group attributable to Guangdong Polytechnic College which they serve. Furthermore, all of the 8 current and former directors of the Subsidiaries have been serving key executive roles of the Guangdong Polytechnic College for approximately 2 to 22 years and have made significant contributions to the Group in the past and are expected to continue to contribute to the Group in the future. The Board resolved to grant the other 8 Connected Grantees different number of Connected Restricted Shares ranging from 400,000 to 800,000 Shares.

For the 7 Non-Connected Grantees, the Board considered that they have been serving key management roles of the Subsidiaries for approximately 3 to 25 years and have made significant contributions to the Group in the past and are expected to continue to contribute to the Group in the future. Based on that, the Board resolved to grant the 7 Non-connected Grantees different number of Restricted Shares ranging from 200,000 to 520,000 Shares based on their level of contribution in order to reward them as well as serving as incentive purpose.

The respective remuneration of each of the Connected Grantees for the year ended 31 December 2019 ranges from RMB200,000 to RMB968,000. Assume that the Connected Restricted Shares granted to the Connected Grantees will be fully vested in years, the average economic values of the Connected Grant based on the closing price of the Shares of HK\$6.32 per Share as at the Grant Date, on straight-line basis, for each of the Connected Grantees represents approximately 3.7 to 6.1 times to their respective remuneration for the year ended 31 December 2019, with an average of approximately 4.7 times.

The grant is a part of the Company's incentive schemes. The Company believes that the grant will serve the purpose of motivating the Grantees and all employees to create value for the Company more effectively, if the grant is at nil consideration. The Company also believes that the incentive effect will create higher values for investors than the loss caused by the dilution effect thereof, and thus is fair and reasonable for the Board to approve the grant for the best interest of the Company and all investors and shareholders. Therefore, there will not be any actual cash outflow by the Group under the Grant to provide incentives to the Grantees. In this regard, the Directors consider that the number of Restricted Shares, the terms and conditions of the issue and allotment of new Restricted Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### LISTING RULES IMPLICATIONS

As the Connected Grantees, being the Directors as well as the current and former directors of the Subsidiaries, are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules, the proposed issue and allotment of Connected Restricted Shares to the Connected Grantees under the Restricted Share Award Scheme shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and shall be subject to the announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

The EGM will be convened and held by the Company to consider, and if thought fit, approve, among other things, the issue and allotment of the Connected Restricted Shares to the Connected Grantees, the Specific Mandate and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, save for the Connected Grantees and their respective associates, no other Shareholder is required to abstain from voting on the resolution(s) to approve, among other things, the issue and allotment of Connected Restricted Shares to the Connected Grantees, the Specific Mandate and the transactions contemplated thereunder at the EGM.

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## LETTER FROM THE BOARD

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The Independent Board Committee comprising Dr. Deng Feiqi and Dr. Li Xiaolu, the other two independent non-executive Directors who are not Connected Grantees, has been formed to advise the Independent Shareholders on the proposed issue and allotment of the Connected Restricted Shares to the Connected Grantees and the Specific Mandate.

A letter of advice from the Independent Board Committee to the Independent Shareholders is set out on page 19 of this circular. The Independent Financial Advisor has been appointed by the Company and will advise the Independent Shareholders in respect of the issue and allotment of the Connected Restricted Shares to the Connected Grantees, the Specific Mandate and the transactions contemplated thereunder. A letter from Chanceton Capital to the Independent Shareholders is set out on pages 20 to 40 of this circular.

Each of Dr. Zhang Xiangwei, Mr. Zha Donghui, Ms. Li Yan, Mr. Ye Xun, Mr. Wang Chuanwu and Dr. Xu Ming has abstained from approving the relevant board resolution on the issue and allotment of the Connected Restricted Shares to them under the Restricted Share Award Scheme.

### 3. NOTICE OF EXTRAORDINARY GENERAL MEETING AND FORM OF PROXY

The notice of the Extraordinary General Meeting is set out on pages 47 to 49 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll save that the Chairman may, in good faith, 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 Extraordinary General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinakepeiedu.com](http://www.chinakepeiedu.com)). To be valid, the form of proxy must be completed and signed in accordance with the instructions stated 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 such power or authority at the Company's Hong Kong branch share registrar, 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 holding the Extraordinary General Meeting (i.e. not later than 10:30 a.m. on 12 August 2020) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting if you so wish. In such event, the form of proxy shall be deemed to be revoked.

### 4. RECOMMENDATION

The Directors consider that the proposed grant of Connected Restricted Shares to the Connected Grantees pursuant to the Specific Mandate is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the Extraordinary General Meeting.

Yours faithfully,  
For and on behalf of the Board  
**China Kepei Education Group Limited**  
**Ye Nianqiao**  
*Chairman*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**China Kepei Education Group Limited**

**中國科培教育集團有限公司**

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

**(Stock Code: 1890)**

24 July 2020

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION INVOLVING GRANT OF  
RESTRICTED SHARES TO CONNECTED PERSONS PURSUANT  
TO SPECIFIC MANDATE**

We refer to the circular of the Company dated 24 July 2020 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, terms defined in the Circular have the same meaning when used in this letter.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to advise the Independent Shareholders as to whether the terms of the grant of the Connected Restricted Shares to the Connected Selected Participants are fair and reasonable, and the grant of the Connected Restricted Shares to the Connected Grantees is on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and to recommend whether or not the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM to approve the above.

Chanceton Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to grant of the Connected Restricted Shares. The text of the letter of advice from Chanceton Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 40 of the Circular.

We also wish to draw your attention to the letter from the Board, as set out on pages 4 to 18 of the Circular.

We have considered the principal factors taken into account by the Independent Financial Adviser in arriving at its opinion in respect of the grant of the Connected Restricted Shares. After taking into consideration, we are of the view that while the grant of the Connected Restricted Shares is not in the ordinary and usual course of business of the Group, the terms of the grant of the Connected Restricted Shares to the Connected Grantees are fair and reasonable, and the grant of the Connected Restricted Shares to the Connected Grantees is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the resolution in respect of the grant of the Connected Restricted Shares to the Connected Grantees pursuant to Specific Mandate.

Yours faithfully,

For and on behalf of the Independent Board Committee

**China Kepei Education Group Limited**

**Dr. Li Xiaolu**

**Dr. Deng Feiqi**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser in connection with the Connected Share Award, which have been prepared for inclusion in this circular.*



川盟融資有限公司  
Chanceton Capital Partners Limited

Room 801B, 8/F.  
Tsim Sha Tsui Centre, West Wing  
66 Mody Road  
Tsim Sha Tsui, Hong Kong

24 July 2020

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **CONNECTED TRANSACTION INVOLVING PROPOSED GRANT OF RESTRICTED SHARES TO CONNECTED PERSONS PURSUANT TO THE SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected Share Award (as defined herein below), particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular of the Company dated 24 July 2020 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

On 22 June 2020, the Board has approved, subject to acceptance of the Grantees and other conditions, the grant of 14,450,000 Restricted Shares in aggregate to the Grantees, of which (i) 3,300,000 Restricted Shares are granted to 7 employees of the Company (who are not connected persons of the Company) and shall be satisfied by the issue and allotment of new Shares to the Trustee pursuant to the 2020 General Mandate and in accordance with the terms of the Scheme Rules; and (ii) 11,150,000 Restricted Shares are proposed to be granted to 6 Directors as well as 8 current and former directors of the Subsidiaries (who are connected persons of the Company) and shall be satisfied by the proposed issue and allotment of new Shares to the Trustee pursuant to the Specific Mandate and in accordance with the terms of the Scheme Rules.

As the Connected Grantees are Directors and current and former directors of the Subsidiaries of the Company, the Connected Grantees are therefore connected persons of the Company. Therefore, the proposed grant of 11,150,000 Connected Restricted Shares to the Connected Grantees (the “**Connected Share Award**”) under the Restricted Share Award Scheme shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirement under the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have been appointed by the Company to advise the Independent Shareholders as to whether: (i) the terms of the Connected Share Award, the Specific Mandate and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the Connected Share Award, the Specific Mandate and the transactions contemplated thereunder is conducted in the ordinary and usual course of business of the Group; and (iii) the Independent Shareholders should vote in favour of the relevant resolutions to be proposed at the EGM to approve the Connected Shares Award, the Specific Mandate and the transactions contemplated thereunder.

In the last two years, we did not have any engagement with the Group as an independent financial adviser. As at the Latest Practicable Date, we did not have any relationships or interests with the Group, the Connected Grantees or any other parties that could reasonably be regarded as relevant to the independence of us. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Group, the Connected Grantees or any other party to the captioned transactions, and therefore we are considered to be eligible to give independent advice on the terms of the Connected Share Award. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true, accurate and complete in all material respects at the time they were made and continue to be true, accurate and complete in all material respects as at the date of the Circular. We have reviewed, among other things, the Restricted Share Award Scheme, the RSU Grant Announcement, the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”) and the information set out in the Circular. We have also relied on our discussion with management of the Company regarding the Group and the respective terms of the Connected Share Award, including the information and representations contained in the Circular.

We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs, financial position or future prospect of the Group or their respective subsidiaries or associates nor have we carried out any independent verification of the information supplied, representations made or opinion expressed by the Company, the Directors and the management of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the Connected Share Award, we have taken the following principal factors and reasons into consideration:

#### 1. Background and reasons for the Connected Share Award

##### (i) Information on the Group

The Group is principally engaged in the provision of private higher education in China focusing on profession-oriented education. As of 31 December 2019, the Group mainly operates two schools, namely Guangdong Polytechnic College and Zhaoqing Science and Technology Secondary Vocational School\* (肇慶市科技中等職業學校) (the “**Zhaoqing School**”), both of which are located in Zhaoqing City, Guangdong Province.

Set out below is a summary of the key audited consolidated financial information of the Group for the three years ended 31 December 2019 as extracted from the 2018 Annual Report and the 2019 Annual Report:

(RMB'000)	For the year ended 31 December		
	2017	2018	2019
Revenue	455,382	575,451	714,215
Tuition fees	413,423	521,114	655,566
Boarding fees	36,479	44,191	52,412
Other education service fees	5,480	10,146	6,237
Gross profit	306,229	389,515	481,791
Profit for the year	230,876	341,956	456,274

As illustrated in the table above, the revenue of the Group amounted to approximately RMB575.5 million for the year ended 31 December 2018, representing an increase of approximately 26.4% as compared to that of approximately RMB455.4 million for the year ended 31 December 2017. The profit for the year ended 31 December 2018 increased by approximately 48.1% from approximately RMB230.9 million for the year ended 31 December 2017 to approximately RMB342.0 million for the year ended 31 December 2018. Such increase was mainly due to (i) the increase in revenue from tuition fees by RMB107.7 million, or 26.0%, from RMB413.4 million for the year ended 31 December 2017 to RMB521.1 million for the year ended 31 December 2018 as a result of the Group's further optimisation on the program mix and size, while enrollment at other programs remained stable, the number of undergraduate students of Guangdong Polytechnic College increased from 14,900 in the 2017/2018 school year to 19,977 in the 2018/2019 school year while the tuition fees for programs of both its schools for the 2018/2019 school year has been raised; and (ii) the increase in revenue from boarding fees of RMB7.7 million, or 21.1%, from RMB36.5 million for the year ended 31 December 2017 to RMB44.2 million for the year ended 31 December 2018 as a result of the expansion of the student enrollment.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The revenue of the Group amounted to approximately RMB714.2 million for the year ended 31 December 2019, representing an increase of approximately 24.1% as compared to that of approximately RMB575.5 million for the year ended 31 December 2018. The profit for the year ended 31 December 2019 increased by approximately 33.4% from approximately RMB342.0 million for the year ended 31 December 2018 to approximately RMB456.3 million for the year ended 31 December 2019. Such increase was mainly driven by (i) the increase in revenue from tuition fees by RMB134.5 million, or 25.8%, from RMB521.1 million for the year ended 31 December 2018 to RMB655.6 million for the year ended 31 December 2019 as a result of the increase in the number of undergraduate students and adult college program of Guangdong Polytechnic College and the increment in the tuition fees for programs of the two schools operated by the Group for the 2019/2020 school year; and (ii) the increase in revenue from boarding fees of RMB8.2 million, or 18.6%, from RMB44.2 million for the year ended 31 December 2018 to RMB52.4 million for the year ended 31 December 2019 as a result of the expansion of the student enrollment.

### *(ii) Reasons for the Connected Share Award*

As set out in the Letter from the Board, the purposes and objectives of the Connected Share Award are to (i) recognise and reward the Connected Grantees for their past contributions to the Company and provide them with the opportunities to acquire the interests in the Company; (ii) encourage, motivate and retain the Connected Grantees, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; (iii) provide additional incentive for the Connected Grantees to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Connected Grantees to the Shareholders through ownership of Shares.

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the allotment date of the new Shares, other than the grant of the 3,300,000 Restricted Shares (the “**Other Restricted Shares**”) to 7 employees of the Company (who are not connected persons of the Company) (the “**Other Grantees**”), the aggregate of Connected Restricted Shares to be granted by the Company to the Connected Grantees represent (i) approximately 0.56% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 0.55% of the total number of Shares in issue as enlarged by the grant of the Restricted Shares. The grant of the Connected Restricted Shares represents a minimal dilution to the existing Shareholders. We have also discussed with the management of the Company regarding the benefits of the Connected Share Award as an incentive to the Connected Grantees. According to the management of the Company, the Board considers that the award of the Connected Restricted Shares to the Connected Grantees recognises and motivates the contributions by the Connected Grantees and to give incentives thereto in order to retain them for the continual operation and development of the Group. In particular, the grant to the Connected Grantees serves as discretionary bonus in recognition of their valuable and substantial contributions to the Group. Furthermore, there will not be any actual cash outflow by the Group under the award of the Connected Restricted Shares to provide incentives to the Connected Grantees.

In view of the foregoing reasons for and possible benefits of the Connected Share Award, we are of the opinion that the Connected Share Award to the Connected Grantees is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Principal terms of the Connected Share Award

#### (i) Allocation of the Connected Restricted Shares

As stated in the Letter from the Board, a total of 14,450,000 Restricted Shares will be granted to 21 Grantees under the Restricted Share Award Scheme, of which, (i) 11,150,000 Connected Restricted Shares will be awarded to 14 Connected Grantees by way of issue and allotment of new Shares pursuant to the Specific Mandate; and (ii) 3,300,000 Other Restricted Shares will be awarded to 7 Other Grantees by way of issue and allotment of new Shares pursuant to the 2020 General Mandate. Set out below summarises the information of (i) the Connected Grantees; and (ii) the Connected Restricted Shares to be allotted and issued:

Connected Grantees	Position(s) in the Group	Roles and Responsibilities	Length of service in the Group (approximate years)	Number of Connected Restricted Shares	Value of the Connected Restricted Shares as at the date of grant (HK\$) (Note)
Dr. Zhang Xiangwei	Executive Director and chief operating officer of the Company; Dean and Deputy secretary of the Party Committee of Guangdong Polytechnic College	Strategic development and daily management and operations	9.1	2,000,000	12,640,000
Mr. Zha Donghui	Executive Director and member of the remuneration committee of the Company	Strategic development and daily management and operations	18.8	1,200,000	7,584,000
Ms. Li Yan	Executive Director and chief financial officer of the Company	Strategic development and daily management and operations	15.8	1,000,000	6,320,000
Mr. Ye Xun	Executive Director	Strategic development and daily management and operations	8.8	700,000	4,424,000

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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<b>Connected Grantees</b>	<b>Position(s) in the Group</b>	<b>Roles and Responsibilities</b>	<b>Length of service in the Group (approximate years)</b>	<b>Number of Connected Restricted Shares</b>	<b>Value of the Connected Restricted Shares as at the date of grant (HK\$) (Note)</b>
Mr. Wang Chuanwu	Non-executive Director and member of the audit committee of the Company	Providing advice on the strategic development and risk management	18.8	800,000	5,056,000
Dr. Xu Ming	Independent non- executive Director and chairman of the audit committee of the Company	Providing independent opinion and judgment to the Board	2.6	400,000	2,528,000
Ms. Wang Yining	Director, vice-principal and chairperson of the labour union of Guangdong Polytechnic College	Assisting the dean in various tasks of human resources management, teaching staff construction, labour union and women's union work	21.8	800,000	5,056,000
Mr. Ye Nianjiu	Director of Guangdong Polytechnic College	In charge of the day- to-day management of student affairs relating to student admission and graduate employment	19.0	800,000	5,056,000
Mr. Zhang Dongsheng	Director and Secretary of the Party Committee of Guangdong Polytechnic College	In charge of overall work for the Party Committee of Guangdong Polytechnic College	6.8	700,000	4,424,000

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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<b>Connected Grantees</b>	<b>Position(s) in the Group</b>	<b>Roles and Responsibilities</b>	<b>Length of service in the Group (approximate years)</b>	<b>Number of Connected Restricted Shares</b>	<b>Value of the Connected Restricted Shares as at the date of grant (HK\$) (Note)</b>
Ms. Chai Weisi	Principal of Harbin Institute of Petroleum* (哈爾濱石油學院) (the “ <b>Harbin Institute</b> ”) and former director of Guangdong Polytechnic College	In charge of overall management and administration work of the Harbin Institute	1.8	650,000	4,108,000
Ms. Liu Xiangping	Director and vice-principal of Guangdong Polytechnic College	Assisting the dean in the management of various tasks in teaching, major construction, student innovation, continuing education and external affairs	22.0	650,000	4,108,000
Mr. Zhang Zongshan	Deputy secretary of the Party Committee and former director of Guangdong Polytechnic College	Assisting the dean and the Party Committee’s secretary in various tasks of discipline inspection commission, student affairs, student employment guidance, back office support, safety and stability maintenance	12.3	650,000	4,108,000

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<b>Connected Grantees</b>	<b>Position(s) in the Group</b>	<b>Roles and Responsibilities</b>	<b>Length of service in the Group</b> <i>(approximate years)</i>	<b>Number of Connected Restricted Shares</b>	<b>Value of the Connected Restricted Shares as at the date of grant</b> <i>(HK\$)</i> <i>(Note)</i>
Mr. Li Huiyou	Deputy secretary of the Party Committee and former director of Guangdong Polytechnic College	Assisting the dean and the Party Committee's secretary in various tasks of student affairs in Guangdong Polytechnic College Dinghu campus, back office support, safety and stability maintenance	19.9	400,000	2,528,000
Mr. Tan Jinxing	Vice-principal and former director of Guangdong Polytechnic College	In charge of continuing education, self-study examination, internal business school and back office of Guangdong Polytechnic College	14.9	400,000	2,528,000

*Note:* The market values of the Connected Restricted Shares are calculated based on the closing price of HK\$6.32 per Share as quoted on the Stock Exchange on 22 June 2020, being the date of grant.

As advised by the management of the Company, we understand that the Board has given due consideration to various factors, including (i) the roles and responsibilities; (ii) seniority; (iii) specific expertise and relevant experience; (iv) historical contributions; (v) expected contributions; and (vi) other factors like their participation in milestone events of the Company, e.g. the establishment and upgrade of schools, the initial public offering, merger and acquisitions, of each of the Grantees (including the Connected Grantees) in determining the number of the Restricted Shares to be granted. The Board added up the points given to each of the Grantees (including the Connected Grantees) and ranked the scores for each of them based on such assessment and determined the number of Restricted Shares being granted to each of the Grantees (including the Connected Grantees).

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Among the Connected Grantees, there are six Directors and eight current and former directors of the Subsidiaries. With respect to the allocation of the Connected Restricted Shares to the Connected Grantees under the Restricted Share Award Scheme, we formulated our view after considering the Connected Grantees' qualifications, experience and contributions to the Group and possible remuneration alternatives that may be available to the Group as follows which we consider to be in line with the scores and assessment results we obtained from the management of the Company:

### *Directors of the Company*

We have obtained and reviewed the professional background information and contribution of the Directors who are Connected Grantees, as well as their background information set out in the 2019 Annual Report. Details of their work position and contribution level are set out as follows:

- (a) Dr. Zhang Xiangwei has been an executive Director and the chief operating officer of the Company since 26 November 2017. He is primarily responsible for the daily management and overall operations of the Group. He has over 32 years of experience in the education industry. Dr. Zhang has held various positions at Guangdong Polytechnic College, including the acting dean from November 2010 to September 2013, a director since December 2011, the dean since September 2013 and the vice chairman of the board since September 2016. Since June 2011, he has served as the dean of Zhaoqing Technology Vocational Technical College, the predecessor of Guangdong Polytechnic College. In 2014, the college was upgraded to an undergraduate college and renamed Guangdong Polytechnic College. He has served as the first dean since then and he is responsible for the overall work of the college under the leadership of the board of directors of the college. In particular, there was significant achievement in the promotion of the college, the evaluation of the undergraduate degree granting rights, the construction and evaluation of undergraduate majors, the reform and setup of the college's organisational structure, the control and improvement on teaching quality, the construction of laboratories, the establishment of scientific research institutions and cooperation with enterprises. Guangdong Polytechnic College has achieved significant development in terms of scale, quality, efficiency and social reputation. It has laid a solid foundation for further improvement of the college in the future, and has also provided valuable experience for the setup and development of other schools of the Group. Being the executive Director and chief operating officer, he has also actively participated in the relevant work of the Company as well as the planning, guidance and organisation for the acquisition of other schools made by the Group.
- (b) Mr. Zha Donghui has been an executive Director and the deputy general manager of the Company since its establishment. He is primarily responsible for the designing, planning, development and construction of buildings and infrastructure of the Group. Mr. Zha has over 22 years of experience in the education industry. From September 2001 to August 2004, he served as the vice president of Zhaoqing School. From June 2005 to September 2016, Mr. Zha was a director of Zhaoqing School. Since September 2004, Mr. Zha has been serving as a director and an associate dean of Guangdong Polytechnic College, and has been primarily responsible for management of infrastructure and equipment of Guangdong Polytechnic College. Mr. Zha is one of the key founders of Guangdong Polytechnic College and plays an important role for the development of the college as well as the development of the Company. During the 18 year of service, Mr. Zha has been one of the core members of the management team.

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- (c) Ms. Li Yan has been an executive Director and the deputy general manager of the Company since its establishment and the chief financial officer of the Company since 26 November 2017. She is primarily responsible for the financial management and budget of the Group. Ms. Li has almost 16 years of experience in the education industry. From September 2004 to May 2014, Ms. Li held various positions at Guangdong Polytechnic College, including an accounting teacher, the deputy head of the Department of Accounting, and the secretary to the Party General Branch (黨總支書記) of the Department of Accounting, and was mainly responsible for teaching activities, student management, student admission and graduate employment. Ms. Li has been appointed as the head of the Department of Accounting of Guangdong Polytechnic College since June 2014, a director of Guangdong Polytechnic College since November 2015, and a member of the College Party Committee (黨委委員) of Guangdong Polytechnic College since March 2017. Ms. Li has been appointed as a director and the financial manager of Zhaoqing Kepei Education Investment Development Co., Ltd.\* (肇慶市科培教育投資開發有限公司) since September 2016, and has been responsible for its financial management and budget. Ms. Li has played an important role in the preparation of listing of the Company including the reorganisation and restructuring, financial planning, internal control enhancement and roadshow promotion during the initial public offering of the Company which attracted a number of pre-IPO investors and cornerstone investors. Upon the listing of the Company, she assists the chairman in the setup of long term strategic financial planning of the Group, negotiation on potential merger and acquisition and decision making of investment projects, etc. She has also contributed to the successful acquisition of the Harbin Institute which marks the milestone of the Group's first attempt to expand its school network and increase market penetration since its listing in 2019.
- (d) Mr. Ye Xun has been an executive Director and the deputy general manager of the Company since its establishment. He is primarily responsible for the day-to-day procurement and logistic services and operations of the Group. From September 2011 to July 2012, Mr. Ye Xun served as an assistant to the dean of Guangdong Polytechnic College. Since October 2016, he has been a director and the head of procurement and logistic services of Guangdong Polytechnic College.
- (e) Mr. Wang Chuanwu has been a non-executive Director of the Company since its establishment in August 2017. He is primarily responsible for providing advice on the strategic development and risk management of the Group. Mr. Wang has over 33 years of experience in the education industry. From September 2001 to August 2004, Mr. Wang served as a consultant of Zhaoqing School. From September 2004 to September 2016, he served as a director and the vice chairman of the board of Guangdong Polytechnic College. Since September 2016, he has been serving as a consultant of Guangdong Polytechnic College. Mr. Wang has made significant contribution over the years in assisting the dean of the school to upgrade its educational qualification from a secondary vocational educational institution to a higher vocational college in 2004, and successfully further upgraded to an undergraduate institution in 2014, qualified for providing undergraduate and junior college education and granting both undergraduate and junior college degrees.

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- (f) Dr. Xu Ming has been an independent non-executive Director of the Company since 26 November 2017 and is primarily responsible for providing independent opinion and judgment to the Board. Dr. Xu has over 20 years of experience in business management. Dr. Xu served as an executive director and the chief executive officer of another educational service provider listed on the Main Board of the Stock Exchange. He also possesses extensive experience in the financial industry for which he has provided valuable independent opinions and suggestions as well as monitoring the financial management, investment and management structure of the Group since its listing.

We note that among the Connected Grantees, Dr. Zhang Xiangwei (“**Dr. Zhang**”) is awarded with a relatively larger number of Connected Restricted Shares than other Connected Grantees. We have discussed with the management of the Company and understand that Dr. Zhang is one of the most experienced key personnel among the management team of the Group who has over 32 years of experience in the education industry. He is a well-known and authoritative industry practitioner and served as the vice principal of Chongqing University, principal of Shantou University and principal of Guangdong University of Technology. He is now a member of the discipline review panel of the National Natural Science Foundation of China (中國國家自然科學基金委員會) and a member of the science and technology committee of the Ministry of Education. Dr. Zhang has assisted the Group in achieving a number of milestones and significantly contributed to the substantial business growth of the Group in recent years. Over the years, besides the aforementioned contribution made by Dr. Zhang, Dr. Zhang has helped in recruiting a large number of talents for the Group. He now leads a group of senior management personnel, most of whom have worked for the Group for over 10 years. The Board believes that establishing a stable core team of both young teachers and experienced professionals is one of the key assets to the successful continuous development of the Group. As such, the Company considers the Dr. Zhang has been and will continue be capable of adding value to the Company’s business by leveraging his professional expertise, management experience and business network, and the retention of whom is crucial to the future development of the Group. Therefore, Dr. Zhang has been granted Connected Restricted Shares that are relatively higher than other Connected Grantees.

### *Connected Grantees other than Directors of the Company*

The Board considered all of the other 8 Connected Grantees have extensive experience in various industries. We noticed that among these 8 Connected Grantees, there are former directors of Guangdong Polytechnic College. We have enquired into the reason for including such former directors being the grantees and we are advised by the management of the Company that it was the internal strategic restructuring to down size the number of board members which was not related to the performance of such former directors. Although these former directors are no longer the board members of Guangdong Polytechnic College, they are still having key roles in the Guangdong Polytechnic College or have been appointed as other key role in the Harbin Institute, which is one of the major schools and newly acquired by the Group. We understand from the Company that all of the other 8 Connected Grantees are instrumental to the Group’s operations and future developments. In determining their respective entitlement of Connected Restricted Shares, due consideration has been given to the milestone achieved in upgrading Guangdong Polytechnic College from a secondary vocational educational institution and the profit contribution to the Group attributable to Guangdong Polytechnic College which they serve, apart from the factors set out above. Further, based on the information the Company made available to us, we noted that all of the Connected Grantees other than Directors have been

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serving key executive roles of the Guangdong Polytechnic College for approximately 1.8 to 22 years. As advised by the management of the Company, those Connected Grantees have made significant contribution to the Group in the past and are expected to continue to contribute to the Group in the future. As a result, the Board resolved to grant the other 8 Connected Grantees different number of Connected Restricted Shares ranging from 400,000 to 800,000 Restricted Shares.

### *Possible remuneration alternatives*

Apart from the reasons for the adoption of the Restricted Share Award Scheme, we have also discussed with the Company regarding the benefits of the Restricted Share Award Scheme as an incentive scheme. According to the management of Company, they have considered several methods of providing incentives to the Grantees (including the Connected Grantees), including cash bonuses, remuneration increment, share option scheme as well as the Restricted Share Award Scheme. After careful consideration of the various alternatives, the Directors consider the Restricted Share Award Scheme to be an appropriate incentive measure as opposed to the other alternatives, given that (i) cash bonuses or remuneration increment will incur outflow of cash from the Group thereby imposing pressure on the Group's cash flow position; (ii) share options are a less effective method to serve the purpose of providing immediate incentives as rewards to the employees' contributions to the Group, as the grantees are required to pay the exercise price upon exercise of the share options and the timing of exercise of the share options will be subject to the Share prices; (iii) it is not an uncommon market practice for listed companies in Hong Kong and China to adopt share award scheme to reward and incentivise their key personnel and employees; and (iv) the Restricted Share Award Scheme will enable the Company to prevent substantive cash outflow of the Group while allowing added incentives to the Grantees (including the Connected Grantees) to make contribution to the Group in the coming future. In addition, the economic benefits of the Restricted Share Award Scheme are dependent on the improvement in the performances of the Group and hence the Grantees (including the Connected Grantees) can only benefit when all the Shareholders are also in a position to benefit, the Directors are of the view that the Restricted Share Award Scheme will further align the interests of the Grantees (including the Connected Grantees) with the Company together with the Independent Shareholders.

### *(ii) Vesting period of the Connected Restricted Shares*

Subject to the satisfaction of the vesting criteria and conditions of the Restricted Share Award Scheme, the Connected Restricted Shares awarded under the Connected Share Award shall be transferred to the Connected Grantees upon expiry of the following vesting period: 40% may be vested during the period commencing on the first trading day following the 12-month period from the date of the Grant and ending on the last trading day of the 24-month period from the date of the Grant; (ii) 30% may be vested during the period commencing on the first trading day following the 24-month period from the date of the Grant and ending on the last trading day of the 36-month period from the date of the Grant; and (iii) 30% may be vested during the period commencing on the first trading day following the 36-month period from the date of the Grant and ending on the last trading day of the 48-month period from the date of the Grant.

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The Company shall consider the performance for each Selected Participant before adjusting the actual amount of Restricted Shares. Under the Restricted Share Award Scheme, the individual performance of the Connected Grantees will be assessed on an annual basis for the Connected Restricted Shares granted, and the assessment results will be taken into account in determining whether the Connected Restricted Shares granted to the Connected Grantees shall be vested and the vesting percentage.

*(iii) Transfer arrangement of the Connected Restricted Shares*

Upon allotment and issue of the Connected Restricted Shares, the Trustee will hold the Connected Restricted Shares on trust for the Connected Grantees and such Connected Restricted Shares shall be transferred to the Connected Grantees at no consideration on the vesting date. As such, no fund will be raised by the Company as a result of the allotment and issue of the Connected Restricted Shares.

*(iv) Conditions of the grant of the Connected Restricted Shares*

The grant of the Connected Restricted Shares to the Connected Grantees shall be subject to: (i) the grant of the listing approval by the Stock Exchange in respect of the Connected Restricted Shares; and (ii) the approval by the Independent Shareholders at the EGM in respect of the issue and allotment of the Connected Restricted Shares, the Specific Mandate and the transactions contemplated therein.

*(v) Comparison with share award schemes of other companies*

We have reviewed the respective remuneration of each of the Connected Grantees for the year ended 31 December 2019 which ranged from RMB200,000 to RMB968,000. On the basis that the Connected Restricted Shares granted to the Connected Grantees will be fully vested in three years, the average economic values of the Connected Share Award based on the closing price of the Shares of HK\$6.32 per Share as at the date of the Grant, on straight-line basis, for each of the Connected Grantees represent approximately 3.7 to 6.1 times to their respective remuneration for the year ended 31 December 2019, with an average of approximately 4.7 times.

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As part of our due diligence, we have, to the best of our knowledge and as far as we are aware of, identified 14 China-based education companies listed on the Main Board of the Stock Exchange that have share-based payment awarded to their directors and disclosed in their latest published annual reports (the “Peer Comparables”) which we consider to exhaustive and shall provide a fair and representative reference. We have reviewed the remuneration package for the directors and their respective share-based payment of the Peer Comparables as disclosed in their respective annual reports for the most recent financial year. Set out below is a summary of the directors’ remuneration package of the Peer Comparables:

Company	Stock code	Financial year ended	Remuneration to directors excluding share-based payment (A) (RMB’000)		Share-based payment, if any (B) (RMB’000)		Ratio (B/A) (times)	
			Min	Max	Min	Max	Min	Max
China East Education Holdings Limited	667	31 Dec 2019	Nil	498	934	934	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>
China Education Group Holdings Limited	839	31 Aug 2019	246	2,495	9,957	9,957	4.0	9.3
China Maple Leaf Educational Systems Limited	1317	31 Aug 2019	324	3,531	510	1,402	0.2	1.5
Minsheng Education Group Company Limited	1569	31 Dec 2019	Nil	6,222	292	5,394	0.6	1.5
Chen Lin Education Group Holdings Limited	1593	31 Dec 2019	4	1,343	132	1,388	0.1	16.4
China 21st Century Education Group Limited	1598	31 Dec 2019	Nil	307	113	233	0.6	1.1
Hope Education Group Co., Ltd.	1765	31 Dec 2019	127	451	152	562	0.4	1.3
Koolearn Technology Holding Limited	1797	31 May 2019	Nil	21,243	2,672	10,179	5.7	21.6
China Chunlai Education Group Co., Ltd. <sup>(2)</sup>	1969	31 Aug 2018	916	1,056	117	156	0.1	0.2
China New Higher Education Group Limited	2001	31 Dec 2019	95	1,198	14	806	0.1	0.7
China Chuanglian Education Financial Group Limited	2371	31 Dec 2019	82	656	6	39	0.1	0.1
China Xinhua Education Group Limited	2779	31 Dec 2019	Nil	821	1,153	4,141	1.8	5.0
Wisdom Education International Holdings Company Limited	6068	31 Aug 2019	55	2,581	1,114	1,388	1.6	1.6
China Yuhua Education Corporation Limited	6169	31 Aug 2019	81	336	616	10,271	7.6	33.0

*Note:*

- (1) The ratio is not applicable because the remuneration to such director was fully by way of share-based payment.
- (2) Trading in the shares of China Chunlai Education Group Co., Ltd. has been suspended since 2 December 2019 pending for publishing the annual results for the year ended 31 December 2019 and we have therefore excluded its data in our analysis.

Based on the information available in these annual reports, we notice that the values of equity-settled share-based payments (e.g. by way of share option scheme and/or share award scheme) to the directors of the Peer Comparables represent approximately 0.1 to 33.0 times of the remuneration of these directors, with an average of approximately 4.1 times. There are 5 companies among the Peer Comparables which include equity-settled share-based payments as part of the remuneration to their non-executive directors and/or independent non-executive directors as well. Although the average ratio of economic value of the Connected Share Award to the remuneration of the Connected Grantees is slightly higher than the average ratio of those Peer Comparables, it is within the range and we consider the size of the Connected Restricted Shares proposed to be granted to the Connected Grantees to be justifiable given the reasons and benefits of the Connected Share Award.

In light of the above, we are of the view that the number of Connected Restricted Shares proposed to be granted to the Connected Grantees is fair and reasonable as the Board has taken into consideration of (i) the Connected Grantees’ importance of work position and grade, contribution level and years of services; and (ii) the individual performance of each of the Connected Grantees in determining the number of the Connected Restricted Shares to be granted to each Connected Grantees.

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Beside the size of the Connected Restricted Shares granted to the Connected Grantees as discussed above, in order to assess the fairness and reasonableness of the other terms of the issue and allotment of the Connected Restricted Shares, e.g. the vesting schedule and the consideration payable by the grantees in particular, we have, to our best effort and knowledge, identified 29 comparable companies which are listed on the Main Board of the Stock Exchange and had announced the grant of restricted or awarded shares under share award schemes to their respective employees and/or directors which include connected persons in the period from 1 January 2020 to 22 June 2020 (the “**Comparable Grants**”). Shareholders should note that the business, operations and financial performance of the companies offering the Comparable Grants are not the same as the Company and we have not conducted any in-depth investigation into the businesses and operations of the companies offering the Comparable Grants. However, we consider that the Comparable Grants could provide the Independent Shareholders a general reference for the recent market practice of companies in setting the vesting period for granting awarded shares at the time the Connected Restricted Shares were granted and the length of the aforesaid sampling period covers sufficient number of comparable companies which we consider to be fair and representative. Set out below is the list of the Comparable Grants which is exhaustive to the best of our knowledge:

Company	Stock code	Date of announcement	Grantee(s)	Approximate percentage of total number of award shares to total number of shares in issue on the date of announcement	Consideration	Timing of vesting
China Modern Dairy Holdings Ltd.	1117	8-Jan-20	58 grantees, including 2 connected persons	0.31%	Nil	Not disclosed
NetDragon Websoft Holdings Limited	777	13-Jan-20	1 grantee who is a connected person	0.02%	Nil	13 January 2020
Edvantage Group Holdings Limited	382	21-Jan-20	17 grantees, including 9 connected persons	0.18%	Nil	Not disclosed
Oshidori International Holdings Limited	622	22-Jan-20	10 grantees, including 1 connected person	1.63%	Nil	100% on 22 January 2024
CStone Pharmaceuticals	2616	31-Jan-20	101 grantees, including 1 connected person	2.42%	Nil	For approximately 80% of the awarded shares: 25% in the first anniversary of the relevant grant date; 75% in 36 equal monthly instalments thereafter

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Company	Stock code	Date of announcement	Grantee(s)	Approximate percentage of total number of award shares to total number of shares in issue on the date of announcement	Consideration	Timing of vesting
						For approximately 20% of the award shares: 25% on the first anniversary of the relevant grant date; 25% on the second anniversary of the relevant grant date; 25% on the third anniversary of the relevant grant date; 25% on the fourth anniversary of the relevant grant date;
SmarTone Telecommunications Holdings Limited	315	28-Feb-20	319 grantees, including 5 connected persons	0.14%	Nil	30% on 28 February 2021 30% on 28 February 2022 40% on 28 February 2023
Chong Hing Bank Limited	1111	16-Mar-20	54 grantees, including 3 connected persons	0.16%	Nil	25% on 16 March 2021 25% on 16 March 2022 25% on 16 March 2023 25% on 16 March 2024
SITC International Holdings Company Limited	1308	20-Mar-20	604 grantees, including 9 connected persons	0.25%	Nil	100% on 20 March 2023 or an earlier date as approved by the issuer's board
China Modern Dairy Holdings Ltd.	1117	27-Mar-20	56 grantees, including 2 connected persons	0.31%	Nil	Not disclosed
WuXi Biologics (Cayman) Inc.	2269	27-Mar-20	389 grantees, including 6 connected persons	0.18%	Nil	for connected grants, one to five years
CIFI Holdings (Group) Co. Ltd.	884	30-Mar-20	1 grantee who is a connected person	0.06%	Nil	on or after 31 March 2020
Fosun International Limited	656	1-Apr-20	83 grantees, including 12 connected persons	0.09%	Nil	33% on 1 April 2021 33% on 1 April 2022 34% on 1 April 2023

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Company	Stock code	Date of announcement	Grantee(s)	Approximate percentage of total number of award shares to total number of shares in issue on the date of announcement	Consideration	Timing of vesting
Razer Inc.	1337	1-Apr-20	Total grantees not disclosed, including 7 connected persons	1.05%	Nil	25% on 25 March 2020 25% on 1 January 2021 25% on 1 January 2022 25% on 1 January 2023
Redsun Properties Group Limited	1996	2-Apr-20	Total grantees not disclosed, including 3 connected persons	0.39%	Nil	Not disclosed
KWG Group Holdings Limited	1813	14-Apr-20	36 grantees, including 8 connected persons	0.06%	Nil	One-third on each of the 1st, 2nd & 3rd anniversary of grant date
Bosideng International Holdings Limited	3998	23-Apr-20	7 grantees, including 2 connected persons	0.81%	50% of the average closing price for the five trading days immediately preceding the date of grant	30% on 15-month period from the date of grant; 30% on 27-month period from the date of grant; 40% on 39-month period from the date of grant
Hao Tian International Construction Investment Group Limited	1341	24-Apr-20	Total grantees not disclosed, including 4 connected persons	5.91%	Nil	One-third on each of the 1st, 2nd & 3rd anniversary of offer date, a minority portion is unconditional
BOC Aviation Limited	2588	28-Apr-20	Total grantees and number of connected persons not disclosed	0.25%	Nil	December 2022
MMG Limited	1208	29-Apr-20	102 grantees, including 1 connected person	0.90%	Nil	In or around June 2023
Razer Inc.	1337	4-May-20	Total grantees not disclosed, including 2 connected persons	0.31%	Nil	25% on 1 July 2020 25% on 1 April 2021 25% on 1 April 2022 25% on 1 April 2023
Tang Palace (China) Holdings Limited	1181	15-May-20	1 grantee which is a connected person	0.29%	Nil	On the date of grant

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Company	Stock code	Date of announcement	Grantee(s)	Approximate percentage of total number of award shares to total number of shares in issue on the date of announcement	Consideration	Timing of vesting
EEKA Fashion Holdings Limited	3709	20-May-20	Total grantees not disclosed, including 1 connected person	5.98%	Nil	In 5 equal tranches annually
China Mengniu Dairy Company Limited	2319	22-May-20	Total grantees not disclosed, including 1 connected person	0.23%	Nil	50% each on the 1st and 2nd anniversary of grant date
TOT BIOPHARM International Company Limited	1875	29-May-20	84 grantees, including 2 connected persons	5.51%	Approximately 49.9% of the closing price as at the date of grant	Various dates from immediate to approximately 3 years, some of which are linked to R&D targets fulfillment
Alibaba Pictures Group Limited	1060	5-Jun-20	338 grantees, including 3 connected persons	0.47%	Nil	Not disclosed
Freetech Road Recycling Technology (Holdings) Limited	6888	8-Jun-20	50 grantees, including 2 connected persons	2.04%	Nil	40% on 7 June 2021 30% on 7 June 2022 30% on 7 June 2023
Bison Finance Group Limited	888	10-Jun-20	2 grantees, including 1 connected persons	0.97%	Nil	10 business days after the date of acceptance by the relevant grantees
China ZhengTong Auto Services Holdings Limited	1728	12-Jun-20	40 grantees, including 3 connected persons	2.04%	Nil	One-third on each of the 2nd, 3rd & 4th anniversary of grant date; one-third on each of the 1st, 2nd & 3rd anniversary of grant date; or 100% on the 1st anniversary of grant date
Tronly Electronics Holdings Limited	1249	16-Jun-20	22 grantees, including 6 connected persons	0.94%	Nil	Not disclosed

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As shown from the table above, the vesting period of the Comparable Grants ranged from being vested immediately upon the grant to approximately 5 years, and were generally vested in tranches in interval of consecutive years. The vesting period of the Connected Restricted Shares shall be vested in three tranches from 12-month from the date of the Grant to 36-month from the date of the Grant and hence falls within the range of the Comparable Grants and is in line with the market. The Connected Restricted Shares will be issued to the Connected Grantees at nil consideration which is in line with most of the Comparable Grants and the issue of Other Restricted Shares to Other Grantees.

As part of our due diligence, we have obtained and reviewed the Scheme Rules from the Company and noted that the terms of the Connected Share Award complied with the Scheme Rules, in particular the scheme limit. The total number of 11,150,000 Connected Restricted Shares proposed to be granted to the Connected Grantees, together with Other Restricted Shares granted under the Scheme is within the scheme limit of 2% of the issued share capital of the Company as at the adoption dates of the Scheme (i.e. 22 June 2020).

In light of (i) the reasons for and benefits of the grant of the Connected Restricted Shares; (ii) the size of the Connected Restricted Shares falls within the range of the Peer Comparables; and (iii) the vesting period of the Connected Restricted Shares falls within the range of the Comparable Grants and the issue of the Connected Restricted Shares at nil consideration is in line with the market practice, we are of the view that the terms of the allotment and issue of the Connected Restricted Shares are fair and reasonable and the grant of the Connected Restricted Shares is in the interest of the Company and the Shareholders as a whole.

### **3. Financial effects of the grant of the Connected Restricted Shares**

Based on the closing price of HK\$6.32 per Share as quoted on the Stock Exchange on 22 June 2020, being the date on which the Board resolved to approve the grant of the Connected Restricted Shares, the aggregate grant date value of the Connected Restricted Shares is approximately HK\$70.47 million. After granting of the Connected Restricted Shares to the Connected Grantees, the grant date value of such Connected Restricted Shares would be allocated and charged as expenses in the Group's consolidated statements of profit or loss over the financial years between 22 June 2021 to 21 June 2024 based on their vesting period. No fund will be raised as a result of the allotment and issue of the Connected Restricted Shares. There will be no material effect on the cash flow of the Group relating to the allotment and issue of the Connected Restricted Shares.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**4. Effect on the shareholding structure of the Company**

The shareholding effects of the Grant as at the Latest Practicable Date and immediately after the issue, allotment and full vesting of the Restricted Shares (assuming no other change in the issued share capital of the Company other than the issue, allotment and full vesting of the Restricted Shares) is as follows:

Name of shareholder	As at the Latest Practicable Date		Immediately after the issuance, allotment and full vesting of the Connected Restricted Shares and Other Restricted Shares (assuming no other change in the issued share capital of the Company)	
	<i>No. of Shares (Note 5)</i>	%	<i>No. of Shares (Note 5)</i>	%
Qiaoge Company Limited (Note 1)	675,000,000 (L)	33.74%	675,000,000 (L)	33.49%
Shuye Company Limited (Note 2)	375,000,000 (L)	18.74%	375,000,000 (L)	18.61%
Chenye Company Limited (Note 3)	300,000,000 (L)	14.99%	300,000,000 (L)	14.89%
Weixin Company Limited (Note 4)	<u>150,000,000 (L)</u>	<u>7.50%</u>	<u>150,000,000 (L)</u>	<u>7.44%</u>
<b>Sub-total</b>	<u>1,500,000,000</u>	<u>74.97%</u>	<u>1,500,000,000</u>	<u>74.43%</u>
<b>Connected Grantees</b>	0	0.00%	11,150,000 Restricted Shares	0.55%
<b>Sub-total</b>	<u>1,500,000,000</u>	<u>74.97%</u>	<u>1,511,150,000</u>	<u>74.99%</u>
<b>Non-connected Grantees</b>	0	0.00%	3,300,000 Restricted Shares	0.16%
<b>Other public Shareholders</b>	<u>500,798,667</u>	<u>25.03%</u>	<u>500,798,667</u>	<u>24.85%</u>
<b>Sub-total (Public float)</b>	<u>500,798,667</u>	<u>25.03%</u>	<u>504,098,667</u>	<u>25.01%</u>
<b>Total</b>	<u><u>2,000,798,667</u></u>	<u><u>100.00%</u></u>	<u><u>2,015,248,667</u></u>	<u><u>100.00%</u></u>

Notes:

1. Qiaoge Company Limited is wholly-owned by Mr. Ye Nianqiao. By virtue of Part XV of the SFO, Mr. Ye Nianqiao is deemed to be interested in the Shares held by Qiaoge Company Limited.
2. Shuye Company Limited is wholly-owned by Ms. Shu Liping. By virtue of Part XV of the SFO, Ms. Shu Liping is deemed to be interested in the Shares held by Shuye Company Limited. Mr. Ye Nianqiao is the husband of Ms. Shu Liping.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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3. Chenye Company Limited is beneficially and wholly-owned by Mr. Ye Xun. By virtue of Part XV of the SFO, Mr. Ye Xun is deemed to be interested in the Shares held by Chenye Company Limited. Mr. Ye Xun is the son of Mr. Ye Nianqiao.
4. Weixin Company Limited is wholly-owned by Mr. Ye Nianjiu. By virtue of Part XV of the SFO, Mr. Ye Nianjiu is deemed to be interested in the Shares held by Weixin Company Limited. Mr. Ye Nianjiu is the brother of Mr. Ye Nianqiao.
5. The letter “L” denotes the Shareholder’s long position in the Shares.

Upon the allotment, issuance and full vesting of the Connected Restricted Shares under the Grant, the shareholding of the other public Shareholders (including the Non-connected Grantees) is expected to be diluted from approximately 25.03% to approximately 25.01%. Although the shareholding interest of the Independent Shareholders will be diluted, taking into account the reasons for and benefits of the Connected Share Award and terms and conditions of the Connected Share Award as discussed above, we consider that the dilution to the Independent Shareholders upon the issuance of the Connected Restricted Shares to the Connected Grantees is acceptable. We also understand from the management of the Company that the Company undertakes not to issue any Connected Restricted Shares in case the public float is expected to be or is lower than the prescribed minimum public float as required under Rules 8.08 and 13.32. In view of such undertaking, we consider that the issue of the Connected Restricted Shares to the Connected Grantees would not affect the Company in complying the minimum public float requirement.

### RECOMMENDATION

Having considered the principal factors and reasons as set out above, we consider that the Connected Share Award is (i) in the ordinary and usual course of business of the Company; (ii) is on normal commercial terms, and (iii) is fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the Connected Share Award are in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolutions to approve the Connected Share Award, the Specific Mandate and the transaction contemplated thereunder at the EGM.

Yours faithfully,  
For and on behalf of  
**Chanceton Capital Partners Limited**  
**Cheung Shun Lim Ignatius**  
*Associate Director*

*Note:*

*Mr. Cheung Shun Lim Ignatius is a licensed person registered with the SFC and regarded as a responsible officer of Chanceton Capital Partners Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.*

*\* for identification purpose only.*

## 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 Group. The Directors, having made all reasonable inquiries, 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. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, were as follows:

Long and short positions in shares, underlying shares and debentures of the Company:

Name of Director	Capacity/ Nature of Interests	Number of Shares/ underlying Shares held <i>(Note 1)</i>	Approximate percentage of shareholding interest <i>(Note 2)</i>
Ye Nianqiao	Interests of a controlled corporations <i>(Note 3)</i>	675,000,000 (L)	33.74%
	Interest of spouse <i>(Note 4)</i>	375,000,000 (L)	18.74%
Ye Xun	Interests of a controlled corporations <i>(Note 5)</i>	300,000,000 (L)	14.99%

*Notes:*

- The letter "L" denotes the person's long position in the Shares or underlying Shares.
- As at the Latest Practicable Date, total number of Shares in issue in 2,000,798,667 Shares.
- Qiaoge Company Limited is wholly-owned by Mr. Ye Nianqiao. By virtue of Part XV of the SFO, Mr. Ye Nianqiao is deemed to be interested in the Shares held by Qiaoge Company Limited.
- Mr. Ye Nianqiao is the husband of Ms. Shu Liping. By virtue of Part XV of the SFO, Mr. Ye Nianqiao is deemed to be interested in the Shares indirectly held by Ms. Shu Liping through Shuye Company Limited.
- Chenye Company Limited is beneficially and wholly-owned by Mr. Ye Xun. By virtue of Part XV of the SFO, Mr. Ye Xun is deemed to be interested in the Shares held by Chenye Company Limited.

As at the Latest Practicable Date, save as disclosed above, none of the Directors nor chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and shorts position which the directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

### **3. DIRECTORS' INTERESTS**

- (a) None of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2019, being the date to which the latest published consolidated financial statements of the Company were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.
- (c) None of the Directors or chief executive of the Company and their respective close associates (as defined in the Listing Rules) has any competing interests which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling Shareholder of the Company.

### **4. SERVICE CONTRACTS**

None of the Directors has any existing or proposed service contract 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. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

### Long and short positions in shares, underlying shares and debentures of the Company

So far as is known to any directors or chief executive of the Company, as at the Latest Practicable Date, other than the interests and short positions of the directors or chief executive of the Company as disclosed in the section “Long and short positions in shares, underlying shares and debentures of the Company” above, the following person had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name of Shareholder	Nature of interest	Number of Shares <sup>(2)</sup>	Approximate Percentage of Shareholding in the Company
Qiaoge Company Limited	Beneficial owner	675,000,000(L)	33.74%
Shuye Company Limited	Beneficial owner <sup>(3)</sup>	375,000,000(L)	18.74%
Shu Liping	Interest in a controlled corporation <sup>(3)</sup>	375,000,000(L)	18.74%
	Interest of spouse <sup>(3)</sup>	675,000,000(L)	33.74%
Chenye Company Limited	Beneficial owner	300,000,000(L)	14.99%
SKYLINE MIRACLE LIMITED	Beneficial owner <sup>(4)</sup>	146,666,667(L)	7.33%
Gabriel Li	Interest in a controlled corporation <sup>(4)</sup>	146,666,667(L)	7.33%
Lam Lai Ming	Interest in a controlled corporation <sup>(4)</sup>	146,666,667(L)	7.33%
AREO HOLDINGS LIMITED	Interest in a controlled corporation <sup>(4)</sup>	146,666,667(L)	7.33%
ORCHID ASIA V GROUP, LIMITED	Interest in a controlled corporation <sup>(4)</sup>	136,400,000(L)	6.82%
ORCHID ASIA V GROUP MANAGEMENT, LIMITED	Interest in a controlled corporation <sup>(4)</sup>	136,400,000(L)	6.82%
ORCHID ASIA VII GP, LIMITED	Interest in a controlled corporation <sup>(4)</sup>	136,400,000(L)	6.82%
OAVII HOLDINGS, L.P	Interest in a controlled corporation <sup>(4)</sup>	136,400,000(L)	6.82%
ORCHID ASIA VII, L.P	Interest in a controlled corporation <sup>(4)</sup>	136,400,000(L)	6.82%

*Notes:*

1. As at the Latest Practicable Date, the total number of issued Shares is 2,000,798,667 Shares.
2. The letter “L” denotes the Shareholder’s long position in the Shares.
3. Shuye Company Limited is wholly-owned by Ms. Shu Liping. By virtue of Part XV of the SFO, Ms. Shu Liping is deemed to be interested in the Shares held by Shuye Company Limited. Mr. Ye Nianqiao is the husband of Ms. Shu Liping. By virtue of Part XV of the SFO, Ms. Shu Liping is deemed to be interested in the Shares indirectly held by Mr. Ye Nianqiao through Qiaoge Company Limited.
4. Skyline Miracle Limited, was beneficially owned by Orchid Asia VII, L.P. as to 93% and Orchid Asia VII Co-Investment, Limited as to 7%. Orchid Asia VII, L.P. was wholly controlled by OAVII Holdings, L.P. (in its capacity as general partner of Orchid Asia VII, L.P.), which was in turn wholly controlled by Orchid Asia VII GP, Limited (in its capacity as general partner of OAVII Holdings, L.P.), which was in turn wholly owned by Orchid Asia V Group Management, Limited, which was in turn wholly owned by Orchid Asia V Group, Limited, which was in turn wholly owned by Areo Holdings Limited. Areo Holdings Limited was wholly owned by Ms. Lam Lai Ming. Areo Holdings Limited was also controlled by Mr. Gabriel Li by virtue of his directorship therein. Accordingly, Ms. Lam Lai Ming and Mr. Gabriel Li were taken to be interested in the Conversion Shares in which Areo Holdings Limited was interested by virtue of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

## **6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there was not any material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published consolidated financial statements of the Company were made up.

## **7. MATERIAL LITIGATION**

No member of the Group was engaged in any litigation or claims of material importance, and no such litigation or claim of material importance was known to the Directors to be pending or threatened by or against any members of the Group, as at the Latest Practicable Date.

## 8. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualifications</b>
Chanceton Capital	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Advisor

As at the Latest Practicable Date, Chanceton Capital did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) any direct or indirect interest in any assets which had, since 31 December 2019 (being the date to which the latest published consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

Chanceton Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

## 9. GENERAL

- (a) The authorized share capital of the Company is US\$50,000.
- (b) The principal share registrar and transfer agent of the Company is Maples Fund Services (Cayman) Limited — PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The joint company secretaries of the Company are Ms. Li Yan and Ms. Leung Suet Wing.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be available for inspection during normal business hours at the principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong from the date of this circular up to and including the date of the Extraordinary General Meeting:

- (a) a copy of the Restricted Share Award Scheme;
- (b) the letter from the Independent Board Committee, the text of which is set out in page 19 of this circular;
- (c) the letter from Chanceton Capital to the Independent Shareholders, the text of which is set out on pages 20 to 40 of this circular;
- (d) the letter of consent referred to in the paragraph headed “Expert and Consent” in this appendix;
- (e) the memorandum and articles of association of the Company;
- (f) the annual results announcement of the Company for the financial year ended 31 December 2019;
- (g) the annual reports of the Company for the two financial years ended 31 December 2018 and 31 December 2019 respectively; and
- (h) this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### China Kepei Education Group Limited

### 中國科培教育集團有限公司

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

**(Stock Code: 1890)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (“EGM”) of China Kepei Education Group Limited (the “Company”) will be held at Room 1603, 16th Floor, China Resources Building, No. 2666 Keyuan South Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC on 14 August 2020 at 10:30 a.m. for the following purposes:

### ORDINARY RESOLUTIONS

1. To consider and, if thought fit, pass with or without amendments, the following resolution, each being inter-conditional with each other, as an ordinary resolution of the Company

**“THAT**

- a) the grant of specific mandate to the Directors regarding the issue and allotment of an aggregate of maximum number of 40,015,973 Restricted Shares to the Trustee to hold on trust for Selected Participants for participation in the Scheme (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- b) grant of 2,000,000 Restricted Shares pursuant to the Scheme to Dr. Zhang Xiangwei be and is hereby approved and confirmed;
- c) grant of 1,200,000 Restricted Shares pursuant to the Scheme to Mr. Zha Donghui be and is hereby approved and confirmed;
- d) grant of 1,000,000 Restricted Shares pursuant to the Scheme to Ms. Li Yan be and is hereby approved and confirmed;
- e) grant of 700,000 Restricted Shares pursuant to the Scheme to Mr. Ye Xun be and is hereby approved and confirmed;
- f) grant of 800,000 Restricted Shares pursuant to the Scheme to Mr. Wang Chuanwu be and is hereby approved and confirmed;
- g) grant of 400,000 Restricted Shares pursuant to the Scheme to Dr. Xu Ming be and is hereby approved and confirmed;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- h) grant of an aggregate of 5,050,000 Restricted Shares pursuant to the Scheme to 8 current and former directors of certain subsidiaries of the Company who are connected persons to the Company be and is hereby approved and confirmed; and
- i) any one Director be and is hereby authorized to do all things and sign all documents in connection with the implementation of the Scheme, including the grant of the Restricted Shares pursuant to the Scheme.”

By order of the Board  
**China Kepei Education Group Limited**  
**Ye Nianqiao**  
*Chairman*

Hong Kong, 24 July 2020

*Registered office:*  
Maples Corporate Services Limited  
P.O. Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

*Headquarters and principal place of  
business in the PRC:*  
Qifu Road,  
Gaoyao District  
Zhaoqing City,  
Guangdong Province  
PRC

*Principal place of business in Hong Kong:*  
31/F, Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. The ordinary resolution nos 1(a), 1(b), 1(c), 1(d), 1(e), 1(f), 1(g) 1(h) and 1(i) will be voted at the EGM (or any adjournment thereof) by way of one single resolution.
2. A shareholder of the Company entitled to attend and vote at the EGM (or any adjournment thereof) is entitled to appoint one or more proxies to represent him/her and vote on his/her behalf at the EGM. A proxy need not be a member of the Company.
3. In order to be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be delivered 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 not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof) (i.e. not later than 10:30 a.m. on 12 August 2020).
4. Completion and return of the form of proxy will not preclude Shareholder from attending and voting in person at the EGM (or any adjourned meeting) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. Where there are joint holders of any share in the Company, any one of such joint holders may vote at the EGM (or any adjournment thereof), either in person or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM (or any adjournment thereof), the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. Unless the context requires otherwise, terms defined in the circular of the Company dated 24 July 2020 of which this notice forms part have the same meanings in this notice.

*As at the date of this announcement, the Board comprises Mr. Ye Nianqiao, Dr. Zhang Xiangwei, Mr. Zha Donghui, Ms. Li Yan and Mr. Ye Xun as executive Directors, Mr. Wang Chuanwu as non-executive Director, and Dr. Xu Ming, Dr. Deng Feiqi and Dr. Li Xiaolu as independent non-executive Directors.*