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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)

COMPLETION OF PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that the completion of the Placing took place on 29 October 2021, in accordance with the terms and conditions of the Placing and Subscription Agreement in which an aggregate of 220,000,000 Shares had been successfully placed to not fewer than six Placees, who and whose ultimate beneficial owners are Independent Third Parties, at a price of HK\$4.19 per Share.

As all conditions of the Subscription have been fulfilled, the Company allotted and issued 220,000,000 Subscription Shares to the Seller at HK\$4.19 per Subscription Share on 3 November 2021 in accordance with the terms and conditions of the Placing and Subscription Agreement.

Reference is made to the announcement of the Company dated 27 October 2021 in respect of the Placing of existing Shares and top-up Subscription of new Shares under General Mandate (the “**Announcement**”). Unless defined otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE PLACING AND THE SUBSCRIPTION

The Board is pleased to announce that the completion of the Placing took place on 29 October 2021. An aggregate of 220,000,000 Placing Shares have been successfully placed by the Placing Manager to not fewer than six Placees at the Placing Price of HK\$4.19 per Share pursuant to the terms and conditions of the Placing and Subscription Agreement. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placees are Independent Third Parties. The Placees have not become a substantial Shareholder (as defined under the Listing Rules) immediately after the Placing.

As all conditions of the Subscription had been fulfilled, the Company allotted and issued 220,000,000 Subscription Shares to the Seller at HK\$4.19 per Subscription Share on 3 November 2021 in accordance with the terms and conditions of the Placing and Subscription Agreement. The net proceeds from the Subscription amount to approximately HK\$914 million.

The Company intends to use the net proceeds of the Subscription in the following manner:

- (i) Approximately HK\$360 million will be applied to transforming existing K-12 schools into higher vocational colleges (and in preparation of launching vocational university in the future). In view of the PRC government's recent policies in developing and promoting higher vocational education in China, the Company plans to transform three of its existing K-12 schools located in Zhengzhou (鄭州), Jiaozuo (焦作) and Luohe (漯河), respectively, into higher vocational colleges. As of the date of this announcement, the Company has applied for the licences to operate these higher vocational colleges and the applications are currently under review by the relevant regulatory authorities. As these transformations are in line with the national policies of encouraging higher vocational education in the PRC, the Company is of the view that these transformation will bring about higher returns and therefore would be in the interests of the Company and the Shareholders as a whole.
- (ii) Approximately HK\$454 million will be applied to opening a new campus for Hunan International Economics University (湖南涉外經濟學院); and
- (iii) Approximately HK\$100 million will be applied to increasing investment in launching vocational undergraduate education at the existing three universities.

The Company expects that the net proceeds from the Subscription will be fully utilised by 31 December 2023.

The table below sets out the shareholding structures of the Company (i) immediately before the completion of the Placing and the Subscription; and (ii) immediately after the completion of the Placing and the Subscription, respectively:

| Shareholder | Immediately before the completion of the Placing and Subscription | | Immediately after the completion of the Placing and Subscription | |
|--------------------|--|----------------------|---|----------------------|
| | <i>Number of Shares</i> | <i>Approximate %</i> | <i>Number of Shares</i> | <i>Approximate %</i> |
| GuangYu Investment | 1,917,500,000 | 56.82 | 1,917,500,000 | 53.35 |
| Placees | 0 | 0.00 | 220,000,000 | 6.12 |
| Other Shareholders | 1,456,993,833 | 43.18 | 1,456,993,833 | 40.53 |
| Total: | <u>3,374,493,833</u> | <u>100.0</u> | <u>3,594,493,833</u> | <u>100.0</u> |

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

Hong Kong, 3 November 2021

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. Zhang Zhixue, Mr. Chen Lei and Mr. Xia Zuoquan as independent non-executive directors.