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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)

**BUSINESS UPDATE IN RELATION TO
THE CONVERSION OF THE GANSU COLLEGE
AND
THE GANSU COLLEGE OBTAINS APPROVAL
FOR THE CHANGE OF THE SCHOOL SPONSOR**

This announcement is made by China New Higher Education Group Limited (the “**Company**”) on a voluntary basis to provide the Shareholders of the Company and potential investors an update on the latest business development of the Company.

Reference is made to the announcement (the “**Announcement**”) of the Company dated 9 July 2018 in relation to, among other things, the Cooperation Agreement entered into between Lanzhou University of Technology and Bei Ai Company in relation to becoming a joint school sponsor of the Gansu College. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

APPROVAL FOR THE CONVERSION OF THE COLLEGE

The board of directors of the Company is pleased to announce that the Gansu College has obtained approval from the Ministry of Education of the People’s Republic of China (“**MOE**”) for converting from an independent college into a full private university (the “**Conversion**”).

Upon completion of the Conversion, the Gansu College will be renamed as “Lanzhou College of Information Science and Technology* (蘭州信息科技學院)” and will recruit students under the name of the new school and manage students according to the management system of the new college.

REASONS FOR AND BENEFITS OF THE CONVERSION

The Directors are of the view that:

- (i) according to the Implementation Plan for Accelerating the Conversion of Independent Colleges (《關於加快推進獨立學院轉設工作的實施方案》) issued by the MOE, the MOE will “provide further supports to the converted schools in terms of enrolment plans, project application and discipline settings, etc.; and encourage the local government where the school is situated to provide policy support in terms of per-student allocation, financial rewards and subsidies, discount loan, talents recruitment, procurement services, land supply, tax exemption and reduction, financial support, etc”;
- (ii) after the conversion of Gansu College, it will further expand its autonomy in school operation, optimize its cost structure and continue to improve its operational efficiency and profitability;
- (iii) the gross enrolment rate for higher education in Gansu Province in 2019 was 37% only, which is far below the national average of 51.6%, and there is a larger demand for higher education, with a considerable growth potential in the number of students enrolment in future; and
- (iv) after the completion of the Conversion, Gansu College will be more clearly positioned to provide high-quality employment for students, vigorously develop the talent cultivation model of industry-education integration and collaborative education, promote high-quality employment for students, better adapt to the development of new industries and new jobs, and thereby support the Group’s development strategy of “great quality, great price”.

Therefore, the Directors consider that the conversion of Gansu College is in the interests of the Company and its shareholders.

APPROVED CHANGE OF THE SCHOOL SPONSOR

The Company is also pleased to announce that it has obtained the approval from the MOE for Bei Ai Company to become the sponsor of Gansu College.

Since joining the Group in July 2018, through integrated strengths, sharing of resources and synergized development, the Group has supported the Gansu College to become the key university supported by and developed in the “13th Five-Year Plan” of Gansu Province. The Gansu College has also been recognized as Advanced Unit of Employment in Ordinary Colleges and Universities in Gansu Province. The student enrolments of the Gansu College for the 2020/2021 academic year increased to over 9,200. The Group will continue to implement its proven business strategies in providing excellent education to more students.

As of the date of this announcement, the change of the school sponsorship of Gansu College is only pending relevant procedures with the provincial authorities. Once the relevant procedures is completed, Gansu College will enter into the structured contracts, the terms and conditions of which shall be the same as the existing New Structured Contracts in all material aspects, with Huihuang Company, a wholly owned subsidiary of the Company (see the definition in the Company's annual report for the eight months ended 31 August 2020 published on 22 December 2020 for details). Following the execution of the structured contracts, Gansu College will become an entity controlled by the Group and its results of operations will be consolidated into those of the Group, which will help improving the revenue and profit of the Group. The Company will publish further announcement(s) according to the Listing Rules and HKEx-GL77-14 upon closing of the investment in Gansu College.

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

Hong Kong, 31 March 2021

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

* *For identification purposes only*