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China Ginkgo Education Group Company Limited

中國銀杏教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1851)

DISCLOSEABLE TRANSACTION CONSTRUCTION CONTRACT FOR EXPANSION OF THE CHENGDU CAMPUS

CONSTRUCTION CONTRACT

The Board is pleased to announce that on 5 November 2021, Ginkgo College of Hospitality Management (成都銀杏酒店管理學院) (“**Ginkgo College**”), a wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor for the construction works of the Expansion of Ginkgo College (Chengdu Campus) at a Contract Sum of RMB120,000,000, subject to adjustments arising from changes in the construction works or fluctuations in the published price of labour and materials (if any).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Construction Contract exceeds 5% but all are less than 25%, the transaction contemplated under the Construction Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 5 November 2021, Ginkgo College and the Contractor entered into the Construction Contract for the construction works of the Expansion of Ginkgo College (Chengdu Campus) at a Contract Sum of RMB120,000,000, subject to adjustments arising from changes in the construction works or fluctuations in the market price of labour and materials.

CONSTRUCTION CONTRACT

The principal terms of the Agreement are set out below:

Date: 5 November 2021

Parties: (i) Gingko College; and
(ii) the Contractor.

Subject Matter: The Construction Project encompasses the construction of one training building, two dormitories, one canteen and other facilities with a total gross floor area of approximately 41,000 square meters, which is located at No. 60, North Section 2, Plaza Road, Hongguang Street, Pidu District, Chengdu, the PRC* (成都市郫都區紅光鎮廣場路北二段60號).

Pursuant to the Construction Contract, the scope of work for the Contractor in respect of the Construction Project includes all civil works, decoration works, installation works, earthwork greening constructions and other works as assigned by Gingko College to be carried out by the Contractor pursuant to the construction drawings agreed under the Construction Contract.

The Construction Project is scheduled to commence on 1 December 2021 and complete by 30 June 2022 and the construction is expected to be in use in the new academic year in 2022.

Contract Sum: Pursuant to the Construction Contract, the Contract Sum of RMB120,000,000 (equivalent to approximately HK\$146,400,000), subject to adjustment (which is not expected to be material) is determined after arm's length negotiations between Gingko College and the Contractor with reference to, among others, the scope and complexity of the construction works, the prevailing market price for such works, the local market conditions, the materials used and the design and size of the Construction Project.

The Contract Sum will be financed by the Group's internal resources and/or bank borrowings.

Terms of payment: Gingko College shall pay to the Contractor by progress in the following manner:

- (i) Gingko College shall pay to the Contractor a progress payment for such amount representing 50% of the total settlement costs, being the costs verified and approved by Gingko College, for the amount of work verified as completed;
- (ii) The total progress payments made by Gingko College, on a cumulative basis, shall be up to 80% of the total settlement costs payable within 3 months upon completion of all construction works and Gingko College having inspected the construction works and accepted the same;
- (iii) After completion of the settlement procedure, up to 97% of the Contract Sum shall be paid; and
- (iv) The remaining 3% of the final Contract Sum shall be withheld by Gingko College during the 24-month defect liability period under the Construction Contract as retention money (the “**Retention Money**”).

Retention Money: The Retention Money, representing 3% of the final Contract Sum, shall be retained by Gingko College during the defect liability period and paid to the Contractor upon its request after two years of the defect liability period.

Warranty period: Unless otherwise specified, the warranty period is 2 years from the date of the inspection and acceptance of the completed construction works by Gingko College pursuant to the Construction Contract.

INFORMATION ON THE PARTIES INVOLVED

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is primarily engaged in the provision of private higher education services in the PRC.

Gingko College is a wholly-owned subsidiary of the Company and is committed to provide a comprehensive and diversified curriculum to nurture talents with practical skills in the hospitality management industry.

The Contractor is a large state-owned enterprise in the PRC and is principally engaged in housing construction, construction engineering, and highways, bridges, mechanical and electrical installations. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE CONSTRUCTION CONTRACT

Reference is made to the announcement of the Company dated 19 October 2021 in relation to the strategic cooperation agreement entered into by Ginkgo College and Chengdu Sunac on 27 September 2021, for the purpose of developing Ginkgo College's programmes in tourism management and providing placement experiences to students through the partnership with Chengdu Sunac.

For the 2021/2022 school year, student enrollment of Ginkgo College has reached approximately 14,950 students, representing an increase of 21.5% comparing to 2020/2021 school year. With the increasing number of student enrollments and vocational training projects ongoing, the Board as at the date of the announcement considered that upon completion of the Construction Project, the expanded campus will provide the Group with new training and development facilities as well as additional office space. The addition of dormitories and canteens will also facilitate the Group in capturing the growing market demand and attract more students from neighbouring provinces to enroll, and will thereby expect to bring positive impact on the Group's higher education services and boost upcoming students admission.

The Directors consider that the terms of the Construction Contract are on normal commercial terms and are fair and reasonable and the Construction Contract is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Construction Contract exceeds 5% but all are less than 25%, the transaction contemplated under the Construction Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	China Gingko Education Group Company Limited
“connected person”	has the meaning as defined in the Listing Rules
“Construction Contract”	the construction contract dated 5 November 2021 entered into between Gingko College and the Contractor in respect of the Construction Project
“Construction Project”	the construction of the Expansion of Gingko College (Chengdu Campus)
“Contract Sum”	the total consideration payable under the Construction Contract
“Contractor”	China Huashi Enterprises Company Limited
“Director(s)”	the director(s) of the Company
“Expansion of Gingko College (Chengdu Campus)”	the expansion of the Gingko College campus by constructing a training building, dormitories, canteen and other facilities on a piece of land situated at No. 60, North Section 2, Plaza Road, Hongguang Street, Pidu District, Chengdu, the PRC with the total construction area of approximately 41,000 square meters
“Gingko College”	Gingko College of Hospitality Management, a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly
“%”	per cent

Unless otherwise defined, for the purpose of this announcement and for the purpose of illustration only, RMB amounts have been translated using the following rates: RMB1.00:HK\$1.22. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

By Order of the Board
China Gingko Education Group Company Limited
Fang Gongyu
Chairman and Executive Director

Hong Kong, 5 November 2021

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Fang Gongyu, Mr. Tian Tao, Ms. Yu Yuan and Mr. Ma Xiaoming, and three independent non-executive Directors, namely Mr. Jiang Qian, Mr. Wong Chi Keung and Mr. Yuan Jun.

[#] *The English translation of the Chinese names in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English names of such Chinese names.*