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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China 21st Century Education Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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21世紀教育
21ST CENTURY EDUCATION

China 21st Century Education Group Limited

中國21世紀教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1598)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO
GENERAL CONSTRUCTION CONTRACT FOR DORMITORY BUILDINGS
AND
NOTICE OF EGM**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 6 to 14 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 15 of this circular. A letter from Gram Capital, the Independent Financial Adviser, containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 26 of this circular.

A notice convening the EGM to be held at 15/F, South Tower, Zhonghai Plaza, 8 Guanghua Dongli, Chaoyang District, Beijing, the PRC on Friday, 16 September 2022 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

31 August 2022

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Company”	China 21st Century Education Group Limited (中國21世紀教育集團有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Contractual Arrangements”	the series of contractual arrangements entered into between, among others, the wholly foreign owned enterprise and the PRC Operating Entities, details of which are described in the section headed “Structured Contracts” in the Prospectus;
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder;
“General Construction Contract for Comprehensive Teaching Buildings”	the General Construction Contract for Comprehensive Teaching Buildings dated 24 March 2022 entered into between Shijiazhuang Zerui and Shijiazhuang Construction;
“General Construction Contract for Canteens and Dormitory Buildings”	the General Construction Contract for Canteens and Dormitory Buildings dated 24 March 2022 entered into between Shijiazhuang Zerui and Hebei Chizheng;
“General Construction Contract for Canteens and Ancillary Buildings”	the General Construction Contract for Canteens and Ancillary Buildings dated 8 August 2022 entered into between Shijiazhuang Zerui and Hebei Chizheng;

DEFINITIONS

“General Construction Contract for Dormitory Buildings”	the General Construction Contract for Dormitory Buildings dated 8 August 2022 entered into between Shijiazhuang Zerui and Hebei Chaoxing;
“Group”	the Company, its subsidiaries and the PRC Operating Entities from time to time;
“Hebei Chaoxing”	Hebei Chaoxing Construction and Installation Engineering Co., Ltd.* (河北朝興建築安裝工程有限公司), a company established under the laws of the PRC with limited liability on 14 April 2009;
“Hebei Chizheng”	Hebei Chizheng Construction Engineering Co., Ltd.* (河北弛正建築工程有限公司), a company established under the laws of the PRC with limited liability on 17 March 2021;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	the lawful currency of Hong Kong;
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed for the purposes of advising the Independent Board Committee and the Independent Shareholders in respect of the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders who will not be required under the Listing Rules to abstain from voting at the EGM;
“Latest Practicable Date”	26 August 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained therein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

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“Mr. Li”	Mr. Li Yunong (李雨濃先生), an executive Director and one of the controlling shareholders of the Company;
“Ms. Luo”	Ms. Luo Xinlan (羅心蘭女士), one of the controlling shareholders of the Company;
“Peijian Tutorial School”	Hangzhou Huashi Peijian Tutorial School Limited* (杭州華石培尖培訓學校有限公司), which is the PRC Operating Entity;
“PRC”	the People’s Republic of China;
“PRC Operating Entities”	Shijiazhuang Saintach Education and Technology Co., Ltd.* (石家莊新天際教育科技有限公司), Hebei Saintach Education and Technology Co., Ltd.* (河北新天際教育科技有限公司), Shijiazhuang Institute of Technology, Saintach Tutorial Schools, Peijian Tutorial School, Shinedao Tutorial Schools and Saintach Kindergartens;
“Prospectus”	the prospectus issued by the Company for the initial public offering and listing dated 15 May 2018;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shijiazhuang Construction”	Shijiazhuang Construction Group Co., Ltd.* (石家莊建設集團有限公司), a company established under the laws of the PRC with limited liability on 30 August 2000;
“Saintach Kindergartens”	Shijiazhuang Qiaoxi District Blue Crystal Saintach Kindergarten* (石家莊市橋西區新天際藍水晶幼兒園), Shijiazhuang Luquan District Fukang Saintach Kindergarten* (石家莊市鹿泉區新天際福康幼兒園), Shijiazhuang Chang’an District Jianhua Saintach Kindergarten* (石家莊市長安區新天際建華幼兒園), Shijiazhuang Qiaoxi District Lidu Saintach Kindergarten* (石家莊市橋西區新天際麗都幼兒園), Shijiazhuang High-tech Industrial Development Zone Tianshan Saintach Kindergarten* (石家莊高新技術產業開發區新天際天山幼兒園), Shijiazhuang Chang’an District Qinghui Saintach Kindergarten* (石家莊市長安區新天際清暉幼兒園), Zhengding County Saintach Kindergarten* (正定縣新天際幼兒園) and Zhengding County Fumenli Saintach Kindergarten* (正定縣新天際福門里幼兒園), which are the PRC Operating Entities;

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“Saintach Tutorial Schools”	Shijiazhuang City Qiaoxi District Bilingual Culture Tutorial School* (石家莊市橋西區雙語文化培訓學校), Shijiazhuang City Chang’an District Saintach Tutorial School* (石家莊市長安區新天際培訓學校), Shijiazhuang Yuhua District Donggang Road Saintach Tutorial School* (石家莊市裕華區東崗路新天際培訓學校), Shijiazhuang City Qiaoxi District Zhicheng Tutorial School* (石家莊市橋西區智城培訓學校), Shijiazhuang City High-tech Zone Saintach Tutorial School* (石家莊市高新區新天際培訓學校) and Shijiazhuang City Xinhua District Huixuan Education Tutorial School* (石家莊市新華區慧軒教育培訓學校), which are the PRC Operating Entities;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company;
“Share Award Plan”	the share award plan adopted by the Company on 14 October 2020;
“Share Option Scheme”	the share option scheme adopted by the Company on 4 May 2018;
“Shareholder(s)”	holder(s) of the Share(s);
“Shijiazhuang Institute of Technology”	Shijiazhuang Institute of Technology* (石家莊理工職業學院), a junior college established under the laws of the PRC on 1 July 2003 of which school sponsors’ interest are wholly-owned by Zerui Education as at the Latest Practicable Date, and one of the PRC Operating Entities;
“Shijiazhuang Linyan”	Shijiazhuang Linyan Construction Engineering Co., Ltd.* (石家莊林焱建設工程有限公司), a company established under the laws of the PRC with limited liability on 24 June 2022;
“Shijiazhuang Zerui”	Shijiazhuang Zerui Education and Technology Co., Ltd.* (石家莊澤瑞教育科技有限公司), a company established under the laws of the PRC with limited liability on 2 July 2021, which is wholly-owned by Zerui Education;

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“Shinedao Tutorial School(s)”	Shaoxing Shangyu Shinedao Education Tutorial School* (紹興市上虞區學鼎教育培訓學校) and Zhoushan Dinghai Shinedao Education Tutorial School* (舟山市定海區學鼎教育培訓學校), which are the PRC Operating Entities;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning given to it under the Listing Rules;
“Zerui Education”	Hebei Zerui Education Technology Co., Ltd.* (河北澤瑞教育科技有限公司), a company established under the laws of the PRC with limited liability on 12 July 2017, an indirect wholly-owned subsidiary controlled by the Company through Contractual Arrangements; and
“%”	per cent.

* for identification purposes only

The English names of the PRC entities (including schools), PRC laws or regulations and the PRC governmental authorities referred to in this circular are merely translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.



21世紀教育
21ST CENTURY EDUCATION

China 21st Century Education Group Limited
中國21世紀教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1598)

Executive Directors:

Mr. Li Yunong (*Chairman*)
Ms. Liu Hongwei
Mr. Ren Caiyin
Ms. Yang Li
Mr. Li Yasheng

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent Non-Executive Directors:

Mr. Guo Litian
Mr. Yao Zhijun
Mr. Wan Joseph Jason

Corporate headquarters:

8th Floor, Zhongdian Information Building
No. 356 Zhongshan West Road
Qiaoxi District
Shijiazhuang City
Hebei Province
the PRC

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

31 August 2022

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO
GENERAL CONSTRUCTION CONTRACT FOR DORMITORY BUILDINGS**

BACKGROUND

Reference is made to the announcement of the Company dated 8 August 2022 in relation to, among others, the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder. On 8 August 2022 (after trading hours), Shijiazhuang Zerui and Hebei Chaoxing entered into the General Construction Contract for Dormitory Buildings of Shijiazhuang Institute of Technology (New Campus) Phase II for a consideration of RMB94,800,000.

LETTER FROM THE BOARD

GENERAL CONSTRUCTION CONTRACT FOR DORMITORY BUILDINGS

The principal terms of the General Construction Contract for Dormitory Buildings are set out below:

Date:	8 August 2022
Parties:	(i) Shijiazhuang Zerui; and (ii) Hebei Chaoxing
Project:	Dormitory Buildings of Shijiazhuang Institute of Technology (New Campus) Phase II
Construction scope:	Earthwork, foundation treatment, retention and protection of foundation excavation, and civil engineering, decoration and installation projects within the scope of the construction drawings of the dormitory buildings of Shijiazhuang Institute of Technology (New Campus) Phase II
Contract period:	313 calendar days
Contract price:	Fixed price at RMB94,800,000. The contract price is expected to be financed by the Group's internal resources
Price:	The contract price is the tender price offered by Hebei Chaoxing in the public bidding, which is accepted upon comprehensive evaluation by the bid evaluation committee of Shijiazhuang Zerui in accordance with relevant rules and regulations of the PRC. When selecting the bid winner, the bid evaluation committee gives consideration to a package of factors, including the tender price, construction organization design and qualification of the tenderer
Condition precedent:	The commencement of the project is conditional upon the Independent Shareholders having approved the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder
Commencement date:	Tentatively 15 October 2022 or if there is delay in timetable, within 7 days upon receipt of written notice issued by Shijiazhuang Zerui to Hebei Chaoxing

LETTER FROM THE BOARD

- Term of payment: The contract price shall be paid in the following manner:
- (1) RMB2,196,000 shall be paid within 28 days after the commencement of the construction work, i.e. approximately 50% of the safe and civilised construction fee;
 - (2) 75% of the completion output (subject to the completion amount confirmed by Shijiazhuang Zerui) based on preceding monthly visual progress and deducting the payment of RMB2,196,000 of (1);
 - (3) 85% of the completion output (subject to the completion amount confirmed by Shijiazhuang Zerui) shall be paid when the project is completed and delivered;
 - (4) 97% of the settlement amount shall be paid within one month upon the project acceptance and settlement; and
 - (5) the remaining 3% shall be used as the quality guarantee deposit of the project and shall be paid without interest after two years from the date of project completion and acceptance.

BIDDING POLICIES

Composition of the bid evaluation committee of Shijiazhuang Zerui

The bid evaluation committee of Shijiazhuang Zerui comprises of seven members who are the Group's employees with qualification such as senior economist, senior accountant, national legal professional qualification and Class I Construction Engineer of the PRC* (中華人民共和國一級建造師執業資格), and possess relevant experience in construction management, legal review and bid evaluation process. The responsible person (“**Responsible Person**”) of the bid evaluation committee (one of the seven bid evaluation committee members) obtained a master's degree from Xi'an University of Architecture and Technology. The Responsible Person also obtained the Class II Construction Engineer of the PRC* (中華人民共和國二級建造師執業資格) qualification. The Responsible Person has also participated in three projects in relation to engineering management, organization and participation in bid evaluation work during the period from August 2017 to June 2021.

The Directors confirmed that each member of the bid evaluation committee is independent to the tenderers.

LETTER FROM THE BOARD

Rules and regulations governing the bidding of General Construction Contract for Dormitory Buildings

The Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) (“**Bidding Law**”) governs the activities of invitation to bid and bidding. Pursuant to Article 3(1) of the Bidding Law, bidding shall be carried out for large-scale infrastructure projects and projects related to social public interest and public safety.

Although the Bidding Law does not apply to the construction of schools undertaken by the Group, the Company adopted its own procurement policies (“**Procurement Policies**”) making reference to the relevant mechanism in the Bidding Law and reflecting the Company's own business needs. According to the Procurement Policies, bidding is required for construction project with contract price exceeding RMB150,000.

Bidding process and procedures of General Construction Contract for Dormitory Buildings

Shijiazhuang Zerui published the tender notice on 30 June 2022 via the website of the Company (www.21centuryedu.com) and Shijiazhuang Institute of Technology (www.sjzlg.com), respectively. The deadline for the submission of the tender documents was on 12 July 2022 where four tenderers submitted the tender documents to Shijiazhuang Zerui. All of which, including Hebei Chaoxing, met the requirement as a tenderer (such as obtained relevant construction qualifications, not in a state which its assets were under custody, freeze or liquidation, not under loss-making position for the latest three years (or since incorporation if such entity was incorporated for less than three years), with at least one similar construction project under progress or completed for the latest three years, etc.).

The bid evaluation committee reviewed the tender documents submitted on 12 July 2022 and the subsequent quotation submitted by the tenderers after a question and answer session conducted by the bid evaluation committee on the same date. The identity of the successful tenderer was then announced.

The comprehensive evaluation of the tenders submitted were based on the following criteria:

1. Technical aspects, being the construction schedule, technical, safety, environmental and relics protection measures and quality assurance of the project;
2. Commercial aspects, being the contract price submitted by each tenderer (a lower contract price submitted would be awarded a higher score); and
3. Track record and qualification aspects.

Hebei Chaoxing attained the highest score for technical aspects and the highest score for commercial aspects since the contract price offered by Hebei Chaoxing is the lowest among the tenderers. Thus Hebei Chaoxing attained the highest total score of the bid evaluation among the tenderers. Hence, the Directors are of the view that the General Construction Contract for Dormitory Buildings are on normal commercial terms.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE GENERAL CONSTRUCTION CONTRACT FOR DORMITORY BUILDINGS

Reference is made to the announcement of the Company dated 9 March 2022 relating to the change in use of proceeds. Subsequent to the further change in the allocation of the use of proceeds from the public offering of Shares for the listing on the Main Board of the Stock Exchange, HK\$163.2 million from the proceeds will be used for the investment in new campus of Shijiazhuang Institute of Technology, including the construction of teaching buildings, dormitories, campus environment and related supporting facilities. Such new campus will expand the student capacity of Shijiazhuang Institute of Technology, which can accommodate 30,000 students after completion, and help to obtain more recruitment quota within a short term, thereby further enlarging the teaching scale of the Group's vocational education and enhancing the level and quality of education. It will lay more foundation for Shijiazhuang Institute of Technology to get fully prepared for upgrading to undergraduate vocational university in the future. As at the Latest Practicable Date, Shijiazhuang Zerui has obtained the land use rights of land parcels for the construction of the new campus of Shijiazhuang Institute of Technology, which includes the land parcels in relation to the General Construction Contract for Comprehensive Teaching Buildings, the General Construction Contract for Canteens and Dormitory Buildings, the General Construction Contract for Canteens and Ancillary Buildings and the General Construction Contract for Dormitory Buildings.

The construction for Shijiazhuang Institute of Technology (New Campus) Phase I has been launched on 24 March 2022, including a comprehensive teaching building, a canteen and a dormitory building. The two dormitory buildings involved in the General Construction Contract for Dormitory Buildings are part of the Shijiazhuang Institute of Technology (New Campus) Phase II and an important part of the overall planning of the new campus, which will increase the student capacity of the new campus by more than 6,000 upon completion. The Shijiazhuang Institute of Technology (New Campus) Phase I and Phase II are expected to be delivered in 2023 and will be used by the first batch of new students on the new campus in September 2023. Shijiazhuang Institute of Technology (New Campus) Phase I and Phase II plan to enroll approximately 8,000 students in 2023, which will bring further revenue growth to the Group.

The Group considers that entering into the General Construction Contract for Dormitory Buildings is of vital importance to the construction of new campus of Shijiazhuang Institute of Technology. Therefore, the Directors (including the independent non-executive Directors whose views are set out in the section headed "Letter from Independent Board Committee" in this circular, after considering the advice from Gram Capital) consider that the terms of the General Construction Contract for Dormitory Buildings are on normal commercial terms and are fair and reasonable and the entering into of the General Construction Contract for Dormitory Buildings is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION OF THE PARTIES

The Group and Shijiazhuang Zerui

The Company is an investment holding company and the Group is a private education service provider based in Hebei Province of the PRC, which provides educational services and related management services in the PRC.

Shijiazhuang Zerui is a company established under the laws of the PRC with limited liability on 2 July 2021, which is wholly-owned by Zerui Education. Shijiazhuang Zerui is mainly responsible for construction, operation management and business operation of teaching infrastructures. Zerui Education is an investment holding company with limited liability established under the laws of the PRC on 12 July 2017, which is an indirect wholly-owned subsidiary controlled by the Company through Contractual Arrangements.

Hebei Chaoxing

Hebei Chaoxing is established under the laws of the PRC with limited liability on 14 April 2009 and is owned as to 37% by Shijiazhuang Linyan and as to 63% by four individuals who are third parties independent from the Company and its connected person(s). The primary businesses of Hebei Chaoxing include installation works, landscaping works, fire protection works, building construction works, building curtain wall works, steel structure works and municipal works, etc.. Shijiazhuang Linyan is established under the laws of the PRC with limited liability on 24 June 2022, which is owned as to 85% by Shijiazhuang Zhixing Technology Co., Ltd.* (石家莊致興科技有限責任公司) and its ultimate beneficial owner is Mr. Li as at the Latest Practicable Date.

IMPLICATIONS UNDER THE LISTING RULES

Hebei Chaoxing is owned as to 37% by Shijiazhuang Linyan, which is owned as to 85% by Shijiazhuang Zhixing Technology Co., Ltd.* (石家莊致興科技有限責任公司) and its ultimate beneficial owner is Mr. Li as at the Latest Practicable Date. Accordingly, Hebei Chaoxing is an associate of Mr. Li and therefore a connected person of the Company. Accordingly, the transactions contemplated under the General Construction Contract for Dormitory Buildings constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As all applicable percentage ratios for the General Construction Contract for Dormitory Buildings exceeds 5% but are less than 25%, the General Construction Contract for Dormitory Buildings constitutes (i) a discloseable transaction of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules; and (ii) a connected transaction of the Company which is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As Mr. Li has a material interest in the General Construction Contract for Dormitory Buildings, he has abstained from voting on the Board resolution to approve the General Construction Contract for Dormitory Buildings. Save as disclosed above, none of the Directors has any material interest in the above connected transaction and hence no other Director was required to abstain from voting on the relevant resolution approving the same.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising Mr. Guo Litian, Mr. Yao Zhijun and Mr. Wan Joseph Jason, all being independent non-executive Directors, has been established to consider the General Construction Contract for Dormitory Buildings and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the ordinary resolution regarding the transactions contemplated under the General Construction Contract for Dormitory Buildings. None of the members of the Independent Board Committee has any material interest in the General Construction Contract for Dormitory Buildings.

Gram Capital has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the General Construction Contract for Dormitory Buildings.

EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular. Pursuant to the Listing Rules, the votes of the Independent Shareholders on the proposed ordinary resolution approving the General Construction Contract for Dormitory Buildings will be taken by way of poll at the EGM and an announcement on the poll results will be made by the Company after the EGM.

Any Shareholder who has a material interest in the General Construction Contract for Dormitory Buildings, together with its close associates, shall abstain from voting on the resolution in relation thereto to be proposed at the EGM. As at the Latest Practicable Date, the controlling shareholders of the Company, namely Sainage Holdings Company Limited (“**Sainage Holdings**”), which currently holds 754,590,000 Shares (representing approximately 64.98% of the issued share capital of the Company as at the Latest Practicable Date) and Sainray Limited which currently holds 92,736,000 Shares (representing approximately 7.99% of the issued share capital of the Company as at the Latest Practicable Date). Sainage Holdings is wholly-owned by Mr. Li while Sainray Limited is wholly-owned by Ms. Luo.

According to an acting in concert confirmation signed by Mr. Li and Ms. Luo dated 19 December 2016 (as supplemented on 1 September 2017), Mr. Li and Ms. Luo, the mother-in-law of Mr. Li, have been acting in concert since April 2005. Accordingly, each of Mr. Li, Ms. Luo, Sainage Holdings and Sainray Limited is deemed to be interested in the Shares/ underlying Shares held by other parties to the concert party agreement. The interests of Sainage Holdings and Sainray Limited were duplicated with the interests of Mr. Li and Ms. Luo. Accordingly, given Mr. Li and Ms. Luo have material interest in the General Construction Contract for Dormitory Buildings, each

LETTER FROM THE BOARD

of them and their respective close associates were required to abstain from voting on the relevant resolution approving the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder at the EGM.

Save as disclosed above and to the best of the Directors' knowledge, as at the Latest Practicable Date, no other Shareholder had any material interest in the General Construction Contract for Dormitory Buildings, and no other Shareholder is required to abstain from voting at the EGM on the relevant resolution approving the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.21centuryedu.com).

Whether or not you are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 13 September 2022 to Friday, 16 September 2022 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 9 September 2022.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular and the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders set out on pages 16 to 26 of this circular in connection with the discloseable and connected transactions contemplated under the General Construction Contract for Dormitory Buildings, the transactions contemplated thereunder and the principal factors and reasons considered by Gram Capital in arriving at such advice.

The Directors (including the independent non-executive Directors whose views are set out in the section headed "Letter from Independent Board Committee" in this circular, after considering the advice from Gram Capital) are of the view that the terms of the General Construction Contract

LETTER FROM THE BOARD

for Dormitory Buildings are fair and reasonable, on normal commercial terms and the General Construction Contract for Dormitory Buildings was entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board (including the independent non-executive Directors) also recommends the Independent Shareholders to vote in favour of the resolution to approve the entering into of the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully

For and on behalf of the Board

China 21st Century Education Group Limited

Li Yunong

Chairman



21世紀教育
21ST CENTURY EDUCATION

China 21st Century Education Group Limited

中國21世紀教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1598)

31 August 2022

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO
GENERAL CONSTRUCTION CONTRACT FOR DORMITORY BUILDINGS**

We refer to the circular of the Company dated 31 August 2022 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in this letter shall have the same meanings as in the Circular.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the entering into of the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the General Construction Contract for Dormitory Buildings and the advice of Gram Capital in relation thereto as set out on pages 16 to 26 of the Circular, we are of the opinion that the terms of the General Construction Contract for Dormitory Buildings are fair and reasonable, on normal commercial terms and the General Construction Contract for Dormitory Buildings is entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the entering into of the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder at the EGM.

Yours faithfully,
Independent Board Committee

Mr. Guo Litian
Independent
non-executive Director

Mr. Yao Zhijun
Independent
non-executive Director

Mr. Wan Joseph Jason
Independent
non-executive Director

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

31 August 2022

*To: The independent board committee and the independent shareholders
of China 21st Century Education Group Limited*

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 31 August 2022 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 8 August 2022 (after trading hours) (the “**Agreement Date**”), Shijiazhuang Zerui and Hebei Chaoxing entered into the General Construction Contract for Dormitory Buildings in respect of dormitory buildings construction for Shijiazhuang Institute of Technology (New Campus) Phase II at consideration of RMB94,800,000.

With reference to the Board Letter, the Transaction constitutes a discloseable and connected transaction of the Company and is subject to announcement, reporting and independent shareholders’ approval requirements under Chapters 14 and Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Guo Litian, Mr. Yao Zhijun and Mr. Wan Joseph Jason (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to

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approve the Transaction at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in respect of (i) the discloseable and connected transactions as contained in the Company's circular dated 14 December 2020; and (ii) the major and connected transaction as contained in the Company's circular dated 29 November 2021. Notwithstanding the aforesaid past engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transaction. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Hebei Chaoxing or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction, we have taken into consideration the following principal factors and reasons:

Background of and reasons for the Transaction

Information on the Group

With reference to the Board Letter, the Company is an investment holding company and the Group is a private education service provider based in Hebei Province of the PRC, which provides educational services and related management services in the PRC.

Shijiazhuang Zerui is a company established under the laws of the PRC with limited liability on 2 July 2021, which is wholly-owned by Zerui Education. Zerui Education is an investment holding company with limited liability established under the laws of the PRC on 12 July 2017, which is an indirect wholly-owned subsidiary controlled by the Company through the Contractual Arrangements. Shijiazhuang Zerui is mainly responsible for construction, operation management and business operation of teaching infrastructures.

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Set out below are the audited consolidated financial information of the Group for the two years ended 31 December 2021 as extracted from the Company’s annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”):

	For the year ended 31 December 2021 RMB’000	For the year ended 31 December 2020 RMB’000	Change from 2020 to 2021 %
Revenue	308,767	253,802	21.66
— <i>Vocational education</i>	185,581	152,806	21.45
— <i>Quality-oriented education</i>	123,186	100,996	21.97
Gross profit	126,825	122,285	3.71
Profit for the year	28,740	78,772	(63.51)

As illustrated in the above table, the Group’s revenue increased from approximately RMB253.8 million for the year ended 31 December 2020 (“**FY2020**”) to approximately RMB308.8 million for the year ended 31 December 2021 (“**FY2021**”), representing an increase of approximately 21.66%. With reference to the 2021 Annual Report, such increase was mainly due to (i) the increase in student enrolment of Shijiazhuang Institute of Technology (representing the Group’s vocational education); and (ii) the increase in revenue generated from quality-oriented education because of the mitigation of the epidemic. The Group’s revenue from vocational education accounted for approximately 60.21% and 60.10% of the Group’s revenue for FY2020 and FY2021 respectively.

The Group’s gross profit increased by 3.71% from approximately RMB122.3 million for FY2020 to approximately RMB126.8 million for FY2021. With reference to the 2021 Annual Report, such increase was mainly due to increase in the Group’s revenue, as partially offset by decrease in gross profit margin as a result of full resumption of teaching activities of quality-oriented education which increased cost of sales.

The Group’s profit decreased from approximately RMB78.8 million for FY2020 to approximately RMB28.7 million for FY2021, representing a decrease of approximately 63.51%. With reference to the 2021 Annual Report, such decrease was mainly due to (i) increase in administrative expenses; (ii) increase in other expenses as a result of recognition of impairment of goodwill and intangible assets and decrease in fair value of financial instruments; and (iii) increase in finance costs, as partially offset by increase in revenue, gross profit and other income and net gains.

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With reference to the 2021 Annual Report, as at 31 December 2021, the Group owned 14 schools, including 1 private college, namely Shijiazhuang Institute of Technology, 5 tutorial schools and 8 kindergartens. As at 31 December 2021, the Group had 29,314 students enrolled to its schools, including 17,076 full-time students and 10,522 part-time students enrolled to Shijiazhuang Institute of Technology and 1,716 full-time students enrolled to the kindergartens of the Group.

With reference to the 2021 Annual Report, in the future, the Group will take new vocational education as the main line of development and Shijiazhuang Institute of Technology as the foundation, deepen the development of industry education integration and expand continuing education products through internal construction and planning of school enterprise cooperation, mergers and acquisitions and government enterprise cooperation. The Group will focus our future business development on the track of vocational education, continue to drive the business development of the Group through both “organic development + mergers and acquisitions” based on our existing advantageous businesses in a view to obtain better development space and quality and realize steady performance growth.

Information on Hebei Chaoxing

With reference to the Board Letter, Hebei Chaoxing is established under the laws of the PRC with limited liability on 14 April 2009. The primary businesses of Hebei Chaoxing include installation works, landscaping works, fire protection works, building construction works, building curtain wall works, steel structure works and municipal works, etc.

As at the Latest Practicable Date, Hebei Chaoxing is owned as to 37% by Shijiazhuang Linyan and as to 63% by four individuals who are third parties independent from the Company and its connected person(s). Shijiazhuang Linyan is owned as to 85% by Shijiazhuang Zhixing Technology Co., Ltd.* (石家莊致興科技有限責任公司) and its ultimate beneficial owner is Mr. Li. Hebei Chaoxing is a connected person of the Company.

Reasons for and benefits of the Transaction

With reference to the Board Letter, subsequent to the further change in the allocation of the use of proceeds from the public offering of Shares for the listing on the Main Board of the Stock Exchange, HK\$163.2 million from the proceeds will be used for the investment in new campus of Shijiazhuang Institute of Technology, including the construction of teaching buildings, dormitories, campus environment and related supporting facilities. Such new campus will expand the student capacity of Shijiazhuang Institute of Technology, which can accommodate 30,000 students after completion, and help to obtain more recruitment quota within a short term, thereby further enlarging the teaching scale of the Group’s vocational education and enhancing the level and quality of education. It will lay more foundation for Shijiazhuang Institute of Technology to get fully prepared for upgrading to undergraduate vocational university in the future. As at the Agreement Date, Shijiazhuang Zerui has obtained the land use rights of land parcels for the construction of the new campus of Shijiazhuang Institute of Technology, which includes, among other things, the land parcels in relation to the General Construction Contract for Dormitory Buildings.

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The construction for Shijiazhuang Institute of Technology (New Campus) Phase I has been launched on 24 March 2022, including a comprehensive teaching building, a canteen and a dormitory building. The two dormitory buildings involved in the General Construction Contract for Dormitory Buildings are part of Shijiazhuang Institute of Technology (New Campus) Phase II and the important part of the overall planning of the new campus, which will increase the student capacity of the new campus by more than 6,000 upon completion. Shijiazhuang Institute of Technology (New Campus) Phase I and Shijiazhuang Institute of Technology (New Campus) Phase II are expected to be delivered in 2023 and will be used by the first batch of new students on the new campus in September 2023.

As mentioned above, majority of the Group's revenue was derived from its vocational education segment (i.e. Shijiazhuang Institute of Technology) and over 90% of the Group's students were enrolled to Shijiazhuang Institute of Technology as at 31 December 2021. As noted from the 2021 Annual Report, the student capacity of Shijiazhuang Institute of Technology (representing the number student apartments that the Group is able to provide to its full-time students) as at 31 December 2021 exceeded 100%.

During FY2021, the Group commenced the construction work of the new campus of Shijiazhuang Institute of Technology. Such project (which the Transaction forms part) will expand the student capacity of Shijiazhuang Institute of Technology. As noted from the 2021 Annual Report, this project was included in the List of Key Construction Project in Hebei Province in 2022* (《河北省2022年省重點建設項目名單》).

Number of enrolments in higher education institutions in the PRC (including Hebei Province)

Set out below are the number of enrolments in higher education institutions in the PRC (including Hebei Province) during the five years ended 31 December 2020, being the latest five full-year statistics published by the Wind Financial Terminal:

	2020	2019	2018	2017	2016
Number of enrolments in higher education institutions in the PRC	32,852,948	30,315,262	28,310,348	27,535,869	26,958,433
Number of enrolments in higher education institutions in Hebei Province	1,604,798	1,473,971	1,342,631	1,268,873	1,216,096

As shown in the table above, both the number of enrolments in higher education institutions in the PRC (including Hebei Province) and the number of enrolments in higher education institutions in Hebei Province recorded year-on-year increase during each of year 2017, 2018, 2019 and 2020. The number of enrolments in higher education institutions in the PRC increased from approximately 26.96 million enrolments for year 2016 to approximately 32.85 million enrolments for year 2020, representing a compound annual growth rate of 5.07%. The number of enrolments in higher

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education institutions in Hebei Province increased from approximately 1.22 million enrolments for year 2016 to approximately 1.60 million enrolments for year 2020, representing a compound annual growth rate of 7.18%.

Number of enrolments in private higher education institutions in the PRC

Set out below are the number of enrolments in private higher education institutions in the PRC during the five years ended 31 December 2020, being the latest five full-year statistics published by the Wind Financial Terminal:

	2020	2019	2018	2017	2016
Number of enrolments in private higher education institutions in the PRC	7,913,376	7,088,280	6,497,493	6,513,078	6,162,750

As shown in the table above, the number of enrolments in private higher education institutions in the PRC recorded year-on-year increase during each of year 2017, 2019 and 2020. Despite the number of enrolments in private higher education institutions in the PRC recorded a slight decrease during year 2018, the number of enrolments in private higher education institutions in the PRC increased from approximately 6.16 million enrolments for year 2016 to approximately 7.91 million enrolments for year 2020, representing a compound annual growth rate of 6.45%.

In light of the above, we are of the view that the prospects of the higher education industry in the PRC (including Hebei Province) are generally positive.

Having considered the above, we are of the view that the Transaction is conducted in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

Principal terms of the General Construction Contract for Dormitory Buildings

Set out below are the principal terms of the General Construction Contract for Dormitory Buildings, details of which are set out in the section headed “GENERAL CONSTRUCTION CONTRACT FOR DORMITORY BUILDINGS” of the Board Letter:

Date:	8 August 2022
Parties:	(i) Shijiazhuang Zerui; and (ii) Hebei Chaoxing
Project:	Dormitory Buildings of Shijiazhuang Institute of Technology (New Campus) Phase II

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- Construction scope: Earthwork, foundation treatment, retention and protection of foundation excavation, and civil engineering, decoration and installation projects within the scope of the construction drawings of the dormitory buildings of Shijiazhuang Institute of Technology (New Campus) Phase II
- Contract period: 313 calendar days
- Contract Price: Fixed price at RMB94,800,000 (the “**Contract Price**”). The Contract Price is expected to be financed by the Group’s internal resources.
- Condition precedent: The commencement of the project is conditional upon the Independent Shareholders having approved the General Construction Contract for Dormitory Buildings and the transaction contemplated thereunder
- Commencement date: Tentatively 15 October 2022 or if there is delay in timetable, within 7 days upon receipt of written notice issued by Shijiazhuang Zerui to Hebei Chaoxing
- Term of payment: The Contract Price shall be paid in the following manner:
- (1) RMB2,196,000 shall be paid within 28 days after the commencement of the construction work, i.e. approximately 50% of the safe and civilised construction fee;
 - (2) 75% of the completion output (subject to the completion amount confirmed by Shijiazhuang Zerui) based on preceding monthly visual progress and deducting the payment of RMB2,196,000 of (1);
 - (3) 85% of the completion output (subject to the completion amount confirmed by Shijiazhuang Zerui) shall be paid when the project is completed and delivered;
 - (4) 97% of the settlement amount shall be paid within one month upon the project acceptance and settlement; and
 - (5) the remaining 3% shall be used as the quality guarantee deposit of the project and shall be paid without interest after two years from the date of project completion and acceptance.

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Contract Price

With reference to the Board Letter, the Contract Price is the tender price offered by Hebei Chaoxing in the public bidding, which was accepted upon comprehensive evaluation by the bid evaluation committee of Shijiazhuang Zerui in accordance with relevant rules and regulations of the PRC. When selecting the bid winner, the bid evaluation committee gives consideration to a package of factors, including the tender price, construction organization design and qualification of the tenderer.

Upon our request, the Company provided us copies of all bidding documents received by Shijiazhuang Zerui and records on the comprehensive evaluation conducted by the bid evaluation committee of Shijiazhuang Zerui. We noted from the aforesaid documents that:

- there were four tenderers (including Hebei Chaoxing) and all of which had met the requirement as a tenderer (such as obtained relevant construction qualifications, not in a state which its assets were under custody, freeze or liquidation, not under loss-making position for the latest three years (or since incorporation if such entity was incorporated for less than three years)), with at least one similar construction project under progress or completed for the latest three years, etc.).
- the comprehensive evaluation consists of (1) technical aspect, which considered the construction schedule, technical, safety, environmental protection and relics protection measures and quality assurance of the project; (2) commercial aspect, which considered the contract price submitted by each tenderer (lower contract price submitted would have higher score); and (3) track record and qualification aspect.
- the bid evaluation committee of Shijiazhuang Zerui comprises of seven members who are the Group's employees with relevant qualification such as senior economist, senior accountant, national legal professional qualification and Class I Construction Engineer of the PRC (中華人民共和國一級建造師執業資格), and relevant experience in construction management, legal review and bid evaluation process. As confirmed by the Directors, each member of the bid evaluation committee is independent to the tenderers.
- the responsible person of bid evaluation (評標負責人) (one of the seven bid evaluation members) obtained a master's degree from Xi'an University of Architecture and Technology, being one of the most influential universities in the field of civil engineering and architecture in the PRC according the website of the said university, and awarded as the Class II Construction Engineer of the PRC (中華人民共和國二級建造師執業資格), being a practising qualification in the construction field in the PRC, and had participated in 3 projects mainly responsible for engineering management, organisation and participation of bid evaluation work during the period from August 2017 to June 2021.

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- Hebei Chaoxing attained the highest total score and the highest scores for technical and commercial aspects of the bid evaluation among the tenderers.
- the Contract Price is the lowest price offered among the tenderers.

With reference to the Board Letter, the tender notice in respect of the General Construction Contract for Dormitory Buildings was published by Shijiazhuang Zerui on the Company's website and Shijiazhuang Institute of Technology's website, where all interested tenderers are able to submit tender documents to Shijiazhuang Zerui. Given the above open bidding process, we consider that the results of the bidding process indicated the market price for the construction work under the General Construction Contract for Dormitory Buildings and our assessment above is sufficient to assess the Contract Price.

Having considered the above, in particular (i) the qualification of Hebei Chaoxing to participate in the public tender; (ii) members of the bid evaluation committee have relevant qualification and experience in construction management, legal review and bid evaluation process and they are independent to the tenderers; (iii) different aspects of the tenderers were considered under the comprehensive evaluation before selecting Hebei Chaoxing; (iv) Hebei Chaoxing attained the highest total score and the highest scores for technical and commercial aspects of the bid evaluation among the tenderers; and (v) the Contract Price is the lowest price offered among the tenderers, we are of the view that the Contract Price, which was accepted upon comprehensive evaluation by the bid evaluation committee of Shijiazhuang Zerui, is fair and reasonable.

Payment term

With reference to the Board Letter, the Contract Price shall be paid by Shijiazuhang Zerui by instalments, subject to the achievement of certain milestone and the expiry of the agreed quality guarantee period.

To assess the fairness and reasonableness of the payment term, we searched on the website of the Stock Exchange and identified 9 notifiable and/or connected transactions in relation to the construction of structures and properties as announced by listed companies from 1 July 2022 to 8 August 2022, being a period of approximately one month prior to and including the Agreement Date for demonstrating recent market practices. We noted that the payment terms of all identified transactions were (i) by instalments based on the achievement of certain milestone or certain construction output; and (ii) 3% to 12% of the contract/service amounts shall be retained by owners of the underlying structure or property as quality assurance fund and shall be released to the contractors upon expiry of such quality assurance period or upon fulfilment of certain conditions.

Based on the above, we consider that (i) setting of payment term by instalments, subject to the achievement of certain milestone and the expiry of the agreed quality guarantee period; and (ii) the percentage of Contract Price as quality guarantee deposit which is to be paid upon expiry of the agreed quality guarantee period, are both in-line with market practices.

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Having considered the principal terms of the Transaction as set out above, we are of the view that the terms of the Transaction are on normal commercial terms and are fair and reasonable.

RECOMMENDATIONS

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable; and (ii) the Transaction is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *for identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Director	Nature of interest	Number of Shares ⁽⁶⁾	Approximate percentage of shareholding ⁽⁷⁾
Mr. Li ⁽¹⁾	Founder of a discretionary trust who can influence how the trustee exercises on his discretion	754,590,000 (L)	64.98%
	Beneficial owner	1,902,000 (L)	0.16%
	Beneficial owner	666,000 (L)	0.06%
	Beneficiary of a trust (other than a discretionary interest)	1,554,000 (L)	0.13%

Director	Nature of interest	Number of Shares ⁽⁶⁾	Approximate percentage of shareholding ⁽⁷⁾
Ms. Liu Hongwei ⁽²⁾	Beneficial owner	2,061,000 (L)	0.18%
	Beneficial owner	666,000 (L)	0.06%
	Beneficiary of a trust (other than a discretionary interest)	1,554,000 (L)	0.13%
Mr. Ren Caiyin ⁽³⁾	Beneficial owner	951,000 (L)	0.08%
	Beneficial owner	443,700 (L)	0.04%
	Beneficiary of a trust (other than a discretionary interest)	1,035,300 (L)	0.09%
Ms. Yang Li ⁽⁴⁾	Beneficial owner	951,000 (L)	0.08%
	Beneficial owner	443,700 (L)	0.04%
	Beneficiary of a trust (other than a discretionary interest)	1,035,300 (L)	0.09%
Mr. Li Yasheng ⁽⁵⁾	Beneficial owner	633,000 (L)	0.05%
	Beneficial owner	296,100 (L)	0.03%
	Beneficiary of a trust (other than a discretionary interest)	690,900 (L)	0.06%

Notes:

- (1) On 16 January 2020, the Company was informed by Mr. Li that he had transferred his 100% shareholding in Sainange Holdings to Leonus Holdings Limited (“**Leonus**”) for family wealth and succession planning purposes. After the shareholding transfer, the family trust established by Mr. Li indirectly, through Leonus, holds 754,590,000 Shares held by Sainange Holdings. Mr. Li was therefore deemed to be interested in the Shares held by Sainange Holdings by virtue of the SFO, being 754,590,000 Shares. For details, please refer to the announcement of the Company dated 21 January 2020. On 5 November 2020, 1,902,000 share options, representing 1,902,000 underlying Shares, were granted to Mr. Li pursuant to the Share Option Scheme. For details, please refer to the announcement of the Company dated 5 November 2020. On 29 December 2020, 2,220,000 award shares were granted to Mr. Li pursuant to the Share Award Plan, subject to the vesting conditions under the grant, of which 666,000 award shares had vested on 29 December 2021. For details, please refer to the announcement of the Company dated 29 December 2020.
- (2) On 5 November 2020, 2,061,000 share options, representing 2,061,000 underlying Shares were granted to Ms. Liu Hongwei under the Share Option Scheme. On 29 December 2020, 2,220,000 award shares were granted to Ms. Liu Hongwei pursuant to the Share Award Plan, of which 666,000 award shares had vested on 29 December 2021.
- (3) On 5 November 2020, 951,000 share options, representing 951,000 underlying Shares were granted to Mr. Ren Caiyin under the Share Option Scheme. On 29 December 2020, 1,479,000 award shares were granted to Mr. Ren Caiyin pursuant to the Share Award Plan, of which 443,700 award shares had vested on 29 December 2021.
- (4) On 5 November 2020, 951,000 share options, representing 951,000 underlying Shares were granted to Ms. Yang Li under the Share Option Scheme. On 29 December 2020, 1,479,000 award shares were granted to Ms. Yang Li pursuant to the Share Award Plan, of which 443,700 award shares had vested on 29 December 2021.

- (5) On 5 November 2020, 633,000 share options, representing 633,000 underlying Shares were granted to Mr. Li Yasheng under the Share Option Scheme. On 29 December 2020, 987,000 award shares were granted to Mr. Li Yasheng pursuant to the Share Award Plan, of which 296,100 award shares had vested on 29 December 2021.
- (6) The letter (L) denotes a long position in such securities.
- (7) As at the Latest Practicable Date, the number of the issued shares of the Company was 1,161,204,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had or were deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares of the Company

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than Directors and chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares and underlying Shares ⁽⁵⁾	Approximate percentage of shareholding ⁽⁶⁾
Ms. Cao Yang ⁽³⁾	Spouse interest	758,712,000 (L)	65.34%
Sainange Holdings	Beneficial owner	754,590,000 (L)	64.98%
Leonus	Interest in a controlled corporation	754,590,000 (L)	64.98%
HSBC International Trustee Limited ⁽¹⁾	Trustee	754,590,000 (L)	64.98%
Ms. Luo ⁽²⁾⁽⁴⁾	Interest in a controlled corporation	92,736,000 (L)	7.99%
Mr. Cao Jide ⁽⁴⁾	Spouse interest	92,736,000 (L)	7.99%
Sainray Limited	Beneficial owner	92,736,000 (L)	7.99%

Notes:

- (1) Mr. Li is the founder of a trust of which HSBC International Trustee Limited is the trustee having control over the entire issued shares of Leonus, which in turn holds the entire issued shares of Sainange Holdings. Each of Mr. Li, HSBC International Trustee Limited and Leonus is deemed to be interested in the 754,590,000 Shares held by Sainange Holdings by virtue of the SFO.
- (2) Ms. Luo is the sole shareholder of Sainray Limited and she is therefore deemed to be interested in the Shares held by Sainray Limited by virtue of the SFO, being 92,736,000 Shares.

- (3) Ms. Cao Yang is the spouse of Mr. Li and she is therefore deemed to be interested in the Shares in which Mr. Li is interested by virtue of the SFO, being 758,712,000 Shares.
- (4) Mr. Cao Jide is the spouse of Ms. Luo and he is therefore deemed to be interested in the Shares in which Ms. Luo is interested by virtue of the SFO, being 92,736,000 Shares.
- (5) The letter (L) denotes a long position in such securities.
- (6) As at the Latest Practicable Date, the number of the issued shares of the Company was 1,161,204,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the substantial or significant Shareholders or other persons, other than the Directors and chief executive of the Company whose interest are set out in the section above, had any interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. INTEREST OF DIRECTORS IN COMPETING BUSINESS

On 27 May 2020, the Company renewed the entrustment agreement entered into between Shijiazhuang Institute of Technology and Hebei Lionful Education Investment Co., Ltd.* (河北廿一世紀教育投資有限公司) (“**Lionful Education**”) on 21 June 2010. For details, please refer to the announcement of the Company dated 27 May 2020. In addition, the Company, was notified by Mr. Li in May 2020 that Lionful Education, which is effectively controlled by him and Ms. Luo, has acquired Shijiazhuang Peisen Education Technology Co., Ltd.* (石家莊培森教育科技有限公司). Shijiazhuang Peisen Education Technology Co., Ltd. owns Shijiazhuang High-tech Zone Zhangjiu Center Kindergarten Co., Ltd.* (石家莊高新區長九中心幼兒園有限責任公司), Shijiazhuang Shiguang Kindergarten Co., Ltd.* (石家莊時光幼兒園有限公司), Shijiazhuang Yuhua Saintach Zhongmei Kindergarten* (石家莊市裕華區新天際翠美幼兒園), Shijiazhuang Qiaoxi Yingjia Kindergarten Co., Ltd.* (石家莊橋西區盈嘉幼兒園有限公司) and Shiji Chengbao Angli Kindergarten*, Haigang District, Qinhuangdao (秦皇島市海港區世極城堡昂立幼兒園). However, owing to the fact that the coverage of the kindergarten business of Shijiazhuang Peisen Education Technology Co., Ltd. is relatively smaller, the resulting business competition with the Group is limited. Moreover, according to the Certain Opinions of the CPC Central Committee and the State Council on Deepening the Reform and Regulating the Development of Preschool Education (《中共中央、國務院關於學前教育深化改革規範發展的若干意見》) authorized to release by Xinhua News Agency in November 2018, the Company will no longer expand the physical premises of kindergartens. Owing to this, Hebei Sheng Dao Xiang Cheng Education and Technology Co., Ltd.* (河北晟道象成教育科技有限公司) has issued a confirmation letter, stating that it agreed to the acquisition of Shijiazhuang Peisen Education Technology Co., Ltd. by Lionful Education to commence the kindergarten business. Save as disclosed and as at the Latest Practicable Date, the Directors were not aware that any of them or any of their respective close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

4. DIRECTORS' INTEREST IN ASSET AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, save as those disclosed in the section headed “Disclosure of Interests” above, the Old Assets Restructuring Agreement (as defined hereunder), the New Lease Agreement (as defined hereunder), and other connected transactions as disclosed in the annual report of the Company for the year ended 31 December 2021, none of the Directors (i) was interested, directly or indirectly, in any assets which, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) the assets restructuring agreement dated 20 November 2020 entered into between Shijiazhuang Institute of Technology and Lionful Education in relation to acquisition of five dormitory buildings by the Group for a total consideration of RMB105,000,000 (the “**Old Assets Restructuring Agreement**”);
- (b) the lease agreement dated 20 November 2020 entered into between Shijiazhuang Institute of Technology (as lessee) and Lionful Education (as lessor) with respect to (i) five dormitory buildings; (ii) one auto training centre; (iii) one canteen; (iv) one infirmary; and (v) a library, at the annual rent of RMB3,700,000 (inclusive of ancillary facilities usage fees, equipment fees, management fees and maintenance fees) for a term of five years (the “**New Lease Agreement**”);
- (c) the first finance lease agreement dated 20 April 2021 entered into between Haier Finance Leasing Corp., Ltd.* (海爾融資租賃股份有限公司) (“**Haier Finance**”) (as lessor) and Shijiazhuang Institute of Technology (as lessee) pursuant to which Haier Finance agreed

- to lease certain teaching equipment, furniture, laboratory equipment, books and electronic devices owned by Shijiazhuang Institute of Technology and being used in its ordinary business for a period of 36 months at a total consideration of RMB45,000,000;
- (d) the second finance lease agreement dated 20 April 2021 entered into between JIC Leasing (Shanghai) Co., Ltd.* (中建投融資租賃(上海)有限公司) (“**JIC Leasing**”) (as lessor) and Shijiazhuang Institute of Technology (as lessee) pursuant to which JIC Leasing agreed to lease certain teaching equipment, furniture, books and electronic devices owned by Shijiazhuang Institute of Technology and being used in its ordinary business for a period of 36 months at a total consideration of RMB50,000,000;
- (e) the finance lease agreement dated 29 June 2021 entered into between Haitong Unitrust International Financial Leasing Co., Ltd. (海通恒信國際融資租賃股份有限公司) (“**Haitong Unitrust**”) (as lessor) and Shijiazhuang Institute of Technology (as lessee) pursuant to which Haitong Unitrust agreed to lease air-conditioning equipment, monitoring equipment (such as surveillance cameras, etc), teaching and learning equipment (such as computers, television sets, projectors, and training sets, etc) and general office equipment and furniture (such as tables, chairs and printers, etc) owned by Shijiazhuang Institute of Technology and being used in its ordinary business for a period of 36 months at a total consideration of RMB52,500,000;
- (f) the finance lease agreement dated 26 August 2021 entered into between Shanghai Aijian International Financial Leasing Co., Ltd. (上海愛建融資租賃股份有限公司) (“**Shanghai Aijian**”) (as lessor) and Shijiazhuang Institute of Technology (as lessee) pursuant to which Shanghai Aijian agreed to lease air-conditioning equipment, monitoring equipment (such as surveillance cameras, etc), teaching and learning equipment (such as computers, television sets, projectors and training sets, etc) and general office equipment and furniture (such as tables, chairs and printers, etc) owned by Shijiazhuang Institute of Technology and being used in its ordinary business for a period of 36 months at a total consideration of approximately RMB45,200,000;
- (g) the share transfer agreement dated 28 September 2021 entered into between, among others, (i) Zerui Education and Chongqing Zeji Cultural Communication Co., Ltd.* (重慶澤際文化傳播有限公司) (as purchasers); (ii) Heze Chiyue Education Technology Partnership (Limited Liability Partnership)* (荷澤馳悅教育科技合夥企業(有限合夥)) and Heze Dingchi Educational Technology Partnership (Limited Liability Partnership)* (荷澤鼎馳教育科技合夥企業(有限合夥)) (as vendors); and (iii) Chongqing Liangli Industrial Company Limited* (重慶亮力實業有限公司) and Chongqing Dihuang Investment Company Limited* (重慶迪凰投資有限公司) (as guarantors), in relation to the acquisition of 100% equity interest in Chongqing Jueqi Investment Co., Ltd.* (重慶崛起投資股份有限公司), which holds 100% sponsor interests in Chongqing Resources and Environmental Protection of University* (重慶資源與環境保護職業學院) for an

aggregate consideration of RMB410 million, among which (i) approximately RMB202.2 million is the consideration for the share transfer; and (ii) approximately RMB207.8 million is the consideration for the debt assignment;

- (h) the assets restructuring agreement dated 5 November 2021 entered into between Shijiazhuang Institute of Technology and Lionful Education in relation to the acquisition of one library, one auto training centre, four canteens and six dormitory buildings (including the properties under the Old Assets Restructuring Agreement) by the Group for a total consideration of RMB310,000,000;
- (i) the termination agreement dated 18 November 2021, entered into between, among others, (i) Zerui Education and Chongqing Zeji Cultural Communication Co., Ltd.* (重慶澤際文化傳播有限公司) (as purchasers); (ii) Heze Chiyue Education Technology Partnership (Limited Liability Partnership)* (荷澤馳悅教育科技合夥企業(有限合夥)) and Heze Dingchi Educational Technology Partnership (Limited Liability Partnership)* (荷澤鼎馳教育科技合夥企業(有限合夥)) (as vendors); and (iii) Chongqing Liangli Industrial Company Limited* (重慶亮力實業有限公司) and Chongqing Dihuang Investment Company Limited* (重慶迪凰投資有限公司) (as guarantors), in relation to the termination of the share transfer agreement dated 28 September 2021;
- (j) the state-owned construction land use rights grant contract dated 7 March 2022 entered into between Shijiazhuang Zerui and Natural Resources and Planning Bureau of Gaoyi County (the “**Natural Resources and Planning Bureau of Gaoyi County**”), a local government authority under the People’s Government of Gaoyi County, Shijiazhuang, Hebei Province, the PRC, in relation to the acquisition of land use rights of a land parcel located at the southeast of Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 74,254.99 square meters (“**sq.m.**”);
- (k) the General Construction Contract for Comprehensive Teaching Buildings dated 24 March 2022 entered into between Shijiazhuang Zerui and Shijiazhuang Construction for a consideration of RMB90,000,000;
- (l) the General Construction Contract for Canteens and Dormitory Buildings dated 24 March 2022 entered into between Shijiazhuang Zerui and Hebei Chizheng for a consideration of RMB60,000,000;
- (m) the state-owned construction land use rights grant contract dated 28 April 2022 entered into between Shijiazhuang Zerui and Natural Resources and Planning Bureau of Gaoyi County in relation to the acquisition of land use rights of a land parcel located at the southeast of Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 48,564.44 sq.m.;

- (n) the finance lease agreement dated 7 June 2022 entered into between Sinopharm Holding (China) Finance Leasing Co., Ltd (國藥控股(中國)融資租賃有限公司) (“**Sinopharm Holding**”) (as lessor) and Shijiazhuang Institute of Technology (as lessee) pursuant to which Sinopharm Holding agreed to purchase air-conditioning equipment, solar-power equipment, teaching and learning equipment (such as intelligent blackboard, laboratory equipment, and robotics training sets, etc.) and general office equipment and furniture (such as tables, chairs and bookshelves, etc.) owned by Shijiazhuang Institute of Technology at a consideration of RMB30,000,000 and lease them back to Shijiazhuang Institute of Technology for its ordinary business for a period of 30 months at a total consideration of approximately RMB32,770,000;
- (o) the state-owned construction land use rights grant contract dated 14 July 2022 entered into between Shijiazhuang Zerui and Natural Resources and Planning Bureau of Gaoyi County in relation to the acquisition of land use rights of a land parcel located at Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 153,502.86 sq.m.;
- (p) the state-owned construction land use rights grant contract dated 14 July 2022 entered into between Shijiazhuang Zerui and Natural Resources and Planning Bureau of Gaoyi County in relation to the acquisition of land use rights of a land parcel located at Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 3,255.19 sq.m.;
- (q) the state-owned construction land use rights grant contract dated 1 August 2022 entered into between Shijiazhuang Zerui Business Development Co., Ltd* (石家莊澤瑞商業發展有限公司), a wholly-owned subsidiary of Zerui Education, and Natural Resources and Planning Bureau of Gaoyi County in relation to the acquisition of land use rights of a land parcel located at Wancheng Village* (萬城村), Wancheng Town* (萬城鎮), Gaoyi County, Shijiazhuang, Hebei Province, the PRC, with a total area of 46,269.12 sq.m.; and
- (r) the General Construction Contract for Canteens and Ancillary Buildings dated 8 August 2022 entered into between Shijiazhuang Zerui and Hebei Chizheng for a consideration of RMB60,000,000.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice for inclusion in this circular:

Name	Qualifications
Gram Capital Limited	A licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and have not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of advice or references to its name in the form and context in which it respectively appears.

As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to.

10. CORPORATE INFORMATION OF THE COMPANY

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in the PRC	8th Floor Zhongdian Information Building No. 356 Zhongshan West Road Qiaoxi District Shijiazhuang City Hebei Province, the PRC
Principal place of business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay, Hong Kong

Cayman Islands share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Joint Company Secretaries	Mr. Yang Yang Mr. Leung Chi Kit (associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)

11. DOCUMENTS ON DISPLAY

Copy of the following document is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.21centuryedu.com>) during the period of 14 days from the date of this circular:

- (a) the General Construction Contract for Dormitory Buildings.

NOTICE OF EGM



21世紀教育
21ST CENTURY EDUCATION

China 21st Century Education Group Limited
中國21世紀教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1598)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of China 21st Century Education Group Limited (the “Company”) will be held at 15/F, South Tower, Zhonghai Plaza, 8 Guanghua Dongli, Chaoyang District, Beijing, the PRC on Friday, 16 September 2022 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. **“THAT**

- (a) the general construction contract for dormitory buildings dated 8 August 2022 (the “**General Construction Contract for Dormitory Buildings**”) entered into between Shijiazhuang Zerui Education and Technology Co., Ltd.* (石家莊澤瑞教育科技有限公司) and Hebei Chaoxing Construction and Installation Engineering Co., Ltd.* (河北朝興建築安裝工程有限公司) (copy of which has been produced to the EGM marked “A” and initialled by the Chairman of the EGM for identification purpose), the terms and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any director(s) of the Company be and is hereby authorized for and on behalf of the Company to sign, execute, perfect and deliver all such documents and to affix the common seal of the Company on any such document as and when necessary and do all such deeds, acts, matters and things as he may in his discretion consider necessary or desirable for the purposes of or in connection with the General Construction Contract for Dormitory Buildings and the transactions contemplated thereunder.”

Yours faithfully

For and on behalf of the Board

China 21st Century Education Group Limited

Li Yunong

Chairman

Hong Kong, 31 August 2022

NOTICE OF EGM

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Memorandum of Association and Articles of Association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
2. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
3. A proxy form for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hands of any officer or attorney duly authorised.
5. In order to be valid, the proxy form, together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be).
6. Completion and return of a proxy form shall not preclude a member from attending and voting in person at the EGM or any adjournment thereof (as the case may be) and, in such event, the proxy form appointing a proxy shall be deemed to be revoked.
7. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 13 September 2022 to Friday, 16 September 2022 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 9 September 2022.

NOTICE OF EGM

8. Pursuant to Rule 13.39(4) of the Listing Rules, voting for the resolution set out in this notice will be taken by poll at the above meeting.

As at the date of this notice, the executive directors of the Company are Mr. Li Yunong, Ms. Liu Hongwei, Mr. Ren Caiyin, Ms. Yang Li and Mr. Li Yasheng; and the independent non-executive directors of the Company are Mr. Guo Litian, Mr. Yao Zhijun and Mr. Wan Joseph Jason.