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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)

**CONTINUING CONNECTED TRANSACTIONS
TERMINATION OF THE EXISTING STRUCTURED CONTRACTS
AND
ENTERING INTO THE NEW STRUCTURED CONTRACTS**

TERMINATION OF THE EXISTING STRUCTURED CONTRACTS AND ENTERING INTO THE NEW STRUCTURED CONTRACTS

References are made to the sections headed “Structured Contracts” and “Connected Transactions” in the Prospectus in relation to, among other things, the contractual arrangements.

The Board hereby announces that, as part of the plan to gradually reduce Mr. Li’s involvement in the business operation of the Company due to his age and health reason, on 31 July 2024, the relevant parties as detailed below entered into the following agreements to change the registered shareholders of Zerui Education from Mr. Li and Ms. Luo to Ms. Li and Ms. Luo:

1. the Equity Transfer Agreement, pursuant to which the Mr. Li agreed to transfer 80.625% of the equity interests in Zerui Education to Ms. Li at a consideration of RMB12,150,000;
2. the Termination Agreement, pursuant to which the Existing Structured Contracts shall be terminated; and
3. the New Structured Contracts, the terms and conditions of which shall be the same as the Existing Structured Contracts in all material aspects.

The Group will continue to consolidate the financial results of the relevant PRC Operating Entities under the New Structured Contracts.

IMPLICATIONS UNDER THE LISTING RULES

At the time of Listing, the Stock Exchange granted the Waiver to the Company in connection with the Existing Structured Contracts, subject to certain conditions as mentioned in the Prospectus.

As at the date of this announcement, Mr. Li is the controlling shareholder of the Company. Ms. Li is an associate of Mr. Li and Ms. Luo is the mother-in-law of Mr. Li. Accordingly, Ms. Li and Ms. Luo are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the New Structured Contracts constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the New Structured Contracts are on the exact same terms and conditions as the Existing Structured Contracts and are a reproduction of the Existing Structured Contracts, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed that the transactions contemplated under the New Structured Contracts are within the scope of the Waiver and are exempted from strict compliance with (i) the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the New Structured Contracts pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the New Structured Contracts under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the New Structured Contracts to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to the compliance with the same conditions of the Waiver.

INTRODUCTION

References are made to the sections headed "Structured Contracts" and "Connected Transactions" in the Prospectus in relation to, among other things, the contractual arrangements.

The Board hereby announces that, as part of the plan to gradually reduce Mr. Li's involvement in the business operation of the Company due to his age and health reason, on 31 July 2024, the relevant parties as detailed below entered into the following agreements to change the registered shareholders of Zerui Education from Mr. Li and Ms. Luo to Ms. Li and Ms. Luo:

1. the Equity Transfer Agreement, pursuant to which the Mr. Li agreed to transfer 80.625% of the equity interests in Zerui Education to Ms. Li at a consideration of RMB12,150,000;
2. the Termination Agreement, pursuant to which the Existing Structured Contracts shall be terminated; and
3. the New Structured Contracts, the terms and conditions of which shall be the same as the Existing Structured Contracts in all material aspects.

Zerui Education's financial results will continue to be accounted for and consolidated into the accounts of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Zerui Education is a limited liability company established under the laws of the PRC on 12 July 2017 and is currently owned as to 80.625% by Mr. Li and 19.375% by Ms. Luo. It is one of the PRC Operating Entities.

As disclosed in the Prospectus, pursuant to the PRC laws, regulations and regulatory practice, there are restrictions on the operation of preschool, higher, non-credential and secondary vocational education to sino-foreign ownership, with qualification requirements imposed on the foreign owners (the “**Restricted Businesses**”). Further, government approval in respect of sino-foreign ownership of Restricted Businesses has been withheld. As a result, the Group, through its wholly-owned subsidiary, Sheng Dao Xiang Cheng, has entered into the Existing Structured Contracts with Mr. Li, Ms. Luo and relevant entities controlled by them such that the Group can conduct its business operations indirectly in the PRC through the relevant PRC Operating Entities while complying with applicable PRC laws, regulations and regulatory practice. For further details, please refer to the sections headed “Structured Contracts” and “Connected Transactions” in the Prospectus for reasons of the adoption of the Existing Structured Contracts for the Company to operate its business in the PRC and details of the Existing Structured Contracts.

Ms. Li, the younger sister of Mr. Li, is currently a deputy general manager of Sheng Dao Xiang Cheng. Upon the completion of transfer of equity interests in Zerui Education by Mr. Li pursuant to the Equity Transfer Agreement, Zerui Education will be owned as to 80.625% by Ms. Li and 19.375% by Ms. Luo. The Company will unwind the New Structured Contracts in the event that the PRC regulatory environment changes and all of the qualification requirements, the foreign ownership restriction and the foreign control restriction are removed (and assuming there are no other changes in the relevant PRC laws and regulations), and that the Company is able to directly operate its schools without using the New Structured Contracts.

As at the date of the announcement, the Company has not encountered any interference or encumbrance from any governing bodies in operating its business through the relevant PRC Operating Entities under the Existing Structured Contracts.

EQUITY TRANSFER AGREEMENT

On 31 July 2024, Mr. Li and Ms. Li entered into the Equity Transfer Agreement pursuant to which Mr. Li agreed to transfer 80.625% of the equity interests in Zerui Education, being Mr. Li's entire equity interest in Zerui Education, to Ms. Li at a consideration of RMB12.15 million, determined with reference to Mr. Li's actual capital contribution to Zerui Education of RMB12.09 million.

TERMINATION OF THE EXISTING STRUCTURED CONTRACTS AND THE ENTERING INTO OF THE NEW STRUCTURED CONTRACTS

The Termination Agreement

On 31 July 2024, Mr. Li, Ms. Luo, Zerui Education, Hebei Saintach, Shijiazhuang Saintach, Shijiazhuang Institute of Technology, Saintach Kindergartens, Saintach Tutorial Schools and Sheng Dao Xiang Cheng entered into the Termination Agreement to terminate the Existing Structured Contracts, subject to the change in shareholding in Zerui Education pursuant to the Equity Transfer Agreement and the New Structured Contracts becoming effective.

The New Structured Contracts

On 31 July 2024, immediately upon the execution of the Equity Transfer Agreement and the Termination Agreement, the following agreements comprising the New Structured Contracts were entered into between the New Registered Shareholders and the relevant parties.

The summary of the principal terms of the New Structured Contracts are as follows:

1. New Business Cooperation Agreement

- Date:** 31 July 2024
- Parties:**
- (a) New Registered Shareholders;
 - (b) Mr. Li;
 - (c) Zerui Education;
 - (d) Hebei Saintach;
 - (e) Shijiazhuang Saintach;
 - (f) Shijiazhuang Institute of Technology;
 - (g) Saintach Kindergartens;
 - (h) Saintach Tutorial Schools; and
 - (i) Sheng Dao Xiang Cheng
- Subject:** Pursuant to the new business cooperation agreement (the “**New Business Cooperation Agreement**”), Sheng Dao Xiang Cheng shall provide technical service and management

consultancy service necessary for the private education business pursuant to the New Structured Contracts, and in return, the relevant PRC Operating Entities shall make payments pursuant to the New Structured Contracts.

To ensure the due performance of the New Structured Contracts, each of the relevant PRC Operating Entities agreed to comply with, and procure any of its subsidiaries to comply with, and Mr. Li, Ms. Luo and Ms. Li agreed to procure each of the relevant PRC Operating Entities to comply with, the obligations as prescribed under the New Business Cooperation Agreement including the following:

- (a) to carry out its private education operations in a prudent and efficient manner in accordance with good financial and business standards while maintaining the asset value of the relevant PRC Operating Entities;
- (b) to prepare school development plans and annual working plans in accordance with the instructions of Sheng Dao Xiang Cheng;
- (c) to carry out its daily operation and management, financial management and other relevant business in accordance with the recommendations, advice, principles and other instructions of Sheng Dao Xiang Cheng;
- (d) to execute and act upon the recommendations of Sheng Dao Xiang Cheng in terms of employment and removal of senior management, teachers and staff;
- (e) to adopt the advice, guidance and plans given by Sheng Dao Xiang Cheng in relation to its strategic development; and
- (f) to carry on its related business operations and renew and maintain the licences necessary for its related business operations.

In addition, pursuant to the New Business Cooperation Agreement,

- (a) the New Registered Shareholders and Mr. Li undertake to Sheng Dao Xiang Cheng that, in the event of death, loss of or restriction on capacity, divorce or other circumstances which may affect the exercise of their equity interest in any of the relevant PRC Operating Entities, they shall have made all necessary arrangement and shall have signed all necessary documents such that their respective successor, guardian, spouse, and any other person which may as a result of the above events obtain the equity interest or relevant rights shall not prejudice or hinder the validity and enforceability of the New Structured Contracts;
- (b) in the event of dissolution, reorganisation, liquidation or bankruptcy of any of the relevant PRC Operating Entities, (i) Sheng Dao Xiang Cheng or its designated person shall have the right to exercise all school sponsors' or shareholders' rights on behalf of the school sponsors or shareholders of the relevant PRC Operating Entities; (ii) school sponsors or shareholders of the relevant PRC Operating Entities shall transfer all assets received or receivable in his/her/its capacity as a school sponsor or a shareholder of each of the relevant PRC Operating Entities as a result of the dissolution or liquidation of the relevant PRC Operating Entities to Sheng Dao Xiang Cheng or other persons designated by it at nil consideration, and instruct all of the relevant PRC Operating Entities to transfer such assets directly to Sheng Dao Xiang Cheng before such dissolution or liquidation; (iii) if consideration is required for such transfer under the then applicable PRC laws, school sponsors or shareholders of the relevant PRC Operating Entities shall compensate Sheng Dao Xiang Cheng or the person as designated by it the amount and guarantee that Sheng Dao Xiang Cheng or other persons as designated by it does not suffer any loss; and
- (c) without the prior written consent of Sheng Dao Xiang Cheng, none of the relevant PRC Operating Entities shall declare or pay to their respective shareholders or school sponsors any bonus, dividend or other interest or

benefit. In the event that the school sponsors or shareholders of the relevant PRC Operating Entities receive any bonus, dividend or other interest or benefit, they shall unconditionally and without compensation transfer such amount to a specific account designated by Sheng Dao Xiang Cheng after the execution of New Structure Contracts.

In order to prevent the leakage of assets and values of the consolidated affiliated entities, the New Registered Shareholders, Mr. Li and each of the relevant PRC Operating Entities have undertaken that, without prior written consent of Sheng Dao Xiang Cheng or its designated party, he/she/it shall not conduct or cause to conduct any activity or transaction which may have actual adverse impact on the assets, business, staff, obligations, rights or operations of the relevant PRC Operating Entities. Such activities and transactions include, without limitation:

- (a) establishment of any subsidiary or entity by any of the relevant PRC Operating Entities;
- (b) conduct of any activity by any of the relevant PRC Operating Entities which are outside the ordinary course of business or change of the mode of operations of any of the relevant PRC Operating Entities;
- (c) consolidation, subdivision, change of form of corporate organisation, dissolution or liquidation of any of the relevant PRC Operating Entities;
- (d) provision of any borrowing, loan or guarantee in respect of any debt to, or takeover of any borrowing or loan from, the relevant PRC Operating Entities by the New Registered Shareholders and Mr. Li;
- (e) provision of any borrowing, loan or guarantee in respect of any debt to, or takeover of any borrowing or loan by any of the relevant PRC Operating Entities from, any third party, except such borrowing, loan or guarantee as is necessary for the daily operations of the relevant PRC Operating Entities;

- (f) change or removal of any director, supervisor or senior management of any of the relevant PRC Operating Entities or its subsidiaries, increase or decrease of their remuneration package, or change in their employment terms and conditions;
- (g) sale, transfer, lease or authorisation of the use or disposal of any assets or rights of any of the relevant PRC Operating Entities or its subsidiaries to any third party other than Sheng Dao Xiang Cheng or its designated party, or purchase from any third party any assets or rights, except such disposal of assets or rights as is necessary for the daily operations of the relevant PRC Operating Entities;
- (h) increase or decrease of the registered capital or initial fund of any of the relevant PRC Operating Entities;
- (i) alteration, amendment or revocation of any permits of any of the relevant PRC Operating Entities;
- (j) amendment of the articles of association or scope of business of any of the relevant PRC Operating Entities;
- (k) change of any normal business procedures or amendment of any internal procedures and system of any of the relevant PRC Operating Entities, including but not limited to financial control system, terms and references of the board of directors, rules relating to supervisory committee meetings or shareholders' meetings and working instruction of the general manager;
- (l) entry into any business contracts or carrying out of any transactions outside the ordinary course of business of the relevant PRC Operating Entities;
- (m) building of business or cooperative relationships similar to New Structured Contracts with any person except for Sheng Dao Xiang Cheng or its designated person; and
- (n) carrying out of any transaction or activity which has or may have an adverse effect on the validity and enforceability of the New Structured Contracts.

Furthermore, each of the New Registered Shareholders and Mr. Li undertakes to Sheng Dao Xiang Cheng that, without prior written consent of Sheng Dao Xiang Cheng, he or she shall not (i) directly or indirectly engage, participate in or conduct any business or activities which compete or may potentially compete with the business or activities any of the relevant PRC Operating Entities (the “**Competing Business**”), (ii) acquire or hold any interest in the Competing Business, (iii) use information obtained from any of the relevant PRC Operating Entities for the Competing Business, and (iv) obtain any benefit from any Competing Business.

2. New Exclusive Service Agreement

Date: 31 July 2024

Parties:

- (a) Zerui Education;
- (b) Hebei Saintach;
- (c) Shijiazhuang Saintach;
- (d) Shijiazhuang Institute of Technology;
- (e) Saintach Kindergartens;
- (f) Saintach Tutorial Schools; and
- (g) Sheng Dao Xiang Cheng

Subject: Pursuant to the new exclusive service agreement (the “**New Exclusive Service Agreement**”), Sheng Dao Xiang Cheng, as the exclusive service provider of the relevant PRC Operating Entities, agreed to provide exclusive technical services to the relevant PRC Operating Entities related to their business, including but not limited to (a) design, development, update and maintenance of software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites; (c) maintenance of management information systems; (d) provision of technical consulting services; (e) provision of technical training; (f) engagement of technical staff to provide on-site technical support; and (g) provision of other technical services reasonably requested by any of the relevant PRC Operating Entities.

Furthermore, Sheng Dao Xiang Cheng, as the exclusive service provider of the relevant PRC Operating Entities, agreed to provide exclusive management consultancy services to the relevant PRC Operating Entities related to their business under the New Exclusive Service Agreement, including but not limited to, (a) design of curriculum; (b) compilation, selection and/or recommendation of course materials; (c) provision of teacher and staff recruitment and business and management training services; (d) advising on management model, development plan, annual working plan, internal structures and annual budget; (e) advising on financial management system and internal management system; (f) provision of student recruitment support and services; (g) provision of public relation services; (h) conduct of market research; (i) building of education marketing network; and (j) provision of other management advisory services reasonably requested by the relevant PRC Operating Entities.

In consideration of the technical and management consultancy services provided by Sheng Dao Xiang Cheng, each of the relevant PRC Operating Entities agreed to pay Sheng Dao Xiang Cheng a service fee equal to all of their respective amount of net profit after deducting all costs, expenses, taxes, losses from the previous year, social donated capital (if any), state funded capital (if any) and the legally compulsory development fund of the respective school (if required by the law), or a lesser amount determined by Sheng Dao Xiang Cheng at its absolute discretion.

Unless otherwise prescribed under the PRC laws and regulations, Sheng Dao Xiang Cheng shall have exclusive proprietary rights to any technology and intellectual property developed and materials prepared in the course of the provision of research and development, technical support and services by Sheng Dao Xiang Cheng to the relevant PRC Operating Entities, and any intellectual property in the products developed, including any other rights derived thereunder, in the course of performance of obligations under the New Exclusive Service Agreement and/or any other agreements entered into between Sheng Dao Xiang Cheng and other parties.

3. New Exclusive Call Option Agreements

Date: 31 July 2024

Parties:

- (a) New Registered Shareholders;
- (b) Mr. Li;
- (c) Zerui Education;
- (d) Hebei Saintach;
- (e) Shijiazhuang Saintach;
- (f) Shijiazhuang Institute of Technology;
- (g) Saintach Kindergartens;
- (h) Saintach Tutorial Schools; and
- (i) Sheng Dao Xiang Cheng

Subject: Under the new exclusive call option agreements (the “**New Exclusive Call Option Agreements**”), (i) the New Registered Shareholders, Mr. Li and Zerui Education have irrevocably granted Sheng Dao Xiang Cheng or its designated person the exclusive right to purchase all or part of the equity interest in Zerui Education, Shijiazhuang Saintach and Hebei Saintach; and (ii) Mr. Li and Hebei Saintach have irrevocably granted Sheng Dao Xiang Cheng or its designated person the exclusive right to purchase all or part of the school sponsor’s interest in Shijiazhuang Luquan District Fukang Saintach Kindergarten* (石家莊市鹿泉區新天際福康幼兒園), Shijiazhuang Hightech 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 Qiaoxi District Lidu Saintach Kindergarten* (石家莊市橋西區新天際麗都幼兒園) and Qiaoxi Tutorial School (“**Call Options**”). The purchase price payable by Sheng Dao Xiang Cheng in respect of the transfer of such equity interest or school sponsor’s interest upon exercise of the Call Options shall be RMB1.00 or the lowest price permitted under the PRC laws and regulations. Sheng Dao Xiang Cheng or its designated

purchaser shall have the right to purchase such proportion of the equity interest or school sponsor's interest of the relevant PRC Operating Entities as it decides at any time.

In the event that PRC laws and regulations allow Sheng Dao Xiang Cheng or the Company to directly hold all or part of the equity interest or school sponsor's interest in the relevant PRC Operating Entities and operate private education business in the PRC, Sheng Dao Xiang Cheng shall issue the notice of exercise of the Call Options as soon as practicable, and the percentage of equity interest or school sponsor's interest purchased upon exercise of the Call Options shall not be lower than the maximum percentage then allowed to be held by Sheng Dao Xiang Cheng or the Company under PRC laws and regulations.

Each of the New Registered Shareholders, Mr. Li, Zerui Education and Hebei Saintach has further undertaken that, he/she/it:

- (a) shall not let any third party except for Sheng Dao Xiang Cheng and its designated person acquire all or part of or create encumbrance over the relevant school sponsors' interest or equity interest, without prior written consent of Sheng Dao Xiang Cheng;
- (b) shall, prior to the transfer of the relevant school sponsor's interest or equity interest to Sheng Dao Xiang Cheng or its designated purchaser and without prejudice to the New Structured Contracts, take all necessary actions including but not limited to execute all documents necessary for holding and maintaining the ownership of the relevant school sponsor's interest and equity interest;
- (c) shall not without prior written consent of Sheng Dao Xiang Cheng, give up any school sponsor's right or shareholder's right owned based on PRC laws and the article of association of relevant entities;
- (d) shall take all such actions to facilitate the relevant entities in their performance of its obligations under the New Exclusive Call Option Agreements if such

performance requires any action be taken by any of the New Registered Shareholders, Mr. Li, Zerui Education or Hebei Saintach on his/her/its part;

- (e) shall, in its capacity as a school sponsor of the relevant entities and without prejudice to the New Structured Contracts, procure directors nominated by it to exercise all rights to enable each of the relevant entities to perform its rights and obligations under the New Exclusive Call Option Agreements, and shall replace any director who fails to do so;
- (f) shall, in its capacity as a school sponsor or shareholder of the relevant entities and without prejudice to the PRC laws, unconditionally return interests and distributions received from the relevant entities to Sheng Dao Xiang Cheng; and
- (g) shall not participate in any activities which may adversely effect the interests of Sheng Dao Xiang Cheng under the New Structured Contracts.

The New Registered Shareholders and Mr. Li have further undertaken that they shall not renounce their Chinese nationality and citizenship.

4. New School Sponsors' and Directors' Rights Entrustment Agreement

Date: 31 July 2024

- Parties:**
- (a) Mr. Li;
 - (b) Zerui Education;
 - (c) Hebei Saintach;
 - (d) Shijiazhuang Saintach;
 - (e) Shijiazhuang Institute of Technology and its respective directors;
 - (f) Saintach Kindergartens and their respective directors;

(g) Saintach Tutorial Schools and their respective directors;
and

(h) Sheng Dao Xiang Cheng

Subject:

Pursuant to the new school sponsors' and directors' rights entrustment agreement (the "**New School Sponsors' and Directors' Rights Entrustment Agreement**"), each of Zerui Education, Mr. Li, Hebei Saintach and Shijiazhuang Saintach has irrevocably authorised and entrusted Sheng Dao Xiang Cheng to exercise all its/his rights as school sponsor of each of the Company's schools to the extent permitted by the PRC laws. These rights include, but are not limited to: (a) the right to participate in the operation and management of the schools in accordance with their respective articles of association; (b) the right to appoint and/or elect directors or council members of the schools; (c) the right to appoint and/or elect supervisors of the schools; (d) the right to understand the operation and financial condition of the schools; (e) the right to review the resolutions and records of meetings of the board of directors or council and financial statements and reports of the schools; (f) the right to obtain profits as school sponsor of the schools in accordance with the PRC laws and the articles of association of the relevant schools; (g) the right to acquire residue assets upon liquidation of the schools in accordance with the PRC laws; (h) the right to transfer all or part of the school sponsors' interest in accordance with the PRC laws; and (i) other school sponsor's rights pursuant to applicable PRC laws and regulations and the articles of association of the schools.

Pursuant to the New School Sponsors' and Directors' Rights Entrustment Agreement, each of directors or council members of the schools has irrevocably authorised and entrusted Sheng Dao Xiang Cheng or its designated persons to exercise all his/her rights as directors or council members and to the extent permitted by the PRC laws. These rights include, but not limited to: (a) the right to attend meetings of the board of directors or council as representative of the directors or council members appointed by the schools; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the board or council meeting of each of the schools; (c) the right to propose the convention of interim board or council meetings of each of the schools; (d) the right

to sign all board or council minutes, resolutions or other legal documents to which the directors or council members appointed by the schools have authority to sign in his/her capacity as directors or council members of the schools; (e) the right to handle the legal procedures of registration, approval and licencing of the schools at the competent education department, civil affairs department or other government regulatory departments; and (f) other directors' or council members' rights pursuant to applicable PRC laws and regulations and the articles of association of the schools.

In addition, each of Mr. Li, Zerui Education, Hebei Saintach and Shijiazhuang Saintach and the appointed directors or council members of the schools have irrevocably agreed that, where permissible by the PRC laws, (i) Sheng Dao Xiang Cheng may delegate its rights under the New School Sponsors' and Directors' Rights Entrustment Agreement to the directors of Sheng Dao Xiang Cheng or its designated persons, without prior notice to or approval by the schools or their appointed directors or council members; and (ii) Sheng Dao Xiang Cheng is entitle to revoke its delegation to the aforesaid directors of Sheng Dao Xiang Cheng or other persons.

5. New Shareholders' Rights Entrustment Agreement

Date: 31 July 2024

Parties:

- (a) New Registered Shareholders;
- (b) Mr. Li;
- (c) Zerui Education;
- (d) Hebei Saintach;
- (e) Shijiazhuang Saintach; and
- (f) Sheng Dao Xiang Cheng

Subject: Pursuant to the new shareholders' rights entrustment agreement (the "**New Shareholders' Rights Entrustment Agreement**"), each of the New Registered Shareholders, Mr. Li and Zerui Education has irrevocably authorised and

entrusted Sheng Dao Xiang Cheng to exercise all his/her/its rights as shareholders of each of Zerui Education, Hebei Saintach and Shijiazhuang Saintach to the extent permitted by the PRC laws and the articles of association of each of Zerui Education, Hebei Saintach and Shijiazhuang Saintach. These rights include, but are not limited to: (a) the right to propose the convention of the meetings of shareholders; (b) the right to attend meetings of shareholders; (c) the right to exercise voting rights in respect of all matters discussed and resolved at the meeting of shareholders; (d) the right to sign the records, resolutions and decisions of the meeting of shareholders or other legal documents which the New Registered Shareholders, Mr. Li and Zerui Education are entitled to sign as the shareholders; (e) the right to submit relevant documents to the relevant education department, civil affairs department or other competent government authorities; (f) the right to transfer, pledge or dispose of the equity interests in Zerui Education, Hebei Saintach and Shijiazhuang Saintach held by Mr. Li and/or Ms. Luo, and/or Ms. Li and/or Zerui Education; and (g) other shareholders' rights pursuant to applicable PRC laws and regulations and the articles of association of Zerui Education, Hebei Saintach and Shijiazhuang Saintach.

In addition, the New Registered Shareholders, Mr. Li and Zerui Education, without violation of PRC laws, have irrevocably agreed that (i) Sheng Dao Xiang Cheng may delegate its rights under the New Shareholders' Rights Entrustment Agreement to the directors of Sheng Dao Xiang Cheng or its designated persons, without prior notice to or approval by the New Registered Shareholders, Mr. Li or Zerui Education; and (ii) Sheng Dao Xiang Cheng is entitled to revoke its delegation to the aforesaid directors of Sheng Dao Xiang Cheng or other persons.

6. New Equity Pledge Agreements

Date: 31 July 2024

Parties:

- (a) New Registered Shareholders;
- (b) Mr. Li;
- (c) Zerui Education;

- (d) Hebei Saintach;
- (e) Shijiazhuang Saintach; and
- (f) Sheng Dao Xiang Cheng

Subject:

Pursuant to the new equity pledge agreements (the “**New Equity Pledge Agreements**”), (i) the New Registered Shareholders unconditionally and irrevocably pledged and granted security interests over all of her equity interest in Zerui Education, (ii) Mr. Li and Zerui Education unconditionally and irrevocably pledged and granted security interests over all of his/its equity interest in Hebei Saintach, and (iii) Zerui Education unconditionally and irrevocably pledged and granted security interests over all of its equity interest in Shijiazhuang Saintach, together with all related rights thereto to Sheng Dao Xiang Cheng as security for performance of the New Structured Contracts. In addition, the New Registered Shareholders, Mr. Li and Zerui Education shall not, without the prior written consent of Sheng Dao Xiang Cheng, create further pledge or encumbrance over the pledged equity interests.

Any of the following events shall constitute an event of default under the New Equity Pledge Agreements:

- (a) any of the the New Registered Shareholders, Mr. Li or the relevant PRC Operating Entities commits any breach of any obligations under the New Structured Contracts;
- (b) any representations or warranties or information provided by any of the New Registered Shareholders, Mr. Li or the relevant PRC Operating Entities under the New Structured Contracts is proved to be incorrect, inaccurate or misleading; or
- (c) any provision in the New Structured Contracts becomes invalid or incapable of performance due to any change or promulgation of any PRC laws, and the parties have not agreed on any alternative arrangement.

Upon the occurrence of an event of default as described above, Sheng Dao Xiang Cheng is entitled to negotiate with the New Registered Shareholders, Mr. Li and/or Zerui

Education to sell the pledged equity interests at a discount or by way of auction and Sheng Dao Xiang Cheng shall have priority in the entitlement to the sales proceeds.

7. New School Sponsors' Powers of Attorney

Date: 31 July 2024

Parties: (a) Mr. Li;
(b) Zerui Education;
(c) Hebei Saintach; and
(d) Shijiazhuang Saintach

(each party will execute a separate power of attorney)

Subject: Pursuant to the new school sponsors' powers of attorney (the "**New School Sponsors' Powers of Attorney**") executed by each of Mr. Li, Zerui Education, Hebei Saintach and Shijiazhuang Saintach in favour of Sheng Dao Xiang Cheng, each of Mr. Li, Zerui Education, Hebei Saintach and Shijiazhuang Saintach authorised and appointed Sheng Dao Xiang Cheng as his/its agent to act on his/its behalf to exercise or delegate the exercise of all his/its rights as school sponsor of the Company's schools.

Sheng Dao Xiang Cheng shall have the right to further delegate the rights so granted to its directors or other designated persons. Each of Mr. Li, Zerui Education, Hebei Saintach and Shijiazhuang Saintach irrevocably agree that the authorisation appointment in the New School Sponsors' Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of Sheng Dao Xiang Cheng's subdivision, merger, winding up, consolidation, liquidation or other similar events. The New School Sponsors' Powers of Attorney shall constitute a part and incorporate terms of the New School Sponsors' and Directors' Rights Entrustment Agreement.

8. New Directors' Powers of Attorney

Date: 31 July 2024

Parties: each of the directors or council members of Shijiazhuang Institute of Technology, Saintach Tutorial Schools and Saintach Kindergartens

Subject: Pursuant to the new directors' powers of attorney (the "**New Directors' Powers of Attorney**") executed by each of the directors or council members of Shijiazhuang Institute of Technology, Saintach Tutorial Schools and Saintach Kindergartens in favour of Sheng Dao Xiang Cheng, each of the appointors authorised and appointed Sheng Dao Xiang Cheng as his/her agent to act on his/her behalf to exercise or delegate the exercise of all his/her rights as directors or council members of Shijiazhuang Institute of Technology, Saintach Tutorial Schools and Saintach Kindergartens.

Sheng Dao Xiang Cheng shall have the right to further delegate the rights so granted to its directors or other designated persons. Each of the appointors irrevocably agree that the authorisation appointment in the New Directors' Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of Sheng Dao Xiang Cheng's subdivision, merger, winding up, consolidation, liquidation or other similar events. The New Directors' Powers of Attorney shall constitute a part and incorporate terms of the New School Sponsors' and Directors' Rights Entrustment Agreement.

9. New Shareholders' Powers of Attorney

Date: 31 July 2024

Parties: (a) Mr. Li;
(b) Ms. Luo;
(c) Ms. Li; and
(d) Zerui Education

(each party will execute a separate power of attorney)

Subject: Pursuant to the new shareholders' powers of attorney (the "**New Shareholders' Powers of Attorney**") executed by each of Mr. Li, Ms. Luo, Ms. Li and Zerui Education in favour of

Sheng Dao Xiang Cheng, each of the appointors authorised and appointed Sheng Dao Xiang Cheng as his/her/its agent to act on his/her/its behalf to exercise or delegate the exercise of all the rights as shareholders of Zerui Education, Hebei Saintach and Shijiazhuang Saintach.

Sheng Dao Xiang Cheng shall have the right to further delegate the rights so granted to its directors or other designated persons. Each of the appointors irrevocably agree that the authorisation appointment in the New Shareholders' Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of Sheng Dao Xiang Cheng's subdivision, merger, winding up, consolidation, liquidation or other similar events. The New Shareholders' Powers of Attorney shall constitute a part and incorporate terms of the New Shareholders' Rights Entrustment Agreement.

10. New Spouse Undertakings

Date: 31 July 2024

Parties: (a) spouse of Mr. Li; and
(b) spouse of Ms. Luo

Subject: Pursuant to the new spouse undertakings (the "**New Spouse Undertakings**"), the respective spouse of Mr. Li and Ms. Luo has irrevocably undertaken that:

- (a) the spouse has full knowledge of and has consented to the entering into of the New Structured Contracts by Mr. Li and Ms. Luo, whether as a contractual party or not, and in particular, the arrangement as set out in the New Structured Contracts in relation to the equity interest and/or school sponsor's interest in the relevant PRC Operating Entities, including but not limited to any restrictions imposed, pledge or transfer or the disposal in any other forms;
- (b) the spouse has not, is not and shall not in the future participate in the operation, management, liquidation, dissolution or other matters in relation to the relevant PRC Operating Entities; and

- (c) the spouse authorises Mr. Li, Ms. Luo and/or his/her authorised person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in order to safeguard the interest of Sheng Dao Xiang Cheng under the New Structured Contracts and give effect to the fundamental purposes thereunder, and confirms and agrees to all such documents and procedures.

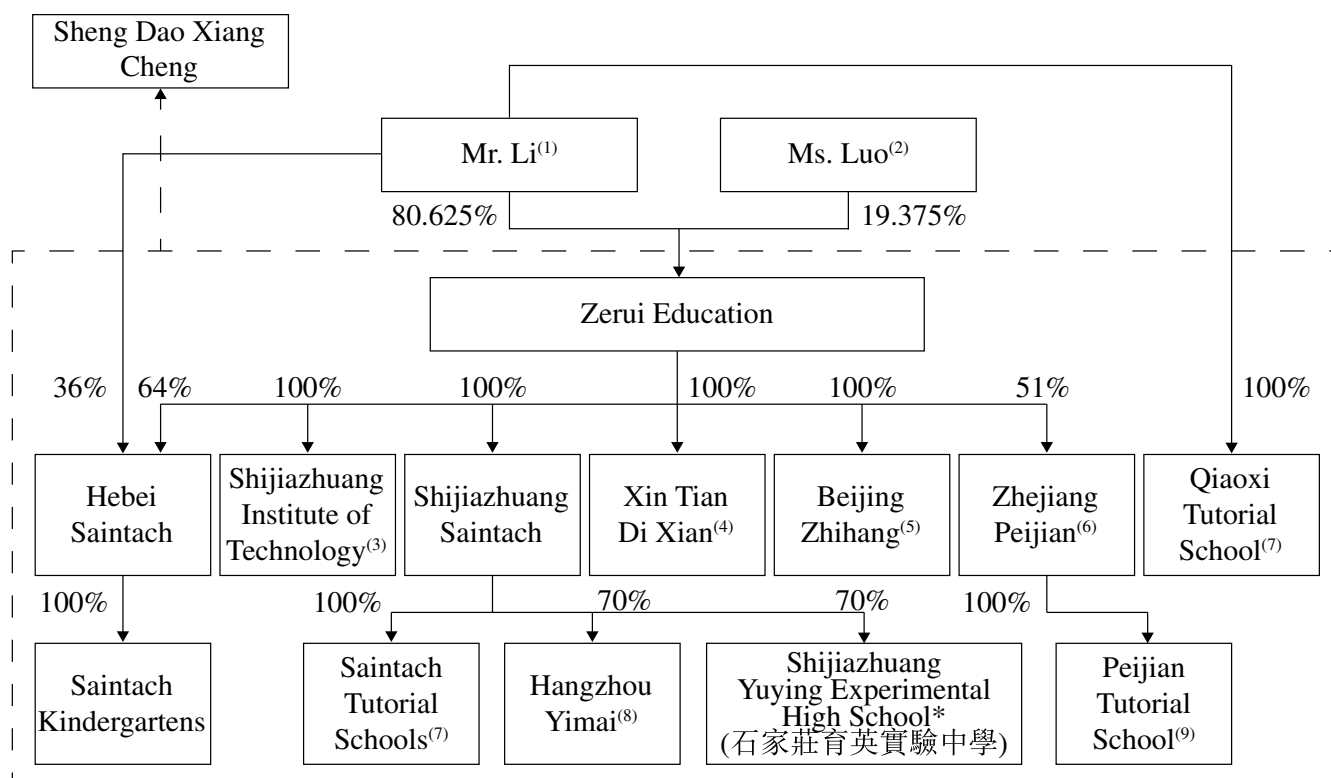
The New Spouse Undertakings shall have the same terms as and incorporate the terms of the New Business Cooperation Agreement.

INSURANCE

The Company does not maintain any insurance policy to cover the risks relating to the New Structured Contracts.

DIAGRAMS OF THE GROUP'S STRUCTURE UNDER THE EXISTING STRUCTURED CONTRACTS AND UNDER THE NEW STRUCTURED CONTRACTS

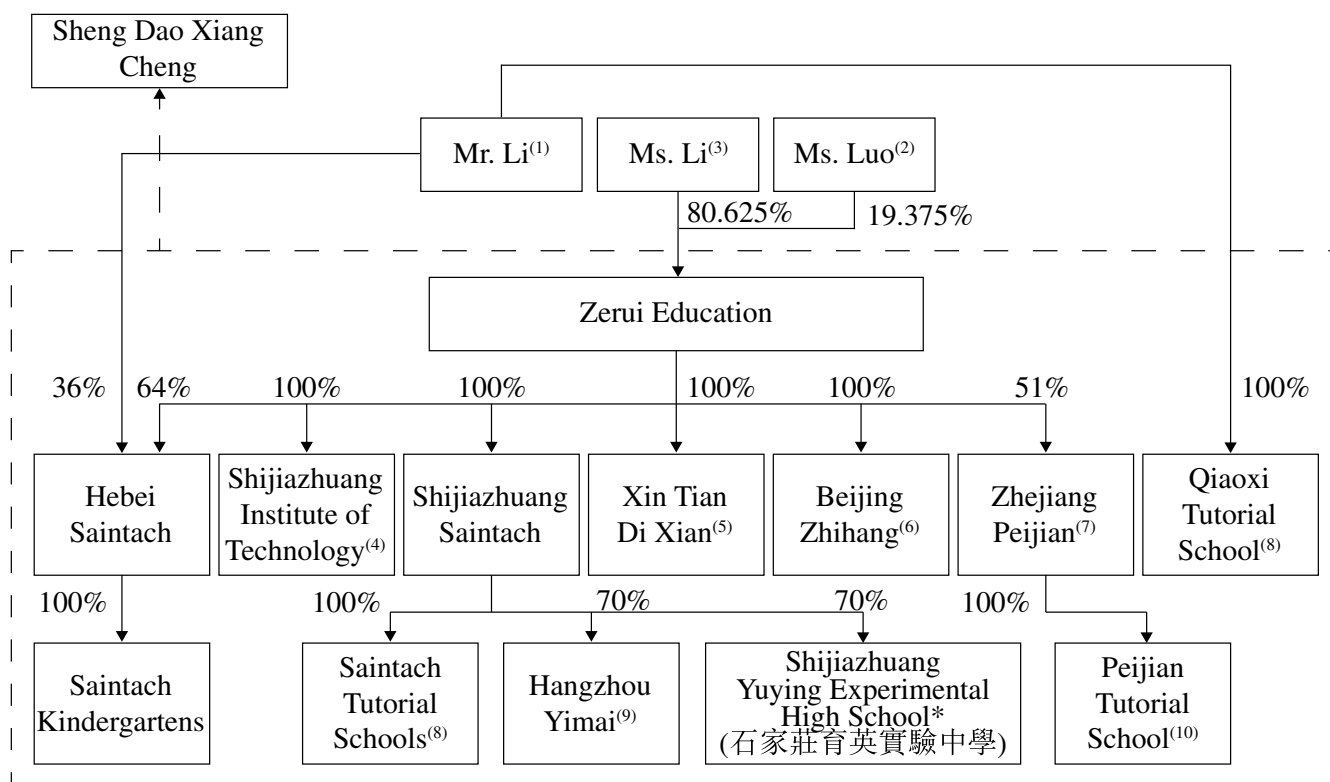
The following simplified diagram illustrates the flow of economic benefits from the relevant PRC Operating Entities to the Group under the Existing Structured Contracts:



Notes:

- (1) Mr. Li is the son-in-law of Ms. Luo.
- (2) Ms. Luo is the mother-in-law of Mr. Li.
- (3) Shijiazhuang Institute of Technology wholly owns Infirmary (Luquan) of Shijiazhuang Institute of Technology* (石家莊理工職業學院(鹿泉)醫務室).
- (4) Xin Tian Di Xian refers to Beijing Xin Tian Di Xian Information and Technology Co., Ltd.* (北京新天地線信息技術有限公司), one of the PRC Operating Entities.
- (5) Beijing Zhihang refers to Beijing Zhihang Education Technology Co., Ltd.* (北京志航教育科技有限公司), one of the PRC Operating Entities.
- (6) The remaining 49% equity interests of Zhejiang Peijian are held by five individual shareholders. On 4 July 2024, the Company entered into a share repurchase agreement with the five individual shareholders for the disposal of all of its interest held in Zhejiang Peijian. As at the date of this announcement, the transaction was yet to complete. Please refer to the announcement of the Company dated 4 July 2024 for the shareholding structure of Zhejiang Peijian.
- (7) For the illustration purpose of this diagram, Saintach Tutorial Schools include 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 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 Xinhua District Huixuan Education Tutorial School* (石家莊市新華區慧軒教育培訓學校), and do not include Qiaoxi Tutorial School.
- (8) The remaining 30% equity interests of Hangzhou Yimai Xueding Education Technology Co., Ltd.* (杭州一脈學鼎教育科技有限公司) are held by Ningbo Xuenuo Enterprise Management Co., Ltd.* (寧波學諾企業管理有限責任公司), which is an independent third party of the Company (as defined under the Listing Rules).
- (9) Peijian Tutorial School refers to Hangzhou Huashi Peijian Tutorial School Ltd.* (杭州華石培尖培訓學校有限公司), one of the PRC Operating Entities.
- (10) “——→”denotes direct legal and beneficial ownership in the equity interest or school sponsor's interest.
- (11) “- - - →”denotes flow of economic benefits.

The following simplified diagram illustrates the flow of economic benefits from the relevant PRC Operating Entities to the Group stipulated under the New Structured Contracts:



Notes:

- (1) Mr. Li is the son-in-law of Ms. Luo.
- (2) Ms. Luo is the mother-in-law of Mr. Li.
- (3) Ms. Li is the younger sister of Mr. Li and is currently the deputy general manager of Sheng Dao Xiang Cheng.
- (4) Shijiazhuang Institute of Technology wholly owns Infirmary (Luquan) of Shijiazhuang Institute of Technology* (石家莊理工職業學院(鹿泉)醫務室).
- (5) Xin Tian Di Xian refers to Beijing Xin Tian Di Xian Information and Technology Co., Ltd.* (北京新天地線信息技術有限公司), one of the PRC Operating Entities.
- (6) Beijing Zhihang refers to Beijing Zhihang Education Technology Co., Ltd.* (北京志航教育科技有限公司), one of the PRC Operating Entities.
- (7) The remaining 49% equity interests of Zhejiang Peijian are held by five individual shareholders. On 4 July 2024, the Company entered into a share repurchase agreement with the five individual shareholders for the disposal of all of its interest held in Zhejiang Peijian. As at the date of this announcement, the transaction was yet to complete. Please refer to the announcement of the Company dated 4 July 2024 for the shareholding structure of Zhejiang Peijian.

- (8) For the illustration purpose of this diagram, Saintach Tutorial Schools include 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 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 Xinhua District Huixuan Education Tutorial School* (石家莊市新華區慧軒教育培訓學校), and do not include Qiaoxi Tutorial School.
- (9) The remaining 30% equity interests of Hangzhou Yimai Xueding Education Technology Co., Ltd.* (杭州一脈學鼎教育科技有限公司) are held by Ningbo Xuenuo Enterprise Management Co., Ltd.* (寧波學諾企業管理有限責任公司), which is an independent third party of the Company (as defined under the Listing Rules).
- (10) Peijian Tutorial School refers to Hangzhou Huashi Peijian Tutorial School Ltd.* (杭州華石培尖培訓學校有限公司), one of the PRC Operating Entities.
- (11) “————→”denotes direct legal and beneficial ownership in the equity interest or school sponsor’s interest.
- (12) “- - - →”denotes flow of economic benefits.

LEGALITY OF THE NEW STRUCTURED CONTRACTS

The Company’s PRC legal advisor is of the opinion that the New Structured Contracts are narrowly tailored to minimise potential conflict with relevant PRC laws and regulations and that:

- (i) the New Structured Contracts are legal, valid and binding on the parties thereto, enforceable under the PRC laws and regulations, and none of them would fall within the circumstances as stipulated in the PRC Civil Code (中華人民共和國民法典) which render the arrangements invalid under the PRC Civil Code, except that the New Structured Contracts provide that the arbitral body may award remedies over the equity interests and/or assets or award injunctive relief and/or order the winding up of the relevant PRC Operating Entities, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal or in appropriate cases, while under the PRC laws, an arbitral body has no power to grant injunctive relief or to order an entity to wind up, and the aforesaid interim remedies granted by competent courts are only enforceable to the extent permitted under the relevant PRC laws and regulations and may not be recognisable or enforceable in the PRC;
- (ii) each of the New Structured Contracts is not in violation of provisions of the articles of association of the relevant PRC Operating Entities and Sheng Dao Xiang Cheng, respectively;
- (iii) no approval or authorisation from the PRC governmental authorities are required for entering into and the performance of the New Structured Contracts except that: (i) the pledge of any equity interest in Zerui Education, Shijiazhuang Saintach and Hebei Saintach for the benefit of Sheng Dao Xiang Cheng is subject to registration requirements with the relevant Bureau of

Administration of Industry and Commerce; (ii) the transfer of school sponsors' interest in the Company's schools and of equity interest in Zerui Education, Shijiazhuang Saintach and Hebei Saintach contemplated under the New Structured Contracts is subject to applicable approval and/or registration requirements under the then applicable laws; and (iii) any arbitral awards or foreign rulings and/or judgments in relation to the performance of the New Structured Contracts are subject to applications to competent PRC courts for recognition and enforcement; and

(iv) the terms and conditions of the New Structured Contracts are the same as the Existing Structured Contracts in all material aspects.

Furthermore, the PRC Civil Code came into effect on 1 January 2021 and the PRC Contract Law and the General Principles of the PRC Civil Law were repealed simultaneously. The PRC Civil Code no longer specifies the "concealing illegal intentions with a lawful form" as the statutory circumstances of a void contract but stipulates certain circumstances which will lead to the invalidation of civil juristic acts, including but not limited to a civil juristic act performed by a person having no capacity for civil conducts, a civil juristic act performed by the actor and the counterparty based on the false expression of intention, a civil juristic act violates of public order and morals. The provisions on the validity of civil juristic acts also apply to the validity of contracts. The Company's PRC legal advisor is of the view that the New Structured Contracts would not fall within the above circumstances which will lead such arrangements as invalid civil juristic acts under the PRC Civil Code.

DIRECTORS' VIEW ON THE NEW STRUCTURED CONTRACTS

Based on the above analysis and advice from the PRC legal advisor, the Directors are of the view that (i) the New Structured Contracts are only used to enable the Group to consolidate the financial results of the relevant PRC Operating Entities, which engage in the Restricted Businesses; and (ii) the adoption of the New Structured Contracts is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations and that each of the arrangements comprising the New Structured Contracts conferring significant control and economic benefits from the relevant PRC Operating Entities is enforceable under the relevant PRC laws and regulations.

The Directors (including the independent non-executive Directors) are of the view that (i) the New Structured Contracts are fair and reasonable as the New Structured Contracts are a reproduction from the Existing Structured Contracts; (ii) the termination of the Existing Structured Contracts and the entering into of the New Structured Contracts and the transactions contemplated thereunder will be entered into in the ordinary and usual course of business and are on normal commercial terms and are fair and reasonable and the entering into of the New Structured Contracts is in the interests of the Company and the Shareholders as a whole; and (iii) the termination of the Existing Structured Contracts and the entering into of the New Structured Contracts and the transactions contemplated thereunder are fundamental to the Group's legal structure and business operations.

COMPLIANCE OF THE NEW STRUCTURED CONTRACTS

The Company will continue to disclose details relating to the New Structured Contracts on an ongoing basis as follows:

- (a) the New Structured Contracts in place during each financial period will be disclosed in the Company's annual report in accordance with relevant provisions of the Listing Rules;
- (b) the independent non-executive Directors will review the New Structured Contracts annually and confirm in the Company's annual report for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the New Structured Contracts, have been operated so that the profit generated by the relevant PRC Operating Entities has been substantially retained by the Group, (ii) no dividends or other distributions have been made by the relevant PRC Operating Entities to the holders of its school sponsor's interest which are not otherwise subsequently assigned or transferred to the Group, and (iii) the New Structured Contracts and if any, any new contracts entered into, renewed or reproduced between the Group and the relevant PRC Operating Entities during the relevant financial period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Shareholders as a whole;
- (c) the Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the New Structured Contracts and will provide a letter to the Directors, confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant New Structured Contracts and that no dividends or other distributions have been made by the relevant PRC Operating Entities to the holders of its school sponsor's interest which are not otherwise subsequently assigned or transferred to the Group;
- (d) for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", each of the relevant PRC Operating Entities will be treated as the Company's wholly-owned subsidiary, but at the same time, the directors, chief executives or substantial shareholders of each of the relevant PRC Operating Entities and their respective associates will be treated as connected persons of the Company, and transactions between these connected persons and the Group, other than those under the New Structured Contracts, will be subject to requirements under Chapter 14A of the Listing Rules; and
- (e) each of the relevant PRC Operating Entities will undertake that, for so long as the Shares are listed on the Stock Exchange, each of the relevant PRC Operating Entities will provide the Group's management and the Company's auditors full access to its relevant records for the purpose of the Company's auditors' review of the continuing connected transactions.

RISKS RELATED TO THE NEW STRUCTURED CONTRACTS

The PRC government may find that the New Structured Contracts do not comply with applicable PRC laws and regulations, which may subject the Company to severe penalties and the Company's business may be materially and adversely affected

Despite the Company's PRC legal advisor is of the view that the New Structured Contracts are legal, valid and binding on the parties thereto, if the New Structured Contracts that establish the structure for operating the Company's business are found to be in violation of any PRC laws or regulations in the future or if the Company fails to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the Ministry of Education, which regulates the education industry, would have broad discretion in dealing with such violations, including:

- discontinuing or restricting the operations of any related-party transactions among the Company's PRC subsidiary or the relevant PRC Operating Entities;
- imposing fines or other requirements with which the Company or its PRC subsidiary or the relevant PRC Operating Entities may not be able to comply; or
- imposing additional conditions or requirements with which the Company may not be able to comply.

If any of the above penalties are imposed on the Company, the Company's business may be materially and adversely affected.

The New Structured Contracts may not be as effective in providing control over the relevant PRC Operating Entities as direct ownership

The New Structured Contracts may not be as effective in providing the Company with control over the relevant PRC Operating Entities as equity ownership. If the Company had ownership of the school sponsor's interest of and/or equity interest in the relevant PRC Operating Entities, the Company would be able to exercise its rights as a direct or indirect holder of the school sponsor's interest of and/or equity interest in the relevant PRC Operating Entities to effect changes in the board of directors of the relevant PRC Operating Entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, if the relevant PRC Operating Entities or its respective school sponsors or the New Registered Shareholders and Mr. Li fail to perform their respective obligations under the New Structured Contracts, the Company cannot exercise school sponsors' and/or shareholder's rights to direct such corporate action as the direct ownership would otherwise entail.

The owners of the relevant PRC Operating Entities may have conflicts of interest with the Company and breach their contracts with the Company, which may materially and adversely affect the Company's business and financial condition

The New Registered Shareholders and/or Mr. Li may potentially have conflicts of interest with the Group and breach their contracts or undertakings with the Company if it would further their own interest or if they otherwise act in bad faith. The Company cannot assure the Shareholders that when conflicts of interest arise between the Company on the one hand and the relevant PRC Operating Entities on the other, the New Registered Shareholders and/ or Mr. Li will act completely in the Company's interest or that the conflicts of interest will be resolved in the Company's favour. In the event that such conflict of interest cannot be resolved in the Company's favour, the Company would have to rely on legal proceedings which could result in disruption to the Company's business and the Company will be subject to any uncertainty as to the outcome of such legal proceedings. If the Company cannot resolve such conflicts, including where the New Registered Shareholders or Mr. Li has breached their contracts or undertakings with the Company and as a result or otherwise subject the Company to claim from third parties, the Company's business, financial condition and operations could be materially and adversely affected.

The exercise of the option to acquire the school sponsor's interest and/or equity interest in the relevant PRC Operating Entities may be subject to certain limitations

The Company may incur substantial cost on its part to exercise the option to acquire the school sponsors' interests and/or equity interest in the relevant PRC Operating Entities. In the event that Sheng Dao Xiang Cheng or its designated entity acquires the school sponsors' interests and/or equity interest in the relevant PRC Operating Entities pursuant to the New Structured Contracts and the relevant PRC authorities determine that the purchase price for acquiring the school sponsor's interest and/or equity interest of the relevant PRC Operating Entities is below market value, Sheng Dao Xiang Cheng or its designated entity may be required to pay enterprise income tax with reference to the market value such that the amount of tax may be substantial, which could materially and adversely affect the Company's business, financial condition and results of operations.

For other risks relating to the New Structured Contracts, please refer to the section headed "Risks Relating to Our Structured Contracts" in the Prospectus.

INFORMATION ABOUT THE PARTIES TO THE NEW STRUCTURED CONTRACTS

Mr. Li is the controlling shareholder of the Company.

Ms. Luo is the mother-in-law of Mr. Li.

Ms. Li is the younger sister of Mr. Li and is currently the deputy general manager of Sheng Dao Xiang Cheng.

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.

Zerui Education is 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 as at the date of this announcement, and is one of the PRC Operating Entities.

Hebei Saintach is a limited liability company established under the laws of the PRC on 17 September 2002, and one of the PRC Operating Entities.

Shijiazhuang Saintach is a limited liability company established under the laws of the PRC on 13 July 2011, wholly-owned by Zerui Education as at the date of this announcement, and one of the PRC Operating Entities.

Shijiazhuang Institute of Technology is a general college established under the laws of the PRC on 1 July 2003 of which school sponsors' interest was wholly-owned by Zerui Education as at the date of this announcement and one of the PRC Operating Entities.

Saintach Tutorial Schools and Saintach Kindergartens are the PRC Operating Entities.

Sheng Dao Xiang Cheng is a wholly-foreign owned enterprise established under the laws of PRC on 14 December 2016 and a wholly-owned subsidiary of the Company as at the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

At the time of Listing, the Stock Exchange granted the Waiver to the Company in connection with the Existing Structured Contracts, subject to certain conditions as mentioned in the Prospectus.

As at the date of this announcement, Mr. Li is the controlling shareholder of the Company. Ms. Li is an associate of Mr. Li and Ms. Luo is the mother-in-law of Mr. Li. Accordingly, Ms. Li and Ms. Luo are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the New Structured Contracts constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As the New Structured Contracts are on the exact same terms and conditions as the Existing Structured Contracts and are a reproduction of the Existing Structured Contracts, the Company has sought confirmation from the Stock Exchange, and the Stock Exchange has confirmed that the transactions contemplated under the New Structured Contracts are within the scope of the Waiver and are exempted from strict compliance with (i) the announcement, circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the New Structured Contracts pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the New Structured Contracts under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the New Structured Contracts to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject to the compliance with the same conditions of the Waiver.

DEFINITIONS

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

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| “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 |
| “Director(s)” | the director(s) of the Company |
| “Equity Transfer Agreement” | the equity transfer agreement dated 31 July 2024 entered into between Mr. Li and Ms. Li for the transfer of 80.625% equity interests in Zerui Education |
| “Existing Structured Contracts” | collectively, the business cooperation agreement, the exclusive service agreement, the exclusive call option agreements, the equity pledge agreements, the school sponsors’ and directors’ rights entrustment agreement, the school sponsors’ powers of attorney, the directors’ powers of attorney, the shareholders’ power of attorney, the shareholders’ rights entrustment agreement and the spouse undertakings, further details of which are set out in the section headed “Structured Contracts” in the Prospectus |
| “Group” | the Company, its subsidiaries and its PRC Operating Entities from time to time |
| “Hebei Saintach” | Hebei Saintach Education and Technology Co., Ltd.* (河北新天際教育科技有限公司), a limited liability company established under the laws of the PRC on 17 September 2002, and one of the PRC Operating Entities |
| “Listing” | the listing of the Shares on the Main Board of the Stock Exchange, being 29 May 2018 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time |

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|---------------------------------|---|
| “Mr. Li” | Mr. Li Yunong (李雨濃), the controlling shareholder of the Company |
| “Ms. Li” | Ms. Li Jianxiang (李建香), younger sister of Mr. Li |
| “Ms. Luo” | Ms. Luo Xinlan (羅心蘭), mother-in-law of Mr. Li |
| “New Registered Shareholder(s)” | Ms. Li and Ms. Luo |
| “New Structured Contracts” | collectively, the New Business Cooperation Agreement, the New Exclusive Service Agreement, the New Exclusive Call Option Agreements, the New Equity Pledge Agreements, the New School Sponsors’ and Directors’ Rights Entrustment Agreement, the New School Sponsors’ Powers of Attorney, the New Directors’ Powers of Attorney, the New Shareholders’ Powers of Attorney, the New Shareholders’ Rights Entrustment Agreement and the New Spouse Undertakings |
| “PRC” | the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan |
| “PRC Operating Entities” | Zerui Education, Shijiazhuang Institute of Technology, Shijiazhuang Yuying Experimental High School* (石家莊育英實驗中學), 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 Kindergartens, Hangzhou Yimai Xueding Education Technology Co., Ltd.* (杭州一脈學鼎教育科技有限公司), Beijing Xin Tian Di Xian Information and Technology Co., Ltd.* (北京新天地線信息技術有限公司), Zhejiang Peijian Technology Co., Ltd.* (浙江培尖科技有限公司), Saintach Tutorial Schools and Beijing Zhihang Education Technology Co., Ltd.* (北京志航教育科技有限公司) |
| “Prospectus” | the prospectus issued by the Company for the initial public offering and Listing dated 15 May 2018 |

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| “Qiaoxi Tutorial School” | Shijiazhuang City Qiaoxi District Bilingual Culture Tutorial School* (石家莊市橋西區雙語文化培訓學校), a private school established under the laws of the PRC on 26 November 2013 of which the school sponsor’s interest is wholly-owned by Mr. Li Yunong and one of the PRC Operating Entities |
| “RMB” | Renminbi, the lawful currency of the PRC for the time being |
| “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 |
| “Saintach Tutorial Schools” | Shijiazhuang 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 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 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 |
| “Share(s)” | ordinary share(s) of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |

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| “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 Institute of Technology” | Shijiazhuang Institute of Technology* (石家莊理工職業學院), a general college established under the laws of the PRC on 1 July 2003 of which school sponsors’ interest was wholly-owned by Zerui Education as at the date of this announcement, and one of the PRC Operating Entities |
| “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, wholly-owned by Zerui Education as at the date of this announcement, and one of the PRC Operating Entities |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Termination Agreement” | the termination agreement dated 31 July 2024 entered into among Mr. Li, Ms. Luo, Zerui Education, Hebei Saintach, Shijiazhuang Saintach, Shijiazhuang Institute of Technology, Saintach Kindergartens, Saintach Tutorial Schools and Sheng Dao Xiang Cheng for the termination of the Existing Structured Contracts |
| “Waiver” | the waiver granted by Stock Exchange to the Company at the time of Listing from strict compliance with (i) the announcement, circular and Shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Existing Structured Contracts pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Existing Structured Contracts under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Existing Structured Contracts to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange |

“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 as at the date of this announcement, and one of the PRC Operating Entities

“%”

per cent

* *for identification purposes only*

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

Hong Kong, 31 July 2024

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.