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INTERNATIONAL ALLIANCE FINANCIAL LEASING CO., LTD.

国际友联融资租赁有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1563)

(1) EXTREME TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 70% INTERESTS IN YANTAI NANSHAN UNIVERSITY;
(2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE ENTERING INTO OF THE CONTRACTUAL ARRANGEMENTS;
AND
(3) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FRAMEWORK AGREEMENTS

Financial Adviser to the Company

中泰國際
ZHONGTAI INTERNATIONAL

ZHONGTAI INTERNATIONAL CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

THE ACQUISITION

References are made to the announcement of the Company dated 19 April 2021 in relation to the entering into of a memorandum of understanding for the Company's possible acquisition of the Target College, and the announcements of the Company dated 18 June 2021, 17 August 2021, 15 December 2021 and 13 June 2022, respectively, in relation to the extension of due diligence review period entitled by the Company with respect to the said possible acquisition.

The Board is pleased to announce that, on 6 July 2022 (after trading hours), the Company and Longkou Zhimin, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Mr. Song, Nanshan Group and the Target College, pursuant to which Longkou Zhimin, as the purchaser, has conditionally agreed to acquire, and Mr. Song and Nanshan Group as the vendors, have conditionally agreed to sell, the control of the Target College and 70.0% equity interest in the Designated School Sponsor at a total consideration of RMB566.0 million (equivalent to approximately HK$660.4 million).

Upon Completion and pursuant to the 1st set of Structured Contracts (which will be entered into by Longkou Zhimin with, among others, Mr. Song, Nanshan Group and the Target College prior to Completion), (i) the Company will gain effective control over the finance and operations of the Target College through the Contractual Arrangements, and shall enjoy 70.0% of the economic benefits generated by the Target College, and (ii) the financial results, assets and liabilities of the Target College will be consolidated into the consolidated financial statements of the Group.

THE TARGET COLLEGE

The Target College, approved to be upgraded to an undergraduate college from an associate college in 2005 on the basis of Shandong Nanshan Vocational and Technical College* (山東南山職業技術學院) and located in Longkou City, Shandong Province, the PRC (中國山東省龍口市), is a private institution of higher education that provides undergraduate and junior college diploma programmes approved by the Ministry of Education of the PRC. In 2018, the Target College was recognised as one of the Model Colleges of Experimental Innovation and Entrepreneurship in the Shandong Province, the PRC (山東省新創業典型經驗高校) by the Department of Human Resources and Social Security of the Shandong Province, the PRC (山東省人力資源和社會保障廳). The Target College offers 49 undergraduate programmes and 40 junior college diploma programmes with a total of 30 faculties. During the 2021/2022 school year, the total number of student enrollment was more than 29,000.

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE CONTRACTUAL ARRANGEMENTS

As part of the Acquisition arrangement, Longkou Zhimin will enter into the Structured Contracts (comprising the 1st set of Structured Contracts and the 2nd set of Structured Contracts) with, among others, Mr. Song, Nanshan Group, the Designated School Sponsor and/or the Registered Shareholder(s), in order for the Group to gain effective control over the Target College and enjoy 70.0% of the economic benefits generated by the Target College through the Contractual Arrangements.

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FRAMEWORK AGREEMENTS

The Target College has in its ordinary course of business regularly provided and/or procured various goods and services (including but not limited to staff training services) to/from Connected Transaction Counterparties and their subsidiaries and/or associates. It is expected that such transactions will continue after Completion.

On 6 July 2022 (after trading hours), the Target College entered into the Framework Agreements (comprising the Framework Supply Agreements and the Framework Procurement Agreements) with the Connected Transaction Counterparties for the Target College's supply of the Group A Services and the Target College's procurement of the Group B Goods and Services. Subject to the fulfillment of conditions precedent, the Framework Agreements will become effective upon Completion.

LISTING RULES IMPLICATIONS

The Acquisition

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. In addition, the Listing Committee has resolved that the Acquisition is an extreme transaction under Rule 14.06C of the Listing Rules and the reverse takeover rules do not apply. The classification is subject to the completion of due diligence work on the Target College by Zhongtai International Capital Limited, the financial adviser to the Company in connection with the Acquisition, and its submission of a declaration to support that the Target College can meet Rules 8.04 and 8.05 of the Listing Rules. Further, Mr. Song is the father-in-law of Ms. Sui, and is therefore a connected person of the Company. On the other hand, Nanshan Group, which is owned as to 51.0% by Nanshan Village Committee and 49.0% by Mr. Song Jianbo who is the spouse of Ms. Sui, is a connected person of the Company. As such, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements as set out in Chapter 14 and Chapter 14A of the Listing Rules. The Company is required to prepare a transaction circular under an enhanced disclosure comparable to prospectus standard and Zhongtai International Capital Limited has been appointed as the financial adviser to the Company in connection with the Acquisition and to perform due diligence on the Target College under Rule 14.53A(2) of the Listing Rules.

The Contractual Arrangements

Given that Mr. Song is a connected person of the Company, and that Nanshan Group is a connected person of the Company, the Contractual Arrangements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

The Company intends to apply for a waiver from strict compliance with (i) the requirement of fixing the term of the Contractual Arrangements and having a term not exceeding three years under Rule 14A.52 of the Listing Rules; and (ii) the requirement of setting annual caps for the Contractual Arrangements under Rule 14A.53 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange.

The Framework Agreements

Upon Completion and pursuant to the 1^{st} set of Structured Contracts (which will be entered into by Longkou Zhimin with, among others, Mr. Song, Nanshan Group and the Target College prior to Completion), the Company will gain effective control over the Target College and enjoy 70.0% of the economic benefits generated by the Target College through the Contractual Arrangements, and the financial results of the Target College will be consolidated to the consolidated financial statements of the Group.

Nanshan Group is owned as to 51.0% by Nanshan Village Committee and 49.0% by Mr. Song Jianbo who is the spouse of Ms. Sui, and is therefore a connected person of the Company. Further, as at the date of this announcement, (i) Longkou Nanshan is owned as to approximately 83.3% by Mr. Song, and approximately 16.7% by Ms. Lv, the spouse of Mr. Song, (ii) Nanshan Development is owned as to approximately 63.7% by Mr. Song, 22.7% by Nanshan Group and 13.7% by Ms. Sui, and (iii) Longkou Management is owned as to 70.0% by Mr. Song and 30.0% by Ms. Lv. As such, Longkou Nanshan, Nanshan Development and Longkou Management are associates of Mr. Song pursuant to the Listing Rules and are therefore connected persons of the Company.

Accordingly, the transactions contemplated under the Framework Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given (i) the relationship between Mr. Song and Mr. Song Jianbo and their respective interests in the Connected Transaction Counterparties, (ii) the similar nature of the Framework Supply Agreements, and (iii) the Framework Supply Agreements were all entered into within a 12-month period, the transactions under the Framework Supply Agreements form a series of transactions which should be treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82 of the Listing Rules. On the same token, the transactions under the Framework Procurement Agreements also form a series of transactions and should therefore be treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82 of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) in respect of the annual caps under the Framework Procurement Agreements is more than 5.0%, and aggregate annual consideration payable under the Framework Procurement Agreements, on an annual basis, is more than HK$10,000,000, the entering into of the Framework Procurement Agreements is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

With respect to the Framework Supply Agreements, as one or more of the applicable percentage ratios (other than the profit ratio) in respect of the annual caps thereunder is more than 1.0% but all the applicable percentage ratios (other than the profit ratio) are less than 5.0%, and that the aggregate annual consideration payable under the Framework Supply Agreements, on an annual basis, exceeds HK$3,000,000, the entering into of the Framework Supply Agreements is subject to the reporting and announcement requirements but exempted from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

None of the Directors is required to abstain from voting on the Board resolutions approving the transactions contemplated under the Acquisition Agreement and the Framework Agreements by virtue of his/her interests or deemed interests in such transactions.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other matters, the Acquisition (including the Contractual Arrangements), and the Framework Procurement Agreements. As at the date of this announcement, Union Capital, which is wholly-owned by Ms. Sui, holds 768,475,221 Shares, representing approximately 51.23% of the entire issued share capital of the Company. Given that, among others, Mr. Song is the father-in-law of Ms. Sui, and that Ms. Sui is the wife of Mr. Song Jianbo, who is the legal representative, chairman and general manager of Nanshan Group and is interested in 49% of the equity interest in Nanshan Group, Union Capital will abstain from voting on the resolutions in relation to the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements at the EGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save as Union Capital, no Shareholder has a material interest in the resolutions in respect of the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements who shall abstain from voting on the resolutions to be proposed at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements.

Gram Capital, the Independent Financial Adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements.

A circular containing, among others, (i) further details of the Acquisition (including the Contractual Arrangements) and the Framework Agreements; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements; (iii) a letter of advice from Gram Capital addressing to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition (including the Contractual Arrangements), the Framework Procurement Agreements and the transactions contemplated thereunder; (iv) information about the Target College; (v) financial information of the Group; (vi) accountants' report of the Target College; (vii) management discussion and analysis on the Group and the Target College; (viii) property valuation report of the Target College by an independent valuer; (ix) unaudited pro forma financial information of the Enlarged Group; (x) business valuation report in respect of 70.0% interests in the Target College; (xi) other information required under the Listing Rules and/or by the Stock Exchange in relation to enhanced disclosures; and (xii) a notice of the EGM, is expected to be dispatched to the Shareholders on or before 27 July 2022.

As Completion is subject to fulfillment of the Completion Conditions, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

I. BACKGROUND

References are made to the announcement of the Company dated 19 April 2021 in relation to the entering into of a memorandum of understanding for the Company's possible acquisition of the Target College, and the announcements of the Company dated 18 June 2021, 17 August 2021, 15 December 2021 and 13 June 2022, respectively, in relation to the extension of due diligence review period entitled by the Company with respect to the said possible acquisition.

II. THE ACQUISITION AGREEMENT

The Board is pleased to announce that, on 6 July 2022 (after trading hours), the Company and Longkou Zhimin, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Mr. Song, Nanshan Group and the Target College, pursuant to which Longkou Zhimin, as the purchaser, has conditionally agreed to acquire, and Mr. Song and Nanshan Group as the vendors, have conditionally agreed to sell, the control of the Target College and 70.0% equity interest in the Designated School Sponsor at a total consideration of RMB566.0 million (equivalent to approximately HK$660.4 million).

The principal terms of the Acquisition Agreement are summarised as follows:

Date

6 July 2022 (after trading hours)

Parties

(a) the Company;

(b) Longkou Zhimin;

(c) Mr. Song;

(d) Nanshan Group; and

(e) the Target College.

Subject matter of the Acquisition

As at the date of this announcement, Mr. Song is the registered school sponsor of the Target College as designated by Nanshan Group, while Nanshan Group maintains control over the Target College, and the financial results of the Target College are consolidated into the consolidated financial statements of Nanshan Group.

Subject to and upon fulfilment of the terms and conditions of the Acquisition Agreement, Longkou Zhimin shall acquire the control of the Target College and 70.0% equity interest in the Designated School Sponsor from the Vendors.

Due to the restriction of foreign ownership under the PRC laws (details are set out in "III. Information of the Structured Contracts" below) and as one of the Completion Conditions, Longkou Zhimin will enter into the 1st set of Structured Contracts with, among others, Mr. Song and Nanshan Group, pursuant to which the Company shall gain effective control over the Target College through the Contractual Arrangements, and shall enjoy 70.0% of the economic benefits generated by the Target College.

Consideration and payment conditions

The total consideration for the Acquisition is RMB566.0 million (equivalent to approximately HK$660.4 million), which shall be payable to Nanshan Group and shall be satisfied by cash in the following manner:

	RMB' 000
First Payment	35,000
Second Payment	70,000
Third Payment	295,000
Fourth Payment	109,400
Fifth Payment	56,600

First Payment

The First Payment of RMB35.0 million (equivalent to approximately HK$40.8 million) shall be made within ten Business Days upon the entering into of the Acquisition Agreement.

Second Payment

The Second Payment of RMB70.0 million (equivalent to approximately HK$81.7 million) shall be made within ten Business Days upon fulfillment of the following Completion Conditions:

(a) internal approval(s) of Nanshan Group having been obtained for the Acquisition and the signing, delivery and implementation of the Transaction Documents by Nanshan Group;

(b) the signing of the Acquisition Agreement by the Vendors;

(c) approval(s) by the Board having been obtained for the Acquisition and the signing, delivery and implementation of the Transaction Documents, and the publication of an announcement for the Acquisition by the Company;

(d) approval(s) by the Independent Shareholders having been obtained for the Acquisition and the signing, delivery and implementation of the Transaction Documents;

(e) the Stock Exchange and other relevant regulatory authorities having granted all the waivers required for carrying out the transactions contemplated under the Transaction Documents (including the Structured Contracts);

(f) there having been no further comment by the Stock Exchange on the announcement(s) and circular(s) relating to Acquisition, and no additional conditions precedent to the implementation and completion of the Acquisition being imposed by the Stock Exchange;

(g) all necessary consents, authorisations or waivers from third parties having been obtained by the Target College and the Vendors;

(h) the registration of the articles of association of the Target College (which sets out Mr. Song as the sole school sponsor of the Target College) with the Department of Civil Affairs of Shandong Province having been completed;

(i) the delivery of the relevant documents, information and properties of the Target College as set out in the relevant schedule of the Acquisition Agreement to Longkou Zhimin (or other parties designated by Longkou Zhimin) having been completed;

(j) the 1^{st} set of Structured Contracts having been duly executed and remaining valid and effective;

(k) an opinion from the auditors of the Company that the financial results of the Target College can be consolidated to those of the Group pursuant to the 1^{st} set of Structured Contracts having been obtained by the Company;

(l) the representations and warranties made by the Vendors in the Acquisition Agreement remaining true, accurate and complete, the undertakings and obligations under the Acquisition Agreement having been complied with by the Vendors, and there having been no breach of the Acquisition Agreement by the Vendors;

(m) there having been no Material Adverse Change with respect to the Vendors and the Target College; and

(n) there having been no applicable law or governmental prohibitions that may restrict or prohibit the Acquisition.

Third Payment

The Third Payment of RMB295.0 million (equivalent to approximately HK$344.2 million) shall be made within ten Business Days upon the expiry of 90 days after Completion. The due date for the Third Payment is extendible for a period of 180 days at the option of the Group, provided that the Group shall pay to Nanshan Group an additional interest calculated at 4.0% per annum of the unsettled portion of the Third Payment over the extended payment period until its settlement.

Fourth Payment

The Fourth Payment of RMB109.4 million (equivalent to approximately HK$127.7 million) shall be made within ten Business Days upon the earlier of (i) fulfillment of the following conditions (the "**Fourth Payment Conditions**") or (ii) the expiry of two years after Completion:

(a) the Ministry of Education of the PRC having approved the Designated School Sponsor as the sole school sponsor of the Target College;

(b) the entity which owns 70.0% equity interest in the Designated School Sponsor having obtained the recognition of the Group;

(c) the Education Department of the Shandong Province and the Department of Civil Affairs of Shandong Province having registered the Designated School Sponsor as the sole school sponsor of the Target College;

(d) the reorganisation of the board of directors and management of the Target College in accordance with the requirements of Longkou Zhimin having been completed, and the filing of the updated list of board of directors of the Target College with the Department of Civil Affairs of Shandong Province having been completed;

(e) the filing of the revised articles of association of the Target College (showing the Designated School Sponsor as the sole school sponsor of the Target College) with the Department of Civil Affairs of Shandong Province having been completed;

(f) the 1st set of Structured Contracts having been terminated and the 2nd set of Structured Contracts having been duly executed and taken effect, and remaining valid and effective;

(g) all provisions under the applicable PRC laws and regulations in relation to the existence, management and operations of the Designated School Sponsor and the Target College having been complied with by the Designated School Sponsor and the Target College (including all necessary permits, licences, registrations and filings for the operations of the Designated School Sponsor and the Target College having been obtained and remaining valid);

(h) the representations and warranties made by the Vendors in the Acquisition Agreement remaining true, accurate and complete, the undertakings and obligations under the Acquisition Agreement having been complied with by the Vendors, and there having been no breach of the Acquisition Agreement by the Vendors;

(i) there having been no Material Adverse Change with respect to the Designated School Sponsor and the Target College; and

(j) there having been no applicable law or governmental prohibitions that may restrict or prohibit the Acquisition.

Further, the due date for the Fourth Payment (determined based on the above mechanism) is extendible for a period of 360 days at the option of the Group, provided that the Group shall pay to Nanshan Group an additional interest calculated at 4.0% per annum of the unsettled portion of the Fourth Payment over the extended payment period until its settlement.

Fifth Payment

The Fifth Payment of RMB56.6 million (equivalent to approximately HK$66.0 million) shall be made in accordance with the following manner:

(a) if the Fourth Payment is made based on the expiry of the two year-period after Completion, rather than the fulfillment of the Fourth Payment Conditions, then the Fifth Payment shall be made within ten Business Days upon (i) the fulfillment of the Fourth Payment Conditions, or (ii) the expiry of four (4) years after Completion, whichever is later; or

(b) if the Fourth Payment is made based on the fulfillment of the Fourth Payment Conditions, then the Fifth Payment shall be made within the ten Business Days upon the expiry of four years after Completion.

Further, the due date for the Fifth Payment (determined based on the above mechanism) is extendible for a period of 720 days at the option of the Group, provided that the Group shall pay to Nanshan Group an additional interest calculated at 4.0% per annum of the unsettled portion of the Fifth Payment over the extended payment period until its settlement.

The parties agree that only monetary remedies are available for any breach of the payment obligations of consideration under the Acquisition Agreement.

Basis of determination of consideration

The consideration of the Acquisition was arrived at after arm's length negotiations with reference to and taking into account, among other matters, the business valuation of the Target College prepared by an independent valuer, as well as the track record, geographical location, ranking, number of students, course offerings and tuition fee levels of the Target College.

Taking into consideration of the above factors, the Directors (excluding the independent non-executive Directors whose opinion will be set out in the letter from the Independent Board Committee in the circular) are of the view that the consideration of the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The consideration for the Acquisition shall be funded by internal resources of the Group and, if so required, borrowings of the Group.

Completion

Completion shall take place on the date on which the last of the Completion Conditions is satisfied. Upon Completion, the financial results of the Target College will be consolidated to the consolidated financial statements of the Group pursuant to the 1st set of Structured Contracts.

As at the date of this announcement, only conditions (a) — (c) and (h) of the Completion Conditions have been fulfilled.

Having considered that (i) the Company will be able to consolidate the financial results of the Target College upon execution of the 1st set of Structured Contracts; (ii) the aim and effect of both the 1st set of Structured Contracts and the 2nd set of Structured Contracts do not have material difference, just that the 2nd set of Structured Contracts would allow clearer delineation of interests of the Group from that of Nanshan Group and confer administrative convenience to the Group in the future; and (iii) the 1st set of Structured Contracts shall remain valid and legally binding until the 2nd set of Structured Contracts becoming effective and thereby superseding the 1st set of Structured Contracts, the Directors consider that the current arrangement in respect of Completion, i.e. subject to the execution of the 1st set of Structured Contracts rather than the 2nd set of Structured Contracts, is commercially sensible and justifiable, and in the interest of the Company and the Shareholders as a whole.

Indemnity provided by Nanshan Group

Pursuant to the Acquisition Agreement, Nanshan Group is responsible for providing indemnity for the monetary fines, settlement payments and any associated costs and expenses in relation to the Target College's non-compliance events that happened or arose prior to Completion, and such duty of Nanshan Group to provide indemnity shall subsist after Completion. There is also no limitation as to the kind of non-compliance incident regarding the indemnity obligation of Nanshan Group under the Acquisition Agreement.

Change of school sponsor of the Target College after Completion

Pursuant to the Acquisition Agreement, the Vendors have undertaken to take all necessary measures to cooperate with the Target College to change the school sponsor of the Target College to the Designated School Sponsor after Completion, including but not limited to establishing the Designated School Sponsor in accordance with the instructions of the Group, and to apply for change of the school sponsor of the Target College in the name of the Designated School Sponsor.

In the event that Mr. Song becomes the sole or controlling shareholder of the Designated School Sponsor, Mr. Song shall transfer 70.0% of the equity interest in the Designated School Sponsor to the Group by way of, among others, equity transfer at nominal consideration or the lowest consideration permitted under the PRC laws and regulations, and/or irrevocable entrustment of all or part of his rights as shareholder of the Designated School Sponsor to Longkou Zhimin.

Upon the Ministry of Education of the PRC (i) approving the Designated School Sponsor to become the sole school sponsor of the Target College and (ii) notifying the Education Department of the Shandong Province of such approval, the Vendors shall, in accordance with the instructions of Longkou Zhimin:

(a) cooperate with Longkou Zhimin and the Target College to terminate the 1st set of Structured Contracts; and

(b) procure the Designated School Sponsor and all its shareholders, as well as their related parties (where applicable) to enter into the 2nd set of Structured Contracts with Longkou Zhimin and the Target College.

Termination

The Acquisition Agreement can be terminated if any of the following events happens prior to Completion:

(a) the parties to the Acquisition Agreement entering into a termination agreement in writing;

(b) the occurrence of any Material Adverse Changes with respect to the Target College or the Vendors (only Longkou Zhimin being entitled to terminate the Acquisition Agreement on this ground);

(c) the Completion Conditions not being fulfilled by 31 December 2022 (or any other date as agreed by the parties to the Acquisition Agreement in writing) (only Longkou Zhimin being entitled to terminate the Acquisition Agreement on this ground);

(d) there having been applicable law or governmental prohibitions that may restrict or prohibit the Acquisition (all parties to the Acquisition Agreement being entitled to terminate the Acquisition Agreement on this ground);

(e) the non-defaulting party unilaterally terminating the Acquisition Agreement on the ground that a party's breach of an obligation under the Acquisition Agreement will frustrate the purpose of the Acquisition Agreement and such breach having not been remedied by the defaulting party within 30 days upon receipt of a written notice from the non-defaulting party.

If the Acquisition Agreement is terminated, all respective payments received by the Vendors under the Acquisition Agreement (if any) should be returned to the Purchaser within five (5) Business Days from the termination date of the Acquisition Agreement, whereupon the 1st set of Structured Contracts shall then be terminated and the effective control of the Target College shall then be transferred back to the Vendors (where applicable). Save for aforesaid and any antecedent breaches and rights and obligations already incurred, all rights and obligations of the parties to the Acquisition Agreement (other than those under liabilities and damages clauses, or general provisions such as confidentiality and governing law) shall cease upon termination of the Acquisition Agreement.

For the avoidance of doubt, after Completion, the Vendors are not entitled to terminate or exercise their rights to terminate the Acquisition Agreement for any breach of the Acquisition Agreement on the part of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the finance leasing and the provision of finance leasing and advisory services to its customers. The Group targets customers in the healthcare, aviation and public infrastructure industries in the PRC.

Since the emergence of the COVID-19 pandemic and the tightened requirements on the customers of finance leasing companies as a result of the Interim Measures for the Supervision and Administration of Financial Leasing Companies* (融資租賃公司監督管理暫行辦法), which was promulgated in 2020, the management of the Group has been exploring the opportunity to diversify and expand the Group's business in addition to the existing principal business of finance leasing, so as to mitigate and disperse the potential risks of solely carrying on and concentrating on the finance leasing business considering its nature which has been more prone to the business cycle and external macroeconomic environments, as well as broadening the Group's sources of income to enhance its shareholders' value and ensure sustainable growth.

As compared to finance leasing, the higher education business tends to be less susceptible to business cycle and could generate stable operating cash flow. According to the Ministry of Education, the total revenue of PRC higher education industry had experienced a compound annual growth rate ("**CAGR**") of 8.5% between 2016 to 2020. As advised by the industry consultant of the Company, the total revenue of the PRC higher education industry is expected to grow at a CAGR of 8.8% between 2020 to 2025.

In particular, entry barriers to the PRC private higher education industry are generally high, including a number of lengthy and complex application and approval processes, the requirements of having sufficient initial capital, on-going investments and land resources for school facilities, as well as the time and experience required for establishing brand awareness and reputations due to students' and parents' inclination to choose schools with a long history and well-established reputation. According to the industry consultant of the Company, the total revenue of private higher education industry in the PRC had experienced a CAGR of 8.4% from approximately RMB102.4 billion in 2016 to approximately RMB141.5 billion in 2020 and it is expected to grow at a CAGR of 9.0% to approximately RMB217.4 billion in 2025. Therefore, the Board considers engaging in the PRC private higher education business will be less competitive among other education sectors and provide a stable income source to the Group, thereby further strengthening the financial position of the Group in times of market downturn and mitigating market risks faced by the Group.

Having considered the brand, qualifications, reputation and market position of the Target College, the Directors (excluding the independent non-executive Directors whose opinion will be set out in the letter from the Independent Board Committee in the circular) believe that the Acquisition will bring attractive growth potential to the Group in the higher education market in the PRC, thereby achieving the diversification of income sources of the Group.

In light of the above, the Directors (excluding the independent non-executive Directors whose opinion will be set out in the letter from the Independent Board Committee in the circular) are of the view that (i) the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and (ii) the Acquisition, if completed, could diversify the business and income stream of the Group, and will facilitate the sustainable growth of the Group in the long run.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in finance leasing and the provision of finance leasing and advisory services to its customers. The Group targets customers in the healthcare, aviation and public infrastructure industries in the PRC.

INFORMATION OF THE VENDORS AND THE TARGET COLLEGE

The Vendors

Nanshan Group is a company established in the PRC with limited liability. Nanshan Group, together with its subsidiaries, are a conglomerate with principal businesses encompassing aluminum, textile apparel, petrochemical, finance, aviation, real estate, healthcare, education and tourism. As at the date of this announcement, Nanshan Group is owned as to 51% by the Nanshan Village Committee and 49% by Mr. Song Jianbo. Given that Mr. Song Jianbo is the spouse of Ms. Sui, a controlling shareholder of the Company, Nanshan Group is an associate of Ms. Sui and is therefore a connected person under Rule 14A.12 of the Listing Rules. Further, as Mr. Song is the father-in-law of Ms. Sui, Mr. Song is a connected person under Rule 14A.21 of the Listing Rules.

As at the date of this announcement, Mr. Song is the registered school sponsor of the Target College as designated by Nanshan Group, while Nanshan Group maintains control over the Target College, and the financial results of the Target College are consolidated into the consolidated financial statements of Nanshan Group.

Nanshan Village Committee

Nanshan Village Committee is a special legal person registered with the local bureau of civil affairs in Longkou. According to the Law on the Organisation of Village Committees of the PRC (中華人民共和國村民委員會組織法), Nanshan Village Committee is responsible for the villagers' council and the villagers' representative council and report work to them, and it is a primary-level collective self-governance organisation which operates for the villagers' self-governance, self-education and self-service.

Nanshan Village Committee administers public affairs and matters for public welfare, mediates civilian disputes, assists in the maintenance of social security and reverts villagers' opinions, requests and suggestions to the People's government.

Nanshan Village Committee consists of six members. These members are elected by the representatives of the villagers in Nanshan Village. There are no beneficiary owners for Nanshan Village Committee.

Target College

The Target College, approved to be upgraded to an undergraduate college from an associate college in 2005 on the basis of Shandong Nanshan Vocational and Technical College* (山東南山職業技術學院) and located in Longkou City, Shandong Province, the PRC (中國山東省龍口市), is a private institution of higher education that provides undergraduate and junior college diploma programmes approved by the Ministry of Education of the PRC. In 2018, the Target College was recognised as one of the Model Colleges of Experimental Innovation and Entrepreneurship in the Shandong Province, the PRC (山東省新創業典型經驗高校) by the Department of Human Resources and Social Security of the Shandong Province, the PRC (山東省人力資源和社會保障廳). The Target College offers 49 undergraduate programmes and 40 junior college diploma programmes with a total of 30 faculties. During the 2021/2022 school year, the total number of student enrollment was more than 29,000. The tuition fee charged by the Target College for the 2021/2022 school year ranged from approximately RMB8,200 to RMB20,800 (depending on majors).

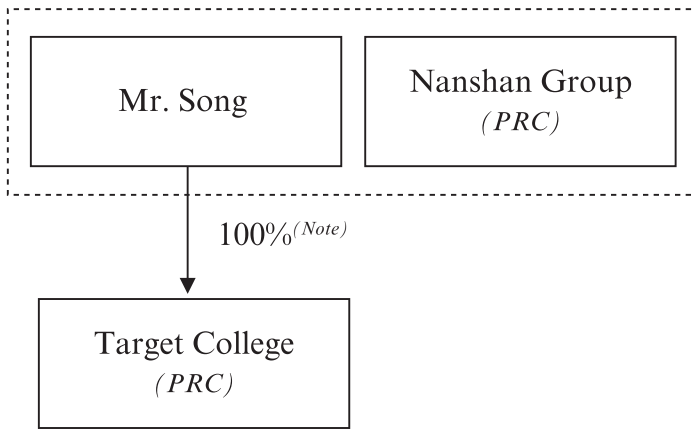
During the years ended 31 December 2019, 2020 and 2021 and three months ended 31 March 2022, and up to the date of this announcement, the principal and vice-principals of the Target College have assumed responsibilities for the day-to-day operation and key decision making of the Target College, and they contributed directly to the results of the Target College. In particular, in accordance with the articles of the Target College, the principal has assumed several key functions including, among others, (i) the day-to-day operation of the Target College; (ii) implementing the annual business plans of the Target College; (iii) formulating plans for the internal organisation structure of the Target College; and (iv) formulating internal management system of the Target College. In this connection, the relevant principal and vice-principals who were responsible for the management and operation of the Target College during the said period and/or are expected to be doing so upon Completion include Mr. Wu Guohua (吳國華), Mr. Liu Chenggang (劉承鋼), Mr. Liang Yubing (梁玉冰), Mr. Zhang Jisong (張吉松), Mr. Luo Zhenming (羅振明), Mr. Qiao Renjie (喬仁潔), Mr. Yang Wanli (楊萬利), Mr. Xu Huizhong (徐惠忠) and Mr. Chen Zhongquan (陳忠全). Save for the overlapping roles of principal/vice principal and director of the Target College of Mr. Wu Guohua, Mr. Qiao Renjie, Mr. Yang Wanli and Mr. Xu Huizhong, each of them is an independent third party of (a) the Nanshan Group and its directors; and (b) the board of directors of the Target College. For the avoidance of doubt, Mr. Song, the Nanshan Village Committee and the directors or senior management members of the Nanshan Group were not involved in the management and operation of the Target College during the said period.

During the years ended 31 December 2019, 2020 and 2021 and three months ended 31 March 2022, and up to the date of this announcement, the members of the board of directors of the Target College include Mr. Song, Mr. Song Yinghao (宋英豪) (appointed in March 2021), Mr. Wu Guohua, Mr. Liu Chenggang (resigned as director in April 2022), Ms. Meng Xiangnan (孟祥楠) (resigned as director in July 2021), Mr. Cheng Rence (程仁策) (resigned as director in July 2021), Mr. Qu Yongyin (曲永印) (appointed in

March 2021 and resigned as director in April 2022), Mr. Xu Huizhong (appointed in March 2021), Mr. Zhu Pengcheng (朱鵬程) (appointed in March 2021), Mr. Wang Yuhai (王玉海) (redesignated as supervisor in March 2021), Mr. Liang Yubing (redesignated as supervisor in March 2021), Mr. Sui Rongqiong (隋榮慶) (appointed in July 2021), Ms. Song Zuolan (宋作蘭) (appointed in July 2021), Mr. Qiao Renjie (appointed in April 2022) and Mr. Yang Wanli (appointed in April 2022).

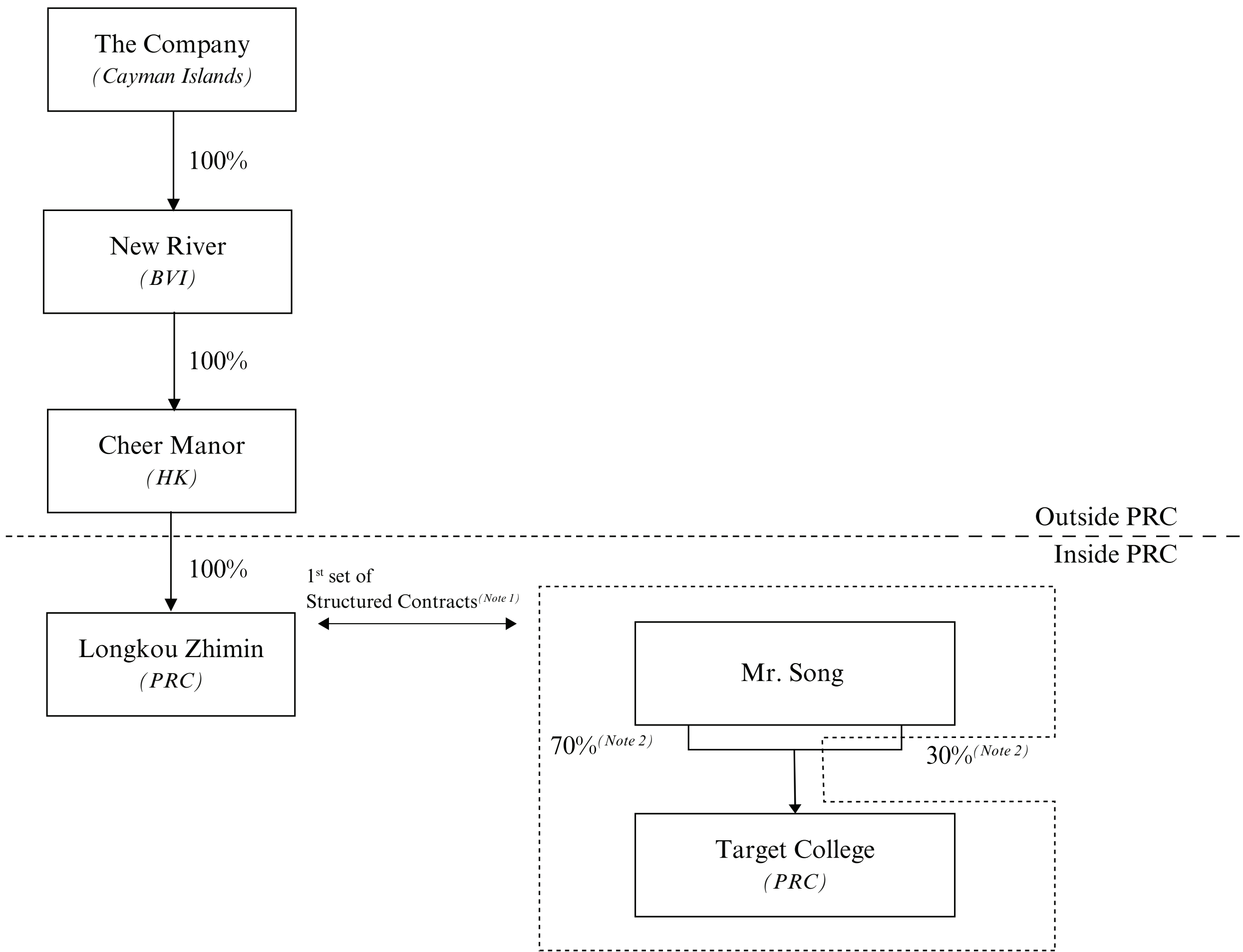
Structure Chart of the shareholding/school sponsors' interests of the Target College

(a) Before Completion and the entering into of the Structured Contracts



Note: Mr. Song is designated by Nanshan Group as the sole registered school sponsor of the Target College.

(b) After Completion and the entering into of the 1st set of Structured Contracts

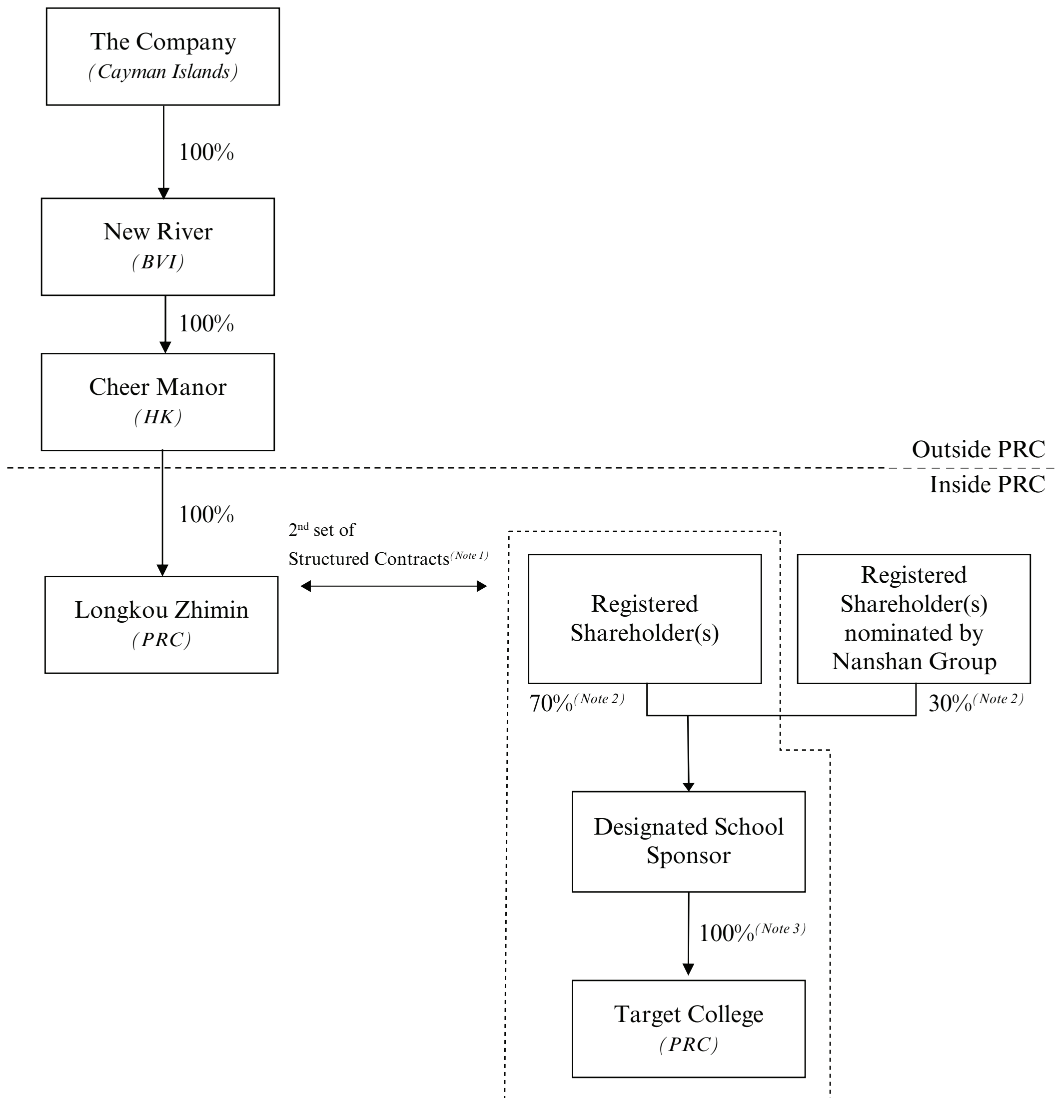


Notes:

(1) As one of the Completion Conditions, Longkou Zhimin will enter into the 1st set of Structured Contracts with, among others, Mr. Song, Nanshan Group and the Target College.

(2) Upon Completion and the entering into of the 1st set of Structured Contracts, Mr. Song will remain as the sole registered school sponsor of the Target College and the Group will enjoy 70.0% of the economic benefits generated by the Target College pursuant to the 1st set of Structured Contracts. On the other hand, Nanshan Group will enjoy the remaining 30.0% economic benefits generated by the Target College through Mr. Song.

(c) After the entering into of the 2nd set of Structured Contracts



Notes:

(1) Once the Designated School Sponsor is established and approval has been obtained for the Designated School Sponsor as the sole registered school sponsor of the Target College, Longkou Zhimin will enter into the 2nd set of Structured Contracts with among others, the Registered Shareholder(s), the Designated School Sponsor and the Target College.

(2) The percentage denotes the shareholding in the Designated School Sponsor. Upon the establishment of the Designated School Sponsor and the entering into of the 2nd set of Structured Contracts, the Group will continue to enjoy 70.0% of the economic benefits generated by the Target College pursuant to the 2nd set of Structured Contracts. On the other hand, Nanshan Group will continue to enjoy the remaining 30.0% economic benefits generated by the Target College through the Registered Shareholder(s) nominated by it who would hold 30.0% equity interest in the Designated School Sponsor.

(3) Upon obtaining the relevant approval(s), the Designated School Sponsor will become the sole registered school sponsor of the Target College

Financial information of the Target College

Based on information provided by the Target College, the following table sets out a summary of the unaudited financial information of the Target College for the years ended 31 December 2019, 2020 and 2021 and three months ended 31 March 2022, prepared in accordance with the International Financial Reporting Standards:

	For the year ended 31 December			For the three months ended 31 March
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Revenue	301,120	324,535	356,497	90,654
Gross profit	130,182	142,777	129,983	33,030
Profit before taxation	107,208	107,877	102,029	31,480
Net profit after taxation	107,208	107,877	102,029	31,480

	As at 31 December			As at 31 March
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Total assets	968,999	1,081,143	1,062,194	969,952
Total liabilities	(548,394)	(552,661)	(431,683)	(307,961)
Net assets	420,605	528,482	630,511	661,991

The Target College was established by the Nanshan Group and hence there is no original acquisition cost. Since the establishment of the Target College and up to the date of this announcement, the Nanshan Group has contributed RMB200.0 million to the capital of the Target College, which also represented the total amount of paid-up capital of the Target College as at the date of this announcement. Upon Completion and pursuant to the 1st set of Structured Contracts, the Company will gain effective control of the finance and operations of the Target College, and will enjoy 70.0% of the economic benefits generated by the Target College, notwithstanding the lack of registered ownership of school sponsorship interest in the Target College. Further, the financial results of the Target College will also be consolidated to the consolidated financial statements of the Group.

III. INFORMATION OF THE STRUCTURED CONTRACTS

As stipulated in the Acquisition Agreement, the Structured Contracts shall be entered into to allow the Group to gain effective control of the finance and operations of the Target College, and enjoy 70.0% of the economic benefits generated by the Target College. The 1st set of Structured Contracts shall be entered into before Completion, whereas the 2nd set of Structured Contracts shall be entered into after (i) the establishment of the Designated School Sponsor and (ii) approval having been obtained for the Designated School Sponsor to become the sole school sponsor of the Target College, in accordance with the instructions of the Group after Completion. For the avoidance of doubt, the 1st set of Structured Contracts shall continue to be effective, valid and legally binding until the 2nd set of Structured Contracts becoming effective and thereby superseding the 1st set of Structured Contracts.

The Target College is a private higher education provider in the PRC. Pursuant to the Negative List promulgated by the National Development and Reform Commission and the Ministry of Commerce of the PRC on 27 December 2021 and came into effect on 1 January 2022, the provision of higher education in the PRC falls within the "restricted" industry for foreign investors, and foreign investors are only allowed to invest in higher education through cooperation with a PRC education institution in compliance with the Regulation on Sino-Foreign Cooperation in Operating Schools (中外合作辦學條例) (the "**Sino-Foreign Regulation**"), promulgated by the State Council in 2003 and amended on 18 July 2013, and further amended on 2 March 2019. In addition, the domestic party shall play a dominant role in the cooperation, which means (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.

In relation to the interpretation of "Sino-foreign cooperation", pursuant to the Sino-Foreign Regulation and its implementation rules, the foreign investor in a Sino-foreign joint venture private school which provides higher education mainly for PRC students (a "**Sino-Foreign Joint Venture Private School**") must be a foreign educational institution with relevant qualification that provides high quality education (the "**Private School Qualification Requirements**").

Furthermore, pursuant to the Implementation Opinions of the Ministry of Education of the PRC on Encouraging and Guiding the Entry of Private Capital in the Field of Education and Promoting the Healthy Development of Private Education (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), the foreign portion of the total investment in a Sino-Foreign Joint Venture Private School should be below 50% and the establishment of these schools is subject to the approval of education authorities at the provincial or national level.

The PRC legal advisers of the Company have advised that there are no implementation measures or specific guidance promulgated on the Private School Qualification Requirements in accordance with the existing PRC laws. 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 Private School Qualification Requirements.

As at the date of this announcement, since there are no implementing measures or specific guidance on the Private School Qualification Requirements, it is therefore not practicable for the Group to seek to apply to reorganise education institutions of the Target College as a Sino-Foreign Joint Venture Private School.

In order to maintain the Target College's business operations while complying with the PRC laws and regulations mentioned above, pursuant to the Acquisition Agreement, (i) prior to Completion, Longkou Zhimin shall enter into the 1st set of Structured Contracts with, among others, Mr. Song, Nanshan Group, and the Target College; and (ii) Longkou Zhimin shall enter into the 2nd set of Structured Contracts with, among others, the Registered shareholder(s), the Designated School Sponsor and the Target College after (a) the establishment of the Designated School Sponsor and (b) approval having been obtained for the Designated School Sponsor to become the sole school sponsor of the Target College after Completion, to enable 70.0% of the economic benefits of the business of the Target College to flow into Longkou Zhimin, to allow the Group to gain effective control of the finance and operations of the Target College, and enjoy 70.0% of the economic benefits generated by the Target College, such that the financial results of the Target College could be consolidated to the consolidated financial statements of the Group.

1st SET OF STRUCTURED CONTRACTS

Set out below is a summary of the major terms of the agreements comprising the 1st set of Structured Contracts, which shall be entered into prior to Completion.

(a) 1st Business Cooperation Agreement

Parties	:	(i) Longkou Zhimin (ii) Mr. Song (iii) Nanshan Group (iv) The Target College
Subject Matter	:	Pursuant to the 1st Business Cooperation Agreement, Longkou Zhimin shall provide technical services, management support services and consulting services necessary for conducting the private education activities of the Target College, and in return, the Target College shall agree to make payments accordingly.

To ensure the due performance of the 1st set of Structured Contracts, the Target College shall comply and procure its subordinate entities and units, if any, to comply with the obligations as prescribed under the Business Cooperation Agreement.

Further, Mr. Song, Nanshan Group and the Target College shall undertake and agree that, unless with the prior written consent of Longkou Zhimin or its designated party, Mr. Song, Nanshan Group and the Target College 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 Target College; or (ii) on the ability of Mr. Song, Nanshan Group and the Target College to perform the obligations under the 1st set of Structured Contracts.

Furthermore, Mr. Song and Nanshan Group shall undertake to Longkou Zhimin that, unless with the prior written consent of Longkou Zhimin, Mr. Song and Nanshan Group (severally or jointly) shall not (i) directly and/or indirectly engage, participate in, conduct, acquire or hold any business or activities which compete or may potentially compete with the Target College and its subordinate entities and units, if any (the "**Competing Business of the Target College**"); (ii) use information obtained from the Target College and its subordinate entities or units, if any for the Competing Business of the Target College; and (iii) obtain any benefit from any Competing Business of the Target College. Mr. Song and Nanshan Group further consent and agree that, in the event that they (severally or jointly) directly and/or indirectly engage, participate in or conduct any Competing Business of the Target College, Longkou Zhimin and/or other entities as designated by the Company shall be granted an option to require the legal entity engaging in the Competing Business of the Target College to enter into an arrangement similar to that of the 1st set of Structured Contracts. If Longkou Zhimin and/or other entities as designated by the Company do not exercise such option, Mr. Song and Nanshan Group shall cease the operation of the Competing Business of the Target College within a reasonable time.

Term	:	The 1st Business Cooperation Agreement shall take effect from the date of (i) its execution; (ii) the entering into of the 1st set of Structured Contracts and the related transactions having been approved at the EGM; or (iii) receipt of the approval or no comment letter on the 1st set of Structured Contracts and the related transactions from the Stock Exchange, whichever is later, until the occurrence of the following circumstance: (i) Longkou Zhimin and/or any foreign entity designated by the Company fully exercise their rights to acquire 70.0% of the direct and indirect interest in the Target College held by Mr. Song and Nanshan Group under the 1st Exclusive Call Option Agreement; or (ii) Longkou Zhimin provides a 30-day prior notice to terminate the 1st Business Cooperation Agreement.

(b) 1st Exclusive Technical Service and Management Consultancy Agreement

Parties	:	(i) Longkou Zhimin (ii) The Target College
Subject Matter	:	Pursuant to the 1st Exclusive Technical Service and Management Consultancy Agreement, Longkou Zhimin shall provide exclusive technical services and exclusive management consultancy services to the Target College. In consideration of the exclusive technical services and exclusive management consultancy services provided by Longkou Zhimin, the Target College shall pay Longkou Zhimin a service fee equal to 70.0% of its surplus from operations (after deducting all necessary costs, expenses, taxes, losses from the previous years (if required by the law), the legally compulsory school development fund (if required by the law), and other statutory fees (if required by law)).

Term	:	The 1st Exclusive Technical Service and Management Consultancy Agreement shall take effect from the date of (i) its execution; (ii) the entering into of the 1st set of Structured Contracts and the related transactions having been approved at the EGM; or (iii) receipt of the approval or no comment letter on the 1st set of Structured Contracts and the related transactions from the Stock Exchange, whichever is later, until the occurrence of the following circumstance: (i) Longkou Zhimin and/or any foreign entity designated by the Company fully exercise their rights to acquire 70.0% of the direct and indirect interest in the Target College held by Mr. Song and Nanshan Group under the 1st Exclusive Call Option Agreement; or (ii) Longkou Zhimin provides a 30-day prior notice to terminate the 1st Exclusive Technical Service and Management Consultancy Agreement.

(c) 1st Exclusive Call Option Agreement

Parties	:	(i) Longkou Zhimin (ii) Mr. Song (iii) Nanshan Group (iv) The Target College
Subject Matter	:	Under the 1st Exclusive Call Option Agreement, Mr. Song and Nanshan Group shall irrevocably grant Longkou Zhimin or its designated purchaser the exclusive right to purchase not more than 70.0% of their school sponsor's interest in the Target College (the "**School Sponsor's Interests Call Option**"). The purchase price payable by Longkou Zhimin or its designated purchaser in respect of the transfer of such school sponsor's interests upon exercise of the School Sponsor's Interests Call Option shall be the lowest price permitted under the PRC laws and regulations. Longkou Zhimin or its designated purchaser shall have the right to purchase such proportion of the school sponsor's interest in the Target College as it decides at any time.

In the event that the PRC laws and regulations allow Longkou Zhimin and/or other foreign entities designated by the Company to directly hold all or part of the school sponsor's interest in the Target College and operate private education business in the PRC, Longkou Zhimin shall issue a notice of exercise of the School Sponsor's Interests Call Option as soon as practicable, and the percentage of school sponsor's interest purchased upon exercise of the School Sponsor's Interests Call Option shall not be lower than the maximum percentage then allowed to be held by Longkou Zhimin and/or other foreign entities designated by the Company under the PRC laws and regulations. In the event that the consideration paid by Longkou Zhimin or its designated purchaser for the transfer of the school sponsor's interest in the Target College exceeds RMB0, Mr. Song and Nanshan Group shall pay such excess amount to Longkou Zhimin or its designated entity. Mr. Song and Nanshan Group shall bear the taxes arising from the transfer of school sponsor's interest in the Target College, unless the applicable laws and regulations explicitly require that such taxes be borne by Longkou Zhimin or its designated purchaser.

Term : The 1st Exclusive Call Option Agreement shall take effect from the date of (i) its execution; (ii) the entering into of the 1st set of Structured Contracts and the related transactions having been approved at the EGM; or (iii) receipt of the approval or no comment letter on the 1st set of Structured Contracts and the related transactions from the Stock Exchange, whichever is later, until the occurrence of the following circumstance:

(i) Longkou Zhimin and/or any foreign entity designated by the Company fully exercise their rights to acquire 70.0% of the direct and indirect interest in the Target College held by Mr. Song and Nanshan Group under the 1st Exclusive Call Option Agreement; or

(ii) Longkou Zhimin provides a 30-day prior notice to terminate the 1st Exclusive Call Option Agreement.

(d) 1st School Sponsors' and Directors' Entrustment Agreement

Parties	:	(i) Longkou Zhimin (ii) Mr. Song (iii) Nanshan Group (iv) The Target College (v) The Appointee(s)
Subject Matter	:	Under the 1st School Sponsors' and Directors' Entrustment Agreement, Mr. Song and Nanshan Group shall irrevocably authorise and entrust Longkou Zhimin to exercise all their rights as school sponsors of the Target College to the extent permitted by the PRC laws. In addition, the Appointee(s) shall irrevocably authorise and entrust Longkou Zhimin to exercise all his/her rights as a director of the Target College to the extent permitted by the PRC laws. Furthermore, Mr. Song, Nanshan Group and the Appointee(s) irrevocably agree that (i) Longkou Zhimin has the right to delegate its rights under the 1st School Sponsors' and Directors' Entrustment Agreement to the directors of Longkou Zhimin or its designated person, without prior notice to or consent from Mr. Song, Nanshan Group or the Appointee(s); and (ii) any person as successor of civil rights of Longkou Zhimin or liquidator appointed by reason of subdivision, merger or liquidation of Longkou Zhimin or other circumstances shall have authority to replace Longkou Zhimin to exercise all rights under the 1st School Sponsors' and Directors' Entrustment Agreement.
Term	:	The 1st School Sponsors' and Directors' Entrustment Agreement shall take effect from the date of (i) its execution; (ii) the entering into of the 1st set of Structured Contracts and the related transactions having been approved at the EGM; or (iii) receipt of the approval or no comment letter on the 1st set of Structured Contracts and the related transactions from the Stock Exchange, whichever is later, until the occurrence of the following circumstance:

(i) Longkou Zhimin and/or any foreign entity designated by the Company fully exercises their rights to acquire 70.0% of the direct and indirect interest in the Target College held by Mr. Song and Nanshan Group under the 1st Exclusive Call Option Agreement; or

(ii) Longkou Zhimin provides a 30-day prior notice to terminate the 1st School Sponsors' and Directors' Entrustment Agreement.

(e) Nanshan Group's Powers of Attorney

Party	:	Nanshan Group
Subject Matter	:	Nanshan Group shall authorise and appoint Longkou Zhimin, as its agent to act on its behalf to exercise or delegate the exercise of all its rights in the Target College. Longkou Zhimin shall have the right to further delegate the rights so delegated to the directors of Longkou Zhimin or its designated person. Nanshan Group shall irrevocably agree that the authorisation and appointment in the Nanshan Group' Powers of Attorney shall not be invalidated, prejudiced or otherwise adversely affected by reason of the Nanshan Group' subdivision, merger, bankruptcy, reorganisation, dissolution of other similar events. The Nanshan Group' Powers of Attorney shall constitute a part of the 1st School Sponsors' and Directors' Entrustment Agreement.

(f) Mr. Song's Powers of Attorney

Party	:	Mr. Song
Subject Matter	:	Mr. Song shall authorise and appoint Longkou Zhimin, as his agent to act on his behalf to exercise or delegate the exercise of all his rights in the Target College. Longkou Zhimin shall have the right to further delegate the rights so delegated to the directors of Longkou Zhimin or its designated person. Mr. Song's Powers of Attorney shall constitute a part of the 1st School Sponsors' and Directors' Entrustment Agreement.

(g) The 1st Appointee(s)' Powers of Attorney

Party	:	The Appointee(s)
Subject Matter	:	Each of the Appointee(s) shall authorise and appoint Longkou Zhimin, as his/her agent to act on his/her behalf to exercise or delegate the exercise of all his/her rights as a director of the Target College. Longkou Zhimin shall have the right to further delegate the rights so delegated to the directors of Longkou Zhimin or its designated person. Each of the Appointee(s) shall irrevocably agree that the authorisation and appointment provided in the Appointee(s)' Powers of Attorney shall not be invalidated, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or similar events. The Appointee(s)' Powers of Attorney shall constitute a part of the 1st School Sponsors' and Directors' Entrustment Agreement.

(h) Receivables Pledge Agreement

Parties	:	(i) Longkou Zhimin (ii) Mr. Song (iii) Nanshan Group (iv) The Target College

Subject Matter	:	The Target College unconditionally and irrevocably pledges and grants first priority pledge security interest over (i) all its existing and future receivables from boarding fees and tuition fees; (ii) all its existing and future creditor's rights arising from leasing of any movable or immovable properties of the Target College; and (iii) all its existing and future creditor's rights arising from providing services as security for performance of the 1st set of Structured Contracts and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Longkou Zhimin as a result of any event of default on the part of Mr. Song, Nanshan Group and the Target College and all expenses incurred by Longkou Zhimin as a result of enforcement of the obligations of Mr. Song, Nanshan Group and the Target College under the 1st set of Structured Contracts (the "**Secured Indebtedness A**").
Term	:	The Receivables Pledge Agreement shall take effect from the date of (i) its execution; (ii) the entering into of the 1st set of Structured Contracts and the related transactions having been approved at the EGM; or (iii) receipt of the approval or no comment letter on the Structured Contracts and the related transactions from the Stock Exchange, whichever is later, until the occurrence of the following circumstance: (i) all contractual obligations under the 1st set of Structured Contracts are fulfilled and Secured Indebtedness A are paid; or (ii) Longkou Zhimin provides a 30-day prior notice to terminate the Receivables Pledge Agreement.

(i) 1st Spouse Undertakings

Party	:	The spouse of Mr. Song
Subject Matter	:	The spouse of Mr. Song, who is a married natural person, shall execute a spouse undertaking to undertake that, among others:

(i) the spouse has full knowledge of and has consented to the entering into of the 1st set of Structured Contracts by Mr. Song, and in particular, the arrangement as set out in the 1st set of Structured Contracts in relation to the restrictions imposed on his school sponsors' interest in the Target College, pledge or transfer his school sponsors' interests in the Target College, or the disposal of his school sponsors' interest in the Target College in any other forms;

(ii) the spouse acknowledges that the school sponsors' interest in the Target College and the rights attached thereon shall belong to Mr. Song and shall not constitute common assets with the spouse of Mr. Song. The spouse shall not have any school sponsor's interest in the Target College and shall not have any claim over those interests in the future;

(iii) the spouse has not participated, is not participating and shall not participate in the operation, management, liquidation, dissolution and other matters in relation to the Target College; and

(iv) any undertaking, confirmation, consent and authorisation under the 1st 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.

Liquidation

Pursuant to the 1st Business Cooperation Agreement, in the event of dissolution or liquidation of the Target College or pursuant to the applicable PRC laws, each of Mr. Song and Nanshan Group shall undertake that, among others, Longkou Zhimin and/or its designee(s) shall have right to exercise all school sponsor's rights on behalf of Mr. Song and Nanshan Group, and shall instruct the Target College to transfer assets received under the PRC laws directly to Longkou Zhimin and/or its designee(s). Furthermore, Longkou Zhimin and/or its designee(s) shall have been irrevocably authorised and entrusted to exercise the rights of Mr. Song and Nanshan Group as the school sponsor of the Target College and the rights of the Appointee(s) as director(s) of the Target College.

2nd SET OF STRUCTURED CONTRACTS

Set out below is a summary of the major terms of the agreements comprising the 2nd set of Structured Contracts, which shall be entered into after (i) the establishment of the Designated School Sponsor and (ii) approval having been obtained for the Designated School Sponsor to become the sole school sponsor of the Target College, in accordance with the instructions of the Group after Completion.

(i) 2nd Business Cooperation Agreement

Parties	:	(i) Longkou Zhimin (ii) The Registered Shareholder(s) (iii) The Target Entities
Subject Matter	:	Pursuant to the 2nd Business Cooperation Agreement, Longkou Zhimin shall provide technical services, management support services and consulting services necessary for conducting private education activities of the Target Entities, and in return, the Target Entities shall agree to make payments accordingly. To ensure the due performance of the 2nd set of Structured Contracts, the Target Entities shall comply and procure any of its subordinate entities or units, if any, to comply with the obligations as prescribed under the 2nd Business Cooperation Agreement. Further, the Registered Shareholder(s) and the Target Entities shall undertake and agree that, without the prior written consent of Longkou Zhimin or its designated party, none of them shall 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 Target Entities; or (ii) on their ability to perform the obligations under the 2nd set of Structured Contracts.

Furthermore, the Registered Shareholder(s) shall undertake to Longkou Zhimin that, unless with the prior written consent of Longkou Zhimin, it (or they (severally or jointly)) shall not (i) directly and/or indirectly engage, participate in, conduct, acquire or hold any business or activities which compete or may potentially compete with any of the Target Entities and their subordinate entities and units, if any (the "**Competing Business of the Target Entities**"); (ii) use information obtained from the Target Entities and their subordinate entities and units, if any, for the Competing Business of the Target Entities; and (iii) obtain any benefit from any Competing Business of the Target Entities. The Registered Shareholder(s) further consents and agrees that, in the event that it (or they (severally or jointly)) directly and/or indirectly engage, participate in or conduct any Competing Business of the Target Entities, Longkou Zhimin and/or other entities as designated by the Company shall be granted an option to require the legal entity engaging in the Competing Business of the Target Entities to enter into an arrangement similar to that of the 2nd set of Structured Contracts. If Longkou Zhimin and/or other entities as designated by the Company does not exercise such option, such Registered Shareholder(s) shall cease the operation of the Competing Business of the Target Entities within a reasonable time.

Term : The 2nd Business Cooperation Agreement shall take effect from the date of its execution, until the occurrence of the following circumstance:

(i) Longkou Zhimin and/or any foreign entity designated by the Company fully exercise their rights to acquire from the Registered Shareholder(s) 70.0% of the direct and indirect interest in the Target Entities under the 2nd Exclusive Call Option Agreement; or

(ii) Longkou Zhimin provides a 30-day prior notice to terminate the 2nd Business Cooperation Agreement.

(ii) 2nd Exclusive Technical Service and Management Consultancy Agreement

Parties	:	(i) Longkou Zhimin (ii) The Target Entities
Subject Matter	:	Pursuant to the 2nd Exclusive Technical Service and Management Consultancy Agreement, Longkou Zhimin shall provide exclusive technical services and exclusive management consultancy services to the Target Entities. In consideration of the exclusive technical services and exclusive management consultancy services provided by Longkou Zhimin, the Target Entities shall pay Longkou Zhimin a service fee. For the purpose of the service fee payable by the Target College to Longkou Zhimin, such service fee shall be equal to 70.0% of its surplus from operations (after deducting all necessary costs, expenses, taxes, losses from the previous years (if required by the law), the legally compulsory school development fund (if required by the law), and other statutory fees (if required by law)).
Term	:	The 2nd Exclusive Technical Service and Management Consultancy Agreement shall take effect from the date of its execution, until the occurrence of the following circumstance: (i) Longkou Zhimin and/or any foreign entity designated by the Company fully exercise their rights to acquire from the Registered Shareholder(s) 70.0% of the direct and indirect interest in the Target Entities under the 2nd Exclusive Call Option Agreement; or (ii) Longkou Zhimin provides a 30-day prior notice to terminate the 2nd Exclusive Technical Service and Management Consultancy Agreement.

(iii) 2nd Exclusive Call Option Agreement

Parties	:	(i) Longkou Zhimin (ii) The Target Entities (iii) The Registered Shareholder(s)
Subject Matter	:	Under the 2nd Exclusive Call Option Agreement, the Registered Shareholder(s) shall irrevocably grant Longkou Zhimin or its designated purchaser the exclusive right to purchase not more than 70.0% of his/her direct and/or indirect equity interest and/or school sponsor's interest in the Target Entities (the "**Equity Call Option**"). The purchase price payable by Longkou Zhimin or its designated purchaser in respect of the transfer of such school sponsor's interest and/or equity interest upon exercise of the Equity Call Option shall be the lowest price permitted under the PRC laws and regulations. Longkou Zhimin or its designated purchaser shall have the right to purchase such proportion of the school sponsor's interest and/or equity interest in the Target Entities as it decides at any time. In the event that the PRC laws and regulations allow Longkou Zhimin and/or other foreign entities designated by the Company to directly hold all or part of the school sponsor's interest and/or the equity interest in the Target Entities and operate private education business in the PRC, Longkou Zhimin shall issue a notice of exercise of the Equity Call Option as soon as practicable, and the percentage of school sponsor's interest and/or equity interest purchased upon exercise of the Equity Call Option shall not be lower than the maximum percentage then allowed to be held by Longkou Zhimin and/or other foreign entities designated by the Company under the PRC laws and regulations. In the event that the consideration paid by Longkou Zhimin or its designated purchaser for the transfer of the school sponsor's interest in the Target College exceeds RMB0, the Registered Shareholder(s) shall pay such excess amount to Longkou Zhimin or its designated entity. The Registered Shareholder(s) shall bear the taxes arising from the transfer of interest in the Target Entities unless the applicable laws and regulations explicitly require that such taxes be borne by Longkou Zhimin or its designated purchaser.

Term : The 2^{nd} Exclusive Call Option Agreement shall take effect from the date of its execution, until the occurrence of the following circumstance:

(i) Longkou Zhimin and/or any foreign entity designated by the Company fully exercise their rights to acquire from the Registered Shareholder(s) 70.0% of the direct and indirect interest in the Target Entities under the 2^{nd} Exclusive Call Option Agreement; or

(ii) Longkou Zhimin provides a 30-day prior notice to terminate the 2^{nd} Exclusive Call Option Agreement.

(iv) Shareholder's Rights Entrustment Agreement

Parties : (i) Longkou Zhimin

(ii) The Registered Shareholder(s)

(iii) The Designated School Sponsor

Subject Matter : Under the Shareholder's Rights Entrustment Agreement, the Registered Shareholder(s) shall irrevocably authorize and entrust Longkou Zhimin to exercise all of his/her rights as a registered shareholder of the Designated School Sponsor to the extent permitted by the PRC laws.

In addition, the Registered Shareholder(s) shall irrevocably agree that (i) Longkou Zhimin may delegate its rights under the Shareholder's Rights Entrustment Agreement to the directors of Longkou Zhimin or its designated person, without prior notice to or consent from the Registered Shareholder(s); and (ii) any person as successor of civil rights of Longkou Zhimin or liquidator appointed by reason of subdivision, merger or liquidation of Longkou Zhimin or other circumstances shall have authority to replace Longkou Zhimin to exercise all rights under the Shareholder's Rights Entrustment Agreement.

Term : The Shareholder's Rights Entrustment Agreement shall take effect from the date of its execution, until the occurrence of the following circumstance:

(i) Longkou Zhimin and/or any foreign entity designated by the Company fully exercises its right to acquire from the Registered Shareholder(s) 70.0% of the direct and indirect interest in the Target Entities under the 2^{nd} Exclusive Call Option Agreement; or

(ii) Longkou Zhimin provides a 30-day prior notice to terminate the Shareholder's Rights Entrustment Agreement.

(v) Equity Pledge Agreement

Parties : (i) Longkou Zhimin

(ii) The Registered Shareholder(s)

(iii) The Designated School Sponsor

Subject Matter : Under the Equity Pledge Agreement, the Registered Shareholder(s) shall unconditionally and irrevocably pledge and grant first priority security interests over all of his/her equity interest in the Designated School Sponsor, accordingly, together with all related rights thereto to Longkou Zhimin as security for performance of the 2^{nd} set of Structured Contracts and all direct, indirect or consequential damages and foreseeable loss of interest incurred by Longkou Zhimin as a result of any event of default on the part of the Registered Shareholder(s) and the Target Entities and all expenses incurred by Longkou Zhimin as a result of enforcement of the obligations of the Registered Shareholder(s) and the Target Entities under the 2^{nd} set of Structured Contracts (the "**Secured Indebtedness B**").

In addition, without the prior written consent of Longkou Zhimin, the Registered Shareholder(s) shall not transfer the pledged equity interest or create further pledge or encumbrance over the pledged equity interest.

And upon occurrence of any events of default as stated in the Equity Pledge Agreement, Longkou Zhimin shall have the right to exercise all its rights to remedies under the 2nd set of Structured Contracts by written notice to such Registered Shareholder(s) in one or more of the following ways:

(i) to the extent permitted under the PRC laws and regulations, Longkou Zhimin can request such Registered Shareholder(s) to transfer not more than 70.0% of his/her pledged equity interest in the Designated School Sponsor to any entity or individual designated by Longkou Zhimin at the lowest consideration permissible under the PRC laws and regulations, while such Registered Shareholder(s) shall irrevocably undertake that in the event that the consideration paid by Longkou Zhimin or its designated purchaser for the transfer of all or part of the equity interests in the Designated School Sponsor exceeds RMB0, he/she shall (or they shall jointly) pay such excess amount in full to Longkou Zhimin or its designated purchaser;

(ii) sell the pledged equity interest by way of auction or at a discount and have priority in the entitlement to the sales proceeds; and/or

(iii) dispose of the pledged equity interest in other manner to be agreed between such Registered Shareholder(s) and Longkou Zhimin subject to applicable laws and regulations.

Term : The Equity Pledge Agreement shall take effect from the date of its execution, until the occurrence of the following circumstance:

(i) all contractual obligations under the 2nd Structured Contracts are fulfilled and Secured Indebtedness B are paid; or

(ii) Longkou Zhimin provides a 30-day prior notice to terminate the Equity Pledge Agreement.

(vi) 2nd School Sponsor's and Directors' Entrustment Agreement

Parties	:	(i) Longkou Zhimin (ii) The Designated School Sponsor (iii) The Target College (iv) The Appointee(s)
Subject Matter	:	Under the 2nd School Sponsor's and Directors' Entrustment Agreement, the Designated School Sponsor shall irrevocably authorise and entrust Longkou Zhimin to exercise all its rights as school sponsor of the Target College to the extent permitted by the PRC laws. In addition, the Appointee(s) shall irrevocably authorise and entrust Longkou Zhimin to exercise all his/her rights as a director of the Target College to the extent permitted by the PRC laws. Furthermore, the Designated School Sponsor and the Appointee(s) irrevocably agree that (i) Longkou Zhimin has the right to delegate its rights under the 2nd School Sponsor's and Directors' Entrustment Agreement to the directors of Longkou Zhimin or its designated person, without prior notice to or consent from the Designated School Sponsor or the Appointee(s); and (ii) any person as successor of civil rights of Longkou Zhimin or liquidator appointed by reason of subdivision, merger or liquidation of Longkou Zhimin or other circumstances shall have authority to replace Longkou Zhimin to exercise all rights under the 2nd School Sponsor's and Directors' Entrustment Agreement.
Term	:	The 2nd School Sponsor's and Directors' Entrustment Agreement shall take effect from the date of its execution, until the occurrence of the following circumstance: (i) Longkou Zhimin and/or any foreign entity designated by the Company fully exercise their rights to acquire from the Registered Shareholder(s) 70.0% of the direct and indirect interest in the Target Entities under the 2nd Exclusive Call Option Agreement; or

(ii) Longkou Zhimin provides a 30-day prior notice to terminate the 2nd School Sponsors' and Directors' Entrustment Agreement.

(vii) The Designated School Sponsor's Powers of Attorney

Party	:	The Designated School Sponsor
Subject Matter	:	The Designated School Sponsor shall authorise and appoint Longkou Zhimin, as its agent to act on its behalf to exercise or delegate the exercise of all its rights as a school sponsor of the Target College. Longkou Zhimin shall have the right to further delegate the rights so delegated to the directors of Longkou Zhimin or its designated person. The Designated School Sponsor shall irrevocably agree that the authorisation and appointment in the Designated School Sponsors' Powers of Attorney shall not be invalidated, prejudiced or otherwise adversely affected by reason of Designated School Sponsor's subdivision, merger, bankruptcy, reorganisation, dissolution or other similar events. The Designated School Sponsor's Powers of Attorney shall constitute a part of the 2nd School Sponsors' and Directors' Entrustment Agreement.

(viii) The 2nd Appointee(s)' Powers of Attorney

Party	:	The Appointee(s)
Subject Matter	:	Each of the Appointee(s) shall authorise and appoint Longkou Zhimin, as his/her agent to act on his/her behalf to exercise or delegate the exercise of all his/her rights as a director of the Target College.

Longkou Zhimin shall have the right to further delegate the rights so delegated to the directors of Longkou Zhimin or its designated person. Each of the Appointee(s) shall irrevocably agree that the authorisation and appointment provided in the Appointee(s)' Powers of Attorney shall not be invalidated, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or similar events. The Appointee(s)' Powers of Attorney shall constitute a part of the 2nd School Sponsors' and Directors' Entrustment Agreement.

(ix) 2nd Spouse Undertakings

Party	:	The spouse of the Registered Shareholder(s)
Subject Matter	:	The spouse of the Registered Shareholder(s), who is a married natural person, shall execute a spouse undertaking to undertake that, among others:

(i) the spouse has full knowledge of and has consented to the entering into of the 2nd set of Structured Contracts by the relevant Registered Shareholder(s), and in particular, the arrangement as set out in the 2nd set of Structured Contracts in relation to the restrictions imposed on his/her direct or indirect equity interest and/or school sponsors' interest in the Target Entities, pledge or transfer his/her direct or indirect equity interest and/or school sponsors' interests in the Target Entities, or the disposal of his/her direct or indirect equity interest and/or school sponsors' interest in the Target Entities in any other forms;

(ii) the spouse acknowledges that the direct or indirect equity interest and/or school sponsors' interest in the Target Entities and the rights attached thereon shall belong to the relevant Registered Shareholder(s) and shall not constitute common assets with such spouse. The spouse shall not have any equity interest and/or school sponsor's interest in the Target Entities and shall not have any claim over those interest in the future;

(iii) the spouse has not participated, is not participating and shall not participate in the operation, management, liquidation, dissolution and other matters in relation to the Target Entities; and

(iv) any undertaking, confirmation, consent and authorisation under the 2nd 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.

(x) Powers of Attorney of the Registered Shareholder(s)

Party	:	the Registered Shareholder(s)
Subject Matter	:	Each of the Registered Shareholder(s) shall authorise and appoint Longkou Zhimin, as his/her agent to act on his/her behalf to exercise or delegate the exercise of all his/her rights as a registered shareholder of the Designated School Sponsor. Longkou Zhimin shall have the right to further delegate the rights so delegated to the directors of Longkou Zhimin or its designated person. Each of the Registered Shareholder(s) shall irrevocably agree that the authorisation and appointment provided in the Powers of Attorney shall not be invalidated, prejudiced or otherwise adversely affected by reason of his/her loss of or restriction on capacity, death or similar events. The said Powers of Attorney shall constitute a part of the Shareholder's Rights Entrustment Agreement.

(xi) Non-competition undertaking of Mr. Song

Party	:	Mr. Song

Subject Matter	:	Mr. Song undertakes that, among others, unless with the prior written consent of Longkou Zhimin, he shall not (i) directly or indirectly engage, participate in, conduct, acquire or hold any Competing Business of the Target Entities, (ii) use information obtained from the Target Entities and/or any of their subordinate entities or units for the Competing Business of the Target Entities, and (iii) obtain any benefit from any Competing Business of the Target Entities. Mr. Song also consents and agrees that, in the event that he directly or indirectly, engages, participates in or conducts any Competing Business of the Target Entities, Longkou Zhimin and/or other entities as designated by the Company shall be granted an option to require the entity engaging in the Competing Business of the Target Entities to enter into an arrangement similar to that of the Contractual Arrangements. If Longkou Zhimin and/or other entities as designated by the Company do not exercise such option, Mr. Song shall cease the operation of the Competing Business of the Target Entities within a reasonable time. The non-competition undertaking shall have the same term as the 2nd Business Cooperation Agreement.

(xii) Non-competition undertaking of Nanshan Group

Party	:	Nanshan Group
Subject Matter	:	Nanshan Group undertakes that, among others, unless with the prior written consent of Longkou Zhimin, it shall not (i) directly or indirectly engage, participate in, conduct, acquire or hold any Competing Business of the Target Entities, (ii) use information obtained from the Target Entities and/or any of their subordinate entities or units for the Competing Business of the Target Entities, and (iii) obtain any benefit from any Competing Business of the Target Entities.

Nanshan Group also consents and agrees that, in the event that it directly or indirectly, engages, participates in or conducts any Competing Business of the Target Entities, Longkou Zhimin and/or other entities as designated by the Company shall be granted an option to require the entity engaging in the Competing Business of the Target Entities to enter into an arrangement similar to that of the Contractual Arrangements. If Longkou Zhimin and/or other entities as designated by the Company do not exercise such option, Nanshan Group shall cease the operation of the Competing Business of the Target Entities within a reasonable time.

The non-competition undertaking shall have the same term as the 2nd Business Cooperation Agreement.

Liquidation

Pursuant to the 2nd Business Cooperation Agreement, in the event of dissolution or liquidation of the Target Entities pursuant to the applicable PRC laws, the Registered Shareholder(s) shall undertake that, among others, Longkou Zhimin shall have right to exercise all school sponsor's rights on behalf of the Designated School Sponsor and/or exercise all shareholders' rights on behalf of the Registered Shareholder(s), and shall instruct the Target Entities to transfer assets received under the PRC laws directly to Longkou Zhimin and/or its designee(s). Furthermore, Longkou Zhimin and/or its designee(s) shall have been irrevocably authorised and entrusted to exercise the rights of the Designated School Sponsor as the school sponsor of the Target College and the rights of the Appointee(s) as a director of the Target College and rights of the registered shareholder(s) of the Target Entities as an equity holder of the Designated School Sponsor.

DISPUTE RESOLUTION

Each of the Structured Contracts provides that:

(a) any dispute, controversy or claim arising out of or in connection with the performance, interpretation, breach, termination or validity of the Structured Contracts 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, 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 China International Economic and Trade Arbitration Commission shall have the right to award remedies over the equity interest in the Designated School Sponsor, the school sponsorship interest in the Target College and property interest and other assets of the Target Entities, impose injunctive relief (for the conduct of business or to compel the transfer of assets), or order the dissolution or winding up of the Target 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 the PRC, Hong Kong, the Cayman Islands and the place where the principal assets of the Company and the Target Entities are located shall be considered as having jurisdiction for the above purposes.

COMPETING BUSINESS

The Company confirms that appropriate arrangements will be made to address the potential conflict of interests between Mr. Song, Nanshan Group, the Registered Shareholder(s) and/or the Designated School Sponsor (as the case may be) (collectively, the "**Structured Contracts Parties**") on one hand and the Group on the other hand (if any). Pursuant to the 1st Business Cooperation Agreement and the 2nd Business Cooperation Agreement, each of the Structured Contracts Parties shall undertake to Longkou Zhimin that, unless with the prior written consent of Longkou Zhimin, it shall not directly or indirectly engage, participate in, conduct, acquire or hold any Competing Business of the Target College or Competing Business of the Target Entities (as the case may be), and Longkou Zhimin is granted an option to (i) require the entity engaging in such competing business to enter into an arrangement similar to that of the Contractual Arrangements; or (ii) require the entity engaging in such competing business to cease operation.

INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP

The Structured Contracts contain certain provisions in order to exercise effective control over and to safeguard the assets of the Target Entities.

In addition to the internal control measures as provided in the Structured Contracts, it is the intention of the Company, following the Completion, to implement, through Longkou Zhimin, additional internal control measures against the Target Entities as appropriate, having regard to the internal control measures adopted by the Group from time to time, which may include but not limited to:

Management controls

(a) The Group will appoint at least one representative(s) (the "**Representative(s)**") to the respective board of directors of the Target Entities. The Representative(s) is/are required to conduct monthly reviews on the operations of the Target Entities and shall submit the monthly reviews to the Board. The respective Representative(s) is/are also required to check the authenticity of the monthly management accounts of the Target Entities;

(b) The Representative(s) shall establish a team to be nominated by the Group who shall station at the Target Entities and shall be actively involved in various aspects of the daily managerial and operational activities of the Target Entities;

(c) Upon receiving notification of any material events of the Target Entities by the respective Representative, Mr. Song, Nanshan Group and/or the Registered Shareholder(s) must report to the Board or the company secretary of the Company, who must in turn report to the Board as soon as possible;

(d) The financial team of the Company/Representative(s) shall conduct regular site visits to the Target Entities and conduct personnel interviews every six months and submit reports to the Board; and

(e) All seals, chops, incorporation documents and all other legal documents of the Target Entities must be kept at the office of Longkou Zhimin.

Financial controls

(a) The financial team of the Company shall collect monthly management accounts, bank statements and cash balances and major operational data of the Target Entities for review. Upon discovery of any suspicious matters, the financial team of the Company must report to the Board;

(b) If the payment of the service fees from the Target Entities to Longkou Zhimin is delayed, the financial team of the Company must meet with Mr. Song, Nanshan Group and/or the Registered Shareholder(s) to investigate and should report any suspicious matters to the Board;

(c) The Target Entities must submit copies of latest bank statements for every bank account of the Target Entities within 15 days after each month end; and

(d) The Target Entities must assist and facilitate the Company to conduct quarterly on-site internal audit on the Target Entities.

Legal review

(a) The Representative(s) will consult the Company's PRC legal advisers from time to time to check if there are any legal developments in the PRC affecting the Structured Contracts, and should immediately report to the Board so as to allow the Board to determine if any modification or amendment are required to be made; and

(b) The Board shall regularly review and discuss the compliance matters and regulatory enquiries from regulatory authorities in respect of the implementation and performance of the Structured Contracts (if any).

EFFECT AND LEGALITY OF THE STRUCTURED CONTRACTS

Compliance of the Structured Contracts with the PRC laws, rules and regulations

As advised by the PRC legal advisers of the Company, subject to potential restrictions and conditions stipulated by future laws, regulations and rules or unless otherwise specified under the Structured Contracts, upon the execution of the Structured Contracts, each of the Structured Contracts shall be legal, effective, binding among the parties thereto (save for the dispute resolution clauses as contained in the Structured Contracts, further details of which are set out in the paragraph headed "Certain terms of the Structured Contracts may not be enforceable under PRC laws" under the section headed "Risk factors in relation to the Structured Contracts" and the paragraph headed "Dispute resolutions" in this announcement) and shall not contravene the provisions that "malicious collusion is conducted to damage others' legitimate rights and interests (行為人與相對人惡意串通，損害他人合法權益)" as stipulated in Civil Code of the PRC (中華人民共和國民法典).

Dispute resolutions in the Structured Contracts

In connection with the dispute resolution method as set out in the Contractual Arrangements and the practical consequences, the Company is advised by its PRC legal advisers that, under the PRC laws, (a) an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order; (b) courts or judicial authorities in the PRC generally would not award remedies over the shares and/or assets of the Target Entities, injunctive relief or winding-up of the Target Entities as interim remedies, before there is any final outcome of arbitration; and (c) interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognisable or enforceable in the PRC.

The Board's view on the Structured Contracts

Based on the above, the Board is of the view that the Structured Contracts are narrowly tailored to achieve the business purpose of the Target Entities and to manage any potential conflict with and are enforceable under the relevant PRC laws and regulations. The Directors have discussed with the auditors of the Company and under the prevailing accounting principles of the Company, the Company has the right to consolidate the financial results of the Target Entities in its consolidated accounts if either one set of the Structured Contracts is entered into. The Structured Contracts enable the Company to consolidate the financial results of the Target Entities which engages in the operation of private higher education, where the PRC laws and regulations currently restrict operation of higher education to Sino-foreign ownership, in addition to imposing the Private School Qualification Requirements on the foreign owners in the operation of higher education, which are currently not practicable for the Group to meet or obtain. The Structured Contracts also provide that Longkou Zhimin will unwind the Structured Contracts as soon as the relevant PRC laws and regulations governing foreign investment in the operation of private higher education are issued which allow Longkou Zhimin to register itself as the shareholder and/or school sponsor of the Target Entities.

As confirmed by the Vendors, both the Vendors and the Target College are not aware of any interference or encumbrance that may be imposed from any governing bodies with respect to the proposed operation of the Target College's business under the Contractual Arrangements.

RISK FACTORS IN RELATION TO THE STRUCTURED CONTRACTS

The PRC government may find that the Structured Contracts do not comply with applicable PRC laws and regulations

If the Structured Contracts that establish the structure for operating business of the Target Entities 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 of the PRC, which regulates the education industry, would have broad discretion in dealing with such violations:

(i) Revoking the business and operating licenses of the Target Entities;

(ii) Discontinuing or restricting the operations of any related party transactions among the members of the Target Entities;

(iii) Imposing fines or other requirements with which the Target Entities may not be able to comply with;

(iv) Requiring the Target Entities to restructure their operations in such a way as to compel them to establish new entities, re-apply for the necessary licenses or relocate their business, staff and assets; or

(v) Imposing additional conditions or requirements with which the Target Entities may not be able to comply with.

If any of the above penalties are imposed, the Group's business, financial condition and results of operations may be materially and adversely affected.

Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of the current corporate structure, corporate governance and business operations

On 15 March 2019, the Foreign Investment Law was formally passed by the 13th National People's Congress and has taken effect on 1 January 2020 and became the legal foundation for foreign investment in the PRC. Further, on 26 December 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law (外商投資法實施條例), which also came into effect on 1 January 2020. While the Foreign Investment Law does not explicitly stipulate contractual arrangements as a form of foreign investment, and the Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements, it is possible that contractual arrangements will be recognised as foreign investment under the limb of "investment in any other manners stipulated under laws, administrative regulations or provisions prescribed by the State Council" or new laws, administration regulations or provisions prescribed by the State Council may provide for the same. Whether the contractual arrangements will be found or deemed to be in violation of the foreign investment access investments and how the contractual arrangements will be handled in such scenarios are uncertain.

In the worst case scenario, the Company may be required to unwind the Structured Contracts and/or dispose of the Target Entities, which could have a material and adverse effect on the business, financial condition and result of operations of the Group.

The Structured Contracts may not be as effective in providing control over the Target Entities as direct ownership

The Group relies on contractual arrangements under the Structured Contracts with the Target Entities to operate the business. However, as these Structured Contracts stand now, if the Target Entities, Mr. Song, Nanshan Group or the Registered Shareholder(s) fail to perform their respective obligations under these Structured Contracts, the Group cannot exercise school sponsors' rights to direct such corporate action as the direct ownership would otherwise entail.

The owners of the Target Entities may have conflicts of interest with the Group, which may materially and adversely affect the Group's business and financial condition

The Group's control over the Target Entities is based upon the Structured Contracts with the Target Entities, Mr. Song, Nanshan Group, the Registered Shareholder(s) and the Appointee(s). Mr. Song, Nanshan Group and/or the Designated School Sponsor are or will be the direct holder of the school sponsors' interest in the Target College. Mr. Song, Nanshan Group or the Designated School Sponsor may potentially have conflicts of interest with the Group and breach their contracts or undertakings with the Group 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 favor of the Group, the Group would have to rely on legal proceedings which could result in disruption to its business and the Group is subject to any uncertainty as to the outcome of such legal proceedings.

The Group may incur substantial cost on the Group's part to exercise the option to acquire the school sponsors' interest in the Target College and/or equity interest in the Target Entities in the event it is so required by regulatory bodies under applicable laws and regulations

Pursuant to the 1st Exclusive Call Option Agreement and 2nd Exclusive Call Option Agreement, Longkou Zhimin or its designated purchaser has the exclusive right to purchase all or part of the school sponsors' interest in the Target College and/or the equity interest in the Designated School Sponsor at the lowest price permitted under the PRC laws and regulations. In the event that Longkou Zhimin or its designated purchaser acquires such school sponsors' interest or equity interest and the relevant PRC authorities determine that the purchase price for acquiring the school sponsors' interest or equity interest is below market value, Longkou Zhimin 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 the business, financial condition and results of operations of the Group.

The Structured Contracts may be subject to scrutiny by the PRC tax authorities and additional tax may be imposed

Under the PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. The Group could face material and adverse tax consequences if the PRC tax authorities determine that fees payable under the 1st Exclusive Technical Service and Management Consultancy Agreement or the 2nd Exclusive Technical Service and Management Consultancy Agreement do not represent an arm's length price and adjust any of the corresponding income in the form of a transfer pricing adjustment. A transfer pricing adjustment could increase the tax liabilities. In addition, the PRC tax authorities may have reason to believe that Longkou Zhimin or the Target Entities are dodging their tax obligations, and the Group may not be able to rectify such incident within the limited timeline required by the PRC tax authorities. As a result, the PRC tax authorities may impose late payment fees and other penalties on the Group for under-paid taxes, which could materially and adversely affect the business, financial condition and results of operations of the Group.

Certain terms of the Structured Contracts may not be enforceable under the PRC laws

The Structured Contracts provide for dispute resolution by way of arbitration in accordance with the arbitration rules of the China International Economic and Trade Arbitration Commission. The Structured Contracts contain provisions to the effect that the arbitral body may award remedies over the school sponsor's interest in the Target College, the equity interest in the Designated School Sponsor and/or property interest and assets of the Target Entities, injunctive relief and/or winding up of the Target Entities. In addition, the Structured Contracts contain provisions to the effect that courts in the PRC, Hong Kong and the Cayman Islands are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, as advised by the PRC legal advisers, the above-mentioned provisions contained in the Structured Contracts may not be enforceable. Under the PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final winding-up order to preserve the assets of or any school sponsor's interest or equity interest in the Target Entities in case of disputes. Therefore, such remedies may not be available to the Group, notwithstanding the relevant contractual provisions contained in the Structured Contracts.

The Company does not have any insurance which covers the risks relating to the Structured Contracts and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the Structured Contracts and the transactions contemplated thereunder. If any risk arises from the Structured Contracts in the future, such as those affecting the enforceability of the Structured Contracts and the relevant agreements for the transactions contemplated thereunder and the operation of Target Entities, the business and financial condition of the Group may be adversely affected. However, the Group will implement relevant internal control measures to reduce the operational risk.

Economic risks Longkou Zhimin bears as the primary beneficiary of the Target Entities, financial support to the Target Entities and potential exposure of the Group to losses

As the primary beneficiary of the Target Entities, Longkou Zhimin will share both profit and loss of the Target Entities and bear economic risks which may arise from difficulties in the operation of the Target Entities' businesses. The Group may have to provide financial support in the event of financial difficulty of the Target Entities. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of the Target Entities and the need to provide financial support to it.

IV. THE FRAMEWORK AGREEMENTS

Introduction

The Target College has in its ordinary course of business regularly provided and/or procured various goods and services (including but not limited to staff training services) to/from the Connected Transactions Counterparties and their subsidiaries and/or associates. It is expected that such transactions will continue after Completion.

On 6 July 2022 (after trading hours), the Target College entered into the Framework Agreements (comprising the Framework Supply Agreements and the Framework Procurement Agreements) with the Connected Transaction Counterparties for the Target College's supply of the Group A Services and the Target College's procurement of the Group B Goods and Services. Subject to the fulfillment of conditions precedents, the Framework Agreements will become effective upon Completion.

Information of the Connected Transaction Counterparties

Nanshan Group is a company established in the PRC with limited liability. Nanshan Group, together with its subsidiaries, are a conglomerate with principal businesses encompassing aluminum, textile apparel, petrochemical, finance, aviation, real estate, healthcare, education and tourism. As at the date of this announcement, Nanshan Group is owned as to 51% by the Nanshan Village Committee and 49% by Mr. Song Jianbo.

Longkou Nanshan is a company established in the PRC with limited liability. Longkou Nanshan, together with its subsidiaries, are principally engaged in a range of businesses from catering, exhibition, hospitality to production and sales of construction materials. As at the date of this announcement, Longkou Nanshan is owned as to approximately 83.3% by Mr. Song, and 16.7% by Ms. Lv, the spouse of Mr. Song.

Nanshan Development is a company established in the PRC with limited liability, and is principally engaged in property management and property development and sales. As at the date of this announcement, Nanshan Development is owned as to approximately 63.7% by Mr. Song, 22.7% by Nanshan Group and 13.7% by Ms. Sui.

Longkou Management is a company established in the PRC with limited liability and is principally engaged in enterprise management. As at the date of this announcement, Longkou management is owned as to 70.0% by Mr. Song and 30.0% by Ms. Lv.

Principal Terms of the Framework Agreements

Framework Supply Agreements

The principal terms of the Framework Supply Agreements are set out as follows:

Date: 6 July 2022 (after trading hours)

Parties:

(i) For the Framework Supply Agreement I, the parties are the Target College and Nanshan Group;

(ii) For the Framework Supply Agreement II, the parties are the Target College and Longkou Nanshan;

(iii) For the Framework Supply Agreement III, the parties are the Target College and Longkou Management; and

(iv) For the Framework Supply Agreement IV, the parties are the Target College and Nanshan Development.

Subject matter: Pursuant to the Framework Supply Agreements, the Target College agrees to provide the Group A Services to Nanshan Group, Longkou Nanshan, Longkou Management and Nanshan Development and their respective subsidiaries and/or associates during the term of the Framework Supply Agreements.

Transaction principles: As the Framework Supply Agreements only set out the framework of the transactions to be conducted, individual supply agreements shall be entered into for the specific Group A Services to be supplied by the Target College.

The terms of the individual supply agreements shall be negotiated by the parties at arm's length and on normal commercial terms in the ordinary course of business, and shall set out, among others, the scope and standard of the services to be supplied by the Target College, the consideration payable to the Target College, as well as the settlement method.

The scope of the individual supply agreements shall not exceed the scope specified under the Framework Supply Agreements. In the event of conflicts between the terms of the individual supply agreements and the Framework Supply Agreements, the terms of the Framework Supply Agreements shall prevail.

Pricing principles: The price of the Group A Services shall be determined as follows:

(i) the published or listed price of the relevant services from time to time issued by the Target College. Such published or listed price is determined by the Target College on a "cost-plus" basis and will be subject to annual review by the Target College taking into account, among others, the costs of the relevant services to ensure that a reasonable profit is enjoyed by the Target College; and

(ii) where there is no published or listed price, the price which the Target College charges its independent third party customers for the relevant services (where applicable), taking into account, among others, the specifications of the services supplied and the relevant costs of providing such services (where applicable).

For the training services to be provided by the Target College, the Target College will prepare a fee schedule annually listing out the respective training fees per participant for each staff grading according to seniority (e.g. ordinary staff grade, junior managerial grade etc.). In general, the training fees will commensurate with the seniority of the participants, reflecting the complexity and hence costs of the training services to be provided. The training fees as set out in the fee schedule will be determined on a "costs-plus" basis and it is expected that a gross margin of at least 30% will be maintained. The Target College will determine the gross margin with reference to, among others, the fees charged by other market players in respect of the same or similar staff training services, with a view to strike a balance between profitability and market competitiveness. In the event that the relevant customer under the Framework Supply Agreements requires customised staff training services that are not covered by the then existing fee schedule, the Target College will determine the training fees with reference to, among others, (a) the costs of providing the requested training services; (b) the fees charged against independent third party customers in respect of staff training services of similar nature or with similar elements (if any), and the final training fees charged by the Target College shall not be lower than such fees; and (c) the fees charged by other market players in respect of the same or similar staff training services (if any), so as to ensure that the final training fees charged by the Target College will be no less favourable than those offered to, or quoted by, independent third party customers.

With respect to the venue rental services to be provided by the Target College, the Target College will determine the rental fees with reference to, among others, (a) scale and duration of the relevant event proposed to be held at the requested venue; (b) the costs of providing the requested venue including utilities and relevant staff cots; (c) the fees charged against independent third party customers for renting the same venue (if any), and the final rental fees charged by the Target College shall not be lower than such fees; and (d) the market rate of comparable venues in terms of floor area and availability of ancillary equipment, so as to ensure that the final rental fees charged by the Target College will be no less favourable than those offered to, or quoted by, independent third party customers.

With respect to the catering services to be provided by the Target College, they are the restaurants or canteens operated by the Target College which are opened to the public for business. The meals sold in such restaurants or canteens are the same for all customers (including independent third party customers), and are charged according to the same menu prices set by the Target College on a "costs-plus" basis with reasonable margin. Accordingly, the provision of catering services under the Framework Supply Agreements is no less favourable than that with independent third party customers.

Settlement method:	The prices payable to the Target College may be settled by periodic payments, in a lump sum or by installments, or in such other manner as may be agreed between the parties under the individual supply agreements with reference to market practice according to the nature of services supplied.
Termination:	The Framework Supply Agreements may be terminated prior to the expiration of their term by mutual written consent of the parties. Upon termination of the Framework Supply Agreements, the relevant individual supply agreements which are still subsisting shall also terminate accordingly.
Term:	The Framework Supply Agreements are effective upon fulfillment of the following conditions precedent: (i) approval(s) by the Board having been obtained for the transactions contemplated under the Framework Supply Agreements; and (ii) the Completion taking place. Subject to the fulfillment of the above conditions precedent, the Framework Supply Agreements shall be effective upon Completion and shall expire on 31 December 2024.

Framework Procurement Agreements

The principal terms of the Framework Procurement Agreements are set out as follows:

Date:	6 July 2022 (after trading hours)
Parties:	(i) For the Framework Procurement Agreement I, the parties are the Target College and Nanshan Group; (ii) For the Framework Procurement Agreement II, the parties are the Target College and Longkou Nanshan; and (iii) For the Framework Procurement Agreement III, the parties are the Target College and Nanshan Development.

Subject matter:	Pursuant to the Framework Procurement Agreements, the Target College will procure the Group B Goods and Services from Nanshan Group, Longkou Nanshan and Nanshan Development and their respective subsidiaries and/or associates during the term of the Framework Procurement Agreements.
Transaction principles:	As the Framework Procurement Agreements only set out the framework of the transactions to be conducted, individual procurement agreements shall be entered into for the specific Group B Goods and Services to be procured by the Target College. The terms of the individual procurement agreements shall be negotiated by the parties at arm's length and on normal commercial terms in the ordinary course of business, and shall set out, among others, the scope and standard of the good and services to be procured by the Target College, the consideration payable by the Target College, as well as the settlement method. The scope of the individual procurement agreements shall not exceed the scope specified under the Framework Procurement Agreements. In the event of conflicts between the terms of the individual procurement agreements and the Framework Procurement Agreements, the terms of the Framework Procurement Agreements shall prevail.

Pricing principles: The price of the Group B Goods and Services shall be determined with reference to the price charged by at least two independent third party suppliers who offer the same or similar type of goods or services under normal commercial terms, taking into account the quantity of the goods or the specifications of the services procured (where applicable).

As the goods to be procured by the Target College, including staff uniforms, furniture and fixtures such as desks and chairs, gifts and souvenirs such as desktop ornaments, and gasoline, petrol and diesel, are all normal goods and commodities where independent third party suppliers are available in the market, the Target College will seek and compare quotes for similar products from at least two independent third party suppliers in the market before making a purchase in order to determine if the prices and terms offered by the relevant supplier under the Framework Procurement Agreements are comparable to those offered by such independent third party suppliers, and assess and review their fairness and reasonableness. If the Target College obtains more reasonable prices and terms for similar products under the Framework Procurement Agreements from independent third party suppliers, the Target College will negotiate with the relevant supplier under the Framework Procurement Agreements for comparable price and terms for such products, and has the full discretion not to procure from the relevant supplier under the Framework Procurement Agreements.

With respect to the repairing and maintenance services such as teaching equipment repairment and school facilities maintenance, campus sanitary and cleaning services, gardening and greening services such as lawn maintenance, laboratory testing services and catering and accommodation services to be procured by the Target College, independent third party suppliers are likewise available in the market. Similarly, the Target College will seek and compare quotes for similar services from at least two independent third party suppliers in the market before making a purchase in order to determine if the prices and terms offered by the relevant supplier under the Framework Procurement Agreements are comparable to those offered by such independent third party suppliers, and assess and review their fairness and reasonableness. If the Target College obtains more reasonable prices and terms for similar services under the Framework Procurement Agreements from independent third party suppliers, the Target College will negotiate with the relevant supplier under the Framework Procurement Agreements for comparable price and terms for such services, and has the full discretion not to procure from the relevant supplier under the Framework Procurement Agreements.

For the venue rental services to be procured by the Target College, the Target College will seek and compare quotes for at least two comparable venues (in terms of floor area and availability of ancillary equipment) in the market from independent third party suppliers as and when the need for external venue arises, so as to determine if the prices and terms offered by the relevant supplier under the Framework Procurement Agreements are comparable to those offered by such independent third party suppliers, and assess and review their fairness and reasonableness. If the Target College obtains more reasonable prices and terms for comparable venues under the Framework Procurement Agreements from independent third party suppliers, the Target College will negotiate with the relevant supplier under the Framework Procurement Agreements for comparable price and terms for such venues, and has the full discretion not to procure from the relevant supplier under the Framework Procurement Agreements.

Settlement method: The prices payable by the Target College shall be settled in accordance with the terms of the individual procurement agreements, to be determined reference to market practice according to the nature of goods or services supplied.

Termination: The Framework Procurement Agreements may be terminated prior to the expiration of their term by mutual written consent of the parties. Upon termination of the Framework Procurement Agreements, the relevant individual procurement agreements which are still subsisting shall also terminate accordingly.

Term: The Framework Procurement Agreements are effective upon fulfillment of the following conditions precedent:

(i) approval(s) by the Board having been obtained for the transactions contemplated under the Framework Procurement Agreements;

(ii) approval(s) by the Independent Shareholders having been obtained for the transactions contemplated under the Framework Procurement Agreements; and

(iii) the Completion taking place.

Subject to the fulfillment of the above conditions precedent, the Framework Procurement Agreements shall be effective upon Completion and shall expire on 31 December 2024.

Actual historical transaction amounts

The following table summarises the aggregate amount of the historical goods and services supply and procurement transactions between the Target College on one hand and the Connected Transaction Counterparties and their subsidiaries and/or associates on the other hand:

Category	For the year ended 31 December			For the three months ended 31 March
	2019	2020	2021	2022
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Amount of supply by the Target College *(Note 1)*	1,395	14,021	3,825	84
Amount of procurement by the Target College *(Notes 2, 3)*	23,240	21,269	18,788	4,489

Notes:

(1) The relatively higher amount of supply by the Target College for the year ended 31 December 2020 was primarily attributable to a relatively large scale staff training services provided to a subsidiary of Nanshan Group during the year ended 31 December 2020, where such relatively large scale staff training services are only occasionally required by the said customer. As no staff training services of similar scale had been provided to the said customer during the year ended 31 December 2021, the amount of supply by the Target College for the same period decreased to approximately RMB3.8 million. During the three months ended 31 March 2022, social distancing measures had been implemented by the local government to prevent the spread of COVID-19, such that the Target College had postponed or cancelled the group staff training courses it provided. There was also a decrease in the catering services provided by the Target College during the said period due to the Lunar New Year long holidays. As a result, the amount of supply by the Target College for the three months ended 31 March 2022 amounted to approximately RMB0.1 million only.

(2) In general, the students of the Target College are enrolled and registered during September and October of each year. The Target College would generally make a substantial portion of its procurement in the fourth quarter of each year based on the number of students enrolled, and hence the projected needs of the relevant goods and services for the corresponding school year.

(3) For the years ended 31 December 2019 and 2020, the procurement of the Target College included staff training fee of approximately RMB6.4 million and RMB2.6 million, respectively, incurred for the preparation of new courses to be offered by the Target College. The Target College does not expect to procure similar staff trainings from the Connected Transaction Counterparties in future. Excluding the aforesaid training fees, the historical procurement amount of the Target College would have been approximately RMB16.8 million, RMB18.7 million and RMB18.8 million for the years ended 31 December 2019, 2020 and 2021, respectively, which were generally in-line with the number of student enrollment of the Target College during the said periods.

Annual caps and basis of determination

The proposed annual caps for the Framework Supply Agreements and Framework Procurement Agreements for the five months ending 31 December 2022 and the years ending 31 December 2023 and 2024 are set out below:

Category	For the five months ending 31 December 2022 (Note)	For the year ending 31 December 2023	2024
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Framework Supply Agreements	3,000	4,350	4,800
Framework Procurement Agreements	18,500	33,000	37,000

Note: The proposed annual caps for the five months ending 31 December 2022 are for illustrative purpose only, assuming Completion will take place on 1 August 2022. Pursuant to the terms of the Framework Agreements, the commencement date of the Framework Agreements shall be the date of Completion, assuming other conditions precedent have already been fulfilled by then. For further details, please refer to "IV. The Framework Agreements — Principal terms of the Framework Agreements" above.

The above proposed annual caps for the Framework Supply Agreements and Framework Procurement Agreements are determined with reference to, among others, the followings:

(i) the historical transaction amounts in relation to the supply and procurement of goods and services by the Target College. In this connection, as compared to the year ended 31 December 2019, there was a decrease in the amount of procurement by the Target College for the year ended 31 December 2020, primarily due to the outbreak of COVID-19 in 2020 which resulted in the temporary closure of campus of the Target College, and hence a decrease in the overall procurement of the relevant goods and services. With respect to the actual transaction amount of supply by the Target College for the three months ended 31 March 2022, there was a decrease in the provision of staff training courses by the Target College in light of the social distancing measures implemented by the local government for the prevention of outbreak of COVID-19. Coupled with the decrease in the catering services provided by the Target College due to the Lunar New Year long holidays, the amount of supply by the Target College during the three months ended 31 March 2022 amounted to approximately RMB0.1 million only. Nevertheless, given that the social distancing measures had been lifted by the local government as at the Latest Practicable Date, and that the Target College had fully resumed the provision of staff training courses, coupled with the reasons set out in paragraphs (ii) & (iv) below, the Target College considers the annual caps of the Framework Supply Agreements as set out above to be justifiable. With respect to the actual transaction amount of procurement by the Target College for the three months ended 31 March 2022, as students of the Target College are generally enrolled and registered during September and October of each year, the Target College would generally make a substantial portion of its procurement in the fourth quarter of each year based on the number of students enrolled, and the projected needs of the relevant goods and services for the corresponding school year, such that the amount of procurement by the Target College during the same period amounted to approximately RMB4.5 million. In light of the approximately 13.5% increase in the Target College's enrollment for the school year 2021/2022 as compared to that of the school year 2020/2021, and the reasons set out in paragraphs (ii) & (iii) below, the Target College considers the annual caps of the Framework Procurement Agreements as set out above to be justifiable;

(ii) the growth of the consumer price index of the PRC ("**CPI**") of approximately 2% on average as published by the National Bureau of Statistics, which is also an indication of the inflation rate in the PRC. It is assumed that the CPI will grow at approximately the same rate from 2022 to 2024, and such assumption has also been reflected in the increasing annual caps under the Framework Supply Agreements and the Framework Procurement Agreements;

(iii) the expected scale of operations of the Target College for the five months ending 31 December 2022 and years ending 31 December 2023 and 2024. It is expected that the Target College will continue to expand its scale of operations and the student enrollment of the Target College is expected to grow in the coming years. In this connection, the number of student enrollment of the Target College is expected to grow at an average rate of 8.6% per school year with reference to historical growth. Correspondingly, the Target College will have increasing operational needs to cope with the expected increase in student enrollment, which will in turn drive the demand for the Group B Goods and Services. Whilst such operational needs are positively correlated to the increase in student enrollment, certain of them are expected to increase in a progressive manner not squarely proportionate to the expected growth rate of student enrollment, in part due to their nature. For instance, the demand for external venues are more directly related to the number of off-campus teaching activities, which is in turn affected by factors including curriculum design and teaching schedules, on top of number of student enrollment. Further, going forward, the Target College also intends to outsource certain ancillary operations including campus sanitary and cleaning, and dormitory management. The expected increase in operational need for such services is in turn driven by, among others, the expected growth in the Target College's student enrollment, as well as the expected increase in the Target College's scale of operations. In addition to the above, the increase in student enrollment would expedite the wear and tear of school facilities, which would also drive the Target College's demand for school facilities maintenance services. In this connection, the Target College's expected demand for school facilities maintenance services each year is primarily based on the ages of the facilities, and adjusted for additional wear and tear due to the growth in student enrollment. In light of the aforesaid, the procurement needs of the Target College are expected to increase correspondingly, albeit not squarely proportionate to the expected growth in student enrollment, thus resulting in the increasing annual caps under the Framework Procurement Agreements; and

(iv) with respect to the Framework Supply Agreements, the expected needs of the Connected Transaction Counterparties and their subsidiaries and/or associates taking into account, among others, their expected development plans and the expected increment, mobility, turnover and capabilities required of their staff, based on the Target College's communications with the Connected Transaction Counterparties.

Reasons and benefits of the Framework Agreements

The transactions contemplated under the Framework Agreements will be conducted in the ordinary and usual course of business of the Target College.

In view of the long-standing and amicable business relationship between the Target College and the Connected Transaction Counterparties, the Connected Transaction Counterparties are reliable business partners and future business cooperation between the Target College and the Connected Transactions Counterparties will be beneficial to the operations of the Target College.

With respect to the Framework Supply Agreements, the Directors consider that:

(i) the terms and conditions of the Framework Supply Agreements have been negotiated on an arm's length basis and are normal commercial terms that are fair and reasonable;

(ii) the proposed annual caps for the Framework Supply Agreements for the five months ending 31 December 2022 and years ending 31 December 2023 and 2024 are fair and reasonable; and

(iii) the transactions contemplated under the Framework Supply Agreements are in the interest of the Company and the Shareholders as a whole.

As regards the Framework Procurement Agreements, the Directors (excluding the independent non-executive Directors whose opinion will be set out in the letter from the Independent Board Committee in the circular) consider that:

(i) the terms and conditions of the Framework Procurement Agreements have been negotiated on an arm's length basis and are normal commercial terms that are fair and reasonable;

(ii) the proposed annual caps for the Framework Procurement Agreements for the five months ending 31 December 2022 and years ending 31 December 2023 and 2024 are fair and reasonable; and

(iii) the transactions contemplated under the Framework Procurement Agreements are in the interest of the Company and the Shareholders as a whole.

Other transactions with Nanshan Group and Longkou Nanshan

Procurement of utilities by the Target College

The Target College has been procuring utilities such as gas, water, steam and electricity from Nanshan Group and Longkou Nanshan and their respective subsidiaries and/or associates from time to time. It is expected that such procurement of utilities and consumer goods by the Target College will continue after Completion.

Nevertheless, as (i) such utilities are of a type ordinary supplied for private use of consumption, (ii) such utilities are for the Target College's own consumption and use, not processed into any products or resale, and not used by the Target College for any of its businesses, (iii) such utilities are consumed and used by the Target College in the same state as when they were brought, (iv) there is an open market and transparency in the pricing of the utilities procured by the Target College, particularly as the local government has prescribed the "government-guided price (政府指導價格)" for utilities supplied, which are announced publicly and followed by all utilities providers within the area (including Nanshan Group and Longkou Nanshan), such that all utilities providers within the area charge all their customers (including the Target College) at such "government-guided price". The Target College also procured, and will continue to procure utilities at such "government-guided price", and (v) the procurement of utilities by the Target College has been and will be made on the "government-guided price", and hence no less favorable to the Target College than those offered by independent third party suppliers in the open market, and accordingly such utilities procurement transactions will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.97 of the Listing Rules.

V. LISTING RULES IMPLICATIONS

The Acquisition

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. In addition, the Listing Committee has resolved that the Acquisition is an extreme transaction under Rule 14.06C of the Listing Rules and the reverse takeover rules do not apply. The classification is subject to the completion of due diligence work on the Target College by Zhongtai International Capital Limited, the financial adviser to the Company in connection with the Acquisition, and its submission of a declaration to support that the Target College can meet Rules 8.04 and 8.05 of the Listing Rules. Further, Mr. Song is the father-in-law of Ms. Sui and is therefore a connected person of the Company. On the other hand, Nanshan Group, which is owned as to 51.0% by Nanshan Village Committee and 49.0% by Mr. Song Jianbo who is the spouse of Ms. Sui, is a connected person of the Company. As such, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements as set out in Chapter 14 and Chapter 14A of the Listing Rules. The Company is required to prepare a transaction circular under an enhanced disclosure comparable to prospectus standard and Zhongtai International Capital Limited has been appointed as the financial adviser to the Company in connection with the Acquisition and to perform due diligence on the Target College under Rule 14.53A(2) of the Listing Rules.

The Contractual Arrangements

Given that Mr. Song is a connected person of the Company, and that Nanshan Group is a connected person of the Company, the Contractual Arrangements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

The Company intends to apply for a waiver from strict compliance with (i) the requirement of fixing the term of the Contractual Arrangements and having a term not exceeding three years under Rule 14A.52 of the Listing Rules; and (ii) the requirement of setting an annual cap for the Contractual Arrangements under Rule 14A.53 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange.

The Framework Agreements

Upon Completion, the Company will gain effective control over the Target College and enjoy 70.0% of the economic benefits generated by the Target College, and the financial results of the Target College will be consolidated to the consolidated financial statements of the Group.

Nanshan Group is owned as to 51.0% by Nanshan Village Committee and 49.0% by Mr. Song Jianbo, who is the spouse of Ms. Sui, and is therefore a connected person of the Company. Further, as at the date of this announcement, (i) Longkou Nanshan is owned as to approximately 83.3% by Mr. Song, and 16.7% by Ms. Lv, the spouse of Mr. Song, (ii) Nanshan Development is owned as to approximately 63.7% by Mr.

Song, and (iii) Longkou Management is owned as to 70.0% by Mr. Song and 30.0% by Ms. Lv. As such, Longkou Nanshan, Nanshan Development and Longkou Management are associates of Mr. Song pursuant to the Listing Rules and are therefore connected persons of the Company.

Accordingly, the transactions contemplated under the Framework Agreements will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon Completion.

Given (i) the relationship between Mr. Song and Mr. Song Jianbo and their respective interests in the Connected Transaction Counterparties, (ii) the similar nature of the Framework Supply Agreements, and (iii) the Framework Supply Agreements were all entered into within a 12-month period, the transactions under the Framework Supply Agreements form a series of transactions which should be treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82 of the Listing Rules. On the same token, the transactions under the Framework Procurement Agreements also form a series of transactions and should be treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82 of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profit ratio) in respect of the annual caps under the Framework Procurement Agreements is more than 5.0%, and the aggregate annual consideration payable under the Framework Procurement Agreements, on an annual basis, is more than HK$10,000,000, the entering into of the Framework Procurement Agreements is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

With respect to the Framework Supply Agreements, as one or more of the applicable percentage ratios (other than the profit ratio) in respect of the annual caps thereunder is more than 1.0% but all the applicable percentage ratios (other than the profit ratio) are less than 5.0%, and that the aggregate annual consideration payable under the Framework Supply Agreements, on an annual basis, exceeds HK$3,000,000, the entering into of the Framework Supply Agreements is subject to the reporting and announcement requirements but exempted from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

VI. GENERAL

None of the Directors is required to abstain from voting on the Board resolutions approving the transactions contemplated under the Acquisition Agreement and the Framework Agreements by virtue of his/her interests or deemed interests in such transactions.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other matters, the Acquisition including the Contractual Arrangements. As at the date of this announcement, Union Capital, which is wholly-owned by Ms. Sui, holds 768,475,221 Shares, representing approximately 51.23% of the entire issued share capital of the Company. Given that, among others, Mr. Song is the father-in-law of Ms. Sui, and that Ms. Sui is the wife of Mr. Song Jianbo, who is the legal representative, chairman and general manager of Nanshan Group and is interested in 49% of the equity interest in Nanshan Group, Union Capital will abstain from voting on the resolutions in relation to the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements at the EGM. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, save as Union Capital, no Shareholder has a material interest in the resolutions in respect of the Acquisition (including the Contractual Arrangements) or the Framework Procurement Agreements or should be required to abstain from voting on the resolutions to be proposed at the EGM.

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements.

Gram Capital, the Independent Financial Adviser, has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements.

A circular containing, among others, (i) further details of the Acquisition (including the Contractual Arrangements) and the Framework Agreements; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements; (iii) a letter of advice from Gram Capital addressing to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition (including the Contractual Arrangements), the Framework Procurement Agreements and the transactions contemplated thereunder; (iv) information about the Target College; (v) financial information of the Group; (vi) accountants' report of the Target College; (vii) management discussion and analysis on the Group and the Target College; (viii) property valuation report of the Target College by an independent valuer; (ix) unaudited pro forma financial information of the Enlarged Group; (x) business valuation report in respect of 70.0% interests in the Target College; (xi) other information required under the Listing Rules and/or by the Stock Exchange in relation to enhanced disclosures; and (xii) a notice of the EGM is expected to be dispatched to the Shareholders on or before 27 July 2022.

As Completion is subject to fulfillment of the Completion Conditions, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the meanings as follows:

"1st set of Structured Contracts"	collectively, (i) the 1st Business Cooperation Agreement; (ii) the 1st Exclusive Technical Service and Management Consultancy Agreement; (iii) the 1st Exclusive Call Option Agreement; (iv) the 1st School Sponsors' and Directors' Entrustment Agreement; (v) the Nanshan Group's Powers of Attorney; (vi) Mr. Song's Powers of Attorney; (vii) the 1st Appointee(s)' Powers of Attorney; (viii) the Receivables Pledge Agreement; and (ix) the 1st Spouse Undertakings
"2nd set of Structured Contracts"	collectively, (i) the 2nd Business Cooperation Agreement; (ii) the 2nd Exclusive Technical Service and Management Consultancy Agreement; (iii) the 2nd Exclusive Call Option Agreement; (iv) the Shareholder's Rights Entrustment Agreement; (v) the Equity Pledge Agreement; (vi) the 2nd School Sponsor's and Directors' Entrustment Agreement; (vii) the Designated School Sponsor's Powers of Attorney; (viii) the 2nd Appointee(s)' Powers of Attorney; (ix) the Powers of Attorney of the Registered Shareholder(s); (x) the 2nd Spouse Undertakings; (xi) the Non-competition Undertaking of Mr. Song; and (xii) the Non-competition Undertaking of Nanshan Group
"Acquisition"	the acquisition of the Target College and the transactions contemplated under the Acquisition Agreement for the purpose of allowing the Company to gain effective control over the Target College and enjoy 70.0% of the economic benefits generated by the Target College, such that the financial results of the Target College could be consolidated to the consolidated financial statements of the Group
"Acquisition Agreement"	the acquisition agreement dated 6 July 2022 entered into among the Company, Longkou Zhimin, Mr. Song, Nanshan Group and the Target College in relation to the Acquisition
"Appointee(s)"	the person(s) to be appointed as director(s) of the Target College by Mr. Song, Nanshan Group and/or the Designated School Sponsor from time to time

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Days"	a day excluding Saturday, Sunday and any statutory holiday of the PRC (including the holiday as temporarily specified by the competent government authority)
"Cheer Manor"	Cheer Manor Limited (智民有限公司), a limited liability company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
"Company"	International Alliance Financial Leasing Co., Ltd. (国际友联融资租赁有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock code: 1563)
"Completion"	completion of the Acquisition
"Completion Conditions"	the completion conditions to the Second Payment as detailed in "II. The Acquisition Agreement — Consideration and payment conditions — Second Payment" in this announcement, which are also the conditions to Completion
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Connected Transaction Counterparties"	Nanshan Group, Nanshan Development, Longkou Nanshan and Longkou Management
"Contractual Arrangements"	the contractual arrangements contemplated under the Structured Contracts, through which the Company will indirectly own and control the Target Entities
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules when used in the context of the Company
"COVID-19"	a viral respiratory disease caused by the severe acute, respiratory syndrome coronavirus (including its variants), which has been declared by World Health Organisation as a pandemic on 11 March 2020
"Designated School Sponsor"	the entity to be established pursuant to the instructions of the Group for the purpose of becoming the sole school sponsor of the Target College after Completion

"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held for the independent Shareholders to consider, and if though fit, approve, among others the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements
"Enlarged Group"	the enlarged Group immediately after Completion
"Fifth Payment"	the payment of fifth instalment of the consideration payable by the Group under the Acquisition Agreement
"First Payment"	the payment of first instalment of the consideration payable by the Group under the Acquisition Agreement
"Foreign Investment Law"	the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), as enacted by the 13th National People's Congress on 15 March 2019, which came into effect on 1 January 2020
"Fourth Payment"	the payment of fourth instalment of the consideration payable by the Group under the Acquisition Agreement
"Framework Agreements"	the Framework Supply Agreements and the Framework Procurement Agreements
"Framework Procurement Agreement I"	the framework procurement agreement entered into between the Target College and Nanshan Group dated 6 July 2022, pursuant to which the Target College agreed to procure the Group B Goods and Services from Nanshan Group and its subsidiaries and/or associates
"Framework Procurement Agreement II"	the framework procurement agreement entered into between the Target College and Longkou Nanshan dated 6 July 2022, pursuant to which the Target College agreed to procure the Group B Goods and Services from Longkou Nanshan and its subsidiaries and/or associates
"Framework Procurement Agreement III"	the framework procurement agreement entered into between the Target College and Nanshan Development dated 6 July 2022, pursuant to which the Target College agreed to procure the Group B Goods and Services from Nanshan Development and its subsidiaries and/or associates

"Framework Procurement Agreements"	the Framework Procurement Agreement I, Framework Procurement Agreement II and Framework Procurement Agreement III
"Framework Supply Agreement I"	the framework supply agreement entered into between the Target College and Nanshan Group dated 6 July 2022, pursuant to which the Target College agreed to supply the Group A Services to Nanshan Group and its subsidiaries and/or associates
"Framework Supply Agreement II"	the framework supply agreement entered into between the Target College and Longkou Nanshan dated 6 July 2022, pursuant to which the Target College agreed to supply the Group A Services to Longkou Nanshan and its subsidiaries and/or associates
"Framework Supply Agreement III"	the framework supply agreement entered into between the Target College and Longkou Management dated 6 July 2022, pursuant to which the Target College agreed to supply the Group A Services to Longkou Management and its subsidiaries and/or associates
"Framework Supply Agreement IV"	the framework supply agreement entered into between the Target College and Nanshan Development dated 6 July 2022, pursuant to which the Target College agreed to supply the Group A Services to Nanshan Development and its subsidiaries and/or associates
"Framework Supply Agreements"	the Framework Supply Agreement I, Framework Supply Agreement II, Framework Supply Agreement III and Framework Supply Agreement IV
"Group"	the Company and its subsidiaries and consolidated affiliated entities from time to time as the context requires
"Group A Services"	services including staff training services, venue rental services, catering services and other types of services to be agreed by the relevant parties in writing from time to time
"Group B Goods and Services"	(a) goods including clothes such as staff uniforms, furniture and fixtures, gifts and souvenirs, gasoline, petrol and diesel and other products; and (b) services including repairing and maintenance services, campus sanitary and cleaning services, gardening services, venue rental services, laboratory testing services, catering services and accommodation services and other types of goods and services to be agreed by the relevant parties in writing from time to time

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising all of the independent non-executive Directors, namely Mr. Liu Changxiang, Mr. Liu Xuewei, Mr. Jiao Jian and Mr. Shek Lai Him Abraham, established to give recommendation to the Independent Shareholders in relation to the Acquisition (including the Contractual Arrangements) and the Framework Procurement Agreements
"Independent Financial Adviser" or "Gram Capital"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition (including the Contractual Arrangements), the entering into of the Framework Procurement Agreements and the transactions contemplated thereunder
"Independent Shareholders"	Shareholder(s) other than Union Capital
"independent third party(ies)"	entity(s) or person(s) that is not a connected person(s)
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Longkou Management"	Longkou Nanshan (new) Enterprise Management Co., Ltd.* (龍口新南山企業管理有限公司), a company established in the PRC with limited liability and is owned as to 70.0% and 30.0% by Mr. Song and Ms. Lv, respectively
"Longkou Nanshan"	Longkou Nanshan (new) Investment Development Co., Ltd.* (龍口新南山投資發展有限公司), a company established in the PRC with limited liability and is owned as to approximately 83.3% and 16.7% by Mr. Song and Ms. Lv, respectively
"Longkou Zhimin"	Longkou Cheer Manor Education Consulting Service Co., Ltd.* (龍口智民教育諮詢服務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

"Material Adverse Change"	with respect to any entity, any event, fact, condition or change which has or, by reasonable expectation, may have material adverse impact or prejudice on the continuous operations, business operation, prospects of development, financial conditions, assets or liabilities of such entity
"Mr. Song"	Mr. Song Zuowen (宋作文), the father-in-law of Ms. Sui, the registered school sponsor of the Target College as designated by Nanshan Group
"Mr. Song Jianbo"	Mr. Song Jianbo (宋建波), the spouse of Ms. Sui and the son of Mr. Song, the legal representative, chairman and general manager of Nanshan Group, and is interested in 49% of the equity interest in Nanshan Group as at the date of this announcement
"Ms. Lv"	Ms. Lv Shuling (呂淑玲), the mother-in-law of Ms. Sui and the spouse of Mr. Song
"Ms. Sui"	Ms. Sui Yongqing (隋永清), one of the controlling shareholders of the Company, the daughter-in-law of Mr. Song and the wife of Mr. Song Jianbo
"Nanshan Development"	Shandong Nanshan Construction Development Co., Ltd.* (山東南山建設發展股份有限公司), a company established in the PRC and is owned as to approximately 63.7%, 22.7% and 13.7% by Mr. Song, Nanshan Group and Ms. Sui, respectively
"Nanshan Group"	Nanshan Holdings Co., Ltd.* (南山集團有限公司), a company established in the PRC with limited liability, and is owned as to 51.0% by Nanshan Village Committee and 49.0% by Mr. Song Jianbo
"Nanshan Village Committee"	the village member committee (龍口市東江街道南山村村民委員會) of Nanshan Village, Dongjiang Street, Longkou City, Shandong Province, PRC (龍口市東江街道南山村)
"Negative List"	the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (外商投資准入特別管理措施(負面清單)(2021年版))
"New River"	New River Ventures Limited (新川創投有限公司), a limited liability company established under the laws of British Virgin Islands and an indirect wholly-owned subsidiary of the Company

"PRC"	the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
"Registered Shareholder(s)"	the registered shareholder(s) of the Designated School Sponsor
"RMB"	Renminbi, the lawful currency of the PRC
"Second Payment"	the payment of second instalment of the consideration payable by the Group under the Acquisition Agreement
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) with par value of US$0.000001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structured Contracts"	the 1st set of Structured Contracts and the 2nd set of Structured Contracts
"subsidiary"	any entity within the meaning of the term "subsidiary" as defined in the Listing Rules and the term "subsidiaries" shall be construed accordingly
"Target College"	Yantai Nanshan University* (煙台南山學院), a private school registered as a private non-enterprise unit under the laws of the PRC, and its subordinate entities and units from time to time
"Target Entities"	the Target College and its subordinate entities and units from time to time, and where the context requires, in respect of any time after the establishment of the Designated School Sponsor and the entering into of the 2nd set of Structured Contracts, the Designated School Sponsor and its subsidiaries from time to time
"Third Payment"	the payment of third instalment of the consideration payable by the Group under the Acquisition Agreement
"Transaction Documents"	the Acquisition Agreement and all such agreements, documents and certificates entered or to be entered into for the completion of the transactions contemplated under the Acquisition Agreement, including the Structured Contracts

"Union Capital"	Union Capital Pte. Ltd., a company incorporated in Singapore on 18 March 2010, one of the controlling shareholders of the Company and is wholly-owned by Ms. Sui as at the date of this announcement
"Vendors"	Mr. Song and Nanshan Group
"%"	per cent

By order of the Board
International Alliance Financial Leasing Co., Ltd.
Jiao Jianbin
Non-Executive Director

Hong Kong, 6 July 2022

For purpose of this announcement, the exchange rate of RMB0.857 = HK$1 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

The English translation of Chinese names or words in this announcement, where indicated by "", are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the executive Directors are Mr. Li Luqiang and Mr. Liu Zhenjiang; the non-executive Director is Mr. Jiao Jianbin; and the independent non-executive Directors are Mr. Liu Changxiang, Mr. Liu Xuewei, Mr. Jiao Jian and Mr. Shek Lai Him Abraham.