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枫叶教育

China Maple Leaf Educational Systems Limited

中國楓葉教育集團有限公司*

(「本公司」)

(於開曼群島註冊成立之有限公司)

(股份代號：1317)

刊發發售通函

根據一般授權發行價值125,000,000美元於2026年到期的2.25%可換股債券

(「該等債券」)

發行價：100%

(證券代號：40564)

獨家全球協調人及獨家賬簿管理人



本公告乃由本公司根據上市規則第37.39A條作出。

茲提述本公司日期為2021年1月27日之該等債券於香港聯合交易所有限公司上市之通告。

本公告隨附日期為2021年1月22日有關該等債券發行之發售通函。

承董事會命
中國楓葉教育集團有限公司*
主席暨首席執行官
任書良先生

香港，2021年1月28日

* 僅供識別

於本公告日期，董事會包括執行董事任書良先生、張景霞女士及James William Beeke先生；以及獨立非執行董事Peter Humphrey Owen先生、Alan Shaver博士及黃立達先生。

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriter or any affiliate of the underwriter is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither UBS AG Hong Kong Branch (the “**Manager**” or “**Sole Bookrunner**”) nor China Maple Leaf Educational Systems Limited (the “**Company**” or the “**Issuer**”) nor any person who controls the Manager, the Issuer, nor any director, officer, employee or agent of the Manager, the Issuer or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

OFFERING CIRCULAR



枫叶教育

China Maple Leaf Educational Systems Limited

中國楓葉教育集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

US\$125,000,000

2.25% Convertible Bonds due 2026

ISSUE PRICE: 100%

The US\$125,000,000 2.25% Convertible Bonds due 2026 (the “**Bonds**”) will be issued by China Maple Leaf Educational Systems Limited (the “**Issuer**” or the “**Company**”). The issue price of the Bonds shall be 100% of the aggregate principal amount of the Bonds.

The Bonds constitute direct, unsubordinated and (subject to the Conditions (as defined in “Terms and Conditions of the Bonds”)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. Our payment obligations under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the Conditions, at all times rank at least equally with all of our other present and future senior, unsecured and unsubordinated obligations.

Subject to the right of the Issuer to make a cash settlement, each Bond will, at the option of the holder, be convertible (unless previously redeemed or purchased and cancelled) at any time on or after 9 March 2021 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the seventh day prior to the Maturity Date (as defined in “Terms and Conditions of the Bonds”) (both days inclusive) (but, except as provided in the Conditions, in no event thereafter) or if such Bond shall have been called for redemption before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond, then up to the close of business (at the place aforesaid) on the business day prior to the giving of such notice, into fully paid ordinary shares of the Company with a nominal value of US\$0.0005 (the “**Shares**”) at an initial conversion price of HK\$2.525 per Share (the “**Initial Conversion Price**”). The conversion price is subject to adjustment in the circumstances described under “Terms and Conditions of the Bonds – Conversion.” The closing price of the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 January 2021 was HK\$2.020 per Share.

Unless previously redeemed, converted or purchased and cancelled as provided herein, we will redeem each Bond at 105.38% of its principal amount together with accrued and unpaid interest thereon on the Maturity Date. At any time we may, having given not less than 30 nor more than 60 days’ notice, redeem all but not some only of the Bonds at the Early Redemption Amount (as defined in “Terms and Conditions of the Bonds”) together with interest accrued but unpaid to (but excluding) the Tax Redemption Date (as defined in “Terms and Conditions of the Bonds”), if we have or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the PRC, Cayman Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 12 January 2021, and such obligation cannot be avoided by us taking reasonable measures available to us, subject to the non-redemption option of each Bondholder after the exercise by us of our tax redemption option as described herein. At any time after 11 February 2024, but no later than seven Hong Kong business days prior to the Maturity Date we may, having given not less than 30 nor more than 60 days’ notice, redeem all but not some only of the Bonds on the Optional Redemption Date (as defined in the “Terms and Conditions of the Bonds”) at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date provided that the Closing Price (as defined in the “Terms and Conditions of the Bonds”) of our Shares (translated into U.S. dollars at the Prevailing Rate (as defined in the “Terms and Conditions of the Bonds”)), for any 20 Trading Days out of the 30 consecutive Trading Days immediately prior to the date upon which notice of such redemption is published, was at least 130% of the applicable Early Redemption Amount (as defined in the “Terms and Conditions of the Bonds”) per Calculation Amount (as defined in the “Terms and Conditions of the Bonds”) divided by the Conversion Ratio (as defined in the “Terms and Conditions of the Bonds”) in effect on such Trading Day. If at any time, prior to the relevant Optional Redemption Notice (as defined in the “Terms and Conditions of the Bonds”) is given, the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued, we may redeem all but not some only of such outstanding Bonds at the Early Redemption together with interest accrued but unpaid to (but excluding) such Optional Redemption Date. Each holder of the Bonds shall have the right to require us to redeem all or some only of such holder’s Bonds on the Relevant Event Redemption Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date upon the occurrence of a Relevant Event (each as defined in “Terms and Conditions of the Bonds”). Each holder of the Bonds shall have the right to require us to redeem, all or some only of such holder’s Bonds on 27 January 2024 at 103.12% of the principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption. See “Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation.”

A formal application will be made to the Stock Exchange for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) “**Professional Investors**”) only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited (SEHK) on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Listing of the Bonds on the Stock Exchange is not to be taken as an indication of the merits of the Company, the Issuer, their respective subsidiaries or the Bonds. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares arising on conversion of the Bonds. The Bonds are not rated.

Investors should be aware that the Bonds are unsecured, there are risks attached to exercise of Conversion Rights of the Bonds, and there are various other risks relating to the Bonds, the Issuer and its subsidiaries, their business and their jurisdictions of operations which investors should familiarize themselves with before making an investment in the Bonds. See “Risk Factors” beginning on page 17.

INVESTING IN THE BONDS INVOLVES RISKS THAT ARE DESCRIBED IN “RISK FACTORS” BEGINNING ON PAGE 17 OF THIS OFFERING CIRCULAR.

Neither the Bonds, nor the Shares to be issued upon conversion of the Bonds, have been or will be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any state securities laws, and subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside the United States to non-U.S. persons in accordance with Regulation S under the U.S. Securities Act. The Bonds are sold subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction pursuant to registration thereunder or exemption from registration. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. For a description of restrictions on transfers of the Bonds, see “Transfer Restrictions” and “Plan of Distribution.”

The Bonds will be initially represented by one or more global certificates (each a “Global Certificate”) and will be fully issued in registered form in the name of a nominee for common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Bonds will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. Except as described herein, individual definitive certificates for the Bonds will not be issued in exchange for interests in the Bonds. The Manager expects to deliver the Bonds to purchasers on or about 27 January 2021.

The Bonds are not intended to be initially placed and may not be initially placed to “connected persons” of the Issuer as defined in the Listing Rules (“**Connected Persons**”). Each holder of the Bonds (and the beneficial owners of the Bonds, if applicable) will be deemed to have represented to the Issuer and the Manager that it is not a Connected Person of the Issuer, and will not after completion of the subscription of the Bonds be a Connected Person of the Issuer. Each prospective investor will be deemed to have agreed with the Issuer and the Manager that it may, to the extent required by the Listing Rules and/or the Hong Kong Stock Exchange and/or the Hong Kong Securities and Futures Commission (the “**SFC**”), disclose information about such potential investor (including but not limited to its name, company registration number and the number of Bonds allotted to it) to certain parties.

Sole Global Coordinator and Sole Bookrunner
UBS

Offering Circular dated 22 January 2021

* For identification purposes only

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IMPORTANT INFORMATION

This Offering Circular is strictly confidential. We are furnishing this Offering Circular in connection with an offering exempt from the registration requirements of the Securities Act, solely for the purpose of enabling you to consider the purchase of the Bonds as described herein. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Bonds. You may not copy, reproduce or distribute this Offering Circular, in whole or in part, and may not disclose any content or use any information in this Offering Circular for any purpose other than considering an investment in the Bonds. By accepting delivery of this Offering Circular, you agree to the foregoing.

The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offering of the Bonds described herein. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time) for the purpose of giving information with regard to us. We accept full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

You should rely only on the information contained in this Offering Circular. We have not, and the Manager has not, authorized any other person to provide you with any other information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Offering Circular is accurate only as of the date on the front cover of this Offering Circular or otherwise as of the date specifically referred to in connection with the particular information. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

We, having made all reasonable inquiries, confirm that this Offering Circular contains all information with respect to us, the Group and the Bonds, which are convertible into the Shares, which is material in the context of the issue and offering of the Bonds, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions. We accept responsibility accordingly. Statements contained in this Offering Circular as to the contents of any agreement or other document referred to in this Offering Circular may not set forth all of the terms and conditions of such agreements or other documents, and such statements are qualified by reference to the full text of each such agreement or other document. We have compiled all industry and market information and statistics contained in this Offering Circular from various published and private sources, which may be inconsistent with other information compiled elsewhere. We have reproduced such information correctly in this Offering Circular but neither we, nor the Manager, have independently verified the accuracy of any of such information and we accept responsibility only for accurately extracting information from such sources.

This Offering Circular has been prepared by us solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by us, the Manager, the Trustee and the Agents (each as defined in the “Terms

and Conditions of the Bonds”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the Shares deliverable upon conversion of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes.

The Bonds are offered in reliance upon certain exemptions from the registration requirements under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering in the United States. This Offering Circular is personal to you and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Bonds. In making a purchase of the Bonds, you will be deemed to have made the acknowledgments, representations and agreements provided in the section of this Offering Circular entitled “Transfer Restrictions.”

No person has been or is authorized to give any information or to make any representation concerning us, the Group, the Bonds or the Shares other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Manager, the Trustee or the Agents (as defined in “Terms and Conditions of the Bonds”). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs, the affairs of our Group or any of us since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Manager, the Trustee or the Agents to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful. This Offering Circular is not intended to invite offers to subscribe for or purchase Shares.

PRIIPs Regulation/Prohibition of Sales to European Economic Area (“EEA”) – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); and/or (ii) a customer within the meaning of Directive 2016/97/EU (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Circular has been prepared on the basis that any offer of the Bonds in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”) from a requirement to publish a prospectus for offers of Bonds. This Offering Circular is not a prospectus for the purpose of the UK Prospectus Regulation.

Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In making an investment decision regarding the Bonds, you must rely on your own examination of the Company and the terms of this offering, including the merits and risks involved. The contents of this Offering Circular are not to be considered as legal, business, financial or tax advice. You should consult your own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Bonds. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Manager, Trustee or the Agents or any of their respective affiliates, as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Company, the issue and offering of the Bonds or the Shares. None of the Manager, the Trustee or the Agents has independently verified any of the information contained in this Offering Circular and none of them can give any assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by us, the Group, the Manager, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Manager, the Trustee or the Agents or any person affiliated with any of the Manager, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision. To the fullest extent permitted by law, none of the Manager, the Trustee or the Agents accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Manager, the Trustee, the Agents or the Registrar or on their behalf in connection with the Company, the issue and offering of the Bonds or the Shares. The Manager, the Trustee or the Agents accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

None of the Manager, the Trustee or the Agents undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Manager, the Trustee or the Agents. Except as otherwise indicated in this Offering Circular, all non-company specific statistics and data relating to the industry or to the economic development of China have been extracted or derived from publicly available information and industry publications. Such information has not been independently verified by the Issuer, the Group, the Trustee, the Agents or any of the Manager or by their respective directors and advisers, and none of the Issuer, the Group, the Trustee, the Agents, the Manager or their respective directors and advisers make any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

The laws of some jurisdictions may restrict the distribution of this Offering Circular and the offer and sale of the Bonds or the Shares. To purchase the Bonds, you must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or resell the Bonds or possess this Offering Circular. You must also obtain any consent, approval or permission required for your purchase,

offer or sale of the Bonds under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchase, offer or resale. None of the Company, the Manager and our and its respective representatives is making any representation to you or any person regarding the legality of any investment in the Bonds, or the Shares, by you or any person under applicable legal investment or similar laws or regulations. This Offering Circular does not constitute an offer to sell to you or any person, or a solicitation of an offer from you or any person to buy any of the Bonds or the Shares, in any jurisdiction where it is unlawful to make such an offer or solicitation. This Offering Circular is not intended to invite offers to subscribe for or purchase Shares.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Company's financial information as of and for the years ended 31 August 2018, 2019 and 2020 have been extracted from the Company's consolidated financial statements as of and for the years ended 31 August 2018, 2019 and 2020 respectively, which have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong. The consolidated financial statements for such periods are prepared in accordance with IFRS.

For the purpose of the offers and sales outside the United States in reliance on Regulation S under the Securities Act, Deloitte Touche Tohmatsu has acknowledged the issue of this Offering Circular with the inclusion herein of, and all references to (i) its name and (ii) the Company's consolidated financial statements as of and for the years ended 31 August 2018, 2019 and 2020, in the form and context in which they are respectively included in this Offering Circular.

In this Offering Circular, all references to "Group," "our Group," the "Company," the "Issuer," "we," "us" and "our" refer to China Maple Leaf Educational Systems Limited and, as the context requires, its subsidiaries; all references to "USD", "US\$" or "U.S. dollars" are to United States dollars, the legal currency of the United States; all references to "HK\$" or "HK dollars" are to Hong Kong dollars, the legal currency of Hong Kong Special Administrative Region of the PRC; all references to "RMB" or "Renminbi" are to Renminbi, the legal currency of the People's Republic of China; and all references to the "PRC" and "China" are to the People's Republic of China, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan. Unless otherwise stated in this Offering Circular, Hong Kong dollar amounts have been translated into U.S. dollars at an exchange rate of HK\$7.7501 to US\$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on 31 August 2020 for illustration purpose only. Renminbi amounts have been translated into U.S. dollars at an exchange rate of RMB6.8474 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 31 August 2020 for illustration purpose only. You should not construe those exchange rates as representations that the HK dollars and Renminbi amounts could actually be converted into an U.S. dollar amounts, at the rates indicated, or at all. See "Exchange Rate Information" for details.

In making an investment decision, investors must rely upon their own examination of us, the terms of the offering of the Bonds and the financial information.

Certain financial amounts presented in this Offering Circular may not correspond directly to our financial statements included elsewhere or may not add up due to rounding.

The statistics set forth in this Offering Circular relating to the PRC and the industries in which we operate were taken or derived from various government and private publications. Investors should note that no independent verification has been carried out on any facts or statistics that are directly or indirectly derived from official government and non-official sources. Neither we nor the Manager or any of its respective directors, officers, representatives or affiliates make any representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possible inconsistent collection methods and other problems, the statistics herein may be inaccurate and should not be unduly relied upon.

ENFORCEABILITY OF CIVIL LIABILITIES

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability and operate principally in the PRC. Because substantially all of our business is conducted, and substantially all of our assets are located, in the PRC, our operations are generally affected by and subject to the PRC legal system and PRC laws and regulations. We have been advised by Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law, that it is uncertain whether the courts of the Cayman Islands would (i) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States. Maples and Calder (Hong Kong) LLP has further advised us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in a federal or state court of the United States, a judgment obtained in such jurisdiction will be recognised and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment: (a) is given by a foreign court of competent jurisdiction; (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given; (c) is final; (d) is not in respect of taxes, a fine or a penalty; and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future that are, by their nature, subject to significant risks and uncertainties.

These forward-looking statements include, without limitation, statements relating to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our ability to maintain or increase student enrollment in our schools;
- our ability to maintain or increase tuition fees;
- our ability to maintain or increase utilization of our facilities;
- our capital expenditure programs and future capital requirements;
- our future general and administrative expenses;
- our ability to control costs;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic conditions;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors;
- our dividend policy; and
- other factors beyond our control.

When used herein, the words “aim,” “anticipate,” “believe,” “can,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “potential,” “project,” “prospects,” “seek,” “should,” “sustain,” “will,” “would” and similar expressions, as they relate to our Group, are intended to identify these forward looking statements. All statements (other than statements of historical facts included in this Offering Circular), including statements regarding our strategy, plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements reflect the current views of our management as of the date of this Offering Circular with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described under “Risk Factors” and elsewhere in this Offering Circular. One or more of these risks or uncertainties may materialize, or the underlying assumptions may prove to be incorrect. Actual results and events may differ materially from

information contained in the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our results of operations and financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized.

Subject to the requirements of applicable laws, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this Offering Circular, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Offering Circular might not occur in the way we expect or at all. All forward-looking statements contained in this Offering Circular are qualified by reference to this cautionary statement.

INCORPORATION BY REFERENCE

The audited consolidated financial statements of the Group (including the notes thereto) which are contained in pages 79 to 176 of the annual report of the Company for the year ended 31 August 2019 and pages 86 to 182 of the annual report of the Company for the year ended 31 August 2020 are incorporated by reference in this Offering Circular. Copies of the consolidated financial statements for the years ended 31 August 2019 and 2020 are available and may be downloaded free of charge from the website of the Hong Kong Stock Exchange at www.hkex.com.hk. The Group's consolidated financial statements for the years ended 31 August 2019 and 2020 have been prepared and presented in accordance with the International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board and have been audited by Deloitte Touche Tohmatsu.

Neither the Manager nor its directors, officers, employees, representatives, advisers, agents or affiliates make any representation or warranty, express or implied, regarding the sufficiency of any unaudited figures in this offering circular. Potential investors must exercise caution when using such unaudited figures to evaluate the financial condition and results of operations of the Company and its subsidiaries.

Certain amounts and percentages included in this offering circular have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not exactly equal the total figure for that column.

You should not construe any exchange rate translations as representations that the relevant exchange and amounts could actually be converted into the amounts expressed.

SUMMARY

This summary aims to give you an overview of the information contained in this Offering Circular. As it is a summary, it does not contain all the information that may be important to you. You should read this entire Offering Circular carefully, including the “Risk Factors” section and the financial statements and related notes.

OVERVIEW

Founded in 1995, the Group is one of the leading international school operators in the PRC by student enrollment. The Group offers high quality and bilingual education to preschool to grade 12 students, by combining the merits of both Western and Chinese educational philosophies in 29 cities in China, Canada, Malaysia, Singapore and Australia.

The Maple Leaf Educational Systems has attained Cognia (formerly known as AdvancED) Corporate Systems accreditation and all of its high schools, middle schools, elementary schools and foreign national schools are accredited by Cognia, the largest school accreditation agency in the world. Over the past three years, more than 95% of our high school graduates have received offers from overseas universities and colleges. For the year ended 31 August 2020, more than 79% of the graduates received offers from at least one of the top 100 universities in the world, based on MLES Global Top 100 Universities Guide, including 216 students who have received offers from QS Top 10 universities, including University College London and Imperial College London.

As at 15 October 2020, the Group had 44,338 students, 3,943 teachers and 114 schools of which 101 are in China, three in Canada, four in Malaysia, five in Singapore and one in Australia, comprising 18 high schools, 29 middle schools, 32 elementary schools, 32 preschools and three foreign nationals schools. Approximately 90% of our students are local Chinese mainly from middle-class families and the rest are from other countries.

RECENT DEVELOPMENTS

On 15 December 2020, the Group entered into a cooperation agreement with the People’s Government of Longgang District, Shenzhen City in relation to the relocation of the Group’s headquarters and the operation and arrangement of a proposed school in Longgang.

On 11 December 2020, Dalian Maple Leaf Educational Group Company Limited, a consolidated affiliated entity of the Company, entered into a cooperation agreement with the People’s Government of Nanjing Lishui in relation to the construction, operation and management of the Maple Leaf Jiangsu education district headquarters and three schools in Lishui Future City.

On 19 June 2020, the Company entered into a sale and purchase agreement, pursuant to which a subsidiary of the Company will purchase the entire issued and paid-up share capital of Star Readers. On 26 August 2020, the subsidiary of the Company successfully acquired 90% of the issued share capital of Star Readers. The remaining 10% of the issued share capital of Star Readers is anticipated to be acquired in 2022. Star Readers is the sole shareholder of CIS Pte Ltd, the operator of Canadian International School, a leading private education institution and one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment.

As announced by the Company in the joint-announcement dated 23 July 2020 published on the website of the Hong Kong Stock Exchange, we completed the acquisition of all the ordinary shares of Kingsley and Kingsley became a wholly-owned subsidiary of Maple Leaf Education Asia Pacific Limited.

Kingsley and its subsidiaries are a private education service provider based in Subang Jaya, Selangor, Malaysia which principally offers courses ranging from nursery to A-levels courses primarily based on curriculum developed by University of Cambridge International Examinations and England National Curriculum through the School (K12 services).

THE OFFERING

The following summary contains basic information about the Bonds and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the Bonds, please refer to the section entitled “Description of the Bonds” in this Offering Circular. Capitalized terms used herein and not defined have the same meaning given to them in this Offering Circular.

Issuer	China Maple Leaf Educational Systems Limited
Issue	US\$125,000,000 2.25% Convertible Bonds due 2026
Issue Price	100%
Issue Date	27 January 2021
Maturity Date	27 January 2026
Redemption at Maturity	Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each Bond at 105.38 per cent. of its principal amount together with accrued and unpaid interest thereon on the Maturity Date.
Interest	The Bonds bear interest at the rate of 2.25% per annum payable semi-annually in arrear on 27 January and 27 July in each year. See “Terms and Conditions of the Bonds – Interest.”
Status of the Bonds	The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(A)) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(A), at all times rank at least equally with all of the Issuer’s other present and future senior, unsecured and unsubordinated obligations.
Rating of the Bonds	The Bonds are not, and are not expected to be, rated by any rating agency.

Conversion Right	<p>Subject to the right of the Issuer to make a cash settlement as discussed below, the Bonds are convertible by holders into Shares, at any time on and after 9 March 2021 and up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the seventh day prior to the Maturity Date (both days inclusive), except as described in the Conditions. If the Bonds are called for redemption by the Issuer before the Maturity Date, pursuant to the Conditions, the conversion period will end at the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on a date no later than seven days (both days inclusive) prior to the date fixed for redemption. If notice requiring redemption has been given by the relevant Bondholder pursuant to the Conditions, the conversion period will end at the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the business day prior to the giving of such notice.</p>
Conversion Price	<p>The Conversion Price will initially be HK\$2.525 per Share but will be subject to adjustment as described in the Conditions. See “Terms and Conditions of the Bonds – Conversion.”</p>
Cash Settlement Option	<p>Notwithstanding the Conversion Right of each Bondholder in respect of each Bond, at any time when the delivery of Shares deliverable upon conversion of the Bond is required to satisfy the Conversion Right in respect of Conversion Notice, the Issuer shall have the option, in its sole discretion, to pay to the relevant Bondholder an amount of cash in USD (which shall be determined by the Issuer using the Prevailing Rate as stipulated in the Conditions on the date of the notice of the exercise of the Cash Settlement Option provided by the Issuer) equal to the product of (i) the number of the Shares otherwise deliverable upon exercise of the Conversion Right in respect of the Bonds to which the Conversion Notice applies, and in respect of which the Issuer has elected the Cash Settlement Option and (ii) the arithmetic average of the Volume Weighted Average Price (as defined in the “Terms and Conditions of the Bonds”) of the Shares for each day during the 20 Stock Exchange Business Days immediately after the date of the notice of the exercise of the Cash Settlement Option provided by the Issuer, in order to satisfy such Conversion Right in whole or in part (and if in part, the other part shall be satisfied by the delivery of Shares). See “Terms and Conditions of the Bonds – Conversion.”</p>

Negative Pledge	For so long as any Bond remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined in the “Terms and Conditions of the Bonds”) will, create or have outstanding any mortgage, charge, lien, pledge or other encumbrance or other security interest securing any obligation of any person or any other arrangement with similar economic effect upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as either (x) the Trustee may in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (y) shall be approved by an Extraordinary Resolution of the Bondholders. See “Terms and Conditions of the Bonds – Negative Pledge.”
Redemption for Taxation Reasons	The Issuer may, on giving not less than 30 nor more than 60 days’ notice, redeem all but not some only of the Bonds, at its option, at any time at the Early Redemption Amount (as defined in the “Terms and Conditions of the Bonds”) together with interest accrued but unpaid to (but excluding) the Tax Redemption Date if immediately prior to the giving of such notice, the Issuer determines and certifies to the Trustee in a certificate that, (a) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the “Terms and Conditions of the Bonds) as a result of any change in, or amendment to, the laws or regulations of the PRC, the Cayman Islands or Hong Kong or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 12 January 2021, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no notice is given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. However, each Bondholder shall have the right to elect not to have such Bondholder’s Bonds redeemed, whereupon no Additional Tax Amounts shall be payable and payment of all amounts shall be made subject to deduction or withholding of the taxation required to be deducted or withheld. See “Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Taxation Reasons.”

Redemption at the Option of
the Issuer

At any time after 11 February 2024 but no later than seven Hong Kong business days prior to the Maturity Date, the Issuer may, having given not less than 30 nor more than 60 days' notice, redeem all but not some only of the Bonds on the Optional Redemption Date (as defined in the "Terms and Conditions of the Bonds") at the Early Redemption Amount (as defined in the "Terms and Conditions of the Bonds") together with interest accrued but unpaid to (but excluding) such date provided that the Closing Price of the Shares for 20 out of the 30 consecutive Trading Days immediately prior to the date upon which notice of such redemption is given, was at least 130% of the applicable Early Redemption Amount (as defined in the "Terms and Conditions of the Bonds") divided by the Conversion Ratio (as defined in the "Terms and Conditions of the Bonds") in effect on such Trading Day.

If, at any time, prior to the relevant Optional Redemption Notice is given, the aggregate principal amount of the Bonds outstanding is less than 10% of the aggregate principal amount originally issued, the Issuer may, having given not less than 30 nor more than 60 days' notice, redeem all but not some only of such outstanding Bonds at the Early Redemption Amount (as defined in the "Terms and Conditions of the Bonds") together with interest accrued but unpaid to (but excluding) such Optional Redemption Date. See "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer."

Redemption for Relevant
Event

Each Bondholder shall have the right, at such Bondholder's option, upon the occurrence of a Relevant Event to require the Issuer to redeem all or some only of such Bondholder's Bonds on the Relevant Event Redemption Date at the Early Redemption Amount (as defined in the "Terms and Conditions of the Bonds") together with interest accrued but unpaid to (but excluding) such date.

A "**Relevant Event**" occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended from trading on the Hong Kong Stock Exchange or if applicable, the Alternative Stock Exchange (as defined in the Terms and Conditions of the Bonds) for a period equal to or exceeding 14 consecutive Trading Days; or
- (ii) when there is a Change of Control (as defined in the "Terms and Conditions of the Bonds"); or
- (iii) when less than 25 per cent. of the Issuer's total number of issued shares are held by the public (as interpreted under LR8.24 of the Listing Rules); or

	<p>(iv) where (a) there is a “change in law” (as defined in the “Terms and Conditions of the Bonds”) that results in (x) the Group, as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group and (y) the Issuer being unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group and (b) the Issuer has not furnished to the Trustee, prior to the date that is three months after the date of the “change in law”, an opinion either (x) that the Issuer is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group or (y) that such “change in law” would not materially adversely affect the Issuer’s ability to make principal and interest payments on the Bond when due or to convert the Bonds in accordance with the Conditions.</p>
	<p>See “Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Event.”</p>
<p>Redemption at the Option of the Bondholders</p>	<p>On 27 January 2024, the Bondholders will have the right to require the Issuer to redeem all or some only of the Bonds of such Bondholder at 103.12 per cent. of the principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption upon giving notice (together with the Certificate evidencing the Bonds to the redeemed) not less than 30 nor more than 60 days’ prior to 27 January 2024. See “Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Bondholders.”</p>
<p>Form and Denomination of Bonds</p>	<p>The Bonds will be issued in registered form in the denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Bonds will upon issue be initially represented by the Global Certificate which will, on the Issue Date, be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear SA/NV and Clearstream Banking S.A.</p>

Events of Default	<p>If any of the events set out in “Terms and Conditions of the Bonds – Events of Default” occurs, the Trustee may, and if so requested by Bondholders holding not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed referred to in the Terms and Conditions of the Bonds) shall, (subject in any such case to being indemnified and/or secured and/or pre-funded by the Bondholders to its satisfaction), give written notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and payable at the Early Redemption Amount (as defined in the “Terms and Conditions of the Bonds”) together with interest accrued but unpaid to (but excluding) the date of payment. See “Terms and Conditions of the Bonds – Events of Default.”</p>
Share Ranking	<p>The Shares to be issued upon exercise of Conversion Rights will be fully paid and will in all respects rank <i>pari passu</i> with the fully paid Shares in issue on the relevant Registration Date except for any right excluded by mandatory provisions of applicable law. Save as set out in the Terms and Conditions of the Bonds, a holder of Shares issued on conversion of the Bonds shall not be entitled to receive any rights, the record date for which falls prior to the relevant Registration Date. See “Description of the Shares – Dividends and other methods of distributions” and “Terms and Conditions of the Bonds – Conversion.”</p>
Further Issues	<p>The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them and the timing for making of the NDRC Post-issue Filing) and so that such further issue shall be consolidated and form a single series with the Bonds. See “Terms and Conditions of the Bonds – Further Issues.”</p>
Clearance	<p>The Bonds will be cleared through the Clearing Systems. The Clearing Systems each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders.</p>

Global Certificate	For as long as the Bonds are represented by the Global Certificate and the Global Certificate is held by or on behalf of a common depository, payments of principal and premium (if any) in respect of the Bonds represented by the Global Certificate will be made without presentation or, if no further payment falls due in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.
Selling Restrictions	There are restrictions on the offer, sale and/or transfer of the Bonds in, among others, the Cayman Islands, Hong Kong, Singapore, Japan, the PRC, the European Economic Area-PRIIPS, the United Kingdom and the United States. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “Plan of Distribution.”
Listing	<p>A formal application will be made to the Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.</p> <p>Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares arising on conversion of the Bonds and the Issuer has undertaken to apply to have the Shares, issuable upon conversion of the Bonds, approved for listing on the Stock Exchange on which its Shares are listed.</p>
Trustee	Citicorp International Limited
Principal Agent and Transfer Agent	Citibank, N.A., London Branch
Registrar	Citigroup Global Markets Europe AG
Governing Law	The Bonds and any non-contractual obligations arising out of or in connection with the Bonds will be governed by, and construed in accordance with, the laws of England.
Use of Proceeds	For a description of the use of proceeds of this Offering, see “Use of Proceeds.”

Issuer Lock-up

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

Shareholder Lock-up	Our shareholder, Sherman Investment Holdings Limited has agreed that neither it nor any companies or their subsidiaries over which it exercises direct or indirect management or voting control, nor any person acting on its or their behalf will, for a period commencing from the date of the Subscription Agreement to 90 calendar days after the issue date of the Bonds, without the prior written consent of the Manager, (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any lock-up shares or securities of the same class as the lock-up shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the lock-up shares or securities of the same class as lock-up shares or other instruments representing interests in lock-up shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of lock-up shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of lock-up shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing. The foregoing restrictions shall not apply to any transfer of the shares pursuant to the Securities Lending Agreement dated 12 January 2021 entered into between UBS AG, London Branch and Sherman Investment Holdings Limited (the “ Securities Lending Agreement ”).
ISIN	XS2287912880
Common Code	228791288
Legal Entity Identifier	254900TCL0E3KZSTAQ29
Existence of Stock Borrow . . .	Pursuant to the Securities Lending Agreement, Sherman Investment Holdings Limited has agreed to lend an aggregate of up to 330,000,000 Shares to UBS AG, London Branch for the purposes of providing securities borrowing and lending facilities to Bondholders.

SUMMARY FINANCIAL INFORMATION

The following table presents our summary financial and other data. The summary financial data as at and for each of the fiscal years ended 31 August 2018, 2019 and 2020 is derived from our audited consolidated financial statements for the years ended 31 August 2018, 2019 and 2020. Our audited financial statements for the years ended 31 August 2018, 2019 and 2020 have been prepared and presented in accordance with IFRS and audited by Deloitte Touche Tohmatsu.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant financial statements of the Group, including the notes thereto, which are included elsewhere in this Offering Circular.

With effect from 1 September 2018, the Group has adopted IFRS 9 and IFRS 15 where the Group is required to reclassify and adjust certain of its financial line items in its financial statements. As the Group has applied the modified retrospective approach set out in IFRS 9 and IFRS 15 without requiring any restatement of the corresponding figures of the prior period before 1 September 2018, the Group's consolidated financial information as at and for the years ended 31 August 2018 may not be directly comparable with the Group's consolidated financial information after 1 September 2018, including the Group's consolidated financial information as at and for the year ended 31 August 2019 and 2020.

With effect from 1 September 2019, the Group has adopted IFRS 16 where the Group is required to reclassify and adjust certain of its financial items in its financial statements. The Group has elected the practical expedient to apply IFRS 16 without any reassessment of contracts which already existed prior to 1 September 2019. The Group has also applied the amendment to IFRS 16 "Covid-19-Related Rent Concessions" to elect not to assess whether a Covid-19-related rent concession is a lease modification.

SUMMARY – CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year ended 31 August		
	2018	2019	2020
	RMB (audited)	RMB (audited) (in thousands)	RMB (audited)
Revenue	1,341,267	1,570,231	1,528,608
Cost of revenue	(717,163)	(835,397)	(815,383)
Gross profit	624,104	734,834	713,225
Investment and other income	54,261	61,573	59,774
Other gains and losses	75,713	128,752	25,514
Marketing expenses	(40,034)	(33,990)	(32,153)
Administrative expenses	(155,558)	(199,303)	(225,193)
Finance costs	(10,607)	(10,967)	(18,310)
Profit before Taxation	547,879	680,899	522,857
Taxation	(9,476)	(26,730)	(13,778)
Profit for the year	538,403	654,169	509,079
Total comprehensive income for the year attributable to:			
Owners of the Company	551,320	664,579	507,404
Non-controlling interests	(4,427)	(2,587)	3,801
	<u>546,893</u>	<u>661,992</u>	<u>511,205</u>
Earnings per share attributable to owners of the Company (RMB cents)			
Basic earnings per share	19.02	22.20	17.01
Diluted earnings per share	18.99	22.19	17.01

SUMMARY – CONSOLIDATED BALANCE SHEET

	As of 31 August		
	2018	2019	2020
	RMB	RMB	RMB
	(audited)	(audited)	(audited)
		(in thousands)	
Assets			
Non-current assets			
Property, plant and equipment	2,105,782	2,419,241	3,842,542
Right-of-use assets	–	–	503,975
Prepaid lease payments	207,628	263,412	–
Investment properties	342,936	348,065	348,741
Goodwill	165,968	252,848	2,449,342
Other intangible assets	38,826	44,012	1,004,663
Deposit paid for acquisition of property and equipment	10,159	13,640	8,996
Books for lease	2,608	2,055	1,350
Pledged bank deposits	132,000	132,000	132,000
Total non-current assets	3,005,907	3,475,273	8,291,609
Current assets			
Inventories	16,977	15,337	18,487
Deposits, prepayments and other receivables	76,782	144,283	174,088
Financial assets at fair value through profit or loss	–	76,066	12,905
Available-for-sale investments	246,000	–	–
Held for trading investments	116,770	–	–
Pledged bank deposits	113,000	–	1,412,668
Restricted cash	–	50,447	48,566
Bank balances and cash	2,220,694	2,762,328	1,310,907
Total current assets	2,790,223	3,048,461	2,977,621
Total assets	5,796,130	6,523,734	11,269,230
Equity and Liabilities			
Share capital	9,255	9,309	9,309
Reserves	3,642,279	4,143,594	4,517,653
Equity attributable to owners of the Company	3,651,534	4,152,903	4,526,962
Non-controlling interests	40,295	92,872	96,673
Total equity	3,691,829	4,245,775	4,623,635
Liabilities			
Non-current liabilities			
Deferred tax liabilities	30,772	51,466	333,592
Borrowings	206,801	207,514	1,327,504
Lease liabilities	–	–	170,335
Consideration payable	–	–	203,225
Contingent consideration	–	–	26,846
Total non-current liabilities	237,573	258,980	2,061,502
Current liabilities			
Deferred revenue	1,168,873	–	–
Contract liabilities	–	1,375,604	1,506,002
Lease liabilities	–	–	30,641
Other payables and accrued expenses	399,452	436,815	628,088
Income tax payable	73,866	83,085	116,300
Borrowings	224,537	123,475	2,303,062
Total current liabilities	1,866,728	2,018,979	4,584,093
Total liabilities	2,104,301	2,277,959	6,645,595
Total equity and liabilities	5,796,130	6,523,734	11,269,230

DEFINITIONS

In this Offering Circular, unless the context otherwise requires, the following expressions shall have the following meanings.

“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“BC”	British Columbia, Canada
“BC-accredited”	accredited by the BCMOE
“BC-certified”	certified by the BCMOE
“BC certification”	certification under the BC Global Education Program
“BC Global Education Program”	an international education program administered by the BCMOE, under which qualified grade 12 schools which are located outside of Canada have the authority to offer educational programs at the school leading to British Columbia Certificates of Graduation
“BCMOE”	the Ministry of Education of British Columbia, Canada
“Board”	the Board of directors of the Company
“China” or “PRC”	the People’s Republic of China and for the purposes of this Offering Circular only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“consolidated affiliated entities”	Dalian Maple Leaf Educational Group Co., Ltd, Dalian Maple Leaf Science and Education Co., Ltd, Dalian Maple Leaf Foreign National School and Wuhan Maple Leaf Foreign National School
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, in the context of this Offering Circular, means collectively the Founder and Sherman Investment Holdings Limited
“Director(s)”	the director(s) of the Company from time to time
“Founder”	Mr. Shu Liang Sherman Jen
“MOE”	the Ministry of Education of the PRC

“NDRC”

the National Development and Reform Commission of the PRC

GLOSSARY OF TECHNICAL TERMS

“compulsory education”	grade one to grade nine education, which all citizens in China must receive according to the Compulsory Education Law of the PRC (中華人民共和國義務教育法)
“elementary schools”	schools that provide education for students in grade one through six
“ESL”	English as a second language
“ESL certificate”	a certificate acknowledging the holder’s competence in teaching ESL courses, which is usually issued by an educational institution that offers programs to train ESL teachers
“formal education”	education systems that provide students with the opportunity to earn official certificates from the PRC government
“high school(s)”	schools that provide education for students in grade 10 through grade 12
“international school”	a school that promotes education either by adopting a foreign curriculum or by following a national curriculum different from that of the school’s country of residence
“K-12	Preschool to grade 12
“middle schools”	schools that provide education for students in grade seven through grade nine
“school year”	except for our preschools, the school year for all of our schools operate in China, which generally starts on September 1 of each calendar year and ends on June 30 of the next calendar year
“preschools”	educational establishments offering early childhood education to children prior to the commencement of compulsory education
“private schools”	schools which are not administered by local, provincial or national governments
“public schools”	schools administered by local, provincial or national governments

RISK FACTORS

Investing in the Bonds involves risks, and you should carefully consider the risks described below before making an investment decision. The following describes some of the significant risks that could affect us and the value of the Bonds. Some risks may be unknown to us and other risks, currently believed to be immaterial, could be material. All of these could materially and adversely affect our business, financial condition, results of operations and prospects. The market price of the Bonds could decline due to any of these risks and investors may lose all or part of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face described below and elsewhere in this Offering Circular. In addition, you should also carefully consider all of the information.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Our business depends on the market recognition of our “Maple Leaf” brand.

We believe that the market awareness and reputation of our “Maple Leaf” brand has contributed significantly to the success and growth of our business. We also believe that maintaining and enhancing the “Maple Leaf” brand is critical to maintaining our competitive advantage. Our ability to maintain our brand reputation depends on a number of factors, some of which are beyond our control. As we continue to grow in size, expand our programs, services and products and extend our geographic reach, it may become difficult to maintain quality and consistency in the services we offer, which may lead to diminishing confidence in our brand name.

Numerous factors can potentially impact the reputation of our “Maple Leaf” brand, including but not limited to student and parent satisfaction with our curriculum, teachers and teaching quality, a decrease in the grades achieved by our students, the number of our graduate students being accepted into overseas universities, accidents on campus, teacher or student scandals, negative press, failure to pass an inspection by an educational authority, loss of certifications and approvals that enable us to award dual diplomas in our high schools and unaffiliated parties using our brand without adhering to our standards of education. If our brand is tarnished, students’ and parents’ interest in our schools may decrease and our business could be materially and adversely affected.

We have developed our student base primarily by word-of-mouth referrals, employee recruitment efforts and third-party recruiters and have incurred limited brand promotion expenses to date. However, we cannot assure you that our marketing efforts will be successful or sufficient in further promoting our brand or in helping us to remain competitive. If we are unable to further enhance our brand recognition and increase market awareness of our programs and services, or if we are required to incur excessive marketing and promotional expenses in order to remain competitive, our business, financial condition and results of operations may be materially and adversely affected. If we are unable to maintain or sustain our brand reputation and recognition, we may also be unable to maintain or increase student enrollment, which may cause material adverse effects on our business, financial condition and results of operations.

Our business depends on our ability to maintain or raise the tuition levels we charge at our schools.

One of the most significant factors affecting our profitability is the tuition we charge at our schools. For the financial years ended 31 August 2018, 2019 and 2020, tuition and boarding fees constituted 82.7%, 84.0% and 90.1% of our total revenue, respectively. Our tuition rates are primarily based on the demand for our educational programs, the cost of our operations, the geographic markets where our schools are located, the tuition charged by our competitors, our pricing strategy to gain market share and general economic conditions in China and the regions in which our schools are located. Moreover, the Decision sets out certain

specific requirements with respect to the level of fees charged by not-for-profit schools. All our middle and elementary schools are currently not-for-profit schools. Please refer to “Risk Factors — Risks Relating to Our Business and Our Industry —The Group is subject to uncertainties brought by the Amendment of Law for Promoting Private Education of the PRC” in this Offering Circular. Therefore, there can be no assurance that we will be able to maintain or raise the tuition levels we charge at our schools in the future, and should this occur, our business, financial position and results of operations may be materially and adversely affected.

We face risks related to health epidemics and other outbreaks, such as the outbreak of COVID-19 which could result in reduced attendance or temporary closure of our schools.

Schools, by their nature, are common places where diseases can easily be passed from person to person. Past occurrences of epidemics or pandemics, depending on their scale, have caused different degrees of damage to the national and local economies of China. The recent COVID-19 outbreak, swine flu or a recurrence of SARS or an outbreak of any other epidemics or pandemics in China, such as the H1N1 influenza or other subtypes of avian flu, including H5N1 and H7N9, especially in the areas where we have schools, may result in quarantines, temporary closures of our offices and schools, travel restrictions or the sickness or death of our students and key personnel. In early 2020, COVID-19 has spread globally throughout Asia, Europe, North America and other regions. The World Health Organization announced in March 2020 that COVID-19 has developed into a pandemic. In an effort to contain the spread of COVID-19, the Chinese government has taken a number of measures, including, among other steps, extending the Chinese New Year holidays, and imposing travel, quarantine and other work-related restrictions. Certain other countries in which we operate our business, including Australia, Canada and Malaysia, have also adopted various quarantine and control measures.

The perception that an outbreak of contagious disease may occur again may also have an adverse effect on our future recruiting efforts and the economic conditions of countries in Asia. In particular, as all of our elementary, middle and high schools require students to live in the dormitories and many of our campuses provide on-campus accommodations to our teacher and staff, the boarding environment makes our students, teachers and staff exceptionally vulnerable to epidemics or pandemics, which may make it more difficult for us to take preventive measures if an epidemic or pandemic were to occur. In addition, we may be required to refund tuition and boarding fees if an outbreak of contagious disease leads to temporary suspension of schools. Any of the above may cause material disruptions to our operations, such as temporary closure of our schools, which in turn may materially and adversely affect our financial condition and results of operations.

In addition, if the global public health crisis caused by COVID-19 pandemic continues, it would have further adverse impact on China’s economy, the global economy and financial markets in general, which will have a material adverse effect on our business, financial condition and results of operations. Furthermore, as there is significant uncertainty relating to future developments of the COVID-19 pandemic, we are not able at this time to ascertain the full impact on our financial or operational results.

Parents and students may become less interested or lose interest in the BC high school diploma, the BC Global Education Program or BC education as a whole.

The reputation of the BC high school diploma, the BC Global Education Program and BC education as a whole among parents and students plays an important role in helping us attract and retain students. However, we cannot assure you that the BC high school diploma, the BC Global Education Program or BC education as a whole will retain their reputations among parents and students in the future. In addition, other international high school diplomas may be deemed more reputable or given wider recognition by universities during their admission processes, rendering such diplomas more popular among parents and students in China. If the reputation of the BC high school diploma, the BC Global Education Program or BC education

as a whole diminishes or parents and students become more interested in other high school diplomas or programs, we may not be able to attract or retain students, and our business, financial position and results of operations may be materially and adversely affected.

We have launched the World School Program in September 2020, which will be fully implemented over a 3-year period. The BC curriculum will be entirely replaced by the Maple Leaf World School curriculum after its full implementation. Please refer to “Our Business” in this Offering Circular for further information about the World School Program.

If we fail to obtain or renew PRC or BC certifications or requisite PRC government approvals, we will not be able to continue to offer the corresponding high school diploma under the PRC or BC education systems to our high school graduates.

Our high schools are open to PRC citizens and foreign nationals and offer dual diplomas to students, subject to the relevant high schools having received the requisite PRC and BC certifications and PRC government approvals. For the years ended 31 August 2018, 2019 and 2020, we generated approximately 39.6%, 32.8% and 34.4%, respectively, of our revenue from tuition and boarding fees we charged at our high schools. Our ability to offer the PRC high school diploma depends upon our ability to obtain approvals from respective provincial educational authorities for our bilingual and dual-diploma curriculum and our ability to pass annual inspections administered by the local educational authorities. Similarly, our ability to offer the BC high school diploma depends upon our ability to obtain certification from the Ministry of Education of British Columbia, Canada (the “BCMOE”) and pass both annual (or biennial) on-site inspections and ad hoc inspections by representatives from the BCMOE and BCMOE’s reviews of various provincial exams that our students take periodically. However, we cannot assure you that these high schools will always be able to pass inspections conducted by the local PRC educational authorities or the BCMOE, or that we will always be able to maintain either PRC certification or BC certification for these high schools. If we fail to maintain either our PRC or BC certification, or if the relevant PRC educational authorities revoke the approvals we have received for our bilingual and dual-diploma curriculum, we will not be able to continue to offer the corresponding PRC or BC high school diplomas to our graduates, and our business and results of operations may be materially and adversely affected.

We have launched the World School Program in September 2020, which will be fully implemented over a 3-year period. The BC curriculum will be entirely replaced by the Maple Leaf World School curriculum after its full implementation, and hence certification or approval from BCMOE might not be required after World School Program's full implementation.

Competition in the education industry sectors that we serve could lead to pricing pressures, reduced operating margins, loss of market share, departure of key employees and increased capital expenditures.

The education sector in China is rapidly evolving, highly fragmented and competitive, and we expect competition in this sector to persist and intensify. In each geographic market in which we operate our schools, we compete with public schools and other private schools that offer grade one to grade 12 programs of their own or in partnership with other curriculum vendors. In particular, we face significant competition from various schools that offer bilingual instruction or high school diplomas to students. We compete with these schools across a range of factors, including program and curriculum offerings, tuition level, school location and premises, competent teachers and other key personnel. Our competitors may adopt similar curriculum delivery, school support and marketing approaches, with different pricing and service packages that may have greater appeal than our offerings. In addition, some of our competitors may have more resources than us and may be able to devote greater resources than we can to the development and promotion of their schools and respond more quickly than we can to changes in student demands, testing materials, admissions standards, market needs or new technology. As such, we may be required to reduce

tuition or increase spending in response to competition in order to retain or attract students or pursue new market opportunities. If we are unable to successfully compete for new students, maintain or increase our tuition level, attract and retain competent teachers or other key personnel, enhance the quality of our educational services or control competition costs, our business and results of operations may be materially and adversely affected.

We generate substantially all of our revenue from a limited number of cities in China.

We generate substantial amount of our revenue from our schools in Dalian, Tianjin and Wuhan. Dalian is particularly important to our overall business as it contributes the most revenue to us and it is our headquarters. We expect that our schools in Dalian, Tianjin and Wuhan will continue to generate a significant majority of our revenue for the foreseeable future even as our schools in Chongqing, Zhenjiang, Shanghai, Haikou and Luzhou will generate an increasing portion of our revenue and we expand our operations to other cities in and outside of China. If any of these cities experiences an event negatively affecting its education industry, such as a serious economic downturn, a natural disaster or an outbreak of a contagious disease (such as Covid-19 or another disease), or if governmental authorities in any of these cities adopt regulations relating to private education that place additional restrictions or burdens on us, our overall business and results of operations may be materially and adversely affected.

We may fail to continue to attract and retain students in our schools.

The success of our business depends on the number of students enrolled in our current schools and in any new schools we may establish or acquire in the future, as well as on the amount of tuition our students and parents are willing to pay. A substantial number of our students do not have access to the local public school system. In the future, due to regulatory or any other reasons, such students may enroll at local public schools instead. As a result, the number of high-calibre students that may enroll with us may be materially and adversely affected. In addition, local and provincial government authorities may impose restrictions on the number of students we can recruit or the areas in which we can recruit students. If we fail to obtain the approval to increase the initial limit and if the relevant government authority reduces or does not increase our annual quota for student recruitment, our ability to maintain or increase student enrollment at our schools may be substantially limited, and our business, financial condition and results of operations may be materially and adversely affected.

Our business depends on our ability to recruit and retain dedicated and capable teachers and other school personnel.

We rely substantially on our teachers for the provision of educational services to our students. Our teachers are therefore critical to maintaining the quality of our programs and services and upholding our brand and reputation. As of 15 October 2020, we had a team of 3,943 teachers.

We must continue to attract qualified teachers who have strong command of their respective subject areas and meet our high standards. We seek to hire teachers who are capable of delivering innovative and inspirational classroom instruction. There are a limited number of teachers with the necessary experience and language proficiency to teach our courses, and there are challenges involved in recruiting qualified BC-certified teachers and other overseas certified teachers to live and teach in China. Many BC-certified and other overseas certified teachers do not have strong ties to China and may not intend to stay in China, or areas in China where our schools are located, for an extended period of time. BC-certified and other overseas certified teachers may be reluctant to live and work in China for various reasons, such as actual or perceived threats of terrorist attacks or communicable diseases, or a perception that China lacks modern infrastructure, western amenities or adequate healthcare. Furthermore, the deteriorating air quality in China may become an increasingly important reason for our BC-certified and other overseas certified teachers to leave us after their contracts expire. Similarly, the pool of qualified school personnel such as administrators,

principals and counselors, all of whom are crucial to the efficient and smooth running of the schools we operate, is relatively limited in China. There is no guarantee that we can recruit and retain such personnel in the future. As a result, we must provide competitive compensation and benefits packages to attract and retain qualified teachers and other school personnel. In addition, criteria such as commitment and dedication are difficult to ascertain during the recruitment process, particularly as we continue to expand and add teachers and other school personnel rapidly in order to meet rising student enrollment. We must also provide ongoing training to our teachers so that they can stay abreast of changes in student demands, admissions and assessment test requirements, admissions standards and other key trends necessary to effectively teach their respective courses.

We may not be able to hire and retain enough qualified teachers and other school personnel to keep pace with our anticipated growth while maintaining consistent teaching quality and the overall quality of our education program across many different schools in different geographic locations. We may also have difficulty helping our foreign teachers or other personnel obtain visa or other approval required to enter and work in China. Shortages of qualified teachers or other school personnel or decreases in the quality of our instruction or overall education program in one or more of our markets, whether actual or perceived, may have a material and adverse effect on our business and operating results.

Failure to adequately and promptly respond to changes in overseas college admissions standards, testing materials and technology could lower our students' admission rates to overseas colleges and universities and would cause our programs, services and products to be less attractive to students.

Our students are subject to college level admissions and assessment tests administered by educational authorities in Canada, United States, China and elsewhere in the world, depending on where our students choose to apply for higher education. These admissions and assessment tests undergo continuous changes in terms of focus areas, format and the manner in which such tests are administered. In addition, some admissions and assessment tests to which our students are subject are commonly offered in a computer-based testing format. These changes require us to continually update and enhance any test preparation courses we offer our students and to continually train our students to think or take standardized tests in a certain way so as to maximize their performance on these admissions tests. If we fail to adequately prepare our students for such tests in our everyday classroom teachings and any test preparation courses we offer, our students' admissions rates to overseas colleges and universities may decrease and, as a result, our programs and services may become less attractive to students, which may materially and adversely affect our reputation and results of operations.

If our students are unable to attend universities outside of China due to political, regulatory, or economic conditions, enrollment in our schools could decrease.

One of the key reasons students attend our schools is that our schools enable them to become more competitive candidates when applying to colleges and universities outside of China. We believe our dual-diploma program gives our students an advantage in being accepted to universities outside of China when compared with students who do not hold dual-diplomas, and prepares them for continuing their studies abroad. However, our graduates may not be able to attend universities outside of China due to factors beyond our control. For example, students seeking to attend universities outside China may be required to obtain visas to study in the country that they choose to study in. Visas to enter certain countries such as Canada or the United States may be relatively difficult to obtain due to the visa application policies in these countries and the changing political relationships between those countries and China. We cannot assure you that our high school graduates will be able to successfully obtain the necessary visas to study abroad. Furthermore, other factors such as unfavorable changes in college admission policies or standards, the possible imposition of limits by the PRC government on the number of PRC students allowed to study overseas or changes in the immigration laws or policies of the countries where the universities to which our

students apply are located, may also limit our graduates' ability to attend universities outside China. Should this occur, students' and parents' interest in attending our schools may be reduced, and our business and results of operations may be materially and adversely affected.

If we are unable to manage our growth effectively, we may not be able to capitalize on new business opportunities.

We have experienced steady growth and expansion that has placed, and continues to place, significant pressure on our management and resources. In particular, we have expanded our operations from six schools all located in Dalian in 2006 to 114 schools located in 29 cities in China, Canada, Malaysia, Singapore and Australia as of 15 October 2020. We plan to continue to expand our operations in different geographic locations in China and abroad. This expansion has resulted, and will continue to result, in substantial increased demands on our management and teaching staff, as well as our operational and technological resources. Our planned expansion will also place significant demands on us to maintain the consistency of our teaching quality and our culture to ensure that our brand does not suffer as a result of any actual or perceived decline in our teaching or overall educational quality.

To manage and support our growth, we must improve our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain additional qualified teachers and management personnel as well as other administrative, sales and marketing personnel, particularly as we expand into new markets. All of these endeavors require substantial management time and skills as well as significant additional expenditures. If we cannot adequately update and strengthen our operational, administrative and technological systems and our financial and management controls to support our future operations, we may not be able to effectively and efficiently manage the growth of our operations, recruit and retain qualified personnel and integrate entities we establish or acquire into our operations. Any failure to effectively and efficiently manage our expansion may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material adverse effect on our business and financial results. Moreover, even if we do expand the enrollment in our existing schools as planned, we may be unable to attract and retain a sufficient portion of these students in the future to support our enlarged scale of operations, which could adversely affect our business and results of operations.

We may not be able to successfully execute our growth strategies.

Our growth strategies include both further penetrating our existing markets and establishing schools in new cities. We may not succeed in executing our growth strategies due to a number of factors, including, without limitation, the following:

- we may fail to identify new cities with sufficient growth potential in which to establish new schools;
- we may fail to acquire or lease suitable land sites in new cities to which we plan to expand our operations;
- it may be difficult to increase our enrollment in cities where we already have established schools;
- we may lose local government support or fail to partner with local governments in cities where we already have established schools and in cities to which we plan to expand our operation;
- we may fail to effectively market our schools or brand in new markets or promote ourselves in existing markets;
- we may not be able to replicate our successful growth model in Dalian, Wuhan and Tianjin in other geographic markets;

- we may not be able to effectively integrate any future acquisitions into our education system;
- we may fail to obtain the requisite licenses and permits from local authorities necessary to open schools at our desired locations;
- we may fail to obtain BC certifications or other accreditations for our new high schools;
- we may not be able to continue to enhance our textbooks and teaching materials or adapt our course material to changing student needs and teaching methods; and
- we may fail to achieve the benefits we expect from our expansion.

If we fail to successfully execute our growth strategies, we may not be able to maintain our growth rate and, as a result, our business and prospects may be materially and adversely affected.

The Group is subject to uncertainties brought by the Amendment of Law for Promoting Private Education of the PRC.

The business of the Group is regulated by, among others, the Law for Promoting Private Education of the PRC. The Decision on Amending the Law for Promoting Private Education (the “**Decision**”) was promulgated on 7 November 2016 and came into force on 1 September 2017. It classifies private schools into non-profit schools and for-profit schools by whether they are established and operated for profit-making purposes. The sponsors of private schools may at their own discretion choose to establish non-profit or for-profit private schools, with the exception of schools providing compulsory education, which can only be established as non-profit schools.

The Decision was promulgated and PRC government authorities may further formulate regulations to implement it. It remains uncertain as to whether new regulations could have any material adverse impact on the Group’s business. There is also significant uncertainty as to tax or other preferential treatments that the Group’s schools can enjoy (as non-profit private schools or for-profit schools which the Group chooses to register) after the Decision and the relevant regulations come into force. In addition, there are uncertainties regarding the interpretation and enforcement of the Decision and the relevant regulations by government authorities. Should the Group fail to fully comply with the Decision or any relevant regulations as interpreted by the relevant government authorities, it may be subject to administrative fines or penalties or other negative consequences which could materially and adversely affect its brand name and reputation, as well as its business, financial condition, results of operations and prospects.

On 30 December 2016, the Implementation Regulations on Classification Registration of Private Schools (《民辦學校分類登記實施細則》) (the “**Classification Registration Rules**”) was promulgated by five PRC government authorities, including the MOE. According to the Classification Registration Rules, the existing private schools are required to choose to register either as non-profit or for-profit private schools with competent government authorities. If its schools elect to register as for-profit schools, the Group is required to (i) undertake financial liquidation, (ii) clarify the ownership of land, school premises and properties it accumulated during its operations, (iii) pay relevant taxes and fees, and (iv) obtain a new private school operation permit and re-register with relevant authorities. The Group may incur significant administration and financial costs if it elects to register its schools as for-profit private schools and it is required to complete the re-registration process, which may materially and adversely affect its business, financial condition, results of operations and prospects. Further, we cannot assure you that we will be able to obtain and complete, as the case may be, all necessary approvals, filings, re-registration and other procedures in connection therewith as contemplated or at all, which may materially and adversely affect our schools’ operation and may materially and adversely affect our business, financial condition and results of operations.

According to the Decision, the fees charged by private schools shall be determined in accordance with costs and market demand. The level of fees charged by for-profit schools are determined by the schools at their discretion, while the level of fees charged by not-for-profit schools shall be regulated by the regulations or rules to be promulgated by the relevant local government authorities. The regulations or rules to be promulgated by the relevant local government authorities implementing the Decision may impose limits on the fees we charge at our schools or prevent us from raising the tuition and boarding fees to our desired levels or at all. As the implementation regulations have not been promulgated, there is no certainty as to whether there will be any material adverse impact on the fees charged by not-for-profit schools generally or our schools. We may not be able to maintain our current tuition and board fees, and may not be able to raise any of such fees at our desired rates, times and places or at all in the future. As a result, our business, our financial position and results of operations may be materially and adversely affected. The prevailing PRC laws do not specify the distribution of the remaining assets of private schools upon their liquidation. However, according to the Decision, upon liquidation of private for-profit schools, school sponsors can obtain the schools' remaining assets after the settlement of the schools' indebtedness. The Decision also states that upon liquidation of private not-for-profit schools which are established before the promulgation of the Decision, the school sponsors of which can apply for compensation or awards from the school's remaining assets after the settlement of the school's indebtedness and the rest of the school's remaining assets shall be used for the operation of other not-for-profit schools. The Decision is silent on how or by whom the aforesaid rest of the remaining assets of a liquidated not-for-profit school shall be dominated or disposed of. We may not be able to transfer all or part of the remaining assets and residual interests of our schools (which are all currently not-for-profit schools) to Beipeng Software or another PRC subsidiary upon their liquidation. As a result, our business, financial position and results of operations may be materially and adversely affected.

The Group is subject to substantial uncertainties brought by the MOJ Draft for Comments.

On 20 April 2018, the MOE issued the MOE Draft for Comments to seek public comments, which was subsequently revised. Based on the MOE draft, on 10 August 2018, the MOJ issued the MOJ Draft for Comments, namely, the Draft Revision of the Implementation Rules for the Law for Promoting Private Education of the PRC (the Draft for Examination and Approval) (《中華人民共和國民辦教育促進法實施條例(修訂草案)(送審稿)》) (the “**MOJ Draft For Comments**”), to seek public comments. The MOJ Draft for Comments further promotes the development of private education by providing that a private school shall enjoy rights or benefit from preferential policies stipulated by laws equivalent to those applicable to a public school.

The MOJ Draft for Comments stipulates provisions of the operation and management of private schools, such as the Group's schools. Any agreement involving material interests or any long-term and recurring agreement entered into between a non-profit private school and its connected party shall be reviewed and audited by the relevant government authorities in terms of necessity, legitimacy and compliance. Thus, the Group's contractual arrangements may be regarded as connected transactions of its private schools and it may incur substantial compliance costs for establishing disclosure mechanisms and undergoing reviewing and audit by the relevant government authorities. Such process may not be in the control of the Group and may be highly complicated and burdensome and may divert management attention. Government authorities may, during their review and audit process, compel the Group to make modifications to its contractual arrangements for whatever reason, which may in turn adversely affect the operation of its contractual arrangements. Government authorities may find that one or more agreements underlying the Group's contractual arrangements do not comply with applicable PRC laws and regulations and may subject it to severe penalties, resulting in material adverse impact on its operation and financial condition.

The MOJ Draft for Comments stipulates further provisions for the operation and management of private schools, including, among other things, (i) the registered capital of a for-profit private school providing higher diploma education shall be no less than RMB200 million and the registered capital of a for-profit

private school providing other diploma education shall be no less than RMB10 million and (ii) social organizations which adopt centralized school management models are not allowed to acquire non-profit private schools or control them through franchising or contractual arrangements. If the MOJ Draft for Comments becomes formally promulgated regulations in the current form, the Group may be required to: (i) increase the registered capital of the relevant schools and (ii) limit the type and number of the targets of its future acquisition, because it may no longer be able to acquire or control non-profit private schools through contractual arrangements, should the Group's school management model is considered as centralized school management model.

Revisions to the MOJ Draft for Comments and introduction of relevant laws and regulations in the future may subject the Group to additional limitations and restrictions. Further, uncertainties exist with respect to the interpretation of the MOJ Draft for Comments and the Group cannot assure you that the implementation of the MOJ Draft for Comments by the competent authorities will be consistent with its current understanding.

In any of the above cases, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to obtain all necessary approvals, licenses and permits and to make all necessary registrations and filings for our education and other services in China.

We are required to obtain and maintain various approvals, licenses and permits and fulfill registration and filing requirements in order to conduct and operate our education and other services. For instance, to establish and operate a school, we are required to obtain approvals from competent educational authorities, a private school operation permit from the local education bureau and to register with the local civil affairs bureau to obtain a certificate of registration for a privately run non-enterprise unit, or legal entity. Historically, Tianjin Huayuan Maple Leaf School, one of our PRC schools, was regarded as "Basically qualified" in the annual inspections by the educational authority due to the non-compliance on fees collection. As of the date of this Offering Circular, our school has returned relevant fees to the students and taken the rectification measures as instructed by the educational authority. Furthermore, the Private School Operating License held by Dalian Maple Leaf International School (Elementary & Middle School) has been expired in December 2020, and the educational authority has temporarily suspended the acceptance of the renewal of the licenses applied by the local schools due to the COVID-19 pandemic. Our school will continue to apply for the renewal of its license upon that the educational authority reopened for the applications. Any failure to receive or to renew these permits and approvals may materially adverse our business and operations.

In addition, we organize summer and winter camps for our students and generate revenue from the fees we collect. According to the Guidelines for Overseas Study Tour participated by the Primary and Middle School Students (Trial) (the "**Guidelines**"), primary and middle schools and their staff shall not gain any economic benefit from organizing their own students to attend overseas study tours. As a result, our current practice of generating revenue from the fees collected by our schools may be viewed as in violation of the Guidelines. So far, we have not received any notice from relevant authorities or any claim from the participating students regarding the violation in this regard, but the governmental authorities may order us to stop generating revenue from the summer and winter camps which our schools organize and for which our schools charge fees, in which case it may be necessary for us, according to relevant laws and regulations, to use subsidiaries other than our schools to organize and charge fees for our summer and winter camps.

While we intend to obtain, using our best efforts, all requisite permits and complete the necessary filings, renewals and registrations on a timely basis for our schools, there is no assurance that our efforts will result in full compliance given the significant amount of discretion the local PRC authorities may have in interpreting, implementing and enforcing relevant rules and regulations, as well as other factors beyond our

control and anticipation. Although we have not been subject to any material fines or other penalties in relation to any non-compliance with licensing requirements in the past, if we fail to cure any non-compliance in a timely manner or obtain or renew any permits and certificates, we may be subject to fines, confiscation of the gains derived from our noncompliant operations, the suspension of our noncompliant operations or the compensation of any economic loss suffered by our students or other relevant parties, which may materially and adversely affect our business and results of operations.

If regulatory authorities challenge our curriculum or textbook practices, our business, results of operations and financial condition may be materially and adversely affected.

Under current PRC laws, all schools are required to offer sufficient government-mandated coursework to students eligible for compulsory education and may supplement their compulsory education with elective coursework. Private schools may offer education programs outside government-mandated curriculum so long as the local education authorities have approved such programs. We offer internationally-accredited courses to our students, primarily in our international schools. We may be deemed to offer insufficient government-mandated coursework to students enrolled in our international programs from grades one through nine. Additionally, we have not obtained the required government approval for providing international curriculum and using internal textbook in certain schools. We make annual filings for our schools to the local education authorities when required, but it is uncertain whether we have satisfied the relevant government approval requirement in relation to government-mandated coursework and non-government mandated programs. If our curriculum or text book practices are required to be adjusted or even suspended, we may not be able to maintain our growth rate and, as a result, our business, results of operations and financial condition may be materially and adversely affected.

We are subject to extensive governmental approvals and compliance requirements for constructing and developing campuses and school premises.

For campuses and school premises constructed and developed for our schools, we must obtain various permits, certificates and other approvals from the relevant administrative authorities at various stages of property development, including, for example, planning permits, construction permits, land use rights certificates, certificates for passing environmental assessments, certificates for passing fire control assessments and certificates for passing construction completion inspections and real property ownership certificates. We have been, and may in the future, encounter problems in fulfilling the conditions precedent to the receipt of those permits, certificates and approvals, and we may not always be able to obtain them in a timely manner, or at all. As of the date of this Offering Circular, our Tianjin Taida Maple School, Shanghai Maple International School and Dalian Maple International Education Group Company had not obtained all or part of the requisite permits, certificates and approvals for the construction and development, including land use right certificates, real property ownership certificates and certain other certificates of planning permits, construction permits, certificates for passing environmental assessments, certificates for passing fire control assessments and certificates for passing construction completion inspections for some buildings. As a result, our rights to these land and buildings may be limited or challenged by the relevant government authorities or other third parties. We may also be subject to administrative fines or other penalties due to the lack of the requisite permits, certificates and approvals, which may materially and adversely affect our business operations, divert management attention and other resources and incur significant costs.

For more information, see the section headed “Our Business – Properties” in this Offering Circular. If we are not able to rectify the above incidents in a timely manner, or fail to obtain requisite permits, certificates or approvals for campuses and school premises we will develop and construct in the future, we may become subject to administrative fines and other penalties, which could disrupt our business and cause us to incur additional expenses.

We may not be able to successfully integrate businesses that we acquire, which may cause us to lose the anticipated benefits from such acquisitions and to incur significant additional expenses.

We may grow our business by acquiring additional schools both within the PRC and internationally. We believe we face challenges in integrating business operations and management philosophies of acquired schools. The benefits of our future acquisitions depend in significant part on our ability to effectively and timely integrate management, operations, technology and personnel. The acquisition and integration of acquired schools is a complex, time-consuming and expensive process that, without proper planning and implementation, could significantly disrupt our business operations and reputation. The main challenges involved in acquiring and integrating acquired entities include the following:

- ability to find suitable targets;
- retaining qualified management, administrative and teaching staff of any acquired school;
- consolidating educational services offered by the acquired school;
- integrating information technology platforms and administrative infrastructure;
- minimising the diversion of our management's attention from on-going business concerns; and
- ensuring and demonstrating to our students and their parents that the new acquisitions will not result in any adverse changes to our established brand image, reputation, teaching quality or standards.

We may not successfully integrate our operations and the operations of the schools we acquire in a timely manner, or at all, and we may not realise the anticipated benefits or synergies of the acquisitions to the extent, or in the timeframe we anticipated, which may have a material adverse effect on our business, financial condition and results of operations.

We are subject to an ongoing claim from the third party relating to our interests in Luzhou School.

On 24 January 2019, we completed the acquisition of 75% equity interests in Luzhou No. 7 Jiade Education Investment Co., Ltd. (瀘州七中佳德教育投資有限公司) (“**Luzhou Company**”), which was registered as the sole sponsor of the Luzhou Jiangyang Maple Jiade School (瀘州市江陽區楓葉佳德學校) (“**Luzhou School**”). As of the date of this Offering Circular, Luzhou Company and Luzhou School are our consolidated affiliated entities through the contractual arrangements.

After the acquisition, Luzhou Company and Luzhou School were involved in a civil litigation with Sichuan Luzhou No. 7 Middle School (四川省瀘州市第七中學校), a local stated-owned school operated by local government of Luzhou City. On 25 October 2020, the local court made the judgment that Sichuan Luzhou No. 7 Middle School owned 12% sponsor interest in Luzhou School based on the cooperative agreements entered into between Luzhou Company and the local government. As the date of this Offering Circular, we are in the process of filing a retrial request in relation to the judgment with the Sichuan Provincial High People's Court.

We may not be able to effectively carry out our overseas expansion plans.

We have expanded our operations outside of China to international schools in countries such as Canada, Australia, Malaysia and Singapore. When entering foreign markets, we may have limited experience in the education industries of the foreign countries in which we plan to establish our overseas schools, and we may encounter unforeseeable barriers and challenges upon entering into those foreign markets, which may result in a delay to or failure of our expansion plans. In addition, we may need to invest heavily in developing our

overseas schools and may not be able to manage our costs or generate sufficient revenue to justify the investment we make. If our expansion into any foreign country is unsuccessful, our business operation and financial condition could be materially and adversely affected.

Accidents or injuries suffered by our students, our employees or other people at our schools may adversely affect our reputation and subject us to liability.

There are inherent risks of accidents or injuries in schools. We could be held liable in the event of personal injuries, fires or other accidents suffered by students, employees or other people that occur at our schools. Although we designate certain staff members in each of our campuses to be in charge of student health and security, in the event of personal injuries, food poisoning, fires or other accidents suffered by students or other people, we could face claims alleging that we were negligent, that we provided inadequate supervision or that we were otherwise liable for the injuries. A successful liability claim against us due to injuries suffered by our students or other people on our campuses could adversely affect our reputation and subject us to liability, thereby impacting our financial results. Even if unsuccessful, such a claim could cause unfavorable publicity that adversely affects our reputation, require substantial cost to defend and divert the time and attention of our management.

We develop certain of our schools in accordance with cooperation agreements with third parties, under which the third parties grant us the right to use the campus sites and the school premises.

We had entered into cooperation agreements with local governments and one cooperation agreement with a real estate developer to develop schools in Ordos, Luoyang, Tianjin (Huayuan campus), Huai'an, Huzhou, Liangping, Xi'an, Weifang, Yancheng, Xiangyang, Ji'nan, Horing, Tianjin (Eco-city), Nanjing and Shenzhen. Under the respective cooperation agreements, these local governments and the real estate developer typically have agreed to construct the school premises and grant us the right to use the campus sites and the school premises. The cooperation agreements generally have a term ranging between 30 to 50 years. Our schools in Luoyang, Ordos, Tianjin (Huayuan campus), Huai'an, Huzhou, Liangping, Xi'an, Weifang, Yancheng, Xiangyang, Ji'nan, Horing are currently in operation, and our schools in Tianjin (Eco-city) will commence operations in September 2021, our schools in Nanjing and Shenzhen will commence operations in September 2022. For more information on those campus sites, see the sections headed "Our Business – Our Schools – Maple Leaf Schools and Campuses under Development" and "Our Business – Properties" in this Offering Circular. Notwithstanding the obligations of these local governments and the real estate developer under these contracts, if any of them refuses to continue to grant us the right to use such campus site or school premises, or both, whether due to our failure to fulfill obligations under the agreements or otherwise, we may be forced to relocate or cease operating the affected schools and incur additional expenses for bringing claims against such local government or real estate developer, and we may not be able to successfully recover our damages through litigation or other applicable dispute resolution proceedings, which may materially and adversely affect our business, financial condition and results of operations.

Our legal right to lease certain properties could be challenged by property owners or other third parties.

We lease certain premises for the operation of our preschools in Dalian. Due to the limits the Chinese government places on searching for relevant land use records, we are unable to locate more specific title information based on our independent investigations. As a result, there is a risk that the owners may not have the valid land use rights certificates or building ownership certificates for the premises they lease to us, or otherwise may not have the right to lease such business premises to us. For further details, see the section headed "Our Business – Properties" in this Offering Circular. As of the date of this Offering Circular, we were not aware of any actions, claims or investigations being contemplated by any third party with respect to possible defects in our leased real properties. If any of our leases were terminated as a result of challenges

by third parties to the lessors' rights, we may be forced to relocate the affected schools and incur additional expenses, which may result in disruptions to our educational services at those schools, lower school enrollments and adversely affect our business, financial condition or results of operations.

In addition, we have not registered certain of our lease agreements with relevant government authorities. Under relevant PRC laws and regulations, an executed lease must be registered and filed with the relevant government authority. According to our PRC Legal Counsel, although lack of registration will not affect the validity and enforceability of lease agreements, a fine ranging from RMB1,000 to RMB10,000 may be imposed on the parties to a lease for failing to register the lease.

Our historical financial and operating results may not be indicative of our future performance and our financial and operating results may be difficult to forecast.

Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the price of our Shares to decline. Our revenue, expenses and operating results may vary from year to year in response to a variety of factors beyond our control, including, among others:

- our ability to increase student enrollment in our schools and raise tuitions fees;
- general economic conditions and regulations or government actions pertaining to the provision of private educational services in China;
- shifts in consumer attitude toward private and international education in China;
- our ability to control cost of revenue, in particular staff costs relating to teacher salaries and allowances, and other costs; and
- non-recurring charges incurred in connection with acquisitions or other extraordinary transactions or unexpected circumstances.

Due to these factors, we believe that year-to-year comparisons of our operating results may not be indicative of our future performance and investors should take caution accordingly.

Our success depends on the continuing efforts of our executive Directors and senior management team and other key personnel and our business may be harmed if we lose their services.

Our future success depends heavily upon the continuing services of our executive Directors and senior management team and in particular, our Founder, Mr. Sherman Jen, who has been our leader since our inception. If one or more of our executive Directors, senior management or other key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. Competition for experienced executive Directors or management personnel in the private education sector is intense, the pool of qualified candidates is very limited, and we may not be able to retain the services of our executive Directors or senior management or key personnel, or attract and retain high-quality executive Directors or senior executives or key personnel in the future. In addition, if any member of our executive Directors or senior management team or any of our other key personnel joins a competitor or forms a competing company, we may lose teachers, students, key professionals and staff members.

Each of our executive officers and key employees has entered into a confidentiality and non-competition agreement with us as part of their respective employment agreement with us. The confidentiality and non-compete agreements with our executive officers are governed by Hong Kong laws and any disputes would be resolved in accordance with Hong Kong legal procedures. The confidentiality and non-compete

agreements with key management personnel are governed by PRC laws and any disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions such as Hong Kong, and uncertainties in the PRC legal system could limit our ability to enforce these agreements. For example, prior court decisions may be cited for reference but have limited precedential value in the PRC, and the PRC arbitration tribunals and courts have significant discretion in interpreting, implementing or enforcing relevant PRC laws. It is thus difficult to predict the outcome of any arbitration awards or court proceedings or gauge the level of legal protection that such awards or proceedings may provide. Accordingly, if any disputes arise between any of our key personnel and us, it may be difficult to enforce these agreements against these individuals. In addition, members of our senior management team may attract media coverage and publicity from time to time. To the extent such media coverage or publicity is negative in nature, whether or not the negative implications they contain are substantiated, our reputation may suffer.

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their businesses. At the date of this Offering Circular, we did not make social insurance payments for our foreign employees. In addition, we did not make all social insurance payments and housing provident fund contributions for our PRC employees as required under the relevant PRC laws and regulations. So far, we have not received any notice from the local authorities or any claim from our current and former employees regarding our non-compliance in this regard. We cannot assure you that the relevant local government authorities will not require us to pay the outstanding amount within a specified time limit and impose late fees or fines on us, which may materially and adversely affect our financial conditions and results of operations.

We have limited insurance coverage.

We carry property insurance for the schools that we own legal titles to, maintain school liability insurance for our schools and have procured student safety insurance coverage on behalf of students at our schools. However, our insurance coverage is still limited in terms of amount, benefit and scope. Furthermore, we do not carry any property insurance for the schools the properties of which are owned by third parties and are not required to do so under applicable PRC laws and regulations. The insurance industry in China is still in an early stage of development, and our existing insurance may not be sufficient to cover us for all accidents and potential liabilities, for example for any student accidents. If we were held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, or suffered losses and liabilities due to incidents such as fires, explosions or other accidents at the schools for which we do not currently maintain insurance that we were unable to seek redress from the third party owners of those properties for, our business, results of operations and financial condition may be materially and adversely affected. In addition, we do not have any business disruption insurance coverage for our operations to cover losses that may be caused by natural disasters or catastrophic events, such as epidemics or earthquakes, so that any business disruption or natural disaster could result in substantial costs and a diversion of resources, which would have a material adverse effect on our business and results of operations.

We may not be able to control the quality, maintenance and management of certain school premises.

We partner with third parties to develop certain of our schools, and we may not be able to adequately control the compliance, quality, maintenance and management of such schools' premises as they are constructed by the third parties and provided to us for use. Accordingly, we may not be able to guarantee the

quality of those premises or that the premises are well-maintained or well-managed or will obtain or maintain the requisite certificates, approvals and permits, including with respect to our BCMOE certification for those schools. If the quality, maintenance or management fails to meet our expectations, our ability to operate those schools and our reputation as a provider of quality educational services may be materially and adversely affected.

We had net current liabilities as of 31 August 2020, and require a high level of working capital to sustain our operations, expansion and overall growth.

As of 31 August 2020, we had net current liabilities of RMB1,606.5 million. Historically, we financed our working capital through cash generated from our operations and short-term and long-term bank loans. As at 31 August 2020, our outstanding bank loans amounted to RMB3,630.6 million.

We cannot assure you that we will be able to obtain adequate financing to meet our future working capital requirements and we may have net current liabilities in the future. The inability to generate positive operating cash flow or obtain additional short-term bank loans, loans or other additional financing on a timely basis, on acceptable terms or at all would materially and adversely affect our ability to satisfy our working capital requirements. In addition, we cannot assure you that we will be able to obtain additional working capital to execute our growth strategies, or that future expansion of our school network will not materially and adversely impact the current or future level of working capital. Furthermore, as we provide refund to students who withdraw from our schools, if a large number of students withdraw from our schools, our financial position may be adversely impacted.

In addition, our financial statements included in this Offering Circular have been prepared on a going concern basis. If there is an adverse change to our profits, cash flow or ability to obtain additional financing, our financial statements may need to be prepared on an alternative authoritative basis and adjustments relating to the recoverability and classification of recorded asset amounts or the classification of liabilities may need to be made.

We may lose our competitive advantage and our reputation, brand and operations may suffer if we fail to protect our intellectual property rights or prevent the loss or misappropriation of our intellectual property rights.

We consider our trademarks and trade name invaluable to our ability to continue to develop and enhance our brand recognition. We have spent nearly two decades building our “Maple Leaf” brand by emphasizing quality and consistency and by building trust among students, parents, teachers, universities and the government educational authorities with which we interact. Unauthorized use of our trademarks, trade name and trade secrets by unrelated third parties may damage our reputation and brand. From time to time, our trademarks and trade name have been used by third parties for or as part of other branded programs, services and products unrelated to us. We have sent cease and desist letters to such third parties in the past and will continue to do so in the future. Cease and desist letters are recognized under PRC law as notification to offenders of intellectual property rights and are often effective initial legal mechanisms against intellectual property infringements. In such cases, if the infringers do not cease the act of infringing after receiving our cease and desist letter, we may have to bring lawsuits in Chinese courts to prevent trademark and trade name infringement, which is difficult, costly and time-consuming. In addition, as one of our business strategies, we plan to spend significant time and expense developing the content of certain of our own educational materials, such as books and software, to enrich our offerings and meet students’ needs. The measures we take to protect our trademarks, copyrights and other intellectual property rights, which presently are based upon a combination of trademark, copyright and trade secret laws, may not be adequate to prevent unauthorized use by third parties. Furthermore, the application of laws governing intellectual property rights in China is uncertain and evolving, and, as such, enforcement of intellectual property rights in China is

particularly difficult. If we are unable to adequately protect our trademarks, copyrights and other intellectual property rights, we may lose these rights, our brand name may be harmed, and our business may suffer materially.

Unauthorized disclosure or manipulation of student, teacher and other sensitive data, whether through breach of our network security or otherwise, could expose us to costly litigation or could adversely impact the reputation of our schools.

Maintaining our network security and internal controls over access rights is of critical importance because proprietary and confidential student and teacher information, such as names, addresses, and other personal information, is primarily stored in our computer database located in our headquarters. If our security measures are breached as a result of actions by third-parties, employee error, malfeasance or otherwise, third parties may receive or be able to access student records, which could subject us to liabilities, interrupt our business and adversely impact our reputation. Additionally, we run the risk that our employees or third parties could misappropriate or illegally disclose confidential educational information in our possession. As a result, we may be required to expend significant resources to provide additional protection from the threat of these security breaches or to alleviate problems caused by these breaches.

We may encounter disputes from time to time relating to the intellectual property of third parties.

As a part of their employment agreements with us and our code of business conduct and ethics as well as student honors code, we expressly prohibit our teachers, other employees and students from engaging in any copyright, trademark, trade name or other intellectual property infringing activities. However, our teachers may, against our policies, use third-party copyrighted materials without proper authorization in our classes, and our students may post unauthorized third-party content on our websites or otherwise infringe upon the intellectual property of third parties. Although we have never received any intellectual infringement-related complaints or claims against us, we cannot assure you that our course materials or other intellectual property developed or used by us do not or will not infringe upon valid copyrights or other intellectual property rights held by third parties. We may encounter disputes from time to time over rights and obligations concerning intellectual property, and we may not prevail in those disputes. Any such intellectual property infringement dispute could result in disruption to our teaching activities due to lack of materials, as well as costly litigation and divert our management attention and resources.

Terrorist attacks, geopolitical uncertainty and international conflicts involving China, the United States and elsewhere may discourage PRC students from studying overseas and non-PRC students from studying in China, which could cause declines in the student enrollment at our schools.

A significant portion of our PRC students enroll in our schools for our bilingual programs and in particular, the dual-diploma curriculum we offer in our high schools because they wish to eventually apply for and attend universities in Canada, the United States, Australia, the United Kingdom and elsewhere outside of China. In addition, many of our non-PRC students attend our schools because they wish to study in universities in China. Terrorist attacks, geopolitical uncertainty and international conflicts involving China, the United States and elsewhere, and events with long-term impact upon international travel can discourage students from traveling and studying abroad, which may result in an adverse effect on the enrollment figures at our schools by making international studies a less attractive option. Such attacks or international conflicts may discourage PRC students from studying in the United States and elsewhere outside of China and may discourage non-PRC students from pursuing studies in the PRC. These factors could cause a decline in the student enrollment at our schools, which could have an adverse effect on our overall business and results of operations.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, we could be subject to severe penalties and our business may be materially and adversely affected.

We entered into a series of arrangements in which our wholly-owned subsidiary Dalian Beipeng Educational Software Development Inc. (“**Beipeng Software**”) receives full economic benefits from Dalian Maple Leaf International School (High School) (“**Dalian Maple Leaf High School**”) and our consolidated affiliated entities. See the section headed “Contractual Arrangements” in this Offering Circular.

Foreign investment in the education industry in China is extensively regulated and subject to numerous restrictions. Under the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2020) (the “**Negative List**”), foreign investors are prohibited from investing in elementary and middle schools in the PRC for students in grades one through nine. In addition, preschool education and high school education are restricted industries for foreign investors, who are only allowed to invest in preschool education and high school education with domestic party in cooperative ways in which that domestic party shall play a dominant role. In addition, under the Regulation on Operating Sino-foreign Schools of the PRC (the “**Sino-Foreign Regulation**”), the foreign investment in high schools in the PRC shall be in a form of cooperation between Chinese educational institutions and foreign educational institutions. Furthermore, under the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education, which was issued by the MOE on June 18, 2012, the foreign portion of the total investment in a Sino-foreign joint venture preschool or high school should be below 50%.

Accordingly, our subsidiaries in China are currently ineligible to apply for the required education licenses and permits in China for the operation of elementary and middle schools. In addition, according to the relevant regulations, foreign investors investing in preschools and high school must be foreign education institutions, with relevant qualifications and experience. Although foreign investment in preschools and high schools is not prohibited, our subsidiaries in China are still ineligible to independently operate preschools and high schools. Accordingly, we have been and are expected to continue to be dependent on our contractual arrangements to operate our education business in China.

If the contractual arrangements that establish the structure for operating our China business are found to be in violation of any PRC laws or regulations in the future or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the MOE, which regulates the education industry, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of our PRC subsidiaries or consolidated affiliated entities;
- discontinuing or restricting the operations of any related-party transactions among our PRC subsidiaries or consolidated affiliated entities;
- imposing fines or other requirements with which we or our PRC subsidiaries or consolidated affiliated entities may not be able to comply;
- requiring us to restructure our operations in such a way as to compel us to establish new entities, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- imposing additional conditions or requirements with which we may not be able to comply; or

- restricting the use of proceeds from our additional public offering or financing to finance our business and operations in China.

If any of the above penalties are imposed on us, our business may be materially and adversely affected.

Our business may be significantly affected by the Foreign Investment Law.

PRC laws and regulations currently prohibit foreign ownership of primary and middle schools in the PRC and stipulate that foreign capital may just operate high schools by way of Sino-foreign cooperation (where the domestic party shall play a dominant role). Accordingly, we conduct our private education business in the PRC through Contractual Arrangements. On 15 March 2019, the National People’s Congress passed the Foreign Investment Law of the People’s Republic of China (the “**Foreign Investment Law**”) after deliberation, which came into force on 1 January 2020. The Foreign Investment Law replaced the Law of the PRC on Wholly Foreign-Owned Enterprises, the Law of the PRC on Sino-Foreign Equity Joint Ventures and the Law on Sino-Foreign Contractual Joint Ventures of the PRC. The Foreign Investment Law stipulates that the State shall implement the management systems of pre-establishment national treatment and negative list for foreign investment. Foreign investors shall not invest in the sectors or industries prohibited by the negative list for the market entry of foreign investment.

The Foreign Investment Law does not expressly impose restrictive requirements on the business operated in the PRC through contractual arrangement. Therefore, the Foreign Investment Law will not have a material impact on the overall Contractual Arrangements and each of the agreements which constitutes the Contractual Arrangements. The Contractual Arrangements and the relevant agreements will remain legal, valid and binding on the parties thereto. Notwithstanding the above, the Foreign Investment Law stipulates that “foreign investment includes the investment made in the PRC by foreign investors through any other ways under the laws, administrative regulations and provisions required by the State Council.” If the future laws, administrative regulations and provisions of the State Council state contractual arrangement as one of the ways of foreign investment, our Contractual Arrangements may be deemed as foreign investment.

Our contractual arrangements may not be as effective in providing control over our consolidated affiliated entities as equity ownership.

We have relied and expect to continue to rely on contractual arrangements to operate the majority of our education business in China. For a description of these contractual arrangements, see the section headed “Contractual Arrangements” in this Offering Circular. These contractual arrangements may not be as effective in providing us with control over our consolidated affiliated entities as equity ownership. If we had equity ownership of our consolidated affiliated entities, we would be able to exercise our rights as a direct or indirect shareholder to effect changes in the board of directors of our consolidated affiliated entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, as these contractual arrangements stand now, if our consolidated affiliated entities or their shareholders fail to perform their respective obligations under these contractual arrangements, we cannot exercise shareholders’ rights to direct corporate actions as the direct ownership would otherwise entail. If the parties under such contractual arrangements refuse to carry out our directions in relation to everyday business operations, we will be unable to maintain effective control over the operations of our schools in China. If we were to lose effective control over our consolidated affiliated entities or if our Contractual Arrangements are invalidated or nullified, certain negative consequences would result, including our being unable to consolidate the financial results of our consolidated affiliated entities with our financial results. Our financial position would be materially and adversely impacted if we were to lose effective control over our consolidated affiliated entities. In addition, losing effective control over our consolidated affiliated entities may negatively impact our operational efficiency and brand image. Further, losing effective control over our consolidated affiliated entities may impair our access to their cash flow from operations, which may reduce our liquidity.

Any failure by our consolidated affiliated entities or their respective ultimate shareholders to perform their obligations under our contractual arrangements would potentially lead to our having to incur additional costs and expend substantial resources to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.

Under the current contractual arrangements, if any of our consolidated affiliated entities or their ultimate shareholders fails to perform its or his respective obligations under these contractual arrangements, we may incur substantial costs and resources to enforce such arrangements and relying on legal remedies under PRC laws, including seeking specific performance or injunctive relief and claiming damages.

Our contractual arrangements described above are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. Under PRC laws, rulings by arbitrators are final and the parties to a dispute cannot appeal the arbitration results in any court based on the substance of the case. The prevailing party may enforce the arbitration award by instituting arbitration award recognition proceedings with the competent PRC court. The legal environment in the PRC is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. In the event that we are unable to enforce these contractual arrangements, we may not be able to exert effective control over our affiliated entities for an extended period of time or we may be permanently unable to exert control over our affiliated entities. If this were to occur, we would be unable to consolidate the financial results of our consolidated affiliated entities with our financial results, which would have a material and adverse effect on our business, financial condition and results of operation and would materially affect the value of the Bonds and the Shares.

In addition to the enforcement costs outlined above, during the course of disputes regarding such enforcement action, we may temporarily lose effective control over our schools in China, which may lead to loss of revenue or potentially lead to our having to incur additional costs and expend substantial resources to operate our business in the absence of effective enforcement of these contractual arrangements. If this were to occur, our business, financial condition and results of operation may be materially and adversely affected, and would materially affect the value of the Bonds and the Shares.

The ultimate owners of our consolidated affiliated entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Mr. Sherman Jen, chairman and our Controlling Shareholder, is also the sole beneficial owner of our foreign national schools (other than Yiwu Maple Leaf Foreign Nationals School). Therefore, the interests of Mr. Jen as the sole beneficial owner of the relevant foreign national schools may differ from the interests of the Company as a whole, since Mr. Jen is only one of the Shareholders of the Company. In addition, Ms. Shu'e Ren, our Founder's Sister, is the sole beneficial owner of our remaining consolidated affiliated entities, and does not own any interest in the Company. As a result, her interest may differ from the interests of the Company. We cannot assure you that when conflicts of interest arise, our Founder or our Founder's Sister will act in the best interests of the Company or that such conflicts will be resolved in our favor. As of the date of this Offering Circular, we had not entered into equity pledge arrangements with our Founder as direct interests in schools are not capable of being pledged and we only had such arrangements with our Founder's Sister. Even if we were to make equity pledge arrangements with our Founder, such arrangement would be unenforceable under PRC laws and regulations, as direct interests in schools are not pledgeable under the relevant PRC laws and regulations. In addition, although the equity pledge agreements we entered into with the Founder's Sister provide that the pledged equity interest shall constitute continuing security for any and all of the indebtedness, obligations and liabilities under all of the principal service agreements, it is possible that a PRC court could take the position that the amount listed on the equity pledge registration

forms or estimated in the equity pledge agreements represents the full amount of the collateral that has been registered and perfected. If this were to happen, the obligations that are supposed to be secured in the equity pledge agreements in excess of the amount listed on the equity pledge registration forms or estimated in the equity pledge agreements could be deemed unsecured debt by the PRC court, which takes last priority among creditors.

We cannot assure you that when conflicts of interest arise, our Founder or Founder's Sister will act in the best interests of the Company or that conflicts of interest will be resolved in our favor. In the event of any such conflicts of interest, our Founder or Founder's Sister may potentially breach, or cause our consolidated affiliated entities to breach, or refuse to renew, the existing contractual arrangements we have with them. If we cannot resolve any conflict of interest or dispute between us and our Founder or Founder's Sister, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede our ability to enforce our contractual arrangements. If we are unable to resolve any such conflicts, or if we experience significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation.

Certain terms of our contractual arrangements may not be enforceable under PRC laws.

Our contractual arrangements provide for the resolution of disputes through arbitration in accordance with the arbitration rules of the China International Economic and Trade Arbitration Commission in Beijing. Our contractual arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of our consolidated affiliated entities, injunctive relief and/or winding up of our consolidated affiliated entities. In addition, our contractual arrangements contain provisions to the effect that courts in Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, we have been advised by our PRC counsel that the abovementioned provisions contained in our contractual arrangements may not be enforceable. Under PRC laws, an arbitral body granting any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in Chinese legal entities in case of disputes shall submit the application to the court in China. Therefore, such remedies may not be available to us, notwithstanding the relevant contractual provisions contained in our contractual arrangements. PRC laws allow an arbitral body to award the transfer of assets of or an equity interest in China in favor of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures. Under PRC laws, courts of judicial authorities in the PRC generally would not grant injunctive relief or the winding-up order against an entity as interim remedies to preserve the assets or shares in favor of any aggrieved party.

The contractual arrangements between Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf High School may subject our Group to increased income tax due to the different income tax rates applicable to Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf High School, which may adversely affect our results of operations.

Under our contractual arrangements, Beipeng Software is entitled to receive the full economic benefits of our consolidated affiliated entities and Dalian Maple Leaf High School in the form of service fees. Such service fee payments to Beipeng Software reduce the taxable income of our consolidated affiliated entities and Dalian Maple Leaf High School and correspondingly increase the taxable income of Beipeng Software, which, due to the different income tax rates applicable to our consolidated affiliated entities and Dalian Maple Leaf High School and Beipeng Software, may affect our results of operations, particularly, our income tax expenses and net profit on a consolidated basis in the future.

Dalian Maple Leaf High School and most of our consolidated affiliated entities, including our elementary schools, middle schools and high schools, are eligible for enterprise income tax exemption. We plan to continue to apply for and renew the enterprise income tax exemption status of our eligible consolidated affiliated entities and Dalian Maple Leaf High School as necessary. We believe that these consolidated affiliated entities and Dalian Maple Leaf High School will continue to enjoy enterprise income tax exemption treatment in the future.

Beipeng Software is entitled to High and New Technology Enterprise (“HTNT”) status starting from the calendar year of 2017. Beipeng Software is eligible for a preferential enterprise income tax rate of 15% starting from the calendar year of 2017. The HTNT status is valid for three years, and was renewed on 2 December 2019.

As a result of the different income tax rates applicable to Beipeng Software and our consolidated affiliated entities and Dalian Maple Leaf High School, starting from 2016, our consolidated affiliated entities’ and Dalian Maple Leaf High School’s payments of service fee to Beipeng Software may result in increased income tax expenses for the Group on a consolidated basis, which may materially and adversely affect our results of operations, particularly, our net profit and net profit margin.

Our contractual arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our net income and the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities.

We could face material and adverse tax consequences if the PRC tax authorities determine that the exclusive management consultancy and business cooperation agreements we have with our consolidated affiliated entities and Dalian Maple Leaf High School do not represent an arm’s-length price and adjust any of those entities’ income in the form of a transfer pricing adjustment. A transfer pricing adjustment could increase our tax liabilities. In addition, PRC tax authorities may have reason to believe that our subsidiaries or consolidated affiliated entities are dodging tax obligation, and we may not be able to rectify such incident within the limited timeline required by PRC tax authorities. As a result, PRC tax authorities may impose late payment fees and other penalties on us for under-paid taxes, which could materially and adversely affect our business, financial condition and results of operations.

We rely on dividends and other payments from our subsidiaries to the Issuer, and any limitation on the ability of our subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company, and our ability to make payments under the Bonds and to pay dividends and other cash distributions to our shareholders, service any debt we may incur and meet our other cash requirements depends solely on our ability to receive dividends and other distributions from our PRC subsidiaries. However, there are restrictions under PRC laws for the payment of dividends to us by certain of our PRC subsidiaries. For example, relevant PRC laws and regulations permit payments of dividends by PRC subsidiaries only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC laws and regulations, our PRC subsidiaries are required to set aside at least 10% of its after-tax profits based on PRC accounting standards each year to fund a statutory reserve, until the accumulated amount of such reserve has exceeded 50.0% of its registered capital. In addition, although Dalian Maple Leaf High School is our PRC subsidiary, it is not allowed to distribute dividends under PRC law due to its being an entity that does not require “reasonable return”. Besides, PRC subsidiaries which the Company exercises control under the Contractual Arrangements are restricted to distribute dividends.

Also, certain of our loan agreements may restrict the ability of our Group's entities to pay dividends to the Issuer. On 16 August 2020, the Issuer entered into a Singapore dollar (“SGD”) 158 million bridge loan facility (the “**Bridge Loan**”) in relation to the acquisition of Star Readers Pte. Ltd. The Bridge Loan restricts the Issuer from declaring, making or paying any dividends or distribution or other distributions on or in respect of its share capital, or repaying or distributing any dividends, without consent of the lenders.

On 16 August 2020, Maple Leaf CIS Holdings Pte. Limited (the “**Borrower**”) entered into a SGD225 million term loan facility (the “**Term Loan**”), in which the Borrower undertook without consent of the lenders not to declare, make, or pay any dividends or other distributions on or in respect of its share capital, or repay or distribute any dividends. Upon the occurrence of an event of default of the Term Loan, the Issuer would also be prohibited from declaring, making, or paying any dividends or other distributions on or in respect of its share capital, or repaying or distributing any dividends.

The Group may also from time to time, enter into other agreements which restrict the payment of dividends by its subsidiaries. Consequently, such subsidiary would be restricted in its ability to transfer a portion of its net assets to us or any of our other subsidiaries in the form of dividends, loans or advances. The foregoing restrictions on such subsidiaries to pay dividends to us, and the limitations on the ability of consolidated affiliated entities to pay service fees to could materially and adversely limit our ability to borrow money outside of China or make payments under the Bonds.

Our consolidated affiliated entities and Dalian Maple Leaf High School may be subject to significant limitations on their ability to operate private education or make payments to related parties or otherwise be materially and adversely affected by changes in PRC laws and regulations.

The principal regulations governing private education in China are the Decision, which was approved by the Standing Committee of the National People's Congress, and became effective on September 1, 2017, and the Implementation Rules for the Law for Promoting Private Education (the “**Implementation Rules**”), which became effective on April 1, 2004. Under these regulations, private schools can be established as not-for-profit or for-profit entities, with the exception of schools providing compulsory education, which can only be established as not-for-profit entities. According to the Decision, it will no longer make a distinction between schools whose school sponsors require reasonable returns and schools whose school sponsors do not require reasonable returns. School sponsors of for-profit schools may obtain operating profits, while schools sponsors of not-for-profit schools cannot obtain operating profits. See the section headed “Risk Factors – Risks Relating to our Business and our Industry – The Group is subject to uncertainties brought by the Amendment of Law for Promoting Private Education of the PRC.” In this Offering Circular for further details.

As a holding company, our ability to pay dividends and other cash distributions to our Shareholders depends solely on our ability to receive dividends and other distributions from Beipeng Software. The amount of dividends and other distributions paid to us by Beipeng Software depends on the service fees paid to Beipeng Software from our consolidated affiliated entities and from Dalian Maple Leaf High School or another PRC subsidiary from our Consolidated Affiliated Entities pursuant to the Contractual Arrangements. Our PRC Legal Counsel advises us that Beipeng Software's right to receive the service fees from our consolidated affiliated entities and Dalian Maple Leaf High School does not contravene any PRC laws and regulations. However, if relevant PRC government authorities take a different view to our PRC Legal Counsel, they may seek to confiscate any or all of the service fees that have been paid by the our schools to Beipeng Software, including retrospectively, to the extent that such service fees are tantamount to “reasonable returns” or “profits” taken by the sponsors of these schools in violation of PRC laws and regulations. The relevant PRC authorities may also seek to stop student enrollments at our schools or, in a more serious situation, revoke the operation permits of these schools. As a result, our business and financial condition may be materially and adversely affected.

Moreover, the government authorities have adopted a number of policies to regulate education fee collection and related-party transaction in the private education in recent years, including the newly promulgated Opinion on Further Strengthening and Regulating the Administration of Education Fees Collection. If the relevant PRC government authorities strengthen the administration on fee collection and related party transaction, or promulgated more stringent laws and regulations on private education in the future, the ability of our Consolidated Affiliated Entities to negotiate the service price and to pay service fees to Beipeng Software may be affected accordingly.

The discontinuation of any preferential tax treatments currently available to us, in particular the tax exempt status of our schools, could result in a decrease of our net income and materially and adversely affect our results of operations.

According to the Decision, private schools will be entitled to preferential tax treatments, among which not-for-profit private schools will be entitled to the same preferential tax treatment as public schools. The taxation policies applicable to for-profit private schools after the Decision took effect are yet to be introduced. Therefore, the preferential tax treatment of our schools after the Decision comes into full force will be subject to (i) the decision we make to operate our schools as for-profit or not-for-profit schools, and (ii) the tax treatment of the for-profit schools, which is expected to be further stipulated in the relevant regulations related to the Decision that are to be introduced.

All of our primary and middle schools are required to be classified as not-for-profit schools where tuition and boarding fees are entitled to the same PRC Enterprise Income Tax (the “**PRC EIT**”) exemption as public schools since September 1, 2017. All our primary and middle schools are currently not-for-profit schools. Our schools have been granted enterprise income tax exemption status based on the certificate letters and confirmations from relevant local tax authorities. These letters and confirmations are either for a fixed period of time or do not have a specified expiration date. We plan to apply for renewal of these tax exemptions in the future as necessary, and also plan to apply for tax exemptions for new schools as they begin to make profits. We cannot assure you that we will be successful in applying for any new tax exemptions or the extension of any existing tax exemptions. Furthermore, we cannot assure you that the relevant government authorities will not deem the service fee payments under the Contractual Arrangements as a means of circumventing the selection made by the sponsors of our schools not to require a “reasonable return”, which may result in our schools ceasing to enjoy the tax exemptions they currently enjoy by virtue of being schools for which the sponsors do not require reasonable returns, and we cannot assure you that preferential tax treatment that currently applies to our schools will not change after the Decision comes into full force. The discontinuation of any of these preferential tax treatments currently available to us or the determination by any of the relevant tax authorities that any of the preferential tax treatments we have enjoyed or currently enjoy is not in compliance with the PRC laws would cause our effective tax rate to increase, which would increase our income tax expenses and in turn decrease our net income.

Moreover, pursuant to Notice of the Ministry of Finance and the State Taxation Administration on Full Launch of the Pilot Program of Replacing Business Tax with Value-Added Tax which came into effect on May 1, 2016, formal educational services provided by schools that provide formal education are exempted from value-added tax. As a result, formal educational services provided by our schools are exempted from value-added tax. However, the discontinuation of any preferential tax treatment currently available to us or the determination of any of the relevant tax authorities that any of the preferential tax treatment we have enjoyed or currently enjoy is not in compliance with PRC laws would cause our effective tax rate to increase, which would increase our tax expenses and reduce our net profit.

If any of our PRC subsidiaries or consolidated affiliated entities becomes the subject of a bankruptcy or liquidation proceeding, we may lose the ability to use and enjoy certain important assets, which could reduce the size of our operations and materially and adversely affect our business, ability to generate revenue and the market price of our Shares.

We currently conduct the majority of our operations in China through contractual arrangements. As part of these arrangements, our consolidated affiliated entities hold a majority of the assets that are important to the operation of our business, including operating permits and licenses, real estate leases, buildings and other educational facilities related to the schools. Under irrevocable power of attorneys, our Founder and Founder's Sister may not unilaterally, without our consent, decide to voluntarily liquidate our consolidated affiliated entities.

If any of these entities goes bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. If any of our consolidated affiliated entities undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, our ability to generate revenue and on the Bonds and the Shares.

Our failure or attempt to unwind the Contractual Arrangements due to potential changes in Sino-Foreign Regulation, or exercise of the option to acquire the equity interests of our consolidated affiliated entities may be subject to certain limitations and the ownership transfer may subject us to substantial costs.

Under the Sino-Foreign Regulation, foreign investors of Sino-foreign joint venture schools shall be foreign educational institutions. Based on the inquiries we made with several educational authorities in China, such foreign investors must be foreign institutions with relevant qualification and already provide the same level of education in a foreign country (the “**Qualification Requirement**”). In July 2020, the Group completed acquisition of 100% issued share capital of Kingsley Edugroup Ltd and in August 2020, the Group acquired 90% issued share capital in Star Readers Pte. Ltd. However, we cannot assure you that the recent effort we have taken will be ultimately sufficient to satisfy the Qualification Requirement. If the restrictions on the percentage of foreign ownership in high schools and the prohibition on foreign ownership in elementary and middle schools are lifted, we may be unable to unwind the Contractual Arrangements before we are in a position to comply with the Qualification Requirement, or if we attempt to unwind the Contractual Arrangements before we are able to comply with the Qualification Requirement we may be ineligible to operate the schools and may be forced to suspend their operations, which could have a material and adverse effect on our business, financial condition and results of operations.

Furthermore, our exercise of the option to acquire the equity ownership of our consolidated affiliated entities may incur substantial costs on our part. Pursuant to our contractual arrangements, Beipeng Software has the exclusive right to require the shareholders of our consolidated affiliated entities to transfer any and all the shares of our consolidated affiliated entities to Beipeng Software and/or a third party designated by it, in whole or in part at any time and from time to time, at the lowest price allowable under PRC laws and regulations at the time of transfer. If the relevant PRC authorities determine that the purchase price for acquiring our consolidated affiliated entities is below the market value, they may require Beipeng Software to pay enterprise income tax for ownership transfer income with reference to the market value. The amount of the tax may be substantial, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Adverse changes in the economic and political policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could adversely affect our business.

Substantially all of our business operations are conducted in China. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including with regard to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth in the past 30 years, growth has been uneven among various sectors of the economy, geographically and during different periods. Particularly in the year 2020 due to the COVID-19 outbreak, economic growth is expected to be severely impacted in China and the outlook after that is unclear. We cannot assure you that the Chinese economy will continue to grow or that, if there is growth, such growth will be steady and uniform, or that they will not be a recession. Although the Chinese government has been carefully curtailing its economic policies, it is unclear whether the policies adopted will be effective in maintaining stable economic growth in the future. Any slowdown in the economic growth of China could lead to reduced demand for the educational services we provide, which could materially and adversely affect our business, as well as our financial condition and results of operations.

In addition, since we target and collect premium tuition rates from families with higher-than-average income, and such families may be more likely to be affected by the adverse impact of global or regional financial crisis, we cannot assure you that our student enrollment may not be adversely affected if any financial crisis occurs in the future and some students have to drop out as a result of financial difficulties.

Uncertainties with respect to the PRC legal system could materially and adversely affect us.

We conduct our business primarily through our subsidiaries and consolidated affiliated entities and schools in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value.

Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a

retroactive effect. We may not become aware of our violation of such governmental policies and rules with retroactive application until some time after the potential violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries or consolidated affiliated entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

From time to time, we may extend loans to our PRC subsidiaries and our consolidated affiliated entities, establish new subsidiaries, make additional capital contributions to our PRC subsidiaries or acquire, in offshore transactions, offshore entities with business operations inside China. Any loans to our PRC subsidiaries or our consolidated affiliated entities are subject to PRC regulations and approvals.

Finally, any capital contributions to any new subsidiaries that we may establish in the future must be registered with or filed with the competent government authority. We cannot assure you that we will be able to obtain these government registrations or filings on a timely basis, if at all. If we fail to receive such registrations or filings, our ability to capitalize our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies (the “**Stock Option Rules**”). Under the Stock Option Rules and other relevant rules and regulations, PRC residents who participate in stock incentive plan in an overseas publicly-listed company are required to register with the SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. We and our PRC employees who have been granted share options will be subject to these regulations. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limited our PRC subsidiaries’ ability to distribute dividends to us, or otherwise materially and adversely affect our business.

The State Administration of Taxation (“**SAT**”) has also issued relevant rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options pursuant to the share option schemes. Our PRC Subsidiaries have obligations to file documents with respect to the granted share options with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

Restrictions on currency exchange under PRC laws may limit our ability to convert cash derived from our operating activities into foreign currencies and may materially and adversely affect the value of your investment.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries and our affiliated entities to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations, if any. Under existing PRC foreign exchange regulations, conversion of Renminbi is permitted, without prior approval from the SAFE, for current account transactions, including profit distributions, interest payments and expenditures from trade-related transactions, as long as certain procedural requirements are complied with. However, approval from and registration with the SAFE and other PRC regulatory authorities are required where Renminbi is to be converted into foreign currency and remitted out of China for capital account transactions, which includes foreign direct investment and repayment of loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. Any existing and future restrictions on currency exchange in China may limit our ability to convert cash derived from our operating activities into foreign currencies to fund expenditures denominated in foreign currencies. If the foreign exchange restrictions in China prevent us from obtaining Hong Kong dollars or other foreign currencies as required, we may not be able to pay dividends in Hong Kong dollars or other foreign currencies to our Shareholders, or pay the salaries of our non-PRC teachers in currencies other than Renminbi. Furthermore, foreign exchange control in respect of the capital account transactions could affect our PRC subsidiaries' ability to obtain foreign exchange or conversion into Renminbi through debt or equity financing, including by means of loans or capital contributions from us.

We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the Enterprise Income Tax Law and its implementing regulations, an enterprise established outside China with its “de facto management body” within China is considered a “resident enterprise” in China and will be subject to the PRC enterprise income tax at the rate of 25% on its worldwide income. The tax authority will normally review factors such as the routine operation of the organizational body that effectively manages the enterprise's production and business operations, locations of personnel holding decision-making power, location of finance and accounting functions and properties of the enterprise. The Enterprise Income Tax Law's implementation regulations define the term “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.” The State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (the “SAT Circular 82”) on April 22, 2009. SAT Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore incorporated enterprise is located inside China, stating that only a company meeting all the criteria would be deemed having its de facto management body inside China. One of the criteria is that a company's major assets, accounting books and minutes and files of its board and shareholders' meetings are located or kept in the PRC. In addition, the SAT issued a bulletin on August 3, 2011, effective September 1, 2011, providing more guidance on the implementation of SAT Circular 82. This bulletin clarifies matters including residence status determination, post-determination administration and competent tax authorities. Although both SAT Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises and there are currently no further detailed rules or precedents applicable to us governing the procedures and specific criteria for determining “de facto management body” for companies like ours, the determination criteria set forth in SAT Circular 82

and the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and how the administration measures should be implemented with respect to such enterprises, regardless of whether they are controlled by PRC enterprises or PRC individuals.

As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that we or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then we or such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which would materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realised on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether our non-PRC Shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your investment.

The change in the value of Renminbi against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions.

Our revenue and costs are mostly denominated in Renminbi, and a significant portion of our financial assets are also denominated in Renminbi. We rely on dividends and other fees paid to us by our PRC subsidiaries and consolidated affiliated entities. Any significant change in the exchange rates of the US dollar or the Hong Kong dollar against Renminbi may materially and adversely affect the value of, and any US dollar payments on the Bonds or dividends payable on, our Shares in Hong Kong dollars. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into Renminbi, as Renminbi is the functional currency of our subsidiaries and consolidated affiliated entities inside China. Conversely, if we decide to convert our Renminbi into US dollars for the purpose of making payments under the Bonds or for other business purposes, appreciation of the US dollar against Renminbi would have a negative effect on the US dollar amount available to us.

You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC or Hong Kong based on foreign laws against us and our directors and senior management.

We are incorporated in the Cayman Islands as an exempted company with limited liability. Almost all of our assets, and some of the assets of our directors are located in the PRC. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court

agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute do not agree to enter into a choice of court agreement in writing. Further, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”), issued by the Supreme People’s Court of the PRC and the Department of Justice of the Hong Kong Special Administrative Region on January 18, 2019, which will come into effect after the foregoing two parties fulfill related procedures, will replace the Arrangement mentioned above. Before the New Arrangement becomes effective, the requirement for a “Written Agreement on Jurisdiction” under the Arrangement shall still apply. As a result, it may be difficult or impossible for investors to effect service of process against us or our directors in the PRC in order to seek recognition and enforcement of foreign judgments in the PRC.

The heightened scrutiny over acquisitions from the PRC tax authorities may have an adverse impact on our business or our acquisition or restructuring strategies.

On February 3, 2015, the STA promulgated Announcement of the State Administration of Taxation on Several Issues Relating to Enterprise Income Tax on Transfer of Assets between Non-resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》)(the “**Announcement 7**”), which was further amended on December 1, 2017 by the Announcement of the STA on Issues Relating to Withholding Income Tax of Non-resident Enterprises at Source (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》), and on December 29, 2017 by the Decision of the STA on Publication of the Catalogue of Invalidated Tax Authority Rules and Regulations (《國家稅務總局關於公佈失效廢止的稅務部門規章和稅收規範性文件目錄的決定》). Announcement 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities’ scrutiny on indirect transfers, by a non-resident enterprise, of assets (including equity interests) of a PRC resident enterprise. There is uncertainty as to the application of Announcement 7. Announcement 7 may be determined by the tax authorities to be applicable to our offshore restructuring transactions or sale of the shares of our offshore subsidiaries, where non-resident enterprises being transferors were involved. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with Announcement 7 or to establish that we and our non-resident enterprises should not be taxed under Announcement 7 for our previous and future restructuring or disposal of shares of its offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

RISKS RELATING TO OWNERSHIP OF THE BONDS AND OUR SHARES AND THE OFFERING OF THE BONDS

The Bonds are unsecured obligations.

The Bonds constitute direct, unsubordinated, unconditional, and (subject to “Terms and Conditions of the Bonds – Negative Pledge”) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference or priority among themselves. Our payment obligations under the Bonds rank equally with all our other existing and future senior, unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application. The repayment of the Bonds may be compromised if:

- the Group enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;

- there is a default in payment under the Group's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Group's indebtedness.

If any of the above events occurs, the Group's assets may not be sufficient to pay amounts due on the Bonds.

Charges over the shares of certain Subsidiaries and restriction on declaring and paying dividend are imposed under the Bridge Loan and the Term Loan.

The Company and certain Subsidiaries entered into the Bridge Loan and Term Loan with banks in 2020. The two loan facility agreements are secured by the charges over the shares of some of the Company's Subsidiaries. Under the Bridge Loan, the Company is prohibited from declaring, making or paying any dividend. Under the Term Loan, a Subsidiary, which is the borrower, is prohibited from declaring, making or paying any dividend, and the Company is prohibited from declaring, making or paying any dividend only when an event of default has occurred or is continuing. We are a holding company, and our ability to pay dividends and other cash distributions to our Shareholders, service any debt we may incur and meet our other cash requirements depends solely on our ability to receive dividends. Any limitation on the ability of any of our Subsidiaries to pay dividend to us could materially adversely limit our ability to pay dividend to Shareholders, service any debt we may incur and meet our other cash requirements.

Changes in market interest rates may adversely affect the value of the Bonds.

Investment in the Bonds, which carry a fixed rate of interest, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Bonds; and
- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant indices and financial markets; and be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in Bonds, which are complex financial instruments, unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio. Additionally, the investment activities of

certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Holders will have no rights as holders of the Shares prior to conversion of the Bonds, but are subject to changes made with respect to the Shares.

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, they will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. However, such Bondholders are subject to all changes affecting the Shares. For example, in the event that an amendment is proposed to our articles of association requiring shareholders' approval, and the record date for determining the registered shareholders entitled to vote on the amendment occurs prior to the date of conversion of the Bonds for such Shares and (as applicable) the date of registration by the relevant Bondholder as the holder thereof, that Bondholder would not be entitled to vote on the amendment but would nevertheless be subject to any resulting changes in the powers, preferences or special rights that affect the Shares after conversion. Upon conversion of the Bonds, these holders will be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion.

We may not have the ability to redeem the Bonds.

We will at maturity be required to redeem all of the Bonds and the Bondholders may require us to redeem for cash all or some of their Bonds on 27 January 2024 or upon a transaction or event constituting a change of control or delisting or otherwise as described under the headings "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Bondholders" and "Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Event." We may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. Our ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by us would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness held by us.

If the Issuer fails to complete the post-issuance report to the NDRC in connection with the Bonds, NDRC may impose penalties or other administrative procedures on the Issuer.

On September 14, 2015, the NDRC promulgated the Circular of the NDRC on Pushing Forth Administrative Reform for Filing and Registration for Issuance of Foreign Debt by Enterprises (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》) (the "NDRC Circular") pursuant to which if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such PRC enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue. According to the NDRC Circular, the NDRC is expected to issue a decision on the submission within seven working days after it accepts the submission. The enterprise must also report certain details of the bonds to the NDRC within 10 business days upon the completion of the note issue.

The NDRC Circular is silent on the legal consequences of noncompliance with the pre-issue registration requirement. In the worst case scenario, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Bonds. Similarly, there is no clarity on the legal consequences of noncompliance with the post-issue notification requirement under the NDRC Circular. Additional guidance

has been issued by the NDRC (《企業境外發行債券指引》) (the “**NDRC Circular Guidelines**”) on December 18, 2015, which states that companies, investment banks, law firms and other intermediaries involved in debt securities issues which do not comply with the registration requirement under the NDRC Circular will be subject to a blacklist and sanctions. The NDRC Circular Guidelines are silent as to how such blacklist will be implemented or the exact sanctions that will be enacted by the NDRC, or any impact on the Bondholders, in the event of a noncompliance by the Issuer with the NDRC Circular. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Bonds within the prescribed period under the NDRC Circular.

There is no assurance that the NDRC will not issue further implementation rules or notices which may require additional steps in terms of the registration or provide sanctions or other administrative procedures the NDRC may impose in case of failure of such registration with, or post issuance report to, the NDRC. If the Issuer does not report the post issuance information with respect to the Bonds within the timeframe as provided under the NDRC Circular, the NDRC may impose sanctions or other administrative procedures on the Issuer which may have a material adverse impact on its business, financial condition or results of operations.

The Bonds may be redeemed at our option.

We may, having given not less than 30 nor more than 60 days’ notice to the Trustee and the Bondholders, redeem all but not some only of the Bonds at their Early Redemption Amount (as defined in the “Terms and Conditions of the Bonds”) at any time after 11 February 2024 but no later than seven Hong Kong business days prior to the Maturity Date or if, conversion rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with the Terms and Conditions of the Bonds and consolidated and forming a single series therewith).

An optional redemption feature is likely to limit the market value of the Bonds. During any period when we may elect to redeem Bonds, the market value of those Bonds will generally not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The date on which we elect to redeem the Bonds may not accord with the preference of individual Bondholders. This may be disadvantageous to the Bondholders in light of market conditions or the individual circumstances of the Bondholders. In addition, we may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Bonds.

The Bonds will be structurally subordinated to subsidiary debt.

Payments under the Bonds will be structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of our subsidiaries, and to all our secured creditors. A substantial part of our operations are conducted through our subsidiaries, associated companies and jointly controlled entities. Accordingly, we are and will be dependent on the operations of our subsidiaries, associated companies and jointly controlled entities to service our indebtedness, including interest and principal on the Bonds. In the event of an insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of any of our subsidiary, creditors of such subsidiary generally will have the right to be paid in full before any distribution is made to us.

Short selling of the Shares by purchasers of the Bonds could materially and adversely affect the market price of the Shares.

The issuance of the Bonds may result in downward pressure on the market price of the Shares. Many investors in convertible bonds seek to hedge their exposure in the underlying equity securities, often through short selling the underlying equity securities or similar transactions. Any short selling or similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares as well as on the trading price of the Bonds.

The insolvency laws of the Cayman Islands and other local insolvency laws may differ from those of any other jurisdiction with which holders of the Bonds are familiar.

Since we are incorporated under the laws of the Cayman Islands, an insolvency proceeding relating to us, even if brought in other jurisdictions, would likely involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy law in other jurisdictions. We conduct most of our business operations in the PRC. The laws and regulations in the PRC relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of other jurisdictions with which the holders of the Bonds are familiar. Investors should analyze the risks and uncertainties carefully before they invest in the Bonds.

A trading market for the Bonds may not develop, and there are restrictions on resale of the Bonds.

The Bonds are a new issue of securities for which there is currently no trading market. Although we will make a formal application for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange, there is no assurance that we will obtain or be able to maintain such listing on the Hong Kong Stock Exchange, or that, if listed, a liquid trading market will develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Bonds. In addition, the Bonds are being offered pursuant to exemptions from registration under the U.S. Securities Act and, as a result, investors will only be able to resell their Bonds in transactions that have been registered under the U.S. Securities Act or in transactions not subject to or exempt from registration under the U.S. Securities Act. There is no assurance whether an active trading market for the Bonds will develop or be sustained.

If an active trading market were to develop, the Bonds could trade at a price that may be lower than the issue price of the Bonds. Whether or not the Bonds will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;
- general economic, market and political conditions;
- the Group's financial condition, financial performance and future prospects;
- the publication of earnings estimates or other research reports and speculation in the press or investment community in relation to the Group; and
- changes in the industry and competition affecting the Group.

The risks described above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.

The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser before making a decision to subscribe for the Bonds.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenue, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to its industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

Future issuances of Shares or equity-related securities may depress the trading price of the Shares.

Any issuance of our equity securities after this offering of the Bonds could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Shares. We may issue equity securities in the future for a number of reasons, including to finance our operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust our ratio of debt-to-equity, to satisfy our obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares, and impair our ability to raise capital through the sale of additional equity securities. There is no restriction on our ability to issue bonds or the ability of any of our shareholders to dispose of, encumber or pledge the Shares, and there can be no assurance that we will not issue bonds or that our shareholders will not dispose of, encumber or pledge the Shares. We cannot predict the effect that future sales of the Shares or other equity-related securities would have on the market price of the Shares. In addition, the price of the Shares could be affected by possible sales of the Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Issuer and by hedging or engaging in arbitrage trading activity involving the Bonds.

Our results of operations, financial condition, future prospects and business strategy could also affect the value of the Shares.

The trading price of the Shares will be influenced by our operational results (which in turn are subject to the various risks to which its businesses and operations are subject) and by other factors such as changes in the regulatory environment that may affect the markets in which we operate and capital markets in general. Corporate events such as share sales, reorganizations, takeovers or share buy-backs may also adversely affect the value of the Shares. Any decline in the price of the Shares would adversely affect the market price of the Bonds.

Conversion of the Bonds would dilute the ownership interest of existing shareholders and could also adversely affect the market price of the Shares.

The conversion of some or all of the Bonds would dilute the ownership interests of existing shareholders. Any sales in the public market of the Shares issuable upon such conversion could adversely affect prevailing market prices for the Shares. In addition, the conversion of the Bonds might encourage short selling of the Shares by market participants.

Shares or any securities that are substantially similar to the Shares including, but not limited to, any securities that may be convertible into, or exchangeable for, the Shares that are eligible for future sale by us or our current Shareholders may adversely affect the value of your investment.

The market prices of the Bonds and the Shares could decline as a result of sales of a large number of the Shares or any securities that are substantially similar to the Shares including, but not limited to, any securities that may be convertible into, or exchangeable for, the Shares after this offering or the perception that such sales could occur. Except for such restrictions, there is no restriction on our ability to issue, sell or otherwise dispose of and our Shareholders' ability to sell or otherwise dispose of, the Shares, and we cannot assure you that we will not issue, sell or otherwise dispose of, or that any of our Shareholders will not sell or otherwise dispose of, the Shares. If our Shareholders sell a large number of the Shares after this offering, the market price of the Bonds and the Shares could be depressed and the value of your investment could substantially decrease. The market prices of the Shares and the Bonds could also decline if substantial amounts of the Shares or securities convertible or exchangeable into the Shares are sold after the closing of this offering, or if there is a perception that these sales could occur.

Holders will bear the risk of fluctuations in the price of the Shares.

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares. The Shares are currently listed on the Hong Kong Stock Exchange. There can be no certainty as to the effect, if any, that future issues or sales of the Shares, or the availability of such Shares for future issue or sale, will have on the market price of the Shares prevailing from time to time and therefore on the price of the Bonds.

Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and the Bonds. Our results of operations, financial condition, future prospects and business strategy could affect the value of the Shares. The trading price of the Shares will be influenced by our operational results and other factors, such as changes in the regulatory environment that may affect the markets in which we operate and capital markets in general. Corporate events such as share sales, organizations, takeovers or share buy-backs may also adversely affect the value of the Shares. Any decline in the price of the Shares would adversely affect the market price of the Bonds.

Holders have limited anti-dilution protection.

The Conversion Price (as defined in the "Terms and Conditions of the Bonds") will be adjusted in the event that there is a sub-division, consolidation or re-denomination, rights issues, bonus issue, reorganization, capital distribution or other adjustment including an offer or scheme which affects Shares, but only in the circumstances and only to the extent provided in "Terms and Conditions of the Bonds – Conversion." There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the value of the Shares and, therefore, adversely affect the value of the Bonds.

There may be less publicly available information about us than is available for public companies in certain other jurisdictions.

There may be less publicly available information about companies listed in Hong Kong, such as us, than is regularly made available by public companies in certain other countries. In addition, our financial information in this Offering Circular has been prepared in accordance with IFRS which differ in certain respects from generally accepted accounting principles ("GAAPs") in certain jurisdictions which might be material to the financial information contained in this Offering Circular. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and our financial

information, and should consult their own professional advisers for an understanding of the differences between IFRS and the GAAPs in their home jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

Modification and waivers of the Conditions by majority Bondholders or the Trustee, which are binding on all Bondholders, may adversely affect Bondholders.

The Trust Deed contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. In addition, an Extraordinary Resolution (as defined in the Trust Deed) in writing signed by or on behalf of the holders of not less than 90% in nominal amount of Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holder of Bonds duly convened and held.

The Conditions also provide that the Issuer may direct the Trustee to effect, without the consent of the Bondholders and subject to the satisfaction of certain conditions, any modification (save for certain reserved matters) to, or any waiver of the Conditions, the Agency Agreement or the Trust Deed, if to do so could not reasonably be expected to be materially prejudicial to the interests of the Bondholders or is in the opinion of the Trustee of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, authorization or waiver shall be binding on all Bondholders.

Exchange rate risks and exchange controls may affect an investor's returns on the Bonds.

We will pay interest, premium and principal on the Bonds in United States dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **"Investor's Currency"**) other than United States dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the United States dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to United States dollar would decrease (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

The Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, the Trustee may (at its sole discretion) request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the Trust Deed and the Conditions and applicable laws and regulations, it will be for the Bondholders to take such actions directly.

The Bonds will initially be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.

The Bonds will initially be represented by the Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, we will discharge our payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. We have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Our public Shareholders may have more difficulty in protecting their interests than they would as a shareholder of a corporation of other jurisdictions.

Our corporate affairs are governed by our Amended and Restated Memorandum and Articles of Association and the Companies Act (2021 Revision) of the Cayman Islands (the “**Companies Act**”) governing Cayman Islands companies. The rights of our Shareholders to bring Shareholders’ suits against our board of Directors under Cayman Islands laws are much more limited than those of the shareholders of corporations of some other jurisdictions. Therefore, our public Shareholders may have more difficulty in protecting their interests in connection with actions taken by our management, members of our board of Directors or Controlling Shareholders than they would as shareholders of corporations of other jurisdictions.

If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, as the case may be, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under our other debt agreements. If any of these events occur, we cannot assure investors that our assets and cash flows would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure investors that it would be on terms that are favorable or acceptable to us.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral

for various types of borrowing and (c) other restrictions apply to its purchase of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

We will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which standards may be different from those applicable to companies in certain other countries.

We will be subject to reporting obligations in respect of the Bonds to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

Bondholders may be subject to tax.

Prospective investors of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the purchase, ownership, disposition or conversion of the Bonds or the Shares. See “Taxation” for a discussion of tax consequences in certain jurisdictions.

The Bonds are redeemable in the event of certain withholding taxes being applicable.

No assurances are made by us as to whether or not payments on the Bonds may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC, the Cayman Islands, Hong Kong or, in each case, any subdivision or authority therein or thereof having power to tax. Although pursuant to the Conditions, we are required to gross up payments in respect of the Bonds on account of any such withholding taxes or deductions, we also have the right to redeem the Bonds at any time in the event we have or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC, the Cayman Islands, Hong Kong or, in each case, any subdivision or authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the PRC, Hong Kong or the Cayman Islands or, in each case, any subdivision or authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 12 January 2021.

Securities laws restrictions on the resale and conversion of the Bonds and the resale of the Shares issuable upon their conversion may impact investors’ ability to sell the Bonds.

We have not registered the Bonds or the Shares issuable upon conversion of the Bonds under the U.S. Securities Act or other securities laws. Unless and until the Bonds and the Shares issuable upon conversion of the Bonds are registered, they may not be offered or sold or resold except in transactions that are exempt from the registration requirements of the U.S. Securities Act and hedging transactions may not be conducted unless in compliance with the U.S. Securities Act. The Bonds and the Shares issuable upon conversion of the Bonds thereof will not be freely tradable absent registration or an exemption from registration.

Investors may face difficulties in protecting their interests because we are incorporated under Cayman Islands law and Cayman Islands law may provide different remedies to minority shareholders when compared with the laws of other jurisdictions.

Subject to the Companies Act and the common law of the Cayman Islands, our corporate affairs are governed by our Amended and Restated Memorandum and Articles of Association. The laws of Cayman Islands relating to the protection of the interests of minority shareholders (including the rights of our Shareholders to bring Shareholders' suits against our board of Directors under Cayman Islands laws) differ in some respects from those established under statutes or judicial precedents in some other jurisdictions. Such differences may mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of other jurisdictions. Therefore, our Shareholders may have more difficulty in protecting their interests in connection with actions taken by our management, members of our board of Directors or Controlling Shareholders than they would as shareholders of corporations of other jurisdictions.

The risks described above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.

The investment referred to in this Offering Circular may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser before making a decision to subscribe for the Bonds.

USE OF PROCEEDS

Our proceeds from this offering will be approximately US\$123,100,000 after deducting underwriting commission and expenses. We will use the net proceeds of this offering for repaying existing borrowings, acquisitions and general corporate purposes.

MARKET PRICE INFORMATION

The Shares have been listed on the Hong Kong Stock Exchange since 28 November 2014. The table below sets forth the closing prices and the quarterly trading volume of the Shares on the Hong Kong Stock Exchange for the periods indicated:

	Closing Share Price			Daily Average Trading Volume of Shares
	High (HK\$)	Low (HK\$)	Average (HK\$)	
2017				
First Quarter	3.19	2.33	2.62	11,235,479
Second Quarter	3.80	2.95	3.32	12,516,915
Third Quarter	4.37	3.08	3.45	11,620,219
Fourth Quarter	4.70	3.90	4.34	10,279,112
2018				
First Quarter	5.49	4.38	4.89	20,979,012
Second Quarter	7.50	5.02	6.35	17,933,786
Third Quarter	7.17	3.50	5.27	24,093,276
Fourth Quarter	4.44	3.09	3.54	16,036,516
2019				
First Quarter	4.02	3.06	3.59	14,744,438
Second Quarter	4.87	2.94	3.51	15,662,906
Third Quarter	3.26	2.28	2.69	11,616,375
Fourth Quarter	3.18	2.25	2.57	12,719,027
2020				
First Quarter	3.33	2.13	2.80	11,094,941
Second Quarter	2.65	2.02	2.21	14,554,685
Third Quarter	3.12	2.30	2.64	15,409,838
Fourth Quarter	2.49	2.02	2.20	10,436,581
2021				
First Quarter (up to 12 January 2021)	2.11	2.01	2.05	14,155,929

Source: Bloomberg

DIVIDENDS

Subject to the Companies Act and our Amended and Restated Memorandum and Articles of Association, we may declare dividends in general meeting but no dividends shall exceed the amount recommended by our board of Directors. Our board of Directors may from time to time pay such interim dividends to the Shareholders as may appear to the board of Directors to be justified by our profits. No dividend shall be paid otherwise than out of our profits and reserves lawfully available for distribution including, with the sanction of a special resolution, out of the share premium account in accordance with the Companies Act. No dividends shall carry interest.

We paid interim and final dividends in aggregate of HK\$9.1 cents per Share and HK\$10.3 cents per Share for the years ended 31 August 2018 and 2019, respectively. We have not declared any interim dividend for the six months ended 29 February 2020 and final dividend in respect of the year ended 31 August 2020.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the actual consolidated indebtedness and capitalisation of the Company as at and for the year ended 31 August 2020 and as adjusted to give effect to the issuance of the Bonds after deducting commissions and expenses relating to this offering payable by the Company.

Investors should read this table in conjunction with the Company's consolidated financial information as at and for the year ended 31 August 2020 included elsewhere in this Offering Circular.

	As of 31 August 2020			
	Actual		As Adjusted for the Offering	
	(RMB in thousands)	(US\$ in thousands) ⁽¹⁾	(RMB in thousands)	(US\$ in thousands) ⁽¹⁾
	(audited)	(unaudited)	(unaudited)	(unaudited)
Debt				
Short-term borrowings	2,303,062	336,341	2,303,062	336,341
Long-term borrowings	1,327,504	193,870	1,327,504	193,870
The Bonds to be issued ⁽²⁾	—	—	842,915	123,100
Total debt	<u>3,630,566</u>	<u>530,211</u>	<u>4,473,481</u>	<u>653,311</u>
Equity				
Share capital	9,309	1,359	9,309	1,359
Reserves	4,517,653	659,762	4,517,653	659,762
Equity attributable to owners of the Company	4,526,962	661,121	4,526,962	661,121
Non-controlling interests	96,673	14,118	96,673	14,118
Total equity	<u>4,623,635</u>	<u>675,240</u>	<u>4,623,635</u>	<u>675,240</u>
Total capitalisation⁽³⁾	<u>8,254,201</u>	<u>1,205,450</u>	<u>9,097,116</u>	<u>1,328,550</u>

Notes:

- (1) Translation of Renminbi amounts to US\$ was made at a rate of RMB6.8474 to US\$1.00 as at 31 August 2020, subject to Note (2) below.
- (2) The Bonds to be issued hereby equals to estimated proceeds after deducting the commissions and expenses in connection with this offering and the translation of US\$ amounts to Renminbi was made at a rate of RMB6.8474 to US\$1.00 as at 31 August 2020.
- (3) Total capitalisation equals the sum of total debt and total equity.

EXCHANGE RATE INFORMATION

PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. The PBOC also takes into account other factors such as general conditions existing in the international foreign exchange markets. On July 21, 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On May 18, 2007, the PBOC enlarged, effective on May 21, 2007, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollars from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollars by up to 0.5% above or below the central parity rate published by the PBOC. On June 20, 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on April 16, 2012, the band was expanded to 1.0%. Such floating band was further enlarged from 1.0 per cent. to 2.0 per cent., effective from March 17, 2014, as announced by the PBOC on March 15, 2014. On August 11, 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider such factor as the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change with respect to primary international currencies. On December 11, 2015, the China Foreign Exchange Trade System, a substitutional organization of the PBOC, published the China Foreign Exchange Trade System Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, so as to guide the market to measure the Renminbi exchange rate from a new perspective. The PRC government may in the future make further adjustments to the exchange rate system.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicates:

Period	Low	Average⁽¹⁾	High	Period End
		<i>(Renminbi per US\$1.00)</i>		
2015	6.1870	6.2869	6.4896	6.4778
2016	6.4480	6.6549	6.9580	6.9430
2017	6.4773	6.7350	6.9575	6.5063
2018	6.2649	6.6292	6.9737	6.8755
2019	6.6822	6.9013	7.1786	6.9618
2020	6.5208	6.8878	7.1681	6.5250
2021				
January (up to 8 January 2021) . . .	6.4550	6.4656	6.4760	6.4750

Note:

- (1) Yearly averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

HONG KONG

HK dollars are freely convertible into other currencies, including the U.S. dollars. Since 1983, the HK dollar has been linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (the “**Basic Law**”), which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of HK dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK\$7.80 to US\$1.00. In May 2005, the Hong Kong Monetary Authority broadened the trading band from the original rate of HK\$7.80 per US\$1.00 to a rate range of HK\$7.75 to HK\$7.85 per US\$1.00. The Hong Kong government has indicated its intention to maintain the link within that rate range. Under the Basic Law, the HK dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the HK dollar will remain freely convertible into other currencies, including the U.S. dollar. However, we cannot assure you that the Hong Kong government will maintain the link within the rate range of HK\$7.75 to HK\$7.85 per US\$1.00, or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in HK dollars as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

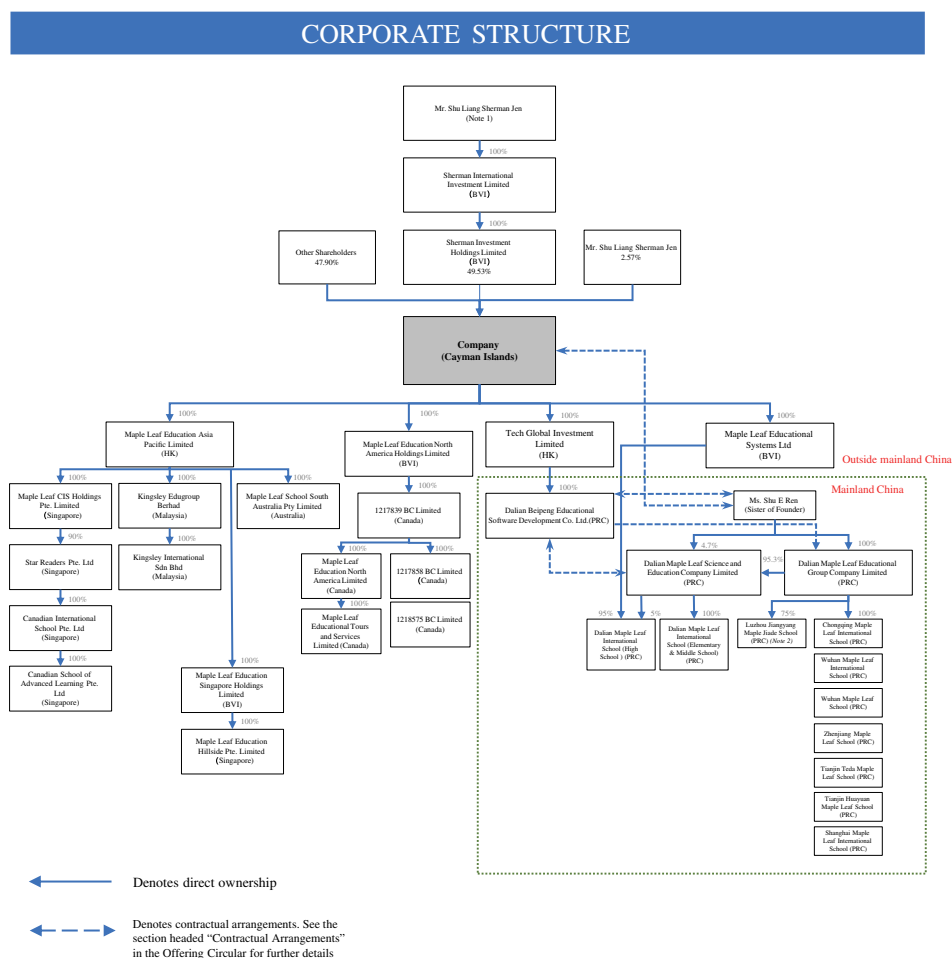
<u>Period</u>	<u>Low</u>	<u>Average⁽¹⁾</u>	<u>High</u>	<u>Period End</u>
		<i>(HK\$ per US\$1.00)</i>		
2015	7.7495	7.7519	7.7686	7.7507
2016	7.7505	7.7618	7.8270	7.7534
2017	7.7540	7.7950	7.8267	7.8128
2018	7.8043	7.8376	7.8499	7.8305
2019	7.7850	7.8344	7.8499	7.7894
2020	7.7498	7.7562	7.7951	7.7534
2021				
January (up to 8 January 2021) . . .	7.7532	7.7538	7.7555	7.7555

Note:

- (1) Yearly averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

CORPORATE STRUCTURE

The following diagram sets out details of our significant subsidiaries as of the date of this Offering Circular:



Note 1: Mr. Jen is the founder of a discretionary trust which owns 100% shareholding in Sherman International Investment Limited, and he can influence how the trustee exercises the discretion.

Note 2: As of the date of this Offering Circular, this school and its sponsor Luzhou Company are involved in a civil litigation with the third party in relation to the sponsor interest in this school. Please refer to “Risk Factors — Risks Relating to Our Business and Our Industry — We are subject to an ongoing claim from the third party relating to our interests in Luzhou School” in this Offering Circular for further details.

OUR BUSINESS

Founded in 1995, the Group is one of the leading international school operators in the PRC by student enrollment. The Group offers high quality and bilingual education to preschool to grade 12 students, by combining the merits of both Western and Chinese educational philosophies in 29 cities in China, Canada, Malaysia, Singapore and Australia.

As at 15 October 2020, the Group had 44,338 students, 3,943 teachers and 114 schools of which 101 are in China, three in Canada, four in Malaysia, five in Singapore and one in Australia, comprising 18 high schools, 29 middle schools, 32 elementary schools, 32 preschools and three foreign nationals schools. Over 90% of our students are local Chinese mainly from middle-class families and the rest are from other countries.

The Maple Leaf Educational Systems has attained Cognia (formerly known as AdvancED) Corporate Systems accreditation and all of its high schools, middle schools, elementary schools and foreign national schools are accredited by Cognia, the largest school accreditation agency in the world. Over the past three years, more than 95% of our high school graduates have received offers from overseas universities and colleges. For the year ended 31 August 2020, more than 79% of the graduates received offers from at least one of the top 100 universities in the world, based on MLES Global Top 100 Universities Guide, including 216 students who have received offers from QS Top 10 universities, including University College London and Imperial College London.

The Group launched the Maple Leaf World School Program, China's first internationally accredited curriculum with self-developed intellectual property, at the commencement of the 2020/2021 school year. The Group's first batch of graduates from the World School Program will receive the Maple Leaf High School Graduation Diplomas in June 2023, endorsed by Cognia.

On 15 December 2020, the Group entered into a cooperation agreement with the People's Government of Longgang District, Shenzhen City in relation to the relocation of the Group's headquarters and the operation and arrangement of a proposed school in Longgang. Please see the paragraph headed "*Recent developments – Relocation of the Group's headquarters*" for more information.

On 11 December 2020, Dalian Maple Leaf Educational Group Company Limited, a consolidated affiliated entity of the Company, entered into a cooperation agreement with the People's Government of Nanjing Lishui in relation to the construction, operation and management of the Maple Leaf Jiangsu education district headquarters and three schools in Lishui Future City. Please see the paragraph headed "*Recent developments – Construction of Maple Leaf Jiangsu education district headquarters*" for more information.

As announced by the Company in the joint-announcement dated 23 July 2020 published on the website of the Hong Kong Stock Exchange, we completed the acquisition of all the ordinary shares of Kingsley Edugroup Limited ("**Kingsley**") and Kingsley became a wholly-owned subsidiary of Maple Leaf Education Asia Pacific Limited. The acquisition of Kingsley would strengthen the brand name of Maple Leaf by increasing the market share of schools and educational institutions run by the Group. After the completion of the acquisition, the Group extended the geographical coverage of its education services to Malaysia. The acquisition of Kingsley also allowed the sharing of resources among the schools under both the Group and Group. The acquisition is also an important milestone for the Company's Sixth Five-Year Plan to further expand its educational network globally. Please see the paragraph headed "*Recent developments – Acquisition of Kingsley*" for more information.

On 19 June 2020, the Company further announced that it has entered into a sale and purchase agreement, pursuant to which a subsidiary of the Company will purchase the entire issued and paid-up share capital of Star Readers Pte. Ltd. ("**Star Readers**"). On 26 August 2020, the subsidiary of the Company successfully

acquired 90% of the issued share capital of Star Readers. The remaining 10% of the issued share capital of Star Readers will be acquired in 2022. Star Readers is the sole shareholder of CIS Pte Ltd, the operator of Canadian International School, a leading private education institution and one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment. Please see the paragraph headed “*Recent developments – Acquisition of Star Readers*” for more information.

OUR COMPETITIVE STRENGTHS

We believe that the following are our key competitive strengths that have contributed significantly to our success and differentiate us from our competitors:

One of the Largest International School Operators in China with Extensive Experience

We are one of the leading international school operators in China, as measured by student enrollment at the end of the 2019/2020 school year. As at 15 October 2020, we operated 114 schools comprising 18 high schools, 29 middle schools, 32 elementary schools, 32 preschools and three foreign national schools in China, Canada, Malaysia, Singapore and Australia. Many of our campuses have capacity to handle substantially more students than our existing student body without the need for significant additional capital expenditure. We believe that our high-quality education and strong reputation have helped us receive local government support while obtaining the requisite licenses and suitable land sites for our campuses. We believe that our unparalleled scale, long-standing accreditations from PRC educational authorities, newly launched Maple Leaf World School Program, established relationships with foreign universities and colleges, high-quality dedicated team of teachers, 25-year operating history, over high school graduate student base and strong brand recognition have provided us with substantial competitive advantages.

Reputable Brand and Pathway into World Class Universities and Colleges

We believe that our “Maple Leaf” brand has achieved a strong reputation in China’s private education sector as a pathway into world class universities and colleges. For the 2017/2018, 2018/2019 and 2019/2020 school years, based on our estimates, approximately 69.0%, 73.3% and 79.0% of our high school graduates, respectively, were admitted to universities in the MLES Global Top 100 University Guide.

We maintain long-term relationships with a significant number of universities and colleges around the world. Various universities and colleges have a memorandum of understanding with us to facilitate the admissions process for our high school graduates. We hold annual college recruitment fairs at our campuses and provide consulting services to assist our students in making informed decisions about the universities and colleges they choose to attend. In addition, we assist our students with respect to admissions, visas and scholarships, preparing them to study abroad. We believe that our services ensure a smooth transition for our students from our high schools to post-secondary educational institutions.

Well-established Bilingual, Dual-curriculum and Dual-diploma Education

In 1998, Dalian Maple Leaf High School became the first high school in the world to be operating as a BC certified school, according to BCMOE. Since then, we have been offering dual-curriculum education at our high schools. We differentiate ourselves from other international schools by providing a Western education, while incorporating the strengths of a Chinese education through offering a concurrent Chinese language curriculum. The reputation of our schools as well-established bilingual, dual-curriculum and dual-diploma educational institutions has allowed us to attract students from a number of countries, including the United States, Canada, South Korea, Mongolia, Kazakhstan, Japan and Russia.

World School Program

We have launched the World School Program in September 2020, which has been developed for five years by Western and Eastern education specialists. We cooperate with two of the world's largest educational institutions, UK NARIC and Cognia. The Company has signed an agreement with UK NARIC in which they have agreed to benchmark the World School Program with the UK A-Level, Canada (BC), and USA (a state of the Company's choice). The Maple Leaf High School Graduation Diplomas will also be endorsed by Cognia. As of November 2020, we have received official support letters from at least 105 universities in 12 countries. Therefore, the World School Program, with the support from UK NARIC and Cognia, can enable Maple Leaf graduates to transition seamlessly into universities across the globe.

Full Range of K-12 Bilingual Education Creating High Business Visibility

We offer a comprehensive education from preschools through high schools with great emphasis on establishing a bilingual learning environment for our students. In addition to our English teachers, we have English-speaking staff who provide our students with additional exposure to the English language. We design our classes according to the specific linguistic needs of the students at each grade level and build their vocabulary as they progress from elementary school to middle school, with the aim of achieving English fluency by high school.

By attracting students at an early age and retaining them within our system as they progress through their education, we create a pipeline of students for our high schools. Our ability to effectively retain students within our school system provides us with a stable and recurring revenue base, and enhances our marketing efficiency by reducing the need for us to recruit students from external sources. Accordingly, we are able to achieve high business visibility on future enrollments and revenue driven by long student tenure, which is further supported by high student retention rates.

Centralized Operation Led by Experienced Management Team

We have a centralized operation led by an experienced management team. Our Founder, Mr. Sherman Jen, established our first school in Dalian in 1994 and has since led us to develop the dual-diploma school model, and successfully execute our strategy to become the leading international school service provider in China. On October 18, 2013, Mr. Jen received the Governor General's Medallion from David Johnston, Governor General of Canada, for his contributions to international education. In October 2014, Mr. Jen received the Chinese Government Friendship Award from the PRC Premier Mr. Li Keqiang and two Vice Premiers, which is the highest honor awarded by the Chinese government to foreign experts for their outstanding contributions to the modernized development of China. Our superintendent global education (other than PRC), Mr. James Beeke, has deep knowledge in the operation of BC high schools and served as a BCMOE's inspector of offshore schools from 1998 to 2005. Mr. Beeke primarily responsible for overseeing the development of the Group's educational programs outside of the PRC.

Mr. Peter Jakob Froese ("**Mr. Froese**") is the superintendent of the Group's BC program in China. He is primarily responsible for the administration of the Group's BC program, including hiring administrative staff and overseeing the educational program for the Group's schools in the PRC. Mr. Froese is currently overseeing the transition from the BC program to the World School Program. Hongge Ren ("**Mr. Ren**"), is the Group's vice superintendent. He is primarily responsible for assisting the superintendent in teaching, researching and promotion of World School Program at home and abroad. We also have a team of seasoned mid-level managers, including headmasters, curriculum chancellors and academic directors, many of whom have extensive experience from the education industry. Some of our mid-level managers served as teachers at our schools before being internally promoted to management level and have in-depth understanding of our corporate culture and management philosophy. We have centralized our management, finance, human resources, and information technology capabilities to efficiently develop and operate multiple schools across

campuses in different cities. We believe that our centralized operations improve our operating efficiency, facilitate our schools' access to financial resources and governmental support, and are essential to our success.

OUR STRATEGIES

Our goal is to maintain and further strengthen our position as the leading international school operator in China and expand our school network to major cities in the PRC and outside of the PRC. We intend to pursue the following growth strategies in the Group's sixth five-year plan from 2020/21 to 2024/25 academic year (the "**Sixth Five-Year Plan**") to achieve our goal as published in the voluntary announcement dated 24 June 2020:

School District Development Strategy

Under the School District Development Strategy, over the next five years the Group intends to establish (i) ten school districts within PRC with a target enrollment of 100,000 students; and (ii) two offshore school districts with a target enrollment of at least 10,000 students. The Group aims to build Maple Leaf World Schools in approximately 50 cities worldwide, with around 150 campuses within and outside of the PRC, and a total target enrollment of around 110,000 students. Implementation of this strategy is expected to enable the Group to become one of the largest international school operators in the global K-12 education sector.

Standard Implementation Strategy

Under the Standard Implementation Strategy, over the next five years the Group intends to fully implement the Maple Leaf World School Program (the "**Maple Leaf World School Program**") and complete its benchmarking against the A-Level and Canadian British Columbia ("**BC**") Programs.

Pursuant to the Maple Leaf World School Program, the Company's high school program in China will be shifting from the BC curriculum to the World School curriculum. The Company's first batch of graduates from the World School Program will receive the Maple Leaf High School Graduation Diplomas in June 2023 endorsed by Cognia, which is the largest school accrediting agency in the world.

EDUCATIONAL PHILOSOPHY

Our fundamental educational philosophy is to combine the strengths of Chinese and Western education systems to provide our students with a bilingual and bi-cultural education. We embrace both the rigorous preparation and thorough practice that are the focus of the Chinese education system and the creative thinking and innovative teaching methods promoted by the Western education system. We emphasize the importance of solid academic performance in core subject areas such as mathematics, science, languages and history, while at the same time encouraging our students to explore individual interests and nurturing student creativity, communication skills, independent thinking and social responsibility, to enable students to thrive in the future.

OUR SCHOOLS

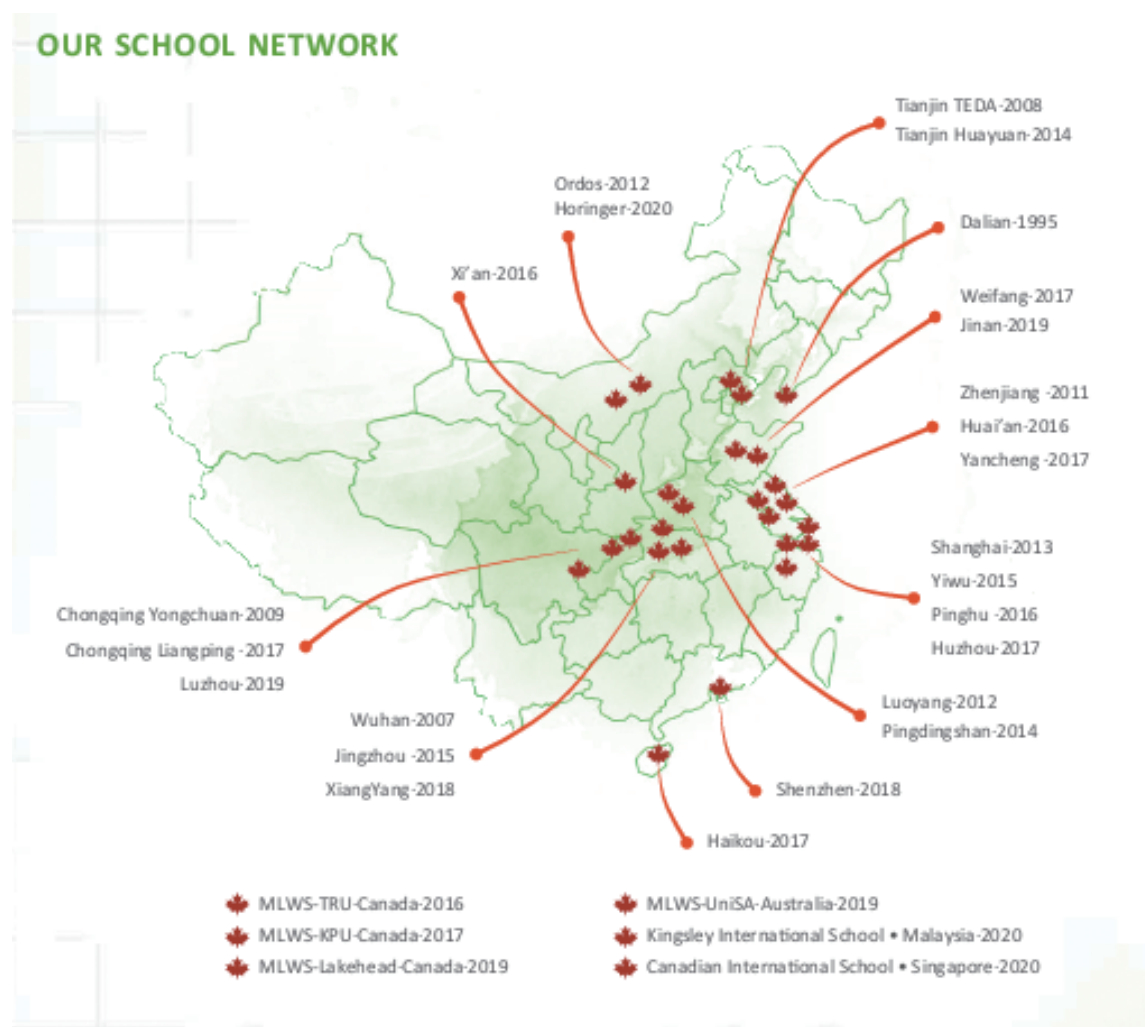
We operate most of our schools under our "Maple Leaf" brand. We have a variety of campus facilities, such as classrooms, administrative offices, staff apartments, laboratories, libraries, dance studios, gymnasiums, auditoriums, dormitories, cafeterias, outdoor playing fields and sport courts. In selecting school locations, we take various factors into consideration, including demographics in neighboring areas, availability of suitable

sites, potential demand, income trends, regional economic conditions, the level of local government support and existing market competition. Our campuses are usually built to accommodate over 2,000 students with expansion possible to more than double that size in some cases.

The following table sets forth the numbers of our schools as of the dates indicated:

	31 August		
	2018	2019	2020
High schools	13	15	18
Middle schools	22	24	28
Elementary schools	24	25	30
Preschools	20	28	30
Foreign national schools	3	3	3
Total	<u>82</u>	<u>95</u>	<u>109</u>

The following map sets forth the geographical location and establishment information about our schools as at 31 August 2020:



Student Enrolment

As at 15 October 2020, we had a total of 44,338 students enrolled in our schools.

	<u>at 15 October 2019</u>	<u>at 15 October 2020</u>
Total number of students enrolled	41,508	44,338

The following table sets forth information concerning the student enrolment as of the end of school year indicated:

	<u>At the end of school year</u>		
	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
High school	8,987	8,155	8,280
Middle school	6,156	8,841	10,121
Elementary school	14,704	18,771	22,074
Preschool	3,264	5,096	4,854
Foreign national school	367	378	275
Total number of students enrolled	<u>33,478</u>	<u>41,241</u>	<u>45,604</u>

Revenue

The following table sets forth our revenues for the years indicated:

	<u>Year ended</u>		
	<u>31 August 2018</u>	<u>31 August 2019</u>	<u>31 August 2020</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tuition and boarding fees			
– High school	531,340	515,737	525,969
– Middle school	190,010	245,381	293,621
– Elementary school	311,981	451,587	483,753
– Preschool	50,438	76,786	48,038
– Foreign national school	24,964	29,026	25,376
Total of tuition and boarding fees	<u>1,108,733</u>	<u>1,318,517</u>	<u>1,376,757</u>
Summer and winter camps	50,672	54,096	3,370
Sales of textbooks	44,161	46,044	49,231
Others	137,701	151,574	99,250
Total revenue	<u>1,341,267</u>	<u>1,570,231</u>	<u>1,528,608</u>

Tuition fees generally include boarding fees. Tuition fees are mainly received prior to the beginning of each school year and are initially recorded as contract liabilities which were recorded as deferred revenue in the previous financial years. Tuition fees received in advance are then recognized as revenue proportionately across the relevant school year. For the 2019/2020 school year, the Group's high schools charged tuition fees ranging between RMB59,000 and RMB170,000.

Revenue from other sources principally comprises revenue derived from self-operated supermarkets selling food and miscellaneous school supplies in our school campuses, sale of school uniforms and provision of other services.

Classes

We restrict classes to a maximum of 30 students, with a few exceptions, which we believe allows our teachers to devote more time and attention to each student, improving student development. We also strive to identify the various learning styles of our students to ensure that each student receives an education tailored to maximize his or her learning potential. We believe all these factors contribute to the high quality of our education and high levels of student and parent satisfaction, which is reflected in our long student tenure and high retention rates.

An important element of our educational services is a bilingual learning environment. A majority of our students are native Chinese speakers and, as such, we have included comprehensive English immersion programs in our school curriculum. In addition to our English teachers, we have English-speaking staff who provide our students with additional English-language exposure. To help students master the English language, we design our classes according to the specific linguistic needs of the students at each grade level, building their English language skills as students progress from elementary school to middle school, with the aim of achieving English fluency by high school. We also offer ESL classes under the language elective program at our high schools, which is mandated under the BC certification requirements for students who require additional help to improve their English proficiency. In addition, we offer Chinese classes to our foreign national students using text books developed by us.

In addition to providing bilingual education, our schools offer courses we instituted under our overarching educational philosophy. As private schools, we have more flexibility in offering courses which are unavailable in public schools in response to popular student or parent demand. These courses, such as calligraphy, dance, debate and music, emphasize creativity, critical thinking and a deeper appreciation of traditional Chinese and Western cultures. Our schools also offer students the opportunity to participate in a variety of after-school programs and club events, including sports and life skills building projects that supplement classroom teaching. This provides our students with opportunities to interact with each other and serve the community.

MAPLE LEAF HIGH SCHOOLS

As of 31 August 2020, we operated 18 high schools. At the end of the 2019/2020 school year, our high schools had a total of approximately 8,280 students.

Our high schools in the PRC are open to PRC citizens and foreign nationals and offer a dual-curriculum program. In order to make students eligible for both BC and PRC high school diplomas, each of our high schools must receive both BC and PRC certifications and obtain approvals from relevant provincial level educational authorities in China for delivering a dual-curriculum and dual-diploma program that enables our students to count the BC courses they take toward the PRC high school diploma. Each of our high schools has obtained PRC certification and the requisite approval from the relevant PRC provincial educational authority.

We have entered into a certification agreement with BC under the BC Global Education Program — Offshore Schools by going through the application process required under the BC Global Education Program. For each application, we presented to the BCMOE our compliance with the application requirements, our financial integrity and successfully passed a pre-certification onsite inspection. Our Dalian Maple Leaf International School (High School), which entered into a certification agreement with BC under

the BC Global Education Program — Offshore Schools in the 1997/1998 school year, was the first offshore school with the authority to offer educational programs at the school leading to British Columbia Certificates of Graduation and served as BC's pilot school for delivering the BC Global Education Program.

We undergo annual inspections from the relevant authorities which ensure that our schools comply with the guidelines provided by such educational authorities. In January 2013, the BCMOE implemented various new requirements for certification application and renewal inspection. We believe that we have taken all the necessary steps to fulfill these new requirements. As of the date of this Offering Circular, we had maintained all the certification status under the British Columbia Global Education Program — Offshore Schools in the annual inspections administered by the International Education Branch of the BCMOE. The annual inspections are mandatory under the BC Global Education Program, looking at various aspects of school operation, such as school facilities, student grades and teaching records.

As schools that have been granted certification status under British Columbia Global Education Program — Offshore Schools, we conduct standardized BC provincial exams at our high schools throughout the school year in accordance with the schedule set by the BCMOE. These exams are marked by the BCMOE as required. We also have an agent who is responsible for contacting the BCMOE, as required by the BC Global Education Program.

Dual-Diploma Curriculum and World School Program

The core component of our business is a dual-curriculum and dual-diploma high school education that enables our high school graduates to receive a fully accredited BC high school diploma and a PRC high school diploma. After the full implementation of World School Program, the BC curriculum will be entirely replaced by the World School curriculum.

The current dual-curriculum we have developed for our high schools consists of two types of subjects — those required under the BC high school system and those required under the PRC high school system. We aim to design our curriculum to have the BC courses and PRC courses supplement one another, combining the strengths of both education systems.

The Company has launched the new Maple Leaf World School Program. Implementation of the World School Program will take place over a 3-year period commencing from September 2020. World School Program has been developed for five years by Eastern and Western education specialists, which meets the high academic and curriculum standards. Pursuant to the World School Program, the Company's high school program in China will be shifting from the BC curriculum to the Maple Leaf World School curriculum. The Company's first batch of graduates from the World School Program will receive the Maple Leaf High School Graduation Diplomas in June 2023, endorsed by Cognia (formerly known as AdvancED), which is the largest school accrediting agency in the world.

Memoranda of Understanding with Universities and Colleges Abroad

We currently have various memoranda of understanding in place with different universities and colleges abroad to facilitate the admissions process for our high school graduates. We believe that each memorandum serves to help the partner university/college appreciate our solid bi-cultural academic program and the high level of our students' English language proficiency and facilitate the early admissions process by encouraging early contacts between our high school students and the university/college. We also believe that these memoranda help overseas universities and colleges familiarize themselves with our schools and accommodate the advantages of recruiting our high school graduates for their entering first-year classes.

Counselors

We have a team of counselors to provide care, support and guidance to our students. Our counselors are teachers that do not instruct, and they work with our students outside of the classroom, overseeing their independent study and their extracurricular activities. Our counselors communicate with BC-certified teachers regarding our students' in-class performance and serve as a bridge between the students and the faculty. Our counselors also take care of our students' daily life issues, resolving disputes between students and acting as liaison between schools and parents. Our counselors play an important role in helping to prepare our students to meet the challenges they will encounter when they enroll into university and college studies overseas.

Academic Advising

We provide academic advice and guidance to our students at each of our high schools. We believe that the success of our students in an overseas undergraduate program requires more than just earning a high school diploma from a Canadian program or getting the right score on an English proficiency test. We believe that success in a university or college takes preparation, understanding and academic development. We employ Canadian academic advisors on each of our high school campuses to meet one-on-one with our students regularly. Our academic advising begins in grade 10, with discussions about student interests and program selection. Our advisors supervise the academic performance of each student, identifying and resolving their concerns. They build strong relationships with our students throughout their high school years through regular discussions and follow-ups concerning their academic performance, grades and course selection. We also conduct surveys to enable our advisors to ensure that our students are aware of the processes and requirements necessary to graduate and receive the BC high school diploma.

Annual University and College Recruitment Fair

As one of the largest international education exhibitions in China, the annual MLES International Education Fair (the “**International Fair**”) is the exchange event tailor-made for Maple Leaf students and parents. The International Fair is the initial window of enabling the dream of Maple Leaf students' to pursue further studies overseas, and is the main showcase platform for universities and colleges to attract Maple Leaf students. In 2005, the first International Fair was successfully held in Dalian with 18 universities and colleges participating. The number of participating institutions has been steadily increasing over the past years.

In November 2020, we added Haikou to the cities where we hold International Fair for the first time, and we opened the International Fair both physically and online to the public for the first time. A total of 110 institutions from 11 countries and regions participated in that International Fair held concurrently in Haikou, Chongqing, Wuhan, Xi'an, Dalian, Tianjin, Zhenjiang and Shanghai, including 37 MLES Global Top 100 Universities, reaching a new record. The total number of participants exceeded 18,000 including students, parents and others. Each year, our Maple Leaf graduates receive multiple offers from colleges and universities in a large part attributable to the International Fair.

MAPLE LEAF MIDDLE SCHOOLS AND ELEMENTARY SCHOOLS

As of 31 August 2020, we operated 28 middle schools and 30 elementary schools. At the end of the 2019/2020 school year, our middle schools had a total of 10,121 students and our elementary schools had a total of 22,074 students.

Our middle schools focus on nurturing positive personal and academic development by guiding our students to acquire good learning skills, good living skills and good personal conduct. We carefully tailor our middle school program in alignment with the World School Program offered in our high schools, with a focus on

the all-around development of students and an emphasis on academic English development. Our middle schools offer the full middle school curriculum required by the PRC compulsory education system as well as English enhancement classes taught by ESL teachers. We believe that our middle school program addresses students' individual needs while setting a solid foundation for their academic development and ensuring smooth transition into our high schools.

Our elementary schools focus on developing a learning environment that leads to a lifelong desire to learn. We believe that our courses represent a combination of the solid academic foundation of the PRC compulsory education curriculum with our outstanding Maple Leaf English curriculum. Our elementary school program implements an active and engaging learning model that includes a focus on the arts and traditional Chinese culture. Our elementary school program provides our students the pathway to succeed through our middle schools and high schools. As our students in grades one to three are too young to fully adapt to the boarding environment, we assign child care supervisors to help them manage their daily life, ensuring that they gradually learn to take care of themselves and at the same time enjoy their time in our elementary school program. As our elementary and middle school course materials must fulfill the strict requirements imposed by the MOE as part of the nine-year compulsory education system, we have carefully designed our supplementary course materials to infuse Western educational philosophy into standard Chinese course offerings. We have developed our own set of supplementary course materials for use in our elementary and middle schools. With the help of various Chinese and Western education experts, we have combined the positive characteristics of Canadian elementary and middle school textbooks while, at the same time, taking into consideration the cultural and educational background of PRC students. We believe these materials are innovative, reader-friendly and content-rich; and they are adopted by our schools to supplement the education materials mandated under the PRC compulsory education system.

We emphasize an English-intensive education system throughout our school network. We have developed our own model for ESL teaching at the elementary and middle school levels and our own textbooks and learning materials, Maple Leaf English and Maple Leaf English for Young Learners. Our ESL model includes the important areas of listening, speaking, reading, writing and grammar. Through our teaching methods and our instructional materials we aim to teach our students to think in English as preparation for learning in English in their studies at our high schools. At the elementary and middle school levels our students take at least 12 English classes each week with half of those taught by native English speakers. Some of our ESL teachers hold education degrees.

MAPLE LEAF PRESCHOOLS

As of 31 August 2020, we operated 30 pre-schools. At the end of the 2019/2020 school year, our preschools had a total of 4,854 students.

Our preschools focus on developing an active and healthy learning environment that helps develop an inquisitive mind and emphasize fun in the process of learning. In our preschools, we blend elements of traditional Chinese culture with western cultural awareness and attempt to immerse our students in the English language at an early age through English classes and activities designed to emphasize early and significant exposure to a bilingual environment. In addition, our preschools are designed to encourage creative thinking, building independent problem-solving skills and instilling confidence in children at an early age.

MAPLE LEAF FOREIGN NATIONAL SCHOOLS

As of 31 August 2020, we operated three foreign national schools. At the end of the 2019/2020 school year, our foreign national schools had a total of approximately 275 students.

We believe that our foreign national schools offer a positive and engaging learning environment in an all-English, Canadian education program. Enrollment at our foreign national schools is open to all students from pre-school through grade nine who are foreign nationals. Our foreign national school program has been granted certification status under the British Columbia Global Education Program — Offshore Schools and all teachers and principals are BC-certified educators. Our foreign national schools offer a diverse environment designed to enrich and support the development of students from international families living in China and students who are about to immigrate to a foreign country.

The core curriculum in our foreign national schools includes math, science, social studies and language arts. In addition to the required second language, students must take courses in applied skills, health, career and personal planning, and fine arts, as well as meet the BC requirement of 30 minutes of physical activity each day. Learning is enhanced by offering small classes with 18 or fewer students, ensuring that each student receives a high level of individual attention. Teachers are also provided with teaching assistants to ensure enhanced learning opportunities for all students.

For some of our foreign national students, English is their second language and Chinese their third. We provide language tutoring for students tailored to their individual needs. Our quality educational program includes both ESL classes to support students who are not native English speakers and daily Chinese classes to help international students develop academic Mandarin proficiency. Our foreign national school students use teaching materials developed by our teachers in the ESL and Chinese classes.

Maple Leaf Schools and Campuses under Development

With an increasing demand of PRC parents for quality international education that paves a pathway to post-secondary educational institutions overseas, we have experienced significant growth and a pressure on certain schools' capacities. As a result, we plan to expand operations in our existing campuses and establish schools in other geographic locations both in and outside of China.

To better identify new locations for the expansion of our schools, we formed a development committee that meets monthly to discuss potential new opportunities. The process we go through in identifying and deciding on a new school location includes ordering and conducting market research, discussing project feasibility, determining target school locations, deciding on whether to build our own schools or find local partners, discussing terms of school setup with any counterparties, signing agreements and appointing an operations team for the new school. Among the various factors we take into consideration in selecting school locations, the expansion potential of a school site is something that we view as a key issue. On some of our existing campuses we reserve undeveloped lands on which we plan to construct various types of facilities to increase the capacity of these campuses. For our recently established campuses, we usually divide the sites into two areas and only complete the construction on one area upon school opening. We will consider commencing construction on the other area following increase in the student enrollment on these campuses.

We also aim to explore opportunities in new geographic locations and gradually expand our operations to more cities in China and abroad. Once we enter into a new geographic market, we first focus on establishing a high school, and gradually build out one or more sets of middle and elementary schools to provide a pipeline of students for our high school. We assign experienced mid-level managers in our established schools, such as headmasters, curriculum chancellors and academic directors, to develop and operate our new schools. We usually transfer BC-certified teachers from our established schools to the new schools and hire other teachers and staff locally.

We have cooperated with third parties, in particular, local governments, to jointly develop new schools. Under the previous cooperation agreements we have entered into, the third parties are responsible for acquiring campus sites and building school premises.

We also plan to carry out most of our future expansion plan under an asset-light approach by partnering with third parties to develop new schools in second and third-tier cities.

After deciding on the location and operating model of a new school, our operations team proceeds to design and construct the school, arrange for the necessary facilities and equipment, obtain the necessary licenses and approvals and formulate an effective teaching plan. The operations team typically consists of a headmaster, an academic director, an English teaching director, and admissions director, a general affairs director and a financial officer. Our marketing team formulates a tailored marketing plan for the school and provides training to our operations team to maximize local promotion and teachers and student recruitment for the school. It typically takes approximately 18 to 24 months for us to proceed from identifying a new school location to admitting our first students on campus.

In addition to expanding our existing campuses and developing new campuses, we also plan to make use of the vacant premises on some of our existing campuses by opening new schools. We opened a high school on our Ji'nan campus and an elementary school on our Dalian Jinshitan campus in September 2020, which we believe will enable us to increase the utilization rates of these two campuses.

OTHER SERVICES

We aim to provide an inclusive system of academic and outreach programs that are designed to work together to provide all of our students with access to a diverse range of experiences, including networking, character development and cultural exploration. We have put in place the following services to encourage and support the success of our students, as well as our innovative English intensive dual-diploma program.

Our revenue for other services is recognized when the related services are rendered. As a result, our revenue from other services is subject to seasonal fluctuations.

Summer and Winter Camps

We believe that one of the greatest challenges for our students is to develop fluency in English, and that our students can learn English more effectively through an educational camp in Canada, Australia or the United States. We therefore have developed partnerships with foreign universities and colleges that tailor programs and activities to improve our students' English communication skills, expand their knowledge and develop a familiarity with university and college environments and western cultural diversity. For our students in grades nine and below we organize English immersion camps overseas in Canada, Australia and the United States. These camps are typically two weeks long and take place on college or university campuses with classes, games and excursions. For our high school students we offer university tour camps that are usually also two weeks long. Participants will visit different universities during the tour. These visits help our student to get a feel for the campuses, talk with admissions officers and spend time with our alumni currently studying at each university.

Through our camps, many students have visited post-secondary institutions in different countries such as Canada, Australia and the United States. We have also added summer camps in South Korea. Some of the university tour camps include a homestay, which allows the participants to get an inside look at Western family dynamics and form supportive friendships while improving English fluency. We send our teachers to escort our students during their tours. By participating in the summer and winter camps, we believe that our students not only broaden their horizons and improve their English, but also clarify their academic goals and enhance their motivation.

Graduation Consulting Center

We have graduation consulting centers and employ a team of graduation consultants. Our graduation centers provide an important link between our students, the universities and colleges they are applying to, and the embassies and consulates issuing student visas. Our on-campus consultants provide confidential services for our students and parents. They assist our high school students with their university and college applications and guide them through the admissions process for overseas post-secondary institutions. Our consultants maintain close relationships with many post-secondary institutions to which our students apply and arrange campus visits and information sessions for college and university representatives to facilitate their meetings with our student applicants. They also provide college/university and career counseling advice to help our students make informed decisions.

In addition, our academic advisors are in contact with admissions officers of overseas post-secondary institutions to which our students apply. They ensure completion of application documents and receipt of reference letters. They also help our students with the immigration process for overseas studies, and provide services such as obtaining visas, scholarships and off-campus housing. We believe that the services of our consultants ensure a smooth transition for our students from our high schools to post-secondary studies. We charge each student a fee based on the scope of consulting services requested by the student and enter into contractual arrangements with individual students and their parents requesting such services.

OUR STUDENTS

We seek students who are broad-minded, eager to embrace cultures and change, and enthusiastic about learning and expanding their academic horizons. For the year ended 31 August 2020, our average tuition fee per student per year was approximately RMB 31,700.

MARKETING AND STUDENT RECRUITMENT

We employ a range of marketing and recruiting methods to attract students and increase enrollment at our schools. Historically, our student enrollment has been driven primarily by word-of-mouth referrals. We believe that one of the best student recruitment tools we have is a strong education program that consistently improves and challenges our students. We believe that parents who are satisfied with our services will naturally express their satisfaction to people around them, who are often have strong interest in sending their children to study overseas as well. Our student enrollment has benefited and will continue to benefit from referrals by our extensive network of students, parents and alumni satisfied with the high-quality education that we offer.

We promote our brand and recruit students through our on-campus student recruitment offices. We also carry out our marketing activities through third-party recruiting agents. These recruiting agents acted as independent contractors on a commission basis to market our schools in various geographic regions, introduce our schools to local parents and recruit new students. Under our agreements with them, each agent is paid a commission for every student who successfully passes through the interview process and enrolls at one of our schools.

We increase the awareness of our “Maple Leaf” brand by inviting our parents, the media, the officials of local educational authorities, the public and sometimes BC government officials to attend our annual university and college recruitment fairs and other on-campus events and communicate with our students and teachers face-to-face. We also plan to utilize new and targeted marketing techniques, such as internet marketing, targeting potential students and their parents and offering individual informational meetings. In addition, we plan to increase our school utilization by providing additional programs such as summer and winter classes at our existing campuses outside regular school hours.

TEACHERS AND TEACHER RECRUITMENT

We believe that our team of dedicated and capable teachers has been crucial to our success. Our BC-certified and other overseas certified teachers form a core group within our teaching staff, allowing us to maintain the quality of our educational services while undergoing expansion. As an operator of private schools, we can provide better incentives to independently recruit qualified teachers who fit our hiring criteria and can thrive in our schools. Teachers are the key to maintaining high-quality educational programs and services as well as maintaining our brand and reputation. Our aim is to continue hiring teachers with a strong command of their respective subject areas who are open to innovative teaching methods.

As of 31 August 2020, we had a team of 3,976 teachers. All of our BC-certified teachers are certified by the BCMOE. They must submit their credentials for evaluation by either of the aforementioned BC certification bodies before becoming BC-certified. All of our courses required for PRC diplomas are taught by PRC-certified teachers in Chinese. Our PRC-certified teachers obtain certification with relevant local educational authorities in China after passing applicable tests. Our ESL teachers are neither PRC-certified nor BC-certified. They hold ESL certificates and train our students to improve their English proficiency.

We seek to employ teachers who have strong commands of the subject areas they teach, sound social and communication skills and who are open to new educational theories and creative teaching methods which we may implement from time to time. Before hiring each teacher, we usually consider his or her transcript, graduation certificate and reference letters as well as his or her performance in the interview. All of our PRC-certified teachers are recruited from within China by each school, and our BC-certified teachers are mainly recruited from Canada through third-party recruiters. Under the World School Program, we also target at recruiting other overseas certified teachers from different countries, which can facilitate the process of recruiting high-quality certified teachers. We also conduct background checks for our candidates during the recruiting process and include the background check results in each candidate's assessment report. Such assessment report will be reviewed by management at both the school level and the group level before a hiring decision is made.

We strive to attract teaching talent for our schools. There are a limited number of teachers with the necessary experience and language proficiency to teach our courses and there are challenges involved in recruiting qualified BC-certified and other overseas certified teachers to live and teach in China. We offer a comprehensive benefits package, including return airfare, children tuition discount and orientation to attract BC-certified and other overseas certified teachers. Our scale also allows us to provide our BC-certified and other overseas certified teachers with the opportunity to work on different campuses within our school network and enjoy diversified experiences and cultural exposure during their stay in China. In addition, we endeavor to help our new BC-certified and other overseas certified teachers to familiarize themselves with the daily life in China. Our employment agreements for BC-certified and other overseas certified teachers have initial terms of two years. After the initial two years, each teacher may extend his or her contract by one year or negotiate and sign another two-year contract with us. We generally enter into a three-year employment contract with these teachers.

We provide orientation for our new BC-certified and other overseas certified teachers which covers logistics of the schools we operate. We also implement ongoing monitoring and evaluation procedures for our teachers. During the school year, we monitor the teaching quality of our teachers and conduct evaluations of our teachers from time to time. Our teachers may meet with experienced staff members as well as each other to discuss ways to improve classroom teaching and student learning.

COMPETITION

The education sector in China is rapidly evolving, highly fragmented and competitive, and we expect competition in this sector to persist and intensify. We face competition in each geographic market in which we operate. In particular, we compete with public schools and other private schools that offer bilingual programs to students. We believe that the principal competitive factors in our relevant markets include the following:

- brand recognition;
- reputation of the BC high school diploma, the BC Global Education Program or BC education as a whole and popularity of the BC high school diploma; and reputation of the World School Program
- popularity of other international high school diplomas;
- foreign universities' level of acceptance/recognition of the BC high school diploma and World School Program diplomas;
- scope and quality of programs, services and product offerings;
- overall student experience;
- ability to effectively market programs, services and products to a broad base of prospective students;
- ability to attract and retain qualified certified teachers; and
- alignment of programs, services and products catering to specific needs of students, parents, educators and employers.

We believe that our primary competitive advantages are our well-known “Maple Leaf” brand, our innovative and inspirational instruction methods and the high quality of our programs, services and products. However, some of our existing and potential competitors may have more resources than we do, and may be able to devote greater resources than we can to the development, promotion and sale of their programs, services and products and respond more quickly than we can to changes in student demands, testing materials, admissions standards, market needs or new technology. In addition, we face competition from a variety of smaller-sized organizations that focus on some of our targeted geographical markets, and they may be able to respond more promptly to changes in student preferences in these markets.

INTELLECTUAL PROPERTY

Given the importance of the “Maple Leaf” brand to our business, our intellectual property is an important element of our business. We had registered various trademark and domain names in the PRC and one trademark in Hong Kong.

We rely on trademarks and other intellectual property laws to protect our intellectual property rights. We send cease-and-desist letters to any instance of copyright infringement when we find where third parties make unauthorized use of our trademarks. The employment agreements with our employees also contain standard provisions for the confidential use of our intellectual properties and provided that we entitled to have the ownership of all the “work for hire” intellectual properties developed by its employees.

Our directors are of the view that we did not suffer any infringement of our intellectual property rights by any third parties as of the date of this offering circular. We also confirm that we did not violate any intellectual property rights of third parties as of the date of this offering circular.

EMPLOYEES

As at 31 August 2020, the Group had 6,781 full-time employees.

The following table sets out the total number of employees by function as of 31 August 2020:

Function	Number of employees
Teachers	3,976
Administrative staff	1,540
Other staff	1,265
Total	6,781

The Group provides external and internal training programs to its employees. The Group participates in various employee benefit plans, including provident fund, housing pension, medical, basic pension and unemployment benefit plans, occupational injury and maternity leave insurance. The Company also has a pre-IPO share option scheme, a post-IPO share option scheme, a share award scheme, an employee share purchase plan and a pension plan set up for its employees and other eligible persons. Salaries and other benefits of the Groups' employees are generally reviewed on a regular basis in accordance with individual qualifications and performance, the financial performance of the Group and the relevant market conditions. Total employee remuneration (including directors' remuneration) for the year ended 31 August 2020 amounted to approximately RMB639.7 million.

CUSTOMERS AND SUPPLIERS

Our customers primarily consist of our students and their parents or other sponsors. We did not have a single customer who accounted for more than 5% of our revenue for each of the financial years ended 31 August 2018, 31 August 2019 and 31 August 2020.

Our suppliers primarily comprise of travel agencies, construction material providers, electronics vendors and technology system vendors. For year ended 31 August 2020, our five largest suppliers in aggregate accounted for approximately 3.04% of our cost of revenue and our largest supplier accounted for approximately 1.02% of our cost of revenue.

PROPERTIES

We own all the land use rights to our campuses in Dalian, Wuhan, Chongqing, Zhenjiang, Shanghai, Jingzhou, Pinghu, Yiwu, Luzhou, and Haikou, which cover all of our schools in operation in these cities, except for our preschools and foreign national schools and all the school premises in those campuses. In addition, we develop certain of our schools in accordance with cooperation agreements with third parties, under which the third parties have agreed to grant us the right to use the campus sites and the school premises.

As of the date of this Offering Circular, we had not obtained all or part of the requisite permits, certificates and approvals for the construction and development, including but not limited to land use right certificates, real property ownership certificate, planning permits, construction permits, certificates for passing environmental assessments, certificates for passing fire control assessments and certificates passing construction completion inspections for some building in our schools while these buildings have been put

into use. For risks and uncertainties associated with our failure to pass these assessments and inspections, see the section headed “Risk Factors — Risks Relating to Our Business and Our Industry — We are subject to extensive governmental approvals and compliance requirements for constructing and developing campuses and school premises” in this Offering Circular.

Our Directors are of the view that, our failure to obtain the aforementioned permits, certificates and approvals for the above school premises, either individually or collectively, is not material to our business operation, because the affected school premises in Dalian have a very small gross floor area.

As of the date of this Offering Circular, we leased certain school premises or other properties for our preschools in Dalian. We have tried to verify the title and certification of each of our leased properties. However, some of the lessors refused to, or were unable to, provide us the valid land use rights certificates or building ownership certificates for the premises they leased to us. As of the date of this Offering Circular, we were unable to determine with complete certainty whether certain lessors hold good title and the right to lease those properties. As of the date of this Offering Circular, we were not aware of any actions, claims or investigations being contemplated by any third party with respect to possible defects in our leased real properties. In addition, we have not registered most of our lease agreements with relevant government authorities. For a description of the risks and uncertainties associated with our leased properties, see the section headed “Risk Factors — Risks Relating to Our Business and Our Industry — Our legal right to lease certain properties could be challenged by property owners or other third parties” in this Offering Circular.

Our Directors are of the view that, these leased properties, either individually or collectively, are not materially adverse to our business operation. Our Directors believe that we would not incur significant expenses if we are required to relocate the affected schools, and that our business operation would not be materially affected by such relocation.

INSURANCE

We maintain various insurance policies to safeguard against risks and unexpected events. We purchased property insurance on the school facilities that we own legal titles to and the insurance policies cover losses due to fire, explosion and a wide range of human accidents. We also maintain school liability insurance for our schools and have procured student safety insurance coverage on behalf of students at our schools. We also provide social security insurance including pension insurance, unemployment insurance, work related injury insurance and medical insurance for our PRC employees. We consider our insurance coverage to be in line with that of other companies of similar size in the same industry in China.

HEALTH AND SAFETY MATTERS

We are dedicated to protecting the health and safety of our students. We have purchased insurance for our students as required under PRC laws and regulations. We also maintain a team of security guards at each of our campuses and require approvals from both counselors and parents before allowing our students to leave our schools.

LICENSES AND PERMITS

We had obtained most of the requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations in China and such licenses, approvals and permits remained in full effect, and no circumstances existed that would render their revocation or cancellation, except that the Dalian Maple Leaf International School (Elementary & Middle School) had not completed the renewal of its Private School Operating License held by after the license had expired in December 2020 as the competent authority suspended the renewal service due to the COVID-19 outbreak. As of the date of this Offering Circular, each of the Group’s schools had passed their respective latest annual inspections.

We are required to renew our licenses and permits from time to time. However, we cannot provide assurance that relevant governmental authorities will not hold up the renewal process at their sole discretion. For risks and uncertainties associated with the Group’s licences, approval and permits, please refer to “Risk Factors-Risks Relating to Our Business and Our Industry-We may not be able to obtain all necessary approvals, licenses and permits and to make all necessary registrations and filings for our education and other services in China.” in this Offering Circular.

LEGAL PROCEEDINGS AND COMPLIANCE

We have not experienced non-compliance of the laws or regulations, which taken as a whole, in the opinion of our directors, are likely to have a material and adverse effect on our business, financial condition or results of operations. We have also not experienced any non-compliance of laws or regulations which, taken as a whole, in the opinion of our directors, reflects negatively on our ability.

From time to time, we are subject to legal proceedings, investigations and claims incidental to the conduct of our business. As a company listed on the Hong Kong Stock Exchange, we are subject to regulation by, among others, the Hong Kong Stock Exchange and the Securities and Futures Commission of Hong Kong.

Except for the litigation relating to consultancy agreement between the Company and Hong Kong Zhixin Financial News Agency Ltd as disclosed in note 43 of the consolidated financial statements in our annual report dated 21 December 2020 and the litigation relating to sponsor interests in Luzhou School as disclosed in “Risk Factors — Risks Relating to Our Business and Our Industry — We are subject to an ongoing claim from the third party relating to our interests in Luzhou School”, we are not involved in any outstanding material legal proceedings or claims or regulatory investigations currently existing or pending against us and are not aware of any such threatened claims or investigations.

RECENT DEVELOPMENTS

Relocation of the Group’s headquarters

On 15 December 2020, the Company announced that the Group has entered into a cooperation agreement with the People’s Government of Longgang District, Shenzhen City (the “**Longgang Government**”) in relation to the relocation of the Group’s headquarters and the operation and arrangement of a proposed school in Longgang. Pursuant to the cooperation agreement, among others, the Longgang Government will provide the Group with land with a term of 30 years and a total site area of approximately 15,000 square metres, support the operation of the “Maple Leaf” branded schools in Longgang District and assist the Group in obtaining preferential treatments and relevant subsidies. It is expected that the proposed school including the headquarters with a gross floor area of approximately 40,000 square metres will open in September 2022 and will provide middle school and elementary school education with a target capacity of approximately 1,500 students in total.

Construction of Maple Leaf Jiangsu education district headquarters

On 11 December 2020, the Company announced that Dalian Maple Leaf Educational Group Company Limited, a consolidated affiliated entity of the Company, entered into a cooperation agreement with the People’s Government of Nanjing Lishui (the “**Nanjing Lishui Government**”) in relation to the construction, operation and management of the Maple Leaf Jiangsu education district headquarters (the “**Jiangsu Headquarters**”) and three schools in Lishui Future City. Pursuant to the cooperation agreement, among others, Nanjing Lishui Property Investment Holding Group Company Limited, a state-owned entity directly held by the Nanjing Lishui Government, will lease a parcel of land of approximately 155,000 square meters to Dalian Maple Leaf Educational Group Company Limited for the construction of the Jiangsu Headquarters

and the three schools with an aggregate gross floor area of 170,000 square meters. The three schools will provide high school, middle school, elementary school and preschool education with a target capacity of approximately 4,320 students in total, which are expected to open in September 2022.

Acquisition of Kingsley

As announced by the Company in the joint-announcement dated 23 July 2020 published on the website of the Hong Kong Stock Exchange, we completed the acquisition of all the ordinary shares of Kingsley and Kingsley has become a wholly-owned subsidiary of Maple Leaf Education Asia Pacific Limited. Kingsley and its subsidiaries are a private education service provider based in Subang Jaya, Selangor, Malaysia which principally offers courses ranging from nursery to A-levels courses primarily based on curriculum developed by University of Cambridge International Examinations and England National Curriculum through the School (K12 services). The acquisition of Kingsley could strengthen the brand name of Maple Leaf by increasing the market share of schools and educational institutions run by the Group. After the completion of the acquisition, the Group could extend the geographical coverage of its education services to Malaysia. The acquisition of Kingsley could also allow the sharing of resources among the schools under both the Group and Group. The acquisition is also an important milestone for the Company's Sixth Five-Year Plan to further expand its educational network globally. Please refer to the announcements, notice and circular of the Company dated 29 January 2020, 19 February 2020, 25 February 2020, 26 February 2020, 28 February 2020, 18 March 2020, 27 May 2020, 22 June 2020, 17 July 2020 and 23 July 2020 for further details.

Acquisition of Star Readers

On 19 June 2020, the Company announced that it has entered into a sale and purchase agreement, pursuant to which a subsidiary of the Company will purchase the entire issued and paid-up share capital of Star Readers. On 26 August 2020, the subsidiary of the Company successfully acquired 90% of the issued share capital of Star Readers. The remaining 10% of the issued share capital of Star Readers will be acquired in 2022. Star Readers is the sole shareholder of CIS Pte Ltd, the operator of Canadian International School, a leading private education institution and one of the largest for-profit premium international schools in Singapore in terms of revenue and student enrolment. Operating under the Canadian International School brand, CIS delivers the International Baccalaureate curriculum to Nursery/Pre-Kindergarten up to grade 12 students, with approximately 3,500 students across two campuses upon acquisition, the Tanjong Katong campus located in eastern portion of the Central Region of Singapore and the Lakeside campus, located in the West Region Singapore and which is undergoing expansion. The acquisition of Star Readers could allow the Group to expand into the attractive international school sector in South East Asia, enhance the Group's market positioning, strengthen the Group's international operations and diversify revenue stream geographically. For the financial information of Star Readers for the three financial years ended 31 December 2017, 2018 and 2019 and three months ended 31 March 2020, please refer to the announcement of the Company dated 30 September 2020. Please refer to the announcements of the Company dated 22 June 2020, 15 July 2020 and 30 September 2020 for further details.

Impact of the outbreak of novel coronavirus (COVID-19)

In early 2020, the global outbreak of COVID-19 has certain impact on the education business of the Group, mainly due to global travel restrictions and various precaution measures undertaken by respective local authorities which inter alia, include closure of campus and delays in school commencement during the outbreaks period. The Group has put in place certain alternative action plans for the students during the campus closure period, which include implementation of online teaching and consultation. The Group applied Canvas online system to optimize the physical experience and quality of lectures in high school. As the mainland epidemic situation gradually improved, all of the Group's schools resumed face-to-face

teaching at the commencement of the 2020/2021 school year. Before the opening of the schools, the Group have thoroughly cleaned and disinfected all campuses and ensured that the supply of various epidemic prevention materials is sufficient to improve campus safety.

Although the Group has taken active measures to minimize the impact of the pandemic, our operations have been affected. During the financial year ended 31 August 2020, our Group refunded approximately RMB38 million tuition and boarding fees in accordance with the requirements of relevant local government authorities. At the same time, the Group's preschool business barely operated in the second half of the school year, and the revenue was reduced by RMB28.7 million compared to the financial year ended 31 August 2019. The Group's non-tuition fee income was significantly impacted. In order to ensure the safety of students, we cancelled the winter and summer camps for the whole year, and the revenue was reduced by RMB50.7 million during the financial year ended 31 August 2020 compared to the same period of 2019. Moreover, due to the closure of the campuses during the pandemic, the service income from other sources was reduced by approximately RMB15 million. Regardless of the impact of the pandemic, the Group's business has achieved a steady growth in 2019/2020 school year as compared to the same period last year.

OUR MANAGEMENT

The following table sets forth certain information with respect to our directors and senior management as of the date of this offering circular.

Name	Role in the Group
Mr. Shu Liang Sherman Jen	Executive Director, Chairman, Chief Executive Officer and President of China Operations
Ms. Jingxia Zhang	Executive Director and Co-Chief Financial Officer
Mr. James William Beeke	Executive Director and Superintendent of Global Education (other than PRC)
Mr. Peter Humphrey Owen	Independent Non-Executive Director
Dr. Alan Shaver	Independent Non-Executive Director
Mr. Lap Tat Arthur Wong	Independent Non-Executive Director
Mr. Yong Tao Li	Co-Chief Financial Officer
Mr. Xiaofeng Cao	Chief Operating Officer
Mr. Peter Jakob Froese	Superintendent (PRC)
Mr. Hongge Ren	Vice Superintendent

EXECUTIVE DIRECTORS

Shu Liang Sherman Jen (“**Mr. Jen**”), aged 66, is our controlling shareholder and founder. Mr. Jen was appointed as a Director in June 2007 and was re-designated as an executive Director and was appointed as chairman of the nomination and corporate governance committee of the Company, both taking effect on 28 November 2014, and is primarily responsible for the overall business and strategy of the Group, including the introduction of the dual diploma school model. He has been the chairman of the Board, CEO of the Company since 2007, and co-chief executive officer (“**Co-CEO**”) since March 2014. Mr. Jen was re-designated as CEO on 15 August 2016 following the resignation of the other Co-CEO and was appointed as the president of China operations on 1 September 2016.

Mr. Jen is also the president of Dalian Maple Leaf International School, a subsidiary of the Company, since 1995, the chairman of Dalian Maple Leaf Educational Group Co., Ltd., a consolidated affiliated entity, since 2003, and the director of Maple Leaf Educational Systems Limited, a subsidiary of the Company, since 1992, Tech Global Investment Limited, a subsidiary of the Company, since 2007, Maple Leaf Education Asia Pacific Limited (formerly known as Hong Kong Maple Leaf Educational Systems Limited), a subsidiary of the Company, since 2009 and Dalian Beipeng Educational Software Development Inc., a subsidiary of the Company, since 2011, Maple Leaf CIS Holdings Pte. Limited, a subsidiary of the Company, since March 2020. Mr. Jen was appointed as the executive director and the chairman of the board of directors of Kingsley, a newly acquired subsidiary of the Company listed on the GEM board of the Stock Exchange (stock code: 8105) on 19 March 2020 and as a director of Kingsley International Sdn. Bhd., an indirect subsidiary of the Company on 30 April 2020. Mr. Jen remains as executive director and chairman of Kingsley after it was delisted on 24 July 2020. Mr. Jen was also appointed as a director of Star Readers, a

subsidiary of the Company and Canadian International School Pte. Ltd., an indirect subsidiary of the Company, both on 26 August 2020. His contributions lead us to become one of the leading international school service providers in China.

Mr. Jen has more than 25 years of experience in the education industry. In 2004, he was selected as one of the most influential figures in the private education industry in China by sohu.com. In 2005, he received the Outstanding Chinese Entrepreneur Award from the Overseas Chinese Affairs Office of the State Council of the PRC. In 2011, he was honoured as one of the “Top Ten Figures of our Time” by a group of media organizations and industry associations. In 2013, he received the Governor General’s Medallion from Mr. David Johnston, Governor General of Canada, for his contributions to international education. In October 2014, he received the Chinese Government Friendship Award from the PRC Premier Mr. Li Keqiang and two Vice Premiers, which is the highest honor awarded by the Chinese government to foreign experts for their outstanding contributions to the modernized development of the PRC. In 2019, he was recognised as one of the “Top 10 Most Influential Education leaders in China” by Knowledge Review, a United Kingdom leading education magazine, and was honorably featured on the cover of the August 2019 edition. Mr. Jen is a resident of Hong Kong. Mr. Jen is not a resident of Canada for Canadian taxation purposes.

Mr. Jen received his Bachelor of Arts degree in English Language and Arts from Beijing Foreign Languages University, PRC in May 1978, his Master of Business Administration by distance learning from the University of Wales, New Port, United Kingdom in September 2005 and an Honorary Doctor of Laws degree (Hon. LL.D) from Royal Roads University in BC, Canada in June 2013.

Jingxia Zhang (“Ms. Zhang”), aged 63, was redesignated from chief financial officer to co-chief financial officer of the Company with effect from 22 June 2020. Ms. Zhang was appointed as a Director in March 2008 and was re-designated as an executive Director taking effect on 28 November 2014. Ms. Zhang joined the Group in April 1995 and is primarily responsible for the overall management and financial operations of the schools in the Group. Ms. Zhang is one of the key members of the management team of the Company and has made important contributions to the Group.

Prior to joining the Group, Ms. Zhang was the director of finance of Jilin Province Dunhua City Pharmaceutical Factory, a Chinese pharmaceutical manufacturer, where Ms. Zhang was responsible for managing its accounts and financial operations. Ms. Zhang has not held any directorship roles in any other listed companies in the last three years.

Ms. Zhang received her Financial Accounting diploma by distance learning from Jilin Accounting School, PRC in July 1991.

James William Beeke (“Mr. Beeke”), aged 70, is our Director and superintendent of global education (other than PRC) of the Group. He was appointed as a Director in April 2014 and was re-designated as an executive Director taking effect on 28 November 2014. Mr. Beeke has been appointed as a member of our remuneration committee with effect from 26 August 2020. Mr. Beeke was also appointed as a director of Canadian International School Pte. Ltd., an indirect subsidiary of the Company, on 26 August 2020. Mr. Beeke previously served as the vice chairman of the Board and the superintendent of the BC Program of the Group from 2005 to 2009 and again from 2014 to 2016. Mr. Beeke was appointed as the superintendent of global education (other than PRC) of the Group and ceased to be the superintendent of BC program of the Group with effect from 15 August 2016. Mr. Beeke is primarily responsible for overseeing the development of the Group’s educational programs outside of the PRC.

Prior to joining the Group, Mr. Beeke was employed by the BC provincial government as deputy inspector, and later, inspector for the Ministry of Education of the BC provincial government from 1996 to 1998 and from 1998 to 2005, respectively. As inspector, he was responsible for the inspection, certification and funding of all independent schools in the province, and developed and directed BC’s Offshore School

Certification Program. Since September 2009, he has been president of Signum International Educational Services Inc., a company which provides educational consultant services to schools in Canada and internationally, where he was responsible for assisting schools with board governance and strategic development planning, performing school reviews, conducting principal evaluations and providing analysis and comparisons of provincial curricula. Mr. Beeke has not held any directorship roles in any other listed companies in the last three years.

Mr. Beeke received his Bachelor of Arts degree and Master of Arts degree from Western Michigan University in Michigan, United States, in December 1971 and August 1973, respectively. He received the Certificate of Qualification from the British Columbia Teachers in June 1991, Certificate of Recognition from the British Columbia Minister of Education in 1991, Certificates of Recognition from the Chinese Consulate (Vancouver, Canada) and from British Columbia Ministry of Education in June 2005 and Certificate of Honorary Award from Liaoning Provincial Government of PRC in 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Peter Humphrey Owen (“Mr. Owen”), aged 73, was appointed as an independent non-executive Director in June 2014, and was appointed as a chairman of our remuneration committee and a member of our audit committee and nomination and corporate governance committee, all taking effect on 28 November 2014. Mr. Owen is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining the Group, Mr. Owen served as the vice chair of the Workers Compensation Review Board of BC in 1986. He subsequently held various positions at the Ministry of Education of the BC provincial government until May 2011, including the positions of director, executive director, and assistant deputy minister, responsible for education related legislation, governance, international education, policy and planning, and a variety of program areas. Mr. Owen has not held any directorship roles in any other listed companies in the last three years.

Mr. Owen received a Bachelor of Arts degree from Simon Fraser University, Canada in May 1976 and a Bachelor of Laws degree (LLB) from the University of British Columbia, Canada in May 1979.

Alan Shaver (“Mr. Shaver”), aged 73 was appointed as an independent non-executive Director and a member of audit committee, remuneration committee and nomination and corporate governance committee, all taking effect from 31 August 2019. Mr. Shaver is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Shaver is a member and the chair of the board of directors of Innovate BC, a BC provincial Crown Agency whose mission is to promote the growth of BC’s high tech economy. Prior to that, he served as the president and vice chancellor of Thompson Rivers University from 2010 to 2018, and served as the vice president academic and provost of Dalhousie University from 2006 to 2010. From 1975 to 2006, Mr. Shaver held various positions in McGill University, including assistant professor, associate professor, professor, chair of the Department of Chemistry, and dean of the Faculty of Science. He also worked at the University of Western Ontario from 1972 to 1975, where he served as a National Research Council Postdoctoral Fellow and Department of Chemistry teaching fellow. Mr. Shaver has not held any directorship roles in any other listed companies in the last three years.

Mr. Shaver completed his Bachelor of Science degree in Carleton University majoring in chemistry in 1969, and obtained his doctorate degree in Organometallic Chemistry at Massachusetts Institute of Technology in 1972.

Lap Tat Arthur Wong (“Mr. Wong”), aged 60, was appointed as an independent non-executive Director in June 2014, and was appointed as the chairman of the audit committee, both taking effect on 28 November 2014. Mr. Wong is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining the Group, from 1982 to 2008, Mr. Wong held various positions in Deloitte Touche Tohmatsu in Hong Kong, San Jose and Beijing, with the latest position as a partner in the Beijing office. He subsequently served as the CFO in the following companies: Asia New-Energy Holdings Pte. Ltd., a manufacturer of fertilizer, chemicals and new energy products, from 2008 to 2009; Nobao Renewable Energy Holding Ltd., a renewable energy company, from March 2010 to November 2010; GreenTree Inns Hotel Management Group, Inc., an economy hotel chain from 2011 to 2012; and Beijing Radio Cultural Transmission Company Limited, a music production and music data management service company, from January 2013 to November 2018.

Mr. Wong previously served as an independent non-executive director at Besunyen Holdings Co Ltd., a herbal tea processing and marketing company listed on the Stock Exchange (stock code: 00926) from July 2010 to April 2014, an independent director of YOU On Demand Holdings Inc, a media company listed on NASDAQ (stock code: YOD) from January 2014 to April 2016, an independent director of Xueda Education Group, a company listed on NYSE (stock code: XUE) from March 2015 to June 2016 and an independent non-executive director and the chairperson of the audit committee of the following listed companies: VisionChina Media, Inc., an out-of-home advertising network company listed on NASDAQ (but this company has been delisted since April 2017) (stock code: VISN) from December 2011 to January 2017; Petro-king Oilfield Services Ltd., a consultancy and oilfield project services company listed on the Stock Exchange (stock code: 02178) from February 2013 to June 2017; Sky Solar Holdings, Ltd., a company listed on NASDAQ (stock code: SKYS) from November 2014 to May 2017; and China Automotive Systems, Inc., an automotive systems and components manufacturer listed on NASDAQ (stock code: CAAS) from May 2012 to July 2019. He currently serves as an independent non-executive director and the chairperson of the audit committee of the following listed companies: Daqo New Energy Corp., a polysilicon manufacturer listed on NYSE (stock code: DQ) since December 2012 and Canadian Solar Inc, a global solar energy provider listed on NASDAQ (stock code: CSIQ) since March 2019 and Tarena International, Inc., an IT professional education services provider listed on NASDAQ (stock code: TEDU) since March 2020.

Mr. Wong received a Higher Diploma in Accountancy from The Hong Kong Polytechnic University in November 1982 and a Bachelor of Science degree in Applied Economics from University of San Francisco in December 1988. He became an associate and subsequently a fellow of the Hong Kong Institute of Certified Public Accountants in 1985 and 1995, respectively. He became a fellow of the Association of Chartered Certified Accountants in 1990 and a member of the American Institute of Certified Public Accountants in 1992.

OUR SENIOR MANAGEMENT

Yong Tao Li (“Mr. Li”), aged 39, was appointed as co-chief financial officer of the Group on 22 July 2020. Mr. Li has extensive experience in financial management, capital market financing, and investor relations. Mr. Li joined the Group in September 2011, and from then until July 2015 served the Group as the senior financial manager, being responsible for financial reporting and management. From August 2015 to July 2017, Mr. Li served the Group as the financial controller and was responsible for overseeing the management of the headquarters’ Finance department. Since August 2017, Mr. Li has served the Group as the chief investment officer, being primarily responsible for overseeing the acquisition of and investment in K12 schools both in Mainland China and overseas, managing cooperative school projects, and arranging bank loans and bond financing. During his time with the Group, Mr. Li has successfully completed several mergers and acquisitions projects and was a key member of the Company’s initial public offering team.

Prior to joining the Group, Mr. Li was a manager in the financial reporting department of Carmanah Technologies Corporation, where he was mainly responsible for financial and tax management. Mr. Li is a Chartered Professional Accountant of Canada and holds a Bachelor of Commerce degree from the University of Victoria, Canada.

Peter Jakob Froese (“Mr. Froese”), aged 69, has been the superintendent of the Group’s BC program in China since 15 August 2018. Mr. Froese is primarily responsible for the administration of the Group’s BC program, including hiring administrative staff and overseeing the educational program for the Group’s schools in the PRC. Mr. Froese is currently overseeing the transition from the BC program to the Maple Leaf World School Program, accredited by COGNIA, the world’s largest school accreditation organization.

Mr. Froese has almost four decades of diverse experience in education in both public and private school systems in Canada, with 35 years in administrative roles. Mr. Froese has taught education courses to prospective teachers in University of Victoria, Canada. He also spent four years in Lahr, West Germany as a teacher and administrator for the children of members of the Canadian Department of National Defence stationed in Europe. Prior to joining our Group, he was the executive director of the Federation of Independent School Associations in British Columbia, representing over 310 independent schools across the province in developing policies for schools and liaising with government.

Mr. Froese earned a Bachelor of Arts degree from the University of Winnipeg, Canada in 1973, a Bachelor of Education from University of British Columbia, Canada in 1975, a Master of Education degree from University of Victoria, Canada in 1990, and a Doctor of Education in Leadership and Policy from University of British Columbia in 2010.

Xiaofeng Cao (“Mr. Cao”), aged 47, was appointed as chief operating officer of the Group on 22 July 2020. Mr. Cao has 20 years of experience in market development and chain operation management and 10 years of experience in head office management in the education industry, thereby having acquired familiarity with the relevant national policies and industry rules. Mr. Cao joined the Group in March 2015 to serve as the vice president until August 2020, and was successively in charge of general affairs, preschool center and marketing management related work. During the time he worked in the Group, Mr. Cao has fully demonstrated his ability to formulate and execute strategies and he is good at target decomposition and process tracking. Also, Mr. Cao has good organization and coordination skills and teamwork spirit.

Prior to joining the Group, Mr. Cao served as the Regional General Manager of Decoration Center of B&Q (China) Investment Co., Ltd., as well as the vice president of Etonkids Educational Group. Mr. Cao received a Bachelor’s degree from Wuhan Textile Engineering Institute in 1995, and has completed a doctor’s degree course in Educational Management at Beijing Normal University in 2014.

Hongge Ren (“Mr. Ren”), aged 36, was appointed as the Group’s vice superintendent in August 2020. He is primarily responsible for assisting the superintendent in teaching, researching and promotion of Maple Leaf World School Program at home and abroad. Mr. Ren has been a vice president of the Group from January 2018 to August 2020. He oversees three departments: Maple Leaf Education Systems Research Institute (“**MLESRI**”), ESL Teaching Centre and Graduation Service Centre. His major projects include research of the Maple Leaf Global Curriculum, promotion of the Belt and Road education program and scholarship programs of the Group. He has also served as principal of MLESRI and vice chairman of the Global Alumni Association of Maple Leaf International Schools since August 2015.

Mr. Ren graduated with a bachelor’s degree in commerce, majoring in entrepreneurship, from the University of Victoria, Canada in 2008 and a master’s degree in education, majoring in technology, innovation and education, from Harvard University in 2013. He received the British Columbia Independent School Teaching Certificate in 2016.

OUR PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding ownership of our outstanding shares as of the date of this Offering Circular by those persons who beneficially owned more than 5% of our outstanding shares and underlying shares, as recorded in the register maintained by us pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the “SFO”).

<u>Name of Shareholder</u>	<u>Capacity</u>	<u>Total interest in Shares and underlying Shares</u>	<u>Approximate percentage of interest in the Company</u>	<u>Long position/ Short position/ Lending pool</u>
Shu Liang Sherman Jen (“Mr. Jen”)	Founder of a discretionary trust who can influence how the trustee exercises his discretion/ Beneficial interest/Interest of spouse	1,560,728,010	52.10%	Long
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	330,000,000	11.02%	Short
Sherman Investment Holdings Limited (“Sherman Investment”) (Note 1)	Beneficial interest	1,483,639,818	49.53%	Long
	Beneficial interest	330,000,000	11.02%	Short
Sherman International Investment Limited (“Sherman Int’l”) (Note 2)	Interest of controlled corporation	1,483,639,818	49.53%	Long
	Interest of controlled corporation	330,000,000	11.02%	Short
HSBC International Trustee Limited (“HSBC Trustee”) (Note 3)	Trustee	1,484,039,818	49.55%	Long
	Trustee	330,000,000	11.02%	Short
Yan Mei Chen Amy (“Ms. Yan”) (Note 4)	Interest of spouse/Beneficial interest	1,560,728,010	52.10%	Long
	Interest of spouse	330,000,000	11.02%	Short

Notes:

- (1) Sherman Investment is indirectly wholly owned by a discretionary trust, Mr. Jen is the founder of the discretionary trust who can influence how the trustee exercises his discretion. Sherman Investment has a direct beneficial interest in 49.53% of the shareholding of the Company.
- (2) Sherman Int'l owns 100% shareholding in Sherman Investment and is therefore deemed to be interested in all the Shares which Sherman Investment is interested by virtue of the SFO.
- (3) HSBC Trustee is the trustee of a discretionary trust, of which Mr. Jen is the founder, owns 100% shareholding in Sherman Int'l and is therefore deemed to be interested in all the Shares which Sherman Int'l is interested by virtue of the SFO.
- (4) Ms. Yan is the spouse of Mr. Jen and, therefore, Ms. Yan is deemed to be interested in all the Shares and underlying Shares in which Mr. Jen is interested or deemed to be interested by virtue of the SFO.

CONTRACTUAL ARRANGEMENTS

CONNECTED TRANSACTIONS

As a listed company on the Hong Kong Stock Exchange, we are subject to the requirements of Chapter 14A of the Listing Rules which require certain “connected transactions” with “connected persons” be approved by the Company’s independent shareholders. Each of our connected transactions disclosed hereunder that constitutes a connected transaction or continuing connected transaction within the meaning of the Listing Rules requiring independent shareholders’ approval has been so approved, or has complied with the relevant requirements under or is otherwise exempted from compliance with Chapter 14A of the Listing Rules, as applicable.

Non-exempt continuing connected transaction

We have entered into a number of continuing agreements and arrangements with our connected persons in our ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules. We set out below details of the continuing connected transactions for our Group.

CONTRACTUAL ARRANGEMENTS

Reasons for the Contractual Arrangement

PRC laws and regulations currently prohibit foreign ownership of elementary and middle schools in China. Furthermore, although PRC laws and regulations allow foreign investment in foreign nationals schools, preschools and high schools, government authorities either impose restrictions in this respect or, as a matter of policy, withhold approval for such ventures altogether. The contractual arrangements among us, Dalian Beipeng Educational Software Development Inc. (“**Beipeng Software**”), our consolidated affiliated entities and shareholders of our consolidated affiliated entities (the “**Contractual Arrangement**”) are therefore necessary to achieve our business objectives, although they have been as narrowly tailored as possible so as to minimize potential conflict with current PRC laws and regulations.

The Contractual Arrangements consist of four types of agreements: (a) the exclusive management consultancy and business cooperation agreements, (b) the exclusive call option agreements, (c) the equity pledge agreements, and (d) the powers of attorney. See the section headed “Contractual Arrangements” on pages 49 to 51 of the 2020 annual report for detailed information about these agreements.

LISTING RULES IMPLICATION

As the Founder is our Controlling Shareholder and our chairman of the Board and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules. The Founder’s sister is the Sister of the Founder and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(2)(a) and 14A.07(4) of the Listing Rules. Dalian Educational Group is wholly owned by the Founder’s Sister and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(2)(b) and 14A.07(4) of the Listing Rules. Dalian Science and Education is 95.3% indirectly owned by the Founder’s Sister via Dalian Educational Group, which she controls, and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(2)(b) and 14A.07(4) of the Listing Rules. Each of Wuhan Foreign School and Dalian Foreign School is wholly owned by the Founder and is therefore an associate of the Founder and our connected person pursuant to Rules 14A.12(1)(c) and 14A.07(4) of the Listing Rules. Accordingly, the Contractual Arrangements constitute connected transactions of the Company under the Listing Rules.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to our Group's legal structure and business operations, that such transactions have been and shall be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Our Directors also believe that our Group's structure whereby the financial results of the consolidated affiliated entities are consolidated into our Group's financial statements as if they were our Group's subsidiaries, and the flow of economic benefits of their business to our Group places our Group in a special position in relation to relevant rules concerning connected transactions under the Listing Rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing agreements to be entered into between the consolidated affiliated entities and any member of our Group ("**New Intergroup Agreements**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administration costs to the Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement and independent shareholders' approval requirements.

WAIVER FROM THE STOCK EXCHANGE AND ANNUAL REVIEW

The Stock Exchange has granted a specific waiver to the Company from strict compliance with the connected transactions requirement of Chapter 14A of the Listing Rules in respect of the Contractual Arrangements, including (i) the announcement and independent Shareholders' approval requirements, (ii) the requirement of setting an annual cap for the fees payable to Beipeng Software under the Contractual Arrangements and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange, subject however to the condition that the Contractual Arrangements subsist and that the consolidated affiliated entities will continue to be consolidated into our Group's financial results as if they were our Group's subsidiaries. If any terms of the Contractual Arrangements are altered or if the Group enters into any new agreements with any connected persons in the future, the Group must fully comply with the relevant requirements under the Listing Rules unless we obtain a separate waiver from the Stock Exchange.

(a) Agreements with Beipeng Software

Pursuant to the exclusive management consultancy and business cooperation agreements (i) Beipeng Software, Dalian Educational Group and any of its subsidiaries and schools and the Founder's Sister entered into on 11 May 2014 and (ii) among Beipeng Software, Wuhan Foreign School, Dalian Foreign School and the Founder entered into on 22 August 2014, each of which superseded all previous agreements among the parties with respect to subject matters thereof, Beipeng Software has the exclusive right to provide, or designate any third party to provide each of the Group's consolidated affiliated entities with intellectual property development and licensing services as well as comprehensive technical and educational consultancy services (the "Services"). Such Services include educational software and course materials, research and development, employee training, technology development, transfer and consulting services, public relation services, market survey, research and consulting services, market development and planning services, human resource and internal information management, network development, upgrade and ordinary maintenance services, sales of proprietary products, and software and trademark and know-how licensing and other additional services as the parties may mutually agree from time to time.

For the year ended 31 August 2020 the Services provided by Beipeng Software to the Dalian Educational Group and its subsidiaries, Wuhan Foreign School and Dalian Foreign School amounted to RMB63 million.

(b) Confirmation from Independent Non-executive Directors

Our Independent Non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried during year ended 31 August 2020 have been entered into in accordance with the relevant provisions of the Contractual Arrangements and that the profit generated by the consolidated affiliated entities has been retained by the Beipeng Software, (ii) no dividends or other distributions have been made by the consolidated affiliated entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended 31 August 2020, (iii) no new contracts were entered into, renewed or reproduced between the Group and the consolidated affiliated entities during the year ended 31 August 2020, and (iv) the Contractual Arrangements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the shareholders as a whole.

(c) Confirmations from the Company's Independent Auditors

The auditors of the Company have confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended 31 August 2020:

1. nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Board; and
2. nothing has come to their attention that causes the auditors to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions;

During the year ended 31 August 2020, no related party transactions disclosed in note 42 to the financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosable requirements set out in Chapter 14A of the Listing Rules.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of US\$125,000,000 in aggregate principal amount of 2.25 per cent. Convertible Bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of China Maple Leaf Educational Systems Limited (the “**Issuer**”) was authorised by resolutions of the board of directors of the Issuer passed on 30 September 2020.

The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) to be dated on or about 27 January 2021 (the “**Issue Date**”) made between the Issuer and Citicorp International Limited as trustee for the holders of the Bonds (the “**Trustee**”, which term shall, where the context so permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Deed) and are subject to a paying, conversion and transfer agency agreement to be dated on or about the Issue Date (as amended and/or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, the Trustee, Citibank, N.A., London Branch, as principal paying agent and principal conversion agent (the “**Principal Agent**”), and the other paying agents, conversion agents and transfer agents appointed under it (each a “**Paying Agent**”, a “**Conversion Agent**” or a “**Transfer Agent**”, respectively), Citigroup Global Markets Europe AG, as registrar (the “**Registrar**”, and together with the Principal Agent, the Paying Agent, the Conversion Agent and the Transfer Agent, the “**Agents**”) relating to the Bonds. The term “**Paying Agents**” includes the Principal Agent and the term “**Conversion Agents**” includes the Principal Agent. References to the “**Principal Agent**”, the “**Registrar**”, the “**Transfer Agent**” and “**Agents**” below are references to the principal agent, the registrar, the transfer agent and agents for the time being for the Bonds. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed.

Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (being at the Issue Date at 20th Floor, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong) and at the specified office for the time being of the Principal Agent following prior written request and satisfactory proof of holding. The Bondholders (as defined in Condition 2(B)) are entitled to the benefit of the Trust Deed, and are bound by, and deemed to have notice of all the provisions of the Trust Deed and those provisions of the Agency Agreement applicable to them.

1. STATUS

The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(A)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(A), at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.

2. FORM, DENOMINATION AND TITLE

(A) Form and Denomination

The Bonds are issued in registered form in the denomination of US\$200,000 each and integral multiples of US\$1,000 (each, an “**Authorised Denomination**”) in excess thereof. A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). The Conditions are modified by certain provisions contained in the Global Certificate.*

Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(B) Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered.

3. TRANSFERS OF BONDS; ISSUE OF CERTIFICATES

(A) Register

The Issuer will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(B) Transfer

Subject to Conditions 3(E) and 3(F) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of either the Registrar or any of the Transfer Agents and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. No transfer of a Bond will be valid or effective unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.

(C) Delivery of New Certificates

Each new Certificate to be issued upon a transfer or conversion of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of the original certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Agent.

*Except in the limited circumstances described herein (see "**The Global Certificate**"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.*

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or the relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of Condition 3 and Condition 6, "**business day**" shall mean a day other than a Saturday, Sunday or public holiday on which banks are open for business in the city in which the specified office of the Registrar and Transfer Agent (if a Certificate is deposited with it in connection with a transfer or conversion) or the Conversion Agent with whom a Certificate is deposited in connection with a transfer, redemption or conversion, is located.

(D) Formalities Free of Charge

Subject to Conditions 3(E) and 3(F), registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any of the Agents may require) in respect of any tax, duties or other governmental charges which may be imposed in relation to such transfer and (ii) the Issuer or the relevant Agent being satisfied that the regulations referred to in Condition 3(F) concerning transfer of Bonds have been complied with.

(E) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to these Conditions; (ii) after a Conversion Notice (as defined in Condition 6(B)(i)) has been delivered with respect to a Bond; (iii) after a Relevant Event Redemption Notice (as defined in Condition 8(E)) has been deposited in respect of such Bond pursuant to Condition 8(E) or after a put notice has been deposited in respect of such Bond pursuant to Condition 8(D); or (iv) during the period of seven days ending on (and including) any date of redemption pursuant to Conditions 8(B) and 8(C). Each such period is a "**Closed Period**".

(F) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. Such regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, and/or by the Registrar, with the prior written approval of the Trustee.

4. COVENANTS

(A) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined below) will, create, permit to subsist or arise or have outstanding, any Encumbrance, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Bonds the same Encumbrance as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as either (i) the Trustee may in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(B) Notification to NDRC

The Issuer undertakes to report to the National Development and Reform Commission of the PRC or its local counterparts (the “**NDRC**”) the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資[2015]2044號)) issued by the NDRC and effective as of 14 September 2015 (the “**NDRC Post-issue Filing**”) in respect of the Bonds within ten Registration Business Days after the Issue Date. The Issuer shall submit the NDRC Post-issue Filing and comply with all applicable PRC laws, rules and regulations in connection with the Bonds (including, but not limited to, any rules and regulations issued by the NDRC from time to time).

(C) Notification of Submission of NDRC Post-issue Filing

The Issuer shall within ten Registration Business Days after submission of the NDRC Post-issue Filing, provide the Trustee with (i) a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory of the Issuer confirming (A) the submission of the NDRC Post-issue Filing and (B) no Relevant Event, Event of Default or Potential Event of Default (each as defined in the Trust Deed) has occurred; (ii) copies of the relevant documents evidencing the NDRC Post-issue Filing (if any), each certified in English by an Authorised Signatory of the Issuer as a true and complete copy of the original; and (iii) an English translation of each confirmation, certificate or other document as is referred to in (ii) above of this Condition 4(C) translated by a professional translation service provider (and the Trustee may rely conclusively without liability to any Bondholder or any other person on any such translation) (the items specified in (i), (ii) and (iii) together, the “**Registration Documents**”). In addition, the Issuer shall, within ten Registration Business Days after submission of the NDRC Post-issue Filing, provide to the Principal Agent for dissemination to the Bondholders in accordance with Condition 17 a notice confirming the submission of the NDRC Post-issue Filing. The Trustee shall have no obligation or duty to monitor or ensure (or

otherwise assist with) the submission of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing and shall not be liable to Bondholders or any other person for not doing so.

(D) Definitions

In these Conditions:

“Encumbrance” means a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other arrangement with similar economic effect.

“PRC” means the People’s Republic of China and, for the purposes of these Conditions, except where the context requires, does not include Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan.

“Principal Subsidiary” means any Subsidiary of the Issuer:

- (i) as to which one or more of the following conditions is satisfied:
 - (a) its revenue or (in the case of a Subsidiary of the Issuer which itself has Subsidiaries) consolidated revenue attributable to the Issuer is at least 5% of the consolidated revenue of the Issuer and its Subsidiaries, including the Issuer and its consolidated Subsidiaries’ share of revenue of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or
 - (b) its gross assets or (in the case of a Subsidiary of the Issuer which itself has Subsidiaries) consolidated gross assets attributable to the Issuer are at least 5% of the sum of (1) the consolidated gross assets of the Issuer and its Subsidiaries, and (2) the Issuer and its consolidated Subsidiaries’ share of the gross assets or (in the case of a Subsidiary of the Issuer which itself has Subsidiaries) consolidated gross assets of each Subsidiary of the Issuer whose accounts are not consolidated with the accounts of the Issuer and after adjustment for minority interests; or
 - (c) its profit after tax or (in the case of a Subsidiary of the Issuer which itself has Subsidiaries) consolidated profit after tax attributable to the Issuer, is at least 5% of the consolidated profit after tax of the Issuer and its Subsidiaries, including the Issuer and its consolidated Subsidiaries’ share of profit after tax of Subsidiaries not consolidated and of associated companies and after adjustments for minority interests, all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) (or, if not available, the latest management accounts) of the Subsidiary of the Issuer and the then latest audited consolidated financial statements of the Issuer,

provided that in relation to paragraphs (a), (b) and (c) above of this definition: (1) in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest relevant audited accounts relate, the reference to the then latest audited accounts for the purposes of the calculation above shall, until audited accounts for the financial period in which the acquisition is made are published, be deemed to be a reference to the accounts adjusted to consolidate the latest audited accounts of the

Subsidiary in the accounts; (2) if, in the case of a Subsidiary of the Issuer which itself has one or more Subsidiaries, no consolidated accounts are prepared and audited, its consolidated revenue, gross assets and profit after tax shall be determined on the basis of pro forma consolidated accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose by the Issuer; (3) if, in the case of a Subsidiary, no accounts are audited, its revenue, gross assets and profit after tax (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and (4) if the accounts of a subsidiary of the Issuer (not being a Subsidiary referred to in proviso (1) above of this definition) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary of the Issuer is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts of the Issuer and its Subsidiaries; or

- (ii) to which is transferred all or substantially all of the assets of a Subsidiary of the Issuer which immediately prior to the transfer was a Principal Subsidiary, provided that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall forthwith cease to be a Principal Subsidiary (notwithstanding paragraph (A) above of this definition) and the Subsidiary of the Issuer to which the assets are so transferred shall become or remain a Principal Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of paragraph (A) above of this definition.

A certificate signed by an Authorised Signatory of the Issuer stating that, in his/her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary of the Issuer, shall, in the absence of manifest error, be conclusive and binding on the Trustee and the Bondholders

“Registration Business Day” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing, the PRC.

“Relevant Indebtedness” means any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money, in each case, issued outside the PRC which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement), but for the avoidance of doubt excluding any bilateral or syndicated loans or similar loan facilities (whether in the PRC or outside the PRC).

Any reference to a **“subsidiary”** or **“Subsidiary”** of any person is to any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest, having ordinary voting power to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the Cayman Islands or Hong Kong laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person as a subsidiary.

5. INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.25 per cent. per annum, payable semi-annually in arrear on 27 January and 27 July in each year (each an “**Interest Payment Date**”).

Each Bond will cease to bear interest (a) (subject to Condition 6(B)(iv)) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined below), or if none, the Issue Date, subject to conversion of the relevant Bonds in accordance with the provisions of Condition 6(B), (b) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of the full amount due is improperly withheld or refused. In such event, it will continue to bear interest at two per cent. per annum above the rate aforesaid (both before and after judgment) up to but excluding whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day which is seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per US\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of 2.25 per cent., the Calculation Amount and the day-count fraction (determined in the same manner as stated above in this Condition 5) for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6. CONVERSION

(A) Conversion Right

- (i) *Conversion Period:* Bondholders have the right to convert their Bonds into Shares (as defined in Condition 6(A)(v)) credited as fully paid at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right**”. Subject to and upon compliance with these Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after 9 March 2021 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the seventh day prior to the Maturity Date (as defined in Condition 8(A) (both days inclusive) (but, except as provided in Condition 6(A)(iv), in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven days (both days inclusive) and in the place aforesaid) prior to the date fixed for redemption thereof or if notice

requiring redemption has been given by the relevant holder of such Bond pursuant to Condition 8(D) or Condition 8(E) then up to the close of business (at the place aforesaid) on the business day prior to the giving of such notice in respect of the Bonds held by such holder of the Bonds (the “**Conversion Period**”).

A Conversion Right may not be exercised (x) in respect of a Bond where the holder shall have exercised its right, by delivering or depositing the relevant notice, to require the Issuer to redeem or repurchase such Bond pursuant to Condition 8(D) or Condition 8(E) or (y) except as provided in Conditions 6(A)(iv), following the giving of notice by the Trustee pursuant to Condition 10.

Notwithstanding the foregoing, if the Conversion Date in respect of a Bond would otherwise fall during a period in which the register of shareholders of the Issuer is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Shares (a “**Book Closure Period**”), such Conversion Date shall be postponed to the first Stock Exchange Business Day (as defined in Condition 6(B)(i)) following the expiry of such Book Closure Period.

If the Conversion Date in respect of the exercise of any Conversion Right is postponed as a result of the foregoing provision to a date that falls after the expiry of the Conversion Period or after the relevant redemption date, such Conversion Date shall be deemed to be the final day of such Conversion Period or the relevant redemption date, as the case may be.

The number of Shares to be issued on the conversion of a Bond will be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the Fixed Exchange Rate (as defined below)) by the Conversion Price in effect on the relevant Conversion Date (both as hereinafter defined). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

“**Fixed Exchange Rate**” means the FX rate (H.K.\$ per U.S.\$1.00) based on Bloomberg’s “BFIX” USDHKD Spot Mid Price as at 12:00 noon (Hong Kong time) on 12 January 2021, being H.K.\$7.7544 per U.S.\$1.00.

- (ii) *Fractions of Shares:* Fractions of Shares will not be issued on the exercise of Conversion Rights and no cash payment or other adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 12 January 2021 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash in U.S. dollars a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(i), as corresponds to any fraction of a Share not issued as a result of such consolidation or re- classification aforesaid if such sum exceeds US\$10.00 (which sum shall be translated into U.S. dollars at the Fixed

Exchange Rate). Any such sum shall be paid not later than five Stock Exchange Business Days (as defined in Condition 6(B)(i)) after the relevant Conversion Date by transfer to an U.S. dollar account maintained by the payee with a bank in New York City, in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

- (iii) *Conversion Price*: The price at which Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$2.5250 per Share, but will be subject to adjustment in the manner provided in Condition 6(C) and Condition 6(D). The conversion ratio (the “**Conversion Ratio**”) is equal to the Calculation Amount divided by the applicable Conversion Price then in effect (translated into U.S. dollars at the Fixed Exchange Rate).
- (iv) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10, or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and the Conversion Notice (as defined in below) are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.
- (v) *Meaning of “Shares”*: As used in these Conditions, the expression “**Shares**” means initially the ordinary shares of par value US\$0.0005 each of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

(B) Conversion Procedure

- (i) *Conversion Notice*: To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours (being 9:00 a.m. to 3:00 p.m., Monday to Friday on which commercial banks are open for business in the city of the Conversion Agent at the specified office of any Conversion Agent a notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from the specified office of the Conversion Agent), together with the relevant Certificate and confirmation that any amounts required to be paid by the Bondholder under Condition 6(B)(ii) have been so paid. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If such delivery is made after the end of normal business hours (being 9:00 a.m. to 3:00 p.m.) or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next business day following such business day. Any Bondholder who deposits a Conversion Notice during a Closed Period will not be permitted to convert the Bonds into Shares (as specified in the Conversion Notice) until the next business day after the end of the Closed Period, which (if all other conditions to the exchange have been fulfilled) will be the Conversion Date for such Bonds notwithstanding that such date may fall outside the Conversion Period. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the Conversion Agent and the relevant Bondholder.

The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(A)(iv)) and will be deemed to be the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any such aforementioned certification or any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. Conversion Rights may only be exercised in respect of an Authorised Denomination. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal. “**Stock Exchange Business Day**” means any day (other than a Saturday, Sunday or public holiday) on which The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) or the Alternative Stock Exchange (as defined in Condition 6(C) below), as the case may be, is open for the business of dealing in securities.

- (ii) *Stamp Duty etc.*: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities any taxes and capital, stamp, issue, documentary and registration and transfer taxes and duties (together, “**Duties**”) arising on conversion (other than any Duties payable in the Cayman Islands and Hong Kong or any other relevant jurisdiction in connection with the creation, issue, offering or sale of the Bonds or the execution or delivery of the Trust Deed and the Agency Agreement and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange on conversion (the “**Issuer Duties**”)) (the “**Taxes**”) and such Bondholder must pay all, if any, taxes arising by reference to any transfer, disposal or deemed disposal of a Bond in connection with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds. The Bondholder must declare in the relevant Conversion Notice that any Taxes (other than the Issuer Duties) payable to the relevant tax authorities pursuant to this Condition 6(B)(ii) have been, or (where permitted by law) will be, paid. Neither the Trustee nor any Agent is under any obligation to determine whether a Bondholder or the Issuer is liable to pay or has paid any Taxes including capital, stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6(B)(ii) or itself to pay any such amounts or any expenses arising on the issue of Shares on conversion of Bonds.

If the Issuer shall fail to pay any Issuer Duties, the relevant holder shall be entitled to tender and pay the same and the Issuer, as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties imposed by the authorities payable in respect thereof.

- (iii) *Registration:* As soon as practicable, and in any event not later than seven Stock Exchange Business Days after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered together with the relevant Certificate and amounts payable by the relevant Bondholder as required by Conditions 6(B)(i) and 6(B)(ii) have been paid, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer's share register in Hong Kong and will, if the relevant Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong (the "CCASS") effective from time to time, take all necessary action to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Issuer's share registrar in Hong Kong (currently Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong) notified to Bondholders in accordance with Condition 17 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion of the Bonds and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

The delivery of the Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated above in this Condition 6(B)(iii) will be deemed to satisfy the Issuer's obligation to pay the principal and premium (if any) on such converted Bonds.

If the Conversion Date in relation to the conversion of any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C) but before the relevant adjustment becomes effective (the "**Relevant Effective Date**") under the relevant Condition (a "**Retroactive Adjustment**"), upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares ("**Additional Shares**") as is, together with Shares to be issued on conversion of the Bond(s), equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date and in such event and in respect of such Additional Shares references in this Condition 6(B)(iii) to the Conversion Date shall be deemed to refer to the Relevant Effective Date (notwithstanding that the Relevant Effective Date falls after the end of the Conversion Period). If the Issuer has elected to pay the converting Bondholder cash in lieu of

Shares pursuant to the Cash Settlement Option (as defined in Condition 6(B)(v)), the number of excess Shares shall be determined by assuming that the Issuer had not elected the Cash Settlement Option. In such case, the Issuer shall satisfy its obligations under this Condition by paying, as soon as practicable and in any event not later than 10 Stock Exchange Business Days after the date of such adjustment of the Conversion Price becoming effective to the converting Bondholder an aggregate amount in U.S. dollars equivalent (which shall be determined using the Prevailing Rate on the Conversion Date) to the product of the Closing Price of any Share and any such additional number of Shares on the date the Issuer would be required to deliver such Shares if the Cash Settlement Option had not been exercised. Such amounts shall be paid by means of transfer to a U.S. dollar account maintained by the payee in accordance with the instructions given by the relevant Bondholder in the relevant Conversion Notice.

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the "**Registration Date**"). The Shares issued upon conversion of the Bonds will be fully-paid and will in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to receive any rights the record date for which precedes the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (or in the event that the Issuer exercises the Cash Settlement Option, if the record date is on or after the Cash Settlement Notice Date (as defined in Condition 6(B)(v)), but before the actual payment date of the Cash Settlement Amount (as defined in Condition 6(B)(v)), (disregarding any Retroactive Adjustment of the Conversion Price referred to in this Condition 6(B)(iii) prior to the time such retroactive adjustment shall have become effective), the Issuer will calculate and pay to the converting Bondholder or his designee an amount in U.S. dollars (the "**Equivalent Amount**") converted at the Prevailing Rate (as defined below) equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid within such time period by transfer to an U.S. dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

- (iv) *Interest Accrual:* If any notice requiring the redemption of any Bonds is given pursuant to Condition 8(B) or Condition 8(C) on or after the fifteenth Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on the Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before

the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Conversion Date; provided that no such interest shall accrue on any Bond in the event that the Shares issued on conversion thereof shall carry an entitlement to receive such dividend or distribution or in the event the Bond carries an entitlement to receive an Equivalent Amount. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

- (v) *Cash Settlement Option:* Notwithstanding the Conversion Right of each Bondholder in respect of each Bond, at any time when the delivery of Shares deliverable upon conversion of the Bond is required to satisfy the Conversion Right in respect of a Conversion Notice, the Issuer shall have the option, in its sole discretion, to pay to the relevant Bondholder an amount of cash equivalent to the Cash Settlement Amount (as defined below) converted at the Prevailing Rate in order to satisfy such Conversion Right in whole or in part (and if in part, the other part shall be satisfied by the delivery of Shares) (the “**Cash Settlement Option**”). In order to exercise the Cash Settlement Option, the Issuer shall provide notice of the exercise of the Cash Settlement Option (the “**Cash Settlement Notice**”) to the relevant Bondholder, the Trustee and the Agents as soon as practicable but no later than the fifth Stock Exchange Business Day following the date of the Conversion Date (the date of such Cash Settlement Notice being the “**Cash Settlement Notice Date**”). The Cash Settlement Notice must specify the number of Shares in respect of which the Issuer will make a cash payment in the manner described in this Condition 6(B)(v). The Issuer shall pay the Cash Settlement Amount no later than two Stock Exchange Business Days after the 20 Stock Exchange Business Day period used to determine the Cash Settlement Amount. The Cash Settlement Amount shall be paid by means of transfer to a U.S. dollar account maintained by the payee in accordance with the instructions given by the relevant Bondholder in the relevant Conversion Notice. If the Issuer exercises its Cash Settlement Option in respect of Bonds held by more than one Bondholder which are to be converted on the same Conversion Date, the Issuer shall make the same proportion of cash and Shares available to such converting Bondholders.

For the purposes of these Conditions:

“**Cash Settlement Amount**” means an amount in U.S. dollars (which shall be determined by the Issuer using the Prevailing Rate on the Cash Settlement Notice Date) equal to the product of (i) the number of Shares otherwise deliverable upon exercise of the Conversion Right in respect of the Bonds to which the Conversion Notice applies and in respect of which the Issuer has elected the Cash Settlement Option and (ii) the arithmetic average of the Volume Weighted Average Price (as defined below) of the Shares for each day during the 20 Stock Exchange Business Days immediately after the Cash Settlement Notice Date. The Issuer shall provide notice of the calculation of the Cash Settlement Amount to the Bondholders, the Trustee and the Agents no later than the first Stock Exchange Business Day after the 20 Stock Exchange Business Day period used to determine the Cash Settlement Amount following the Cash Settlement Notice Date.

“**Volume Weighted Average Price**” means, in relation to a Share for any Stock Exchange Business Day, the order book volume-weighted average price of a Share for such Stock Exchange Business Day appearing on or derived from Bloomberg screen page “1317 HK Equity VAP” (or its successor page) or, if not available on any of such screens, from such other source as shall be determined to be appropriate by an Independent Investment Bank,

provided that for any Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Stock Exchange Business Day on which the same can be so determined.

If the Issuer is at any time otherwise (for any reason whatsoever) unable to issue sufficient Shares in satisfaction of the Conversion Right of any converting Bondholder, the Issuer undertakes to exercise the Cash Settlement Option in full, or to the extent required, to satisfy the Conversion Right of the Bondholder.

(C) Adjustments to Conversion Price

The Conversion Price will be subject to adjustment as follows:

- (1) *Consolidation, Subdivision, Redesignation or Reclassification:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision, redesignation or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (2) *Capitalisation of Profits or Reserves:*

- (i) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares (“**Shareholders**”) by way of capitalisation of profits or reserves (including any share premium account) including, Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price on the date of announcement of the terms of such issue of such Shares exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue;
- B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (3) *Capital Distributions:* If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which the Capital Distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution in Hong Kong dollars attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually paid or made or if a record date is fixed therefor, immediately after such record date. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of "Fair Market Value") be determined as at the date on which the Capital

Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

In making any calculation pursuant to this Condition 6(C)(3), such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event, (c) the modification of any rights to dividends of Shares or (d) any change in the fiscal year of the Issuer.

- (4) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) receivable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (5) *Rights Issues of Other Securities:* If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class by way of rights or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price per Share on the date on which such issue or grant is publicly announced; and

B is the Fair Market Value per Share on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be on the Relevant Stock Exchange. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**”) be determined as at the date on which the terms of such issue or grant are publicly announced, or if later, the first date on which the Fair Market Value of the aggregate rights attributable to the Shares in relation to such issue or grant is capable of being determined as provided herein.

- (6) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(4) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;

B is the number of Shares which the aggregate consideration (if any) receivable for the issue of the maximum number of Shares to be issued or the exercise of such options, warrants or other rights would purchase at such Current Market Price per Share; and

C is the aggregate number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

- (7) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(C)(4), 6(C)(5) or 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries), any other company, person or entity shall issue any securities (other than the Bonds excluding for this purpose any further bonds which may be issued under Condition 15) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price on the date of the first public announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such issue;
- B is the maximum number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities.

Such adjustment shall become effective on the date of issue of such securities.

- (8) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that following such modification the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the Current Market Price on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such modification;
- B is the maximum number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of the right of subscription attached thereto at the modified conversion, exchange or subscription or purchase price or rate but giving credit in such manner as an Independent Investment Bank, considers appropriate (if at all) for any previous adjustment under this Condition 6(C)(8) or Condition 6(C)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (9) *Other Offers to Shareholders:* If and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5), Condition 6(C)(6) or Condition 6(C)(7)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which such issue is publicly announced; and
- B is the Fair Market Value of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**”) be determined as at the date on which the terms of such issue, sale or distribution of securities are first publicly announced or, if later, the first date on which the Fair Market Value of the portion of the aggregate rights attributable to the Shares is capable of being determined as provided herein

- (10) *Other Events*: If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result.

For the purposes of these Conditions:

“Alternative Stock Exchange” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

“Capital Distribution” means, on a per Share basis:

- (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid by way of capitalisation of reserves), but excludes any Scrip Dividend adjusted for under Condition 6(C)(2)(ii)); and
- (ii) any cash dividend or distribution (including without limitation the relevant cash amount of a Scrip Dividend) of any kind by the Issuer for any financial period whenever paid or made and however described,

provided that a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer) shall not constitute a Capital Distribution if the weighted average price or consideration per Share (before expenses) on any one day in respect of such purchases does not exceed the Current Market Price of a Share by more than 5% either (a) on that date, or (b) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (a) or (b), the relevant day is not a Trading Day, the immediately preceding Trading Day. In the event the weighted average price or consideration per Share of such purchase or redemption of Shares does exceed the Current Market Price of a Share by the amount referred to in this paragraph, for the purposes of the adjustment in Condition 6(C)(3), **“Capital Distribution”** shall mean the portion of such weighted average price or consideration per Share which exceeds such amount.

“Closing Price” means, in respect of a Share for any Trading Day, the closing price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such Trading Day.

“Current Market Price” means, in respect of a Share at a particular date, the arithmetic average of the Closing Price for one Share (being a Share carrying a full entitlement to dividends) for the 20 consecutive Trading Days ending on (and including) the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the Closing Price on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the Closing Price on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of that dividend per Share;

and provided further that if the Shares on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the Closing Price on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share.

“Fair Market Value” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, provided that an Independent Investment Bank will not be required to determine the fair market value where (i) the Capital Distribution is paid in cash, in which case the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) any other amounts are paid in cash, in which case the fair market value of such cash amount shall be the amount of cash, and (iii) options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank), in which case the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of 10 trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded. Such amounts, if expressed in a currency other than Hong Kong dollars shall be translated into Hong Kong dollars at the Prevailing Rate on such date. In addition, in the case of proviso (i) and (ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit.

“Independent Investment Bank” means an independent investment bank or independent financial advisor of international repute (acting as an expert) selected by the Issuer and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to appoint an Independent Investment Bank and shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by it.

“Prevailing Rate” means, in respect of any currency on any day, the bid exchange rate between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined.

“Relevant Cash Dividend” means the aggregate cash dividend or distribution declared by the Issuer, including any cash dividend in respect of which there is any Scrip Dividend.

“Relevant Page” means the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, on the relevant Reuters HKDFIX page (or its successor page) or such other information service provider that displays the relevant information.

“Relevant Stock Exchange” means at any time, in respect of the Shares, the Hong Kong Stock Exchange or the Alternative Stock Exchange.

“Scrip Dividend” means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received (and for the avoidance of doubt, to the extent that an adjustment is made under Condition 6(C)(3) in respect of the Relevant Cash Dividend, no adjustment is to be made for the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof for which an adjustment is already made under Condition 6(C)(2)(ii)).

“Trading Day” means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders, the Trustee and the Conversion Agent in accordance with Condition 17 as soon as practicable after the determination thereof.

The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their par value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in the Cayman Islands.

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Conditions 6(C) or Condition 6(D) should be made, and following consultation between the Issuer and an Independent Investment Bank, a written opinion of such Independent Investment Bank in respect thereof shall be conclusive and binding on the Issuer, the Bondholders, the Agents and the Trustee, save in the case of manifest error.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some

modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Issuer or any Subsidiary of the Issuer pursuant to any Employee Share Scheme (as defined in the Trust Deed) (and which Employee Share Scheme is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or, if applicable, the listing rules of an Alternative Stock Exchange), unless any such issuance or other action would result in the total number of Shares which may be issued upon exercise of such Shares or other securities granted during any 12-month period up to and including the date of such issuance or other action representing, in aggregate, over 1 per cent. of the average number of issued and outstanding Shares during such 12-month period (“**Excess Threshold**”), in which case only such portion of the Shares or other securities that exceeds the Excess Threshold shall be taken into account in determining the adjustment of the Conversion Price pursuant to this Condition 6.

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(C)(1) above or where there has been a manifest error in the calculation of the Conversion Price.

Any references herein to the date on which a consideration is “**fixed**” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

References to any issue or offer or grant to Shareholders “**as a class**” or “**by way of rights**” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

Neither the Trustee nor the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure to do so. All adjustments to the Conversion Price under Condition 6(C) shall be determined by the Issuer, and neither the Trustee nor the Agents shall be responsible for calculating or verifying such determinations.

(D) Adjustment Upon Change of Control

If a Change of Control (as defined in Condition 8(E)) shall occur, the Issuer shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) in accordance with Condition 17 within seven days after it becomes aware of such Change of Control (with a copy to the Trustee). Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

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

Where:

“**NCP**” means the new Conversion Price after such adjustment;

“**OCP**” means the Conversion Price in effect before such adjustment on the relevant Conversion Date;

“**CP**” means 25 per cent. expressed as a fraction;

“**c**” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

“**t**” means the number of days from and including the Issue Date to but excluding the Maturity Date, provided that the Conversion Price shall not be reduced pursuant to this Condition 6(D) below the level permitted by applicable laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a Closed Period, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Closed Period.

On the business day immediately following the last day of the Change of Control Conversion Period, the Conversion Price shall be re-adjusted to the Conversion Price in force immediately before the adjustment to the Conversion Price during the Change of Control Conversion Period.

(E) Undertakings

The Issuer has undertaken in the Trust Deed, inter alia, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use its best endeavours (a) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, and if the Issuer is unable to obtain or maintain such listing, to use its best endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Issuer may from time to time determine with the approval of the Trustee and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Shares (as a class) by any of such stock exchange;
- (ii) it will pay the expenses of the issue of, and all expenses of obtaining and maintaining the listing for, Shares arising on conversion of the Bonds (save for any Taxes specified in Condition 6(B)(ii));
- (iii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in

(or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by applicable laws, rules and regulations; and

- (iv) it will use its best endeavours to maintain the listing of the Bonds on the Hong Kong Stock Exchange and if the Issuer is unable to maintain such listing, to use all reasonable endeavours to obtain and maintain a listing for the Bonds on another internationally recognised stock exchange as agreed between the Issuer and the Manager (as defined in the Trust Deed) and notified to the Trustee in writing and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Bonds by any such stock exchange.

In the Trust Deed, the Issuer has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (i) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall, unless the Issuer has elected to exercise the Cash Settlement Option in respect of any conversion of the Bonds, ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (ii) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer, provided always that the Issuer and any of its Subsidiaries and/or affiliates shall not be prohibited from purchasing its Shares to the extent permitted by applicable laws, rules and regulations.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

(F) Notice of Change in Conversion Price

The Issuer shall give notice to the Bondholders, the Trustee and the Principal Agent in accordance with Condition 17 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

7. PAYMENTS

(A) Method of Payment

Payment of principal, premium and interest and any other amount due will be made by transfer to the registered account of the Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Paying Agents.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bonds shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

So long as the Bonds are represented by the Global Certificate, each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

(B) Registered Accounts

For the purposes of this Condition 7, a Bondholder’s registered account means the U.S. dollar account maintained by or on behalf of it, details of which appear on the Register at the close of business on the third business day (as defined below) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

(C) Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(D) Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

(E) Delay In Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so).

(F) Business Day

In this Condition 7, “**business day**” means a day other than a Saturday, Sunday or public holiday on which commercial banks are open for business in New York City, Hong Kong and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

(G) Partial Payment

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

(H) Rounding

When making payments to Bondholders, fractions of one U.S. cent will be rounded to the nearest U.S. cent (half a U.S. cent being rounded upwards).

8. REDEMPTION, PURCHASE AND CANCELLATION

(A) Maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 105.38 per cent. of its principal amount together with accrued and unpaid interest thereon on 27 January 2026 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) or Condition 8(C) below (but without prejudice to Condition 10).

(B) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 17 (which notice shall be irrevocable) on the date specified in the Tax Redemption Notice for redemption (the “**Tax Redemption Date**”) at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date, if immediately prior to the giving of such notice, the Issuer determines and certifies to the Trustee in the certificate referred to in sub-clause (a) of the following paragraph in this Condition 8(B) that, (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the PRC, the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 12 January 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(B), the Issuer shall deliver to the Trustee (a) a certificate signed by an Authorised Signatory of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled to accept and rely upon such certificate and opinion as sufficient evidence thereof, in which event the same shall be conclusive and binding on the Bondholders and the Trustee shall be protected and incur no liability to any Bondholder for or in respect of any action taken, omitted or suffered in reliance upon such certificate and opinion.

Upon the expiry of the Tax Redemption Notice, the Issuer (subject to the following paragraph of this Condition 8(B)) will be bound to redeem the Bonds at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) the Tax Redemption Date.

If the Issuer gives a Tax Redemption Notice, each Bondholder will have the right to elect that his or her Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the

relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction of withholding of the relevant Cayman Islands, PRC or Hong Kong taxation required to be withheld or deducted. To exercise a right pursuant to this Condition 8(B), the relevant Bondholder must deposit a duly completed and signed notice of exercise in the form for the time being currently obtainable from the specified office of any Paying Agent (a “**Bondholder’s Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 15 days prior to the Tax Redemption Date at the specified office of any Paying Agent.

(C) Redemption at the Option of the Issuer

On giving not less than 30 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Bondholders and the Trustee (which notice will be irrevocable), the Issuer may redeem all, but not some only, of the Bonds on the date (the “**Optional Redemption Date**”) specified in the Optional Redemption Notice at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date:

- (i) at any time after 11 February 2024 but no later than seven Hong Kong business days prior to the Maturity Date, provided that the Closing Price of the Shares of the Issuer (translated into U.S. dollars at the Prevailing Rate), for any 20 Trading Days out of the 30 consecutive Trading Days immediately prior to the date upon which notice of such redemption is published, was at least 130 per cent. of the applicable Early Redemption Amount per Calculation Amount divided by the Conversion Ratio in effect on such Trading Day; or
- (ii) at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith).

If there shall occur an event giving rise to a change in the Conversion Price during any such 30 consecutive Trading Day period as is mentioned in Condition 8(C)(i) above, appropriate adjustments for the relevant days shall be made, as determined by an Independent Investment Bank, for the purpose of calculating the Closing Price for such days.

(D) Redemption at the option of the Bondholders

The Issuer will, at the option of the holder of any Bond redeem all or some only of such holder’s Bonds on 27 January 2024 (the “**Put Option Date**”) at 103.12 per cent. of the principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit at the specified office of any Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed not more than 60 days and not less than 30 days prior to the Put Option Date. A put notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Bonds the subject of a put notice on the Put Option Date.

(E) Redemption for Relevant Event

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right, at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Redemption Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Relevant Event Redemption Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17. The "**Relevant Event Redemption Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to Bondholders in accordance with Condition 17 within seven days after it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(E) and shall give brief details of the Relevant Event.

Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur and shall be entitled to assume that no such event has occurred until they have received written notice to the contrary from the Issuer and shall not be liable to the Bondholders or any other person for not doing so. None of the Trustee or the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under this Condition 8(E) and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

A "**Relevant Event**" occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 14 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or
- (ii) when there is a Change of Control; or
- (iii) when less than 25 per cent. of the Issuer's total number of issued Shares are held by the public (as interpreted under LR8.24 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; or
- (iv) when (a) there is any change in or amendment to the laws, regulations and rules of the PRC or the official interpretation or official application thereof (a "**change in law**") that results in (x) the Issuer, its Subsidiaries and its consolidated affiliated entities (collectively, the "**Group**") (as in existence immediately subsequent to such change in law), as a whole, being legally prohibited from operating substantially all of the business operations conducted by the Group (as in existence immediately prior to such change in law) as of the last date of the period described in the Issuer's consolidated financial statements for the most recent fiscal year or half year and (y) the Issuer being

unable to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such change in law) in the same manner as reflected in the Issuer's consolidated financial statements for the most recent fiscal year or half year and (b) the Issuer has not furnished to the Trustee, prior to the date that is 3 months after the date of the change in law, an opinion from an independent financial adviser or an independent legal counsel addressed to the Trustee stating either (x) that the Issuer is able to continue to derive substantially all of the economic benefits from the business operations conducted by the Group (as in existence immediately prior to such change in law), taken as a whole, as reflected in the Issuer's consolidated financial statements for the most recent fiscal year or half year (including after giving effect to any corporate restructuring or reorganisation plan of the Group) or (y) that such change in law would not materially adversely affect the Issuer's ability to make principal and interest payments on the Bonds when due or to convert the Bonds in accordance with these Conditions.

For the purposes of this Condition 8(E):

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For the purposes of this definition, the term "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise;

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter;

a **"Change of Control"** means the occurrence of one or more of the following events:

- (i) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person or Persons, acting together, except where the Permitted Holders control more than 50 per cent. of the total voting power of the Voting Stock of such Person(s); or
- (ii) the Permitted Holders are collectively the beneficial owners of less than 35 per cent. of the total voting power of the Voting Stock of the Issuer; or
- (iii) any Person or group is or becomes the beneficial owner, directly or indirectly, of total voting power of the Voting Stock of the Issuer greater than such total voting power held beneficially by the Permitted Holders;

"Permitted Holders" means any or all of the following:

- (i) Shu Liang Sherman Jen; and
- (ii) any Affiliate of the Person specified in paragraph (i) above; and
- (iii) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80 per cent. or more by one or more of the Permitted Holders specified above;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity); and

“**Voting Stock**” means, with respect to any person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

(F) Purchase

The Issuer or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

(G) Cancellation

All Bonds which are redeemed, converted or purchased by the Issuer or any of its Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

(H) Redemption Notices and Multiple Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 8 will be irrevocable and will specify (i) the Conversion Price as at the date of the relevant notice, (ii) the Conversion Period, (iii) the Closing Price and the Current Market Price of the Shares as at the latest practicable date prior to the publication of the notice, (iv) the applicable Early Redemption Amount and accrued interest payable, (v) the date for redemption, (vi) the manner in which redemption will be effected; (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice and (viii) such other information as the Trustee may require.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions.

(I) Early Redemption Amount

For the purposes of these Conditions, “**Early Redemption Amount**” of a Bond, for each US\$1,000 principal amount, is the amount determined to represent for the Bondholder on the relevant date for determination of the Early Redemption Amount (the “**Determination Date**”) a gross yield of 3.25 per cent. per annum calculated on a semi-annual basis.

The applicable Early Redemption Amount for each US\$1,000 principal amount is calculated in accordance with the following formula, rounded (if necessary) to four decimal places with 0.00005 being rounded upwards (provided that if the date fixed for redemption is an Semi-Annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-Annual Date):

$$\text{Early Redemption Amount} = \text{Previous Redemption Amount} \times (1 + r/2)^{d/p} - AI$$

where:

Previous Redemption Amount = the Early Redemption Amount for each US\$1,000 principal amount on the Semi-Annual Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to 27 July 2021, US\$1,000):

Semi-Annual Date	Early Redemption Amount
	(US\$)
27 July 2021	1,005.0000
27 January 2022	1,010.0813
27 July 2022	1,015.2451
27 January 2023	1,020.4928
27 July 2023	1,025.8258
27 January 2024	1,031.2455
27 July 2024	1,036.7532
27 January 2025	1,042.3505
27 July 2025	1,048.0387

r = 3.25 per cent. expressed as a fraction.

d = number of days from and including the immediately preceding Semi-Annual Date (or if the Bonds are to be redeemed on or before 27 July 2021, from and including the Issue Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

p = 180

AI = the accrued interest on a Bond determined in accordance with and pursuant to Condition 5 on each US\$1,000 principal amount from and including the immediately preceding Semi-Annual Date (or if the Determination Date is before 27 July 2021, from and including the Issue Date) to but excluding the Determination Date, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

9. TAXATION

All payments of principal and interest made by or on behalf of the Issuer under or in respect of the Bonds, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, the PRC or Hong Kong or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

Where such withholding or deduction is made by the Issuer by or within the PRC up to and including the aggregate rate applicable on 12 January 2021 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate or (ii) by or within the Cayman Islands or Hong Kong, the Issuer shall pay such additional amounts (the “**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

- (i) *Other connection:* to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Cayman Islands, the PRC, or as the case may be, Hong Kong otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
- (ii) *Presentation more than 30 days after the relevant date:* (in the case of a payment of principal or premium (if any)) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

For the purposes hereof, “**relevant date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 9 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 8(B).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment.

10. EVENTS OF DEFAULT

(A) Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in any such case to being indemnified and/or secured and/or prefunded by the holders to its satisfaction), give written notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at the Early

Redemption Amount together with interest accrued but unpaid to (but excluding) the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if:

- (i) *Non-Payment*: a default is made in the payment of any principal, interest, premium (if any) or any Cash Settlement Amount (if applicable) due in respect of the Bonds and, in the case of a failure to pay interest or the Cash Settlement Amount, such failure continues for a period of three business days (as defined in Condition 7(F));
- (ii) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if capable of remedy, is not remedied within 14 business days after (as defined in Condition 7(F)) written notice of such default shall have been given to the Issuer by the Trustee;
- (iii) *Failure to deliver Shares*: any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following conversion of Bonds, unless the Issuer has elected the Cash Settlement Option;
- (iv) *Insolvency*: the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries; an administrator or liquidator of the Issuer or any of its Principal Subsidiaries or the whole or any material part of the assets and turnover of the Issuer or any of its Principal Subsidiaries is appointed (or application for any such appointment is made), provided that, if one or more of such events mentioned in this Condition 10(A)(iv) have occurred with respect to one or more Principal Subsidiaries, an Event of Default shall only occur under this Condition 10(A)(iv) if the total assets of such Principal Subsidiaries attributable to the Issuer are at least 7% of the Consolidated Total Assets of the Issuer;
- (v) *Cross-Acceleration*: (a) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(v) have occurred equals or exceeds US\$20,000,000 or its equivalent (as determined on the basis of the prevailing rate) in any other currency on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity;

- (vi) *Enforcement Proceedings:* a distress, attachment, execution, seizure or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or turnover of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 21 days, provided that, if one or more of such events mentioned in this Condition 10(A)(vi) have occurred with respect to one or more Principal Subsidiaries, an Event of Default shall only occur under this Condition 10(A)(vi) if the total assets of such Principal Subsidiaries attributable to the Issuer are at least 7% of the Consolidated Total Assets of the Issuer;
- (vii) *Winding-up:* an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Principal Subsidiaries (except for a members' voluntary solvent winding up of a Subsidiary); or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations (other than the occurrence of an event set out in item (iv) of the definition of Relevant Event), provided that, if one or more of such events mentioned in this Condition 10(A)(vii) have occurred with respect to one or more Principal Subsidiaries, an Event of Default shall only occur under this Condition 10(A)(vii) if the total assets of such Principal Subsidiaries attributable to the Issuer are at least 7% of the Consolidated Total Assets of the Issuer, and in any case, no Event of Default shall occur under this Condition 10(A)(vii) if such event mentioned in this Condition 10(A)(vii) is for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries;
- (viii) *Security Enforced:* any Encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries in an aggregate amount equals or exceeds US\$20,000,000 or its equivalent (as determined on the basis of the prevailing rate) in any other currency becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (ix) *Nationalisation:* any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries, provided that, if one or more of such events mentioned in this Condition 10(A)(ix) have occurred with respect to one or more Principal Subsidiaries, an Event of Default shall only occur under this Condition 10(A)(ix) if the total assets of such Principal Subsidiaries attributable to the Issuer are at least 7% of the Consolidated Total Assets of the Issuer;
- (x) *Authorisation and Consents:* any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Trust Deed and the Agency Agreement, (b) to ensure that those obligations are legally binding and enforceable and (c) to make the Bonds, the Trust Deed and the Agency Agreement admissible in evidence in the courts of the Cayman Islands or Hong Kong is not taken, fulfilled or done;

- (xi) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed or the Agency Agreement; and
- (xii) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(A)(iv) to 10(A)(ix) (all inclusive).

Neither the Trustee nor any Agent shall be required to take any steps to ascertain whether an Event of Default has occurred and shall not be responsible or liable to the Bondholders, the Issuer or any other person for any loss arising from any failure to do so.

In this Condition 10(A), “**Consolidated Total Assets**” means the consolidated total assets of the Issuer as shown in the consolidated financial statements of the Issuer for the most recent fiscal year or half year.

(B) Default Cure Amount

If the Bonds have become due and payable pursuant to Condition 10(A), notwithstanding Condition 6(A) and receipt of any payment after the acceleration of the Bonds and provided that no Conversion Notice has been delivered pursuant to Condition 6(A)(ii), a Bondholder may exercise its Conversion Right in accordance with this Condition 10(B) by depositing a Conversion Notice (unless with respect to Condition 10(A)(iii) a Conversion Notice has already been deposited in which case further deposit will not be required) with a Conversion Agent during the period from and including the date of an acceleration notice with respect to an event specified in Condition 10(A) (at which time the Issuer will notify the Bondholders of the number of Shares per Bond to be delivered upon conversion, assuming all the then outstanding Bonds are converted) to and including the 30th business day after such payment.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10(B), or if an Event of Default has occurred pursuant to Condition 10(A)(iii), the Issuer shall at the option of the converting Bondholder (notice of exercise of such option to be delivered to the Conversion Agent in writing) in lieu of delivery of the relevant Shares pay to such Bondholder an amount in U.S. dollars (converted from Hong Kong dollars at the Prevailing Rate) (the “**Default Cure Amount**”), equal to the product of (i) (a) the number of Shares that are required to be delivered by the Issuer to satisfy the Conversion Right in relation to such converting Bondholder minus (b) the number of Shares that are actually delivered by the Issuer pursuant to such Bondholders’ Conversion Notice and (ii) the Current Market Price of the Shares on the Conversion Date; provided that if such Bondholder has received any payment under the Bonds pursuant to this Condition 10(B), the amount of such payment shall be deducted from the Default Cure Amount. Payment of the Default Cure Amount shall be paid to the converting Bondholder on the third Business Day following the date on which notice of exercise of the option to receive the Default Cure Amount is delivered.

11. PRESCRIPTION

Claims against the Issuer in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal and premium (if any)) and five years (in the case of interest) from the relevant date (as defined in Condition 8) in respect thereof.

12. ENFORCEMENT

The Trustee may, at any time, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

13. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

(A) Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions, the Bonds or the provisions of the Trust Deed. Such a meeting may be convened at any time by the Issuer or the Trustee, and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against any costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to modify the circumstances in which the Issuer or the Bondholders are entitled to redeem the Bonds pursuant to Condition 8(B), Condition 8(C) and Condition 8(E); (ii) to reduce or cancel the amount of principal, default interest, interest, the Equivalent Amount or the Early Redemption Amount payable in respect of the Bonds or changing the method of calculation of default interest and interest (iii) to change the currency of denomination or payment of the Bonds, (iv) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution or sign a resolution in writing, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned such meeting not less than 33 per cent., in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they were present at the meeting at which such resolution was passed.

The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds for the time being outstanding or by way of electronic consent through Euroclear Bank SA/NV and Clearstream Banking S.A. (in a form satisfactory to the Trustee) by or on behalf of holders of not less than 90 per cent. of the aggregate principal amount of the Bonds for the time being outstanding, shall in each case be as valid and effective as a duly passed Extraordinary Resolution.

(B) Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in the Trust Deed) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, these Conditions, the Agency Agreement or the Trust Deed which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders or (ii) any other modification to the Bonds, these Conditions, the Agency Agreement or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modification, waiver or authorisation will be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 17.

(C) Interests of Bondholders

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(D) Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee, the Issuer and/or any other person in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 13(A) or a modification, waiver or authorisation in accordance with Condition 13(B), the Issuer will procure that the Bondholders be notified in accordance with Condition 17.

14. REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Transfer Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity and/or security as the Issuer, the Registrar and/or such Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them and the timing for the making of the NDRC Post-issue Filing) and so that such further issue shall be consolidated and form a single series with the Bonds. The Issuer may from time to time create and issue other series of bonds having the benefit of the Trust Deed, provided that such supplemental documents are executed and further opinion are obtained as the Trustee may require, as further set out in the Trust Deed.

16. CURRENCY INDEMNITY

(A) Currency of Account and Payment

U.S. dollars (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds and the Trust Deed, including damages.

(B) Extent of Discharge

An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise), by the Trustee or any Bondholder in respect of any sum expressed to be due to it from the Issuer will only discharge the Issuer to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

(C) Indemnity

If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Bonds or the Trust Deed, the Issuer will indemnify the recipient against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient against the cost of making any such purchase.

(D) Indemnity Separate

The indemnity in this Condition 16 constitutes a separate and independent obligation from the other obligations under the Bonds and the Trust Deed, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and/or any Bondholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Bonds and/or the Trust Deed or any other judgment or order.

17. NOTICES

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal). Any such notice shall be deemed to have been given on the later of the date(s) of such publication(s) and the seventh day after being so mailed, as the case may be.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by these Conditions.

18. AGENTS

The names of the initial Agents and their specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents. The Issuer will at all times maintain (a) a Principal Agent, and (b) a Registrar which will maintain the Register outside Hong Kong and the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders and in any event not less than 14 days' notice will be given.

19. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related (directly or indirectly) to the Issuer without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible or liable for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate or any advice or opinion of or from any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or

otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, advice or opinion and, in such event, such report, confirmation, certificate, advice or opinion shall be binding on the Issuer and the Bondholders.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except to the extent expressly provided for.

21. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(A) Governing Law

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(B) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with the Bonds and/or the Trust Deed (“**Proceedings**”) shall be brought in such courts. Pursuant to the Trust Deed, each of the Issuer and the Trustee has irrevocably submitted to the jurisdiction of such courts.

(C) Agent for Service of Process

Pursuant to the Trust Deed, the Issuer has agreed to receive service of process in any Proceedings in Hong Kong based on any of the Bonds at its business address in Hong Kong, currently at Room 1302, 13/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

(D) Waiver of Immunity

The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions:

The Bonds in respect of which the Global Certificate is issued are in registered form.

Under the Global Certificate, the Issuer will certify that Citivic Nominees Limited (the “**Registered Holder**”) as nominee of the Common Depository for Euroclear and Clearstream is, at the date of the Global Certificate, entered in the register of Bondholders as the holder of Bonds.

The Issuer, for value received, promises to pay to the Registered Holder of the Bonds in respect of which the Global Certificate is issued (subject to surrender of this Global Certificate if no further payment falls due in respect of such Bonds) such amount or amounts as shall become due in respect of such Bonds and otherwise to comply with the Trust Deed and the Terms and Conditions of the Bonds.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates (“**Definitive Certificates**”) if either Euroclear or Clearstream (or any other clearing system (an “**Alternative Clearing System**”) as shall have been designated by the Issuer and approved by the Trustee on behalf of which the Bonds evidenced by the Global Certificate may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In such circumstances, the Issuer at its own expense will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Under the Global Certificate, (a) the holder of the Bonds represented by the Global Certificate is bound by all the provisions of the Trust Deed and those provisions applicable to it of the Agency Agreement, (b) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Bonds represented by the Global Certificate, (c) the Global Certificate is evidence of entitlement only, (d) title to the Bonds represented by the Global Certificate passes only on due registration on the Register, and only the holder of the Bonds represented by the Global Certificate is entitled to payments in respect of the Bonds represented by the Global Certificate.

The Conditions are modified as follows in so far as they apply to the Bonds in respect of which the Global Certificate is issued.

The Registrar will not register the exchange of interests in the Global Certificate for individual definitive Certificates for a period of seven days preceding the due date for any payment of principal in respect of the Bonds.

MEETINGS

The registered holder (as defined in the Conditions) (and any proxy or representative appointed by it) of the Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each US\$1,000 in principal amount of Bonds for which the Global Certificate is issued.

CANCELLATION

Cancellation of any Bond pursuant to the Conditions when the Bond is represented by the Global Certificate will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders, whereupon the Registrar shall procure the making of an appropriate entry on the register of Bondholders.

TRUSTEE'S POWERS

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee of a common depositary for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

CONVERSION

Subject to the requirements of Euroclear and Clearstream (or any Alternative Clearing System), the Conversion Rights attaching to the Bonds in respect of which the Global Certificate is issued may be exercised by the presentation thereof to or to the order of the Principal Agent of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

PAYMENT

Payments of principal and interest in respect of Bonds represented by the Global Certificate will be made without presentation or if no further payment falls due in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose.

Such payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where **“Clearing System Business Day”** means Monday to Friday inclusive except 25 December and 1 January.

NOTICES

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

BONDHOLDER'S REDEMPTION

The Bondholder's redemption options in Conditions 8(D) and 8(E) may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise (if required) within the time limits specified in the Conditions.

REDEMPTION AT THE OPTION OF THE ISSUER

The options of the Issuer provided for in Conditions 8(B) and 8(C) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by Conditions 8(B) and 8(C).

BONDHOLDER'S TAX OPTION

The option of Bondholders not to have the Bonds redeemed as provided in Condition 8(B) shall be exercised by the presentation to any Paying Agent, or to the order of such Paying Agent, of a duly completed Bondholder's Exercise Notice within the time limits set out in and containing the information required by Condition 8(B).

REGISTRATION OF TITLE

Certificates in definitive form for individual holdings of Bonds will not be issued in exchange for interests in Bonds in respect of which the Global Certificate is issued, except if either Euroclear or Clearstream (or any Alternative Clearing System) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

TRANSFERS

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

DESCRIPTION OF SHARES

The discussion below provides information about our share capital and summaries of related provisions of our Amended and Restated Memorandum and Articles of Association and the Companies Act. These summaries do not purport to be complete and are qualified in their entirety by reference to our full Amended and Restated Memorandum and Articles of Association.

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company on 5 June 2007. As of the date of this Offering Circular, our authorized share capital is US\$4,000,000, which consists of 8,000,000,000 Shares of US\$0.0005 each. As of the date of this Offering Circular, the issued share capital of the Company consisted of 2,995,320,920 Shares.

ALTERATION OF CAPITAL

We may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase our share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

We may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of our share capital into shares of larger amount than our existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken by any person, and diminish the amount of our share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act; and
- (c) sub-divide our shares or any of them into shares of smaller amount than is fixed by our Amended and Restated Memorandum and Articles of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as we have power to attach to unissued or new shares.

VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

If at any time our share capital is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that

class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of our Amended and Restated Memorandum and Articles of Association relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

TRANSFER OF SHARES

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Hong Kong Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien.

Our Board may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with us accompanied by the certificate for the shares to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as our Board may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to which the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such maximum as the Exchange may from time to time determine to be payable (or such lesser sum as our Board may from time to time require) is paid to us in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 days' notice (or on six business days' notice in the case of a rights issue) being given by advertisement published on the Hong Kong Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Amended and Restated Memorandum and Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of

the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

POWER FOR US TO PURCHASE OUR OWN SHARES

We are empowered by the Companies Act and our Amended and Restated Memorandum and Articles of Association to purchase our own shares subject to certain restrictions and our Board may only exercise this power on our behalf subject to the authority of our members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

POWER OF ANY SUBSIDIARY OF OURS TO OWN SHARES

There are no provisions in our Amended and Restated Memorandum and Articles of Association relating to the ownership of shares by a subsidiary.

ANNUAL GENERAL MEETINGS

We shall in each year hold a general meeting as our annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse (or such longer period as the Exchange may authorise) between the date of one annual general meeting of us and that of the next.

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by notice of not less than 21 days and any other extraordinary general meeting shall be called by not less than 14 days. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of its Amended and Restated Memorandum and Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheets and the reports of the directors and the auditors and other documents required to be annexed to the balance sheet;
- (c) the election of directors in place of those retiring;
- (d) the appointment of auditors;
- (e) the fixing of, or the determining of the method of fixing of, the remuneration of the directors and of the auditors;
- (f) the granting of any mandate or authority to the Board to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than 20 per cent (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and
- (g) the granting of any mandate or authority to the Board to repurchase securities of the Company.

QUORUM FOR MEETINGS AND SEPARATE CLASS MEETINGS

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Amended and Restated Memorandum and Articles of Association the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote.

A corporation being a member shall be deemed for the purpose of the Amended and Restated Memorandum and Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of its directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

SPECIAL RESOLUTION — MAJORITY REQUIRED

A “special resolution” is defined in the Amended and Restated Memorandum and Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Amended and Restated Memorandum and Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised

representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Amended and Restated Memorandum and Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

VOTING RIGHTS

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by the Company's duly authorised representative) or by proxy shall have one vote for each share registered in his name in the Company's register of members.

Where any member of the Company is, under the Listing Rules, required to abstain from voting on any particular resolution or is restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Amended and Restated Memorandum and Articles of Association or as otherwise determined by the Board, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy or authorised representative for another member of the Company), or to be counted in a quorum, either personally or by proxy or by attorney at any general meeting.

At any general meeting a resolution put to the vote of the meeting is to be decided on a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or the Company's nominee) is a member of the Company it may authorise such person or persons as it thinks fit to act as the Company's proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or the Company's nominee) which he represents as that recognised clearing house (or the Company's nominee) could exercise if it were an individual member of the Company holding the number and class of shares specified in such authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands, notwithstanding any contrary provision contained in our Amended and Restated Memorandum and Articles of Association.

PROXIES

Any member of us entitled to attend and vote at a meeting of us shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may given either personally or by proxy. A proxy need not be a member of us. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).

DIVIDENDS AND OTHER METHODS OF DISTRIBUTIONS

Subject to the Companies Act and our Amended and Restated Memorandum and Articles of Association, we in general meeting may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by our Board.

Our Amended and Restated Memorandum and Articles of Association provide that no dividend shall be declared or payable except out of the profits and reserves of us lawfully available for distribution including share premium and no dividend shall carry interest against us.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share. Our Board may retain any dividends or other moneys payable on or in respect of a share upon which we have a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. Our Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to us on account of calls, instalments or otherwise.

Whenever our Board or we in general meeting has resolved that a dividend be paid or declared on the share capital of us, our Board may further resolve (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as our Board may think fit.

We may also upon the recommendation of our Board by ordinary resolution resolve in respect of any one particular dividend of us that a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Unless otherwise directed by our Board, any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or, in the case of joint holders, to the registered address of the person whose name stands first in the register in respect of the joint holding or to such person and at such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares and shall be sent at his or their risk, and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as good discharge to us in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.

Our Board, with the sanction of the members in general meeting may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind. All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by our Board for the exclusive benefit of us until claimed and we shall not be constituted a trustee in respect thereof or be required to account for any money earned thereon. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by our Board and shall revert to us and after such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses.

No dividend on or in respect of any share shall bear interest against us.

CALLS ON SHARES AND FORFEITURE OF SHARES

Our Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. A call may be revoked or postponed as our Board may determine.

At least 14 days' notice of any call shall be given to each member specifying the time and place of payment and to whom such payment shall be made.

If the sum or any instalment payable in respect of any call is unpaid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 15% per annum as our Board shall determine from the day appointed for the payment thereof to the time of actual payment, but our Board may waive payment of such interest wholly or in part.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, our Board may at any time during such time as any part thereof remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may be accrued and which may have accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited. Our Board may accept a surrender of any share liable to be forfeited thereunder.

If the requirements of such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment required by the notice has been made, be forfeited by a resolution of our Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture.

Any share so forfeited shall be deemed to be our property and may be re-allotted, sold or otherwise disposed of on such terms and in such manner as our Board thinks fit and at any time before re-allotment, sale or disposition the forfeiture may be cancelled by our Board on such terms as it thinks fit.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to us all moneys which, at the date of forfeiture, were payable by him to us in respect of the shares, together with (if our Board shall in its discretion so require) interest thereon at such rate not exceeding 15% per annum as our Board may prescribe, and our Board may enforce the payment thereof if it thinks fit, and without any deduction or allowance for the value of the shares forfeited, at the date of forfeiture.

PROCEDURE ON LIQUIDATION

If we shall be wound up, and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If we shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the sanction of a special resolution of us and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of our assets (whether the assets shall consist of property of the same kind or shall consist of properties of different kinds) and may for such purpose set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority or sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like authority or sanction and subject to the Companies Act, shall think fit, and the liquidation of us may be closed and we are dissolved, but so that no member shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

SOURCE OF SHAREHOLDERS' RIGHTS

Currently, the primary sources of shareholders' rights are our Amended and Restated Memorandum and Articles of Association, the Companies Act and the Listing Rules, which impose certain standards of conduct, fairness and disclosure on us, our directors and our Controlling Shareholders.

In addition, for so long as the Shares are listed on the Hong Kong Stock Exchange, we will be subject to the Securities and Futures Ordinance of Hong Kong and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases.

ENFORCEABILITY OF SHAREHOLDERS' RIGHTS

There are no provisions in our Amended and Restated Memorandum and Articles of Association relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to our shareholders under Cayman Islands law, as summarized below.

In many jurisdictions, shareholders may sue a corporation "derivatively." A derivative suit involves the commencement by a shareholder of a corporate cause of action against persons (including corporate officers, directors or controlling shareholders) who have allegedly wronged the corporation, where the corporation itself has failed to enforce such claim against such persons directly. Such action is brought on the basis of a primary right of the corporation, but is asserted by a shareholder on behalf of the corporation.

In principle, the Company will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the courts of the Cayman Islands can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against or derivative actions in the name of a company to challenge (a) an act which is ultra vires the company or illegal, (b) an

act which constitutes a fraud against the minority and the wrong doers are themselves in control of the company, or (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority that has not been obtained.

In the case of a company (not being a bank) having a share capital divided into shares, the court may, on the Cayman Islands application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the court shall direct.

Any shareholder of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company shall be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the memorandum and articles of association.

The holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. Part XV of the Securities and Futures Ordinance establishes certain obligations in relation to disclosure of directors', chief executives' and shareholders' interests in Hong Kong listed companies, the violation of which is the subject of prosecution by the SFC in Hong Kong. The Hong Kong Codes on Takeovers and Share Repurchases do not have the force of law and are only standards of commercial conduct considered acceptable for takeover and merger transactions and Share repurchases in Hong Kong as established by the SFC and the securities and futures industry in Hong Kong.

FINANCIAL AND ACCOUNTING SYSTEMS

We have established our financial and accounting systems in accordance with applicable laws, administrative regulations and the relevant requirements for the purpose of preparing our financial information under IFRS.

Our board of directors shall cause true accounts to be kept of the sums of money received and expended by us, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of us and of all other matters necessary to give a true and fair view of our affairs and to explain its transactions.

The accounting records shall be kept at the Company's principal place of business in Hong Kong or at such other place or places as our board of directors decides and shall always be open to inspection by any director. No member (other than a director) shall have any right to inspect any accounting record or book or document of us except as conferred by law or authorized by the board of directors or us in general meeting.

A copy of every balance sheet and profits and loss account (including every document required by law to be annexed thereto) which is to be laid before us at its general meeting, together with a printed copy of the directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting be sent to every person entitled to receive notices of general meetings of us under the provisions of our Amended and Restated Memorandum and Articles of Association.

Auditors shall be appointed and their duties regulated in the manner provided by our Amended and Restated Memorandum and Articles of Association.

UNTRACEABLE MEMBERS

Pursuant to our Amended and Restated Memorandum and Articles of Association, we shall be entitled to sell any shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if and provided that: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) we have not during that time or before the expiry of the three month period referred to below received any indication of the whereabouts or existence of the member or person entitled to such shares by death, bankruptcy or operation of law; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, we have caused an advertisement to be published in the newspapers, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by us by electronic means, giving notice of our intention to sell such shares, and a period of three months has elapsed since such advertisement and the Exchange has been notified of such intention.

The net proceeds of any such sale shall belong to us and upon receipt by us of such net proceeds, we shall become indebted to the former member of us for an amount equal to such net proceeds.

DISCLOSURE

The Hong Kong Stock Exchange imposes a requirement on us to keep the Hong Kong Stock Exchange, our shareholders and other holders of our listed securities informed as soon as reasonably practicable of any information relating to us, including information on any major new developments which are not public knowledge, which (i) is necessary to enable them and the public to appraise our position, (ii) is necessary to avoid the establishment of a false market in our securities, or (iii) might be reasonably expected to materially affect market activity in and the price of our securities.

There are also requirements under the Listing Rules for us to obtain prior shareholders' approval and/or to disclose to shareholders details of certain acquisitions or disposals of assets and connected transactions.

TAXATION

This section addresses the taxation of holders of the Bonds under the current laws and practices of the Cayman Islands, Hong Kong and China. The following summary of the tax position is not a complete description of all tax considerations that may be relevant to you or to your decision to purchase, own or dispose of the Bonds. It is subject to changes and does not constitute legal or tax advice to any person. It does not deal with all possible tax consequences applicable to all categories of investors and does not consider an investor's particular circumstances. It does not address the tax treatment of investors subject to special rules. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the Bonds.

CAYMAN ISLANDS TAXATION

Payments of interest and principal on the Bonds and dividends and capital in respect of the Shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the Bonds or Shares, as the case may be, nor will gains derived from the disposal of the Bonds or Shares be subject to Cayman Islands income or corporation tax.

The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Bonds and the Certificates. An instrument of transfer in respect of a Bond or a Certificate is stampable if executed in or brought into the Cayman Islands.

Pursuant to section 6 of the Tax Concessions Act of the Cayman Islands (as amended), the Company may obtain an undertaking from the Financial Secretary that:

- no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act.

HONG KONG TAXATION

Withholding tax

No withholding tax in Hong Kong is payable on payments of principal or interest in respect of the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profit tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), or the Inland Revenue Ordinance, as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal, conversion or redemption of the Bonds where such sale, disposal, conversion or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Bonds will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

Stamp duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond, or issue of Shares upon conversion of the Bond.

Hong Kong stamp duty is payable on any purchase and sale of Shares, for as long as the transfer thereof is required to be registered in Hong Kong. The duty is charged on each of the purchaser and the seller at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares bought and sold. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of Shares registered on a Hong Kong share register is effected by a person who is not resident in Hong Kong and any stamp duty payable thereon is not paid, the relevant instrument of transfer (if any) is chargeable with such duty in default and the transferee is liable to pay such duty.

PRC TAXATION

Taxation on Interests

The EIT Law imposes a tax at the rate of 10% on interests realized by an enterprise holder of the Bonds that is a “non-resident enterprise” which does not have an establishment or place of business in the PRC or, whose relevant income is not effectively connected with its establishment or place of business in the PRC despite the existence of such establishment or place of business in the PRC, to the extent such interests are sourced within the PRC. The Individual Income Tax Law imposes a tax at the rate of 20% on interest paid to a foreign individual who is neither domiciled nor resides in the PRC; to the extent such income is sourced within the PRC. Pursuant to these provisions of the EIT Law and the Individual Income Tax Law, it is unclear whether we are considered as a PRC resident enterprise. If we are considered as a PRC resident

enterprise, interests paid to non-resident enterprise holders and non-resident individual holders of the Bonds may be treated as income derived from sources within the PRC and thus subject to PRC withholding tax. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower withholding tax rate, such lower rate may apply to qualified enterprise investors in the Bonds.

Taxation on Capital Gains

The EIT Law impose a tax at the rate of 10% on capital gains realized on the transfer of the Bonds by an enterprise holder of Bonds that is a “non-resident enterprise” which does not have an establishment or place of business in the PRC or, where despite the existence of establishment or place of business in the PRC, the relevant gain is not effectively connected with such establishment or place of business in the PRC, to the extent such capital gains are sourced within the PRC. The Individual Income Tax Law imposes a tax at the rate of 20% on capital gains realized by a foreign individual who is neither domiciled nor resident in the PRC, to the extent such capital gains are sourced within the PRC. Pursuant to these provisions of the EIT Law and the Individual Income Tax Law, although the matter is unclear, if we are considered a PRC resident enterprise, capital gains realized by non-resident enterprise holders and non-resident individual holders of the Bonds may be treated as income derived from sources within the PRC and be subject to PRC withholding tax. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified enterprise investors in the Bonds.

Taxation on Added-value

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation promulgated the Circular of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (“Circular 36”), which stipulates that value added tax (“VAT”) will be applicable where the entities or individuals provide financial services, such as providing the loans within the PRC. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. It is further clarified under Circular 36 that “loans” refer to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under the Circular 36, the issuance of the Bonds is likely to be treated as the holders of the Bonds providing “loans” to the Issuer, which will therefore be regarded as financial services for VAT purposes. In the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the holders of the Bonds may be regarded as providing financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident holders of the Bonds may be subject to withholding VAT at the rate of 6% plus related local surcharges. It is uncertain whether VAT is applicable to any transfer of the Bonds between entities or individuals outside the PRC, but VAT shall be applicable if either the seller or buyer of Bonds is located inside the PRC. However, please note that individuals (including non-resident individuals) are exempt from VAT for transfer of financial products. If VAT is exempted, local surcharges shall also be exempted.

For the redemption or repurchase of Bonds by the Issuer (if it is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities), the holders of the Bonds may be subject to PRC income taxes and PRC VAT plus the related surcharges (non-PRC resident individuals may be exempted from VAT (as well local surcharges) if the redemption is deemed as transfer of financial products or if the interest amount received by such non-PRC resident individuals is below certain threshold of imposing VAT depending on whether relevant payment would be regarded as including interest or capital gains (tax treaties may provide preferential treatments if certain criteria are satisfied). There is uncertainty as to the interpretation and enforcement of such laws and regulations.

Stamp duty

No PRC stamp tax will be chargeable upon the issue or transfer of a Bond to the extent that the register of holders of the Bonds is maintained outside PRC, the issuance and the sale of the Bonds is made outside PRC, and the relevant contracts are signed outside PRC and their governing law is not PRC law. The Issuer intends to maintain the register of holders of the Bonds, the issuance and the sale of the Bonds and the execution of the relevant contracts outside PRC and the governing law of the relevant contracts is not intended to be PRC law.

TRANSFER RESTRICTIONS

Because of the following restrictions, we encourage you to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Bonds or the Shares.

This offering is being made pursuant to Regulation S under the U.S. Securities Act. The Bonds and the Shares issuable upon the conversion of the Bonds have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state in the United States or other jurisdiction. The Bonds may only be offered, sold or delivered outside the United States (as defined in Regulation S under the U.S. Securities Act) in offshore transactions in reliance on Regulation S, and in each case in accordance with any other applicable law.

Except in certain limited circumstances, interests in the Bonds may only be held through owning beneficial interests in the Global Certificate. Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their respective direct and indirect participants. See “The Global Certificate.” Each owner of Bonds, by its acceptance of the Bonds, will be deemed to have acknowledged and represented to and agreed with us and the Sole Bookrunner as follows (terms used that are defined in Regulation S are used as so defined):

The Bonds and the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States or other jurisdiction and are subject to significant restrictions on transfer.

- (1) Each owner is purchasing Bonds outside the United States in an offshore transaction meeting the requirements of Regulation S.
- (2) Such owner will not offer, sell, pledge or otherwise transfer any Bonds and the Shares, except as permitted by the applicable legend set forth in paragraph (4) below.
- (3) We and the Sole Bookrunner and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (4) The Bonds will bear a legend to the following effect, unless we determine otherwise in compliance with applicable law, and that it will observe the restrictions contained therein:

THE BONDS IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED AND THE SHARES OF COMMON STOCK (THE “SHARES”) OF CHINA MAPLE LEAF EDUCATION SYSTEMS LIMITED ISSUABLE UPON CONVERSION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND SUCH SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED, DELIVERED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE BONDS EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

Each purchaser of Bonds that may wish to resell any Bonds pursuant to Regulation S is advised that we will apply for listing of the Bonds on the Hong Kong Stock Exchange. The Hong Kong Stock Exchange is a “designated offshore securities market” (within the meaning of Regulation S) and accordingly, a resale transaction could be effected in, on or through the facilities of such exchange in reliance upon the safe harbor provided by Rule 904 of Regulation S, subject to compliance with the conditions of Rule 904.

PLAN OF DISTRIBUTION

We and the Manager have entered into a bond subscription agreement dated 12 January 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, we have agreed to sell to the Manager, and the Manager agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds.

We have agreed to indemnify the Manager against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Manager are subject to certain conditions precedent, and entitles the Manager to terminate the Subscription Agreement in certain circumstances at any time up to the time when subscription moneys have been received and the Bonds issued.

To the best of our directors’ knowledge, information and belief, having made all reasonable enquiries, the Manager is a third party independent of the Issuer and is not a connected person (as defined in the Listing Rules) of the Issuer.

To the best of our directors’ knowledge, information and belief, none of the initial placees (and their ultimate beneficial owners) will be connected persons (as defined in the Listing Rules) of the Issuer.

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

Sherman Investment Holdings Limited has agreed that neither it nor any companies or their subsidiaries over which it exercises direct or indirect management or voting control, nor any person acting on its or their behalf will, for a period commencing from the date of this Undertaking to 90 calendar days after the issue date of the Bonds, without the prior written consent of the Manager, (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any lock-up shares or securities of the same class as the lock-up shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the lock-up shares or securities of the same class as lock-up shares or other instruments representing interests in lock-up shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of lock-up shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the

kind described in (a), (b) or (c) is to be settled by delivery of lock-up shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing. The foregoing restrictions shall not apply to any transfer of the Shares pursuant to the Securities Lending Agreement.

The Manager and certain of its affiliates have, from time to time, performed, and may in the future perform, certain commercial banking, investment banking and advisory services for the Group and/or its affiliates for which it has received or will receive customary fees and expenses. In addition to the transaction services for the Group, the Manager may, from time to time, engage in other transactions with and perform services for the Group in the ordinary course of the Group's business.

In addition, the Manager and certain of its subsidiaries and affiliates may hold Shares as beneficial owners, on behalf of clients or in the capacity of investment advisers. The Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve the securities and instruments of the Group.

The Manager or its affiliates may purchase the Bonds for its own account and enter into transactions, including (i) credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities or (ii) equity derivatives and stock loan transactions relating to the Shares or the shares of the subsidiaries or associates of the Group at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

GENERAL

Neither the Issuer nor the Manager has made any representation that any action will be taken in any jurisdiction by the Manager or the Issuer that would permit a public offering of the Bonds, or possession or distribution of the Offering Circular (in preliminary proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Manager will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes the Offering Circular (in preliminary proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions. The Issuer will have no responsibility for, and the Manager will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. The Manager is not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in the Offering Circular (in final form) or any amendment or supplement to it.

UNITED STATES

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the

registration requirements of the U.S. Securities Act. The Manager has represented and warranted that it has not offered or sold, and has agreed that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the U.S. Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds or the Shares to be issued upon conversion of the Bonds. Terms used in this paragraph have the meaning given to them by Regulation S.

UNITED KINGDOM

Prohibition of Sales to UK Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

The Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

The Manager has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “**prospectus**” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities

laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

SINGAPORE

The Manager has acknowledged that the Offering Circular will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each as defined in section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the CMP Regulations 2018), the Issuer has determined the classification of the Bonds as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, the Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

THE PEOPLE’S REPUBLIC OF CHINA

The Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC except as permitted by the securities laws of the PRC.

EUROPEAN ECONOMIC AREA – PRIIPS

The Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (b) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

CAYMAN ISLANDS

The Manager has represented, warranted and agreed that the offer to sell the Bonds is private and not intended for the public and, further that the Manager has not made and will not make any invitation to the public in the Cayman Islands or to residents of the Cayman Islands to offer or sell the Bonds.

GENERAL INFORMATION

1. **Clearance.** The Bonds have been accepted for clearance through the facilities of Euroclear and Clearstream under Common Code number 228791288. The ISIN for the Bonds is XS2287912880.
2. **Legal Entity Identifier:** the Legal Entity Identifier of the issuer is 254900TCL0E3KZSTAQ29.
3. **Listing of the Bonds.** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds issued to professional investors only. It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 28 January 2021.
4. **Listing of the Shares.** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares arising on conversion of the Bonds. It is expected that dealing in, and listing of, such Shares on the Hong Kong Stock Exchange will commence when they are issued.
5. **Authorizations.** We have obtained all necessary consents, approvals and authorizations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorized by the minutes of a meeting of the board of directors of the Issuer passed on 30 September 2020. The Shares to be issued upon conversion of the Bonds are to be issued pursuant to the general mandate granted to the directors at its annual general meeting held on 22 January 2020.
6. **No Material Adverse Change.** There has not occurred any material change (nor any development or event involving a prospective change), in our condition (financial or otherwise), prospects, results of operations, profitability, business, management, Shareholders' equity, properties or general affairs since 31 August 2020, and there has not occurred any such material change in the Issuer since its incorporation.
7. **Litigation.** Neither the Company nor any of their respective subsidiaries is involved in any litigation or arbitration proceedings which are material in the context of the Bonds nor is the Company aware that any such proceedings are pending or threatened.
8. **Available Documents.** Copies of our Amended and Restated Memorandum and Articles of Association, our latest annual report and our consolidated financial statements as of and for the years ended 31 August 2019 and 2020, as well as the Trust Deed and the Agency Agreement, will be available for inspection, at our principal place of business in Hong Kong at Room 1302, 13/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong and the specified office of the Trustee during normal office hours, so long as any of the Bonds is outstanding.
9. **Independent Auditors.** The Company's consolidated financial statements as of and for the years ended 31 August 2019 and 2020 have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong as stated in its report appearing herein.
10. **Reliance by the Trustee.** The Trustee may rely without liability to Bondholders on any certificate prepared by any two authorized officers of the Company which may or may not be accompanied by a certificate or report prepared by an Independent Investment Bank (as defined in the Trust Deed), the Auditors or other adviser or expert pursuant to the Conditions and/or this Trust Deed, whether or not addressed to the Trustee and whether or not the liability of the Independent Investment Bank, the Auditors (as defined in the Trust Deed) or other adviser or expert in respect thereof is limited by a monetary cap or otherwise limited or excluded and shall be obliged to do so where the certificate or report is delivered pursuant to the obligation of the Company to procure such delivery under the Conditions; any such certificate or report shall be conclusive and binding on the Company, the Trustee and the Bondholders.
11. **Cayman Islands Data Protection**

The Company has certain duties under the Data Protection Act, 2017 of the Cayman Islands (the "DPA") based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Bonds and the associated interactions with the Company and its affiliates and/or delegates, or by virtue of providing the Company with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Company and its affiliates and/or delegates (including, without limitation, the administrator of the Bonds (if any)) with certain personal information which constitutes personal data within the meaning of the DPA. The Company shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the administrator of the Bonds (if any), may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Bonds, the Bondholders shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice set out below and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Bonds.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Company could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

12. Privacy Notice

The purpose of this notice is to provide Bondholders with information on the Company's use of their personal data in accordance with the DPA.

In the following discussion, "Company" refers to the Company, the administrator of the Bonds (if any) and its or their affiliates and/or delegates, except where the context requires otherwise.

Investor Data

By virtue of making an investment in the Company and a Bondholder's associated interactions with the Company (including any subscription (whether past, present or future), including the recording of electronic communications or phone calls where applicable) or by virtue of a Bondholder otherwise providing the Company with personal information on individuals connected with the Bondholder as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), the Bondholder will provide the Company with certain personal information which constitutes personal data within the meaning of the DPA ("**Investor Data**"). The Company may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to a Bondholder and/or any individuals connected with a Bondholder as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the Bondholder's investment activity.

In the Company's use of Investor Data, the Company will be characterised as a "data controller" for the purposes of the DPA. The Company's affiliates and delegates may act as "data processors" for the purposes of the DPA.

Who this Affects

If a Bondholder is a natural person, this will affect such Bondholder directly. If a Bondholder is a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides the Company with Investor Data on individuals connected to such

Bondholder for any reason in relation to such Bondholder's investment with the Company, this will be relevant for those individuals and such Bondholder should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How the Company May Use a Bondholder's Personal Data

The Company, as the data controller, may collect, store and use Investor Data for lawful purposes, including, in particular:

- i. where this is necessary for the performance of the Company's rights and obligations under any subscription agreements or purchase agreements;
- ii. where this is necessary for compliance with a legal and regulatory obligation to which the Company is subject (such as compliance with anti-money laundering and FATCA/CRS requirements); and/or
- iii. where this is necessary for the purposes of the Company's legitimate interests and such interests are not overridden by the Bondholder's interests, fundamental rights or freedoms.

Additionally, the administrator of the Bonds (if any) may use Investor Data, for example to provide its services to the Company or to discharge the legal or regulatory requirements that apply directly to it or in respect of which the Company relies upon the administrator of the Bonds (if any), but such use of Investor Data by the administrator of the Bonds (if any) will always be compatible with at least one of the aforementioned purposes for which we process Investor Data.

Should the Company wish to use Investor Data for other specific purposes (including, if applicable, any purpose that requires a Bondholder's consent), the Company will contact the applicable Bondholders.

Why the Company May Transfer a Bondholder's Personal Data

In certain circumstances the Company and/or its authorised affiliates or delegates may be legally obliged to share Investor Data and other information with respect to a Bondholder's interest in the Company with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

The Company anticipates disclosing Investor Data to the administrator of the Bonds (if any) and others who provide services to the Company and their respective affiliates (which may include certain entities located outside the Cayman Islands or the European Economic Area), who will process a Bondholder's personal data on the Company's behalf.

The Data Protection Measures the Company Takes

Any transfer of Investor Data by the Company or its duly authorised affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA.

The Company and its duly authorised affiliates and/or delegates shall apply appropriate technical and organisational information security measures designed to protect against unauthorised or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data.

The Company shall notify a Bondholder of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either such Bondholder or those data subjects to whom the relevant Investor Data relates.

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