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**天立教育国际控股有限公司**

**Tianli Education International Holdings Limited**

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

**(Stock Code: 1773)**

**DISCLOSEABLE TRANSACTION  
INVESTMENT IN A LIMITED PARTNERSHIP  
AND  
DEEMED DISPOSAL OF EQUITY INTEREST IN A WHOLLY-OWNED  
SUBSIDIARY**

**LIMITED PARTNERSHIP AGREEMENT AND CAPITAL CONTRIBUTION  
AGREEMENT**

The Board is pleased to announce that on 16 October 2020 (after trading hours), Tianli Education, the principal operating subsidiary of the Group, entered into the Limited Partnership Agreement with Xingrun Asset Management, Chengdu Xingrun, ICBC Wealth Management and six individuals in relation to the investment in the Limited Partnership. After the Limited Partnership Agreement is signed and the investment is made by the parties pursuant to the Limited Partnership Agreement, the Limited Partnership (as the investor) will enter into the Capital Contribution Agreement in relation to the capital contribution to Chengdu Tianli.

**LISTING RULES IMPLICATIONS**

As the transactions contemplated under the Limited Partnership Agreement and the Capital Contribution Agreement are inter-related, the listing rules implications of the transactions contemplated under the Limited Partnership Agreement and the Capital Contribution Agreement should be considered together. All of the relevant applicable percentage ratios in respect of the investment in the Limited Partnership by the Group are less than 5.0%. Upon completion of the Capital Contribution, the Group's interest in Chengdu Tianli would decrease from 100.0% to 49.0%. As such, the Capital Contribution will constitute a deemed disposal under Chapter 14 of the Listing Rules. As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Deemed Disposal are above 5.0% but less than 25.0%, the Deemed Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As completion of the Capital Contribution and the Deemed Disposal is conditional upon satisfaction of the condition precedent as set out under the section headed "Conditions Precedent" in this announcement, the Capital Contribution and the Deemed Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

## **DISCLOSEABLE TRANSACTION IN RELATION TO INVESTMENT IN LIMITED PARTNERSHIP AND THE CAPITAL CONTRIBUTION**

The Board is pleased to announce that on 16 October 2020 (after trading hours), Tianli Education, the principal operating subsidiary of the Group, entered into the Limited Partnership Agreement with Xingrun Asset Management, Chengdu Xingrun, ICBC Wealth Management and six individuals in relation to the investment in the Limited Partnership. After the Limited Partnership Agreement is signed and the investment is made by the parties pursuant to the Limited Partnership Agreement, the Limited Partnership (as the investor) will enter into the Capital Contribution Agreement in relation to the Capital Contribution.

### **PRINCIPAL TERMS OF THE LIMITED PARTNERSHIP AGREEMENT**

<b>Date</b>	16 October 2020 (after trading hours)
<b>Parties</b>	<ol style="list-style-type: none"><li>i. Xingrun Asset Management, as general partner and administrator</li><li>ii. ICBC Wealth Management, as preferred limited partner</li><li>iii. Tianli Education, as subordinated limited partner</li><li>iv. Chengdu Xingrun, as subordinated limited partner</li><li>v. Mr. Du Yuxiang (杜玉祥先生), as subordinated limited partner</li><li>vi. Mr. Yu Shichao (喻世超先生), as subordinated limited partner</li><li>vii. Mr. Ma Yu (麻渝先生), as subordinated limited partner</li><li>viii. Mr. Zhanming (展銘先生), as subordinated limited partner</li><li>ix. Mr. Chen Daofu (陳道福先生), as subordinated limited partner</li><li>x. Mr. Zou Daoyong (鄒道永先生), as subordinated limited partner</li></ol>

As at the date of this announcement, Tianli Education is the principal operating subsidiary of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the other partners of the Limited Partnership and their respective ultimate beneficial owners are independent third parties.

<b>Purpose of the Limited Partnership</b>	The purpose of investment in the Limited Partnership is to seek investment returns by investing in Chengdu Tianli to achieve capital growth.
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## Capital Commitment

The Limited Partnership has an initial capital commitment of RMB500,000,000. All parties will invest their respective capital commitment by 31 December 2020.

- i. Xingrun Asset Management (as general partner and administrator) will invest RMB10,000,000 in the Limited Partnership, representing 2.0% of the equity interest in the Limited Partnership;
- ii. ICBC Wealth Management (as preferred limited partner) will invest RMB250,000,000 in the Limited Partnership, representing 50.0% of the equity interest in the Limited Partnership;
- iii. Tianli Education (as subordinated limited partner) will invest RMB90,000,000 in the Limited Partnership, representing 18.0% of the equity interest in the Limited Partnership;
- iv. Chengdu Xingrun (as subordinated limited partner) will invest RMB30,000,000 in the Limited Partnership, representing 6.0% of the equity interest in the Limited Partnership;
- v. Mr. Du Yuxiang (杜玉祥先生) (as subordinated limited partner) will invest RMB50,000,000 in the Limited Partnership, representing 10.0% of the equity interest in the Limited Partnership;
- vi. Mr. Yu Shichao (喻世超先生) (as subordinated limited partner) will invest RMB30,000,000 in the Limited Partnership, representing 6.0% of the equity interest in the Limited Partnership;
- vii. Mr. Ma Yu (麻渝先生) (as subordinated limited partner) will invest RMB10,000,000 in the Limited Partnership, representing 2.0% of the equity interest in the Limited Partnership;
- viii. Mr. Zhanming (展銘先生), (as subordinated limited partner) will invest RMB10,000,000 in the Limited Partnership, representing 2.0% of the equity interest in the Limited Partnership;
- ix. Mr. Chen Daofu (陳道福先生) (as subordinated limited partner) will invest RMB10,000,000 in the Limited Partnership, representing 2.0% of the equity interest in the Limited Partnership; and
- x. Mr. Zou Daoyong (鄒道永先生) (as subordinated limited partner) will invest RMB10,000,000 in the Limited Partnership, representing 2.0% of the equity interest in the Limited Partnership.

The amount of capital contribution to be made by each partner is arrived after arm's length negotiation among the parties with reference to, among other things, the estimated capital demand of the Limited Partnership. The Group intends to use its internal resources to fund its capital contribution.

**Management of the  
Limited Partnership**

Xingrun Asset Management shall be appointed as administrator, and shall be responsible for the day to day management and operations of the Limited Partnership.

**Investment decisions**

The Limited Partnership shall establish an investment committee. The investment committee shall consist of three voting members, one of which will be appointed by the general partner, one of which will be appointed by the preferred limited partner and one of which will be appointed by Tianli Education. The investment committee shall make the investment decisions and divestment decisions of the Limited Partnership, which shall be binding on the general partner and the limited partners. Except that the disposal of shares, interests or other assets held by the Limited Partnership must be approved by all members of investment committee, other affairs must be approved by two of the three voting members.

**Distributions  
Attributable to  
Portfolio Investments**

The income of the Limited Partnership shall be distributed to the partners in the following sequence:

- i. To the preferred limited partner until the amount distributed equals to an annualized effective internal rate of return (“**IRR**”) of 7.5% of the capital contribution of the preferred limited partner;
- ii. To the general partner the management fee of the Limited Partnership which is 0.75% per annum based on the capital of the Limited Partnership;
- iii. To the preferred limited partner until the cumulative amount distributed equals to its capital contribution;
- iv. To the general partner and the subordinated limited partners (pro rata in proportion to their sharing percentages) until the cumulative amount distributed to them equals to their aggregate capital contributions;
- v. To the general partner and the subordinated limited partners (pro rata in proportion to their sharing percentages) until the amount distributed equals to an IRR equal to 10.0% of the capital contribution of the respective partner;
- vi. To the preferred limited partner 10.0% of the remaining amount after (i) to (v) above;
- vii. To the general partner and the subordinated limited partners (pro rata in proportion to their sharing percentages) the remaining amount after (i) to (vi) above.

## CAPITAL CONTRIBUTION AGREEMENT

After the Limited Partnership Agreement is signed and the investment is made by the parties pursuant to the Limited Partnership Agreement, the Limited Partnership and Tianli Education will enter into the Capital Contribution Agreement, pursuant to which the Limited Partnership, as investor, agreed to contribute RMB440 million by way of cash contribution into Chengdu Tianli to increase its share capital. After the Capital Contribution, the Limited Partnership will obtain 51.0% of the shareholding interest of Chengdu Tianli. The amount of capital injection paid by the Limited Partnership to the Chengdu Tianli in excess of the increase in registered capital shall be credited as capital surplus of Chengdu Tianli. The amount of Capital Contribution and the shareholding interest in Chengdu Tianli to be held by the Limited Partnership after the Capital Contribution were determined based on the estimated total investment of the two schools owned by Chengdu Tianli of approximately RMB863 million. Chengdu Tianli intends to utilize the proceeds from the Capital Contribution for the construction of the two schools.

As a result of the Capital Contribution: (i) the registered capital of Chengdu Tianli will increase from RMB10 million to RMB20.4 million; (ii) the capital surplus of Chengdu Tianli will increase from RMB412.7 million to RMB842.3 million; (iii) the Group's equity interest in Chengdu Tianli, through Tianli Education, will decrease from 100.0% to 49.0%; and (iv) Chengdu Tianli will be owned as to 51.0% and 49.0% by the Limited Partnership and Tianli Education, respectively. Chengdu Tianli will cease to be a subsidiary of the Company and its financial results will not be consolidated into the financial statements of the Group.

The following table illustrates the shareholding structure of Chengdu Tianli as at the date of this announcement and immediately following completion of the capital contribution.

Target Company	Shareholders	As at the date of this announcement		Immediately following the completion of the capital contribution	
		Registered capital (RMB)	Approximate %	Registered capital (RMB)	Approximate %
Chengdu Tianli	Tianli Education	10,000,000	100.0%	10,000,000	49.0%
	Limited Partnership	—	—	10,408,200	51.0%
	Total	<u>10,000,000</u>	<u>100.0%</u>	<u>20,408,200</u>	<u>100.0%</u>

## Conditions Precedent

Payment of Capital Contribution by the Limited Partnership shall be subject to the fulfilment and/or waiver of the following conditions precedent, among others, under the Capital Contribution Agreement:

- (1) All relevant agreements and legal documents for the Capital Contribution being executed;
- (2) Each shareholder's decision-making body has approved the transaction documents of the Capital Contribution;
- (3) All necessary permits, consents and approvals that are required for the capital injection having been obtained;
- (4) All representations and warranties given by Chengdu Tianli under the Capital Contribution Agreement have remained true, complete and accurate up to the date of payment; and
- (5) Chengdu Tianli has signed all the confirmation letters and other legal documents required for the Capital Contribution.

## INFORMATION OF CHENGDU TIANLI

Chengdu Tianli is a limited liability company incorporated pursuant to PRC laws mainly engaged in education services and consultation. As at the date of this announcement, it has a registered capital of RMB10 million and is a wholly-owned subsidiary of Tianli Education.

The following table sets out the unaudited consolidated financial information of Chengdu Tianli prepared for the years ended 31 December 2018 and 31 December 2019 in accordance with the International Financial Reporting Standards:

	<b>For the year ended 31 December 2018</b> <i>(RMB million)</i>	<b>For the year ended 31 December 2019</b> <i>(RMB million)</i>
<b>Net profit/(loss) before tax</b>	-0.06	-7.33
<b>Net profit/(loss) after tax</b>	-0.06	-7.33
<b>Total assets</b>	<u>293.73</u>	<u>504.17</u>

## INFORMATION OF THE GROUP AND THE PARTIES

### The Group

Established in 2002, the Group is a leading private education service provider in Western China. It primarily offers K-12 educational services, supplemented by tutoring services for K-12 students and pre-kindergarten children. The Group is one of the largest private K-12 school operators in Western China.

## **Tianli Education**

Shenzhou Tianli Education Investment Co., Ltd.\* (神州天立教育投資有限責任公司), a limited liability company established in the PRC on 19 April 2013 is the principal operating subsidiary of the Company, it was formerly known as Sichuan Shenzhou Tianli Education Investment Co., Ltd. (四川神州天立教育投資有限公司).

## **Chengdu Tianli**

Chengdu Shenzhou Tianli Education Consultation Co., Ltd.\* (成都神州天立教育諮詢有限公司), a limited liability company established in the PRC on 8 September 2017 is the wholly-owned subsidiary of Tianli Education.

## **Chengdu Xingrun**

Chengdu Xingrun Zhonghe Enterprise Management Center (Limited Partnership)\* (成都星潤眾合企業管理中心(有限合夥)) was established on 8 November 2017 in the PRC and was held as to 90.0% by Xingrun Asset Management and 10.0% by an individual third party.

## **Xingrun Asset Management**

Shenzhen Xingrun Asset Management Co. Ltd.\* (深圳星潤資產管理有限公司) was established in 2015 with a registered capital of RMB30 million. Xingrun Asset Management has obtained the Private Investment Fund Manager Registration Certificate issued by the Asset Management Association of China in August 2015, registration number: P1020925. Xingrun Asset Management is headquartered in Shenzhen, with branches in Beijing, Chengdu and Shanghai. As of May 2020, the size of fund products managed by Xingrun Asset Management exceeded RMB3 billion, with seven RMB funds and one USD fund, while it has completed over RMB3 billion of foreign equity investments, achieving good financial returns and a good industry reputation. The ultimate beneficial owner of Xingrun Asset Management is Mr. Pang Deneng.

## **ICBC Wealth Management**

ICBC Wealth Management Co. Ltd.\* (工銀理財有限責任公司) is a wholly-owned subsidiary of Industrial and Commercial Bank. ICBC Wealth Management specialises in wealth management businesses as wealth management advisory and consultation.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Company believes that the transactions contemplated under the Limited Partnership Agreement and the Capital Contribution Agreement are beneficial to the Company and the Shareholders as they will bring funds to the Group for the construction of two schools. After the capital increase is completed, the Company will still hold interest in Chengdu Tianli and continue to benefit from the future growth and success of Chengdu Tianli's development projects. The Directors (including independent non-executive Directors) are of the view that the terms of the Limited Partnership Agreement and the Capital Contribution Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Limited Partnership Agreement and the Capital Contribution Agreement or is required to abstain from voting on the Board resolutions for considering and approving such transactions pursuant to the articles of association of the Company.

It is expected that the Group will recognize a gain in its consolidated income statement of approximately RMB4.7 million arising from the Deemed Disposal, which is estimated based on the amount of the Capital Contribution and the unaudited carrying value of Chengdu Tianli. Subject to audit, the actual amount of gain or loss on the Deemed Disposal to be recognized by the Group maybe vary from the amount mentioned above.

## **LISTING RULES IMPLICATIONS**

As the transactions contemplated under the Limited Partnership Agreement and the Capital Contribution Agreement are inter-related, the listing rules implications of the transactions contemplated under the Limited Partnership Agreement and the Capital Contribution Agreement should be considered together. All of the relevant applicable percentage ratios in respect of the investment in the Limited Partnership by the Group are less than 5.0%. Upon completion of the Capital Contribution, the Group's interest in Chengdu Tianli would decrease from 100.0% to 49.0%. As such, the Capital Contribution will constitute a deemed disposal under Chapter 14 of the Listing Rules. As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Deemed Disposal are above 5.0% but less than 25.0%, the Deemed Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As completion of the Capital Contribution and the Deemed Disposal is conditional upon satisfaction of the condition precedent as set out under the section headed "Condition Precedent" in this announcement, the Capital Contribution and the Deemed Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

## **DEFINITION**

"Board" or "Board of Directors"	the board of Directors of the Company;
"Capital Contribution"	the capital contribution of RMB440,000,000 in cash by the Limited Partnership to Chengdu Tianli pursuant to the Capital Contribution Agreement;
"Capital Contribution Agreement"	the capital contribution agreement on capital contribution of Chengdu Tianli to be entered into among the Limited Partnership (as the investor) and Tianli Education (as an existing shareholder);
"Chengdu Tianli"	Chengdu Shenzhou Tianli Education Consultation Co., Ltd.* (成都神州天立教育諮詢有限公司), a limited liability company established in the PRC on 8 September 2017 and a wholly-owned subsidiary of Tianli Education;
"Chengdu Xingrun"	Chengdu Xingrun Zhonghe Enterprise Management Center (Limited Partnership)* (成都星潤眾合企業管理中心(有限合夥));
"Company"	Tianli Education International Holdings Limited (天立教育國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 1773);



“Deemed Disposal”	the deemed disposal through the dilution of interest in Chengdu Tianli of the Group from 100.0% to 49.0% as a result of the Capital Contribution by the Limited Partnership pursuant to the Capital Contribution Agreement;
“Directors”	the directors of the Company;
“Group”	the Company, its subsidiaries and entities under the Company’s control through contractual arrangements in PRC;
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“ICBC Wealth Management”	ICBC Wealth Management Co. Ltd.* (工銀理財有限責任公司);
“Limited Partnership”	Chengdu Tianxing Equity Investment Fund Enterprise (Limited Partnership)* (成都天星股權投資基金合夥企業(有限合夥));
“Limited Partnership Agreement”	the limited partnership agreement dated 16 October 2020 entered into among Xingrun Asset Management (as the general partner), ICBC Wealth Management (as a preferred limited partner), Tianli Education (as a subordinated limited partner), Chengdu Xingrun (as subordinated limited partner), and six individuals (as a subordinated limited partner) in relation to the investment in the Limited Partnership;
“Tianli Education”	Shenzhou Tianli Education Investment Co., Ltd.* (神州天立教育投資有限責任公司), a limited liability company established in the PRC on 19 April 2013 and our principal operating subsidiary, it was formerly known as Sichuan Shenzhou Tianli Education Investment Co., Ltd. (四川神州天立教育投資有限公司);
“Xingrun Asset Management”	Shenzhen Xingrun Asset Management Co. Ltd.* (深圳星潤資產管理有限公司).

\* for identification purpose only

By Order of the Board  
**Tianli Education International Holdings Limited**  
**Luo Shi**  
*Chairman, Executive Director and Chief Executive Officer*

The PRC, 16 October 2020

*As at the date of this announcement, the Board comprises Mr. Luo Shi as chairman and executive Director, Ms. Yang Zhaotao and Mr. Wang Rui as executive Directors, Mr. Tian Mu as non-executive Director, and Mr. Liu Kai Yu Kenneth, Mr. Yang Dong and Mr. Cheng Yiqun as independent non-executive Directors.*