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Bojun Education Company Limited

博駿教育有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1758)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF AN ASSOCIATE

The Board is pleased to announce that on 27 November 2023, Chengdu Bojun entered into the Agreement with the Purchaser, pursuant to which Chengdu Bojun has agreed to sell, and the Purchaser has agreed to purchase the Target Interest, representing 33.34% of the partnership equity interest in the Target Company, at a consideration of RMB17.5 million in cash. Upon the Completion, the Group will cease to own 33.34% partnership equity interest in the Target Company and the Target Company will cease to be an associate of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the transactions contemplated under the Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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THE AGREEMENT

The principal terms of the Agreement are set forth below.

Date: 27 November 2023

Parties: (i) Chengdu Bojun (as seller) and (ii) the Purchaser (as buyer)

Subject Matter

Pursuant to the Agreement, Chengdu Bojun has agreed to sell, and the Purchaser has agreed to purchase the Target Interest, representing 33.34% of the partnership equity interest in the Target Company.

Consideration

The total Consideration, being RMB17.5 million, shall be settled in cash by the Purchaser in the following manner:

- (a) as to RMB12.0 million, being approximately 68.6% of the Consideration, within 30 Business Days of the date of the Agreement; and
- (b) as to RMB5.5 million, being approximately 31.4% of the Consideration, within 60 Business Days of the Completion.

The consideration of the Disposal was determined by the parties after arm's length negotiations with reference to and taking into account of the actual amount of investment made by the Group in the Target Company, being RMB17.5 million, and the factors set out in the section headed "Reasons for and benefits of the Disposal" below.

Completion

Within 30 Business Days of the Agreement, amendments to the partnership agreement of the Target Company shall be made to change the partners of the Target Company.

Within 90 Business Days of the Agreement, Chengdu Bojun and the Purchaser shall complete the industrial and commercial change registration procedures for the Disposal.

Upon the Completion, the Group will cease to own 33.34% partnership equity interest in the Target Company and the Target Company will cease to be an associate of the Company.

INFORMATION OF THE PARTIES

Chengdu Bojun

Chengdu Bojun is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. Chengdu Bojun is principally engaged in the provision of education consultancy.

The Purchaser

The Purchaser is Mr. Yang Zonghua* (楊宗華), a PRC citizen and held 50% partnership equity interest of the Target Company as at the date of this announcement. As at the date of this announcement and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is an Independent Third Party.

INFORMATION OF THE TARGET COMPANY

As at the date of this announcement, the Group held 33.34% equity interests in the Target Company with investment amounting to RMB17.5 million. The Target Company is primarily engaged in investment holding and has no other operating business. The Target Company holds direct and indirect investments in three limited liability companies, which were established in the PRC and were primarily engaged in investment holding and art and cultural investment business. As the investment of the Target Company was at its initial phase, the Target Company has not yet generated any income.

Based on the unaudited financial statements of the Target Company made up to 31 August 2023, the total asset value of the Target Company amounted to approximately RMB26.0 million.

Set out below is the unaudited financial results of the Target Company for the two years ended 31 December 2022 and 2023:

	For the year ended 31 August	
	2023	2022
	RMB'000	RMB'000
(Loss) Profit before tax	(9)	97
(Loss) Profit after tax	(9)	97

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the business of operation of for-profit high school and kindergarten and provision of education management services, in Sichuan Province, the PRC. The Group commenced operation in 2001 and rooted in the education industry in Sichuan Province. Leveraging on the success and proven track record in the provision of private education in Sichuan Province, the PRC, the Group plans to expand its footprints in the vocational industry and capture potential investment opportunities in the education industry.

The Board considers that the Disposal allows the Group to deploy its financial resources in a more effective manner to meet its financial and business needs. In addition, it represents a good opportunity for the Group to realise its investment in the Target Company.

The Directors have approved the Disposal and confirmed that the terms of the Disposal are fair and reasonable, and the Disposal is on normal commercial terms or better and in the interests of the Shareholders as a whole.

USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE DISPOSAL

The gross proceeds from the Disposal are expected to be RMB17.5 million and the net proceeds (after deduction of related transaction expenses and costs of approximately RMB80,000) are expected to be approximately RMB17.4 million. The Company intends to use all the net proceeds on investment in vocational education business.

The Disposal is expected to give rise to a loss of approximately RMB7,000 (before taxation, if any), calculated with reference to the amount of the Consideration and the unaudited carrying amount of the Group's interest in the Target Company as at 31 August 2023. The actual gain or loss as a result of the Disposal to be recorded by the Company is subject to audit.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is less than 25%, the transactions contemplated under the Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meaning set out below:

“Agreement”	the sale and purchase agreement entered into between Chengdu Bojun and the Purchaser dated 27 November 2023 in relation to the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day on which banks in the PRC are generally open for business
“Chengdu Bojun”	Chengdu Tianfu Bojun Education Management Company Limited* (成都天府博駿教育管理有限公司), a wholly-foreign owned enterprise established under the laws of PRC on 26 July 2016 and a wholly-owned subsidiary of the Company
“Company”	Bojun Education Company Limited (博駿教育有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 June 2016
“Completion”	completion of the Disposal
“Consideration”	the consideration of the Disposal
“Consolidated Affiliated Entity(ies)”	the entities that the Group controls through the contractual arrangement contemplated under the existing structured contracts of the Group, as amended or supplemented from time to time

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the 33.34% interest in the Target Company contemplated under the Agreement
“Group”	the Company, its subsidiaries and the Consolidated Affiliated Entities
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region
“Independent Third Party”	third party who is not connected persons or core connected persons (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Purchaser”	Mr. Yang Zonghua* (楊宗華), a PRC citizen
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Target Company”	Chengdu Tongxing Wanbang Enterprise Management Center (Limited Partnership)* (成都同興萬邦企業管理中心(有限合夥)), is a limited liability partnership established in the PRC and an associate of the Company immediately prior to the Completion
“Target Interest”	the 33.34% partnership equity interest in the Target Company held by Chengdu Bojun immediately before the Completion
“%”	per cent.

By Order of the Board
Bojun Education Company Limited
Wang Jinglei
Chairman of the Board and chief executive officer

Hong Kong, 27 November 2023

As at the date of this announcement, the executive Director is Mr. Wang Jinglei; the non-executive Director is Mr. Wu Jiwei; and the independent non-executive Directors are Mr. Cheng Tai Kwan Sunny, Mr. Mao Daowei, Ms. Luo Yunping and Mr. Yang Yuan.

* for identification purpose only