

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA YUHUA EDUCATION CORPORATION LIMITED

中国宇华教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6169 and Debt Stock Code: 40109)

**(1) UPDATE IN RELATION TO
THE HK\$2,088,000,000 0.90% CONVERTIBLE BONDS DUE 2024
(THE “CONVERTIBLE BONDS”);
(2) FURTHER DELAY IN PUBLICATION OF THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 AUGUST 2024 AND POSSIBLE
DELAY IN DESPATCH OF THE 2024 ANNUAL REPORT;
AND
(3) CONTINUED TRADING SUSPENSION**

This announcement is made by China YuHua Education Corporation Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Convertible Bonds and the announcement of the Company dated 29 November 2024 (the “**Announcement**”).

Capitalised terms used but not otherwise defined herein shall have the meanings ascribed to them in the terms and conditions of the Convertible Bonds (the “**Bond Conditions**”), the Announcement, and the Term Sheet (as defined below) as applicable.

The Company wishes to announce that upon negotiations with the Bondholders, the Convertible Bonds are expected to be settled in full pursuant to the terms and conditions as detailed below.

1. UPDATE IN RELATION TO THE CONVERTIBLE BONDS

STANDSTILL AGREEMENT AND PROPOSED TRANSACTIONS

Under the Bond Conditions, the Convertible Bonds have a maturity date of 27 December 2024 whereby on such date the Company is required to redeem all the Convertible Bonds at its principal amount together with accrued and unpaid interest thereon.

The Company and an ad-hoc group of bondholders who collectively hold or are economically entitled to at least 75 per cent. of the outstanding principal amount of the Convertible Bonds (the “**Original Consenting Bondholders**”) have reached an agreement and entered into a standstill agreement on 27 December 2024 (the “**Standstill Agreement**”) which sets out the Parties’ in-principle agreement to implement and otherwise give effect to the transactions set out in the term sheet (“**Term Sheet**”) (the “**Proposed Transactions**”).

The terms of the Proposed Transactions are set out in the Term Sheet, and include, among other things, the Proposed Waivers and the Proposed Amendments.

The Company expects to commence the process of implementing the Proposed Transactions by way of consent solicitation as soon as reasonably practicable, and in any event by no later than 31 March 2025 (or such later date as may be agreed by the Company and the Consenting Bondholders (as defined below) in writing).

It is noted that the Original Consenting Bondholders represent a sufficient majority of Bondholders needed in order to pass an Extraordinary Resolution by way of Meeting in accordance with the terms of the Trust Deed.

Undertakings pursuant to the Standstill Agreement:

Under the terms of the Standstill Agreement, the Parties are subject to certain conditions therein. The key undertakings are summarized as follows:

- (a) **Support and Execution of Proposed Transactions:** The Standstill Agreement mandates that the Parties shall actively support, facilitate, implement, consummate or otherwise give effect to the Proposed Transactions until the termination date of the Standstill Agreement. This involves taking necessary actions in alignment with the terms of the Standstill Agreement, the Term Sheet and the Trust Deed. Parties are expected to execute and deliver documents, provide support confirmations, vote in favor of necessary actions, and negotiate in good faith to resolve any impediments that could hinder the Proposed Transactions.
- (b) **Restrictions and Compliance:** The Parties shall not intentionally delay, impede, frustrate or prevent the Proposed Transactions, challenge or object the terms of the Term Sheet, or support actions that could delay, impede, frustrate or prevent the consummation or implementation of the Proposed Transactions.
- (c) **Company Commitments for Consenting Bondholders:** The Company undertakes to specific actions for Bondholder which has agreed to be bound by the terms of the Standstill Agreement as either an Original Consenting Bondholder or an additional consenting bondholder (but excluding those Bondholders that have exercised their right to terminate the Standstill Agreement in accordance with the terms of the Standstill Agreement) (the “**Consenting Bondholders**”), including entering into an escrow agreement (the “**Escrow Agreement**”) and depositing HK\$430 million as deposit (the “**Escrow Deposit**”), consulting with the Stock Exchange, and meeting interest payment obligations. Upon the successful passing of the Extraordinary Resolution, the Company shall follow the instructions under the Escrow Agreement for the release of funds. However, in case the passing of Extraordinary Resolution fails, the Company and the Original Consenting Bondholders shall, within three business days after such failure, mutually instruct the Escrow Agent to terminate the Escrow Agreement and return the Escrow Deposit to the Company.

Proposed Waivers:

The Extraordinary Resolution, if passed, shall constitute a direction by the Bondholders to the Trustee to irrevocably and unconditionally consent to the following:

- (a) any Potential Event of Default or Event of Default that has occurred or may occur directly as a result of the Non-Payment Event;
- (b) any Potential Event of Default or Event of Default that has occurred or may occur directly as a result of (a) the Company's failure to deliver a notice in accordance with Condition 8(D) of the Bond Conditions in respect of the Relevant Event which has occurred or may occur due to the Shares being suspended from trading on the Stock Exchange on 2 December 2024 (the "**2nd Applicable Relevant Event**") and (b) any failure by the Company to redeem the Convertible Bonds in accordance with Condition 8(D) of the Bond Conditions due to the 2nd Applicable Relevant Event; and
- (c) any default interest accruing on the Convertible Bonds in accordance with Condition 7(E) of the Bond Conditions ("**Default Interest Waiver**").

Proposed Amendments:

The Proposed Amendments under the Term Sheet are summarized as follows:

- (a) extending the maturity date to the 10th business days after the resumption of trading of the Company's Shares (the "**Maturity Date**"); and
- (b) Condition 8(A) will be substituted with a new provision which allows for a redemption process for HK\$430,000,000 of the Convertible Bonds on the 5th business days after the passing of the Extraordinary Resolutions, with the remaining Convertible Bonds mandatorily converted into approximately 660,000,000 Shares on the Maturity Date.

Consent Fee:

The Company is obligated to pay each Bondholder who votes in favor of the Extraordinary Resolution a consent fee in the form of warrants (the “**Warrants**”), as soon as practicable within 10 business days after the approval of the Warrants at the Company’s annual general meeting upon entering into the Standstill Agreement and in any event no later than 31 May 2025 (the “**Warrants Long Stop Date**”). The Warrants are to be issued in a number equivalent to each Bondholder’s pro rata share of the consent fee, calculated based on the portion of Convertible Bonds held by such Bondholder or to which such Bondholder has an economic interest as of the date of passing the Extraordinary Resolution as a percentage of the total outstanding principal amount of the Convertible Bonds voting in favor of the Extraordinary Resolution as of such date (the “**Pro Rata Share**”);

provided that, in the event that the failure of the issuance of the Warrants is not within the Li Family’s control, the Company and the Original Consenting Bondholders shall negotiate for a solution within a period of one month, and, should such negotiation fail, each Bondholder may require the Company to pay it its Pro Rata Share of the consent fee of HK\$70,500,000 in cash in lieu of its Pro Rata Share of the Warrants, which shall be paid by the Company no later than two business days after such election by a Bondholder.

The Warrants have an initial warrant exercise price of HK\$0.50 per Share and the number of the Shares initially deliverable per Warrant shall be 1 Share.

Undertaking from the Original Consenting Bondholders

The Original Consenting Bondholders undertake to the Company that, provided that the Shares to be issued by the Company pursuant to the Proposed Amendments have been duly issued to the Bondholders in accordance with the terms and conditions of the Bonds (as amended in the form as set out in the Extraordinary Resolution), they shall collectively hold at least 400,000,000 Shares until the earlier of 31 May 2025 or the date of the next annual general meeting of the Company.

2. FURTHER DELAY IN PUBLICATION OF 2024 ANNUAL RESULTS

The Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors of the Company that, given the Company has entered into a Standstill Agreement to give effect to the Proposed Transaction as more particularly set out above, it is expected that the 2024 Annual Results will be published following conclusion of the consent solicitation of the Bondholders to restructure the Convertible Bonds.

Pursuant to Rule 13.46(2) of the Listing Rules, the Company is required to publish an annual report not later than four months after the end of the financial year. Due to the delay in publication of the 2024 Annual Results, the publication of the annual report is also likely to be delayed.

The Company will make further announcement(s) to inform the Shareholders and potential investors of the Company relating to the publication of the annual report as and when appropriate.

3. CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company (stock code: 6169) and the debt securities of the Company (stock code: 40109) on the Stock Exchange has been suspended since 9:00 a.m. on 2 December 2024 due to the delay in publication of the 2024 Annual Results and will remain suspended until the publication of the 2024 Annual Results.

TRUSTEE DISCLAIMER

The Trustee takes no responsibility for the contents of this announcement. The Trustee expresses no opinion, no recommendations and gives no legal, investment, accounting, financial or tax advice as to the action (if any) that Bondholders should take in relation to the matters set out above or as to the Convertible Bonds generally. The Trustee has not been involved in any discussion, negotiation or formulation of any of the Proposed Transactions. Each Bondholders is responsible for assessing the merits of the Proposed Transactions.

The Company will make further announcement(s) in due course to inform the Shareholders and potential investors of any information update. The Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

By order of the Board
China YuHua Education Corporation Limited
Li Guangyu
Chairman and Executive Director

Hong Kong, 27 December 2024

As at the date of this announcement, the Board comprises Mr. Li Guangyu, Ms. Li Hua and Ms. Qiu Hongjun as executive Directors; and Mr. Chen Lei, Mr. Zhang Zhixue and Ms. Fan Nannan as independent non-executive Directors.

THIS ANNOUNCEMENT IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF BONDHOLDERS. IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISOR.

THIS ANNOUNCEMENT IS PROVIDED BY THE COMPANY. THE TRUSTEE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS ANNOUNCEMENT OR THE INFORMATION CONTAINED IN IT.

SHAREHOLDERS OF THE COMPANY, HOLDERS OF THE CONVERTIBLE BONDS AND POTENTIAL INVESTORS IN THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.