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China New Higher Education Group Limited
中國新高教集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2001)

CONNECTED TRANSACTION
PROVISION OF ONLINE EDUCATION TECHNOLOGY
SERVICE BY BEIJING LIANHE
AND
ACQUISITION OF INTEREST IN
YUNNAN VOCATIONAL SCHOOL

PROVISION OF ONLINE EDUCATION TECHNOLOGY SERVICE BY BEIJING LIANHE

Beijing Lianhe Online Education Technology Service Cooperation Agreement

Given the COVID-19 pandemic in early 2020, all the Group's schools delayed their commencement date of the spring semester in response and online courses were provided as substitutes for students. In light of the previous quality online education technology service provided by Beijing Lianhe to the Group and to reinforce the online education of the Group, the Board is pleased to announce that on 27 August 2020, Beijing Lianhe and Huihuang Company entered into the Beijing Lianhe Online Education Technology Service Cooperation Agreement pursuant to which Beijing Lianhe agreed to provide a series of online education technology services to the Group to support its establishment, operation and maintenance of Tronclass Online Education Platform (暢課在線教育平台) for a consideration of RMB3.17 million.

The principal terms of the Beijing Lianhe Online Education Technology Service Cooperation Agreement are set forth as below.

Date: 27 August 2020

Parties: (1) Beijing Lianhe; and
(2) Huihuang Company

Subject Matter: Subject to the terms and conditions of the Beijing Lianhe Online Education Technology Service Cooperation Agreement, Beijing Lianhe agreed to provide the following online education technology services to the Group for the establishment, operation and maintenance of Tronclass Online Education Platform for a consideration of RMB3.17 million (the “**Consideration**”).

- (i) Beijing Lianhe shall establish a designated project group and designate specific staff for the implementation of the Tronclass Online Education Platform project, and provide timely update to the Group on the project progress;
- (ii) Beijing Lianhe shall assist the Group in the expansion and operation of its online education platform;
- (iii) Beijing Lianhe shall assist the Group in the establishment of its knowledge resources center, the establishment of its online education courses including their design, recording, editing and uploading, as well as the normal operation and continuous upgrade of such online education courses;
- (iv) Beijing Lianhe shall keep record of statistics on the students’ use of the online education courses, and shall provide suggestions based on analysis of such statistics so as to improve the Group’s management of its online education courses;
- (v) Beijing Lianhe shall assist the Group to improve its online examination system, including its exam questions management, exam management and exam results management; and
- (vi) Beijing Lianhe shall provide other relevant services to the Group which are helpful to fasten the establishment of Tronclass Online Education Platform and improve its online education quality.

Basis of the Consideration: The Consideration was determined through arm’s length negotiation on normal commercial terms between Beijing Lianhe and the Group with reference to the market price of similar online education technology services provided by other Independent Third Parties at the relevant time.

Payment Terms: Huihuang Company shall settle the payment of the Consideration in three instalments pursuant to the following arrangements:

- (a) the first instalment, i.e., 25% of the Consideration which equals to RMB0.79 million, shall be settled on or before five business days after entering into of the agreement;
- (b) the second instalment, i.e., 55% of the Consideration which equals to RMB1.74 million, shall be settled within three business days upon the completion of provision of relevant services as agreed between the parties; and
- (c) the third instalment, i.e., 20% of the Consideration which equals to RMB0.64 million, shall be settled within three business days upon the expiry of the agreement.

Term and renewal: The term of the agreement shall be from 1 September 2020 to 31 January 2021. Upon expiry of the term and subject to mutual agreement between the parties, the term of the agreement may be extended with a supplemental agreement to be entered into between the parties.

ACQUISITION OF INTEREST IN YUNNAN VOCATIONAL SCHOOL

Yunnan Equity Transfer Agreement

On 12 June 2020, Yunnan Daai, a wholly-owned subsidiary of the Group, and Songming Gaoxue, a wholly-owned subsidiary of Yun Ai Group which is a consolidated affiliated entity of the Company, entered into the Yunnan Equity Transfer Agreement with Chengde Mingzhi and Mr. Ma Li Hui, pursuant to which (i) Yunnan Daai and Songming Gaoxue agreed to acquire 95% and 4% equity interest of Beijing Fangzhi, the sole shareholder of the Yunnan Vocational School Sponsor which holds all the interest in the Yunnan Vocational School, from Chengde Mingzhi, respectively; and (ii) Songming Gaoxue agreed to acquire 1% equity interest of Beijing Fangzhi from Mr. Ma Li Hui (the “**Yunnan Vocational School Acquisitions**”). Upon completion of the Yunnan Vocational School Acquisitions, Beijing Fangzhi became owned as to 95% by Yunnan Daai and as to 5% by Songming Gaoxue.

As none of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules for the transactions contemplated under the Yunnan Equity Transfer Agreement is more than 5%, the Yunnan Vocational School Acquisitions did not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Information of Yunnan Vocational School

Yunnan Vocational School is a diversified lifelong vocational education and training institution providing accounting training, IT training, adult commissioned training and other training services.

Leveraging the Group's existing colleges and universities resources and utilising the existing classrooms, teaching equipment, campuses and online platforms of its schools, the Yunnan Vocational School will be able to expand its off-campus training by providing high quality training service to the Group's existing students, achieving diversification of income sources and realizing the benefits of its asset-light business model.

Fourth Supplemental Agreement

Immediately upon completion of the Yunnan Vocational School Acquisitions, Songming Gaoxue, Beijing Fangzhi, the Yunnan Vocational School Sponsor, the Yunnan Vocational School and the newly appointed director of the Yunnan Vocational School entered into the Fourth Supplemental Agreement with Huihuang Company, Yun Ai Group, and the registered shareholders of Yun Ai Group, to reflect the acquisition of the Yunnan Vocational School.

The principal terms of the Fourth Supplemental Agreement are set out below:

- (1) since the completion date of the acquisitions, the rights and obligations of Songming Gaoxue, Beijing Fangzhi, the Yunnan Vocational School Sponsor and the Yunnan Vocational School under the New Structured Contracts (including all its supplemental agreements as at the same date) shall be adjusted in proportion to their interest held by the Group as at the same date;
- (2) the newly appointed director of the Yunnan Vocational School, as a party to the New Structured Contracts, shall assume the rights and obligations under the New Structured Contracts (including all its supplemental agreements as at the same date) as the director designated by the Yunnan Vocational School Sponsor;
- (3) where applicable, in case the validity of any of the New Structured Contracts is affected or impaired by the newly adjusted and assumed rights and obligations, each party to the agreement agreed that the New Structured Contracts shall remain effective, and undertook to procure the other signatories to the New Structured Contracts to cooperate with the signing of relevant agreements and related matters, so as to ensure that the New Structured Contracts continue to take effect; and
- (4) the Fourth Supplemental Agreement shall not be changed, altered, supplemented or amended except as otherwise executed by parties in written agreement. No party shall assign its rights or obligations under the Fourth Supplemental Agreement without the prior written consent of all the other parties thereof.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE BEIJING LIANHE ONLINE EDUCATION TECHNOLOGY SERVICE COOPERATION AGREEMENT AND THE FOURTH SUPPLEMENTAL AGREEMENT

Beijing Lianhe Online Education Technology Service Cooperation Agreement

The Directors believe that the entering into of the Beijing Lianhe Online Education Technology Service Cooperation Agreement will bring the following benefits to the Group:

Firstly, as disclosed in the Prospectus, Beijing Lianhe previously only provides a free online courses platform to students at the Group's schools and schools operated by other third parties. As of the date of this announcement, Beijing Lianhe has obtained an expanded business license to provide paid online education services and the related operating licenses, and has been gradually carrying out paid online education business after obtaining the licenses. With years of cooperation between Beijing Lianhe and the Group in relation to the provision of online education services, the Board is of the opinion that Beijing Lianhe is in the best position to provide the relevant online education technology services for the establishment, operation and maintenance of Tronclass Online Education Platform of the Group.

Secondly, the online education technology service provided by Beijing Lianhe will enable the Group to integrate the various online education and learning platforms of its schools, and collectively allocate its online education resources. The information technology service provided by Beijing Lianhe will also assist the Group to implement its online and offline combined teaching model based on students' knowledge foundation, comprehension capability and learning features, which will further enable to the Group's schools to explore, co-create and share multiple courses teaching services and integrate more high quality teaching resources.

Fourth Supplemental Agreement

The Fourth Supplemental Agreement, as a supplemental agreement to the New Structured Contracts, was entered into mainly (i) to reflect the Group's acquisition of interest in the Yunnan Vocational School where, upon completion of the Yunnan Vocational School Acquisitions, the rights and obligations attached to Songming Gaoxue's equity interests in Beijing Fangzhi shall be transferred to the Group; and (ii) to provide an efficient and cost-saving solution to facilitate the execution of the New Structured Contracts so that validity of the New Structured Contracts will not be affected or impaired by the Group's acquisition of interest in the Yunnan Vocational School.

The Directors (including the independent non-executive Directors) consider that each of the Beijing Lianhe Online Education Technology Service Cooperation Agreement and the Fourth Supplemental Agreement has been entered into on normal commercial terms, and the terms of the transactions thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF BEIJING LIANHE

Beijing Lianhe is a company established under the laws of the PRC with limited liability on 17 June 2014 and is indirectly owned as to 90% by Mr. Li and 10% by Ms. Yang. It is principally engaged in the provision of online education services in the PRC.

INFORMATION OF PARTIES TO THE YUNNAN EQUITY TRANSFER AGREEMENT AND THE FOURTH SUPPLEMENTAL AGREEMENT

Chengde Mingzhi is a limited partnership established under the laws of the PRC on 2 April 2020, focusing on the provision of educational consulting services. As at the date of this announcement, Chengde Mingzhi is ultimately owned as to 99% by Mr. Ma Li Hui and as to 1% by Mr. Lu Qi Wang, and is an Independent Third Party.

As at the date of this announcement, Mr. Ma Li Hui is an Independent Third Party.

Beijing Fangzhi is a company established under the laws of the PRC with limited liability on 20 April 2020 and is an investment holding company. As at the date of this announcement, Beijing Fangzhi is ultimately owned as to 95% by Yunnan Daai and as to 5% by Songming Gaoxue.

Yunnan Vocational School Sponsor is a company established under the laws of the PRC with limited liability on 31 May 2016 and is an investment holding company. As at the date of this announcement, the Yunnan Vocational School Sponsor is wholly-owned by Beijing Fangzhi.

INFORMATION OF THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 8 July 2016. It is an investment holding company and together with its subsidiaries, principally engages in private formal higher education.

Yun Ai Group is a company established under the laws of the PRC with limited liability on 19 September 2005, and is owned as to 70.8305% by Songming Dexue, 20.0568% by Kunming Paiduipai Economic Information Consultancy Co., Ltd., 5.7305% by Kunming Bamupu Technology Co., Ltd. and 3.3822% by Songming Zhongyi Enterprise Management and Consulting Services Co., Ltd. It is principally engaged in private higher formal education business.

Songming Gaoxue is a company established under the laws of the PRC with limited liability on 9 April 2019. It is an investment holding company and a wholly-owned subsidiary of Yun Ai Group, a consolidated affiliated entity of the Company.

Yunnan Daai is a company established under the laws of the PRC with limited liability on 16 March 2016. It is an investment holding company and a wholly-owned subsidiary of the Group.

LISTING RULES IMPLICATIONS

Beijing Lianhe Online Education Technology Service Cooperation Agreement

As at the date of this announcement, Beijing Lianhe is indirectly owned as to 90% by Mr. Li, a controlling shareholder and an executive Director of the Company, and therefore is a connected person of the Company pursuant to Rules 14A.07 (4) and 14A.12(1)(c) of the Listing Rules. Accordingly, the transaction contemplated under the Beijing Lianhe Online Education Technology Service Cooperation Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (other than the profits ratio) calculated under Chapter 14A of the Listing Rules for the transaction contemplated under the Beijing Lianhe Online Education Technology Service Cooperation Agreement, both on a standalone basis and on an aggregated basis, are less than 5%, such transaction constitutes a non-fully exempted connected transaction which is exempted from the circular and shareholders' approval requirements but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Mr. Li, who indirectly owns 90% equity interest in Beijing Lianhe, the counterparty under the Beijing Lianhe Online Education Technology Service Cooperation Agreement, is considered to have a material interest in the Beijing Lianhe Online Education Technology Service Cooperation Agreement. Mr. Li has abstained from voting on the resolutions in relation to the Beijing Lianhe Online Education Technology Service Cooperation Agreement proposed to the Board. Save as disclosed above, none of the Directors has a material interest in Beijing Lianhe Online Education Technology Service Cooperation Agreement or has abstained from voting on the resolutions.

Fourth Supplemental Agreement

As explained and disclosed in the announcement of the Company dated 26 August 2019, the New Structured Contracts, as a whole, constitute continuing connected transactions of the Company under the Listing Rules. Thus, the Fourth Supplemental Agreement constitutes a material change to the terms of the New Structured Contracts.

After consultation with the Company's PRC Legal Advisors, the Directors (including the independent non-executive Directors) are of the view that the Fourth Supplemental Agreement will be entered into only to reflect the shareholding changes of Beijing Fangzhi, which will not affect the terms and conditions of the New Structured Contracts, and therefore the entering into of the Fourth Supplemental Agreement is on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Li, who owns Songming Dexue, a registered shareholder of Yun Ai Group and one of the parties to the Fourth Supplemental Agreement, is considered to have a material interest in the Fourth Supplemental Agreement. Mr. Li has abstained from voting on the resolutions in relation to the Fourth Supplemental Agreement proposed to the Board. Save as disclosed above, none of the Directors has a material interest in the Fourth Supplemental Agreement or has abstained from voting on the resolutions.

DEFINITIONS

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

“Beijing Fangzhi”	Beijing Fangzhi Yuanlue Corporate Management Co., Ltd.* (北京方智遠略企業管理有限公司), a limited liability company established under the laws of the PRC on 20 April 2020
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“Beijing Lianhe”	Beijing Lianhe Open Education Technology Co., Ltd.* (北京聯合開放教育科技有限公司), a limited liability company established under the laws of the PRC on 17 June 2014, which is indirectly owned as to 90% by Mr. Li and as to 10% by Ms. Yang
“Beijing Lianhe Online Education Technology Service Cooperation Agreement”	the online education technology service cooperation agreement dated 27 August 2020 and entered into by and between Beijing Lianhe and Huihuang Company in relation to the provision of a series of online education technology service by Beijing Lianhe to the Group
“Board”	the board of Directors of the Company
“Chengde Mingzhi”	Chengde Mingzhi Corporate Management Consulting Partnership (Limited Partnership)* (承德銘智企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 2 April 2020
“Company”	China New Higher Education Group Limited (中國新高教集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 8 July 2016
“Directors”	the directors of the Company
“Fourth Supplemental Agreement”	the supplemental agreement to the New Structured Contracts dated 27 August 2020 entered into by and among, Songming Gaoxue, Beijing Fangzhi, the Yunnan Vocational School Sponsor, the newly appointed director of the Yunnan Vocational School, Huihuang Company, Yun Ai Group, and the current registered shareholders of Yun Ai Group, to reflect the change of equity interest of Beijing Fangzhi
“Group”	the Company, its subsidiaries, PRC operating schools and consolidated affiliated entities from time to time

“Huihuang Company”	Tibet Daai Huihuang Information and Technology Co., Ltd.* (西藏大愛輝煌信息科技有限公司), a limited liability company established on 5 August 2016 under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“Mr. Li”	Mr. Li Xiaoxuan (李孝軒), the founder, one of the controlling shareholders, chairman of the Board and an executive Director of the Company
“Ms. Yang”	Ms. Yang Xuqing (楊旭青), the spouse of Mr. Li
“New Structured Contracts”	has the meaning ascribed to it in the announcement of the Company dated 26 August 2019, as amended and supplemented from time to time
“PRC Legal Advisors”	Commerce & Finance Law Offices, the Company’s legal advisors as to PRC laws
“Prospectus”	the prospectus of the Company dated 5 April 2017 in relation to its initial public offering and listing on the main board of The Stock Exchange of Hong Kong Limited
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Songming Dexue”	Songming Dexue Education Development Co., Ltd.* (嵩明德學教育發展有限公司), a limited liability company established under the laws of the PRC on 17 April 2019 and wholly owned by Mr. Li. It is one of the new registered shareholders under the New Structured Contracts and owns 70.8305% of Yun Ai Group
“Songming Gaoxue”	Songming Gaoxue Education Development Co., Ltd.* (嵩明高學教育發展有限公司), a limited liability company established under the laws of the PRC on 9 April 2019 and a wholly-owned subsidiary of Yun Ai Group, a consolidated affiliated entity of the Company
“Yun Ai Group”	Yunnan Einsun Education Investment Group Co., Ltd.* (雲南愛因森教育投資集團有限公司), a limited liability company established under the laws of the PRC on 19 September 2005, and owned as to 70.8305% by Songming Dexue, 20.0568% by Kunming Paiduipai Economic Information Consultancy Co., Ltd., 5.7305% by Kunming Bamupu Technology Co., Ltd. and 3.3822% by Songming Zhongyi Enterprise Management and Consulting Services Co., Ltd.
“Yunnan Daai”	Yunnan Daai Fangzhou Information Consulting Co., Ltd.* (雲南大愛方舟信息諮詢有限公司), a limited liability company established under the laws of the PRC on 16 March 2016, and a wholly-owned subsidiary of the Group
“Yunnan Equity Transfer Agreement”	the equity transfer agreement dated 12 June 2020 and entered into by and among Yunnan Daai, Songming Gaoxue, Chengde Mingzhi and Mr. Ma Li Hui, in relation to the acquisition of 100% equity interest in Beijing Fangzhi, the sole shareholder of the Yunnan Vocational School Sponsor which holds all the interest in the Yunnan Vocational School, by Yunnan Daai and Songming Gaoxue from Chengde Mingzhi and Mr. Ma Li Hui

“Yunnan Vocational
School Sponsor”

Songming Zhonghe Enterprise Management Consulting
Co., Ltd.* (嵩明眾合企業管理諮詢有限公司), a limited
liability company established under the laws of the PRC on
31 May 2016

“Yunnan Vocational
School”

Einsun Science and Technology College* (雲南愛因森科
技專修學院)

By order of the Board of
China New Higher Education Group Limited
Li Xiaoxuan
Chairman

Hong Kong, 27 August 2020

As at the date of this announcement, the executive Directors were Mr. Li Xiaoxuan and Mr. Zhao Shuai and the independent non-executive Directors were Mr. Hu Jianbo, Mr. Kwong Wai Sun Wilson, Mr. Chan Tung Hoi and Dr. Pang Tsz Kit Peter.

* *For identification purpose only*