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CHINA EAST EDUCATION HOLDINGS LIMITED

中國東方教育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 667)

PROPOSED CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus issued by China East Education Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 May 2019 (the “**Prospectus**”) in relation to the Global Offering, and the annual report of the Company for the year ended 31 December 2020 (the “**Annual Report**”) published on 22 April 2021 in which the utilisation of the net proceeds from the Global Offering (the “**Net Proceeds**”) from the Listing up to 31 December 2020 was disclosed. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

PROPOSED CHANGE IN USE OF PROCEEDS

Considered the business environment and development of the Group, the Board has resolved to change the use of Net Proceeds in the revised manner as set out below:

Intended use of the Net Proceeds as disclosed in the Prospectus	Proposed change use of the Net Proceeds
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approximately 45.0%, is expected to be used primarily to acquire land and construction facilities to establish our five geographical regional centers in Beijing, Shanghai, Guangzhou, Chengdu and Xi’an

approximately 45.0%, is expected to be used primarily to acquire land and construction facilities to establish our five geographical regional centers in Beijing, Shanghai, Guangzhou, Chengdu and Xi’an, or to establish provincial education bases in cities located at our major students recruitment provinces

The intended uses of other items of the Net Proceeds remain unchanged. For details of the Group’s original intended use of proceeds, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.

To the extent that the proceeds from the Global Offering are not immediately applied to the purposes, the Group intends to deposit the temporarily idle raised proceeds into interest-bearing bank accounts with licensed commercial banks and/or authorized financial institutions or to purchase wealth management or other financial products from reputable authorized financial institutions or investment companies.

As disclosed in the Annual Report, as at 31 December 2020, the Company has utilised the net proceeds of approximately RMB771 million. As at 31 December 2020, the Group has utilised approximately RMB43.4 million for the above item, representing approximately 1.03% of the Net Proceeds and the unutilised part for the above item amounted to approximately RMB1,857 million, representing approximately 43.97% of the Net Proceeds (“**Unutilised Net Proceeds**”). Please refer to the Annual Report for details of the utilisation of the Net Proceeds as of 31 December 2020 and the expected timing for utilisation of remaining proceeds.

REASONS FOR AND BENEFITS OF CHANGE IN USE OF PROCEEDS

With a view to utilising the Net Proceeds in a more efficient way and to facilitating the development of the Group, the Board re-evaluated the usage of the Unutilised Net Proceeds to acquire land and construction facilities to establish our five geographical regional centers in Beijing, Shanghai, Guangzhou, Chengdu and Xi’an or to establish provincial education bases in cities located at our major students recruitment provinces considering:

- evolving market conditions make the land acquisition costs to establish our regional centers in Beijing, Shanghai and Guangzhou have been much higher than that of the original plan due to the rapid and continuing rise in real estate prices since 2019, and it has become harder to locate suitable land parcel with sufficient area for the Group’s development; and
- as the proportion of our students who study in 3 years long-term courses was increasing in the past 2 years, to acquire land and construction facilities to establish provincial education bases in cities located at our major students recruitment provinces not only can avoid the increasing pressure in the rental expenses of our school premises and also can improve the environment of our school premises so as to increase the stabilities of our long-term course students. Moreover, it can also improve the reputation and the level of education of our Group.

In addition, the Group intends to deposit the temporarily idle raised proceeds into interest-bearing bank accounts with licensed commercial banks and/or authorized financial institutions or to purchase wealth management or other financial products from reputable authorized financial institutions or investment companies, to increase the capital revenue, improve the efficiency and effectiveness in the use of the Company’s temporarily idle raised proceeds, which in turn shall further enhance the overall revenue of the Company and pursue better investment return to the Company and the shareholders as a whole. The Group has implemented a set of internal control and risk management measures to manage our risks related to investments in financial products.

The Board is of the view that the change in use of Net Proceeds will be more favourable to the Group's long term business development as well as a better utilisation of the temporarily idle raised proceeds. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and considered that the proposed change in the use of Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

By Order of the Board
China East Education Holdings Limited
Wu Wei
Chairman

Hong Kong, 23 April 2021

As at the date of this announcement, the Board comprises Mr. Wu Wei and Mr. Xiao Guoqing as executive directors; Mr. Wu Junbao and Mr. Lu Zhen as non-executive directors; and Mr. Hung Ka Hai, Clement, Mr. Cheung Tsun Yung, Thomas and Dr. Zhu Guobin as independent non-executive directors.