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SHANGHAI GENCH EDUCATION GROUP LIMITED

上海建橋教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1525)

CONTINUING CONNECTED TRANSACTIONS INTERNAL RESTRUCTURING OF THE GROUP TERMINATION OF THE EXISTING CONTRACTUAL ARRANGEMENTS

AND

ESTABLISHMENT OF THE NEW CONTRACTUAL ARRANGEMENTS

Reference is made to the Prospectus in relation to the 2016 Decision and the related implementing rules and their potential impact on the Group.

The Board hereby announces that the Group is conducting an internal restructuring to convert the PRC operating school of the Group into a for-profit private school to comply with the 2016 Decision and related implementing rules. The Group is carrying out the relevant procedures to complete the registration of Jian Qiao University Company, a newly established company in the PRC, as a for-profit private school, including but not limited to transferring all the assets and liabilities of Jian Qiao University to Jian Qiao University Company, applying for school operating permit for Jian Qiao University Company and de-registering Jian Qiao University. The whole process is required to be completed by the end of 2021.

In light of the aforesaid internal restructuring of the Group, (i) the Existing Contractual Arrangements will be terminated concurrently with effect from the de-registration of Jian Qiao University; and (ii) the New Contractual Arrangements will be entered into on substantially the same terms as those currently in place under the Existing Contractual Arrangements concurrently with effect from the termination of the Existing Contractual Arrangements. As a result, financial results of Jian Qiao University Company (instead of Jian Qiao University) will be consolidated and accounted for as a subsidiary of the Group.

LISTING RULES IMPLICATIONS

At the time of the Listing, the Stock Exchange has granted the IPO Waiver in connection with the continuing connected transactions of the Group in the form of the Existing Contractual Arrangements, subject to certain conditions as set out therein. As disclosed in the Prospectus, the Existing Contractual Arrangements may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new operating company engaging in the same business as that of the Group, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Existing Contractual Arrangements. Since the New Contractual Arrangements are reproduced from the Existing Contractual Arrangements as provided under the conditions of the IPO Waiver, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed, that the transactions contemplated under the New Contractual Arrangements would continue to fall within the scope of the IPO Waiver and are exempt from (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the New Contractual Arrangements; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to our Group under the New Contractual Arrangements; and (iii) the requirement of limiting the term of the New Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the IPO Waiver.

INTERNAL RESTRUCTURING OF THE GROUP

Reference is made to the Prospectus in relation to the 2016 Decision and the related implementing rules and their potential impact on the Group. For details of the 2016 Decision and the related implementing rules and their potential impact on the Group, please refer to the sub-sections headed "Regulatory Overview — Regulations on Private Education in the PRC" and "Summary — Potential Implications of the 2016 Decision and Related Implementing Rules and Regulations — Potential Impact on us of the 2016 Decision and Related Implementing Rules" of the Prospectus.

The Board hereby announces that the Group is conducting an internal restructuring to convert the PRC operating school of the Group into a for-profit private school to comply with the 2016 Decision and related implementing rules.

As disclosed in the Prospectus, pursuant to the 2016 Decision and related implementing rules, a private school which registered as a private non-enterprise unit in Shanghai prior to November 7, 2016 and subsequently chose to be registered as a for-profit private school shall be de-registered and re-registered as a limited liability company. Jian Qiao University was established on June 28, 2000 as a private non-enterprise unit under the

laws of the PRC with a start-up capital (開辦資金) of RMB50 million. In December 2018, the School Sponsors have submitted their decision to the Shanghai Municipal Education Commission to register Jian Qiao University as a for-profit private school.

At the time of the Listing, as disclosed in the Prospectus, specific procedures regarding the conversion of an existing private school into a for-profit private school have not yet been promulgated by local authorities in Shanghai. Accordingly, the Company was unable to contemplate the internal restructuring at the time of its Listing, other than the School Sponsors having submitted their decision in December 2018 to the Shanghai Municipal Education Commission to register Jian Qiao University as a for-profit private school in compliance with the 2016 Decision and related implementing rules published at the material time.

After the Listing in January 2020, the Company continued to consult with the Shanghai Municipal Education Commission from time to time on the specific procedures regarding the conversion of an existing private school into a for-profit private school, and proceeded with the conversion accordingly. Accordingly, Jian Qiao University Company was established on September 28, 2020 as a limited liability company under the laws of the PRC with a registered capital of RMB50 million, which is the same as the start-up capital of Jian Qiao University. Since its establishment, Jian Qiao University Company has been owned as to 90% by Jian Qiao Group and as to 10% by Jian Qiao Investment.

The Group is carrying out the relevant procedures as required by the Shanghai Municipal Education Commission to complete the registration of Jian Qiao University Company as a for-profit private school, including but not limited to transferring all the assets and liabilities of Jian Qiao University to Jian Qiao University Company, applying for school operating permit for Jian Qiao University Company and de-registering Jian Qiao University. The whole process is required to be completed by the end of 2021.

As disclosed in the Prospectus, there remain uncertainties in the interpretation and application of the 2016 Decision with respect to various aspects of the operations of a private school, such as the preferential tax treatment which may be enjoyed by for-profit private schools. As at the date of this announcement, specific conditions or requirements in respects of any preferential tax treatment which for-profit schools may enjoy have not been promulgated by relevant PRC government authorities. We are currently not required to pay the PRC enterprise income tax in respect of income we received from the provision of formal educational services for Jian Qiao University. Following the de-registration of Jian Qiao University, Jian Qiao University Company may be subject to PRC enterprise income tax at a rate of 25% in respect of service fees it receives from the provision of formal educational services, if it does not enjoy any preferential tax treatment. We will closely monitor the progress of the promulgation of the implementation regulations under the 2016 Decision and will update our Shareholders and investors in this regard by way of disclosure in announcements and/or annual/interim reports, as and when appropriate. Save for the above, the Directors

consider that the aforesaid internal restructuring of the Group has no material adverse impact on the business, operation and financial condition of the Group on a consolidated basis.

MINOR UPDATES TO THE EXISTING CONTRACTUAL ARRANGEMENTS PRIOR THEIR TERMINATION FOR THE PURPOSE OF THE INTERNAL RESTRUCTURING

Four directors (namely, Mr. Huang Qingyun (黃清雲), Ms. Jiang Weiyi (蔣威宜), Mr. Zhang Jiayu (張家鈺) and Mr. Zhou Jianer (周健兒) and collectively, “**Outgoing Directors**”) out of 11 directors of Jian Qiao University ceased to be directors of Jian Qiao University due to old age or family reason upon expiry of the then session of the board of directors of Jian Qiao University, and four new directors (namely, Mr. Yang Junhe (楊俊和), Mr. Yu Xiaoguang (俞曉光), Ms. Jing Xiaohuai (荊筱槐) and Ms. Zhang Jane) were therefore appointed and the list of directors has been filed with the Shanghai Municipal Education Commission on April 3, 2020.

The Company was informed by Ms. Huang Chunlan (黃春蘭) that her spouse Mr. Wang Xuangui (王選桂), a minority shareholder who held approximately 1.74% equity interest of Jian Qiao Group, passed away in July 2020, and Ms. Huang Chunlan would inherit all the rights and obligations of Mr. Wang Xuangui as a shareholder of Jian Qiao Group pursuant to the relevant PRC laws and regulations. Accordingly, Ms. Huang Chunlan became a shareholder of Jian Qiao Group on December 16, 2020.

In light of the aforesaid change of directors of Jian Qiao University and a minority shareholder of Jian Qiao Group, and in order to ensure that the Company’s interest is sufficiently protected:

- four directors of Jian Qiao University (namely, Mr. Zhu Ruiting, Mr. Yu Xiaoguang, Ms. Jing Xiaohuai, and Ms. Chen Wei) will replace the Outgoing Directors to enter into the related agreements under the Existing Contractual Arrangements with retrospective effect from the date of change of directors; and
- Ms. Huang Chunlan will replace late Mr. Wang Xuangui to enter into the related agreements under the Existing Contractual Arrangements and a no spouse undertaking (which has the substantially the same terms and conditions as the No Spouse Undertaking) with retrospective effect from the date when she became a shareholder of Jian Qiao Group.

The Directors (including the independent non-executive Directors) are of the view that the above updates to the Existing Contractual Arrangements are only to reflect the change in directors of Jian Qiao University and change in shareholders of Jian Qiao Group. The arrangement under the Existing Contractual Arrangements (after the above updates) is effectively a reproduction of the existing framework under the Existing Contractual Arrangement (before the above updates).

TERMINATION OF THE EXISTING CONTRACTUAL ARRANGEMENTS AND ESTABLISHMENT OF THE NEW CONTRACTUAL ARRANGEMENTS

In light of the aforesaid internal restructuring of the Group, (i) the Existing Contractual Arrangements will be terminated concurrently with effect from the de-registration of Jian Qiao University; and (ii) the New Contractual Arrangements will be entered into concurrently with effect from the termination of the Existing Contractual Arrangements. The New Contractual Arrangements will be entered into on substantially the same terms as those currently in place under the Existing Contractual Arrangements, save as to the fact that:

- (i) the identity of the PRC operating school of the Group will be changed from Jian Qiao University to Jian Qiao University Company;
- (ii) the identity of the directors of the PRC operating school of the Group will be changed from directors of Jian Qiao University to directors of Jian Qiao University Company;
- (iii) the nature of interest in the PRC operating school of the Group will be changed from school sponsor's interest in Jian Qiao University to equity interest in Jian Qiao University Company;
- (iv) due to (iii) above, the school sponsors' and directors' rights entrustment agreement under the Existing Contractual Arrangements was divided into two separate agreements under the New Contractual Arrangements: (i) the New Shareholders' Rights Entrustment Agreement (II) and (ii) the New Directors' Rights Entrustment Agreement, which enable Gench WFOE to exert the same effective control over Jian Qiao University Company as the school sponsors' and directors' rights entrustment agreement under the Existing Contractual Arrangements with substantially the same or equivalent terms and conditions; and
- (v) the identity of a shareholder of Jian Qiao Group will be changed from the late Mr. Wang Xuangui to his spouse Ms. Huang Chunlan.

In relation to the contractual arrangements under the New Contractual Arrangements, the Company will fulfill and comply with the same conditions of the IPO Waiver as those imposed on the contractual arrangements under the Existing Contractual Arrangements as disclosed in the Prospectus.

Reasons for adopting the New Contractual Arrangements

The Group currently conducts its private higher education business through the PRC Affiliated Entities. Pursuant to the Negative List, the provision of higher education in the PRC falls within the "restricted" category. In particular, the Negative List explicitly restricts higher education to Sino-foreign cooperation, which means the foreign investor shall be an educational institution and shall operate higher education in the PRC through

cooperation with a PRC educational institution in compliance with the Sino-Foreign Regulation. In addition, the Negative List also provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, meaning that (a) the principal or other chief executive officer of the schools shall be a PRC national; and (b) the representatives of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign cooperative educational institution (the “Foreign Control Restriction”). We had fully complied with the Foreign Control Restriction in respect of Jian Qiao University Company on the basis that (a) the principals and the chief executive officers of Jian Qiao University Company are all PRC nationals; and (b) more than half of the total members of the board of directors of Jian Qiao University Company are PRC nationals.

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Sino-Foreign Regulation, if we were to apply for Jian Qiao University Company to be reorganized as a Sino-foreign joint venture private school for PRC students at a higher education institution (a “Sino-Foreign Joint Venture Private School”), the foreign investor in the Sino-Foreign Joint Venture Private School must be a foreign educational institution with relevant qualification and that provides high quality education (the “Qualification Requirement”).

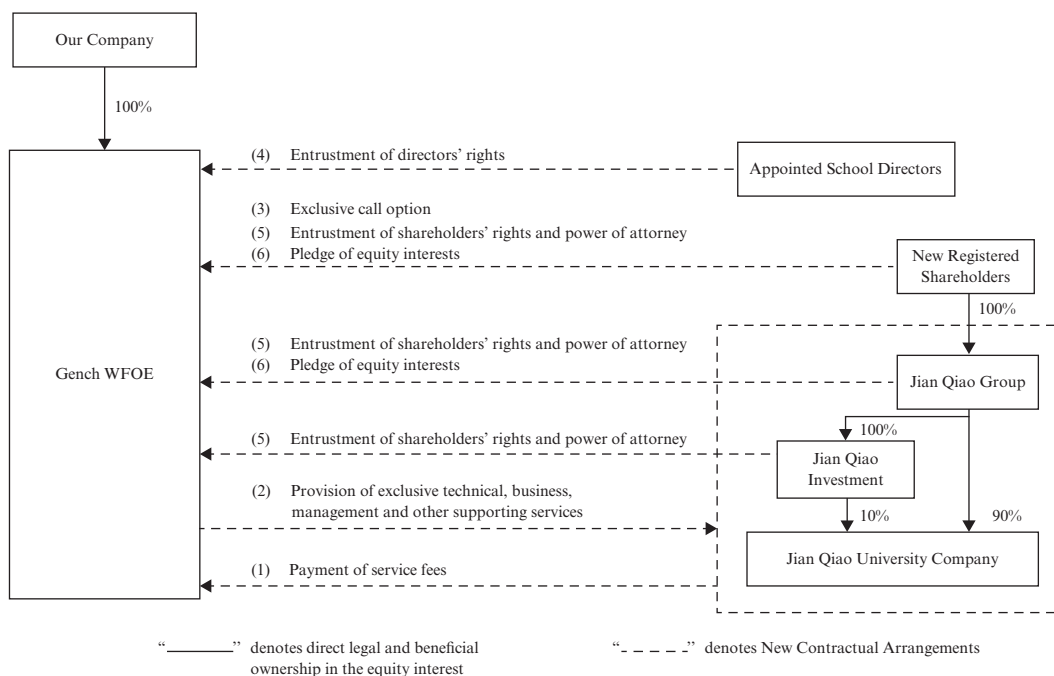
Furthermore, pursuant to the Implementation Opinions, the foreign portion of the total investment in a Sino-Foreign Joint Venture Private School should be below 50% (the “Foreign Ownership Restriction”) and the establishment of such Sino-Foreign Joint Venture Private School is subject to approval of education authorities at the provincial or national level.

Our PRC Legal Advisors have advised that, as at the date of this announcement, there are no implementing measures or specific guidance on the Qualification Requirement in accordance with the existing PRC laws and regulations and therefore it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant educational authority that it meets the Qualification Requirement.

As disclosed in the section headed “Contractual Arrangements” in the Prospectus, due to applicable laws and regulatory restrictions on foreign ownership in the higher education industry in the PRC and restrictions on foreign investors operating higher education institutions to Sino-foreign cooperation ownership, the Group has adopted the Existing Contractual Arrangements, through which the Group obtains control over and derives the economic benefits from the PRC Affiliated Entities, have been narrowly tailored to achieve the Group’s business purpose and minimize the potential conflict with relevant PRC laws and regulations.

The entering into of the New Contractual Arrangements is due to internal restructuring of the Group. Save as disclosed above, the New Contractual Arrangements have terms and conditions substantially the same as those of the Existing Contractual Arrangements.

The following simplified diagram illustrates the flow of economic benefits from the New PRC Affiliated Entities to the Group stipulated under the New Contractual Arrangements:



Major terms of the New Contractual Arrangements

A summary of the principal terms of the New Contractual Arrangements is set out below:

(1) New Business Cooperation Agreement

Pursuant to the New Business Cooperation Agreement, Gench WFOE shall provide technical services, management support and consulting services necessary for the private education business, and in return, the New PRC Affiliated Entities shall make payments accordingly.

To ensure the due performance of the New Contractual Arrangements, each of the New PRC Affiliated Entities agrees to comply, and procure any of its subsidiaries to comply with, and the New Registered Shareholders agree to procure the New PRC Affiliated Entities or their subsidiaries to comply with the obligations as prescribed under the New Business Cooperation Agreement set forth as follows:

- (a) to carry out its private education operations in a prudent and efficient manner in accordance with good financial and business standards while maintaining the asset value of the New PRC Affiliated Entities or their subsidiaries and the quality and standard of private education;
- (b) to prepare school development plans and annual working plans in accordance with the instructions of Gench WFOE;
- (c) to carry out its private education activities and other relevant business under the assistance of Gench WFOE;
- (d) to carry out and manage its daily operations and financial management in accordance with the recommendations, advice, principles and other instructions of Gench WFOE;
- (e) to execute and act upon the recommendations of Gench WFOE in terms of employment and removal of senior management and staff;
- (f) to adopt the advice, guidance and plans given by Gench WFOE in relation to their respective strategic development;
- (g) to carry out its business operations and renew and maintain its respective necessary licenses; and
- (h) to provide its business operation and financial information upon request by Gench WFOE and promptly inform Gench WFOE of the circumstances which have or may have material adverse effect on our business operation, as well as make every effort to prevent such circumstances and/or the expansion of losses.

In addition, pursuant to the New Business Cooperation Agreement,

- (a) each of the New Registered Shareholders undertakes to Gench WFOE that, in the event of death, loss of or restriction on capacity, divorce or other circumstances which may affect the exercise of his/her direct or indirect equity interest in Jian Qiao Group, he/she shall have made all necessary arrangement and sign all necessary documents such that his/her respective successor, guardian, spouse, and any other person which may as a result of the above events obtain the equity interest or relevant rights shall not prejudice or hinder the enforcement of the New Contractual Arrangements;

- (b) in the event of the dissolution, liquidation, bankruptcy or reorganization of Gench WFOE, (i) the New Registered Shareholders and the New PRC Affiliated Entities unconditionally agree that, other persons designated by our Company shall inherit the rights and obligations of Gench WFOE under the New Contractual Arrangements, and sign all necessary documents in addition to all necessary measures to make sure all the aforementioned rights and obligations can be taken over smoothly by the designated persons; (ii) the New Registered Shareholders agree that, the New Registered Shareholders shall sell or deposit their direct or indirect equity interest in the New PRC Affiliated Entities in accordance with the instructions of our Company and transfer all receivable at nil consideration to our Company or other persons designated by our Company; or (iii) the New Registered Shareholders agree that, the New Registered Shareholders shall sell or deposit part or all assets of the New PRC Affiliated Entities in accordance with the instructions of our Company and transfer all receivable at nil consideration to our Company or other persons designated by our Company;
- (c) the New Registered Shareholders undertake that, in the event of the dissolution or liquidation of the New PRC Affiliated Entities, (i) Gench WFOE and/or its designated person shall have the right to exercise all shareholders' rights on the New PRC Affiliated Entities (including but not limited to, deciding to dissolve and liquidate the New PRC Affiliated Entities, instructing and delegating the liquidation group and or its agent of the New PRC Affiliated Entities, as well as approving liquidation plan and report) (ii) the shareholders of the New PRC Affiliated Entities shall transfer all assets received or receivable in its capacity as shareholders of each of the New PRC Affiliated Entities as a result of the dissolution or liquidation of the New PRC Affiliated Entities to Gench WFOE or other persons designated by our Company at nil consideration, and instruct all of the New PRC Affiliated Entities to transfer such assets directly to Gench WFOE or other persons designated by our Company before such dissolution or liquidation; (iii) if consideration is required for such transfer under the then applicable PRC laws, the New PRC Affiliated Entities and/or the shareholders of the New PRC Affiliated Entities shall compensate Gench WFOE or the person as designated by our Company the amount and guarantee that Gench WFOE or other persons as designated by our Company does not suffer any loss;
- (d) the New PRC Affiliated Entities agrees that, without the prior written consent of Gench WFOE, the New PRC Affiliated Entities shall not declare or pay to the New Registered Shareholders any dividend or benefit. In the event that the New Registered Shareholders receive any dividend or benefit, the New Registered Shareholders shall unconditionally and without compensation transfer such amount to Gench WFOE; and

- (e) without the consent of Gench WFOE, the New Registered Shareholders shall not increase the registered capital of Jian Qiao Group, while the New Registered Shareholders shall agree and confirm that, the New Registered Shareholders will pledge the corresponding increased equity interest to Gench WFOE to perform their respective obligations and guarantees in respect of any debt under these New Contractual Arrangements. Each of the parties undertakes that, each parties shall prepare all necessary documents before the aforesaid capital increase and sign the New Equity Pledge Agreements on the date of completion of the capital increase registration.

In order to prevent the leakage of assets and values of the New PRC Affiliated Entities, the New Registered Shareholders and the New PRC Affiliated Entities undertake that, without the prior written consent of Gench WFOE or its designated party, the New Registered Shareholders and the New PRC Affiliated Entities shall not conduct or cause to conduct any activity or transaction which may have any actual impact (i) on the assets, business, staff, obligations, rights or operations of the New PRC Affiliated Entities or (ii) on the ability of the New Registered Shareholders and each of the New PRC Affiliated Entities to perform the obligations under the New Contractual Arrangements. Such activities and transactions include, without limitation:

- (a) establishment of any subsidiary or entity by the New PRC Affiliated Entities or establishment of any other business or subsidiary by the New PRC Affiliated Entities;
- (b) conduct of any activity by any of the New PRC Affiliated Entities and/or their subsidiaries which are outside the ordinary course of business or change the mode of operations of the New PRC Affiliated Entities or their subsidiaries;
- (c) consolidation, subdivision, change of form of corporate organization, dissolution or liquidation of the New PRC Affiliated Entities and/or their subsidiaries;
- (d) providing any borrowing, loan or guarantee in respect of any debt to, or obtaining any borrowing and loan from, the New PRC Affiliated Entities and/or their subsidiaries;
- (e) providing any borrowing, loan or guarantee in respect of any debt, or obtaining any borrowing and loan by the New PRC Affiliated Entities or their subsidiaries to any third party, except in the ordinary course of business and provided that the amount of such debt is less than RMB100,000;

- (f) change or removal of any director, supervisor or senior management (including but not limited to manager, deputy manager, chief financial officer, chief technical officer, principal, and dean) of any of the New PRC Affiliated Entities or their subsidiaries, increase or decrease of their remuneration package, or change of their appointment terms and conditions;
- (g) sale, transfer, lending or authorizing the use or disposal of any assets or rights (including but not limited to domain, trademark, intellectual property and exclusive technology) of any of the New PRC Affiliated Entities or their subsidiaries to any third party other than Gench WFOE or its designated party, or purchase from any third party any assets or rights, except in the ordinary course of business and provided that the transaction amount is less than RMB100,000;
- (h) sale of any equity interest in any of the New PRC Affiliated Entities or its subsidiaries to any third party other than Gench WFOE or its designated party, or increase or reduction of the registered capital or change of the structure of the equity interest of any of the New PRC Affiliated Entities or its subsidiaries;
- (i) providing security over equity interest in or assets or rights of, or creating encumbrance over equity interest in or assets of any of the New PRC Affiliated Entities or its subsidiaries to third parties other than to Gench WFOE or its designated party;
- (j) altering, amending or revoking any permits of any of the New PRC Affiliated Entities or its subsidiaries;
- (k) amending the articles of association or scope of business of any of the New PRC Affiliated Entities or its subsidiaries;
- (l) change of any normal business procedures or amendment of any internal procedures and system of any of the New PRC Affiliated Entities or its subsidiaries;
- (m) entering into any business contracts outside the ordinary course of business except pursuant to the plan or suggestion of Gench WFOE or us;
- (n) distribution of any dividend or other payment to the New PRC Affiliated Entities, or the shareholders of the New PRC Affiliated Entities or any of its subsidiaries;
- (o) carrying out any activity which has or may have an adverse effect on the daily operations, business or assets of any of the New PRC Affiliated Entities or its subsidiaries or its ability to make any payment to Gench WFOE;
- (p) entering into any transaction which has or may have an adverse effect on the transactions contemplated under the New Contractual Arrangements; and

- (q) transfer of his/her/its rights and obligations under the New Contractual Arrangements to any third party other than Gench WFOE or its designated party, or establishment and commencement of any cooperation or business relationship similar to that under the New Contractual Arrangements with any third party by the New Registered Shareholders, any of the New PRC Affiliated Entities or its subsidiaries.

Furthermore, each of the New Registered Shareholders undertakes to Gench WFOE that, unless with the prior written consent of Gench WFOE, the New Registered Shareholders (severally or jointly) shall not (i) directly or indirectly engage, participate in, conduct, acquire or hold any business or activities which compete or may potentially compete with any of the New PRC Affiliated Entities and its subsidiaries (“Competing Business”), (ii) use information obtained from any of the New PRC Affiliated Entities or its subsidiaries for the Competing Business, and (iii) obtain any benefit from any Competing Business. Each of the New Registered Shareholders further consents and agrees that, in the event that the New Registered Shareholders (severally or jointly) directly or indirectly engage, participate in or conduct any Competing Business, Gench WFOE and/or other entities as designated by our Company shall be granted an option to require the entity engaging in the Competing Business to enter into an arrangement similar to that of the New Contractual Arrangements. If Gench WFOE does not exercise such option, the New Registered Shareholders shall cease the operation of the Competing Business within a reasonable time.

(2) New Exclusive Technical Service and Management Consultancy Agreement

Pursuant to the New Exclusive Technical Service and Management Consultancy Agreement, Gench WFOE agrees to provide exclusive technical services to the New PRC Affiliated Entities, including but not limited to, (a) design, development, update and maintenance of educational software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites necessary for the education activities of the New PRC Affiliated Entities; (c) design, development, update and maintenance of management information systems necessary for the education activities of the New PRC Affiliated Entities; (d) provision of other technical support necessary for the education activities of the New PRC Affiliated Entities; (e) provision of technical consulting services; (f) provision of technical training; (g) engaging technical staff to provide on-site technical support; and (h) providing other technical services reasonably requested by the New PRC Affiliated Entities.

Furthermore, Gench WFOE agrees to provide exclusive management consultancy services to the New PRC Affiliated Entities, including but not limited to, (a) design of curriculum; (b) preparation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and training support and services; (d) provision of student recruitment support and services; (e) provision of

public relation services; (f) preparation of long term strategic development plans and annual working plans; (g) development of financial management systems and recommendation and optimization on annual budget; (h) advising on design of internal structures and internal management; (i) provision of administrative staff management and consultancy training; (j) conduct of market research; (k) preparation of market development plan; (l) building of online and offline marketing network; and (m) providing other management technical services reasonably requested by the New PRC Affiliated Entities.

In consideration of the technical and management consultancy services provided by Gench WFOE, each of the New PRC Affiliated Entities agrees to pay Gench WFOE a service fee equal to all of their respective amount of surplus from operations (after deducting all costs, expenses, taxes, losses from the previous year (if required by the law) and the legally compulsory development fund of the respective school (if required by the law)). The compulsory development fund is included as statutory surplus reserve at the Group's level and retained at school's level. Gench WFOE has the right (but not the obligation) to adjust the amount of such service fee by reference to the actual services provided and the actual business operations and needs of the New PRC Affiliated Entities, provided that any adjusted amount shall not exceed the amount mentioned above. The New PRC Affiliated Entities do not have any right to make any such adjustment.

Pursuant to the New Exclusive Technical Service and Management Consultancy Agreement, unless otherwise prescribed under the PRC laws and regulations, Gench WFOE shall have exclusive proprietary rights to any technology and intellectual property developed and materials prepared in the course of the provision of research and development, technical support and services by Gench WFOE to the New PRC Affiliated Entities, and any intellectual property in the products developed, including any other rights derived thereunder, in the course of performance of obligations under the New Exclusive Technical Service and Management Consultancy Agreement and/or any other agreements entered into between Gench WFOE and other parties. To the extent prescribed under the PRC laws and regulations, the intellectual properties, which are restricted or prohibited from owning by Gench WFOE, shall be owned by the New PRC Affiliated Entities until permissible under the PRC laws and regulations. The New PRC Affiliated Entities shall transfer the aforesaid intellectual properties at the lowest consideration permissible under the PRC laws and regulations to Gench WFOE in addition to assist with the registration procedures.

Without the written consent of Gench WFOE, the New PRC Affiliated Entities shall not make (i) any disposal of material assets and (ii) changes to the current ownership structure of the New PRC Affiliated Entities. The New PRC Affiliated Entities shall not enter into transactions, which may materially affect their assets, responsibilities,

business operation, ownership structures, equity interest held by third parties and other legal rights, outside their ordinary course of business without the prior disclosure and written consent of Gench WFOE.

(3) New Exclusive Call Option Agreement

Under the New Exclusive Call Option Agreement, the New Registered Shareholders irrevocably grant Gench WFOE or its designated purchaser the right to purchase all or part of direct or indirect equity interest in the New PRC Affiliated Entities (“Equity Call Option”). The purchase price payable by Gench WFOE in respect of the transfer of such equity interest upon exercise of the Equity Call Option shall be the lowest price permitted under the PRC laws and regulations. Gench WFOE or its designated purchaser shall have the right to purchase such proportion of the equity interest in the New PRC Affiliated Entities as it decides at any time.

In the event that PRC laws and regulations allow Gench WFOE or other foreign-owned entities designated by our Company to directly hold all or part of the equity interest in the New PRC Affiliated Entities and operate private education business in the PRC, Gench WFOE shall issue the notice of exercise of the Equity Call Option as soon as practicable, and the percentage of equity interest purchased upon exercise of the Equity Call Option shall not be lower than the maximum percentage then allowed to be held by Gench WFOE or other foreign-owned entities designated by our Company under PRC laws and regulations.

The New Registered Shareholders further undertake to Gench WFOE that, they:

- (a) shall not sell, assign, transfer or otherwise dispose of or create encumbrance over its direct and/or indirect equity interest in the New PRC Affiliated Entities without the prior written consent of Gench WFOE;
- (b) shall not increase or reduce or agree to the increase or reduction of capital investment in the New PRC Affiliated Entities without the prior written consent of Gench WFOE;
- (c) shall not agree to or procure any of the New PRC Affiliated Entities to divide into or merge with other entities without the prior written consent of Gench WFOE;
- (d) shall not dispose of or procure the management of the New PRC Affiliated Entities to dispose of any of the assets of the New PRC Affiliated Entities without the prior written consent of Gench WFOE, except in the ordinary course of business and provided that the value of such assets so disposed shall not exceed RMB500,000;

- (e) shall not terminate or procure the management of the New PRC Affiliated Entities to terminate any material contract (which includes any agreement under which the amount involved exceeds RMB1,000,000, the New Contractual Arrangements and any agreement of similar nature or content to the New Contractual Arrangements) or enter into any other contracts which may contradict such material contracts without the prior written consent of Gench WFOE;
- (f) shall not procure any of the New PRC Affiliated Entities to enter into any transactions which may have an actual impact on the assets, liabilities, operations, equity structures or other legal rights of the New PRC Affiliated Entities without the prior written consent of Gench WFOE, save for transactions which are in the ordinary course of business of the New PRC Affiliated Entities with the amount involved not more than RMB1,000,000, or transactions which have been disclosed to Gench WFOE and approved by Gench WFOE;
- (g) shall not agree to or procure any of the New PRC Affiliated Entities to declare or in substance distribute any distributable dividends or agree to such distribution without the prior written consent of Gench WFOE;
- (h) shall not agree to or procure any of the New PRC Affiliated Entities to amend its articles of association without the prior written consent of Gench WFOE;
- (i) shall ensure that any of the New PRC Affiliated Entities does not provide or obtain loans or provide any guarantees or otherwise undertake any other action to guarantee, or undertake any material obligations (including obligations under which the amount payable by the New PRC Affiliated Entities exceeds RMB100,000, obligations which restrict or hinder the due performance of obligations under the New Contractual Arrangements by the New PRC Affiliated Entities, obligations which restrict or prohibit the financial or business operations of the New PRC Affiliated Entities, or any obligations which may result in change of the structure of the equity interest in the New PRC Affiliated Entities) outside its ordinary course of business without the prior written consent of Gench WFOE;
- (j) shall use its best endeavors to develop the business of any of the New PRC Affiliated Entities and ensure compliance with laws and regulations by the New PRC Affiliated Entities, and shall not take or fail to take any action which may prejudice the assets, goodwill or the effectiveness of operational licenses of the New PRC Affiliated Entities;
- (k) shall, prior to the transfer of its shareholders' interest to Gench WFOE or its designated purchaser and without prejudice to the New Directors' Rights Entrustment Agreement, the New Shareholders' Rights Entrustment Agreement

(I) and the New Shareholders' Rights Entrustment Agreement (II), execute all documents necessary for holding and maintaining the ownership of its equity interest in the New PRC Affiliated Entities;

- (l) shall sign all documents and take all necessary actions to facilitate transfer of its equity interest in the New PRC Affiliated Entities to Gench WFOE or its designated purchaser;
- (m) shall take all such actions to facilitate the New PRC Affiliated Entities in their performance of its obligations under the New Exclusive Call Option Agreement if such performance requires any action be taken by Jian Qiao Group on behalf of the interest owner of the New PRC Affiliated Entities;
- (n) shall, in its capacity as shareholders of the New PRC Affiliated Entities and without prejudice to the New Contractual Arrangements, procure directors nominated by it to exercise all rights to enable any of the New PRC Affiliated Entities to perform its rights and obligations under the New Exclusive Call Option Agreement, and shall replace any director who fails to do so; and
- (o) in the event that the consideration paid by Gench WFOE or its designated purchaser for the transfer of all or part of the equity interest in the New PRC Affiliated Entities exceeds RMB0, shall pay such excess amount to Gench WFOE or its designated entity.

(4) New Directors' Rights Entrustment Agreement

Pursuant to the New Directors' Rights Entrustment Agreement, the Appointed School Directors irrevocably authorize and entrusted Gench WFOE to exercise all their rights as directors of Jian Qiao University Company to the extent permitted by PRC laws. These rights include, but are not limited to: (a) the right to attend meetings of the board of directors as representatives of the Appointed School Directors; (b) the right to exercise voting rights of the Appointed School Directors in respect of all matters discussed and resolved at the board meeting of Jian Qiao University Company; (c) the right to propose to convene interim board meetings of Jian Qiao University Company; (d) the right to sign all board minutes, board resolutions and other legal documents which the Appointed School Directors have authority to sign in their capacities as directors of Jian Qiao University Company; (e) the right to instruct the manager and financial responsible persons of Jian Qiao University Company to act in accordance with the instruction of Gench WFOE; (f) the right to exercise all other rights and voting rights of directors as prescribed under the articles of association of Jian Qiao University Company; (g) the right to handle the legal procedures of registration, approval and licensing of Jian Qiao University Company at the department of administration for market regulation, the education department or other government regulatory departments; and (h) other directors' rights pursuant to applicable PRC laws and regulations and the articles of association of Jian Qiao University Company as amended from time to time.

In addition, each of the Appointed School Directors irrevocably agrees that (i) Gench WFOE may delegate its rights under the New Directors' Rights Entrustment Agreement to the director of Gench WFOE or its designated person, without prior notice to or approval by the Appointed School Directors; and (ii) any person as successor of civil rights of Gench WFOE or liquidator by reason of subdivision, merger, liquidation of Gench WFOE or other circumstances shall have authority to replace Gench WFOE to exercise all rights under the New Directors' Rights Entrustment Agreement.

(5) New Directors' Powers of Attorney

Pursuant to the New Directors' Powers of Attorney executed by each of the Appointed School Directors in favor of Gench WFOE, each of the Appointed School Directors authorizes and appoints Gench WFOE, the sole director of which is Zhou Qiaoqi (周喬琪) (and he is not a director of any of the New PRC Affiliated Entities and therefore does not give rise to any conflicts of interest), as his/her agent to act on his/her behalf to exercise or delegate the exercise of all of his/her rights as directors of Jian Qiao University Company. For details of the rights granted, see the paragraph headed "(4) New Directors' Rights Entrustment Agreement" of this announcement.

Gench WFOE shall have the right to further delegate the rights so delegated to the sole director of Gench WFOE or other designated person. Each of the Appointed School Directors irrevocably agrees that the authorization appointment in the New Directors' Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. The New Directors' Powers of Attorney shall constitute a part and incorporate terms of the New Directors' Rights Entrustment Agreement.

(6) New Shareholders' Rights Entrustment Agreement (I)

Pursuant to the New Shareholders' Rights Entrustment Agreement (I), each of the New Registered Shareholders and Jian Qiao Group irrevocably authorizes and entrusts Gench WFOE to exercise all of his/her/its respective rights as shareholders of the School Holders to the extent permitted by the PRC laws. These rights include, but are not limited to: (a) the right to attend shareholders' meetings of the School Holders, as the case may be; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the shareholders' meeting of the School Holders, as the case may be; (c) the right to propose to general meetings of the School Holders, as the case may be; (d) the right to sign all shareholders' resolutions and other legal documents which the New Registered Shareholders and Jian Qiao Group have authority to sign in his/her/its capacity as shareholders of the School Holders, as the case may be; (e) the right to instruct the directors and legal representative of the School Holders, as the case may be to act in accordance with the instruction of Gench WFOE; (f) the right to exercise all other rights and voting rights of shareholders as prescribed under the articles of association of the School Holders, as

the case may be; (g) the right to handle the legal procedures of registration, approval, licensing and filing of the School Holders, as the case may be at the department of administration for market regulation or other government regulatory departments; (h) the right to decide to transfer or otherwise dispose of the equity interests in the School Holders held by the New Registered Shareholders and Jian Qiao Group; and (i) other shareholders' rights pursuant to applicable PRC laws and regulations and the articles of association of the School Holders as amended from time to time.

In addition, each of the New Registered Shareholders and Jian Qiao Group irrevocably agrees that (i) Gench WFOE may delegate its rights under the New Shareholders' Rights Entrustment Agreement (I) to the director of Gench WFOE or its designated person, without prior notice to or approval by the New Registered Shareholders and Jian Qiao Group; and (ii) any person as successor of civil rights of Gench WFOE or liquidator by reason of subdivision, merger, liquidation of Gench WFOE or other circumstances shall have authority to replace Gench WFOE to exercise all rights under the New Shareholders' Rights Entrustment Agreement (I).

(7) New Shareholders' Rights Entrustment Agreement (II)

Pursuant to the New Shareholders' Rights Entrustment Agreement (II), each of the School Holders irrevocably authorizes and entrusts Gench WFOE to exercise all of its respective rights as shareholders of Jian Qiao University Company to the extent permitted by the PRC laws. These rights include, but are not limited to: (a) the right to attend shareholders' meetings of Jian Qiao University Company, as the case may be; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the shareholders' meeting of Jian Qiao University Company, as the case may be; (c) the right to understand the operating and financial status of Jian Qiao University Company; (d) the right to review financial statements and reports of Jian Qiao University Company in accordance with the relevant laws; (e) the right to obtain the remaining properties of Jian Qiao University Company after liquidation in accordance with the relevant laws; (f) the right to propose to general meetings of Jian Qiao University Company, as the case may be; (g) the right to sign all shareholders' resolutions and other legal documents which the School Holders have authority to sign in their capacity as shareholders of Jian Qiao University Company, as the case may be; (h) the right to instruct the directors and legal representative of Jian Qiao University Company, as the case may be to act in accordance with the instruction of Gench WFOE; (i) the right to exercise all other rights and voting rights of shareholders as prescribed under the articles of association of Jian Qiao University Company, as the case may be; (j) the right to handle the legal procedures of registration, approval, licensing and filing of Jian Qiao University Company, as the case may be at the department of administration for market regulation, the education department or other government regulatory departments; and (k) other shareholders' rights pursuant to applicable PRC laws and regulations and the articles of association of Jian Qiao University Company as amended from time to time.

In addition, each of the School Holders irrevocably agrees that (i) Gench WFOE may delegate its rights under the New Shareholders' Rights Entrustment Agreement (II) to the director of Gench WFOE or its designated person, without prior notice to or approval by the School Holders; and (ii) any person as successor of civil rights of Gench WFOE or liquidator by reason of subdivision, merger, liquidation of Gench WFOE or other circumstances shall have authority to replace Gench WFOE to exercise all rights under the New Shareholders' Rights Entrustment Agreement (II).

(8) New Shareholders' Powers of Attorney (I)

Pursuant to the New Shareholders' Powers of Attorney (I) to be executed by each of the New Registered Shareholders and Jian Qiao Group in favor of Gench WFOE, each of the New Registered Shareholders and Jian Qiao Group authorizes and appoints Gench WFOE, as his/her/its agent to act on his/her/its behalf to exercise or delegate the exercise of all his/her/its rights as shareholders of the School Holders. For details of the rights granted, see the paragraph headed "(6) New Shareholders' Rights Entrustment Agreement (I)" in this announcement.

Gench WFOE shall have the right to further delegate the rights so delegated to its director or other designated person. Each of the New Registered Shareholders and Jian Qiao Group irrevocably agrees that the authorization appointment in the New Shareholders' Powers of Attorney (I) shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. The New Shareholders' Powers of Attorney (I) shall constitute a part and incorporate terms of the New Shareholders' Rights Entrustment Agreement (I).

(9) New Shareholders' Powers of Attorney (II)

Pursuant to the New Shareholders' Powers of Attorney (II) to be executed by each of the School Holders in favor of Gench WFOE, each of the School Holders authorizes and appoints Gench WFOE, as their agent to act on their behalf to exercise or delegate the exercise of all their rights as shareholders of Jian Qiao University Company. For details of the rights granted, see the paragraph headed "(7) New Shareholders' Rights Entrustment Agreement (II)" in this announcement.

Gench WFOE shall have the right to further delegate the rights so delegated to its director or other designated person. Each of the School Holders irrevocably agrees that the authorization appointment in the New Shareholders' Powers of Attorney (II) shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or other similar events. The New Shareholders' Powers of Attorney (II) shall constitute a part and incorporate terms of the New Shareholders' Rights Entrustment Agreement (II).

(10) New Spouse Undertakings

Pursuant to the New Spouse Undertakings, the respective spouse of each of the New Registered Shareholders (other than Ms. Huang Chunlan) irrevocably undertakes that:

- (a) the spouse has full knowledge of and consents to the entering into of the New Contractual Arrangements by the respective New Registered Shareholders (other than Ms. Huang Chunlan), Gench WFOE and the New PRC Affiliated Entities, and in particular, the arrangement as set out in the New Contractual Arrangements in relation to the restrictions imposed on the direct or indirect equity interest in the New PRC Affiliated Entities, pledge or transfer the direct or indirect equity interest in the New PRC Affiliated Entities, or the disposal of the direct or indirect equity interest in the New PRC Affiliated Entities in any other forms;
- (b) the spouse has not participated, is not participating and shall not in the future participate in the operation, management, liquidation, dissolution and other matters in relation to the New PRC Affiliated Entities;
- (c) the spouse authorizes the respective New Registered Shareholder or his authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in relation to the spouse's direct or indirect equity interest in the New PRC Affiliated Entities in order to safeguard the interest of Gench WFOE under the New Contractual Arrangements and give effect to the fundamental purposes thereunder, and confirms and agrees to all such documents and procedures;
- (d) any undertaking, confirmation, consent and authorization under the New Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by any increase, decrease, consolidation or other similar events relating to the direct or indirect equity interest in the New PRC Affiliated Entities;
- (e) any undertaking, confirmation, consent and authorization under the New Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events; and
- (f) all undertakings, confirmations, consents and authorizations under the New Spouse Undertakings shall continue to be valid and binding until otherwise terminated by both Gench WFOE and the spouse of the respective New Registered Shareholder in writing.

The New Spouse Undertakings shall have the same term as and incorporate the terms of the New Business Cooperation Agreement.

(11) No Spouse Undertaking

Pursuant to the No Spouse Undertaking, Ms. Huang Chunlan, as one of the New Registered Shareholders, irrevocably undertakes that:

- (a) she does not have any spouse;
- (b) if she enters into marriage during the effective period of the New Contractual Arrangements, she shall procure her then spouse to sign the spouse undertaking; and
- (c) she will make appropriate arrangements in advance to procure that, in the event of death, loss of or restriction on capacity, bankruptcy, divorce or other circumstances that may affect performance of the obligations under the New Contractual Arrangements, her heirs, guardians, creditors, spouse or persons who may obtain the relevant equity interests or rights (collectively, the “Equity Interest Successors”), shall agree that:
 - (i) the relevant equity interests owned by her shall and can be pledged, sold or disposed of in accordance with the New Contractual Arrangements;
 - (ii) the New Contractual Arrangements shall apply to the rights under the relevant equity interests owned by her that the Equity Interest Successors may own; and
 - (iii) her Equity Interest Successors shall not make any request in terms of the relevant equity interests owned by her or actions that are inconsistent with the New Contractual Arrangements.

The No Spouse Undertaking shall have the same term as and incorporate the terms of the New Business Cooperation Agreement.

(12) New Equity Pledge Agreements

Pursuant to the New Equity Pledge Agreements, each of the New Registered Shareholders and Jian Qiao Group unconditionally and irrevocably pledged and granted first priority security interests over all of his/her/its equity interest in Jian Qiao Group and Jian Qiao Investment, accordingly, together with all related rights thereto to Gench WFOE as security for performance of the New Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Gench WFOE as a result of any event of default on the part of the New Registered Shareholders and the New PRC Affiliated Entities and all expenses incurred by Gench WFOE as a result of enforcement of the obligations of the New Registered Shareholders and the New PRC Affiliated Entities under the New Contractual Arrangements (the “Secured Indebtedness”).

Pursuant to the New Equity Pledge Agreements, without the prior written consent of Gench WFOE, the New Registered Shareholders and Jian Qiao Group shall not transfer the equity interest or create further pledge or encumbrance over the pledged equity interest. Any unauthorized transfer shall be invalid, and the proceeds of any transfer of the equity interest shall be first used in the payment of the Secured Indebtedness or deposited to such third party as agreed to by Gench WFOE. The New Registered Shareholders and Jian Qiao Group also waives any pre-emptive rights upon enforcement and agrees to any transfer of the pledged equity pursuant to the New Equity Pledge Agreements.

Pursuant to the New Equity Pledge Agreements, each party undertakes that, if the registration authorities require to define the amount of the principal claim upon the pledge range in the equity pledge registration, the amount of claims under the New Contractual Arrangements shall be registered as the principal, RMB1,050,000,000 and any other amount in the event of default and compensation under the New Contractual Arrangements.

Any of the following events shall constitute an event of default under the New Equity Pledge Agreements:

- (a) any of the New Registered Shareholders and the New PRC Affiliated Entities commits any breach of any obligations under the New Contractual Arrangements;
- (b) any representations or warranties or information provided by any of the New Registered Shareholders and the New PRC Affiliated Entities under the New Contractual Arrangements is proved incorrect or misleading; or
- (c) any provision in the New Contractual Arrangements becomes invalid or incapable of performance due to changes in PRC laws and regulations or promulgation of new laws and regulations in the PRC, and the parties have not agreed on any alternative arrangement.

Upon the occurrence of an event of default as described above, Gench WFOE shall have the right to enforce the New Equity Pledge Agreements by written notice to the New Registered Shareholders and Jian Qiao Group in one or more of the following ways:

- (a) to the extent permitted under PRC laws and regulations, Gench WFOE may request the New Registered Shareholders and Jian Qiao Group to transfer all or part of his/her/its equity interest in the School Holders to any entity or individual designated by Gench WFOE at the lowest consideration permissible under the PRC laws and regulations, while the New Registered Shareholders and Jian Qiao Group irrevocably undertake that in the event that the

consideration paid by Gench WFOE or its designated purchaser for the transfer of all or part of the equity interest in the School Holders exceeds RMB0, shall pay such excess amount to Gench WFOE or its designated entity;

- (b) sell the pledged equity interest by way of auction or at a discount and have priority in the entitlement to the sales proceeds; and
- (c) dispose of the pledged equity interest in other manner subject to applicable laws and regulations.

The pledges under the New Equity Pledge Agreements will be registered with the department of administration for market regulation of the PRC and become effective on the same date of the registration of the pledge.

Dispute Resolution

Each of the New Contractual Arrangements provides that:

- (a) any dispute, controversy or claim arising out of or in connection with the performance, interpretation, breach, termination or validity of the New Contractual Arrangements shall be resolved through negotiation after one party delivers to the other parties a written negotiation request setting out the specific statements of the disputes or claims;
- (b) if the parties are unable to settle the dispute within 30 days of delivery of such written negotiation request, any party shall have the right to refer the dispute to and have the dispute finally resolved by arbitration administered by the China International Economic and Trade Arbitration Commission in Beijing, the PRC under the prevailing effective arbitration rules thereof. The results of the arbitration shall be final and binding on all relevant parties;
- (c) the arbitration commission shall have the right to award remedies over the equity interest in the New PRC Affiliated Entities and property interest and other assets of the New PRC Affiliated Entities, injunctive relief (for the conduct of business or to compel the transfer of assets), or order the winding up of the New PRC Affiliated Entities; and
- (d) upon request by any party, the courts of competent jurisdictions shall have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts of PRC, Hong Kong, the Cayman Islands and the place where the principal assets of our Company and the New PRC Affiliated Entities are located shall be considered as having jurisdiction for the above purposes.

In connection with the dispute resolution method as set out in the New Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Advisors that:

- (a) under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order for the purpose of protecting assets of or equity interest in the New PRC Affiliated Entities in case of disputes. As such, these remedies may not be available to our Group under PRC laws;
- (b) further, under the PRC laws, courts or judicial authorities in the PRC generally would not award remedies over the shares and/or assets of the New PRC Affiliated Entities, injunctive relief or winding-up of the New PRC Affiliated Entities as interim remedies, before there is any final outcome of arbitration;
- (c) however, the PRC laws do not disallow the arbitral body to give award of transfer of assets of or an equity interest in the New PRC Affiliated Entities at the request of arbitration applicant. 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 such award of the arbitral body when deciding whether to take enforcement measures;
- (d) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; therefore, in the event we are unable to enforce the New Contractual Arrangements, we may not be able to exert effective control over the New PRC Affiliated Entities, and our ability to conduct our business may be negatively affected; and
- (e) even if the above-mentioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the New Contractual Arrangements.

As a result of the above, in the event that the New PRC Affiliated Entities or any of the New Registered Shareholders breaches any of the New Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over the New PRC Affiliated Entities and conduct our business could be materially and adversely affected.

Protection in the Event of Death, Bankruptcy or Divorce of the New Registered Shareholders

As disclosed above, pursuant to the New Spouse Undertakings, each of the spouse of the relevant New Registered Shareholders (other than Ms. Huang Chunlan) irrevocably undertakes that, among others, the spouse authorizes the relevant New Registered Shareholders (other than Ms. Huang Chunlan) and his authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on

behalf of the spouse in relation to the direct and indirect equity interest of the relevant New Registered Shareholders (other than Ms. Huang Chunlan) in the New PRC Affiliated Entities in order to safeguard the interest of Gench WFOE under the New Contractual Arrangements and give effect to the fundamental purposes thereunder, and confirms and agrees to all such documents and procedures and any undertaking, confirmation, consent and authorization under the New Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events. See the paragraph headed “(10) New Spouse Undertakings” in this announcement for details.

In addition, as disclosed above, pursuant to the New Business Cooperation Agreement, each of the New Registered Shareholders undertakes to Gench WFOE that, in the event of death, loss of or restriction on capacity, divorce or other circumstances which may affect the exercise of his/her direct or indirect equity interest in Jian Qiao Group, he/she shall have made all necessary arrangement and sign all necessary documents such that their respective successor, guardian, spouse, and any other person which may as a result of the above events obtain the equity interest or relevant rights shall not prejudice or hinder the enforcement of the New Contractual Arrangements.

Protection in the Event of Dissolution or Liquidation of the New PRC Affiliated Entities

Pursuant to the New Business Cooperation Agreement, in the event of the dissolution or liquidation of the New PRC Affiliated Entities, the New Registered Shareholders undertake that, among others, Gench WFOE and/or its designee shall have the right to exercise all shareholders’ rights on behalf of the New Registered Shareholders and Jian Qiao Group and shall instruct all of the New PRC Affiliated Entities to transfer assets received under PRC laws directly to Gench WFOE and/or our designee. See the paragraph headed “(1) New Business Cooperation Agreement” in this announcement for details.

Furthermore, Gench WFOE is irrevocably authorized and entrusted to exercise (i) the rights of the School Holders as the shareholders of Jian Qiao University Company; (ii) the rights of the Appointed School Directors as directors of Jian Qiao University Company; (iii) rights of New Registered Shareholders as shareholders of Jian Qiao Group; and (iv) rights of Jian Qiao Group as the shareholder of Jian Qiao Investment. See the paragraphs headed “(4) New Directors’ Rights Entrustment Agreement”, “(6) New Shareholders’ Rights Entrustment Agreement (I)” and “(7) New Shareholders’ Rights Entrustment Agreement (II)” in this announcement for details.

Loss Sharing

In the event that the New PRC Affiliated Entities incur any loss or encounters any operational crisis, Gench WFOE may, but is not obliged to, provide financial support to the New PRC Affiliated Entities.

None of the agreements constituting the New Contractual Arrangements provide that our Company or its wholly-owned PRC subsidiary, Gench WFOE, is obligated to share the losses of the New PRC Affiliated Entities or provide financial support to the New PRC Affiliated Entities. Further, the New PRC Affiliated Entities shall be solely liable for its own debts and losses with assets and properties owned by it.

Under PRC laws and regulations, our Company or Gench WFOE, is not expressly required to share the losses of the New PRC Affiliated Entities or provide financial support to the New PRC Affiliated Entities. Despite the foregoing, given that the New PRC Affiliated Entities' financial condition and results of operations are consolidated into our Group's financial condition and results of operations under the applicable accounting principles, our Company's business, financial condition and results of operations would be adversely affected if the New PRC Affiliated Entities suffer losses. However, due to the restrictive provisions contained in the New Contractual Arrangements as disclosed in the respective paragraphs headed "(1) New Business Cooperation Agreement" and "(3) New Exclusive Call Option Agreement" above, the potential adverse effect on Gench WFOE and our Company in the event of any loss suffered from the New PRC Affiliated Entities can be limited to a certain extent.

Termination of the New Contractual Arrangements

Each of the New Contractual Arrangements provides that: (a) each of the New Contractual Arrangements shall be terminated upon the completion of the purchase of all the equity interest that the New Registered Shareholders (directly and indirectly) hold in the New PRC Affiliated Entities by Gench WFOE or another party designated by our Company pursuant to the terms of the New Exclusive Call Option Agreement, save for the New Equity Pledge Agreements which shall continue to be in force until all obligations thereunder have been performed or all Secured Indebtedness has been repaid in full; (b) Gench WFOE shall have the right to terminate the New Contractual Arrangements by serving 30-day prior notice; and (c) each of the New PRC Affiliated Entities and the New Registered Shareholders shall not be entitled to unilaterally terminate the New Contractual Arrangements in any situation other than prescribed by the laws.

In the event that PRC laws and regulations allow Gench WFOE or us to directly hold all or part of the equity interest in the New PRC Affiliated Entities and operate private education business in the PRC, Gench WFOE shall exercise the Equity Call Option as soon as practicable and Gench WFOE or its designated party shall purchase such amount of equity interest to the extent permissible under the PRC laws and regulations, and upon exercise in full of the Equity Call Option and the acquisition of all the equity interest that the New Registered Shareholders (directly and indirectly) hold in the New PRC Affiliated Entities by Gench WFOE or another party designated by our Company pursuant to the terms of the New Exclusive Call Option Agreement, each of the New Contractual Arrangements shall be automatically terminated. Our New Registered Shareholders undertake to compensate to Gench WFOE or its respective designated

entity any consideration they received in the event that Gench WFOE or its respective designated purchaser acquire all or part of the equity interest in the New PRC Affiliated Entities.

Insurance

Our Company does not maintain any insurance policy to cover the risks relating to the New Contractual Arrangements.

Arrangement to Address Potential Conflicts of Interest

We have in place arrangements to address the potential conflicts of interest between the New Registered Shareholders on the one hand, and our Company on the other hand. Pursuant to the New Business Cooperation Agreement, each of the New Registered Shareholders undertakes to Gench WFOE that, unless with the prior written consent of Gench WFOE, the New Registered Shareholders shall not directly or indirectly engage, participate in, conduct, acquire or hold any Competing Business and Gench WFOE is granted an option to (i) require the entity engaging in the Competing Business to enter into an arrangement similar to that of the New Contractual Arrangements; or (ii) require the entity engaging in the Competing Business to cease operation. See the paragraph headed “(1) New Business Cooperation Agreement” in this announcement for details. Our Directors are of the view that the measures we have adopted are sufficient to mitigate the risks associated with the potential conflicts of interest between School Holders and the New Registered Shareholders on the one hand, and our Company on the other hand.

Legality of the New Contractual Arrangements

Based on the above, our PRC Legal Advisors are of the opinion that:

- (a) each of the New PRC Affiliated Entities was duly incorporated and is validly existing and their respective establishment is valid, effective and complies with the relevant PRC laws and regulations, each of the New Registered Shareholders is a natural person with full civil and legal capacity;
- (b) the New Contractual Arrangements as a whole and each of the agreements comprising the New Contractual Arrangements are legal, valid and binding on the parties thereto, except that the New Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets of the New PRC Affiliated Entities, injunctive relief and/or winding up of the New PRC Affiliated Entities, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal, while under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting the assets of or equity interest in the New PRC Affiliated Entities in case

of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as the courts of Hong Kong and the Cayman Islands may not be recognizable or enforceable in China;

- (c) as of the date of issuing their legal opinion, no PRC laws and regulations explicitly prohibit the use of contractual arrangements in the private education industry in the PRC. The New Contractual Arrangements do not violate the provisions of the PRC Civil Code including “malicious collusion is conducted to damage others’ legitimate rights and interests” and other applicable PRC laws and regulations;
- (d) each of the New Contractual Arrangements is not in violation of provisions of the articles of association of the New PRC Affiliated Entities and Gench WFOE;
- (e) each of the New Contractual Arrangements is enforceable under PRC laws and regulations, entering and the performance of the New Contractual Arrangements to each of the New Contractual Arrangements are not required to obtain any approvals or authorizations from the PRC governmental authorities, except that: (i) the pledge of any equity interest in the School Holders in favor of Gench WFOE is subject to registration requirements with relevant Administration of Market Regulation; (ii) the transfer of the equity interest in the New PRC Affiliated Entities contemplated under the New Contractual Arrangements is subject to applicable approval and/or registration requirements under the then applicable PRC laws; and (iii) any arbitral awards or foreign rulings and/or judgments in relation to the performance of the New Contractual Arrangements are subject to applications to competent PRC courts for recognition and enforcement; and
- (f) the New Contractual Arrangements do not violate the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors.

Development in the PRC legislation on foreign investment

The Foreign Investment Law of the PRC (the “Foreign Investment Law”), which took effect on January 1, 2020, replaced the Law on Sino-Foreign Equity Joint Ventures, the Law on Sino-Foreign Contractual Joint Ventures and the Law on Foreign-Capital Enterprises and became the legal foundation for foreign investment in the PRC.

Conducting operations through contractual arrangements has been and will be further adopted by many PRC-based companies, including us, to obtain and maintain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in China. The Foreign Investment Law does not explicitly stipulate contractual arrangements as a form of foreign investment. As advised by our PRC Legal Advisors, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law, and if the future laws, regulations and rules do not incorporate contractual arrangements as a form of foreign investment, the

New Contractual Arrangements as a whole and each of the agreements comprising the New Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties.

Notwithstanding the above, there are possibilities that future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment, and then whether the New Contractual Arrangements will be recognized as foreign investment, whether the New Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the New Contractual Arrangements will be handled are uncertain.

If the operation of higher education institutions is no longer in the Negative List and our Group can legally operate the education business under the PRC laws, Gench WFOE will exercise the Equity Call Option under the New Exclusive Call Option Agreement to acquire the equity interest in the New PRC Affiliated Entities and unwind the New Contractual Arrangements subject to re-approval by the relevant authorities.

If the operation of higher education is in the Negative List, the New Contractual Arrangements may be viewed as restricted foreign investment. Although New Contractual Arrangements are not specified as foreign investment under the Foreign Investment Law, the New Contractual Arrangements may be regarded as invalid and illegal if the future laws, administrative regulations or provisions prescribed by the State Council define New Contractual Arrangements as a form of foreign investment and the operation of higher education is still in the Negative List. As a result, our Group would not be able to operate the New PRC Affiliated Entities through the New Contractual Arrangements and we would lose our rights to receive the economic benefits of the New PRC Affiliated Entities. As a result, the financial results of the New PRC Affiliated Entities would no longer be consolidated into our Group's financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. An investment loss would be recognized as a result of such derecognition.

Nevertheless, considering that a number of existing conglomerates are operating under contractual arrangements and some of which have obtained listing status abroad and contractual arrangements are not specified as foreign investment under the Foreign Investment Law, our Directors are of the view that it is unlikely that the relevant regulations will take retrospective effect to require the relevant enterprises to remove the New Contractual Arrangements.

Directors' Views on the New Contractual Arrangements

We believe that the New Contractual Arrangements are narrowly tailored because the New Contractual Arrangements are only used to enable our Group to consolidate the financial results of the New PRC Affiliated Entities which engage or will engage in the operation of higher education where the PRC laws and regulations currently restrict operation of higher education to Sino-foreign ownership.

As at the date of this announcement, we have not encountered any interference or encumbrance from any governing bodies in our plan to adopt the New Contractual Arrangements so that the financial results of the operation of the New PRC Affiliated Entities can be consolidated to those of our Group, and based on the advice of our PRC Legal Advisors, the Directors are of the view that the New Contractual Arrangements are enforceable under the PRC laws and regulations, except for relevant arbitration provisions, as disclosed in the section headed “Dispute Resolution” in this announcement.

The Directors (including the independent non-executive Directors) are of the view that (i) contractual arrangements under the New Contractual Arrangements will be on substantially the same terms as those currently in place under the Existing Contractual Arrangements; (ii) the termination of the Existing Contractual Arrangements and establishment of the New Contractual Arrangements 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; and (iii) the financial results of the New PRC Affiliated Entities will be consolidated into the financial statements of the Company.

Certain Directors (namely, Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan and Mr. Shi Yinjie) are also parties to the New Contractual Arrangements. Although none of the Directors (or their associates) had any material interest as defined in the Listing Rules in the New Contractual Arrangements to the best knowledge of the Company, each of Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan and Mr. Shi Yinjie abstains from voting on the board resolutions to approve the termination of the Existing Contractual Arrangements and the establishment of the New Contractual Arrangements.

Consolidated financial results of the New PRC Affiliated Entities

According to IFRS 10 — Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own the New PRC Affiliated Entities, the New Contractual Arrangements as mentioned above enable our Company to exercise control over the New PRC Affiliated Entities. Our Directors consider that our Company can consolidate the financial results of the New PRC Affiliated Entities as if they were our Group’s subsidiaries.

Compliance with the New Contractual Arrangements

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the New Contractual Arrangements and our compliance with the New Contractual Arrangements:

- (a) major issues arising from the implementation and compliance with the New Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (b) our Board will review the overall performance of and compliance with the New Contractual Arrangements at least once a year;
- (c) our Company will disclose the overall performance and compliance with the New Contractual Arrangements in its annual reports and interim reports to update the Shareholders and potential investors;
- (d) our Company and our Directors undertake to provide periodic updates in our annual and interim reports regarding the qualification requirement and our status of compliance with the Foreign Investment Law; and
- (e) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the New Contractual Arrangements, review the legal compliance of Gench WFOE and the New PRC Affiliated Entities to deal with specific issues or matters arising from the New Contractual Arrangements.

In addition, notwithstanding that certain executive Directors (namely, Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan and Mr. Shi Yinjie) are also the New Registered Shareholders, we believe that our Directors are able to perform their roles in our Group independently and our Group is capable of managing its business independently under the following measures:

- (a) the decision-making mechanism of the Board as set out in the articles of association of the Company includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;
- (b) each of our Directors is aware of his fiduciary duties as a Director which requires, amongst other things, that he acts for the benefits and in the best interests of our Group;

- (c) we have appointed three independent non-executive Directors, comprising over one-third of our Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of our Company and our Shareholders as a whole; and
- (d) we will disclose in our announcements, circulars, annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by our Board (including independent non-executive Directors) relating to any business or interest of each Director and his associates that competes or may compete with the business of our Group and any other conflicts of interest which any such person has or may have with our Group.

Risks and limitations relating to the New Contractual Arrangements

(1) Loss sharing and Economic Risks of the Company

In the event that the New PRC Affiliated Entities incur any loss or encounters any operational crisis, Gench WFOE may, but is not obliged to, provide financial support to the New PRC Affiliated Entities.

None of the agreements constituting the New Contractual Arrangements provide that our Company or its wholly-owned PRC subsidiary, Gench WFOE, is obligated to share the losses of the New PRC Affiliated Entities or provide financial support to the New PRC Affiliated Entities. Further, the New PRC Affiliated Entities shall be solely liable for its own debts and losses with assets and properties owned by it.

Under PRC laws and regulations, our Company or Gench WFOE, is not expressly required to share the losses of the New PRC Affiliated Entities or provide financial support to the New PRC Affiliated Entities. Despite the foregoing, given that the New PRC Affiliated Entities' financial condition and results of operations are consolidated into our Group's financial condition and results of operations under the applicable accounting principles, our Company's business, financial condition and results of operations would be adversely affected if the New PRC Affiliated Entities suffer losses. However, due to the restrictive provisions contained in the New Contractual Arrangements as disclosed in the respective paragraphs headed "(1) New Business Cooperation Agreement" and "(3) New Exclusive Call Option Agreement" in this announcement, the potential adverse effect on Gench WFOE and our Company in the event of any loss suffered from the New PRC Affiliated Entities can be limited to a certain extent.

(2) Limitations in Exercising the Option to Acquire Ownership in the New PRC Affiliated Entities

The Group may incur substantial cost on our part to exercise the option to acquire the equity interest in the New PRC Affiliated Entities. Pursuant to the New Exclusive Call Option Agreement, Gench WFOE or its designated purchaser has the exclusive right to purchase all or part of the equity interest in the New PRC Affiliated Entities at the lowest price permitted under the PRC laws and regulations. In the event that Gench WFOE or its designated purchaser acquires such equity interest and the relevant PRC authorities determine that the purchase price for acquiring the equity interest is below market value, Gench WFOE or its designated purchaser may be required to pay enterprise income tax with reference to the market value such that the amount of tax may be substantial, which could materially and adversely affect our business, financial condition and results of operations.

(3) The PRC government may find that the New Contractual Arrangements do not comply with applicable PRC laws and regulations

If the New Contractual Arrangements that establish the structure for operating the Group's 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 Ministry of Education, which regulates the education industry, would have broad discretion in dealing with such violations.

(4) The New Registered Shareholders may have conflicts of interest with the Group

The New Registered Shareholders may potentially have conflicts of interest with us and breach their contracts or undertakings with us if it would further their own interest or if they otherwise act in bad faith. In the event that such conflict of interest cannot be resolved in our favor, we would have to rely on legal proceedings which could result in disruption to our business and we are subject to any uncertainty as to the outcome of such legal proceedings.

(5) The New Contractual Arrangements may not be as effective in providing control over the New PRC Affiliated Entities as direct ownership

The Group has relied and expect to continue to rely on the New Contractual Arrangements to operate the majority of our education business in China. The New Contractual Arrangements may not be as effective in providing us with control over the New PRC Affiliated Entities as direct ownership of equity interest ownership. 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 the New PRC Affiliated Entities. If we were to lose

effective control over the New PRC Affiliated Entities, certain negative consequences would result, including our being unable to consolidate the financial results of the New PRC Affiliated Entities with our financial results.

(6) The New Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional tax may be imposed

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 New Exclusive Technical Service and Management Consultancy Agreement we have with the New PRC Affiliated Entities does not represent an arm's length price and adjust any of those entities' income in the form of a transfer pricing adjustment. In addition, PRC tax authorities may have reason to believe that Gench WFOE or the New PRC Affiliated Entities are dodging their tax obligations, and we may not be able to rectify such incident within the limited timeline required by PRC tax authorities. As a result, the 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.

(7) The Company does not have any insurance which covers the risks relating to the New Contractual Arrangements and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the New Contractual Arrangements and the transactions contemplated thereunder, and the Group has no intention to purchase any new insurance in this regard. If any risk arises from the New Contractual Arrangements in the future, such as those affecting the enforceability of the New Contractual Arrangements and the relevant agreements for the transactions contemplated thereunder and the operation of the Group, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, there are relevant internal control measures to reduce the operational risk.

LISTING RULES IMPLICATIONS

At the time of the Listing, the Stock Exchange has granted the IPO Waiver in connection with the continuing connected transactions of the Group in the form of the Existing Contractual Arrangements, subject to certain conditions as set out therein. As disclosed in the Prospectus, the Existing Contractual Arrangements may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new operating company engaging in the same business as that of the Group, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the Existing Contractual Arrangements. Since the New Contractual Arrangements are reproduced from the Existing Contractual Arrangements as provided under the conditions of the IPO Waiver, the Company has sought confirmation from the

Stock Exchange, and the Stock Exchange has confirmed, that the transactions contemplated under the New Contractual Arrangements would continue to fall within the scope of the IPO Waiver and are exempt from (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the New Contractual Arrangements; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to our Group under the New Contractual Arrangements; and (iii) the requirement of limiting the term of the New Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange, subject to compliance with the same conditions of the IPO Waiver.

INFORMATION ABOUT THE PARTIES TO THE NEW CONTRACTUAL ARRANGEMENTS

The Group principally engages in private higher education in the PRC.

Jian Qiao University is a leading private university in the PRC and a consolidated affiliated entity of the Company. Jian Qiao University Company will replace Jian Qiao University as part of the internal restructuring of the Group.

Each of Jian Qiao Group and Jian Qiao Investment is a limited liability company established in the PRC and a consolidated affiliated entity of the Company. They are the school sponsors of Jian Qiao University and shareholders of Jian Qiao University Company.

The New Registered Shareholders are shareholders of Jian Qiao Group, including Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan, Mr. Zhao Donghui and Mr. Shi Yinjie. who are also directors of the Company. Each of Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan and Mr. Shi Yinjie is also a controlling shareholder of the Company, holding approximately 25.47%, 7.37% and 4.12% equity interest in the Company, respectively.

The Appointed School Directors are directors of Jian Qiao University Company, including (i) Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan and Mr. Shi Yinjie who are also directors of the Company. Each of Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan and Mr. Shi Yinjie is also a controlling shareholder of the Company, holding approximately 25.47%, 7.37% and 4.12% equity interest in the Company, respectively; (ii) Mr. Chen Zhiyong, who is also a shareholder of the Company, holding approximately 3.55% equity interest in the Company.

Gench WFOE is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. Gench WFOE is principally engaged in provision of technical, business, management and other supporting services to the PRC Affiliated Entities or the New PRC Affiliated Entities.

DEFINITIONS

“2016 Decision”	the Decision on Amending the Law for Promoting Private Education of the PRC (《關於修改〈中華人民共和國民辦教育促進法〉的決定》) approved by the Standing Committee of the National People’s Congress in November 2016 and took effect on September 1, 2017
“Appointed School Directors”	eight directors (representing more than two-thirds of the board being the quorum required for approving material decisions) of Jian Qiao University Company, being Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan, Mr. Shi Yinjie, Mr. Chen Zhiyong, Mr. Zhu Ruiting, Mr. Yu Xiaoguang, Ms. Jing Xiaohuai, and Ms. Chen Wei
“Board”	the board of Directors
“Company”	Shanghai Gench Education Group Limited (上海建橋教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on May 8, 2018, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Existing Contractual Arrangements”	the framework of contractual arrangements adopted by the Company as described in the Prospectus and, where appropriate, include such minor updates as described in this announcement
“Gench WFOE”	Wangting Education Technology (Shanghai) Limited (望亭教育科技(上海)有限公司), a limited liability company established under the laws of the PRC on October 31, 2018. It is an indirect wholly-owned subsidiary of the Company
“Group”	our Company, its subsidiaries and consolidated affiliated entities (including Jian Qiao Group, Jian Qiao Investment, Jian Qiao University and/or Jian Qiao University Company) from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Implementation Opinions”	the Implementation Opinions on Encouraging and Guiding the Entry of Private Capital in the Field of Education and Promoting the Healthy Development of Private Education (《教育部關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見》) issued by the Ministry of Education of the PRC on June 18, 2012

“IPO Waiver”	the waiver granted by the Stock Exchange to the Company from strict compliance with (i) the announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Existing Contractual Arrangements; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to our Group under the Existing Contractual Arrangements; and (iii) the requirement of limiting the term of the Existing Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange, subject to certain conditions, details of which are set out in the section headed “Connected Transactions” of the Prospectus
“Jian Qiao Group”	Shanghai Jian Qiao (Group) Limited* (上海建橋(集團)有限公司), a limited liability company established under the laws of the PRC on November 7, 2000 and a consolidated affiliated entity of the Group
“Jian Qiao Investment”	Shanghai Jian Qiao Investment and Development Limited* (上海建橋投資發展有限公司), a limited liability company established under the laws of the PRC on August 3, 1999 and a consolidated affiliated entity of the Group, which is wholly owned by Jian Qiao Group
“Jian Qiao University”	Shanghai Jian Qiao University (上海建橋學院), a private institution of formal higher education established under the laws of the PRC on June 28, 2000, a consolidated affiliated entity of the Company before termination of the Existing Contractual Arrangements
“Jian Qiao University Company”	Shanghai Jian Qiao University Co., Ltd.* (上海建橋學院有限責任公司), a limited liability company established under the laws of the PRC on September 28, 2020, a consolidated affiliated entity of the Company upon establishment of the New Contractual Arrangements
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

“Negative List”	Special Administrative Measures for Access of Foreign Investment (Negative List) (2020) (《外商投資准入特別管理措施(負面清單)》(2020年版)), which became effective on July 23, 2020
“New Business Cooperation Agreement”	the business cooperation agreement to be entered into by and among Gench WFOE and the New PRC Affiliated Entities
“New Contractual Arrangements”	collectively, (1) the New Business Cooperation Agreement, (2) the New Exclusive Technical Service and Management Consultancy Agreement, (3) the New Exclusive Call Option Agreement, (4) the New Directors’ Rights Entrustment Agreement, (5) the New Directors’ Powers of Attorney, (6) the New Shareholders’ Rights Entrustment Agreement (I), (7) the New Shareholders’ Rights Entrustment Agreement (II), (8) the New Shareholders’ Powers of Attorney (I), (9) the New Shareholders’ Powers of Attorney (II), (10) the New Spouse Undertakings, (11) the No Spouse Undertaking, and (12) the New Equity Pledge Agreements, further details of which are set out in the section headed “Termination of the Existing Contractual Arrangements and Establishment of the New Contractual Arrangements” in this announcement
“New Directors’ Powers of Attorney”	directors’ powers of attorney to be executed by the Appointed School Directors
“New Directors’ Rights Entrustment Agreement”	directors’ rights entrustment agreement to be entered into by and among Jian Qiao University Company and the Appointed School Directors
“New Equity Pledge Agreements”	collectively, (1) the equity pledge agreement to be entered into by and among the New Registered Shareholders, Jian Qiao Group and Gench WFOE, and (2) the equity pledge agreement to be entered into by and among the School Holders and Gench WFOE
“New Exclusive Call Option Agreement”	the exclusive call option agreement to be entered into by and among Gench WFOE, the New PRC Affiliated Entities and the New Registered Shareholders
“New Shareholders’ Powers of Attorney (I)”	shareholders’ powers of attorney to be executed by the New Registered Shareholders and Jian Qiao Group

“New Shareholders’ Powers of Attorney (II)”	shareholders’ powers of attorney to be executed by the School Holders
“New Shareholders’ Rights Entrustment Agreement (I)”	the shareholders’ rights entrustment agreement to be entered into by and among the New Registered Shareholders, the School Holders and Gench WFOE
“New Shareholders’ Rights Entrustment Agreement (II)”	the shareholders’ rights entrustment agreement to be entered into by and among the New Registered Shareholders, the School Holders and Gench WFOE
“New Spouse Undertakings”	collectively, the undertakings to be executed by the spouse of relevant New Registered Shareholders
“New Exclusive Technical Service and Management Consultancy Agreement”	the exclusive technical service and management consultancy agreement to be entered into by and among Gench WFOE and the New PRC Affiliated Entities
“New PRC Affiliated Entities”	collectively, Jian Qiao University Company and the School Holders
“New Registered Shareholder(s)”	shareholder(s) of Jian Qiao Group, namely, Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan, Mr. Zhao Donghui, Mr. Shi Yinjie, Mr. Jin Yinkuan, Mr. Chen Shengfang, Mr. Chen Zhiyong, Mr. Zhou Tianming, Mr. Bao Jianmin, Mr. Wang Hualin, Mr. Wang Chengguang, Mr. Chen Minghai, Mr. Chen Shengcai, Ms. Huang Chunlan, and Mr. Zheng Juxing
“No Spouse Undertaking”	the undertaking to be executed by Mr. Huang Chunlan
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Affiliated Entities”	collectively, Jian Qiao University and the School Sponsors
“PRC Civil Code”	the Civil Code of the PRC (《中華人民共和國民法典》) issued by National People’s Congress on May 28, 2020, and became effective on January 1, 2021, and replaced Contract Law of the PRC, the General Principles of the Civil Law of the PRC and some other laws

“PRC Legal Advisors”	Commerce & Finance Law Offices, our legal advisors as to the laws of the PRC
“Prospectus”	the prospectus of the Company dated December 31, 2019
“RMB”	Renminbi, the lawful currency of the PRC for the time being
“School Sponsors” or “School Holders”	collectively, Jian Qiao Group and Jian Qiao Investment, being the school sponsors of Jian Qiao University and the shareholders of Jian Qiao University Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sino-Foreign Regulation”	the Regulation of the PRC on Sino-Foreign Cooperation in Operating Schools (《中華人民共和國中外合作辦學條例》), promulgated by the State Council in 2003 and amended on July 18, 2013
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Shanghai Gench Education Group Limited
Zhou Xingzeng
Chairman

Shanghai, January 20, 2021

In this announcement, the English translation of company or entity names in Chinese which are marked with “” is for identification purpose only.*

As at the date of this announcement, our executive Directors are Mr. Zhou Xingzeng, Mr. Zheng Xiangzhan and Mr. Shi Yinjie, our non-executive Directors are Mr. Zhao Donghui and Mr. Du Jusheng and our independent non-executive Directors are Mr. Chen Baizhu, Mr. Hu Rongen and Ms. Liu Tao.