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Wisdom Education International Holdings Company Limited

睿見教育國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 6068)

INSIDE INFORMATION

LOAN FACILITY GRANTED BY CHINA PING AN INSURANCE OVERSEAS INVOLVING

POTENTIAL ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE AND DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board announces that, on 22 June 2018 (after trading hours), the Company (as borrower) entered into the Credit Agreement with PA Chokmah (as lender), an indirectly wholly owned subsidiary of China Ping An Insurance Overseas (Holdings) Limited (“**China Ping An Insurance Overseas**”), and Mr. Liu (as guarantor) in relation to the provision of the Loan of the principal amount of up to HK\$500 million by PA Chokmah to the Company. Subject to the satisfaction of the Conversion Conditions, HKD200 million, representing 40% of the Loan, will be mandatorily converted into shares of the Company on the Maturity Date and up to HKD100 million, representing 20% of the Loan, may be, at the option of PA Chokmah, convertible into shares of the Company during the Discretionary Conversion Period.

In connection with the Credit Agreement, on 22 June 2018, Mr. Liu also entered into the Put Option Deed with PA Chokmah pursuant to which, among other things, Mr. Liu conditionally agreed to grant to PA Chokmah a right to require Mr. Liu to purchase some or all of the Conversion Shares.

The Group intends to establish a long-term cooperation with China Ping An Insurance Overseas through the Credit Agreement and explore more cooperation opportunities with China Ping An Insurance Overseas in the future. The Group believes that the Credit Agreement may bring to the Group not only additional financial resources but also more business opportunities for its development.

As the drawdown of the facility and the allotment and issue of the Conversion Shares are subject to conditions precedent, the transactions contemplated under the Credit Agreement may or may not take place as contemplated or at all. Shareholders and other investors shall exercise caution when dealing in the securities of the Company.

INTRODUCTION

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board announces that, on 22 June 2018 (after trading hours), the Company (as borrower) entered into the Credit Agreement with PA Chokmah (as lender) and Mr. Liu (as guarantor) in relation to the provision of the Loan of the principal amount of HK\$500 million by PA Chokmah to the Company. In connection with the Credit Agreement, on 22 June 2018, Mr. Liu also entered into the Put Option Deed with PA Chokmah pursuant to which, among other things, Mr. Liu agreed to grant to PA Chokmah a right to require Mr. Liu to purchase some or all of the Conversion Shares.

Certain terms of the Credit Agreement and the Put Option Deed are as follows:

THE CREDIT AGREEMENT

Date: 22 June 2018

Parties: (1) the Company (as borrower)
(2) Mr. Liu (as guarantor)
(3) PA Chokmah (as lender)

Principal amount: HK\$500 million

Utilization: Subject to satisfactions of the conditions precedent, the Company may borrow the Loan by delivering to PA Chokmah an utilization request no later than 14 days after the date of the Credit Agreement.

Maturity Date: 24 months from the date on which the Loan is made

Repayment: The Company must repay the Loan in an amount equal to the Repayment Amount on the Maturity Date.

The “**Repayment Amount**” means the outstanding principal amount of the Loan on the Maturity Date minus the aggregate amount of the Mandatory Principal (as defined below) and the Discretionary Principal, unless PA Chokmah has given notice to the Company that the Discretionary Principal is to be repaid on the Maturity Date, in which case Repayment Amount would mean the outstanding principal amount of the Loan on the Maturity Date minus the amount of the Mandatory Principal.

Interest: The Loan will bear an interest rate at a fixed rate of 6.8% per annum, payable every six months, subject to default interest provisions.

Conversion: **Mandatory Conversion**

Subject to satisfaction of the Conversion Conditions (as defined below) prior to the Maturity Date and no Conversion Restriction Event (as defined below) is then continuing or would result from any Conversion, HKD200 million, representing 40% of the Loan (the “**Mandatory Principal**”), shall be mandatorily converted into the shares of the Company on the Maturity Date at the price per Conversion Share representing a 20% discount of the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the Maturity Date.

There is no price ceiling for the Mandatory Conversion.

Discretionary Conversion

Subject to satisfaction of the Conversion Conditions prior to the last day of the Discretionary Conversion Period (as defined below), PA Chokmah has the right to convert, on one occasion, no more than HKD100 million, representing 20% of the Loan (the “**Discretionary Principal**”), into the shares of the Company during the period from the Maturity Date up to the expiry of a three-month period therefrom (the “**Discretionary Conversion Period**”) at the price per Conversion Share representing a 10% discount of the arithmetic average of the closing price of a Share for each of the 90 consecutive trading days immediately preceding the date of conversion.

There is no price ceiling for the Discretionary Conversion.

Conversion Conditions

The conversion of the Mandatory Principal and the Discretionary Principal is conditional upon the satisfaction of the following conditions (together, the “**Conversion Conditions**”):

- (i) approval by the independent shareholders of the Company for (A) the issue of the Conversion Shares pursuant to that Conversion; and (B) the Put Option relating to the Conversion Shares to be issued by the Company pursuant to that Conversion; and
- (ii) approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued by the Company pursuant to that Conversion.

The Conversion Conditions may not be waived.

“Conversion Restriction Event” occurs if, with respect of a Conversion, (a) such Conversion would result in any non-compliance with the Listing Rules (including but not limited to public float requirements), any other applicable laws and regulations (including as a result of a change in law, regulation, interpretation of the law or administrative practice of a government, governmental department or regulatory body) or the constitutional documents of the Company; (b) such Conversion would trigger any mandatory general offer obligation under the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission of Hong Kong, whether or not a whitewash waiver could be obtained thereunder; (c) the Shares having ceased to be listed on the Stock Exchange; or (d) listing of or dealing in any Shares on the Stock Exchange having been suspended for more than five consecutive trading days immediately prior to a date of Conversion.

If the Conversion Conditions are not satisfied prior to the Maturity Date (in respect of the Mandatory Principal) or prior to the last day of the Discretionary Conversion Period (in respect of the Discretionary Principal), the Company must repay the Mandatory Principal on the Maturity Date or, as applicable, the Discretionary Principal on the last day of the Discretionary Conversion Period, in each case together with an exit fee in an amount which will ensure that PA Chokmah’s internal rate of return in respect of the Mandatory Principal (or, as applicable, the Discretionary Principal) is not less than the Reduced IRR.

If the Conversion Conditions have been satisfied prior to the Maturity Date (in the case of the Mandatory Principal) or prior to the last day of the Discretionary Conversion Period (in the case of the Discretionary Principal), but in either case a Conversion does not occur due to (a) or (b) of the Conversion Restriction Events, the Company must repay the Mandatory Principal on the Maturity Date or, as applicable, the Discretionary Principal on the last day of the Discretionary Conversion Period, in each case together with an exit fee in an amount which will ensure that PA Chokmah’s internal rate of return in respect of the Mandatory Principal and/or the Discretionary Principal is not less than the Reduced IRR.

If the Conversion Conditions have been satisfied prior to the Maturity Date (in the case of the Mandatory Principal) or prior to the last day of the Discretionary Conversion Period (in the case of the Discretionary Principal), but in either case a Conversion does not occur due to (c) or (d) of the Conversion Restriction Events, the Company must repay the Mandatory Principal on the Maturity Date or, as applicable, the Discretionary Principal on the last day of the Discretionary Conversion Period, in each case together with an exit fee in an amount which will ensure that PA Chokmah's internal rate of return in respect of the Mandatory Principal and/or the Discretionary Principal is not less than the Full IRR.

The Conversion Shares, when allotted and issued, shall rank *pari passu* in all respects with the other Shares in issue.

Security:

The Company will, within 120 days after the Loan is made:

- (i) establish a debt service reserve account (“**DSRA**”) with a bank located in Hong Kong acceptable to PA Chokmah, and ensure that the amount standing to the credit of the DSRA at that time is not less than the amount equal to the interest that would accrue on the Loan for the next six months; and
- (ii) enter into a security agreement with PA Chokmah in relation to the creation of a charge over the DSRA to PA Chokmah to secure the Company's obligations under the Finance Documents.

Mr. Liu also agreed to guarantee all of the Company's obligations under the Finance Documents.

Use of proceeds:

The proceeds of the Loan will primarily be utilized towards funding (i) the expansion costs of the schools owned and/or controlled by the Group, (ii) the expansion of the Group's school network including the potential acquisition and the development of new primary and secondary schools in the PRC, and (iii) general working capital and the repayment of certain bank borrowings of the Group.

Change of Control,
Liquidity Event,
events of default
etc.:

After the occurrence of a Change of Control, a Liquidity Event or any other event of default as stipulated in the Credit Agreement, PA Chokmah may declare the Loan, together with accrued interest, an exit fee (in an amount which will ensure that PA Chokmah's internal rate of return is not less than the Full IRR) and all other amounts accrued under the Finance Documents, to be immediately due and payable.

A "**Change of Control**" occurs if:

- (i) any person or group of persons (other than Mr. Liu and his affiliates) acting in concert gains Control of the Company or becomes the beneficial owner (directly or indirectly) of 30% or more of the issued voting share capital of the Company; or
- (ii) Mr. Liu, his affiliates together with parties acting in concert with Mr. Liu and/or his affiliates cease to Control the Company or be the beneficial owners (directly or indirectly through subsidiaries) of more than 51% of the issued voting share capital of the Company; or
- (iii) Mr. Liu and his affiliates cease to hold more shares in the Company than any other shareholder.

A "**Liquidity Event**" means a sale of all or substantially all of the business and assets of the Group (whether in a single transaction or a series of related transactions).

PA Chokmah's Lock-
up Undertaking:

PA Chokmah undertakes to the Company that, from the date of the Credit Agreement up to the date falling six months from the Maturity Date, save in so far as agreed in writing by the Company or otherwise for transfer to related entities as permitted under the Credit Agreement, PA Chokmah shall not:

- (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Conversion Share or any interests therein; or

- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of any Conversion Share or any interests therein, whether any such transaction described in (i) or (ii) is to be settled by delivery of Conversion Shares, in cash or otherwise; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above (the “**PA Chokmah’s Lock-up Undertaking**”).

After the Maturity Date, the PA Chokmah’s Lock-up Undertaking may be early terminated by PA Chokmah by written notice to the Company.

Company’s Lock-up Undertaking:

- (i) Subject to paragraph (ii) below, if any Conversion Share is issued pursuant to a Conversion, the Company undertakes not to issue any new securities or Share equivalents from the Maturity Date to the last day of the Relevant Period (as defined below) (the “**Company’s Lock-up Undertaking**”).
- (ii) During the Relevant Period, the Company’s Lock-up Undertaking may be early terminated by the Company by written notice to the Lender.
- (iii) Paragraph (i) above shall not restrict the Company from issuing any Shares pursuant to the exercise of any options granted or to be granted, or from granting any options, from time to time during the Relevant Period pursuant to the share options scheme(s) adopted or to be adopted by the Company and disclosed to the public, except as otherwise provided under the Credit Agreement.
- (iv) For the purpose of the above, “**Relevant Period**” means a period of 6 months plus 45 days from the date of Conversion.

Key man undertaking:

During the Loan period, Mr. Liu undertakes that, to the extent reasonably practicable and to the extent permissible under the constitutional documents of the Company and the applicable laws and regulations, he shall not resign from his position as an executive Director and shall devote a substantial part of his time and efforts in the operation of the Company’s business.

THE PUT OPTION DEED

Date: 22 June 2018

Parties: (1) Mr. Liu (as grantor)
(2) PA Chokmah (as grantee)

Put Option: Subject to the satisfaction of the Put Conditions (as defined below), Mr. Liu grants to PA Chokmah an option (the “**Put Option**”) to sell to the Grantor, and Mr. Liu is obligated to purchase from PA Chokmah, upon exercise of such option, some or all of the Conversion Shares at the Put Price.

The grant of the Put Option is conditional upon the satisfaction of the following conditions (together, the “**Put Conditions**”):

- (i) the drawdown under the Credit Agreement having been conducted in accordance with the terms and conditions thereof;
- (ii) the Company having obtained its independent shareholders’ approval as may be required under the Listing Rules for (A) the issue of the Conversion Shares; and (B) the Put Option; and
- (iii) approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares having been obtained and remaining in full force and effect.

Exercise period: The Put Option may be exercised within the period beginning on the date which falls on the expiry of the six-month period from the Maturity Date and ending on the date which is the first anniversary of the Maturity Date (both dates inclusive), save as otherwise provided in the Put Option Deed. For the avoidance of doubt, the Put Option may be exercised on one occasion only.

Put Price: The Put Price will be an amount which enables PA Chokmah to realise an internal rate of return specified in the Put Option Deed on the aggregate amount of the relevant portion of the Mandatory Principal and, as the case may be, the Discretionary Principal in respect of the Conversion Shares to be put by PA Chokmah to Mr. Liu.

REASONS FOR ENTERING INTO THE CREDIT AGREEMENT

The Group is one of the leading private education groups in the Southern China operating premium private primary and secondary schools as measured by student enrollment. The Group has a growth roadmap including the expansion of capacity of its schools, the potential acquisition of local private schools and the development of more greenfield schools. In particular, the Group will put more resources on its expansion in the Guangdong-Hong Kong-Macau Greater Bay Area (“**Greater Bay Area**”).

China Ping An Insurance Overseas is the key platform for overseas investment of Ping An Group with a proven investment track record in various industries. With its in-depth industry knowledge, China Ping An Insurance Overseas believes that private primary and secondary education in China is one of the promising businesses with fast growing potential, high visibility and strong cash flow. China Ping An Insurance Overseas also believes that the development of Greater Bay Area will boost the demand for quality private primary and secondary school education and, therefore, the Group with its reputable school brand will benefit from the development of the Greater Bay Area.

The Group intends to establish a long-term cooperation with China Ping An Insurance Overseas through the Credit Agreement and explore more cooperation opportunities with China Ping An Insurance Overseas in the future. The Group believes that the Credit Agreement may bring to the Group not only additional financial resources but also more business opportunities for its expansion. The Directors also consider that the potential issue of Conversion Shares to China Ping An Insurance Overseas upon conversion of the Loan pursuant to the terms of the Credit Agreement could broaden the Company’s shareholder base.

The Group’s intends to utilize the proceeds partly for the expansion of the capacity of its schools and the expansion of its school network including the potential acquisition of schools and the development of greenfield schools, and partly for its general working capital and the repayment of certain of its bank borrowings.

The Directors consider that the terms and conditions of the Credit Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING DURING THE PAST TWELVE MONTHS

The Company has not raised funds on any issue of equity securities in the past 12 months immediately before the date of this announcement.

MANDATE TO ISSUE THE CONVERSION SHARES

The allotment and issue of the Conversion Shares under a specific mandate of the Company are subject to the approval of the independent Shareholders. The Company currently intends to convene an extraordinary shareholders’ meeting at a later stage prior to the Maturity Date to seek such approval from the independent Shareholders.

GENERAL INFORMATION

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the provision of premium primary and secondary education in the PRC.

Mr. Liu is an executive Director, chairman of the Board, and one of the controlling shareholders of the Company.

PA Chokmah, an indirectly wholly owned subsidiary of China Ping An Insurance Overseas, is a limited liability company incorporated in the Cayman Islands principally engaged in investment holding. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, each of PA Chokmah and its ultimate beneficial owners is a third party independent of the Company and of the connected persons of the Company.

LISTING RULES IMPLICATIONS

Mr. Liu, being an executive Director and one of the controlling shareholders of the Company, is a connected person of the Company. The guarantee provided by Mr. Liu under the Credit Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Company, which are on normal commercial terms or better. Accordingly, such guarantee is exempt under Rule 14A.90 of the Listing Rules from all reporting, announcement and Independent Shareholders' approval requirements since no security over the assets of the Company will be granted in respect of such guarantee.

In the event that PA Chokmah exercises the Put Option, Mr. Liu will be required to purchase the some or all of the Conversion Shares in accordance with the terms of the Put Option Deed. Accordingly, the entering into the Put Option Deed will constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to independent Shareholders' approval.

To satisfy the Conversion Conditions and the Put Conditions, the Company will hold an extraordinary general meeting to obtain approval from the independent Shareholders in relation to (A) the issue of the Conversion Shares; and (B) the Put Option. Given that the drawdown of the facility under the Credit Agreement is not conditional upon the Company having obtained such approval from the independent Shareholders, the Company currently intends to convene such extraordinary general meeting at a later stage prior to the Maturity Date. Further announcement will be made by the Company as and when appropriate. For the purpose of such extraordinary general meeting, a circular containing, among other things, details of the specific mandate for the issue of the Conversion Shares and the Put Option Deed, further information on the Facility Agreement and the Put Option Deed, and the opinions from the independent financial adviser to be appointed by the Company and the independent board committee (comprising from all the independent non-executive Directors) to be established by the

Board will be despatched to the Shareholders as and when appropriate. Any Shareholder who has a material interest in the transaction (namely Mr. Liu and his close associates) shall abstain from voting on the resolution at such extraordinary general meeting.

As the drawdown of the facility and the allotment and issue of the Conversion Shares under the Credit Agreement and the transactions contemplated under the Put Option Deed are subject to conditions precedent, the transactions contemplated under the Credit Agreement may or may not take place as contemplated or at all. Shareholders and other investors shall exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“China Ping An Insurance Overseas”	China Ping An Insurance Overseas (Holdings) Limited, a limited liability company incorporated in Hong Kong and a directly wholly owned subsidiary of Ping An Group
“Company”	Wisdom Education International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Control”	(a) in relation to a corporate person: (i) direct or indirect ownership or control of more than 50% of the outstanding voting securities of such corporate person; (ii) the ability to appoint or remove more than one-half of the directors of the board (or equivalent governing body) of such person; (iii) the right to control the votes at a meeting of the board of directors (or equivalent governing body) of such person; or (iv) the ability to direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising); or (b) in relation to a non-corporate person: (i) direct or indirect ownership or control of a comparable voting interest (as set forth in paragraph (a) above) for such person; (ii) the ability to direct or cause the direction of the management and policies of such person (whether by contract or howsoever arising); or (iii) the operational or practical control of such person.
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion”	the Mandatory Conversion and the Discretionary Conversion, as the case may be
“Conversion Shares”	the Shares to be allotted and issued by the Company pursuant to the conversion of the Mandatory Principal and, as the case may be, the Discretionary Principal under the Credit Agreement
“Credit Agreement”	the credit agreement dated 22 June 2018 entered into between the Company, PA Chokmah and Mr. Liu in relation to provision of the Loan by PA Chokmah to the Company
“Director(s)”	the director(s) of the Company
“Discretionary Conversion”	has the meaning ascribed to it under “Credit Agreement — Conversion” of this announcement
“Finance Documents”	the Credit Agreement, the Put Option Deed and other finance documents stipulated under the Credit Agreement
“Full IRR”	a full internal rate of return as calculated under the Credit Agreement in relation to the exit fee upon occurrence of a Change of Control, a Liquidity Event or any other event of default as stipulated in the Credit Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Loan”	the loan to be made under the facility provided under the Credit Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandatory Conversion”	has the meaning ascribed to it under “Credit Agreement — Conversion” of this announcement
“Maturity Date”	24 months from the date on which the Loan is made
“Mr. Liu”	Mr. Liu Xuebin, an executive Director, the Chairman of the Board and a controlling shareholder of the Company

“PA Chokmah”	PA Chokmah Investment Limited, a limited liability company incorporated in the Cayman Islands, the lender under the Credit Agreement and an indirectly wholly owned subsidiary of China Ping An Insurance Overseas
“Ping An Group”	Ping An Insurance (Group) Company of China, Ltd., a joint stock limited company duly incorporated in the PRC with limited liability, the A shares of which are listed on Shanghai Stock Exchange (stock code: 601318) and the H shares of which are listed on the Stock Exchange (stock code: 2318)
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macau Special Administrative Region for the purpose of this announcement
“Put Option”	the put option conditionally agreed to be granted by Mr. Liu to PA Chokmah pursuant to the terms and conditions of the Put Option Deed
“Put Option Deed”	the put option deed dated 22 June 2018 entered into between Mr. Liu and PA Chokmah in relation to the grant of the Put Option by Mr. Liu to PA Chokmah
“Reduced IRR”	a reduced internal rate of return as calculated under the Credit Agreement in relation to the exit fee for the circumstances as set out under “Credit Agreement — Conversion” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board of
Wisdom Education International Holdings Company Limited
Liu Xuebin
Chairman

Dongguan, China, 25 June 2018

As of the date of this announcement, the executive directors of the Company are Mr. Liu Xuebin, Ms. Li Suwen, Mr. Li Jiuchang and Mr. Wang Yongchun; and the independent non-executive directors of the Company are Mr. Sun Kai Lit Cliff, Mr. Tam King Ching Kenny and Mr. Yau Sze Ka.