
STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering. BNP Paribas and CLSA Limited are the Joint Global Coordinators of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of initially 50,000,000 Shares (subject to reallocation) in Hong Kong as described in the paragraph headed “The Hong Kong Public Offering” in this section; and
- the International Offering of initially 450,000,000 Shares (subject to reallocation and exclusive of the Over-allotment Option) outside the United States in offshore transactions in reliance on Regulation S, and in the United States to QIBs, as described in the paragraph headed “The International Offering” in this section.

Investors may either apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offering Shares under the International Offering, but may not do both.

The Offer Shares will represent 25% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Option Schemes or the Share Award Scheme. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming no Shares are issued under the Share Option Schemes or the Share Award Scheme.

THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is a fully underwritten public offering (subject to agreement as to pricing and satisfaction or waiver of the other conditions provided in the Hong Kong Underwriting Agreement and described in the paragraph headed “Conditions of the Global Offering” in this section) for the subscription in Hong Kong of, initially, 50,000,000 Offer Shares at the Offer Price (representing 10% of the total number of the Offer Shares initially available under the Global Offering). Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering described below, the Hong Kong Offer Shares will represent 2.5% of our enlarged issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised at all and without taking into account any Shares which may be issued upon the exercise of any options granted under the Share Option Schemes and any grants under the Share Award Scheme). The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and that those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

The total number of the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools for allocation purposes:

- Pool A: The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5,000,000 (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- Pool B: The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5,000,000 (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. We will reject multiple applications between the two pools and reject multiple applications within pool A or pool B. In addition, any application for more than 50% of 50,000,000 Offer Shares initially included in the Hong Kong Public Offering (that is, 25,000,000 Offer Shares) will be rejected. Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offering, and such applicant’s application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. We and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offering from investors who have indicated interest in or have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for or have received Offer Shares in the Hong Kong Public Offering.

Reallocation and Clawback

The allocation of our Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Currently, we have allocated 50,000,000 Shares to the Hong Kong Public Offering, representing 10% of our Shares initially available in the Global Offering.

If the number of Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Offer Shares available for subscription under the Hong Kong Public Offering, then our Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of our Offer Shares available under the Hong Kong Public Offering will be increased to 150,000,000 Shares (in the case of (i)), 200,000,000 Shares (in the case of (ii)) and 250,000,000 Shares (in the case of (iii)), respectively, representing 30%, 40% and 50%, respectively, of the total number of Offer Shares available under the Global

STRUCTURE OF THE GLOBAL OFFERING

Offering (before any exercise of the Over-allotment Option). In addition, BNP Paribas has the discretion to reallocate our Shares offered in the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, BNP Paribas may, in its discretion, reallocate to the International Offering all or any unsubscribed Shares offered in the Hong Kong Public Offering in such amount as they deem appropriate.

THE INTERNATIONAL OFFERING

The number of the Offer Shares to be initially offered for subscription and sale under the International Offering will be 450,000,000 Offer Shares, representing 90% of the Offer Shares initially available under the Global Offering and 22.5% of our enlarged issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised at all and without taking into account any Shares which may be issued upon the exercise of any options granted under the Share Option Schemes and any grants under the Share Award Scheme).

Allocation

Pursuant to the International Offering, the International Offering Shares will be conditionally placed on our behalf by the International Underwriters or through selling agents appointed by them. International Offering Shares will be placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for the International Offering Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the International Offering Shares to investors under the International Offering will be determined by BNP Paribas and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its International Offering Shares after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offering Shares on a basis which would lead to the establishment of an appropriate shareholder base to our benefit and the benefit of our Shareholders as a whole.

BNP Paribas (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to BNP Paribas so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

STRUCTURE OF THE GLOBAL OFFERING

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company intends to grant the Over-allotment Option to BNP Paribas and exercisable by BNP Paribas for up to 30 days from the last day for the lodging applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 75,000,000 additional Shares, representing 15% of the initial size of the Global Offering at the Offer Price to cover, among other things, over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, we will make an announcement.

BNP Paribas may cover any over-allocations by using Shares purchased by the Stabilisation Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part or by a combination of these means. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold under the Over-allotment Option, namely 75,000,000 Shares, representing 15% of the Shares available under the Global Offering.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offer price of the securities. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws, rules and regulations in place, including those of Hong Kong. In Hong Kong and certain other jurisdictions, the stabilisation price is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilisation Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period which begins on the commencement of trading of the Shares on the Stock Exchange and ends on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. The stabilising period is expected to expire on Sunday, 7 January 2018. However, there is no obligation on the Stabilisation Manager, or its affiliates or any person acting for it to do this. Such stabilising action, if taken, may be discontinued at any time, and must be brought to an end after a limited period. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold under the Over-allotment Option, namely 75,000,000 Shares, which is 15% of the Shares available under the Global Offering.

Stabilising action is permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes (a) primary stabilisation, including purchasing, or agreeing to purchase, any of the Shares or offering or attempting to do so for the purpose of preventing or minimising any reduction in the market price of the Shares, and (b) ancillary stabilisation in connection with any primary stabilising action, including: (i)

STRUCTURE OF THE GLOBAL OFFERING

over-allocation for the purpose of preventing or minimising any reduction in the market price; (ii) selling or agreeing to sell Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price; (iii) purchasing or agreeing to purchase Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) selling or agreeing to sell Shares to liquidate a long position held as a result of those purchases or subscriptions; and (v) offering or attempting to do anything described in (ii), (iii) or (iv). The Stabilisation Manager, its affiliates or any person acting for it may take any one or more of the stabilising actions described above.

Prospective applicants for and investors in the Offer Shares should note that:

- the Stabilisation Manager, its affiliates or any person acting for it may, in connection with the stabilising action, maintain a long position in our Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilisation Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilisation Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of our Shares;
- no stabilising action can be taken to support the price of our Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure to procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

PRICING

Determination of Offer Price

We expect the Offer Price to be fixed by agreement among us and BNP Paribas (on behalf of the Underwriters) on the Price Determination Date when market demand for the Offer Shares will be determined. We expect the Price Determination Date to be on or around Friday, 8 December 2017 and in any event, no later than Saturday, 9 December 2017. The Offer Price will not be more than HK\$7.02 per Offer Share and is expected to be not less than HK\$5.86 per Offer Share. You should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this document.

STRUCTURE OF THE GLOBAL OFFERING

Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

BNP Paribas, on behalf of the Underwriters, may, with our consent, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process reduce the number of Offer Shares and/or the indicative Offer Price range below that described in this document prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of the reduction in the number of Offer Shares and/or the indicative Offer Price range. Such notice will also be available at the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.chinaeducation.hk.

Upon issue of such a notice, the revised number of Offer Shares and/or offer price range will be final and conclusive and the Offer Price, if agreed upon between BNP Paribas (on behalf of the Underwriters) and us will be fixed within such revised offer price range. In this notice, we will also confirm or revise, as appropriate, the working capital statement as currently disclosed in the section headed “Financial Information – Working capital”, the offering statistics as currently disclosed in the sections headed “Summary” and “Information about this Document and the Global Offering”, the use of proceeds in the section headed “Future Plans and Use of Proceeds” and any other financial information which may change as a result of such reduction. If we do not publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of a reduction in the number of Offer Shares and/or the indicative Offer Price range stated in this document on or before the morning of the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon by us, will be within the indicative Offer Price range as stated in this document.

If we are unable to reach an agreement with BNP Paribas (on behalf of the Underwriters) on the Offer Price by 5:00 p.m. on Saturday, 9 December 2017, the Global Offering will not proceed and will lapse immediately.

We expect to publish an announcement of the Offer Price, together with the level of interest in the International Offering and the level of applications and the basis of allocation of the Hong Kong Offer Shares, on Thursday, 14 December 2017.

Price Payable on Application

The Offer Price will not be more than HK\$7.02 and is expected to be not less than HK\$5.86, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum Offer Price of HK\$7.02 per Offer Share plus a 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy. This means that, for every board lot of 1,000 Offer Shares, you should pay HK\$7,090.74 at the time of your application.

STRUCTURE OF THE GLOBAL OFFERING

If the Offer Price is lower than HK\$5.86, we will refund the respective difference, including the brokerage fee, Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. You may find further details in the section headed “How to Apply for Hong Kong Offer Shares”.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Underwriters. The Hong Kong Public Offering and the International Offering are subject to the conditions described in the section headed “Underwriting”. In particular, we and BNP Paribas (on behalf of the Underwriters), must agree on the Offer Price for the Global Offering. The Hong Kong Underwriting Agreement was entered into on Monday, 4 December 2017 and, is subject to an agreement on the Offer Price between BNP Paribas (for itself and on behalf of the Underwriters) and us for purposes of the Hong Kong Public Offering. The International Underwriting Agreement including the agreement on the Offer Price among us and BNP Paribas (for itself and on behalf of the International Underwriters for purposes of the International Offering) is expected to be entered into on Friday, 8 December 2017 being the Price Determination Date. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are inter-conditional upon each other.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued as described in this document (including any additional Shares to be issued pursuant to any exercise of the Over-allotment Option), and such listing and permission not having been subsequently revoked prior to the commencement of trading in our Shares on the Stock Exchange;
- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by BNP Paribas on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date that is 30 days after the date of this document.

The consummation of each of the International Offering and the Hong Kong Public Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

STRUCTURE OF THE GLOBAL OFFERING

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse immediately and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the day after such lapse. In such situation, we will return all application monies to the applicants, without interest and on the terms described in the section headed “How to Apply for Hong Kong Offer Shares – Refund of application monies”. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving bankers or other banks licenced under the Banking Ordinance.

We expect to despatch share certificates for the Offer Shares on Thursday, 14 December 2017. However, these share certificates will only become valid certificates of title at 8:00 a.m. on Friday, 15 December 2017 provided that:

- the Global Offering has become unconditional in all respects; and
- the right of termination as described in the section headed “Underwriting” in this document has not been exercised.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 15 December 2017, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 15 December 2017. The Shares will be traded in board lots of 1,000 Shares each.