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China Beststudy Education Group

卓越教育集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3978)

VOLUNTARY ANNOUNCEMENT TERMINATION OF CONCERT PARTY CONFIRMATION

INTRODUCTION

On 18 June 2018, the Concert Parties entered into the Concert Party Confirmation for the purpose to confirm that the Concert Parties would be acting in concert in the management, operation and all major decisions of the Company and PRC Operating Entities.

On 19 January 2015, MOFCOM introduced the Draft Foreign Investment Law aimed at replacing significant existing laws and regulations that managed foreign investment in the PRC upon its enactment. The Draft Foreign Investment Law outlined “actual control” as the power or position to direct an entity through investment or structured contracts, and other rights and decision-making arrangements. Moreover, the Draft Foreign Investment Law stipulated that an entity, organised overseas but controlled by PRC citizens by structured contracts, would still be considered a PRC domestic entity for investing in the "restricted category" on the forthcoming "negative list" (subject to the scrutiny of the relevant foreign investment authorities).

Furthermore, according to the Draft Foreign Investment Law, “foreign investments” clearly encompass investments made either directly or indirectly by foreign investors in domestic enterprises through contractual or trust arrangements. “Foreign investors” include non-PRC citizens and enterprises established in other countries and regions, and consequently, domestic enterprises under the control of foreign investors will also be categorised as "foreign investors".

In anticipation of the potential nationality-related restrictions on ownership under the Draft Foreign Investment Law, the Concert Parties engaged in the Concert Party Confirmation on 18 June 2018. For details, please refer to the Prospectus.

* *For identification purposes only*

TERMINATION OF THE CONCERT PARTY CONFIRMATION

On 15 March 2019, the NPC enacted the Foreign Investment Law, set to be effective on 1 January 2020. Regarding this, the Company was informed by its PRC legal advisors that: (i) the Foreign Investment Law did not adopt the notion of “contractual arrangement” under the Draft Foreign Investment Law; (ii) the Foreign Investment Law has not clearly defined the control or ownership of domestic enterprise by way of contractual arrangements as a form of foreign investment; and (iii) the Foreign Investment Law does not provide a solution to retain the variable interest entity structure by being “actually controlled by PRC investors”.

Given the above, the Concert Parties concluded that the Concert Party Confirmation no longer fulfils its initial objective of addressing potential restrictions related to nationality. In November 2023, after additional discussions, the Concert Parties resolved not to be bound by the Concert Party Confirmation amongst themselves. On 9 November 2023, the Concert Parties executed the Termination Deed.

Immediately before the execution of the Termination Deed, the Concert Parties were interested in a total of 459,098,231 shares of the Company, representing approximately 54.19% of the issued shares of the Company. After the execution of the Termination Deed, the number of shares each Concert Party interested in and the corresponding percentage of issued shares of the Company are as follows:

Concert Parties	Number of shares interested	Percentage of issued shares of the Company¹ (approximately)
Mr. Junjing Tang	172,488,101	20.36%
Mr. Junying Tang	143,510,888	16.94%
Mr. Gui Zhou	143,099,242	16.89%

Note:

1. The percentage represents the number of shares interested divided by the number of issued shares as at the date of this announcement. The number of issued shares as at the date of this announcement is 847,221,000.

The Board affirms that there is no discord among the Concert Parties, and it does not anticipate any substantial adverse effects on the Company’s business and operations resulting from the termination of the Concert Party Confirmation. As advised by its PRC legal advisors, the Company also confirms that termination of the Concert Party Confirmation will not cause material adverse impact on the Company’s Structured Contracts. As at the date of this announcement, the Company does not have any controlling shareholder.

DEFINITIONS

In this announcement the following expressions shall have the following meaning:

“Board”	the board of directors of the Company
“Company”	China Beststudy Education Group, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Concert Parties”	Mr. Junjing Tang (唐俊京), Mr. Junying Tang (唐俊膺) and Mr. Gui Zhou (周貴), being the parties to the Concert Party Confirmation, and each a “Concert Party”
“Concert Party Confirmation”	the Concert Party Confirmation dated 18 June 2018 and entered into amongst the Concert Parties
“Draft Foreign Investment Law”	“The People’s Republic of China Foreign Investment Law (Draft for Consultation Purposes) 《中華人民共和國外國投資法(草案徵求意見稿)》” published by MOFCOM on 19 January 2015
“Foreign Investment Law”	the Foreign Investment Law of the People’s Republic of China 《中華人民共和國外商投資法》 adopted by the NPC on 15 March 2019 which became effective on 1 January 2020
“Guangzhou Beststudy”	Guangzhou Beststudy Educational Co., Ltd.* (廣州市卓越里程教育科技有限公司), a limited liability company established under the laws of the PRC on June 2, 2000
“MOFCOM”	Ministry of Commerce of the PRC
“NPC”	the National People's Congress of the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan
“PRC Operating Entities”	Guangzhou Beststudy and its subsidiaries and branches from time to time

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“Prospectus”	the prospectus of the Company issued on 12 December 2018
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	the arrangements and transactions entered into by the Company, details of which are described in the section headed “Structured Contracts” in the Prospectus
“Termination Deed”	the deed of termination dated 9 November 2023 entered by and amongst the Concert Parties to terminate the Concert Party Confirmation

By order of the Board
China Beststudy Education Group
Junjing Tang
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 9 November 2023

As at the date of this announcement, the executive directors are Mr. Junjing Tang, Mr. Junying Tang, Mr. Gui Zhou and Ms. Weiying Guan, the non-executive directors are Mr. Wenhui Xu and Mr. Wai Ng, and the independent non-executive directors are Ms. Yu Long, Mr. Caihe Lin and Mr. Jun Gan.