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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 TRANSACTION
DISPOSAL OF SCHOOL SPONSOR INTERESTS**

THE PROPOSED DISPOSAL

The Board is pleased to announce that on 16 November 2023 (after trading hours), Shijiazhuang Saintach, the immediate holder of the sponsor interests in Shijiazhuang Yuying, and Hebei Lumeng, entered into the Transfer Agreement, pursuant to which Shijiazhuang Saintach has agreed to sell and Hebei Lumeng has agreed to acquire 30% of the sponsor interests in Shijiazhuang Yuying for a total consideration of RMB18,000,000.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios for the Proposed Disposal exceeds 5% but all the applicable percentage ratios are below 25%, the entering into of the Transfer Agreement constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE PROPOSED DISPOSAL OF SCHOOL SPONSOR INTERESTS

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The principal terms of the Transfer Agreement are set out below:

Date: 16 November 2023 (after trading hours)

- Parties: (i) Shijiazhuang Saintach, as the transferor; and
- (ii) Hebei Lumeng, as the transferee
- Subject matter: Transfer of 30% of the sponsor interests in Shijiazhuang Yuying held by Shijiazhuang Saintach to Hebei Lumeng or its nominee(s)
- Consideration: Pursuant to the Transfer Agreement, the total consideration is RMB18,000,000 and will be paid by Hebei Lumeng in three instalments as follows:
1. The first instalment of RMB3,000,000 shall be payable within 5 working days upon the execution of the Transfer Agreement.
 2. The second instalment of RMB9,000,000 shall be payable within 5 working days upon fulfilling, *inter alia*, the following conditions:
 - (a) appointment of an additional staff accountant nominated by Hebei Lumeng; and
 - (b) appointment of an additional assistance to the school's principal nominated by Hebei Lumeng.
 3. The third instalment of RMB6,000,000 shall be payable within 5 working days upon the setting up of a council board with 5 members, one of whom shall be nominated by Hebei Lumeng who fulfils the requirements of the Ministry of Education of the PRC; and Shijiazhuang Yuying has completed the filing procedures with the Education Bureau of the PRC for the changes in council members and articles of association of the school and obtained the relevant filing record.
- Completion: The completion date of the Proposed Disposal shall be the payment settlement date of the first instalment.

Subsequent to the Proposed Disposal, both Shijiazhuang Saintach and Hebei Lumeng shall procure Shijiazhuang Yuying to submit the application for a change to a for-profit non-state schools with relevant departments and obtain the relevant school permit and business certificate. During or upon completion of such application, (1) Shijiazhuang Saintach and Hebei Lumeng shall be the holder of 70% and 30% of the sponsor interests in Shijiazhuang Yuying, respectively; or (2) Shijiazhuang

Saintach and Hebei Lumeng shall establish a joint venture to hold 100% of the sponsor interests in Shijiazhuang Yuying with Shijiazhuang Saintach and Hebei Lumeng holding 70% and 30% of the equity interests in the joint venture, respectively.

BASIS OF THE CONSIDERATION OF THE PROPOSED DISPOSAL

The consideration of the Proposed Disposal was determined after arm's length negotiation between Shijiazhuang Saintach and Hebei Lumeng on normal commercial terms based on factors such as the net profit of Shijiazhuang Yuying for the year ended 31 December 2022, students enrollment in 2023 and future prospects of Shijiazhuang Yuying.

STRUCTURE OF SHIJIAZHUANG YUYING UPON COMPLETION

Upon completion of the Proposed Disposal, the sponsor interests of Shijiazhuang Yuying will be held as to 70% by Shijiazhuang Saintach and 30% by Hebei Lumeng, respectively. The structured contracts will be entered into among, *inter alia*, Sheng Dao Xiang Cheng, Shijiazhuang Saintach, Hebei Lumeng and Shijiazhuang Yuying, and the terms and conditions of which shall be the same as the existing structured contracts in all material aspects. Shijiazhuang Yuying's financial results will remain to be consolidated into the Group's consolidated financial statements.

FINANCIAL INFORMATION OF SHIJIAZHUANG YUYING

The summary of financial figures of Shijiazhuang Yuying are as follows:

According to the management account of Shijiazhuang Yuying, the unaudited total assets and unaudited net liabilities of Shijiazhuang Yuying as at 30 June 2023 was approximately RMB111.0 million and RMB36.7 million, respectively. The net profits before and after taxation and extraordinary items for the years ended 31 December 2021 and 2022 are as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit before taxation and extraordinary items	1,650	11,336
Net profit after taxation and extraordinary items	1,237	8,502

USE OF PROCEEDS

Based on the consideration of RMB18,000,000, it is estimated that the Proposed Disposal will generate a gain of approximately RMB7,032,640 for Shijiazhuang Saintach. The proceeds from the Proposed Disposal will be used for the Group's investment in or construction of new high schools.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Group is committed to providing education services at multiple academic levels and building prestigious school brands in the province. Since the completion of the acquisition of Shijiazhuang Yuying on 31 August 2022, the business of fulltime high school education segment has been commenced. After completion of the Proposed Disposal, Shijiazhuang Yuying's financial results will remain to be consolidated into the Group's consolidated financial statements. The Proposed Disposal could introduce Hebei Lumeng as a new investor and provide technical support in information technology to the Group and generate new investment fund for future operations of the Group.

INFORMATION OF THE PARTIES

The Group, Shijiazhuang Saintach and Shijiazhuang Yuying

The Group is primarily serving a wide range of students from preschool students in its kindergartens, high school students enrolled in its high school, as well as junior college students, secondary school students and continuing education students in its colleges.

Shijiazhuang Saintach is a company established under the laws of the PRC in 2011 with limited liability, and is wholly-owned by Zerui Education and one of the Company's PRC Operating Entities.

Shijiazhuang Yuying was consolidated into the Group in September 2022 since the Group completed the acquisition of Shijiazhuang Yuying in 31 August 2022. Shijiazhuang Yuying is a private school established under the laws of the PRC in 1994 and located in Hebei Province of the PRC. The school offers diverse teaching with curriculums covering not only courses for college entrance examination, but also for art, dance, producer and director, broadcasting and hosting, and sports etc.. The school has adopted a hierarchical training system and established a system of services including Foundation Enhancement Program (強基計劃) and comprehensive evaluation to develop diverse pathways to further studies. The school is run by a team of experts led by a well-known headmaster in Hebei Province, who have built a provincial brand school through innovative school-running model and teaching philosophy. The school currently has over 200 staff members and over 2,500 students.

Hebei Lumeng

Hebei Lumeng is a company established under the laws of the PRC in 2018 with limited liability, which is principally engaged in the development and application of system software, information system integration services, intelligent building engineering, the development, consulting and promotion of computer software technology, and the design, production and publication of advertisements.

As at the date of this announcement, to the best information of the Directors, Hebei Lumeng is owned as to 90% by Mr. Zhao Yanhui (趙彥輝先生) and 10% by Mr. Hou Lipeng (候力朋先生). To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, Hebei Lumeng and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios for the Proposed Disposal exceeds 5% but all the applicable percentage ratios are below 25%, the entering into of the Transfer Agreement constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“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;
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company, its subsidiaries and the PRC Operating Entities from time to time;
“Hebei Lumeng”	Hebei Lumeng Technology Co., Ltd.* (河北路盟科技有限公司), a limited liability company established under the laws of the PRC in 2018;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time;

“Mr. Li”	Mr. Li Yunong (李雨濃), a controlling shareholder of the Company;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“PRC Operating Entities”	Zerui Education, Shijiazhuang Institute of Technology* (石家莊理工職業學院, Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學), Shijiazhuang Zerui, Hebei Saintach Education and Technology Co., Ltd.* (河北新天際教育科技有限公司), Shijiazhuang Saintach Education and Technology Co., Ltd.* (石家莊新天際教育科技有限公司), Saintach Kindergarten(s), Hangzhou Yimai Enterprise Management Consulting Co., Ltd.* (杭州一脈企業管理諮詢有限責任公司) and Zhejiang Peijian Technology Co., Ltd.* (浙江培尖科技有限公司);
“Proposed Disposal”	the proposed disposal of 30% sponsor interests in Shijiazhuang Yuying held by Shijiazhuang Saintach pursuant to the terms of the Transfer Agreement;
“Prospectus”	the prospectus issued by the Company on the initial public offering and listing dated 15 May 2018;
“RMB”	Renminbi, the lawful currency of the PRC;
“Saintach Kindergarten(s)”	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 Company’s PRC Operating Entities;
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company;

“Shareholder(s)”	holder(s) of the Share(s);
“Sheng Dao Xiang Cheng”	Sheng Dao Xiang Cheng Education and Technology Co., Ltd.* (河北晟道象成教育科技有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 14 December 2016 and a wholly-owned subsidiary of the Company;
“Shijiazhuang Saintach”	Shijiazhuang Saintach Education and Technology Co., Ltd.* (石家莊新天際教育科技有限公司), a limited liability company established under the laws of the PRC on 13 July 2011, which was wholly-owned by Zerui Education as at the date of this announcement, and one of the Company’s PRC Operating Entities;
“Shijiazhuang Yuying”	Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學), a private school established under the laws of the PRC in 1994, which the sponsor interests are wholly-owned by Shijiazhuang Saintach, and one of the Company’s PRC Operating Entities;
“sq.m.”	square metre(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning given to it under the Listing Rules;
“Transfer Agreement”	the transfer agreement dated 16 November 2023 entered into between Shijiazhuang Saintach, as the transferor, and the Hebei Lumeng in relation to the Proposed Disposal;
“Zerui Education”	Hebei Zerui Education Technology Co., Ltd.* (河北澤瑞教育科技有限責任公司), a limited liability company established under the laws of the PRC on 12 July 2017, which was owned as to 80.625% by Mr. Li and 19.375% by Ms. Luo Xinlan (羅心蘭女士) as at the date of this announcement, and one of the Company’s PRC Operating Entities; and

“%” per cent.

* *For identification purposes only.*

By order of the Board
China 21st Century Education Group Limited
Li Yasheng
Chairman

Hong Kong, 16 November 2023

As at the date of this announcement, the chairman of the Board and the non-executive Director is Mr. Li Yasheng; the executive Directors are Ms. Liu Hongwei, Mr. Ren Caiyin and Ms. Yang Li; and the independent non-executive Directors are Mr. Guo Litian, Mr. Yao Zhijun and Mr. Wan Joseph Jason.