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JH Educational Technology INC.

嘉宏教育科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1935)

CHANGE IN USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING

This announcement is made by JH Educational Technology INC. (the **“Company”**, together with its subsidiaries, the **“Group”**) for the purpose of keeping the shareholders of the Company (the **“Shareholders”**) and potential investors informed of the change in use of proceeds from the initial public offering of the Company in 2019 (the **“IPO”**).

References are made to (i) the prospectus of the Company dated 4 June 2019 (the **“Prospectus”**); (ii) the announcement of the Company dated 17 June 2019 in relation to the offer price and allotment results; (iii) the announcement of the Company dated 11 July 2019 in relation to the partial exercise of the over-allotment option, stabilizing actions and end of stabilization period; (iv) the section headed “Use of Proceeds from the Initial Public Offering of the Company” in the annual report of the Company for the year ended 31 December 2023 published on 16 April 2024; and (v) the announcement of the Company dated 10 March 2025 in relation to entering into construction contracts of new buildings in a new campus (the **“New Campus”**) of Zhengzhou College of Economics and Business* (鄭州經貿學院) (the **“College of Economics and Business”**).

CHANGE IN USE OF NET PROCEEDS

After deducting the underwriting fees and relevant expenses payable by the Company in connection with the IPO, the net proceeds (the **“Net Proceeds”**) from the IPO amounted to approximately HK\$524 million (equivalent to approximately RMB461 million).

For the reasons stated in this announcement and after careful consideration and detailed evaluation of the Group’s operations and business strategy, the board of directors of the Company (the **“Board”**) has resolved to change the unutilized Net Proceeds of approximately RMB415 million originally intended to be used for (i) the expansion of the Group’s school network through the acquisition of other schools and (ii) the expansion of the Group’s business, including establishing new campuses of the College of Economics and Business and Zhejiang Changzheng Vocational & Technical College* (浙江長征職業技術學院) (**“Changzheng College”**), to the construction and development of the New Campus located in Shangjie District, Zhengzhou City, Henan Province, the PRC.

The revised use of the Net Proceeds is set out below:

Use of proceeds	Original use of Net Proceeds (RMB million)	Revised use of Net Proceeds (RMB million)	Amount of utilized Net Proceeds as at the date of this announcement (RMB million)	Amount of unutilized Net Proceeds as at the date of this announcement (RMB million)	Expected time of full utilization of unutilized Net Proceeds
Expansion of the Group's school network through the acquisition of other schools	231	0	0	231	N/A
Expansion of the Group's business, including establishing new campuses of the College of Economics and Business and Changzheng College	184	0	0	184	N/A
Working capital and general corporate purposes	46	46	46	0	N/A
Construction and development of the New Campus	N/A	415	N/A	N/A	By 31 December 2025
Total	461	461	46	415	

Save for the aforementioned changes, there are no other changes in the use of Net Proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF NET PROCEEDS

As disclosed in the Prospectus, the Company intended to use approximately 50% of the Net Proceeds (approximately RMB231 million) for acquisition of other schools to expand the Group's school network, especially focusing on qualified undergraduate colleges and/or junior colleges whose school sponsors have elected or intended to elect them to be for-profit private schools in central China, eastern China and southern China. The Company has been actively looking for strategic investment and acquisition opportunities since its IPO in 2019. However, the number of suitable acquisition targets in the market which could meet and align with the Group's expectations and business strategies has been limited due to the downward trend in the overall valuation of the education industry. Therefore, the Company has not been able to identify any suitable qualified undergraduate colleges and/or junior colleges to acquire or invest in.

In addition, as disclosed in the Prospectus, the Company intended to use approximately 40% the Net Proceeds (approximately RMB184 million) for expansion of the Group business, including establishing a new campus of College of Economics and Business in Kaifeng, Henan Province, and a new campus of Changzheng College in Hangzhou, Zhejiang Province. As at the date of this announcement, there has been no substantial progress in obtaining land use rights for such new campus of College of Economics and Business in Kaifeng, Henan Province or the relevant land use rights and other requisite permits for the construction of the new campus of Changzheng College in Hangzhou, Zhejiang Province due to factors such as land planning adjustments and changes in land acquisition terms.

References are also made to the announcements of the Company dated 13 December 2024 and 27 December 2024 and the circular of the Company dated 11 February 2025 in relation to the acquisition of land use rights of the lands located in Shangjie District, Zhengzhou City, Henan Province for the New Campus. The Company believes that establishing the New Campus in Shangjie District, Zhengzhou City, the provincial capital of Henan Province where the College of Economics and Business is located, will be more conducive to the long-term development of College of Economics and Business as compared to establishing the new campus in another city, and could avoid unnecessary policy risks for a trans-regional operation of College of Economics and Business.

The Board is of the view that the above-mentioned changes are in the interests of the Company and its shareholders as a whole as (i) notwithstanding the above-mentioned changes in the use of the Net Proceeds, the development direction of the Company remains consistent with the direction disclosed in the Prospectus; and (ii) the above-mentioned changes will improve the usage efficiency of the Net Proceeds and will not have any material adverse impact on the business and operations of the Group.

By order of the Board
JH Educational Technology INC.
Chen Yuguo
Chairman

Zhejiang, the People's Republic of China
10 March 2025

As at the date of this announcement, the executive Directors are Mr. Chen Yuguo, Mr. Chen Yuchun, Mr. Chen Shu, Mr. Chen Nansun and Mr. Chen Lingfeng; the non-executive Director is Ms. Zhang Xuli; and the independent non-executive Directors are Ms. Bi Hui, Mr. Fung Nam Shan and Mr. Wang Yuqing.

* *For identification purposes only.*